



PRIVATE PRACTICE REVIEW

In this Newsletter:

A summary of news highlights in the healthcare sector
January - June 2019

Food for Thought
News on Government
Special News

News on
Medical Schemes
Special Notices

A summary of Financial, Pharmaceutical and General highlights (January - June) in the healthcare sector will be published in the July edition of **SAPFF HealthView**.

Food for Thought



A funding model that will not fix poor delivery

Manie de Klerk (SUM Business School)
Business Day, 4 June 2019

"National health insurance (NHI) is one of the most misunderstood terms in healthcare in SA," wrote De Klerk.

"The NHI as a funding system can only work if there are predefined healthcare benefits covered under this system."

"NHI is not a strategy or a health structure. It is actually only a funding system in which money for healthcare is centrally managed - not the process or quality of care."

"Can universal health coverage, funded by an NHI mechanism, improve health for South Africans? Yes, but only if we do the right things right."

ALSO READ, NHI: What does cost have to do with it?



The Past: Dr Aaron Mokoaleli, The Future: Dr Zweli Mkhize, Pres Cyril Ramaphosa

Assessing the Mokoaleli Years

Marcus Low, Daily Maverick, 30 May 2019

A new dawn? Zweli Mkhize

Mali & Guardian, 3 June 2019

After a decade (May 2009 – May 2019) Health Minister Aaron Mokoaleli's era came to an end when President Cyril Ramaphosa appointed Dr Zweli Mkhize as Minister of Health in his new cabinet.

Given the newly appointed Minister of Health, Dr Zweli Mkhize's experience working with business, and his reputation for being a pragmatist rather than an ideologist, hopes are high in the private healthcare industry that the days of a Minister of Health openly hostile to the sector are over. Mkhize, 63, is a medical doctor with experience in public health and finance.

"It is hard to argue against the deeply depressing picture painted by the reports of the office of Health Standards Compliance.

According to Mark Heywood, social justice activist and former director of the public interest law organisation Section27, the newly appointed Minister of Health has "exactly what (former Health Minister) Aaron Mokoaleli didn't":

"It is also hard to look at tragedies such as Life Eastlinden in Gauteng, the oncology crisis in KwaZulu-Natal, and the persistent problems with emergency medical services in multiple provinces without concluding that these are symptoms of deep-seated dysfunction in provincial health departments," wrote Low.

"the political authority within the ANC to track the whip on health MECs, to phone premiers and say, sort your mess out."

"Alter the PharmaGate scandal of 2014, Mokoaleli made headlines by describing the pharmaceutical industry plot to derail law reform efforts in SA as 'genocide', but he never used his powers to issue a compulsory licence on overpriced medicine, nor did he expend much political capital on reform of SA's outdated patent laws.

Although Mokoaleli grew SA's HIV treatment strategy to the largest programme in the world, more than half of provincial health departments were placed under either national or provincial administration during his decade of reign between 2009 and 2019.

Similarly, while Mokoaleli was an outspoken critic of the private healthcare sector in SA, the draft report of the Competition Commission's Health Market Inquiry leaves little doubt that he failed to use the levers he had at his disposal to regulate the private sector.

Until now, the ANC has had an implicit 'gentleman's agreement' between its officials in Pretoria and those in the provinces to keep the peace, according to political analyst Ralph Matheka.

"One version of the past 10 years would see Mokoaleli as a victim of the politics of State Capture. A second version would hold him and those close to him at the National Department responsible for much of the systemic failures in the healthcare system.

"In today's federalism, the soft power of political authority experts ascribed to Mkhize, may be the only way to ensure the country's policies move from paper to reality," he said.

"National Health Insurance (NHI) has been on the cards for ages, but when a draft bill was published in 2018 it was half-baked and lacked clarity in various key areas, such as the role of provinces.

Heywood said one would hope that Mkhize uses his authority, because – with a few exceptions – the newly announced health MECs are "a mediocre, unknown and dubious bunch of whom some have already been implicated in corruption".

"State Capture or unruly provinces cannot be blamed for these policy and leadership failings. Something else has clearly gone wrong."

Mkhize's past – especially his tenure as the country's longest-running health MEC from 1994 to 2004 in KZN – reflects a calculated ability to toe the party line publicly for political survival while operating in often unseen ways to get what he wants.

