



competition commission
south africa

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**COMMISSION CELEBRATES WORLD COMPETITION DAY: ACCESS TO HEALTHCARE AND
COMPETITION**

The Competition Commission of South Africa joins global competition authorities and other organisations in celebrating the World Competition Day (05 December). This year's theme is "Access to healthcare and competition."

Healthcare is a basic human right guaranteed in Section 27 of South Africa's Constitution, but also as declared in the United Nations' Universal Declaration on Human Rights. Despite this, half of the world lacks access to essential health services, whereas 100 million people are still pushed into extreme poverty because of health expenses (World Health Organisation).

While South Africa has progressed well to provide universal access to healthcare, many inequities remain which need to be addressed. Healthcare in South Africa is provided through a two-tiered health system, by the tax funded public sector providing services to approximately 84% of the population, and privately funded through voluntary health insurance, covering the rest of the 16%. The two sectors however consume similar amounts of health resources, 4% each of the total health spend, that is 8% of the GDP – which points to inequalities. Thus, despite being technically compliant with principles of universal health coverage and consuming significant resources, the South African health system is functioning poorly and characterised by several systemic and structural failures. These include amongst others, highly concentrated health provider markets, excessive utilisation and expenditure of resources which drives up costs, declining health benefits overtime, and significant cost of essential medicines.

As the world is currently grappling with the emergence of the coronavirus disease (COVID-19), these inequalities have undoubtedly been heightened, amid uncertainties on the extent of the spread of the virus, the duration of the pandemic, the pharmaceutical process towards the development of a vaccine, medicines and treatment regimens, but also the threat to the health system and the economy as a whole.

Competition Policy therefore has a critical role to play given its proven ability to deliver welfare enhancing outcomes – through access to innovative health products and services at competitive prices and quality, but also in responding and minimising the impact brought about by the COVID-19 pandemic. Competition policy could also contribute towards the creation of an enabling environment where there is adequate and efficient government expenditure in healthcare which broadens access, as well as a conducive environment for innovation and value-based healthcare delivery. Policies should also reduce the market failures inherent in healthcare markets, particularly information asymmetries which disempower consumers. Healthcare markets should be appropriately designed to enable access to useful information that allows patients better decision-making abilities for accessing services from the most appropriate healthcare providers and medical insurance companies, as well as enabling healthcare funders' ability to compare cost and quality when contracting providers.

Competition policy is also an important tool to enable access to pharmaceuticals and treatment, at the lowest cost possible, whilst the interests of investment and innovation are also safeguarded. It is important that interventions focus on the main anti-competitive conduct in pharmaceutical sector, considering the socio-economic relevance of affordable access to health products. This is particularly important during this time where the world is looking for pharmaceutical solutions to respond to COVID-19.

It is further important, in the context of COVID-19, that competition policy be used to foster collaboration between firms to respond to the pandemic, without contravening competition regulations through block exemptions. These block exemptions and the envisaged co-operation may be necessary to facilitate Research and Development projects related to the development of vaccines and medicines, but also to ensure that essential goods and services and capacity are available to respond to the pandemic. However, co-operation between firms, should be balanced with the need to address the short-term responses to the pandemic, and the need to guard against interventions that could distort competition in the long-run. Importantly, competition policy during this time should protect consumers against anti-competitive practices, such as price gouging of essential products and services, that seek to exploit consumers during a pandemic.

It is therefore through competition policy that we can enhance market performance, institutional and individual capacities to enhance access and manage healthcare provision to all.

[ENDS]

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