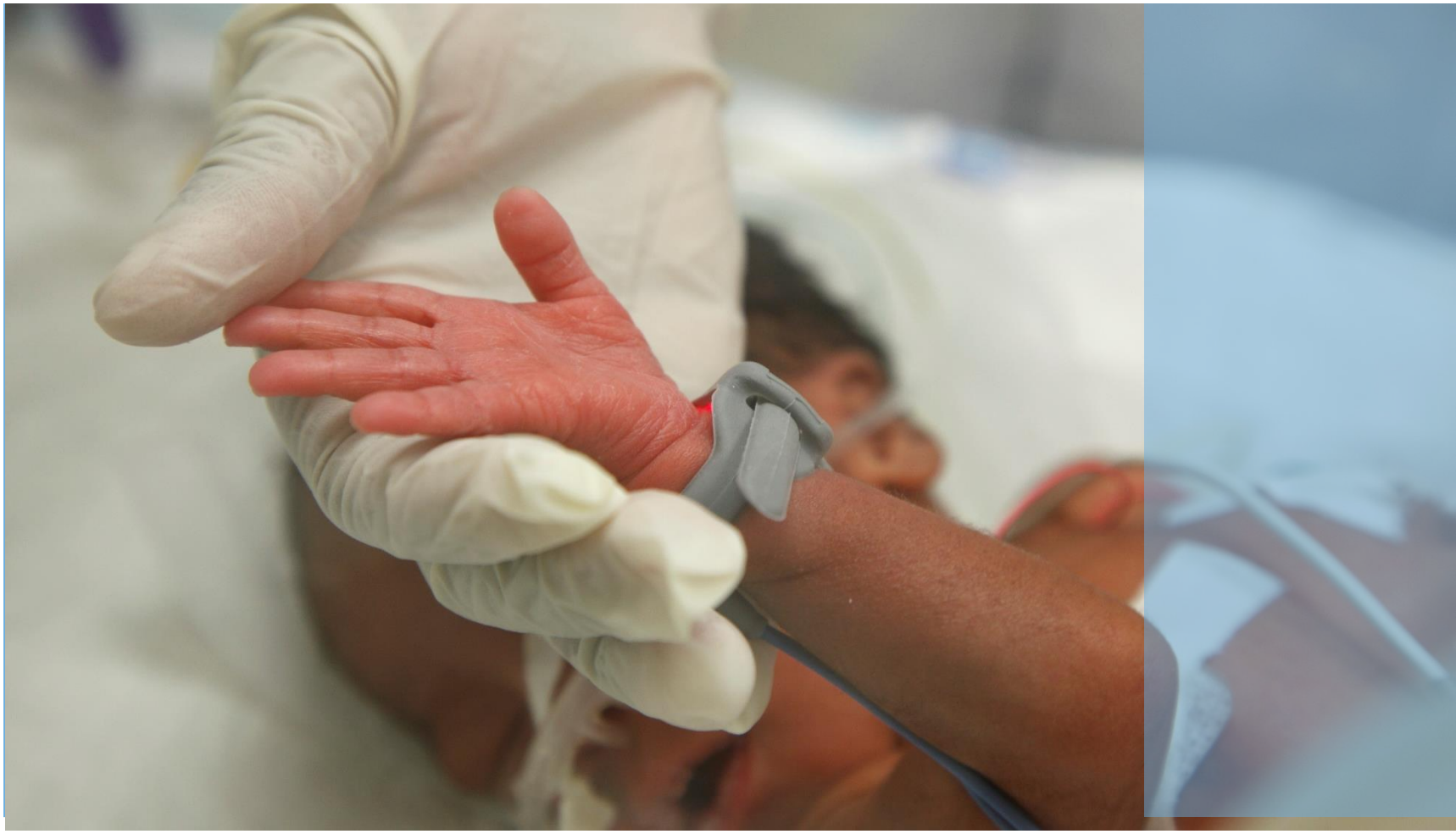
# PRESIDENTIAL HEALTH SUMMIT

## COMMISSION : PRIVATE SECTOR ENGAGEMENT



**Dr Richard Friedland**

**19 OCTOBER 2018**

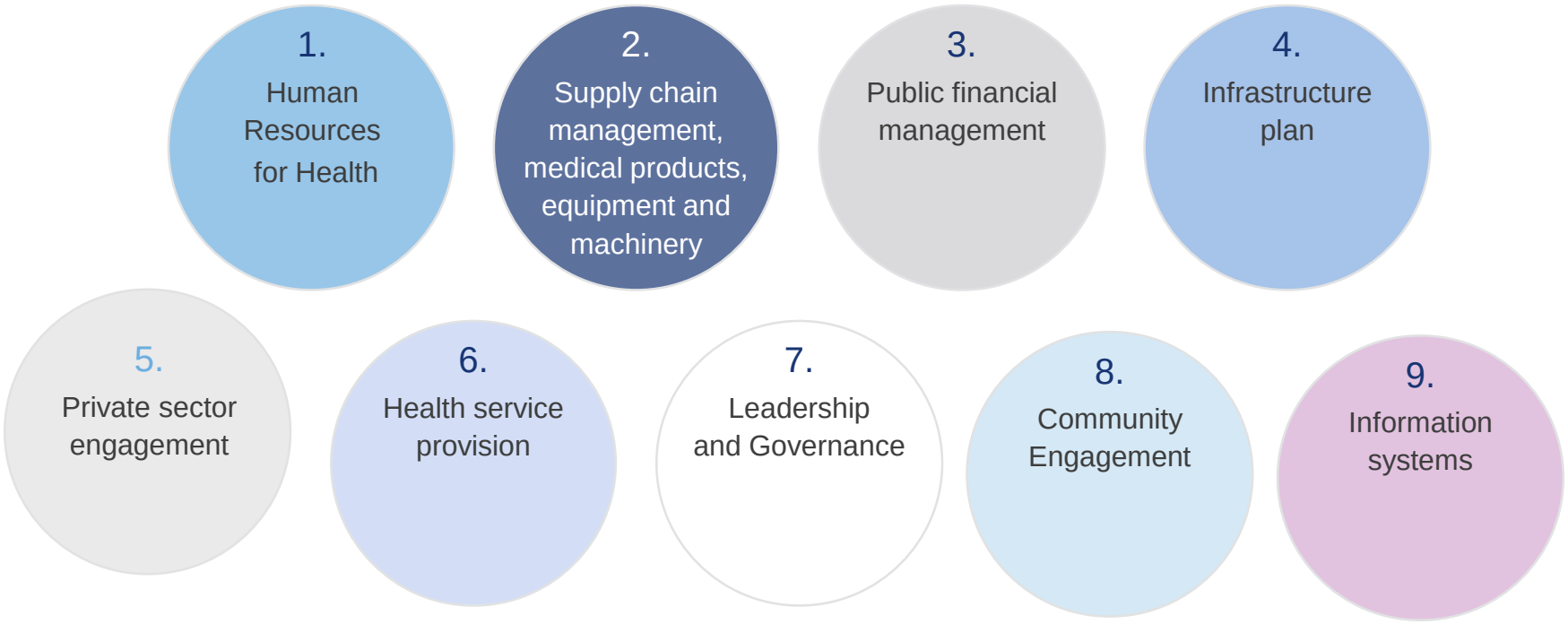
# Collaboration to ensure access to quality healthcare for all

- Significant inequity in healthcare delivery between public and private provision
- The public sector remains the bedrock of healthcare delivery in South Africa
- However significant challenges to delivery and capacity exist
- How can we meaningfully partner the public sector to bridge this gap?
- How do we achieve this in practical way that is not seen as privatisation of public health?
- How can we also address the affordability of private healthcare and inherent weaknesses?
- So that ultimately we achieve access to quality healthcare for all in South Africa

