Private Practice Review, October 2020



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 broadcasters, independent news agencies, newspapers, 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.

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#### FOOD FOR THOUGHT $(\rightarrow)$

Hundreds of unlicensed suppliers involved in R2-bn PPE scandal



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"Emergency procurement for the COVID-19 pandemic saw SA's nine provincial health departments flush a jaw-dropping R2-bn to hundreds of unlicensed suppliers of personal protective equipment (PPE) and other medical goods," reported Daily Maverick (2 October 2020).

"Scorpio's months-long data investigation into COVID-19 expenditure revealed that the nine health departments collectively sourced PPE and related goods from 550 companies. Of these suppliers, only 155, or 28%, were licensed by the South African Health Products Regulatory Authority (SAHPRA), the country's watchdog for medical devices, PPE and related products for the healthcare sector.

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'Corruption is part of SA health sector's DNA'



"Corruption has always been rife in the health sector.COVID-19 just hoisted the flag," said the head of the Special Investigating Unit (SIU), advocate Andy Mothibi, during a webinar of the Health Sector Anti-Corruption Forum (HSACF). (Times LIVE, 5 October 2020).

The country was failing on the basics, like having systems in place that would detect and prevent corruption, he said.

"Almost everything in the health sector has some elements of corruption." This includes the NHLS, the HPCSA (registration of doctors), and even the health sector product authority when it comes to products entering the market inappropriately.

"While government is singing the praises of its COVID-19 response and highlighting its successes, the shortfalls cannot be ignored," reported **Business Tech** (6 October 2020). In a media release Health Minister Zweli Mihize said that government plans to create a 'legacy' for the health system from the COVID-19 pandemic. "The legacy will find expression in the National Health Insurance. As a legacy, we have to use this pandemic to ensure that environmental health systems at implementation level are strengthened for the future," said Mkhize.

#### **SPECIAL NEWS** $(\rightarrow)$



Doctors' concerns: We are working on it, says Health Department

The South African Medical Association (SAMA) recently hosted a webinar allowing doctors to directly interact with Health Minister Zweli Mkhize and officials of his department. The webinar was the result of a recent letter, issued to the media earlier this month, in which several medical organisations expressed their deep concern over the lack of government's engagement with the medical profession relating to a number of serious issues threatening the delivery of healthcare in the country,.

However, gauging from the Minister and his panel's answers, not much has been done from the department's side to address the many outstanding issues that have been brought to its attention in the past few months. These include the criminalisation of doctors, the lack of safety at public hospitals, progress with the NHI, the amendment to the Medicines and Related Substances Act that allows for the extension of prescriptions for chronic medications from six to 12 months, the readiness of government to deal with a second wave of COVID-19 infections and the corruption around COVID-19 PPE tenders.

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**NEWS ON GOVERNMENT**  $(\rightarrow)$ 

**Competition Commission** gets private healthcare reform ball rolling





The Competition Commission has issued a letter to stakeholders, informing them that the Council for Medical Schemes (CMS) is to establish a "multi-stakeholder working committee" to negotiate the framework proposed by the Health Market Inquiry (HMI). (Spotlight, 9 October 2020).

This follows the release of the HMI report in 2019 that found the private healthcare sector in SA was "neither effective nor competitive", with serious implications for private medical care consumers. The proposed committee will provide a platform to negotiate prices for private healthcare services, keeping escalating private healthcare costs under control.

- Dr Ntuthuko Bhengu, a member of the HMI panel, said the two biggest "messes" requiring the most urgent attention in the sector included pricing and licensing.
- Healthcare economist, Prof Alex van den Heever: The forum has potential and could be a viable option. However, it will not solve the problems in the healthcare market, but merely create an environment that allows for bilateral contracting.
- The South African Private Practitioners Forum's (SAPPF) CEO, Dr Chris Archer and deputy CEO, Dr Simon Strachan said SAPPF had come up with an approach to remedy the situation, called the South African Classification of Health Care Interventions (SACHI).

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# Mkhize axes the critics from his expert's panel

Health Minister Zweli Mkhize has recently decided that he no longer needs the services of three of the most influential members of the ministerial advisory commit (MAC) on COVID-19: They are WITS professor Glenda Gray, who famously clashed with Mkhize in May; Prof Shabir Madhi; and Prof Francois Venter, who publicly criticised the more

looney-tunes lockdown rules. "It is a curious move," wrote **Rob Rose** in *Financial Mail* (30 September 2020): Meanwhile, Mkhize said it would be 'furthest from the truth' to suggest he disbanded the

"But is Mkhize really entitled to do as he pleases? He is, after all, constitutionally obliged to act in the best interests of SA, taking the best decisions he can to counter COVID-19."

initial MAC because he didn't want to heed the scientists' advice.

