

THE POTENTIAL ROLE OF SUB-ACUTE HOSPITALS AND PUBLIC-PRIVATE PARTNERSHIPS IN THE SOUTH AFRICAN PRIVATE HEALTH SECTOR

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**Private hospital cost increases represent
the most important contributor to
medical scheme cost increases over the
past fifteen years**

*Council for Medical Schemes
Research Brief No. 1/2008*



Hospital-based utilisation patterns in the South African private hospital sector run counter to international (OECD) trends due to:

- **Increasing ratios of beds and high technology equipment to the insured population (over-capitalisation)**
- **Non-price competition between hospitals to attract specialists to private hospitals via the purchasing of expensive high technology equipment**
- **Market concentration or oligopoly in the private hospital sector**
- **Supplier-induced demand for high technological diagnostic and treatment modalities**

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AGENDA

- **Role of SAFs in the “Hierachy of Healthcare”**
- **SA Sub-Acute Sector: Facts and Figures**
- **Problems and Challenges**
- **The “Ideal”: National Network of High Quality SAFs**
- **PPP Models for SAFs**
- **Recommendation**



DEFINITION

A SAF can be defined as a self-contained and functionally independent nursing facility that treats “stable” patients that need hospitalization but do not (and are unlikely to) require high technological diagnostic procedures and treatment or surgery in the immediate future.

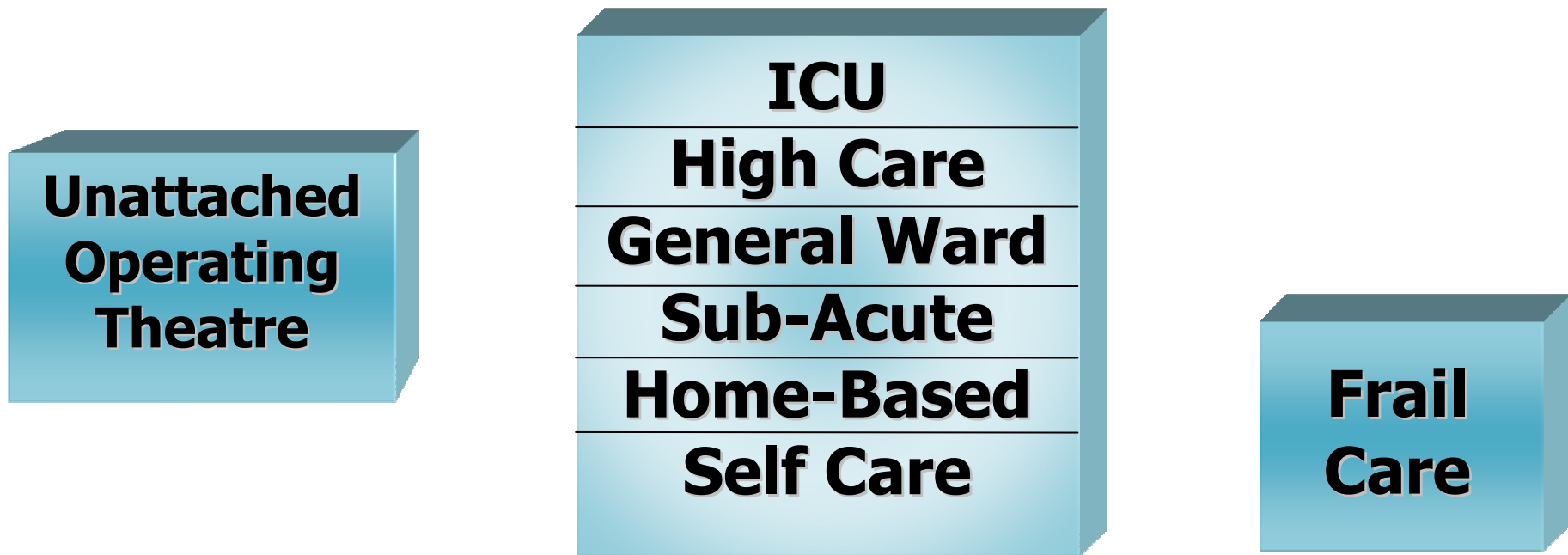


LICENCING AND ACCREDITATION

- **Regulation 158**
- **Provincial Departments of Health**
- **Operational 24/7**
- **Practice Number by BHF**
- **Types of SAFs**



ROLE OF SAFs IN HIERARCHY OF HEALTHCARE



PATIENTS

- **Stable**
- **Acute conditions**
- **Rehabilitation**
- **Nursing and supplementary Services**
- **Chronic conditions (HIV/AIDS)**
- **Psychiatric**
- **Admission criteria (ICD 10, Acuity)**



It is important to note that the role of SAFs is considerably wider than just the provision of post-operative care and therefore the term “step-down facility” is a misnomer. SAFs should be seen as a cost-effective alternative for many patients that are currently being treated in “unnecessarily” sophisticated acute care hospitals.



SAFs – FACTS AND FIGURES

BEDS / FACILITY	NO. OF FACILITIES	TOTAL NO. OF BEDS
<12	12	76
12-24	22	405
>24	7	357
TOTAL	41	838

SAFs – ACUTE CARE HOSPITALS

PROVINCE	ACUTE HOSPITAL BEDS ¹	SUB-ACUTE BEDS ²
Eastern Cape	1 433	34
Free State	1 908	40
Gauteng	13 237	442
Kwazulu-Natal	3 636	93
Limpopo	352	18
Mpumalanga	980	45
North West	1 401	43
Northern Cape	365	0
Western Cape	4 131	123
TOTAL	27 443	838

Notes
 2006 HASA data
 Latest available (2008) data

INTERNATIONAL COMPARISON USA

FACILITY	NUMBER	BEDS
Acute Hospital	5 764	965 526
Nursing Homes	16 323	1 756 699

Ratio Sub-Acute: Acute Hospital Beds	
USA 1.8:1	RSA 0.03:1

Average Size Sub-Acute Facility	
USA 106 Beds	RSA 20 Beds



SAFs vs ACUTE CARE HOSPITALS: TARIFFS

Sub-Acute Facility

752.20 – 833.30

Acute Care Hospital

1003.80 – 1750.00



SAFs: PROBLEMS AND CHALLENGES

- **Lack of national footprint**
- **Economies of scale**
- **Paucity of management skills, systems and QM**
- **Sub-acute/Frail care demarcation**
- **High capital costs and low margins**



The “Ideal”: National Network of High Quality Sub-Acute Facilities as soon as possible



ROLE OF PPPs IN SUB-ACUTE SECTOR

- **Private SAF serving public patients**
- **Outsourcing of under utilized public hospital/ward**
- **Relative urgency**
- **National footprint**



RECOMMENDATION

The South African Private Healthcare Funding Sector (and BHF) should strongly and actively support the development of a National Network of High Quality Sub-Acute Facilities, inclusive of PPPs.



"We will not reduce costs and improve access to private healthcare by reducing doctors' consulting fees or regulating private hospital tariffs; what we need is a different delivery mechanism".

Neville Koopowitz

