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## PRIVATE PRACTICE REVIEW: SEPTEMBER 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

### New patents policy the wrong cure

*Jasson Urbach: Business Day, 13 September 2017*

The long-awaited draft intellectual property (IP) policy, recently published by the Department of Trade and Industry, proposes several key reforms. The proposed policy changes will weaken the IP rights environment and have serious ramifications for SA's economic growth and job creation prospects.

Compulsory licenses allow the government to "break" a patent and give a license to a local manufacturer - or perhaps, in SA's case, the proposed state manufacturer, Ketlaphela - to produce a drug. In simple terms, the government wants to make it

easier to expropriate IP from innovators by bypassing the courts, but this will almost certainly not pass constitutional muster.

One way to improve the registration timelines would be for the regulatory authority to draw on the work of larger, better-resourced foreign drug regulators rather than tackling the entire review process itself. This would prevent duplication of efforts, save money and speed up access to medicines.

**“The Department of Trade and Industry’s draft IP policy takes us in the wrong direction. Robust IP protections will foster local innovation and attract committed investors who can drive SA’s economic growth and human development long into the future. Without them, we will never make the transition from a resource-based economy to one based on knowledge and ideas.”**

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## How to protect a drug patent

*New York Times, 11 September 2017*



Drug maker Allergan transferred its patents on a bestselling eye drug to the Saint Regis Mohawk Tribe in upstate New York to protect the drug from a patent dispute. Under the deal, which involves the dry-eye drug Restasis, Allergan will pay the tribe \$13.75-m.

In exchange the tribe will claim sovereign immunity as grounds to dismiss a patent challenge through a unit of the

United States Patent and Trademark Office.

The tribe will lease the patents back to Allergan.

Michael Carrier, a professor at Rutgers Law School who studies patent law, called the announcement a “concerning” development, in part because the Mohawks played no role in developing the drug.

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**VIEW ON SPECIAL NEWS**



## Dr Connect remedies online health questions

Discovery Health has launched an app, DrConnect, in partnership with HealthTap Inc in the US.

The app facilitates communication and the transfer of information between scheme members and their doctors and medical scheme case managers.

More than 105 000 doctors are available to answer questions from millions of patients across 174 countries. It also generates an extensive library, which will continue to grow as medical scheme members and their doctors engages, enabling members to conduct virtual consultations with their existing doctor.

\* Meanwhile Government Employees' Medical Scheme (Gems) and a private public relations firm, Martina Nicholson Associates, have been accused of using lay people to give incorrect medical advice to patients who think it is a doctor offering free online help. "House Call with Dr Joe" was launched in April 2014.



## Possible new treatment for diabetes

Studies by Prof. Resia Pretorius (picture above) from the Stellenbosch University and Prof Douglas Kell from the University of Manchester in the UK, found that dormant bacteria in blood can be brought back to life by excessive iron levels, triggering blood clots.

These lead to inflammation that causes health problems ranging from strokes and heart attacks to Alzheimer's disease, arthritis and type2 diabetes.

### **\*Test may result in incorrect reading**

People of African descent may mistakenly get the all-clear from a widely used type2 diabetes test - called HbA1c - according to an international study published in *PLOS Medicine*.

Scientists found 42 new genetic variants that influence HbA1c measurements, including one that could lead to Africans and African-Americans being underdiagnosed with type2 diabetes.

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Medical malpractice

New way to prevent

## claims soar

According to the chairman of MacRobert Attorneys, Leon Kelbrick, the number of claims against healthcare professionals in 2011 – 2016 rose by 35%, and the value of the claims during this period increased by 121%.

Malcolm Padayachee of the iTOO special risks medical malpractice underwriting team said the frequency and severity of claims against obstetricians and gynaecologists have rendered them generally uninsurable by commercial insurers.

