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# SAMED UPDATE July & Aug 2011

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The release of the **Green Paper on a National Health Insurance system** on 12 August 2011 made headline news in health- and general business circles.

The Green Paper repeats a number of current health sector system reforms, viz:

- The reconfiguration of the Primary Healthcare System and the deployment of specialist teams to districts
- The designation of hospitals in district, regional, tertiary and central health facilities
- The implementation of the Office of Health Standards Compliance (the appointment of staff envisaged for early 2012)
- Centralised procurement of supplies

New aspects addressed in the Green Paper include some details on contracting with private providers (via District Health Authorities), that remuneration will be based on capitated (per patient annual) fees (worked out on a risk-assessed based, considering international fee benchmarks and an index) and that all treatment must follow national guidelines. The document states that “health technology” will remain a function of the National DoH, however no details are provided. No details are provided as to the contributions that employers, individuals and the general fiscus will make. The document envisages the institution of a new Coding system.

The exact nature of the package of care to be provided by facility level is not disclosed. In his press release the Minister however outlined some exclusions from the package, viz. Cosmetic surgery and dentistry done as a matter of choice; expensive eye-care devices like trendy spectacle frames; Medicines not included in the National Essential Drug List except in circumstances where the complementary list has been approved by the Minister of Health and Diagnostic procedures outside the approved guidelines and protocols as advised by expert groups.

Clear timelines for certain interventions are set for the period 2011 - 2016, and although phases 2 and 3 are envisaged in the document, it is not absolutely clear how the implementation will take place from 2016 to 2015.

Comments can be made on the paper until 11 October 2011 - only in writing addressed to the office of the DG.

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The **National Consumer Commission** has issued draft Recall guidelines. In the absence of medical device regulations or guidelines on this matter, complaints received at the Commission may lead to it instituting recall procedures, unless recall is undertaken voluntarily by the company concerned. Section 60 in the Consumer Protection Act envisages the development of “industry-wide” codes on recalls. A recall may result from reports on failures, defects or hazards. A Formal Recall Notification form should be used (obtainable from 0860 266 786 or email: NMnguni@thenc.co.za).

It has also been reported in the media that the Consumer Commissioner is investigating **medical scheme compliance with the Consumer Protection Act**. Contentious areas include limitation of choice by means of designated service providers, scheme communications and rules, and waiting periods and late joiner penalties.

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The Council for Medical Schemes (CMS) issued the **annual guideline for medical schemes** to plan and submit benefits and **premiums for 2012**. Scheme estimations must reach the CMS by 1 October 2012. It estimates the following weightings to various expenditure components, and estimate the expected increase per expenditure category, the bulk being set at CPI (calculated at a 12 month moving average at 3,9%). The stability in the exchange rate is said to ensure input cost reductions for local manufacturers and imported medical technology (devices). Changes in demographic profiles and diagnostic technologies are said to be likely to be minimal, and that utilisation management strategies by medical schemes should keep those in check.

July CMS Script deals with **Stroke as PMB Condition**. It states that diagnostic tests (e.g. ECG's, CT scans, MRI scans, blood tests and chest x-rays), Medical treatment, Surgical procedures, Rehabilitation, Assistive devices such as wheelchairs and walking rings, are included in the benefits that should be covered by schemes.

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**Issue 3** of Impilo Dialogue, the Department of Health's newsletter, deals with, amongst others cost-issues, kicking off with a quote from the Minister of Health that “due to the exorbitant fees being charged by the private healthcare sector, the country has two health care systems: one for the poor and the other for the rich,” giving hyperlinks to the various articles written on the subject raised at the BHF conference. Other topics in this

issue include the regulation of alcohol (a policy debate on this took place on 26 July 2011) and injury and safety as health issues. Issue 2 dealt with the HIV/Aids Conference, and Issue 4 with NHI.

The DoH has changed its website significantly. Health statistics, and topic health issues, are now easily accessible. The website address is: [www.doh.gov.za](http://www.doh.gov.za).

