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## PRIVATE PRACTICE REVIEW: JUNE 2017

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

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## FOOD FOR THOUGHT

### Recession, Ratings Downgrade could Sink SA's Health System

Experts have warned that South Africa's dwindling economy and recent ratings downgrades could topple the country's already fragile public health systems, wrote

**Joan van Dyk: Mail & Guardian, 20 June 2017.**

Rating agency Moody's downgraded the credit rating of the country's top five banks on 12 June.

In March, Fitch and Standard & Poor's downgraded the country to junk status.

Health systems and policy manager at the Rural Health Advocacy Project, Russell Rensburg, warned that the country is facing a financial crisis in health and it is being

ignored. The National Health Insurance Scheme also faces drastic underfunding and symptoms of the chronic budget constraints are already showing, as specialists continue to flee the under-resourced public sector.

The public health system is failing nationally, said Rensburg, KwaZulu-Natal may be the first to crumble and North West may be next. The Western Cape may be the only province to emerge unscathed because it inherited a healthier public sector.

Executive director of human rights organisation Section27 Mark Heywood said that the Department of Health's (DoH) dependence on other government departments may be its downfall. It is key that Treasury understands the importance of funding health. Other factors such as the quality of education and infrastructure are crucial to a functioning health system, he said.

Heywood warned that, in addition to South Africa's contracting economy, large-scale corruption and alleged state capture filter down to provinces.

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## VIEW ON SPECIAL NEWS

### HEALTHMAN SERVICES TO MEMBERS

HealthMan members are reminded that they qualify for a basket of services as part of their monthly HealthMan membership fees.

#### **These services include:**

1. An agreement with ABSA bank for a reduced rate on credit card terminals in the practice. The Merchant rate is 1.87% (VAT Excl) on credit cards and 0.86% (VAT Excl) on debit cards. Monthly rental is R250 per month (VAT Incl) and Installation and Training Fee is R525 (VAT Incl).
2. A PSG consultant, as part of the HealthMan Group, will review and advise on employee benefits, personal investments, life- and

### THE NEW HEALTH COVER REGULATIONS:

*Martin Hesse: 11 June 2017*

*Personal Finance*

Regulations concerning choice of health insurance products, the benefits they offer, and the consumer-protection measures to which they must adhere, came into effect at the beginning of April. The Long-Term and Short-Term Insurance Acts, known as the demarcation regulations, were instituted in an effort to forge a clear boundary between medical scheme cover, which is governed by the Medical Schemes Act.

#### **Health policies affected are:**

1. Gap cover, which is used to supplement medical scheme cover. Gap cover policies have been allowed to continue under the demarcation regulations. The

key man policies and analyses. Note that changes to PPS structures, require that your portfolios be reviewed.

3. Practice advisory services to assist with medical schemes problems, ie, non-payment, reversals, PMB's etc., through the HealthMan office.
4. Helpdesk to assist with general medical schemes queries.
5. Various consulting services through HealthMan.
6. Receipt of regular communications relevant to the healthcare industry.
7. Annual Salary Review

new regulations limit cover per individual to R150 000 a year.

2. Hospital cash plans are often taken out by people who cannot afford medical scheme cover. They have been limited to paying up to R3 000 /day in hospital; maximum: of R20 000 a year.
3. Primary healthcare policies are policies from insurers that resemble basic medical scheme cover, paying for certain consultations and procedures. These products will be phased out over the next two years.

#### **Consumer Protection Requirements**

Commission payable to insurance brokers on health insurance policies has been limited to prevent miss-selling. As part of the Treating Customers Fairly principles adopted by the financial services industry, the terms of policies, the premiums payable, as well as any restrictions on benefits, must be disclosed when a policy is taken out.

## **MORE ON GLOBAL FEES**

***Dr Johann Serfontein, HealthMan***

One of the difficulties facing healthcare funders in the SA environment is the fractured structure of the various healthcare disciplines. In other countries it often happens that the hospital employs the surgeons, anaesthetists, radiologists and pathologists, and charges one fee for a procedure. This creates greater certainty for funders and members alike, and can very easily match cost with outcomes, arguing that it guarantees professionalism, i.e. they're not beholden to a hospital group, but their point that it ensures better quality is debatable and not always supported by scheme data. In South Africa, each of the disciplines jealously guard their independence.

However, the Healthcare Professions Council of South Africa (HPCSA) has objected strongly to medical schemes introducing global fee arrangements, ostensibly on the basis that it impacts on the surgeon's independence.

The HPCSA held various Roadshows on Global Fees, with events in Midrand, Durban, Cape Town and Bloemfontein that were held in May. Various funders, Hospitals and provider groups made presentations to the HPCSA for consideration at a meeting in

Pretoria.

The HPCSA will compile an interim report which will be presented to Council for approval. This will then be sent out as the HPCSA position statement on Global Fees. There have been indications from the HPCSA that there are a number of potential transgressions of HPCSA ethical rules in the Global Fee environment.

Ultimately, provider groups will be able to send their Global Fee contracts to the HPCSA for approval. This might also serve as an opportunity for providers to influence the HPCSA in considering Regulation changes on certain issues to adapt to alternative reimbursement models.