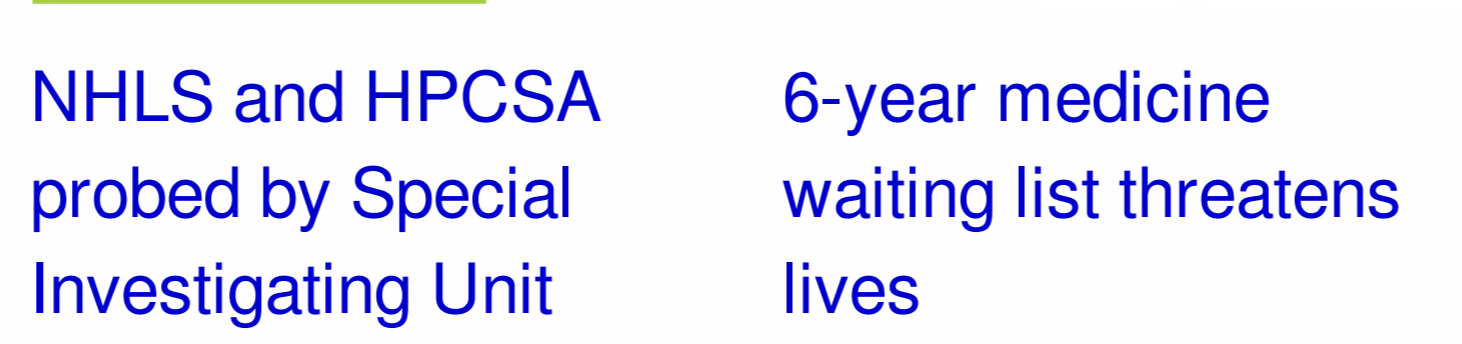
"The political authority within the ANC to track the whip on health MECs, to phone premiers and say, sort your mess out."

"Mkhize's particular brand of staying power is one that will serve Ramaphosa well in a highly factional environment where isolation is akin to a political death knell, argues Matheka."

It's official – We are the sickest nation on the planet

According to the latest Frigid Wellness Index, South Africans are the world's unhealthiest nation, with the critically ill status of the public health system being fingered as the main reason for the poor state of citizens' mental and physical health, reported **The Citizen** (18 April). Family medicine professor at Stellenbosch University, Bob Mash, said about 80% of South Africa's population depended on the public sector's primary care services. But access to this primary care in the public sector was often limited by the sheer number of patients.

News on Government



NHLS and HPCSA probed by Special Investigating Unit

National Health Laboratory Service: In March Pres Cyril Ramaphosa authorised the state's Special Investigating Unit (SIU) to probe the NHLS for "multiple allegations of maladministration, improper or unlawful conduct and intentional or negligent loss of public money".

6-year medicine waiting list threatens lives

"There are 16 000 medicines on the waiting list to be approved for use in SA, in a backlog more than 6 years long - forcing patients to import the drugs they need from overseas at great personal cost," reported **Saturday Star**, (25 May 2019).

The investigation will cover more than a dozen tenders, ranging from the provision of computers to leasing vehicles.

More than 8 000 of these are applications for new registrations of medicine, which is available and in use for patients overseas, but not locally. Half of these drugs have been sitting on the waiting list for more than five years.

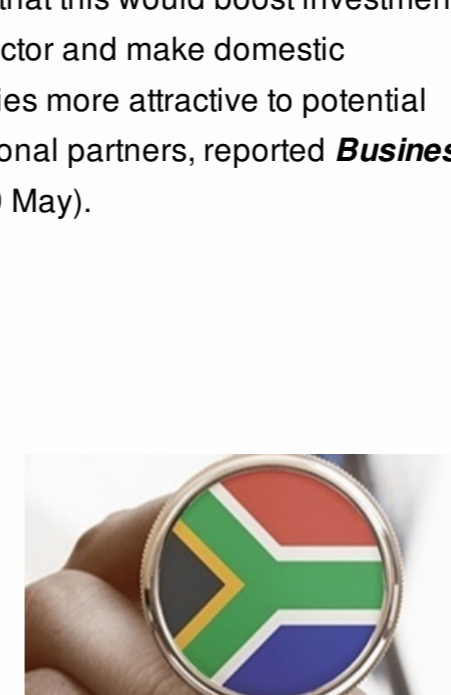
- The NHLS closed the 2016/2017 financial year with a R1.9-bn deficit because the auditor-general doubted it would be able to recover debts owed by provincial health departments.
- The NHLS fired suspended CEO Joyce Magale and CIO Sibusiso Zulu following "procurement irregularities" worth R200-m.

