



## Content:

Food for Thought  
View on Government  
Financial View  
View on Pharmaceuticals

Special News  
View on Medical Schemes  
General News  
Special Notices

## Food for Thought

Yes,  
it is  
complicated!



"The Health Market Inquiry's provisional report may not bode well for the consumer, but it notes that profits of the large hospital groups - Netcare, Mediclinic and Life Healthcare - are 'consistent' and 'sustained', with no chance of slowing down," wrote **Katharine Child** in **Financial Mail** (26 July 2018).

"The commission notes that MMI and Discovery Health, which should be competing to provide cheaper benefits to medical schemes, have shared ownership. Both MMI and Discovery have large shareholders that are themselves owned by investment group Remgro. Remgro has a 28% shareholding in RMB Holdings, which through FirstRand has an unknown stake in NHI. Remgro also has a stake in Rand Merchant Investment Holdings, which has a 25.8% stake in Discovery and a 25% stake in administrator MMI. "It gets worse. Remgro, with 42%, is also the largest shareholder of hospital group Mediclinic.

"This raises the question: Does Discovery Health or MMI have an interest in driving down hospital prices for medical aid members or keeping profits high for their shared owners of Mediclinic? Do the two administrators compete in adding shared value to medical aids for whom they pay claims; or choose not to compete as they share shareholders?"

[Read more in the attached document \(complicated\)](#)



"The country's public healthcare system is plagued by staff, medicine and supply shortages, poor infrastructure and surgery backlogs. The private sector - although providing better quality healthcare - is characterised by prohibitive and ever-increasing costs."

"According to Alex van den Heever, professor of governance at Wits, government needs to change the way provincial health services operate for the NHI scheme to be effective, rather than "throwing money at them". The NHI framework has not proposed to do anything to resolve the issues in the medium-term until 2026.



Instead of actually trying to incorporate an uncovered group into a public scheme, NHI is proposing to incorporate a covered group - medical scheme members, says Van den Heever.

He questioned using a tax subsidy to fund NHI, saying it is implied that in bringing the group in, they are somehow going to improve the subsidy for lower-income people, but there are hard fiscal constraints around whether one can de facto increase the value of the subsidies going from current taxpayers to other people.

"However, it seems that Health Minister Aaron Mokoaleli will push forward with his plan to implement NHI, regardless of the concerns raised.

In his introduction of the fund last month, he said he was aware of concerns that the system needed to be fixed, but NHI was not a matter of debate.

## Health fix needed before NHI plan

"The National Health Insurance (NHI) fund is set to shake up South Africa's healthcare sector, but experts caution that it will not be a success if SA does not first resolve existing problems." - **Business Times** (22 July 2018).

"The department's National Health Insurance pilot site in Gert Sibande has failed because the department only spent R26.8-m of the R42-m in conditional grants it received from national government to improve infrastructure over the past six years. The department has 2 524 vacant posts and there is a dire shortage of medical personnel.

## View on Government



### HMI findings in medical aid regulations

Health Minister Dr Aaron Mokoaleli should withdraw the Medical Schemes Amendment Bill, until the Competition Commission finalises the Health Market Inquiry, according to **Andre Jacobs**, an executive at ASI Financial Services.

"**Mark Arnold**, principal officer of Resolution Health Medical Scheme also warned of the timing clash between the HMI and the amendments to the bill regulating medical schemes. He said there is a significant risk that the regulatory environment being created through the legislative amendment process currently underway could conflict with the lessons learned in the course of the HMI's work, which will only be fully apparent on the release of its final report.

Mpumalanga's 3.9-m people only have 10 178 healthcare professionals, 1 074 doctors, 79 medical specialists, 8 594 nurses, 300 pharmacists and 131 dental specialists and practitioners

• Accruals in the 2016/17 budget amounted to R794-m and increased to R842.3-m in the 2017/18 financial year;

• Unauthorised expenditure increased to R200-m while R6.7-bn in irregular expenditure was awaiting condonation;

• The department's National Health Insurance pilot site in Gert Sibande has failed because the department only spent R26.8-m of the R42-m in conditional grants it received from national government to improve infrastructure over the past six years. The department has 2 524 vacant posts and there is a dire shortage of medical personnel.

### Doctors unable to access community service jobs

The DoH's application portal for doctors hoping to apply for community service positions next year is such a mess that hundreds of doctors are currently still unable to register and verify their details, despite the deadline for applications being only a few days off, reported **The Citizen**, 30 July 2018. These doctors could be rendered unemployed come January and will only be able to apply for placement again in the June intake of community service doctors.

Many of those who have been able to log in have been unable to upload their documentation, while some have shared screenshots of the website showing there are no positions available to apply for. Attempts by **The Citizen** to get a response from the DoH, proved futile.

## Alarming rise of malpractice claims

Soaring pay-outs for medical negligence claims against the state pose such a threat to healthcare provision that government is proposing a "new pay as you go" system to compensate victims. This would spread out its liabilities, but critics say the proposals, contained in draft legislation, are badly framed and may force patients back to the very facilities that harmed them in the first place.

By the end of the 2016-2017 fiscal year government faced contingent liabilities - the cost if all claims were successful - of R56.1-bn. This equates to almost a third of the R170.9-bn consolidated health budget for 2016-2017.

## Financial View

### Merck lowers prices after Trump calls out industry

US drug maker Merck & Co has announced price cuts to some of its medicines, including a 60% reduction to a hepatitis C treatment, after Pres Donald Trump criticised drug makers for failing to help reduce healthcare costs for consumers.



### TB drug price cut increases access



The Department of Health (DoH) has negotiated an almost 50% cut in the ceiling price of Janssen Pharmaceutica's tuberculosis (TB) drug *Bedaquiline*, opening the way for increased access for patients around the globe. The development follows a month after SA became the world's first country to make *Bedaquiline* part of routine treatment for patients with multidrug-resistant TB (MDR-TB).