Alternative reimbursement models are part of proposed health policy changes in South Africa and the HPCSA would have to consider adaptations of certain Ethical Regulations that do not allow for these proposed models.

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## VIEW ON GOVERNMENT



### **CABINET APPROVES LATEST VERSION OF NHI POLICY**

In June the Cabinet approved the DoH's latest iteration of the White Paper on National Health Insurance (NHI), paving the way for it to be published as a policy document in the government gazette.

A press briefing is scheduled for 29 June by the Dr. Aaron Motsoaledi, Minister of Health.

This will probably serve as the launch of the revised White Paper.

### **THERE'S A NEW MEDICAL REGULATOR IN TOWN**

On June 1, the new SA Health Products Regulatory Authority (SAHPRA), replaced the Medicines Control Council (MCC). Until now medical devices and complementary medicines have been unregulated as the MCC dealt only with conventional medicines. SAHPRA will also regulate foodstuffs, cosmetics, disinfectants and diagnostics.

They will start with a backlog of more than 2 000 applications awaiting registration.

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## VIEW ON NEW PRODUCTS



### GENERAL

1. **Fake drugs;** 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. Most of the drugs come from China.
2. **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, such as benzathine penicillin G, are increasingly in short supply as they offer drug makers little prospect of large profits.
3. **Pandor faces Aids-drugs quiz;** Science and Technology Minister Naledi Pandor is set for tough questions about state owned pharmaceutical company Ketlaphela at the ANC's policy conference in July, as the government's ambitions to manufacture HIV/AIDS drugs remain unrealised 10 years after the idea was born. Ketlaphela

### WHO LIST OF ESSENTIAL MEDICINES

The World Health Organisation (WHO) has issued a list, comprising of medicine considered to be most important for addressing public health needs.

It includes 433 drugs, with 30 new drugs for adults and 25 new ones for children as well as additional indications for 9 existing drugs.

A major revision to the antibiotics section includes the categorisation of these agents into 3 groups:

- ACCESS group antibiotics (amoxicillin) should be available at all times to treat a variety of common infections.
- WATCH group antibiotics (ciprofloxacin) are recommended as first- or second-line treatments for a smaller number of infections (cystitis, upper respiratory tract infections), which should be used significantly less to reduce development of resistance.
- RESERVE group antibiotics (colistin, some cephalosporins) include "last resort" options that should only be used in the most

may soon face competition from a black-owned rival called Inicio, which has secured a licensing agreement with German firm Fluxpharm.

severe situations when other alternatives have failed (multidrug-resistant bacteria).

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## FINANCIAL VIEW



**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.

**Moody's** downgraded the credit ratings of SA'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.

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## VIEW ON MEDICAL SCHEMES



*Bonitas*

### **HPCSA APPROVAL FOR LIFE HEALTHCARE HOSPITALS TO EMPLOY MEDICAL OFFICERS**

At a meeting, held on 4 May 2017 the Business Practices Committee of the Health Professions Council of South Africa (HPCSA) approved the employment of medical officers in accident, emergency, critical care and maternity units of Life Healthcare Hospitals on the following conditions:

1. Life Healthcare Hospitals have to submit an annual report to the HPCSA, proving that:

- no unethical behaviour took place;
- patient satisfaction and access are put in place;
- medical officers provide feedback on their contracts with

### **WANT TO SAVE ON MEDICAL AID COSTS?**

*BusinessLIVE, 23 June 2017*

Smaller medical schemes are offering consumers better value for money, but have not been as successful as some of the larger schemes in attracting new members, according to a study by wealth and financial advisory firm GTC. Formerly known as Grant Thornton Capital.

The study analysed the rates of 22 open medical schemes, as well as closed scheme Profmed, and a total of 144 plans that were categorised into 11 areas in accordance with the benefits offered.

Smaller schemes with fewer than 1-million members were ranked top of the crop. Head of healthcare consulting Jillian Larkan at GTC said the smaller schemes generally had large reserves and so their solvency levels were quite

- the hospital;
- specialists' management of medical practitioners in maternity and ICUs are clinically correct;
- clarity on the relationship between the medical officer and the specialist in the hospital; and
- assurance of substantial clinical autonomy.

2. The HPCSA reserves the right to conduct onsite visits at any time.

high, allowing them to lower their premiums to attract new members. Fedhealth is one of the schemes that has performed consistently well. Other top scorers were the Makoti, Topmed and CompCare medical schemes. However, Larkan said there was a risk for small schemes that continued to subsidise premiums, as this would eventually lead to negative returns for the businesses if they kept dipping into these funds.

## CMS CIRCULARS

The following Circulars were published by the CMS in June.