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# SA models may have overestimated pandemic

Although private hospital groups, doctors and the Department of Health (DoH) negotiated a deal for the private sector to treat critically ill C-19 state patients on a cost-only basis, hardly any patients turned up.

According to **Netcare Hospital Group's** recent trading update (April to August) it treated only six state patients. Life Healthcare, another of the three largest hospital groups, said fewer than 10 government C-19 patients had been treated by August-end. Mediclinic has not released these numbers.

"It appears that most provinces were able to manage the demands on their systems without broad-based referrals to the private sector," reported **Business Day** (6 October 2020). The field hospital in Gauteng was barely used and the Western Cape field hospital plans were scaled back, confirming that the high numbers of predicted ICU Covid-19 patients did not materialise.

Second wave of C-19 may be less deadly A second wave of coronavirus infections in SA is likely to be less deadly than the first, Barry Childs, joint CEO of Insight Actuaries at the Actuarial Society of SA (ASSA), told

delegates at ASSA's annual congress. The most vulnerable people are likely to have already died from COVID-19, and the health system is unlikely to come under the same strain if there is a second surge. According to **Prof Barry Schoub**, the recently appointed chair of the ministerial advisory

committee on COVID-19 (MAC), there are early indications that the COVID-19 virus may be weakening. Schoub, an internationally renowned virologist and vaccine expert, said it appears that in the latter part of the epidemic on the African continent the severity of the disease has decreased



### Cost of Cuban doctors 'is a saving'

According to Health Minister, Zweli Mkhize, the R120-m spent on the salaries of 187 Cuban doctors - who arrived in the country in April to help in the response to C-19 - is actually a saving. He said the Cuban doctors were paid less than other specialists with the same skills. Their deployment is scheduled to run until April 2021, costing R440-m for the 12 months.



## PPE scandal: Gauteng premier fires Health MEC

Gauteng premier, David Makhura, announced that the province's health MEC, Bandile Masuku, has been fired, following a Special Investigating Unit (SIU) report into allegations of tender irregularities.

Makhura has also suspended the head of the provincial department of health, Prof Mkhululi Lukhele.



# **Doctors warn about 'destruction'** of SA healthcare sector

A letter, signed by the **Federation of South African Surgeons**, the **South African** Medical Association (SAMA), the South African Private Practitioners Forum (SAPPF) and the **South African Society of Anaesthesiologists (SASA)**, states that without immediate action and intervention to restore the confidence of healthcare workers, there soon might not be any of them left.

#### The doctors pointed to the recent assassination of Jo'burg anaesthetist, Dr Abdulhay Munshi, as well as increasing treatment of doctors as 'common criminals'.

"The collective concerns for the national healthcare asset include a reticence for young South Africans to choose medicine as a career; avoidance of complex and high-risk interventions in providing medical care (that leaves high-risk patients without access to medical care); and an exodus of healthcare professionals from the country.

• A survey conducted by South African Medical Association (SAMA) among its members from the public and private health-care sector, found that 38% of respondents said they would consider emigrating if the NHI was fully implemented.

#### **FINANCIAL NEWS** $(\rightarrow)$



Advanced Health gets R170-m bid for SA facilities

Day hospital group, Advanced Health received a R170-m offer from an interested buyer for 7 of its 11 facilities in SA. Negotiations are ongoing for the sale of the rest of the facilities. Advanced Health also has 4 facilities in Australia. The group has been struggling to grow SA's day hospital industry after listing on the JSE in 2014. Its share price has declined by 89% over the last five years. According to its latest results Advanced Health's loss for 2020 increased to R133.8-m from R38-m in 2019. It also lost R24.4-m in revenue, due to the C-19 pandemic.





Pfizer set to produce vaccines in SA

Pharmaceutical company Pfizer is increasing its manufacturing capacity for vaccines in SA, but it will not manufacture a COVID-19 vaccine in the country, reported Business Times (27 September 2020).

Rhulani Nhlaniki, the cluster lead for sub-Saharan Africa and country manager for SA at Pfizer in SA the group, is working with the Biovac Institute to manufacture the pneumococcal conjugate vaccine. He said Biovac has not been tasked with the production of the COVID-19 vaccine and SA will need to rely on it being imported from the US and Europe.

