

Competition Commission releases Health Market Inquiry Provisional Report

5 July 2018

Competition Newsflash

On Thursday, 5 July 2018, the Competition Commission of South Africa held a press conference in relation to the release of the Health Market Inquiry (HMI) provisional report. The Chairperson of the HMI, Former Chief Justice Sandile Ngcobo, explained the mandate of the HMI, some of the terms of reference in relation to the HMI, as well as the process of the inquiry.

The Competition Commission made, *inter alia*, the following preliminary recommendations, aimed at improving competition and increasing transparency to allow for value purchasing:

- In relation to funders, the recommendations are aimed at improving transparency, holding administrators to account, and ensuring that efforts are made to reduce supplier-induced demand and curtail excessive utilisation. Recommendations include that medical scheme options should be simplified through the introduction of a standardised "base benefit" option, to enable consumers to compare offerings, thus increasing competition between schemes.
- In relation to providers, a dedicated health care regulatory authority should be established, and the Department of Health should implement the provisions in relation to Certificates of Need to replace hospital licences. They found high levels of concentration and have invited stakeholders to make submissions regarding suitable remedies.
- The existing licensing framework, which is currently not aligned and is fragmented, should be replaced by a broader national licensing framework that extends to cover all health establishments.
- The standard of care and evidence-based treatment protocols and processes should be developed, as well as standard mechanisms and systems to monitor the results of outcomes from health care treatments administered.
- As regards health services pricing, a regulatory authority should be established to set tariffs in order to do away with the "tariff vacuum"; alternatively, a price-setting process should be established where affected parties and stakeholders engage and negotiate to try and reach an agreement.
- With respect to health practitioners, the regulatory authority should assist in setting up coding systems and formatting to standardise code sharing systems, and there should be greater transparency in the selection of providers on scheme networks. The HPCSA rules

should allow for innovation of models by practitioners, to the benefit of patients.

The Competition Commission has requested that stakeholders engage with them and make submissions in relation to the provisional report and the recommendations by **7 September 2018**.

If you require further information or assistance arising from the provisional report given by the HMI, please contact Lesley Morphet or Vaughn Harrison.

Contacts



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