Recently released documents include:

- A Draft HR Strategy for the Health Sector: 2012/13 - 2016/17 Consultation Document (comment deadline not given):  
[http://www.doh.gov.za/docs/stratdocs/2011/draft\\_hr.pdf](http://www.doh.gov.za/docs/stratdocs/2011/draft_hr.pdf)  
It also contains useful HR statistics:  
[http://www.doh.gov.za/docs/stratdocs/2011/draft\\_annxa.pdf](http://www.doh.gov.za/docs/stratdocs/2011/draft_annxa.pdf)  
And an HR planning methodology:  
[http://www.doh.gov.za/docs/stratdocs/2011/draftann\\_b.pdf](http://www.doh.gov.za/docs/stratdocs/2011/draftann_b.pdf)
- Policy on the management of public hospitals (comments due by 11 October 2011):  
<http://www.doh.gov.za/docs/policy/2011/not0656.pdf>
- Draft regulations on health facility categorisation (up for comment by 11 October 2011):  
<http://www.doh.gov.za/docs/regulations/2011/reg0655.pdf>

National Treasury released a discussion document entitled "A review framework for cross-border direct investment into South Africa" (**Foreign Direct Investment**) for comment in February 2011. The comment period has now been extended to 31 August 2011. Comments can be made by email to [financial.policy@treasury.gov.za](mailto:financial.policy@treasury.gov.za) or faxed to 012 315 5206.

A conference to discuss medical device regulations has been announced by the Department of Health to take place 7 and 8 September. International medical device experts, as well as local perspectives, will be shared. Registration details are available at:  
[http://www.doh.gov.za/docs/misc/regulations\\_summit.pdf](http://www.doh.gov.za/docs/misc/regulations_summit.pdf).

The Hospital Association of SA (HASA), the Council for Medical Schemes (CMS), the Board of Healthcare Funders (BHF) and the Department of Health (DoH) made **presentations to Parliament on private sector health pricing**.

Both the DoH and CMS emphasised that technology drives pricing, and encourages close relationships between healthcare professionals and hospitals, leading to cost increases. The price negotiation model presented by the CMS incorporates the Medicines Pricing Committee and REF processes into the central pricing authority. The DoH also indicated a preference for a price negotiation model, based on experiences in the UK, Netherlands, Belgium, Portugal and Switzerland. It is not clear where devices, and procedures using devices, will stand within such pricing frameworks.

The **Employment Equity Commission (EEC)** issued its Annual Report on the 2010 Employment Equity Reports received from employers in South Africa.

The economically active population (EAP) of 17,370 million people, which is also used in the BEE scorecard for bonus points, looked as follows for 2010 in terms of race and gender:

African Male	40.5%	African Female	33.1%
Coloured Male	6%	Coloured Female	5%
Indian Male	1.9%	Indian Female	1.3%
White Male	6.7%	White Female	5.4%

Of the more than 17m persons making up the EAP, 18 534 reports were received by the Department of Labour covering 5 280 037 employees. The Report covers the collated performance per the top 4 job levels for just over 1,8m employees. The greatest strides have been made in the junior management / skilled level of employment, with the report noting that "progress over the years has been gradual and slow with whites continuing to dominate in the three uppermost occupational levels".

A copy of the report can be downloaded at:  
<http://www.labour.gov.za/downloads/documents/annual-reports/employment-equity/2010-2011/CEE%20Annual%20Report%202011a.pdf>.

The World Bank in July issued a Report on South Africa entitled *South Africa: Economic Update - Savings, Investment and Inclusive Growth*. Key findings include, amongst others:

- GDP growth is projected to be 3.5 percent in 2011, 4.1 percent in 2012, and 4.4 percent in 2013. With strengthened recovery the focus shifts back to the challenge of raising growth to 6 to 7 percent and making it much more inclusive to tackle extremely high unemployment.
- Relatively low private investment despite high rates of return implies that the real problem might be on account of deeper structural impediments, in particular: high industrial concentration; and issues with skills development; uncertainty generated by industrial relations.
- A sub-optimal economic equilibrium of low rates of savings and investment, low employment intensity of production and slow productivity growth has emerged, undermining the quest for inclusive growth. A stimulus to any one of three elements can generate a virtuous cycle of faster capital accumulation, more job creation and greater technological advancement.

The WHO has released the South African TB profile, which includes prevalence data:

