

HEALTH VIEW: 29 May - 14 June 2017

A summary of breaking news and general information regarding healthcare in the public and private sector, published in the media during the past two weeks.

FROM THE GOVERNMENT



CC's Health Market Inquiry

Health Market Inquiry note a 'step in the wrong direction' - Econex
On Friday, 26 May, the Health Market Inquiry (HMI) of the Competition Commission (CC) published its latest research note, considering cross-ownership and cross-directorships in the South African private health sector. According to the report the size and breadth of Remgro's and AfroCentric's financial interests in the private healthcare industry could stifle effective competition.

The note also suggested that the scale and scope of their healthcare investments "may allow the groups to substantially influence the commercial and strategic decisions taken by the management of the portfolio firms".

Reaction:

Econex:

In reaction on the CC's research note, Prof Nicola Theron of the independent economics consultancy Econex, published a note (31 May) blaming the HMI for sounding the alarm over the potentially anticompetitive effects of Remgro's and Afrocentric's interests, saying the HMI should have checked facts and spoken to the parties involved before publishing its concerns. "This report is littered with allegations of implied misconduct against many of the larger private healthcare players, while not a shred of evidence is produced," wrote Theron.

The behaviour suggested by the HMI is "completely unethical", including serious allegations against some of the larger healthcare companies and their directors.

"This report is a step in the wrong direction. This will simply cause unnecessary delays in a process which seems to have lost quite a lot of steam already."

Remgro

Remgro CEO Jannie Durand said the company would check the facts in the research note.

AfroCentric

AfroCentric spokesman Kabelo Letebele said that, while cross-holdings and crossdirectorships might hamper vigorous competition in other industries, it was not the case in healthcare.

FINANCIAL FLASHES



- **Mediclinic's share price** fell nearly 30% in the financial year to March, although the group had grown in southern Africa, it underperformed in the Middle East.

- **Global Credit Ratings (GCR)** affirmed the rating of Fedhealth at AA- (ZA) with the outlook placed on Negative, reflecting GCR's expectation for potential continued earnings pressure over the rating horizon.

- **SA's unemployment rate** has increased to 27.7% in the first quarter of 2017 from 26.5% in the previous period. This was the highest jobless rate since the first quarter of 2004 as unemployment rose.

- **Fitch Ratings** affirmed SA's sovereign long-term foreign currency and local currency credit ratings at BB+ with a stable outlook.

- **S&P Global** also affirmed SA's long-term foreign currency sovereign rating at BB+ and the local currency rating at BBB- with the outlooks on both remaining negative.

- On Friday (9June) **Moody's** downgraded the credit ratings of South Africa's top five banks, three development finance institutions, certain City Power and Sanral credit ratings, and 10 regional and local governments. The downgrades (Baa3 from Baa2) follow "the weakening of the South African government's credit profile", it said in a statement on Monday after the markets closed.

MEDICAL AIDS

1. The Council for Medical Schemes (CMS) has withdrawn the accreditation of **Strata Healthcare Management (PTY) LTD** as a managed care organisation with effect from 31 May 2017.
2. **Community Medical Scheme (Commed) has been placed under provisional curatorship** by the High Court after CMS the discovered alleged governance failings by its board.
3. **Discovery Health will become the new administrator of SAB Medical Aid** on 1 July 2017



FROM THE PROVINCES

Gauteng health department faces R10.9-bn funding gap; BusinessLIVE, 29 May 2017

The Gauteng health department faces a R10.9-bn funding gap as budgeted funds are all taken up by salaries, accumulated debt and payments for negligence. The National Treasury's fourth-quarter provincial budgets and expenditure report for the 2016-17 financial year showed that provincial health departments spent 63% of their health expenditure on salaries. Limpopo (70,9%), Eastern Cape (65,6 %) and Free State (64%) .

Ailing KwaZulu-Natal health system faces crippling claims; Business Day, 31 May; TMG Digital, 9 June

Oncology services in KwaZulu-Natal's public hospitals have collapsed with no oncologists left in Durban, affecting 4,000 patients, reported the Sunday Tribune. The Health Professions Council of SA warned departments they will lose their accreditation to train specialists. Oncologists who have left said their lives became too stressful and blamed the DoH for being overworked as a result of the backlogs and critical shortages.

Mediclinic hospitals and Cure Day clinics get prestigious accreditation; Business Day, 2 June 2017

The Council for Health Service Accreditation of Southern Africa recognised two Mediclinic hospitals as providers of quality healthcare services. Morningside, Johannesburg, received accreditation for three years while the Western Cape's Worcester Hospital was accredited for four years. The Cure Day Clinics in Bellville, Cape Town and Somerset West also received accreditation. COHSASA was accredited by ISQua, the global body overseeing accreditation and quality improvement in healthcare organisations in 70 countries.

GENERAL NEWS

- **Smoking rates in SA** have declined following the years-long ban on cigarette advertising, high taxes on cigarettes and the banning of smoking indoors in public places. According to the latest data from Stats SA 7% of women and 36% of men of a sample of 4 210 smoked; in 1998: 11% of women and 42% of men smoked.

- **Excess body weight** was directly associated with around four million deaths globally in 2015, according to a study published in the New England Journal of Medicine. 40% of the deaths occurred in people who were overweight, but not technically classified as obese.

- **Almost 70% of local women** are either overweight or obese (SA Demographic and Health Survey)

- **Almost 40% of South Africans are planning on "pulling a sickie"** in June or July, according to a survey released by Pharma Dynamics.

- **Life Healthcare Group's André Meyer will step down as CEO** and member of the board with effect from 30 June. The board has appointed Pieter van der Westhuizen, the current CFO, as the acting CEO.

- **Fake drugs;** TMG Digital/TimesLIVE, 7 June 2017
Erectile dysfunction drugs, painkillers and weight loss pills are among the most counterfeited pharmaceuticals available in SA according to Mohamed Khader, of specialist intellectual property firm Spoor & Fisher (World Anti-Counterfeiting Day on June 7). Most of the drugs come from China.

- **Penicillin shortages:** SA is one of at least 18 countries, including the United States, France and Brazil that have faced benzathine penicillin G shortages over the past three years, according to the WHO. Some older drugs are increasingly in short supply as they offer drug makers little prospect of large profits.