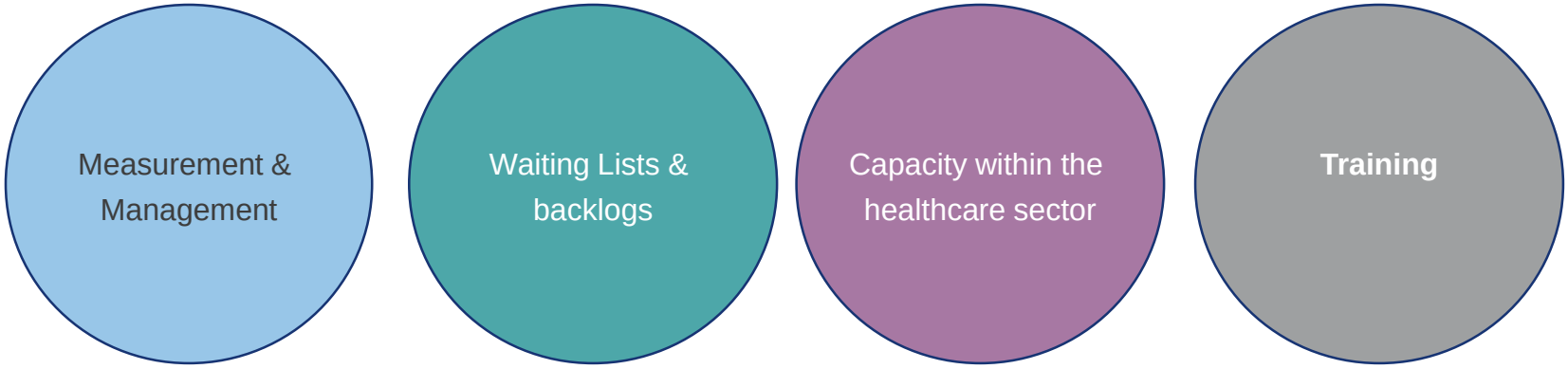
# STRENGTHENING OF PUBLIC SECTOR

# Commission 5: Private Sector Engagement

Willing and able to partner in key areas identified for Health Summit Commissions



# A few examples of where private sector is able to support public sector delivery and to capacitate NHI



MEASUREMENT & MANAGEMENT

# An example of mapping private sector policies and procedures for public sector

**Treasury Assist Unit (2009): Improving financial management of provincial health departments**


The Treasury Assist Unit (TAU) – a unit within Public Finance, provides Programme & Project Management technical assistance to government department to improve quality of spend by: Providing management and technical assistance to government institutions

The TAU makes a contribution to improving governments capability to deliver on right things to SA public through supporting and facilitating mission critical

## Project overview

- Poor audits persistent problem for the health sector for some time, e.g. in 2006/2007 audits:
  - 6 provinces received inadequate audit results, either qualified audits, adverse opinions or disclaimers
  - Only 3 received unqualified reports
- The Technical Assistance Unit (T.A.U.) National Treasury has been tasked by the Auditor General through the office of the Accountant General to conduct an in-depth analysis of poor Audit performance of various health departments
- The overall objective of this initiative was “to guide and support the Office of the Accountant General (NT), in strengthening provincial departments of health capacity to improve financial management” in order to *improve audit results*

## Process improvement and benchmarking focus areas with Netcare

Practice in the following areas was targeted with Netcare:

- General management philosophy and organisational structure at the head office and regional offices and the individual hospitals
- Asset management
- Inventory and stock management
- Fleet management
- Procurement philosophy and the management
- Financial management (debt management and revenue management)
- Document management
- Human resource management (retention strategy of critical skills) including nursing staff)
- Budgeting process

