



PRIVATE PRACTICE REVIEW

NOTICE
Private Practice Review presents the reader with a summary of the most relevant breaking news in the local and global healthcare industry, as obtained from media sources, including the public broadcaster, independent television broadcasting, newspaper news agencies, news websites, radio and news sites. HealthMan strives to quote the Original Source. HealthMan compiles this information to provide the reader with a brief overview of the most recent events and developments as they are reported in the media. The views and opinions expressed in Private Practice Review are those of the authors of the media sources and do not necessarily reflect the views or opinions of HealthMan, its directors, employees and associates.

In this Newsletter

A summary of news highlights in the healthcare sector:
July - December 2020

Food for Thought News on Medical Schemes
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In the second December issue of Private Practice Review:
A summary of Food for Thought, Financial View, Pharmaceutical View
and General Highlights: July - December 2020

FOOD FOR THOUGHT

Editorial Comment
Business Day (25 November 2020)

Where is South Africa's vaccination plan?

Despite being involved in several high-profile clinical trials of candidate COVID-19 vaccines, SA has neither nailed down a procurement plan nor finalised a distribution scheme with pharmaceutical companies. To the frustration of many observers, SA has also not yet signed up to the international vaccine financing vehicle Covax, jointly led by the World Health Organisation and the vaccine alliance Gavi.

(Business Day, 25 November 2020)

During the recent Bloomberg Invest Africa virtual conference, Finance Minister Tito Mboweni said SA has pledged R500-m towards Covax, which on the face of it is good news. A further R4.5-bn will be made available to the Health Department to help roll out the vaccine in SA "as part of the new budget process".

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National Health Insurance: The politicking continues unabated

"How the government thinks it can establish a new healthcare system on the ruins of the old one, without involving doctors in the process, boggles the mind,"

writes Dr Johann Serfontein, senior healthcare consultant at HealthMan.

"In COVID-19, tariffs for doctors were determined without even speaking to them. Doctors in the frontline trenches were simply informed of the fee."

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MORE OPINIONS:

- Funding NHI now, with a brittle economy, would be entirely inconceivable, said Prof Alex van den Heever Wits University's School of Governance. Fiscally, it is a nonstarter. During the level 5 lockdown, SA was losing R13-bn per day, so we can neither raise more money for NHI from taxes, nor borrow more

- Adam Rascoe, a doctor who co-chaired the Progressive Health Forum and a member of the ANC Stalwarts and Veterans group, said COVID-19 has pushed the idea of NHI further away than we can imagine.

- Rob Rose, editor of Financial Mail published an editorial: *The sins of COVID-19 have made NHI an even more unlikely fantasy.* He writes: "Some politicians are spinning the yarn that COVID-19 shows SA can manage immense healthcare projects — where were they when all the looting was taking place?"

'COVID-19 has wiped out a third of South Africa's middle class'

On August 25, *BusinessTech* reported that, according to the United Nations Development Programme's (UNDP) latest study on the socio-economic impact of COVID-19, SA's overall GDP is expected to decline by at least 5.1% and up to 7.9% in 2020. It is expected to recover slowly through 2024.

Research has found that up to 34% of households are likely to exit the middle class into vulnerability.

"While government social protection grants tend to target the poorest, this study posits that care and support needs to be provided to those at the borderline of the poverty line, such as the vulnerable middle class, to reduce their likelihood of slipping into poverty."

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EDITORIAL NOTE: 2-m might not be able to pay their medical aids

- According to research by the economic advisory group, Econex (2017), almost 2-m South Africans would not be able to pay their monthly medical aid if government redirected medical tax credits to finance its National Health Insurance.

- In 2015-2016, principal members received R270 per month in tax credits for principal membership.

- In 2014/15 the total amount paid to the principal members of medical schemes in the form of medical scheme tax credits was approximately R18.5-bn - a R3.240 tax return for a single medical aid member.

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NEWS ON GOVERNMENT



COVID-19 Financial implications

In July *Financial Mail* reported: "The global C-19 pandemic has shone a spotlight on the cracks and fractures in SA's overburdened state healthcare system. The toxic mix of shocking governance, wholly inadequate recordkeeping, health worker negligence and criminality has resulted in the Eastern Cape racking up R29-bn in medico-legal damage claims against it - R5-bn more than its annual budget."

In October, a document, (Division of Revenue Second Amendment Bill) tabled in Parliament by Finance Minister Tito Mboweni, revealed deep cuts to public health spending that were not discussed in the medium-term budget policy statement (MTBPS), reported *Business Day* (30 October 2020).

The bill proposed cutting the national tertiary services grant by R55.7-m, leaving the Western Cape and Gauteng with less money for hospital infrastructure; R30-m is cut from the Western Cape's grant and R27-m from Gauteng's. A further R52-m was slashed from the Northern Cape's health facilities revitalisation grant. The Western Cape lost R11.5-m from its Human Resources, Training and Development Grant.

An additional R272.2-m was cut countrywide from two grants set aside for NHI projects, on top of the R338.5-m cut in the emergency adjustment budget tabled in June, bringing the total cut from this flagship government project to R610.7-m in 2020/2021.

COVID-19 Fraud and Corruption

In July reports of widespread corruption in the government's procurement of personal protective equipment (PPE) and other coronavirus-related goods prompted the National Treasury to investigate the possible centralisation of its procurement. The Special Investigating Unit (SIU) was tasked to investigate contracts awarded to 90 companies in Gauteng alone, worth altogether R2.2-bn

Finance Minister ends emergency PPE procurement

In August National Treasury ended the emergency procurement process for PPE and protective clothing. This follows allegations of fraud in what was meant to be a quick process to ensure that SA had a steady supply of PPEs during the pandemic.