## HIV infection?

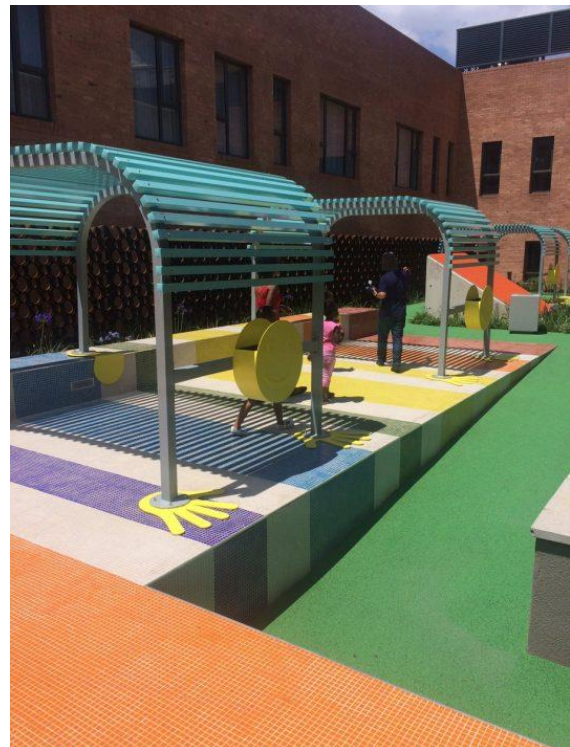
An international trial is testing a revolutionary way to prevent HIV infection.

The AMP (antibody mediated protection) study will test whether antibodies provide protection against HIV.

The antibodies, manufactured from people who have potent natural resistance to HIV, are expected to immediately boost women's immune systems and reduce the risk of infection.

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## VIEW ON GOVERNMENT



## Gauteng Health MEC throws staff a life line

Health workers at the Gauteng Department of Health (DoH) will be paid on time, despite the sheriff of the court's warrant of execution to attach 14 departmental bank accounts, said Gauteng MEC Dr Gwen Ramakgopa (picture). The order is for the payment of more than R30-m for medical negligence lawsuits brought against the department. 2 040 old claims date back as far as 2003 and 170 new claims for 2017/18 equate to R1 572 446 766.12. Ramakgopa said the issue of how the department was going to deal with these financial challenges was before the executive council because the health department could not handle it alone.

### Earlier it was also reported that:

- Gauteng is short of about 2 700 hospital beds for psychiatric patients resulting in patients being admitted to general wards without security, thus posing a threat both to themselves and others.
- Premier David Makhura plans to confront embassies to recover the outstanding debts of patients from foreign countries. Limpopo and Mpumalanga owe R12-m and R7-m respectively and North West owes R37-m for its patients' treatment in Gauteng hospitals.
- An analysis of almost 3 000 sets of medical records over a year showed that 29% of patients in the surgical wards at Charlotte

## Health Minister's reaction: Children's Hospital crisis

It took R1-billion in donations to build the Nelson Mandela Children's Hospital in Johannesburg, but nine months after its launch party, the world-class facility is not fully open yet and lacks funding to cover operational costs. Reported in *Business Day* 11 September 2017

The hospital has never been part of government's long-term infrastructure or budgeting plans, and it needs half-a-billion rand to cover annual operating expenses.

It received only R150-m from the Treasury for the 2017-18 financial year.

Hospital CEO Mandisa Maholwana said the government had "endorsed and committed to supporting the hospital as early as 2009". But the Treasury said it never made such an undertaking as the hospital was built by a non-profit organisation prior to receiving any formal financial commitments by government. An agreement between the trust and government was signed only in 2016.

The Treasury has not promised funding after the 2019-20 financial year, but would "re-evaluate as the commissioning takes place and in line with performance," said Maholwana.

### Reaction: Health Minister Aaron Motsoaledi

*Business Day, 13 September 2017*

"We are shocked at the article about the Nelson Mandela Children's Hospital which misrepresents a project that was dearly loved by Madiba.

"The Health Ministry is on record stating that the issue of funding was agreed with Mandela as far back as 2009; that the former President and the Nelson Mandela Children's Hospital Trust would

Maxeke Academic Hospital in Johannesburg should have been treated at regional hospitals, such as those in Edenvale and Tembisa.

- According to the director of the Centre for Health Policy and chairwoman of the Public Health Association of SA, Prof Jane Goudge, financial management in public health was affected by a lack of clarity of who was responsible for making payments in government. This is worsened by the fact that not enough money was made available in budgets to carry out the policy mandate of the state, which was under pressure to deliver.

raise funds to put up infrastructure and equipment and have the trust maintain these.