# Findings

## Findings and lessons learnt were identified in the following areas (in both Public Sector and Private Sector)

- Human Resource
- Asset management
- Budget management
- Payroll
- Debtors
- Payments
- Fleet management
- Inventory
- Information Technology

"The best practises will be used by TAU to inform process improvements in public health sector and offer to twin public and private hospitals to affect implementation"

# WAITING LISTS & BACKLOGS

# Greater interaction and collaboration to ensure that opportunities are identified to broaden access to healthcare

Opportunity for collaboration across primary care, dialysis, oncology, hospitals and supply chain

DoH has already undertaken a tender[1] for private providers for a range of services, including mental health; high risk pregnancy management, oncology, cataract surgery, school health

Private sector will be flexible in considering the demand and speciality of services required

Example of oncology PPP contract in KZN in 2018 between Ngwelezane hospital and Queen Nandi hospital and private hospital group Joint Medical Holdings. Waiting lists reduced from 18 months to 6 weeks.

1. The NDoH - NHI Clinical Care Service Provider (CCSP) tender – for selected backlogs

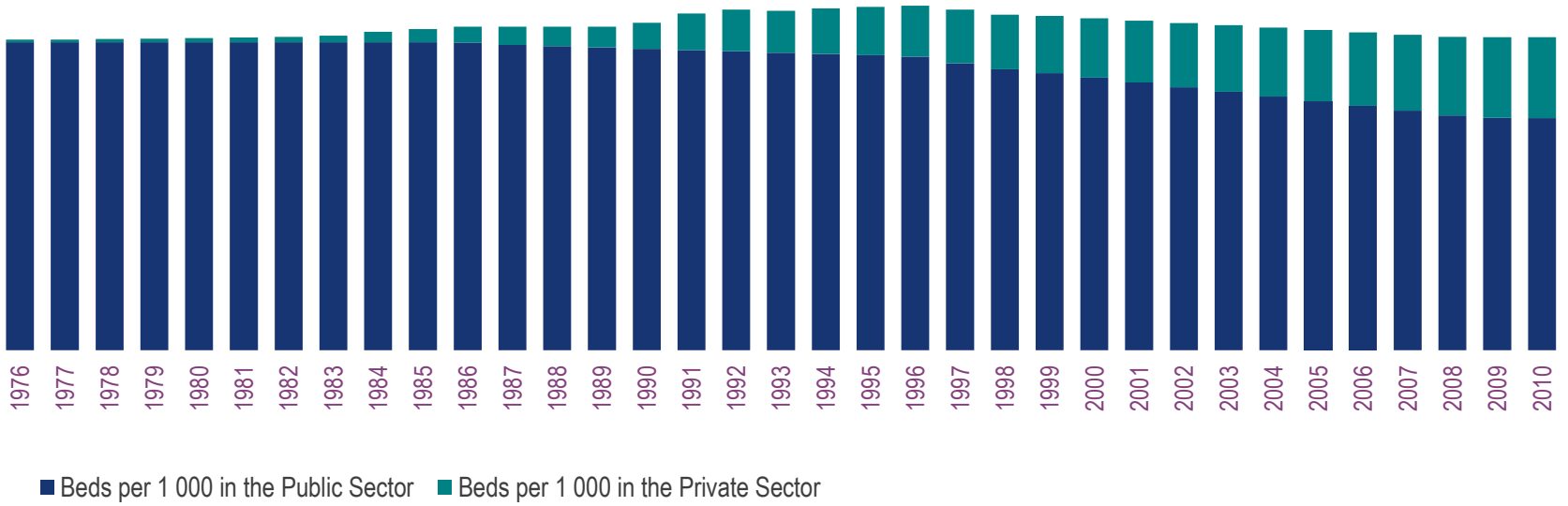
# CAPACITY WITHIN HEALTHCARE

# Since the 1970's, SA's population has doubled but the number of beds in the public sector has reduced by 25%

## Total hospital beds

1970s population of 25m,
118 000 public beds

2010 population of 50m,
88 920 public beds




Number of Drs and nurses have not kept pace with population growth. Urbanisation and the rapid rise of burden of disease has exacerbated the pressure on healthcare delivery

