

MEDIA STATEMENT

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MEDICLINIC SOUTHERN AFRICA'S PRELIMINARY POSITION ON THE PROVISIONAL FINDINGS AND RECOMMENDATIONS OF THE SOUTH AFRICAN HEALTH MARKET INQUIRY

Mediclinic Southern Africa ("**Mediclinic**") takes note of the Provisional Findings and Recommendations Report released by the South African Competition Commission's Health Market Inquiry ("**HMI**") on 5 July 2018. Mediclinic is currently reviewing the underlying data, information and analyses and their potential impact on the South African private healthcare industry in detail and will provide considered feedback and a submission to the HMI before the deadline of 7 September 2018. The company supports the process and sees numerous positive recommendations in the provisional report.

The HMI recommends the establishment of a uniform clinical quality outcomes measurement system. Mediclinic supports the introduction of such a system which is in line with international practice. An independent governance structure is proposed and much of this proposal is aligned with Mediclinic's HMI submissions. Mediclinic already measures clinical performance and manages quality of clinical care as a key aspect of its core business. In addition, Mediclinic's patient experience is measured independently by Press Ganey – an internationally recognised expert in patient experience measurement and improvement. These results are published on the Mediclinic website. Furthermore Mediclinic uses the services of the Council of Health Services Accreditation of Southern Africa to independently assess and accredit its hospitals. Mediclinic can therefore contribute significantly towards shaping the proposed uniform quality standards and outcome measures.

Mediclinic supports the HMI's recommendation that the Health Professions Council of South Africa's ethical rules be reviewed to allow for greater collaboration between providers. The creation of multidisciplinary teams and rules to allow for value based reimbursement such as global billing will assist in addressing the current levels of fragmentation within the private healthcare market in South Africa. It should be noted that Mediclinic already has Alternative Reimbursement Models in place that support our value proposition to patients.

The HMI's recommendation that bilateral tariff negotiations be maintained between medical schemes and hospital groups is supported by Mediclinic. The company maintains its position that these negotiations are robust and concurs with the HMI that regulated price determination between these groups would preclude strategic purchasing and stifle much needed innovation within the industry.

Mediclinic is also positive about the introduction of Health Technology Assessments as a standard to ensure independent assessments regarding the efficacy of new technology. In addition, Mediclinic supports greater collaboration between the public and private sectors and agrees with the HMI's recommendation that the public sector could purchase healthcare services from the private sector. In principle, Mediclinic also supports the establishment of a Supply Side Regulator for Healthcare with its various functions, provided that

the body is independent and functions in a transparent manner. This body could add value in clarifying the current uncertainty in the hospital licensing regime.

We note that the HMI has raised preliminary concerns around concentration within the private hospital market and has requested submissions on possible divestiture and moratoriums on licensing. Mediclinic does not agree with these findings and will be engaging further with the HMI on this topic. In addition, Mediclinic does not believe that the proposed remedies are appropriate and this will also be canvassed further with the HMI. Hospital groups are able to leverage on economies of scale, enabling the provision of high quality, cost efficient care to the benefit of the patient. Mediclinic is of the opinion that there is robust competition between the four major hospital groupings including Mediclinic, Life Healthcare, Netcare and the National Hospital Network.

Mediclinic agrees with the HMI finding that above CPI increases in healthcare expenditure are due to an increase in utilisation and not due to excessive tariff increases. The increased utilisation can be attributed to various factors such as the increasing burden of disease, ageing population and new technology.

Mediclinic, however, disputes the HMI's view that Supply Induced Demand also plays a significant role in increasing utilisation. Mediclinic's economic and actuarial experts do not support the accuracy of the calculations and data underpinning these findings. Mediclinic supports cost-effective quality care and does not condone any treatment that is not in the best interests of the patient. In addition, Mediclinic does not condone any relationships between hospitals and doctors that does not meet our high ethical code of conduct.

Mediclinic remains committed to constructive participation in the inquiry to achieve a positive resolve for the private healthcare industry in South Africa.

ENDS

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