Visit [www.medicalschemes.co.za](http://www.medicalschemes.co.za) for info

ACCREDITED TRUSTEE SKILLS PROGRAMME (36 of 2017)

QUARTERLY STATUTORY RETURNS SUBMISSIONS FOR 2017 (37 of 2017)

DEMARCATION EXEMPTION FRAMEWORK (38 of 2017)

DECLARATIONS: PRACTICES OF MEDICAL SCHEMES IN SELECTING DESIGNATED HEALTH CARE PROVIDERS AND IMPOSING EXCESSIVE CO-PAYMENTS ON MEMBERS AS IRREGULAR OR UNDESIRABLE PRACTICES (39 of 2017)

GENERAL CONCERNS NOTED DURING THE ANALYSIS OF THE 2016 ANNUAL FINANCIAL STATEMENTS AND STATUTORY RETURNS (AFS) (40 of 2017)

## GENERAL NEWS

- 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

## BONITAS MEDICAL AID

Bonitas reacted on queries related to the 30% co-payment payable on hospital Life Healthcare hospitals for several Bonitas options. In 2016, Bonitas negotiated with the three largest hospital groups in SA and identified several hospitals that could be excluded from the Scheme's network without having an impact on member access to services after experiencing a significant increase in claims.

Life Healthcare's proposal was least favourable. For this reason, a 30% co-payment was introduced on the hospital bill at 14 Life Healthcare Hospitals on BonComprehensive, BonComplete, BonClassic, BonSave, Standard, Primary, Hospital Plus, Hospital Standard and BonEssential options.

This applies to the following hospitals: Rosepark Hospital, Bedford Gardens, Brenthurst Clinic Carstenhof Clinic, Flora Clinic, Genesis Clinic (Saxonwold), Wilgeheuwel Private Hospital, Eugene Marais Hospital, Faerie Glen Hospital, Little Company of Mary Hospital, Wilgers Hospital, Hilton Life Private Hospital, Kingsbury Hospital and Vincent Pallotti Hospital.

- Life Healthcare has since opted to absorb the 30% co-payment at

May 2017. Strata previously rendered administration and managed care services to Medihelp medical scheme.

- Community Medical Scheme (Commed) has been placed under provisional curatorship by the High Court after CMS the discovered alleged governance failings by its board.
- Discovery Health will become the new administrator of SAB Medical Aid on 1 July 2017.

the identified hospitals. However, the co-payment will remain part of the Scheme Rules. In the event that a Bonitas member chooses to use one of the 14 hospitals listed above the onus is on the member to ensure that the co-payment will indeed be absorbed by the hospital before being admitted.

Please refer to [www.bonitas.co.za](http://www.bonitas.co.za) for a list of hospitals on these hospital networks.

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## VIEW ON GENERAL NEWS

### **Msinga Mamas: Creating a new life ... stitch-by-stitch**

What started as a dream 16 years ago, has now become a reality, says dr. Marius Wasserfall, physician at Panorama Mediclinic and Western Cape director of the Faculty of Consulting Physicians of South Africa (FCPSA).

Dr. Wasserfall and his wife, Carine, were introduced to the community of Msinga in 2000, when they were student leaders of a medical outreach project in KwaZulu-Natal. Since 1981 medical and other students have been doing volunteer work during their July holidays in this remote community.

In 2015, after their annual outreach with 80 students, they decided to approach Mr. Koert Pretorius (CEO Mediclinic SA) and the Mediclinic South Africa management in Stellenbosch for help to serve and uplift the Msinga community. Msinga is an extremely traditional Zulu community, largely still without water and electricity, where women and children are left behind while the men travel to Gauteng for job opportunities. In the last 12 months Mediclinic and their CSI contact were involved in projects of over R400 000; among them a borehole and the three community centres, comprising of a small one room building each. The next step was to help the community by identifying job opportunities, thus providing them with a sustainable income. The first opportunity was an order for 300 bags made from recycled denims for the FCPSA. – Project Msinga Mamas. Panorama Mediclinic was actively involved in the project: their linen department (Cloudfour) sponsored washing all of the old denims, creating an easy to follow pattern, as well as cutting the denims into specified sizes. Mediclinic's CSI contacts also sponsored 8 industrial sewing machines

and 2 overlockers. Discovery also sponsored the project.

For more info, [contact: msingamamas@gmail.com](mailto:msingamamas@gmail.com)  
Tel: 082 924 4510 (Carine Wasserfall)



Msinga Mamas hard at work to finish the colourful denim congress bags.

Dr. Freek Bester, Dr Marius Wasserfall, Dr Carine Wasserfall, Mama Anah Mnisi, Dr Adri Kok, Dr Simon Mnisi & Leigh du Plessis (Londocor) at the FCPSA Congress.

A crowd of Msinga residents gather in front of one of the community centres.

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## SPECIAL NOTICES

### OFFICES FOR PROFESSIONAL PRACTICE

A property in Frensdale, Randburg, Johannesburg that would make excellent offices for a professional practice.

**Contact: David Sloan**  
**eMail: [dwsloan11@gmail.com](mailto:dwsloan11@gmail.com)**  
**074 278 1000**

### CONSULTATION ROOM TO LET

Looking for a Psychiatrist to rent a room in a family physicians medical suite in the Killarney Mall Johannesburg. Preferably a second practice to an existing practice. Reasonable rental.

**Call or SMS Penny on 082 563 4564.**

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