Source: Data 1976-2010 Alex Van Den Heever; Review of Competition in the South African Health System produced for the Competition Commission (19 June 2012) page 31. Latest data source Health Systems Trust together with HASA data

# How many more people can the private sector cater for?

Overall weekday occupancy is 70% on average,
while weekend occupancy is 52%

Based on public sector admissions rates and 85% occupancy **current capacity** can cater for a maximum **7.7 million** additional people[1]

With an additional 8000 beds coming on stream, mainly independent hospitals, potential for private sector to cater for another **14 million** population

1. Insight Actuaries, October 2018. Private hospital occupancy analysis

TRAINING

Co-creating a career path for 50 000 youths in healthcare

# A national training programme can pool resources across public and private sectors to build capacity

Proposal to train 50 000 nurses forms part of the Jobs Summit Framework Agreement signed on the 4th of October by Social Partners and the Presidency, alongside an agreement that the funding and modalities will be urgently addressed by the constituents

The private sector can also play a role in the training of doctors

The private sector can also provide support to hospital managers and sector leadership programmes through twinning of hospitals and other facilities

# Summary



There are practical and immediate opportunities to achieve an improvement in healthcare delivery

Examples presented today would need to be developed in detailed workshops

Further areas of potential collaboration welcome

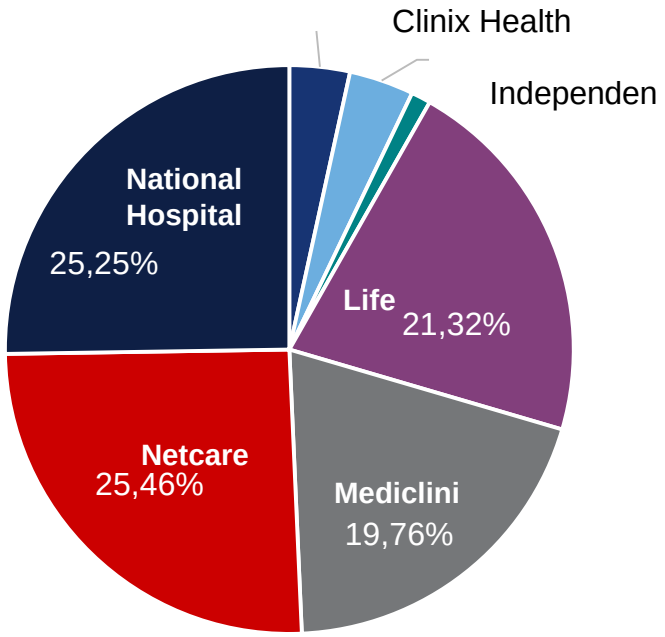
# THANK YIOU

# Reference slides

1. Size and distribution of private hospital sector
2. Contribution to the economy (multiplier effect)
3. Capacity within private hospitals

# Overview of the private hospital sector in SA

| TYPE OF FACILITY | FACILITIES | BEDS |
|---|---|---|
| Acute hospital | 226 | 34 021 |
| Day clinic | 88 | 1 279 |
| Drug and alcohol rehab | 54 | 664 |
| Mental health institutions | 44 | 2 160 |
| Ophthalmology hospitals | 20 | 272 |
| Private rehab hospital | 9 | 356 |
| Sub-acute facilities | 80 | 1 761 |
| Unattached operating theatres | 4 | 1 |
| **TOTAL** | **525** | **40 514** |

