

## **Zweli Mkhize on the spot over state's role in private health**

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The government should implement reforms to stabilise runaway prices after the department of health neglected its oversight role

The Competition Commission's health market inquiry, which published its final report last week, has set out in meticulous detail what most readers of this paper instinctively know.

Patients are flummoxed by the complexity of medical schemes, specialists all want to be millionaires, and not even the dismal state of the economy seems to dampen the profit margins of JSE-listed private hospitals and medical scheme administrators.

The reason? Quite simply, the department of health long ago abdicated its responsibility to oversee the private health-care sector, leaving patients to blunder through an opaque and poorly regulated system that siphons away an ever-increasing slice of their household budget with no guarantee they will get decent care.

Patients using the private sector admittedly do not have to confront the long queues, staff shortages and disintegrating infrastructure that hobble public health facilities, but they are subject to expensive and unnecessary procedures that may do more harm than good. And all too often, they are handing over large amounts of money to specialists for services that could easily be provided by a general practitioner or nurse.

The five-year inquiry set out to determine why medical scheme premiums consistently increase faster than headline inflation, and whether there are barriers to effective competition. It conducted the most methodical and evidence-based assessment of SA's private health-care sector to date, and its diagnosis is clear: the department's failure to put in place a coherent regulatory framework has led to market distortions, runaway prices and disempowered consumers.

The prescription is equally clear: the government should implement a package of reforms to stabilise the private sector, ranging from a supply-side regulator to watch over tariff negotiations between medical schemes and service providers, to the introduction of a single-benefit package to enable consumers to shop around and get better value for money from their medical schemes. At the last count there were 79 medical schemes, offering a bewildering 264 different benefit options.

### **Vigorous competition**

The inquiry rightly makes the point that it is the department's responsibility to intervene, as it is the steward of the entire health system, public and private. And it astutely goes a step further, setting out clearly why a properly regulated private market is vital for the government's ambitions for universal health care coverage, or National Health Insurance (NHI).

Under NHI, the government plans to purchase services on behalf of patients from accredited public and private sector providers. It therefore needs a private health-care market in which

there is vigorous competition to drive down prices, and objective measurement of the quality of care provided.

The much delayed final report of the health market inquiry, which was originally slated for publication in November 2016, could not have come at a better time.

Former health minister Aaron Motsoaledi, who made way for Zweli Mkhize in May, made no bones about his distaste for the private sector. Motsoaledi conveniently ignored the fact that he bore some responsibility for the sector's conduct and would in all likelihood have left the report to gather dust on a shelf.

For evidence, look no further than the fact that despite having asked for the inquiry to be conducted, his department did not even file a submission in response to the inquiry's interim report, released in 2018. Motsoaledi opted to demonise private health-sector players as greedy profiteers, rather than admit that a poorly regulated market gave the powerful room to manoeuvre, at the expense of smaller players and patients.

Motsoaledi's position stands in stark contrast to that of Mkhize, who has struck a far more professional and conciliatory tone with the private sector, consistently signalling the government's interest in partnering with business to improve the health of the nation.

The theme is consistently repeated in his speeches and is writ large in his decision to establish a forum with Business Unity SA in which to discuss NHI.

The report is now firmly in Mkhize's hands. Let's hope he recognises it for the gift it is.