



Health

Crack team to probe private health costs

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Medical schemes and administrators, as well as private hospital groups, have welcomed the “excellent balance of skills” in the Competition Commission’s five-member panel that will lead its market inquiry into the private healthcare sector.

The commission announced on Thursday that former chief justice Sandile Ngcobo will chair the panel. Other members include Sharon Fonn, the acting dean of the University of the Witwatersrand’s faculty of health sciences; Metropolitan Health’s former executive head of closed medical schemes, Ntuthuko Bhengu; Stellenbosch University health economist Lungiswa Nkonki; and economist Cornelis van Gent, director of competition at the Dutch Healthcare Market Authority from 2003 to 2005.

The panel will preside over the commission’s inquiry, oversee public hearings, review submissions, draft the inquiry report and produce its final recommendations. They will work part time on the inquiry and will be paid for their services, but will function independently and not as employees of the commission, said deputy commissioner Trudi Makhaya. The panel will have its first meeting in February and agree on time and administrative frameworks for the probe, which must be completed by November 30 2015.

Discovery Health chief executive Jonathan Broomberg said: “They are highly respected experts in their various fields and appear to have the experience required for the task.”

André Meyer, chief executive of Medscheme, said he is “happy with the well-qualified panel and terms of reference of the inquiry”.

“It’s public knowledge that Medscheme’s fees are well within the average of the market. This inquiry will address incorrect perceptions that the cost of healthcare should increase at the same level as the consumer price index (CPI). If you understand cost drivers of private healthcare, which this inquiry will highlight, you will also understand that is impossible,” he said.

Statistics South Africa says healthcare inflation surpassed headline CPI (general inflation) by a yearly average of 4.3% between 2009 and 2013. And, where health insurance made up 3.4% of a household’s expenditure between 2006 and 2007, that amount rose to 7.2%

between 2010 and 2011.

The inquiry will be the first to test a new section in the Competition Amendment Act, which gives the commission the right to launch an investigation into a particular sector and not be limited to pursuing specific cases of collusion and price fixing. The commission said it will “probe the private healthcare sector holistically to determine the factors that restrict, prevent or distort com-

petition and underlie increases in private healthcare prices and expenditure in South Africa”.

There is currently no prescribed list of prices for medical professionals’ or hospitals’ services. Health Minister Aaron Motsoaledi has been heavily critical of what he considers excessive prices for private healthcare. Some private healthcare role-players have been concerned that the commission’s market inquiry is the minister’s

way of “getting back” at them.

But Mediclinic’s chief executive, Roly Buys, said: “The reality is that we have been expecting the panel. The sooner it happens, the better for all of us, so that we can see what aspects will be raised and adapt where necessary to make healthcare better for all.”

The panel will be assisted by a range of technical advisers, which originally included auditing firm KPMG. According to Makhaya, KPMG has

been temporarily removed from the list, pending an interdict application by the private hospital group Netcare that is due to be heard in the Johannesburg high court on February 18. Netcare argues that KPMG has a “clear conflict of interest”, as it has consulted for Netcare in the past.

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