

## **‘Most citizens are poor so private hospitals seem costly – they are not’**

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Association argues statistics skew the view of private hospital costs after international study questions facilities' affordability.

The high cost of private hospitals is a mere perception, says the Hospital Association of South Africa (Hasa), which represents the major private hospital groups.

“In a country with one of the widest Gini coefficients and with so many South Africans living in or near poverty, most goods and services can be considered expensive,” says Hasa chief executive Dumisani Bomela. “When the affordability of private hospital prices are considered against the personal incomes of the rest of the country, they can be made out to appear expensive.”

Private hospital costs increased by 6.8 percentage points from 2011 to 2012 and 6.2 percentage points from 2012 to 2013, according to a study by the Organisation for Economic Co-operation and Development (OECD). This is above the inflation rate, as measured by the consumer price index (CPI), which grew by 5.6% in 2012 and 5.7% in 2013.

The association has challenged the use of the CPI as a measure of the affordability of healthcare services, saying “a more appropriate measure should be used”.

In February, the Competition Commission launched an investigation into what many stakeholders consider to be the “inflated” cost of private healthcare.

Health Minister Aaron Motsoaledi has branded the private healthcare industry’s prices as unjustifiable. In his budget vote speech in May he said: “How do we continue to justify a healthcare system where 16% of the population ... have pooled their funds together in their own corner away from the masses?”

“Hence today we have 80% of the medical specialists of the country being available to only 16% population and leaving the remaining 84% of the population to struggle in long queues with only 20% of the remaining specialists.”

Motsoaledi has made it clear the government’s National Health Insurance scheme would not be able buy services from private hospitals at their current rates.

The OECD found that private hospitals are “likely to be expensive even for individuals with higher levels of income”.

Preliminary results of the study, which compared prices in South Africa's private hospitals with those of OECD countries such as Germany and France, found that "private hospital prices are the least affordable in South Africa". The country has the lowest gross domestic product (GDP) per capita [total output of a country divided by the population] but "private hospital prices in South Africa are on par with prices in countries with much higher GDP levels".

The association is adamant that "South African private hospitals are competitive by international standards" and that the OECD study "provides an ill-advised comparison of overseas national population-based healthcare systems with a voluntary private healthcare system".

The OECD's finding is dismissed in a document compiled by the economics consultancy, Econex, on behalf of Mediclinic South Africa. "It [the finding] is based on incorrect price comparisons and a fundamental misunderstanding of the South African healthcare sector," the document states.

Bomela concludes: "Private hospital prices can be made out to appear expensive, but then again, what isn't?"

*By Ina Skosana*