Delivering his Medium Term Budget Policy Statement (28 October 2020) Finance Minister Tito Mboweni, said the COVID-19 pandemic had "given rise to shameful and exploitative acts of corruption".

Nearly R148-bn was budgeted for COVID-19 relief, of which the government had spent almost R69-bn by the end of July.

Before COVID-19, SA was facing a budget deficit of 6.4% of GDP, and a debt-to-GDP ratio of 63.3%. The budget deficit is now expected to rise to 15.7% of GDP, and the debt-to-GDP ratio will increase to 81.8% of GDP or R4 trillion - this is in line with the estimates of the special adjustment budget, tabled in June.

Mboweni also announced that Government will allocate an additional R6.7-bn towards the special COVID-19: social relief and distress grant.

Earlier, Pres Cyril Ramaphosa announced the extension of the social relief distress grant for three months until 31 January 2021.

R5-bn linked to COVID-19 procurement corruption

South Africa's pandemic corruption scandal continues to grow, with R5-bn of the R10.38-bn spent in relief efforts now under investigation, reported *MedicalBrief* (27 August 2020).

In Gauteng alone, several companies - paid millions by the provincial government for C-19 supplies - were previously registered on the central supplier database to provide goods and services that have no apparent link to the health sector.

Pres Cyril Ramaphosa ordered the Special Investigation Union (SIU) to look into allegations of corruption around the government's spending towards the fight against the coronavirus, including charges of impropriety in giving tenders.

According to SIU head, advocate Andy Motlhi, some service providers received payments even before they did any work.

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claim R70-m budget tells us about the gets private healthcare
SAMA in dire straits healthcare system reform ball rolling

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NEWS ON MEDICAL SCHEMES



CMS asks medical schemes to keep increases low

In July the Council on Medical Schemes (CMS) called for medical funds to freeze their contribution increases for 2021 or limit them to consumer price inflation (CPI) of 3.9%. If the council gets its way, sickness fund members' monthly contributions will increase by just 4.3% in 2022 and by just 4.5% in 2023 in line with the expected CPI, reported *Riana de Lange* (*Rapport* 22 November 2020).

The council recommended low increases to mitigate the negative impact of COVID-19 on consumers' financial affairs, but without sacrificing medical benefits. Some of the largest medical funds have announced 2021 increases in line with the CMS request, pointing out that medical inflation is higher than the CPI and that the figure differs from fund to fund. The board is concerned that medical aid contributions have risen by more than CPI in recent years. The average 2019 increase of 8.2% was double the average CPI.

According to Discovery Health, which operates the largest medical aid scheme in SA, large increases are unnecessary as medical aids have ample reserves, and the real cost of medical care is expected to increase by less than expected. Discovery told its members there will be no increase to medical aid premium in the first half of 2021. However, premiums will be adjusted in the middle of 2021, by a maximum of 5.9% for all its different medical aid plans.

A closer look at schemes' financial situations

According to Deon Kotzé, head of research and development at **Discovery Health**, administrator of DHMS and several other sickness funds, the actuarial team estimates that DHMS' reserves will stand at R27-bn at the end of this year.

This is a solvency level of 32% compared to the legal requirement of 25% of its gross annual contributions in reserve.

Momentum Medical Scheme's annual weighted average increase for 2021 is 3.9%. Damian McHugh, head of growth and marketing, says fund members' average age is lower than the average for the medical insurance fund industry in general and therefore the scheme was able to keep his increases low.

Bonitas CEO, Lee Callakoppen, said its highest increase was 7.1%. Members on Bonitas' growth options, (91% of the business) will have to absorb increases of just 3.9%. Bonitas has taken a long-term view to protect members from unreasonably high further increases due to too low increases for 2021, said Callakoppen.

Other schemes' increases are:

Bestmed: 4% in premiums for 2021 - the lowest in the history of the scheme.
Medshield: 5.9% average increase over its product range.
FsdHealth: 8.6% increase.

Council for Medical Schemes(CMS) reports deficit of R19.64-m

The Council for Medical Schemes (CMS) reported an accumulated deficit of R19.64-m for the 2019/2020 fiscal year. (*Business Day* 16 Nov 2020). Its latest annual report was tabled in Parliament earlier this month, and for the first time in more than a decade it has reported an accumulated deficit. In the report, CMS Registrar Siphon Kabane attributed the deficit to the regulator's growing mandate, which he said had not been matched with a commensurate increase in its budget, echoing a concern he raised in parliament last year.

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South Africans are Blow for Discovery's Discovery hikes
hardest hit by the expansion plans for professional fees, not
coronavirus cheap primary healthcare members' contributions

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Special Notes

Psychiatrist practice space available

Opportunity to practice independently but alongside the established practices of two clinical psychologists in a recently renovated house in Parkview, Johannesburg. The available space consists of two bright and spacious interlocking rooms - perfect for consulting and separate examination room, or secretary plus consulting room. The house, with all necessary zoning rights in place, is a block away from busy Tyrone Avenue and close to general medical practices, pharmacies and Aksoo Parktown. Safe, off-street parking on site.

For more info contact:
Lucy Kaplan (083-296-1093;lucy@june22.co.za) or
Richard Parry (079-527-6813;richardparry77@gmail.com).

Solo Practice in Blaauwberg Netcare Hospital for Sale:

Dr Emma Hurley, a solo practitioner in private practice at Blaauwberg Netcare Hospital, Blaauwberg, Cape Town is selling her practice in its entirety.

It includes equipment, computers, data base, reception furniture etc. and an excellent PA who would be willing to stay on with the practice.

For more info, please contact Dr Hurley at:
doctor@drhurley.co.za,
or
083 273 8818

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