

Competition authorities to probe private healthcare

GOVERNMENT'S concern about the rising cost of private healthcare is well known and it is understood that an investigation into pricing has been prompted by the Department of Health. Last week the Health Professions Council withdrew its controversial tariff guidelines for private medical practitioners, pending further investigation. Though an investigation has not been formally launched, the Competition Commission is working on the terms of reference for such a study and has advertised for health economists and other experts to participate in this process. Tembinkosi Bonakele, deputy commissioner at the Competition Commission, said the commission had not decided on the form the inquiry should take or when it should go ahead. The impact that a competition inquiry may have on private healthcare charges and the industry cannot be underestimated. Recognising this, competition law expert Webber Wentzel is hosting a conference on the subject next week. Webber Wentzel partner Daryl Dingley said there were important debates to be had in this regard and the healthcare sector should be proactive. The commission has already tried to stamp its mark on the private healthcare sector. For the past eight years almost every hospital merger has been prohibited by the commission, though some have succeeded on appeal at the Tribunal. In 2005 it prohibited collective bargaining and price setting between the hospital groups, medical aids and doctors' groups. This decision, it has been suggested, has triggered more price increases than decreases. Bonakele questioned whether the commission had been effective in keeping prices down whether its decisions had had unintended consequences. He added that in a market like ours there was a need for discussion on what competition could do and its limitations. The new Competition Act, which gives the authorities wider powers when conducting an inquiry, has not yet been promulgated. As a result the inquiry is likely to be conducted along the lines of the banking inquiry a few years ago where all the banks participated voluntarily.

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