“The operating costs will be borne by the state, and the Ministry stands by this. In February 2017, the Finance Minister stated in his budget that 'an additional R885-m has been added to support the implementation of the universal test-and-treat policy for HIV, and R600-m for the commissioning of the new Nelson Mandela Hospital.'” This implies the R600-m is intended for the three-year, medium-term expenditure framework.

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## PoPI Act adds new dimension to personal data

The Protection of Personal Information Act (PoPI) is a reality and the 12-month grace period for market compliance is now in force. The legislation is thus in the process of being applied in the public and private sectors.

The purpose of the Act is to ensure that all institutions conduct themselves in a responsible manner when collecting, processing, storing and sharing another person's or entity's private information. It does this by holding institutions accountable if they abuse or compromise personal information.

**POPI affects all private and public organisations that process information such as names, addresses, email addresses, health information and employment history, and must be complied with if outsourcing data to third parties.**

\* The government may claim that it should be allowed access to the personal and private information of members of medical schemes' in order to implement the National Health Insurance Act. However, medical schemes should be able to call upon the PoPI Act in order not to disclose the members' data.



## Cosatuu backs NHI, but workers' benefits will be majorly cut

Trade union federation Cosatu is pushing for the state's National Health Insurance (NHI) plan to be implemented, but not every union is happy about workers losing medical scheme subsidies of between R1 000 and R3 000 a month.

**This will affect at least 2.2-m beneficiaries on government medical schemes, including 1.7-m on the Government Employees' Medical Scheme (Gems), about 500 000 on Polmed and just more than 5 000 on smaller schemes such as the SABC and parliamentary schemes.**

According to **Healthman's** healthcare analyst, Dr Johann Serfontein, the average Cosatu member could see their employee benefits package reduced by between R24 240 and R61 000 per annum if they work for a governmental department.

- Union Nehawu spokesperson, Khaya Xabu, said if NHI is implemented, members will be happy with losing medical aids as government will provide free medical aid on NHI.
- Gems principal officer Dr Guni Goolab said committees were being set up to work out the details of NHI with the government, but he did not believe medical scheme subsidies would be removed prematurely.
- The People's Health Movement spokesperson and paediatrician Louis Reynolds said the lack of time scale for a roll-out of NHI is critical. It will be politically impossible to chop people's medical aid.  
He said the public sector can't deliver NHI at the moment, with its services being run down. The priority of NHI is the re-engineering of primary health.

## Special View from Healthbridge



### SA's Junk Status is the new health score for medical practitioners

South Africa's healthcare is facing tough and complex challenges. This is partly due to an ageing population and the growing prevalence of chronic illnesses. However, another concern is SA's declining economy, and the likely impact of our recent downgrade to junk status.

#### Consultation fee vs the economy

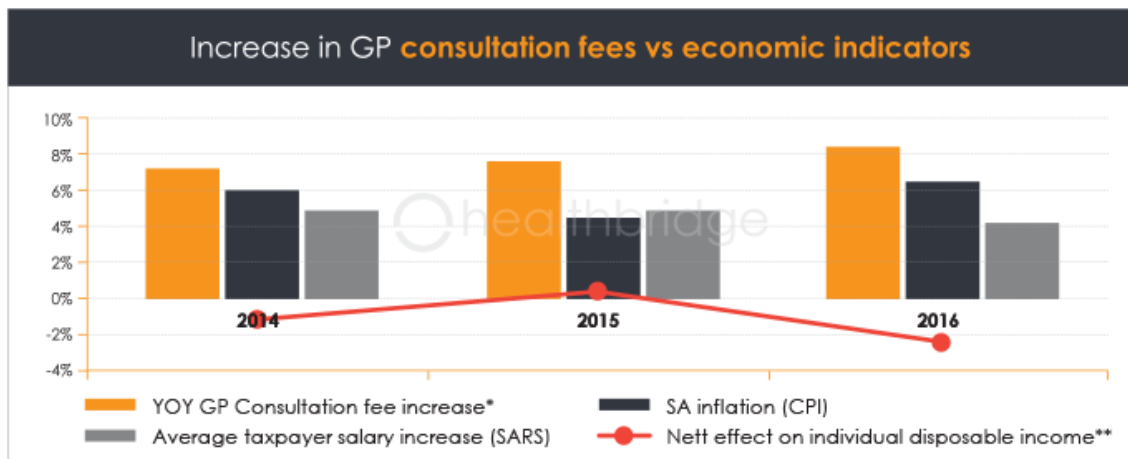
Year-on-year, medical professionals have felt the pressure in balancing what they charge patients with what medical aids are willing to pay. We analysed the average GP consultation fee increase from 2014 to 2016 and compared this to two key economic indicators: the average taxpayer salary increase and inflation.