#### **GENERAL NEWS** $(\rightarrow)$



Most deaths involved co-morbidities

According to the latest data, produced by the SA Medical Research Council. 96% of individuals killed in SA by C-19 had comorbidities. The experts studied clinical information on 2 457 fatalities provided by provinces.

For individuals where information was available. at least one co-morbidity was reported for 95.8% of the individuals who died. 58.6% of the deaths occurred in individuals with two or more co-morbidities. Hypertension and diabetes were the most common comorbidities.



COVID-19 response causes revenue drop for Netcare

According to a trading statement for the 11 months to August, Netcare's revenue has dropped by more than 12% due to COVID-19. Earnings before interest, taxes, depreciation and amortisation fell by 50.8% and operating profit by 61.5%. From April to August, the hospital group cut surgery, which accounts for 60% of its patients. Treating COVID-19 patients increased revenue per patient by 8.3% as they are more expensive to treat, but overall, in the 11 months to August, the group saw revenue drop by 12.8% and paid patient days decrease by 19.4%.



Vaccine development receives more attention

The news that US President Donald Trump tested positive for COVID-19, has spiked volatility in financial markets and added more confusion to the US presidential vote outcome, taking the focus back to a vaccine development, - Optimum Financial Newsletter (5 October 2020).

"There are currently four COVID vaccines nearing the point of being registered and mass produced. Moderna and Pfizer, along with its German partner BioNTech, are leading the pack as double-dosetreatments, while a single-shot-treatment is being developed by Johnson & Johnson.





Covid-19 advanced new innovations

There is no doubt that the pandemic is a horror of tragic proportions, but it has taught valuable lessons and accelerated innovation that could dramatically improve the lives of millions of people," wrote Naseema Ephraim, director of client value and risk at ASI Financial Services. (Business Day, 7 October 2020).

Positive lessons learnt from C-19 include:

- Many medical professionals adapted by offering telemedicine consultations over WhatsApp, FaceTime, Zoom or Microsoft Teams.
- A counselling service, open to all South Africans, specifically to address Covid-19. The Department of Health also started a helpline and continued to
- communicate frequently, releasing the latest data. Medical schemes created and circulated content to
- educate the entire population and not just their members.
- New ways of consulting with primary healthcare providers that could make both sectors more time efficient and cost-effective.

Bankmed

#### **NEWS ON MEDICAL SCHEMES** $(\rightarrow)$





### Medical schemes announce small increases

Most medical aids have limited their increases for the coming year to around official consumer price inflation, even though the cost of medical care goes up much faster than general retail prices, reported *MoneyWeb* (8 October 2020).

According to Discovery Health, which operates the largest medical aid scheme in SA, medical aids should have ample reserves available to make larger increases unnecessary, and the real cost of medical care is expected to increase by less than expected.

Discovery announced that there will be no increase to medical aid premium in the first half of 2021. It expects the demand for medical services to return to previous levels and premiums will be adjusted in the middle of 2021, by a maximum of 5,9%.

Other schemes' increases are: Bonitas: average of 4,6%

Momentum Medical Scheme: 3,9% in 2021 on a weighted average basis. **Bestmed**: 4% in premiums for 2021 (lowest in the history of the scheme). **Medshield:** 5,9% average increase over its product range. FedHealth Medical Aid: 8,6% increase.

Discovery hikes professional fees, not members' contributions Discovery Health has announced an increase of 3,3% in its professional fees for participating schemes, starting October 1, 2020. Its participating medical schemes had to apply the annual tariff increase for professional fees on October 1, 2020, rather than the usual January 1, 2021. According to the announcement, the increase was necessary due to the expected CPI of 3% to 4%.

#### **Circulars from the CMS** $(\rightarrow)$

The following Circulars were published by the CMS in September/October 2020.

63 of 2020 Prescribed auditor report templates 64 of 2020 Appealing against decisions of Registrar 65 of 2020 Administrators and MCOs accredited by the Council EXCO



The CM published PMB definition guidelines for the following mental health conditions:

- Schizophrenia Bipolar mood disorder Acute mental health conditions

**SPECIAL NOTES**  $(\rightarrow)$ 

### Ear Nose and Throat (ENT) Consultant Post available

An ENT Consultant Post is available at CJGM Regional (Stanger) Hospital on the KwaZulu-Natal coast, 60km north of Durban and 20 minutes' drive from the King Shaka International Airport.

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