



Competition Commission's market inquiry into private healthcare sector

On 6 January 2014, South Africa's Competition Commission launched a market inquiry into the private healthcare sector, following concerns about high costs.

The aim of the inquiry is to examine why the market may not be working effectively, and to make recommendations for how it can work better to promote and protect consumer interests. It will also look into whether or not the private healthcare sector functions competitively, and whether there are factors preventing access to healthcare services which can and should be removed.

Currently, 66 submissions have been published on the Commission's website including those of the Board of Healthcare Funders, Medscheme, Profmed, Cape Medical Plan, Bestmed, Metropolitan Health, Medshield Medical Scheme, Discovery Healthcare and Discovery Health Medical Scheme.

Panel chairperson and former Chief Justice Sandile Ngcobe said that the submissions were published to give stakeholders the opportunity to correct any information provided to the panel, any methodology used and any economic theory that is considered inappropriate. If a complaint was made, the party concerned was also allowed to respond.

The technical team conducting the inquiry will schedule meetings with stakeholders, including site visits to verify, clarify and seek further information. This will be concluded by 30 March. A framework is currently being drafted for public hearings that will then follow. After the public hearings, the Commission's panel will publish its provisional findings for comment, including any recommendations that are being considered.

The aim is to publish a final report by November. However, Ngcobe emphasised that the panel has to balance fairness to all parties and consider the availability of resources to both the Commission and all participants. The situation will be discussed during a planning session by the end of February and an announcement of a final deadline will be made as soon as a decision has been taken.

Ngcobe said it is too early to say whether the panel will recommend action against any group of stakeholders. However, if any violation of the Competition Act comes to the panel's attention it will have to give the party an opportunity to respond before including its findings in the final report.

What are the objectives of the inquiry?



1. Find out how prices are determined within the sector. For example, how a doctor decides on the amount to charge a patient for services provided.
2. Assess the impact of the Commission's previous interventions and the impact on prices.

3. Determine what factors have led to increases in private healthcare prices and expenses.
4. Evaluate how patients access information about healthcare services and make choices about their health.
5. Assess how existing laws and practices impact on access to healthcare, and identify any gaps that might exist.

What are the key issues that the market inquiry will address?



The Commission will investigate the sector as a whole and the interrelationships between various parts of the sector. Some of the issues and questions it will investigate are:

1. The fees charged to individuals on medical aid versus those who pay out of pocket.
2. The inter-relationship between prices charged and service volumes.
3. The inter-relationship between the public and private sector.
4. Competition between health professionals on the basis of price and quality.
5. The role of hospitals in influencing the demand for health goods and services.
6. The relationship between hospitals and services such as ambulances, pathology, medicines and medical devices, and whether these relationships push up costs.
7. The relationship between hospitals and doctors and the impact of possible changes e.g. allowing hospitals to employ specialists.
8. The influence of technology on costs and expenditure e.g. new tests to diagnose diseases such as TB quickly and accurately.
9. Influence of government tender processes on product prices in the private sector.
10. Factors that are likely to create a more competitive environment, so that healthcare decisions can be based on cost and quality of healthcare services.

Conclusion:



The inquiry provides an opportunity to address inequality in the health system in SA. Your PSG Employee Benefits consultant will keep you informed of any developments that may impact you or your employees.

Source: Moneyweb - 16 Feb 2015 Antonette Slabbert
Health-e News - 14 April 2014 and Fact Sheet