GAUTENG DEPARTMENT OF HEALTH

PRIVATE LICENSING SEMINAR

Addressing regulatory failures relating to the Licensing regime, response to HMI proposed interventions on Licensing

Ms. Ntamane

OUTLINE

- Section 44 of Health Act 63, 1977 (wholly repealed in 2012)
- Regulation 158 of 1980 amended in 1993
- R152 of 1994 delegating provincial authority by the President of the Republic of SA
- White Paper for the Transformation of the Health System in SA, April 1997, prescribed the public : private bed ratios and beds availability per 1000 population – 3:1000
- The Charter of the Public and Private Health Sector of the Republic of South Africa, July 2005, enforces BBBEE conformance.
- National Health Act 61, 2003 (Section 36 a- m) Certifcate of Need not applicable yet).

CIRRENT BED RATIO – PRIVATE VS PUBLIC

- The availability of hospital beds is significantly higher in the private than the public sector
- The ratio of uninsured to insured people in Gauteng is 75:25
- •The ratio of public to private hospital beds in Gauteng should be 75:25 but is 50:50

PUBLIC VS PRIVATE BEDS

Districts	No. Private Health Facilities	No. of private beds	No of Public beds
COJ	63	6477	6 046
West Rand	17	1870	2 095
Sedibeng	11	933	1 174
Ekurhuleni	32	2992	3 177
Tshwane	46	4780	6 341
Totals	170	17052	18 833


TSH 2
TSH 5
TSH 1
City of Tshwane
TSH 3
TSH 7
TSH 4
TSH 6
Mogale City
JHB A
Ekur N1
JHB E
Ekur E1
Randfontein
City of Johannesburg
West Rand
JHB D
JHB F
Ekur E1
Ekur E2
JHB G
Westonaria
Merafong City
Ekur S2
Lesedi
Sedibeng
Emfuleni
Midvaal

private beds are selective to the affluent of the Gauteng Province, namely:

- Pretoria East
- Centurion
- Sandton & Midrand
- Johannesburg
- Kempton Park

To the exclusion of West Rand, Soweto and Sedibeng, former Metsweding

GAUTENG PRIVATE HEALTH FACILITIES

- Increasing number of private sector hospitals over the years in Gauteng:
- 2006: 95 hospitals
- 2015: 154 hospitals
- 2017: 170 additional hospitals
  - 96 Acute Hospitals
  - 49 Day Hospitals
  - 25 SubAcute Hospitals
- Excluding 48 approved but not yet built

GROWTH OF UPCOMING GROUPS

Hospital Group	Distribution percentage
Akeso	2%
Life	14%
Netcare	23%
Mediclinic	7%
Lenmed	2%
Care Cure	1%
Independents incl. NHN & Advanced Health	43%
Cure Day	2%
Intercare	3%
Clinix	3%

Barriers to entry and expansion for smaller facilities

- Licensing in Gauteng is favourable to market entry, because
  - There are currently 48 approved facilities, but not yet built, totalling 2796 beds and 306 theatres.
  - Out of the above only (5) are currently under construction with only 420 beds and nine (9) theatres
  - There has not been restriction of merging of groups, whether successful or not, namely:
    - Leboneng and Mediclinic
    - Life Health Care and Genesis
    - Netcare and Akeso

    (Needless to say that the Department is usually informed at the latter part of the negotiations)

Private Licensing Sub- Directorate

- The Sub-Directorate (Administrative Office)
  - All new private hospitals and extensions to existing already registered hospitals;
  - All private unattached theatre units.
  - SubAcute Health Facilities
  - Mental Health Day Centres
- Receives and processes licensing applications
- Co-ordinates the adjudication of licensing applications
- Compiles and maintains information on the licensing process
- Carries out prescribed inspections – in loco site, annual inspections, post commissioning inspections, pre-occupation inspections and unannounced inspections.

APPLICATION PROCESS

Applicant submits a letter of intent to the Private Licensing Directorate

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Applicant is issued an application form and a tracking number

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Applicant returns completed application form to the Licensing Directorate

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Adjudication Committee assesses applications based on key considerations and makes recommendations to Head of Department (HOD)

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The HOD makes a final determination.

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The outcome of the application is communicated to the applicant

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Successful applications undergo a further process (verification of the facility location, human resource, building plans)

Due process needs to take place for each application – this takes time

Adjudicating applications: key considerations

- Residential growth and development in planned area of entry
- Indication of the insured population in the area – LSM and medical aid membership
- The promotion of equitable distribution of healthcare services
- Promoting the appropriate mix of public and private services
- Service demand
- Health need (epidemiological profile in the proposed area)
- Fair distribution of the proposed facility and relation to existing hospitals
- Demonstration of availability of human resources and training of health personnel
- •Financial sustainability

Transparency

- At time of application, applicants are duly informed of:
  - –The process of application
    - –Required documentation needed in support of the application
- The key considerations are reflected on the application form as direct requests for information such as:
  - –Population to be served
  - –Epidemiological profile of catchment population
- Location of other private facilities in proposed location
  - –Demand for services
- Post adjudication, applicants are duly informed of:
  - –Success or failure of application and the main reasons thereof
  - –Offered an alternative to appeal the outcome to the MEC

Main grounds for Rejection

Reasons for approving (3)	Reasons for not approving (8)
• Planning to render services to an underserved area. • Planning to render services in an area where the nearest hospital (different hospital group) has a high bed occupancy rate. • Planning to cater to underserved health needs in the area.	• The proposed hospital would be too close to existing hospitals within the same hospital group. • The proposed hospital would be too close to other existing hospitals in another hospital group . • A lack of information to illustrate or indicate demand hospital. • Previously approved facilities are uncompleted and applicants are seeking approval for new facilities.

Barriers to entry

- Cannot be guaranteed because of the following
  - Oversupply of private health care beds way above 3:1000
  - Steady increase over the years with no real proof of matched demand
  - Hospitals have low bed occupancy rates which indicate underutilization
- Therefore the big question is “Is there real demand for private hospital beds, or is this supplier-induced demand?” in selected affluent areas
- Hospital beds concentrated in geographical areas with high population incomes and bed densities
- In conclusion the licensing framework has not adequately regulated the profit-driven conduct of hospitals, but has allowed for monopoly and poor distribution more than barriers to entry in Gauteng

THANK YOU