## View on Pharmaceuticals



EFFECTIVE AFFORDABLE HEALTHCARE



### TB trial raises vaccine hopes

Scientists from the SA Tuberculosis Vaccine Initiative (SATVI) and the Desmond Tutu HIV Foundation announced the results of a clinical trial conducted in Worcester and Cape Town. The trial tested the ability of *Bacille Calmette Guérin* (BCG) and new vaccine candidate H4:IC31 to help prevent an initial or sustained TB infection. The BCG vaccine is nearly 100 years old.

\* UCT researcher Dr Muki Shey was awarded the prestigious Wellcome Intermediate Fellowship in Public Health and Tropical Medicine for his work to solve the secret behind the natural immunity to TB present in some healthcare workers.

### Pharma Dynamics to recall drug amid review

SA Health Products Regulatory Agency (SAHPRA) has asked local generic drug manufacturer Pharma Dynamics to urgently recall high blood pressure medicines containing valsartan supplied by Chinese firm Zhejiang Huahai Pharmaceuticals, citing possible cancer risks.

The affected products are only supplied to the private sector and currently reach about 12 460 patients a month.

### Teva launches biosimilar drug in South Africa

Teva Pharmaceutical Industries has become the first firm to launch a biosimilar drug in SA with its version of Amgen's *Filgrastim*. The product is used to boost white blood cell production in cancer patients on chemotherapy.

While the development demonstrates the capacity of the South African Health Products Regulatory Authority (SAHPRA) to assess the safety and efficacy of biosimilars, it also highlights the extensive delays drug manufacturers face in getting their products approved

## Special News

### Proposed provider register to determine payment options



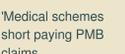
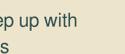
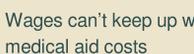
Among the less publicised items of legislation proposed in the Medical Schemes Amendment Bill released for public comment on June 21 is the intention to establish a Health Care Providers Register under the aegis of the Council for Medical Schemes (CMS).

Drawing her audience's attention to this during the most recent Institute for Health Risk Managers (IHRM) seminar in Johannesburg, Edward Nathan Sonnenberg (ENS) lawyer Arian Richards said that the introduction of this register would mean that medical schemes would have the discretion to not pay a health care provider directly "if that health care provider is not registered on the Health Care Providers Register".

Should a medical scheme elect not to pay the health care provider directly, she added, then it shall be obliged to make the payment to the member concerned who in turn would then bear the responsibility of paying the health care provider.

[Read More](#)

## View on Medical Schemes



### Wages can't keep up with medical aid costs

Jill Larkan, author of the annual Grant Thornton Capital (GTC) Medical Aid Survey Salary, found that salary increases have not kept up with annual medical aid premium increases over the past 10 years, putting consumers under increasing financial pressure.

In her report Larkan compares 272 medical aids on price and sustainability. According to 21st Century business management consultants, the compound increase of the average South African salary between 2006 and 2016 had been 80.2%, compared with a 104.87% increase in medical aid costs.

Medical schemes, least likely to be around in five years' time or to have very high premiums, are Resolution Health, Medihelp, MedShield, Spectramed and Setimel.

The best cheap entry-level plans for low earners were Momentum Ingwe Network and Discovery KeyCare Plus.

The best hospital plan was Bestmed Beat, while the best comprehensive plans that had many day-to-day benefits and good hospital cover were the Discovery Essential plans.

### Medical schemes short paying PMB claims

According to MedClaimAssist (a company that helps medical scheme members when a claim is short paid or not paid at all), a division of Constantia Insurance Company, many schemes are underpaying for prescribed minimum benefits (PMBs).

MCA says it has intervened in 8 433 claims and collectively saved clients more than R16-m.

According to MCA the five worst-performing schemes by average percentage paid out to members, were: LA Health Medical Aid: 17.38%; Quantum Medical Aid Society: 19.48%; Bankmed: 28.85%; TFG Medical Aid Scheme: 34.42%; and, MedShield Medical Aid: 34.83%.

## General News



World Health Organization



### Low-quality healthcare is a global issue

Poor quality health services are holding back progress on improving health at all income levels, according to a new joint report by the OECD, World Health Organisation (WHO) and the World Bank. Inaccurate diagnosis, medication errors, inappropriate or unnecessary treatment, inadequate or unsafe clinical facilities or practices, or providers who lack adequate training and expertise prevail in all countries.

The situation is worst in low and middle-income countries where 10% of hospitalised patients can expect to acquire an infection during their stay.

[To read the full report click on the button below:](#)

Button

## HIV spread falls; risky conduct persists

Findings in the latest SA National HIV Prevalence, Incidence and Communication Survey raise questions about whether the government may have expanded its HIV treatment programme at the expense of prevention efforts. It included interviews with more than 33 000 people, of whom 24 000 agreed to take an HIV test. It found the HIV incidence rate almost halved between 2012 and 2017, dropping from 0.85% to 0.48%, as the annual number of new infections fell from 469 000 to 231 000. One of the study's principal investigators, HSRC researcher Mpuumi Zungu, said progress has been made with biomedical interventions, but unfortunately, there has been no progress with behavioural change.

## Special Notices

### Vacancy for a GP locum in Pretoria North

Locum sessions available for practitioner family doctor at the Pretoria North Medical Centre in Burger Street, Pretoria North.

The doctor should preferably be able to speak Afrikaans as well as English, due to the demographics of the practice.

For more info call 012 565 6283 (option 1)  
e-mail [medaccounts@pretoriamedical.co.za](mailto:medaccounts@pretoriamedical.co.za)

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