The graph below indicates that the average increase in GP consultation fee sits at around 7% to 8.5% each year, which is in line with the standard. However, when inflation and the average increase in taxpayer salary is taken into consideration, these increases are not proportionate to the change in average disposable income.

But what does this mean for SA's primary healthcare? We explore 3 implications impacting primary healthcare professionals.

**To view how Small Data can work for your practice, click the 'read more' button below:** <https://goo.gl/Bhp3Yj>





\*YOY: year-on-year

\*\*Net effect on individuals' disposable income: the difference between South Africa's inflation rate and the average taxpayers salary increase.

[Read more](#)

## Special view from ETHIQAL



### Have you changed your Professional Indemnity Provider?

The rapidly rising costs of professional medical indemnity cover over recent years in the context of growing economic uncertainty in South Africa are causing many doctors to re-evaluate the viability of their practices.

Caring about the future of our country's healthcare professionals and committed to

stabilising the South African medicolegal landscape, Constantia Insurance Company Ltd recently launched EthiQal Medical Risk Protection, a new professional indemnity solution which is highly competitive in terms of price and service.

Constantia is a well-established and trusted insurer who has been in business for over sixty years, providing innovative solutions to niche markets.

## ETHIQAL - KEY PRODUCT FEATURES

- Insurance premiums are significantly lower than those of competitors. If you join in 2017, your rates are furthermore fixed for three years where no material risks arise.
- Compared to offshore products, local insurance contracts are enforceable in terms of South African laws and Regulations. Consumers therefore enjoy peace of mind and protection in their dealings with financial services providers, including the possibility of free access to the Ombudsman for Short-term Insurance.
- You pay according to your risk. If, for example, you have had no previous HPCSA complaints or litigation against you, your premiums will be lower than those of peers with multiple previous complaints.
- You have easy access to a highly experienced local team of medico-legal advisors. Five top law firms with dedicated medical law practices are contracted to defend our doctors.
- You can choose between two types of insurance policies - Occurrence and Claims Made. With Occurrence cover, you are protected for claims that result from any incident that occurs whilst being a policyholder, irrespective of when the claim is reported and includes the time after a policy has been cancelled. This contrasts with Claims Made cover where protection is only offered if a claim is lodged whilst premiums are being paid to the insurer to whom the event was initially reported.

In a short period of time, EthiQal has established itself as the dominant local professional indemnity solution for doctors.

We thank the many specialists who have already moved their cover to the trusted care of Constantia.

**Should you also be considering a change, quotations can be requested via the following link: <http://ethiqal.co.za/quick-quote>**

[Read more](#)

## Special view from Skybound



Skybound Capital is a global wealth management business, providing a diverse and unique range of investment products and services for family offices, private clients, advisors and institutions.

### **Established Team**

The business was established by a longstanding team which, over the past 20 years, has already proved its ability to build a strong presence in the market place, as one of South Africa's most successful and award winning asset managers. The professional team has strengthened and expanded significantly over the past two decades.

### **Global Footprint**

Now employing over 90 people globally, with established offices around the

### **Service and Products**

Skybound offers a diverse range of funds. Like the company itself, the funds offer something unique and different. This ranges from Hedge Funds, Private Equity opportunities, tailor-made Currency Funds as well as exclusive Private Debt Funds.

