

# Hospitals groups' chokehold is stifling affordable private healthcare

The big private hospital groups are restraining the growth and development of independent day hospitals by using their resources and muscle.



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"Approximately 75% of the acute hospital sector is controlled by a handful of groups, an oligopoly which has benefitted from its position of control over the past three decades, to the stifling disadvantage of the smaller players attempting to compete in the private healthcare market. Further complicating the environment is the cost-shifting strategy employed by some of the bigger groups, designed to curtail and flatten the increase of tariffs of procedures which can be performed in day hospitals while negotiating increases in the tariffs of longer-term cases," says Carl Grillenberger, CEO of Advanced Health.

"It's an open secret that some acute hospitals expect specialist loyalty through benefit structures and pressure to fill theatre lists at the acute facility where they are based. Hospital administrators pressurise specialists to see that lists are filled irrespective of the fact that this is costing the patient and the medical scheme considerably more for the same procedure at a day hospital."

He says that 13% of surgical procedures are undertaken in day clinics, while the potential is closer to 70%, as per global norms. With a per-minute rate of approximately R100 as opposed to the R150 across acute facilities, the cost-per-event in day clinics is significantly more economical than the same procedure performed in an acute hospital. "Interestingly, the number of procedures performed on an outpatient basis in the USA now exceeds those done on an in-patient basis, in acute hospitals."

## Spiralling health costs

Healthcare costs across both the public and private sectors are rocketing, and in the context of an environment where consumers are struggling to keep up with medical aid contributions (exacerbated by annual increases), any effort to mitigate private sector healthcare costs should be applauded and encouraged, he says.

Medical aid premiums have been growing at above-inflation rates for the last decade or more. Last year saw double digit increases way above the consumer price index, often accompanied by benefit cuts. These increases are placing growing burdens on those who are fortunate enough to have medical aid but, at a broader level, they are putting private healthcare further and further out of reach of the masses.

"Consumers who are no longer able to maintain medical aid premiums will be forced to access public healthcare which is already stretched and under-resourced, and where demand far outstrips budget and accessibility.

"It may be argued that spiralling medical aid costs are contributing to the perpetuation of our divided society. There can be little doubt that the proposed National Health Insurance (NHI) scheme and continued attempts to regulate the private health care industry are, in part, driven by the growing unaffordability of private healthcare," Grillenberger says.

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