- Meanwhile pharmaceutical manufacturers have voluntarily withdrawn thousands of applications to register new products with the South African Health Products Regulatory Authority (SAHPRA) in an effort to help clear the huge backlog. Some companies had decided to cut back their bids in order to speed up the approval of more important products.
- Local drug manufacturers are lobbying the regulator to prioritise their products, arguing that this would boost investment in the sector and make domestic companies more attractive to potential international partners, reported **Business Day**, (29 May).

Health Professions Council of SA: In May it was announced that Pres Cyril Ramaphosa has referred a probe into the HPCSA to the SIU.

The SIU will investigate any alleged unlawful or improper conduct by employees of the HPCSA that has harmed the interests of the public since September 2016.

National Health Insurance: What does cost have to do with it?



Government has planned for NHI to be in place by 2026, but the central question of how it will be funded, remains unanswered. The idea behind NHI is that healthcare will be accessible to all South Africans at nearby facilities that will be staffed by private sector contractors providing services to the public sector – **Business Times** (3 March 2019).

According to the NHI White Paper, spending on the scheme will total R256-bn in 2025/2026 based on 2010 prices, if the economy grows at an annual rate of 3.5%. This would result in a possible funding shortfall of R72-bn by 2025.

According to **Alex van den Heever**, professor at the Wits University School of Governance, the NHI is not implementable. He describes it as a "political vanity project", because SA is not in a position to finance it.

"The consequences of the government adopting its proposed NHI policy are entirely predictable. It would reduce the quantity and quality of South African healthcare provision; drive more healthcare professionals out of the country; create a bureaucracy incapable of efficiently handling the huge volume of claims; impose an unnecessary and intolerable burden on both government and taxpayers; and cause job losses," wrote **Jason Urbach**, a director of the **Free Market Foundation** (17 February 2019).

Special News

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Doctor pharmacist collaboration essential to cut out iatrogenesis risks



South African patients are essentially getting a raw deal when it comes to medication counselling and assured adherence.

"In the United States they experience from 25% to 50% non-adherence to prescribed medication, while \$100-bn is spent on avoidable hospitalisations. We don't have data on this for South Africa, but there is no reason to believe we don't have the same problem here. We do, if not worse!" Aspen Pharma executive, Stavros Nicolou, told his audience at Africa Health Management Conference in Midrand.

Non-compliance, he stressed, was still a major issue largely due to patients not understanding instructions, forgetting, feeling better, or being put off by the medication costs or co-pays: "Many have co-morbidities which confuse them, they become indecisive and put off taking the medication."

A news app for all medical professionals

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News on Medical Aids



'Big shift' to cheaper care

At least 47-m without cover

According to **Medical aid broker Alexander Forbes** the number of corporate clients who renewed their plans for this year had doubled. For the first time, more people had downgraded than upgraded, reported **Sunday Times** (5 May 2019).

According to the latest data from Statistics South Africa (StatsSA) more than 47-m South Africans do not belong to a medical aid, with just 9.4-m people enjoying the benefit.

Primed principal officer, Craig Cornie, said 2019 was the first time the scheme introduced low cost options and about 3 500 of its 70 000 members had switched.

Between 2002 and 2018, the percentage of individuals covered by a medical aid scheme increased marginally from 15.9 to 18.4%.

According to **Discovery Health CEO, Jonathan Bromberg**, "members joining at lower plan levels than they have in the past."

During this period, the number of individuals who were covered by a scheme increased from 7.3 m to 9.4-m persons.

Bonitas principal officer, Gerhard van Emmerts, said while 94% of members had not changed their plans this year, 10 949 had downgraded and 7 345 had upgraded.