### **Conclusion**

The Skybound team would welcome the opportunity to meet with you, to demonstrate how Skybound's unique portfolios can provide consistent,

globe. Skybound's office footprint in South Africa, the United Kingdom, Hong Kong, Bermuda, Mauritius and Australia allows our analysts to monitor trends, opportunities and fund managers on different continents.

positive, inflation beating returns to your investment portfolio and overall financial plan.

**Please liaise with Lee Irvine based in Skybound's Sandton office on (t) 011 268 5780 or (m) 082 901 6296.**

**Alternatively, you can email [lee.irvine@skyboundcapital.com](mailto:lee.irvine@skyboundcapital.com) who will introduce you to the team.**

[Read more](#)



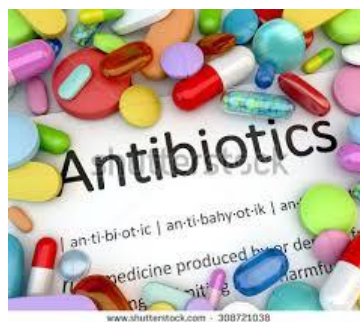
THE ART OF  
INVESTING

## VIEW ON NEW PRODUCTS/PHARMACEUTICALS



**Rising demand for probiotics in SA**

The rise of obesity and fast-food consumption



**World running out of antibiotics**

The University of KwaZulu-Natal Novel Drug Delivery



**Cheaper, better AIDS medication**

Only two pharmaceutical companies have applied

has resulted in probiotics dominating the vitamin and dietary supplements market.

A Euromonitor report states that the probiotic industry in South Africa is predicted to be worth over R527-m for 2017, confirming that this sector is growing tremendously.

Probiotics, which are the 'good' bacteria that line the digestive tract, assist in nutrient absorption and support the immune system. It also plays a useful role in maintaining a healthy weight.

Unit is designing and manufacturing several innovative medicines that will target the site of infection which could spell the end of taking antibiotics for several days. It may also improve the efficacy of drugs that are currently on the shelf.

According to global research around 700 000 people die every year as a result of drug-resistant infections.

However it will be some time before this kind of medicine is available to humans.

to register three-in-one pills containing the state-of-the-art ingredient dolutegravir, according to the MCC.

According to the UNAIDS new pricing agreement for low- and middle-income countries, SA is guaranteed to pay no more than \$75 per person a year for generic pills combining dolutegravir, tenofovir and lamivudine manufactured by Aurobindo and Mylan - about \$25 less than the cheapest fixed-dose combination pill on the market.

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## FINANCIAL NEWS



**AfroCentric**  
GROUP



**Discovery**  
Health

**AfroCentric reports 42.77% increase in HEPS to end-June**

JSE-listed, black-owned investment holding company AfroCentric reported a 42.77% increase in normalised headline

**Another strong year for Discovery Health**

Discovery Health had another strong year. New business annualised premium income rose 18% and lives under

earnings per share to 44.03c for the year to end-June, with the company reporting normal organic growth, as well as healthy growth in client medical scheme memberships.

The group operating profits increased by 49.89% to R564.1m, and net profits before tax increased by 35.20% to R366.7m.

The company said in a statement it had also met the profit undertakings set by Sanlam, which acquired an effective 28.7% interest in the group's wholly owned subsidiary, Medscheme, for R703m. This was largely due to healthy contributions from its WAD Holdings asset acquisitions, which includes courier company Pharmacy Direct, as well as growth in its client base.

The company provides services to the public and private healthcare sectors. Other enterprises include a range of complementary services, which include information technology, fraud detection, transactional switching, specialised disease management, pharmaceutical wholesaling, and courier distribution services

management reached 3.39-m. Discovery Health is the largest medical aid scheme in SA, with a market share of 55%.

The UK had mixed fortunes - Vitality Health enjoyed an 89% growth in operating profit, while Vitality Life's operating profit declined 11%. Although Vitality Group and Ping An in China are still in a loss-making situation, the upwards growth trajectory is exponential.

According to Discovery CEO Adrian Gore the group does not acquire companies:

**"It rather carefully nurtures nascent ideas and, over time, allows them to blossom into mature and profitable businesses."**

"Discovery is a home-grown phenomenon that is slowly but surely persuading insurance and insurance-related industries in many other countries of the numerous and interconnected virtues of healthier lifestyles,"

wrote Chris Gilmour in  
*Business Day, 27 September 2017*



Aspen Pharmacare  
euphoria over big profits



Adcock Ingram expands its  
range; succeeds in Zim

Aspen Pharmacare's share price leapt 8.51% on the back of a strong set of annual results and on its recent acquisitions.

