

Clear plan on health insurance soon

THE white paper on National Health Insurance (NHI) will be out for public comment "very soon", Health Minister Aaron Motsoaledi has said, warning it would go hand in hand with price regulation of the private healthcare industry. During his budget vote speech to parliament, Motsoaledi said it not matter what it was called - every citizen had the right to access quality, affordable healthcare. He said successful implementation of the scheme would need a dramatic improvement in public healthcare services, and a "drastic" reduction in private healthcare fees, adding that prices in private healthcare need to be regulated. His comments come as the Competition Commission published the terms of reference for its market inquiry into the private healthcare sector, due to begin later this year. The probe is expected to explore the reasons for the steady rise in private healthcare prices in recent years. It follows years of state concern over the affordability of private healthcare and the market dominance of groups such as Life Healthcare, Netcare and Mediclinic. The health department hopes this will provide the evidence it needs to devise a strategy for controlling private healthcare prices, which, with the exception of medicines, are unregulated. Motsoaledi said his officials were "eagerly awaiting" being called to give evidence before the Competition Commission.

Explaining why the white paper had taken more than 18 months after the green paper was released in 2011, he said there were lots of inputs and developments that needed very careful attention and consideration. He said it would be released with a clear plan on how it was to be implemented. Motsoaledi also took issue with the Democratic Alliance's characterisation of the health status of people living in the Western Cape, which its health spokeswoman Patricia Kopane claimed was better than the national average thanks to her party's stewardship. She said life expectancy in the Western Cape was currently 61.6 years for men and 67.9 years for women, while the national average was 52.7 for men and 56.4 for women. Motsoaledi described her choice of facts as highly selective, as the Western Cape's De Aar had the highest foetal alcohol syndrome rate in SA, while Worcester had SA's worst tuberculosis infection rate. Meanwhile, the release of the draft terms of reference prompted immediate reaction from the health industry. Concerns included the omission in the probe of the effects of the public healthcare sector on rising healthcare costs. Legal experts have called for a more holistic approach by the Competition Commission, saying leaving out crucial elements of healthcare brings too narrow a focus to the inquiry. The omitted areas include the effects of a shortage of doctors and specialists in SA on costs, the effects of chronic disease, an ageing population, emergency services, consumables and pharmaceuticals. However, deputy commissioner Trudi Makhaya said this was the start of a consultation process and the commission would consider arguments for the inclusion of other elements. She said the role of the public sector was always bound to come up during the inquiry, adding that the commission had not included areas already subjected to regulatory scrutiny - such as the pharmaceutical industry. Makhaya said the commission had to prioritise and look at pressing problems in private healthcare that related to providers and

payers, given the resources available to the commission. Legal teams representing the role players also expressed concern at the wording of the terms of reference and the strong views that suggest some prejudgment.

However, Discovery Health CEO Jonathan Broomberg said they welcomed the inquiry and did not believe the commission had reached any substantive conclusions at this stage, hence the need for a detailed and lengthy inquiry to allow for a full and detailed understanding of all issues prior to reaching conclusions and making recommendations. The commission will make recommendations on appropriate policy and regulatory mechanisms that would support the goal of achieving accessible, affordable, innovative and quality private healthcare. The commission would also make recommendations on whether price-setting mechanisms could be acceptable within the competition policy. The commission highlights the fact that SA has 27 641 doctors (general practitioners and specialists). It is estimated that 10 percent of the expenditure in the private sector goes to general practitioners and dentists and 20 percent to specialists. According to the terms of reference, 36 percent of the total private healthcare expenditure goes to hospitals. SA has about 97 registered medical schemes and the three largest administrators are Discovery Health, Metropolitan Health and Medscheme Holdings. Daryl Dingley, a partner at law firm Webber Wentzel, expressed the hope that the probe would consider the financial health of medical schemes and administrators, claim ratios and reserves held by medical schemes, and the effect on expenditure due to greater utilisation of hospitals. He was concerned that there would be no focus on consumables and the effect of increases in non-tariff expenditure. Makhaya said the May 31 deadline for comment on the terms of reference might be revised.

Amanda Visser & Tamar Kahn: Business Day, 16 May 2013

Londiwe Buthelezi: Business Report, 16 May 2013

Sipokazi Fokazi: The Cape Argus, 16 May 2013