Hospital Association South Africa
Advancing Healthcare

"Expected Changes in the South African Healthcare Environment"

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Agenda

- Reality Check
- SA Healthcare Environment: Background Context
- SA Healthcare Environment: Government's Early Policy Goals
- SA Healthcare Environment: Legislative Interventions
- SA Healthcare Environment: Health Market Inquiry
- SA Healthcare Environment: Licensing Regulations
- Healthcare at an Inflection Point
- Expected Changes

Reality Check

SA Healthcare Environment:

Background Context

- Legacy of varying access and fragmented health departments pre-1994
- Legacy has informed the government's current policy intent.
- Healthcare still transitioning from that legacy.

SA Healthcare Environment:

Government's Early policy goals

- Government has used legislative and regulatory instruments to address the shortcomings inherited from SA's legacy healthcare system.
- Three pieces of legislation with big impact on private hospitals:
  1. National Health Act, 2003
  2. Health Professions Act, 1974
  3. Medical Schemes Act, 1998

SA Healthcare Environment:

1. Legislative Interventions

- National Health Act, 2003 (NHA)
  - Primary health legislation, came into effect in 2005.
  - Gives MoH authority over the entire system – public and private
  - Prone to governance failures as, in many instances, it establishes authority without accountability as well as regulatory uncertainty.
  - Weak enforcement of quality and performance
  - **Limited transparency in major policy and regulatory decisions**

SA Healthcare Environment:

2. Legislative Interventions

- Health Professions Act, 1974.
  - Following South Africa's first democratic elections, the erstwhile South African Medical & Dental Council (SAMDC) was relaunched as the modern HPCSA in 2000.
  - HPCSA Ethical Rules ….. have prevented innovation in models of care that would allow multi-disciplinary group practices and alternative care models.
  - **In effect this has constrained healthcare delivery models that are more responsive to the needs of today.**

SA Healthcare Environment:

3. Legislative Interventions

- Medical Schemes Act (MSA), 1998
  - Has shaped the functioning of the private healthcare sector.
  - Incomplete implementation of the regulatory framework has caused instability in the medical scheme environment with ripple effects on the entire private sector.
  - Potential to stabilise the medical scheme market and stabilise fragmented risk pools if Risk Equalisation is introduced.
  - **The MSA regulatory framework does not include Mandatory Cover and Risk Equalisation**
  - The MSA has shaped the SA private sector – see Diagram on next slide

The Medical Schemes Act:

A pathway that shaped South Africa's private healthcare sector

Since 1998, the Medical Schemes Act (MSA) has been the foundation of South Africa's private healthcare system—regulating, protecting and evolving to meet the needs of members and the sector.

The MSA has been instrumental in:

- Protecting the rights and interests of scheme members
- Ensuring financial stability and sustainability
- Promoting equitable access to quality healthcare
- Building a culture of good governance and accountability
- Enabling the sector to evolve and innovate

The MSA has been the compass on the journey—but the destination is better health for all.

From a bold beginning to a journey of impact—the Medical Schemes Act continues to guide the private healthcare sector.

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SA Healthcare Environment:

Health Market Inquiry

- Recommendations for Hospitals:
  - Establish Supply Side Regulator for Health (SSRH)
  - Standardise hospital licensing implemented at a provincial level
  - Increase transparency on quality and outcomes
  - Promote alternative models of care

SA Healthcare Environment:

Licensing Regulations

- Current provincial licensing based on old regulations, R158 with local modifications in most provinces and R187 in the WC.
- Current licensing regime
  - Does not conform to a defined national standard.
  - Local adaptations at provincial level can be challenging, e.g. KZN a different licensing framework based on its own provincial statute (KwaZulu-Natal Health Act, 2009.

Healthcare at an Inflection Point

Expected changes

Increasing role for private sector to find levers that will accelerate healthcare access for the wider population.

Potential government moves to address the defects in the medical scheme reforms, even if not fully, should be on the cards – no signal yet from government but this is an absolute necessity.

Implementation of HMI recommendations by the NDoH:

- HPCSA Ethical Rule 18 likely to be reviewed– facilitate alternative models of care.
- NDoH may push for more transparency in quality and outcomes.

Since 2024, the Government has signalled its intention to ramp up its regulation of private healthcare sector – draft Interim Block Exemption, etc.

More meaningful engagements between government and private sector on health policy matters is a likely outcome of multiple legal challenges.

Reform of provincial private hospital licensing to conform to a national standard.

The NDoH's rollout of a Human Resource Information System that includes private sector is in the pipeline.

A Health Technology Assessment regime is in the pipeline.

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Thank You