COMPETITION COMISSION: HEALTH MARKET INQUIRY

NEHAWU SUBMISSION

• The National Education, Health and Allied Workers’ Union (NEHAWU) appreciates the invitation from the competition commission to be part of the seminar that was held from the 9th, 10th, and 12th of April 2019. NEHAWU acknowledges the Health Market Inquiry (HMI) for organising a successful seminar, which allowed for stakeholders to make different presentations and there was an effective and meaningful participation during the 3 days. We also acknowledge the access to the updated presentations which have been published in the HMI website. We again commend the work the commission put through into the research to the health market inquiry. As NEHAWU we believe in access to quality health for ALL regardless of your socio economic status.

• As NEHAWU we have noted that, many if not all the presentations which were presented in all the three segments, Facilities market concentration, Funders market concentration, and Supplier Induced Demand and overutilization were without proper data which is publicly available, so that it can be proved. Lack of data it is still the major concern in the Private Health Sector. Many stakeholders that presented differs with the provincial findings of the HMI, however this is without tangible basis on the facts that they differ on as a result of lack of data. It was not surprising that the stakeholders disagreed with the findings from the inquiry. The Private health sector has turned health care to a commodity that they make huge amounts of profits from and will disregard any reality just to protect their profits.

• With regards to the critical differences in relation to the HMI proposed findings and recommendations debated, as NEHAWU we find it alarming that the stakeholders found that there is no relationship between the number of beds and the admission rate. There is also no supply-induced demand. As NEHAWU we find this shocking and alarming based on the real situation that is happening in private hospitals and it is a pity that there is absence of data in order to analyse the relationship between the number of beds and the admission rate.

• It is with no argument that the private health care market is characterized by information asymmetry, which allows health service providers to manipulate the diagnosis process in order to generate extra profits. This then results in users paying large amounts of money for health care services which they don’t necessarily need. According to Bloom et al (2008:2077), this challenge cannot be addressed by market inventions as one of the stakeholders mentioned in their presentations. Bloom argues that non-market institutions are the only effective mechanisms for decreasing negative practices such as over-supply.

• Interventions such as standard setting and creating clear detailed regulatory frameworks are crucial for altering the unequal knowledge power relations in the health sector. In other words, market mechanisms cannot resolve information asymmetry. The solution to this problem is not increasing market efficiency and competitiveness. It should rather be based on creating a capable developmental state— which uses its institutional power— to direct provider-user relations towards achieving the goal of affordable health care.

• The reality is that the current two tier system has resulted to deeply entrenched inequalities. Currently the private sector spends 4.5% of GDP on health while providing care to only 16% of the population. While the public sector spends 4.2% of GDP on health but provides care to
84% of the population. The word bank has recommended that countries should spend 5% of GDP on health. But South Africa spends 8.7% and which is mostly spent on private health. It is really concerning to see that the private sector sees no problem with these inequalities. Stakeholders from the private health sector cannot deny these inequalities and argue that there is no problem with the current state of the private health sector.

- However, we have noted that the basic benefit package forms part of the key issues of commonalities, many presenters were supporting the basic benefit product but each had their own version of how the basic benefits package should look like in terms of the benefits that it should contain.

- NEHAWU lastly recommends that the Department of Health be invited to give presentations on the current state of the health system (private and public) as they have done number of work in this regard. Most of the findings from the inquiry have been reported and pointed out by the department in many of their presentations.