Part of Aspen's good run during the year to end-June can be attributed to two acquisitions, AstraZeneca's global anaesthetic portfolio, (excluding the US) and GlaxoSmithKline's anaesthetics portfolio.

Adcock Ingram has concluded an agreement to buy SA specialist marketing and distribution company Genop Healthcare. Genop's historical revenue was R400-m a year.

The deal further expands Adcock's eyecare products range

Adcock Ingram's unit in Zimbabwe has raised revenues by 30% and enhanced profitability by 402%.

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## VIEW ON GENERAL NEWS

### 'Cyberchondria' costs United Kingdom £56-million a year

Health anxiety, also known as hypochondria, costs the British healthcare system around £56-m a year, according to researchers, who blamed the internet for a rise in "cyberchondria".

### Universal Health Care is achievable, but ...

Universal health coverage (UHC) can be achieved, but it is a political choice that takes vision, courage, and long-term thinking, according to Dr Tedros Adhanom Ghebreyesus, director-general of the World Health Organisation (WHO).

More than 400-m people over the world lack access to essential health services, and at least 100-m people are pushed into poverty by paying for healthcare out of their own pockets.

In July, the WHO presented the evidence that 85% of the costs of meeting the sustainable development goals health targets can be met with domestic resources.

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## VIEW ON MEDICAL SCHEMES



### Discovery Health increases contributions

Discovery Health Medical Scheme has announced a 7,9% contribution increase for the scheme for 2018.

Executive and Smart Plan options: 7.3%; Core and Saver Plan: 7.5%; and Comprehensive, Priority and KeyCare Plan: 8.3%.

These increases are lower than medical inflation which, over the 12 months to the end of July, was estimated to be 8.93%

\*Acting Registrar of Medical Schemes has approved the proposed merger between Discovery Health Medical Scheme and University of Witwatersrand Staff Medical Aid Fund.

### Bonitas members to pay about 8.7% more

Bonitas Medical Fund announced that its average weighted contribution increase for 2018 will be 8.7%.

Increases on the options range from 7.9% to 9.9%. The increases will be accompanied by certain enhanced benefits.

\*Bonitas reduced its overall net deficit from R205.5-m in 2015 to R16.9-m in 2016. The scheme recently announced that its reserves have risen to R3.1-bn, and it has seen significant growth in membership.

\*Bonitas identified more than R79-m in irregular claims involving medical practitioners in 2016 and recovered about R20-m.

### HPCSA pursues bogus health practitioners

A team at the Health Professions Council of SA (HPCSA) is conducting about 400 investigations into bogus practitioners. More than 40 arrests have been made.

Data suggests that about 7% of all medical aid claims in SA are fraudulent, costing the private sector R22-bn a year.

Bogus practitioners include those who had previously been registered with the HPCSA, but were struck off for various infractions, while others had no medical qualifications or experience and used practice numbers belonging to registered healthcare practitioners.



## CMS Circulars

The following Circulars were published by the CMS in September.

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

### 58 of 2017

Request for HIV, TB and STi Data for the  
SA national Aids Council

### 60 of 2017

Discovery and Wits Staff Medical Aid  
Fund Merger

### 59 of 2017

CMS Broker Induction Programmes  
postponed

### 61 of 2017

Reminder: Accredited skills programme  
for trustees

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## SPECIAL NOTICES

### MEDICAL CENTRE IN CAMPDOR KRUGERSDORP

#### Vacancy for Gynaecologist and Paediatrician

The recently established Medical Centre in Chamdor Krugersdorp MP 05511110, directly adjacent to the entrance to the Leratong Hospital (Level 2 Public Hospital) on 1 Adcock Street, urgently requires:

**a registered GYNAECOLOGIST and**

**a registered PAEDIATRICIAN**

to form part of the centre as a sole proprietor.

**For more information please contact Dr. T. Sixishe on (011)410- 0005/0767329954.**

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