

## **Private health inquiry a cynical ploy for state intervention – Politicsweb 9 October 2019**

There are so many questions about the Competition Commission's dubious and ridiculously expensive private healthcare market inquiry that it is difficult to know where to start analysing and criticising it.

It reportedly cost over R200 million and took five years to complete. There is nothing wrong with thoroughness, but the cost of this report seems excessive and the money could be better used. Moreover, its scope is myopic in view of how long it took to compile, its findings and its lack of completeness.

The report basically accuses Netcare, Mediclinic and Life of monopolistic behaviour in the private hospital sector. It is true that they own the lion's share of private hospitals in South Africa, but to excoriate them for their success is risible and wrong-headed.

According to the report, these players monopolise the market and keep out smaller players whilst keeping prices inflated. My own research this year showed that whilst bigger players are not allowed to expand or build extra facilities in towns and cities across the country, smaller players are not picking up the slack either. CEOs of private hospitals in different parts of the country told me that they submitted applications for extra beds and facilities (in order to deliver more specialist services) as far back as 2016 and 2017. The state is simply not forthcoming in approving them. Thus, there is a growing demand for more quality healthcare services in many places across the country, land is available, the hospital groups take all the risks and yet government refuses to grant the licences.

The oft-provided reason is that there are enough beds in a certain area. Whether this is true is difficult to determine, but why would a private hospital take a risk if it is not certain it can absorb the demand? The other aspect to this calculation is that it throws public hospitals into the mix. In the Western Cape this is often not a problem because healthcare in the public sector is in rather fine fiddle. Even there, however, demand outstrips supply as the population in many places grows and the private sector has a growing role to play.

Rural provinces such as Limpopo, for instance, are a whole different kettle of fish. There, the public hospitals and the care they offer are generally of extremely poor quality and the handful of private hospitals are islands of excellence serving large geographical areas. The services offered in the public sector and in the private sector cannot be compared – even though the private healthcare market inquiry and government want to do exactly that. Even Gauteng's public healthcare facilities are overburdened and deteriorating due to the weight of growing demand.

Despite smaller players having ample opportunity to start building hospitals and clinics and deliver quality services, they are not doing it on any significant scale. All the while, larger hospital groups are prevented from expanding and delivering the services that people need. At least they built hospitals and clinics where nobody else would and treated people who would otherwise have had to make use of the decaying public hospitals. There would be no need for medical aid schemes and the private healthcare sector had government not failed in its duty to provide quality care to the public. Someone needed to create an economy of scale and branch out over the country or we would be without quality healthcare services in South Africa.

If government really wants smaller hospital chains to flourish, get off their backs and deregulate this heavily regulated sector. Don't punish and denigrate organisations that once started from scratch and became successful by fulfilling needs, providing jobs and maintaining world-class standards.

There are numerous crucial sectors in the economy where a few players are dominant. Why single out only the healthcare sector?

Did Capitec's founders complain of monopolistic behaviour by Absa, Nedbank, Standard and FNB when they started what is now one of South Africa's favourite and most successful banks? Maybe they did, but they proceeded to compete with them by seizing untapped opportunities and doing things differently and have since reshaped the face of banking in a seemingly saturated market.

In the end, the report aims to justify the implementation of National Health Insurance (NHI) and all the attendant state intervention in the healthcare sector. The inquiry is simply a cynical ploy to give the state more power when bigger businesses are demonised and retreat in shame in the face of untruths, cognitive bias and fudged figures. Its aim, although stated as such, is certainly not to help "the little guy" get a bridgehead in the private healthcare sector. NHI leaves very little room for private healthcare providers, and smaller operators will not survive if the bigger ones do not. And how is a state-dominated healthcare sector not a monopoly?

Moreover, what is not contained in a report is just as important as what it does contain. What this report doesn't outline is that the public healthcare sector is a death trap and that the NHI pilot projects were dismal failures. It doesn't contain all the case studies of maltreatment, poor service and wilful negligence by staff at these institutions. It doesn't note the lack of accountability at public hospitals on account of the grip of Cosatu-affiliated unions. People dying and becoming disabled due to fake doctors (yes, many of them exist in the public healthcare sector) treating them incorrectly are only reported on by the press and civil society.

At the launch of the new anti-corruption forum for the health sector it was revealed that the public health sector loses some R22 billion annually due to fraud and corruption. This is a conservative figure and excludes all the negligence occurring. Overcharging in the private sector does exist, but this is exceedingly more egregious and pernicious.

Government, the ANC, the SACP and Cosatu first need to clean up their own act before lecturing and chastising the private sector and trying to make choices on something as vital as healthcare on behalf of the public.

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