

20 February 2018

**Health Market Inquiry
Travenna Campus, Block 2A
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0002**

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Dear Paulina

SUBMISSION ON PROPOSED REGULATORY INTERVENTION FOR LICENCING OF HEALTH FACILITIES

1. Your communiqué dated 14 February 2018 refers. Denmar Specialist Psychiatric Hospital (“Denmar”) wishes to thank the Competition Commission for affording us the opportunity to comment regarding the above.
2. Denmar is a stand-alone, independent psychiatric hospital, situated in Pretoria, Gauteng

POSSIBLE REGULATORY INTERVENTIONS

3. A homogenous empirical study model must be developed and included in the proposed standardised, national licensing regime. This model must be used by all new license applicants to establish the need for the envisaged services in the catchment area and to ensure the consistent application of data and norms. The following must be included in the model:
 - Consistent calculation of population density and source of statistics (e.g. StatsSA);
 - Current healthcare facilities and available hospital beds per specialty in areas (e.g. published by DoH);
 - Standardised formulary to calculate need per population (e.g. international benchmark);
 - Objections and / or comments from existing healthcare facilities in the region / catchment area of license applications must be included in the regime.
4. The need to ensure the availability and appropriate utilization of human resources must be taken into account with the application for a new health facility or services and must be built into the standardised licensing regime. Availability of human resources (medical specialists and nurse practitioners), planned

and included by the applicant in the application of new health facilities or beds, must be verified and approved by the Department of Health during the application process.

With nurses and medical specialists being a scarce skill, the effect of over concentration of hospital-based services have the net effect of shifting resources (medical specialists and nurse practitioners) from one centre to the next, reducing the appropriate levels of care that needs to be maintained and potentially increasing the cost of service and possible over servicing.

5. The current distribution of health services and market capacity must be populated, standardised and transparently available to ensure the consistent and accurate interpretation of the population density, servicing and needs of the specific regions or catchment areas.

From our experience there is a disproportionate amount of hospital beds to the population in certain areas, as well as an over concentration of hospital beds, yet new licences for additional facilities are being approved by the Department of Health in those areas.

6. A structured, standardised risk evaluation process must be incorporated into the evaluation of new, improved and innovative models of care, focusing on clinical risks vs. proposed cost savings.

We trust that you find these comments useful and constructive.

Please do not hesitate to contact me should you have any queries. Tel: (012) 998 6062 or e-mail ameiring@denmar.co.za.

Yours faithfully



AS MEIRING
MANAGING DIRECTOR