Health Market Inquiry: What you need to know.

The Health Market Inquiry (HMI) will have a huge impact on the country’s private health sector, patients and how oral healthcare is practiced in the future.

Four years ago, the Competition Commission embarked on the HMI to establish the reasons behind the rapidly escalating cost of private healthcare. The provisional findings of the HMI were recently published in a report and presented at a media conference. The report reveals some of the factors that are preventing, distorting and lessening competition in private healthcare. Recommendations for remodeling these to enable greater access to affordable, high quality, advanced healthcare in the private sector are also included.

SADA welcomes the findings of the HMI and consider it to be one of the most comprehensive reports ever compiled on the South African health profession. We believe that if the recommendations are taken seriously, they have the potential to improve healthcare services and to manage costs.

Control and regulate the over-commercialisation of medical aid schemes: SADA supports the recommendation to strengthen governance to ensure that schemes deliver value to members, improve value for money and enable the regulator (the Council for Medical Schemes) to exercise more effective oversight. The dental profession has seen a decline in the number of medical benefits being allocated to oral health from 12.6 in 1984, to 2.3 in 2016. Yet, we have seen medical schemes increase the cost of their premiums by over 11% year on year – far exceeding the average of 5% recommended by the Council for Medical Schemes.

Managing the two-fee component: The Association also applauds that there is a move to manage scheme administration expenditure and brokers’ fees which are bleeding the system and leaving beneficiaries more vulnerable. At a whopping 84.2%, administration expenditure was the main component of non-healthcare expenditure in 2016 - accounting for 7.3% of gross contribution income. Broker costs represented 14.1% of total non-healthcare expenditure in 2016, up from 13.9% in 2015, with commissions, service fees and other distribution costs increasing by 10% from R1.8 billion in 2015, to R2 billion in 2016, compared with 5.8% in 2015. While these expenses continue to rise, benefit packages cover less and less of the costs of treatment.

Easily understandable options: The Commission found that there are too many plan options available, there was very little understanding of what the plans covered and how they compare, as well as there being no measure of the value that consumers are receiving. SADA agrees with the recommendation that medical scheme options must be made easy for members to understand. Currently, healthcare providers are spending inordinate amounts of time explaining to their patients what benefits they have and don’t have, robbing the conscientious practitioner of time in which other patients could be treated. Uncomplicated schemes will mean that all parties benefit, even the schemes themselves since, without their having a clear understanding of the options available, consumers simply choose what they can afford.

Keeping co-payments: At the conference where the provisional findings were announced, the issue was raised by the media of the possibility that co-payments may be abolished (as envisaged by the Medical Aid Scheme Amendment Bill). In response, a member of the Inquiry Panel stated that the Commission fundamentally disagreed with this. SADA welcome this stance and believes that it will bestow advantages for both medical aid members and professionals.

SADA is committed to educating members on the findings and recommendations of the HMI and encourages them to be not only cognisant of the issues highlighted, but to address them and act in the appropriate manner highlighted in the report.

The report is now open for public comment until 7 September 2018 before finalisation in November this year.

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