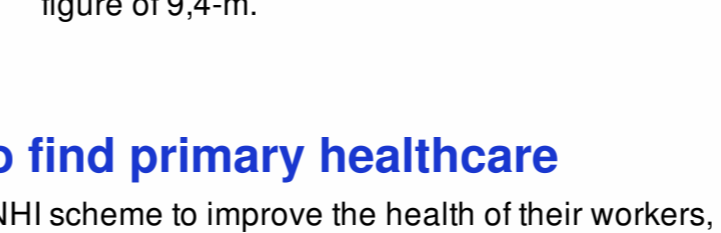
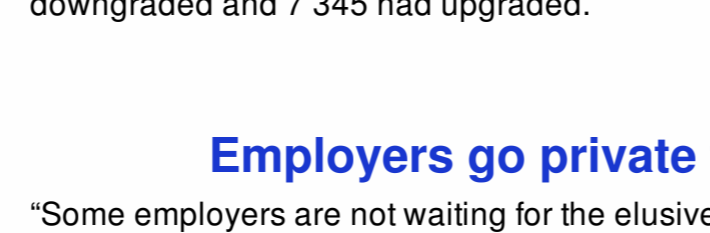
22.6% of South African households had at least one member who belonged to a medical aid scheme.

Employers go elusive to find primary healthcare

"According to the 2017 CMS report, the actual figure is 8.8-m, which is lower than StatsSA's figure of 9.4-m."

"Some employers are not waiting for the elusive NHI scheme to improve the health of their workers, absenteeism levels and productivity. Nor are they waiting for the Health Department and medical schemes regulator, the Council for Medical Schemes, to hammer out a set of benefits for a low-cost medical scheme option," wrote **Laura du Preez** in **Business Day**, (23 April 2019).

About 400 000 - 450 000 employees have been signed up for primary healthcare plans that give them access to GPs, medicine, basic blood tests and X-rays in the private sector so they can avoid the time-consuming and inefficient clinic and hospital for these services.



Alexander Forbes backs oversight plan

Discovery's new ruling 'puts lives at risk'

In April Financial services company Alexander Forbes voiced its support for the Treasury's plan to bring regulatory oversight of medical schemes under the same umbrella as insurance products, as set out in the **draft Conduct of Financial Institutions Bill**.

In February doctors expressed concern over a new Discovery rule that expressed members of the saver, smart, keycare, core and priority plans have to use day hospitals or pay hefty co-payments to go to an ordinary hospital. Their main concerns are that patients cannot be monitored overnight after procedures in day hospitals, there are no intensive care units, and many are not equipped to do blood transfusions.

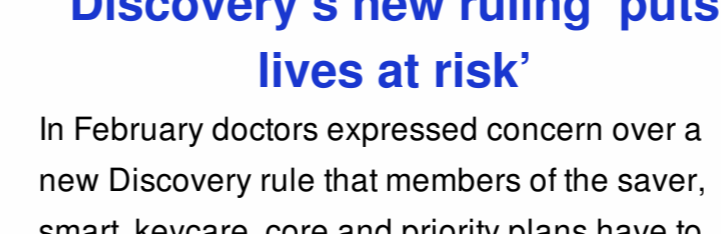
The bill, which was released for public comment in December 2018, aims to regulate how the financial services industry treats its customers.

Anti-fraud effort pays off

It includes a proposal to move core regulatory functions from the Council for Medical Schemes (CMS) to the Financial Sector Conduct Authority (FSCA), a suggestion that has upset the medical schemes regulator.

In 2018 Discovery Health's efforts to curb fraud resulted in a substantial R555-m recovered on behalf of schemes it administers. Of the 5 443 cases that were reported for possible irregularities, consumers were confirmed on about 75% of investigations.

Circulars: Council for Medical Schemes



The following Circulars were published by the CMS in May/June 2019. Visit www.medicalschemes.co.za for more info.

39 of 2019
Advanced training for brokers

40 of 2019
Quarterly Return

Special Notices

Vacancy for GP in Grahamstown

Opportunity for a qualified, post-community service General Practitioner in Grahamstown Fort England Psychiatric Hospital in Makhanda (Grahamstown), Eastern Cape. Rural allowance is payable and on-site accommodation is available to successful candidates.

For further information, contact the Clinical Head: A/Prof M Nagdee (dmonagdee@gmail.com or Tel 046 602 2452).

Child or General Psychiatrist in Cape Town

Opportunity for a psychiatrist in a well established child and adolescent practice at Vincent Pallotti Hospital in Cape Town. Current patients are predominantly adolescents, some children and adults. Practice to be taken over as of 1 September 2019.

For more information contact: Terri Henderson at 072 185 0101 or terrihenderson4@telkomsa.net

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