

PRESENTATION TO THE HEALTH MARKET ENQUIRY



I J V H FOURIE

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AGENDA

- Introduction: Why Me?
- Context: Self-Evident Truths
- In The Mean Time → NHI
- SA Private Health Sector
- Radical Cost Reductions – Examples
- Role of the Private Health Sector?
- Low Hanging Fruit

INTRODUCTION: IZAK J v H FOURIE

- Invited – Don't Represent any Constituency
- Experience: Specialist, Private Hospitals, Mining Healthcare, Medical Schemes, Occupational Health
- Academic: Urology, Actuarial, Health Economics, HBS
- Conflict of Interest: Indirect Minority Share in Insight Actuaries and Consultants and Nuture Health (Sub-Acute Hospitals)
- Consumer and Concerned Citizen
- Not Repeat Previous Submissions!

CONTEXT: SELF-EVIDENT TRUTHS I

In spite of above average spending (8.5% of GDP) on health services South Africa's health status indicators compare poorly with other upper-middle income countries that spend considerably less money on health services.

CONTEXT: SELF-EVIDENT TRUTHS II

There is a growing consensus that the current two-tiered healthcare system, whereby 16% of the population consumes around 50% of the country's healthcare resources via their medical schemes, is neither efficient, effective or sustainable and in need of **“fundamental and structural changes”**.

CONTEXT: SELF-EVIDENT TRUTHS III

The government's answer to the preceding comment is the introduction of a universal and compulsory National Health Insurance (NHI) system for all people in South Africa.

CONTEXT: SELF-EVIDENT TRUTHS IV

The implementation of NHI will take place in three phases over a 14 year period. The first phase (5 years) will focus on the strengthening of service delivery and improvement of the quality in the public health sector.

IN THE MEAN TIME???

SA PRIVATE HEALTH SECTOR

- Facts and Figures – A vd H
- Private Hospitals, Specialists and Oncology
- Managed Healthcare???
- Alternative Reimbursement Models –
Entrenching the Inefficiencies of the Past
- Tariff Debate
- Information Imbalances/Asymmetry

**WE ARE SIMPLY MOVING THE
DECKCHAIRS ON THE SA
PRIVATE HEALTH SECTOR
TITANIC**

**“THE FUTURE OF PRIVATE HEALTHCARE IS A RACE
BETWEEN FUNDAMENTAL STRUCTURAL REFORM
AND TOTAL DISASTER.”**

HARVARD BUSINESS REVIEW

**WE NEED A RADICAL
REDUCTION IN THE COST
OF PROVIDING
HEALTHCARE**

INTERNATIONAL (INDIAN) COMPARISONS

Aravind

vs

Pretoria Eye Hospital

Narayana

vs

Chris Barnard Heart Hospital

Health Care Global

vs

SA Oncology Unit

Prahalad: - Serving the World's Poor, Profitably
- The Fortune at the Bottom of the Pyramid

Eliminating Needless Blindness Projects

**\$MILLION QUESTION: CAN THE
SOUTH AFRICAN PRIVATE
HEALTH SECTOR SERVE THE
UNINSURED POPULATION
PROFITABLY AND
AFFORDABLY??**

LOW HANGING FRUIT – IN THE MEAN TIME

- Elimination of Anti-Competitive Behaviour
- Regulatory Reviews
 - National Health Act
 - HPCSA
 - Nursing Council
 - Pharmacy Council
- Medical Schemes Act
 - Mandatory membership??
 - PMBs
 - Low Cost Benefit Options?
 - Solvency
- Information Asymmetry – Publication of Results and Outcomes!!!
- Public-Private Partnerships
- Alternative Funding Mechanisms for the Employed but Uninsured (Insurance or Term Loans)
- The “Right” International Comparisons

**“THERE IS NOTHING MORE DIFFICULT TO MANAGE, MORE
DUBIOUS TO ACCOMPLISH, NOR MORE DOUBTFUL OF
SUCCESS . . . THAN TO INITIATE A NEW ORDER OF
THINGS. THE REFORMER HAS ENEMIES IN ALL THOSE
WHO PROFIT FROM THE OLD ORDER AND ONLY
LUKEWARM DEFENDERS IN ALL THOSE WHO WOULD
PROFIT FROM THE NEW ORDER.”**

NICCOLO MACHIAVELLI