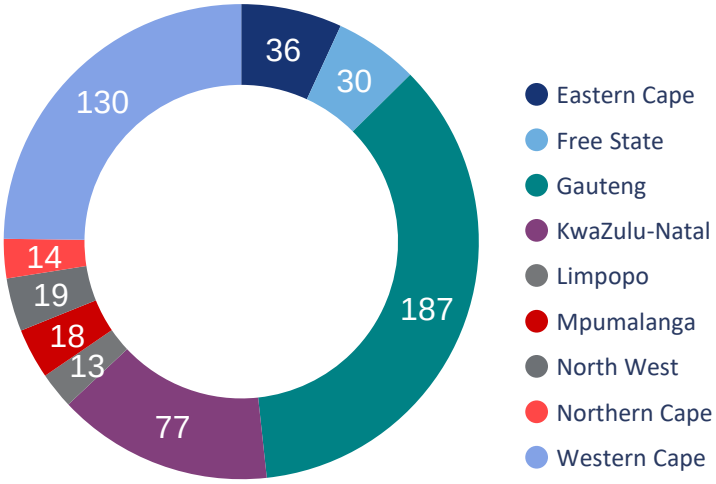



- In 2016, 67% of all private hospitals were owned by smaller groups or independent players and 33% by the 3 listed hospital groups
- The National Hospital Networks (NHN) comprises independent hospitals and hospitals belonging to some smaller groups. The NHN negotiates collectively with healthcare funders. In 2018, the NHN is the largest hospital grouping in SA

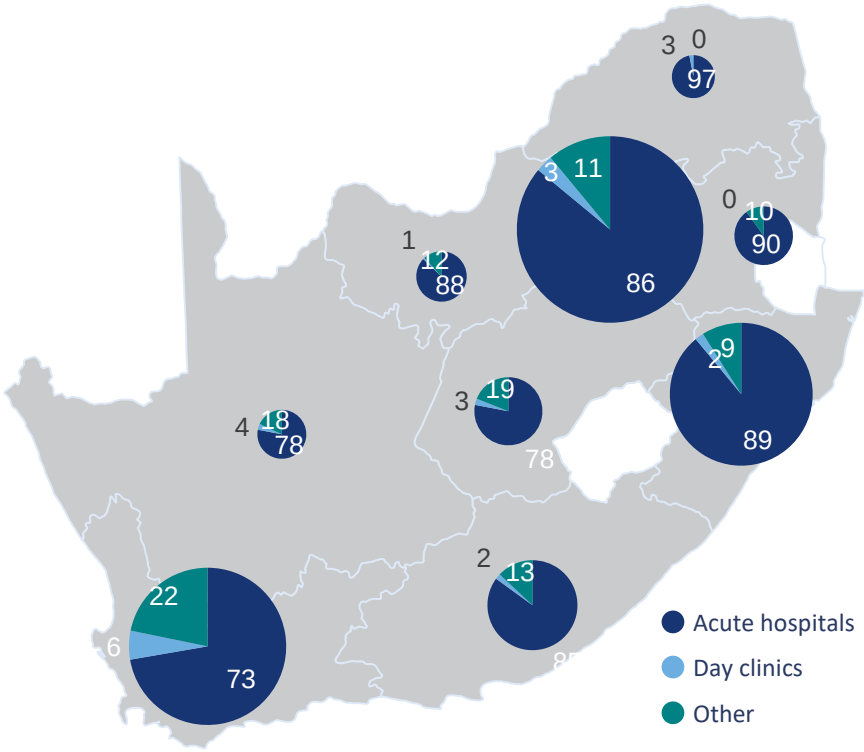
Three listed hospital groups (Netcare, Mediclinic and Life Healthcare) comprise 66.54% of private hospital beds in South Africa

Source: Econex 2017 “Private hospital’s business activities impact on the South African Economy”

# National distribution of the sector




The private hospital sector is distributed throughout South Africa but with a larger presence across the major metropolitan areas




Source: Econex 2017 " Private hospital's business activities impact on the South African Economy"
* Life Healthcare; Mediclinic, Netcare

# Economy-wide contribution of the private hospital sector[1]

## In 2016 Private hospitals:*

Contributed >R55.2bn to the national economy, equivalent to 1.3% of the country's GDP

R26bn in salaries

Up to 248 504 jobs being sustained throughout the economy

For every person directly employed by private hospital groups, almost 5 additional (formal and informal) jobs are supported in the economy

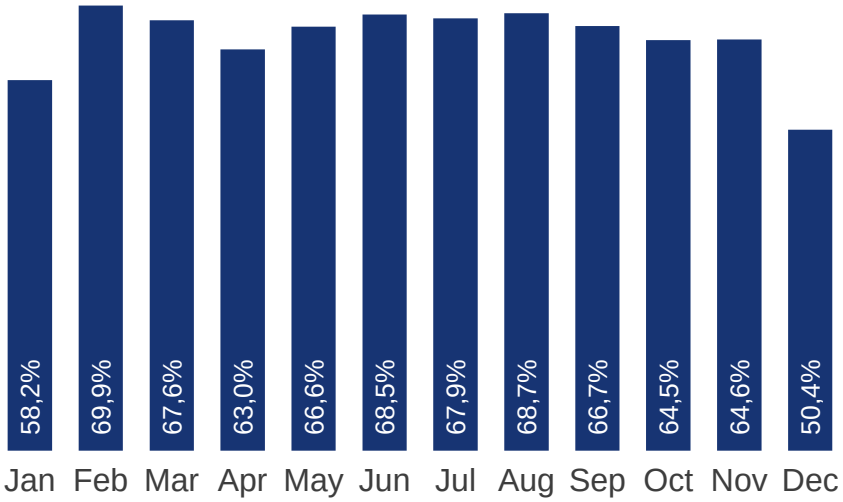
For every R100 of HASA members' value added, another R122 are supported in the SA economy

Stimulating economy-wide production of >R130.3bn

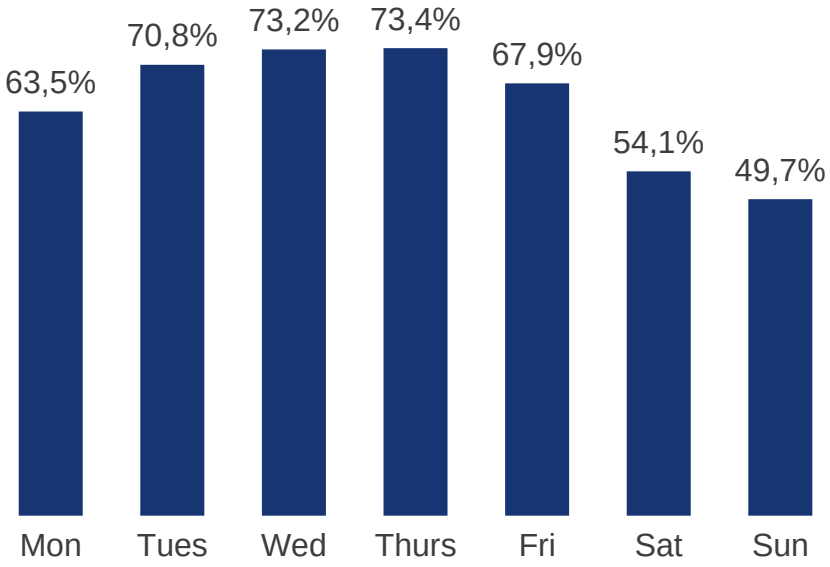
Source: Econex 2017 "Private hospital's business activities impact on the South African Economy", Based on data submitted by 3 listed groups

# Capacity in the private sector

## Private hospital occupancy by month
(%)




## Private hospital occupancy by day of the week
(%)




Overall weekday occupancy is 70% on average,
while weekend occupancy is 52%

1. Insight Actuaries, October 2018. Private hospital occupancy analysis