

# PRIVATE HEALTHCARE FORUM

Annual General Meeting of the Private Healthcare Forum

held at The Forum, Didata Campus, Bryanston

10 November 2005 from 12h30 to 16h45

## **Present:**

### **PHF members**

Fazel Randera, Brian Brink, Vicki Ehrich, Owen Hooker, Dan Krige, Stavros Nicolaou, Val Beaumont, Johann van Zyl, Kurt Worrall-Clare, Tjaart Erasmus, Wilma Erasmus, Roger Crawford, Rod Gush, Trevor Terblanche, Jonathan Broomberg, Neil Campbell, Jeff Michelson, Koert Pretorius, Vicki Ehrich, Sybil Seoka, Jonathan Louw, Muhammad Bodhania, Reg Engelbrecht, Allison Vienings, Otto Wypkema, Chirfi Guindo, Kendrah Da Silva, Nkaki Matlala

### **Guests / Observers**

Harry Rosen, Andre Jacobs, Monika Springer, Reinhold Just, Mark Mulder

### **Apologies**

Aquina Thulare, Guni Goolab, Mbasa Mxenge, Blum Khan, Kelvin Johnson, Adrian Gore, Keith Hollis, Andrew Boden, Bafana Nkosi, Nana Magomola, Vishal Brijlal, Kgosi Letlape, John Fagan, Adam Pyle, Ramish Bhoola, Ashley Pearce, Albert Denoon, Barry Swartzberg, Rob Millar, Noel Guliwe, Edwin Hertzog, Christopher Whitfield, Richard Friedland, Blake van Aswegen, Graham Somerville, Mike Norris, Arthur Brand, Nicholas Crisp, Andrew Boden, Tienie van den Berg, Mike Flemming, BUSA

### **Secretariat**

Tanya Vogt

## 1. Opening and welcome

Fazel Randera welcomed PHF members and guests to the meeting.

## 2. Chairperson's Address

Fazel Randera mentioned the following in his address:

- 2.1 Congratulations is extended to all the PHF members for the energy given to PHF affairs over the last year.
- 2.2 The PHF has come a long way since the election of the executive committee. It now has a broad range of members.
- 2.3 During a recent visit to Colombia, Fazel Randera was struck by the importance the Colombian people gave to the manner in which South Africa has achieved peace and the subsequent institutions and government structures that have arisen in the last eleven years.
- 2.4 The Colombian private healthcare sector plays an important role as a provider and has an impact on health policies. It has approximately 70 private medical schools that co-exist very closely with government.
- 2.5 As a member of the MoH task team and having listened to  $\pm$  95% of the verbal presentations by stakeholders, it became apparent to Fazel that the PHF has played a pivotal role, in that many of the presentations were in principle aligned with that of the PHF.
- 2.6 It should be noted that there have been significant shifts in the revised draft charter. The letter of response by the PHF to the MoH indicates that the process is as important as the outcome and that ongoing engagement and discussion needs to take place.
- 2.7 The PHF has put enormous energy into the charter process. This is the beginning and not the end of a long-term process where all will be proud of healthcare delivery and the role that the private sector can play.
- 2.8 Thanks is extended to the PHF Executive Committee and Tanya Vogt for support provided over the last year.

### **3. Minutes of PHF main meeting on 11 August 2005 and matters arising**

The minutes of the PHF main meeting held on 11 August 2005 were confirmed as representative of discussions that took place and accepted with the following matter arising:

Item 3.3. SAMED would like it recorded that thanks is also extended to those SAMED members who assisted in developing the PHF submission on the health charter

### **4. BUSA / PHF affiliation**

Fazel Rander reported that a number of meetings have been held with Vic van Vuuren, COO of BUSA. The objective being to gauge the potential value BUSA membership holds for the PHF. He stressed that should the PHF join BUSA, it will be what the PHF puts into such a structure that will determine what it hopes to gain.

Owen Hooker reported that a meeting is planned between himself, Guni Goolab and Vic van Vuuren to discuss the possibility of providing PHF with a reduced first year joining membership fee. Feedback will be given to the PHF Executive Committee after the meeting.

### **5. PHF response to National Treasury proposed tax reforms relating to medical scheme contribution and medical expenses**

It was agreed that in future, any PHF submissions or documents released to other parties, be circulated to the broad forum, whether before or after release. In reference to the PHF response to National Treasury, it was agreed that although the document has been submitted to National Treasury, that it be circulated to the broad forum with the objective of obtaining necessary mandates and / or comments. See attached. It is requested that mandates and / or comments be submitted via the PHF association heads, to Tanya Vogt by close of business on 5 December 2005.

### **6. Notice to amend PHF Constitution**

6.1 Kurt Worrall-Clare reported the following:

In the PHF's formative stages, there existed amongst PHF members certain inherent mistrust and difficulties. Hence a Constitution was developed with the primary purpose of bringing the industry together.

The PHF has since significantly consolidated its membership and it is felt that the existing Constitution has served its purpose. It is also noted that within the provisions of the current Constitution there exists no provision for the amendment of the Constitution.

In this regard Kurt Worrall-Clare requested that the broad forum mandate the PHF Executive Committee to redraft the constitution with the following (a) areas for consideration and (b) process issues in mind:

(a) Areas for consideration

- **Membership and Funding.** To qualify the distinction between categories of members, including making provision for those members of private health who wish to join the forum, but are currently not defined within the parameters of the existing Constitution.
- To incorporate detailed provisions relating to the powers, functions and limitations of the Executive Committee, as well as constituent provisions relating to representation on that Committee.
- To provide for the appointment, tenure and election procedures of a Chairperson.
- To amend the Constitution to be in line with the needs of the Forum, as well as to ensure the viability of the Forum in terms of the need for legal compliance, transparency and related matters.

(b) Process issues

- A draft copy of the new Constitution will be forwarded to members of the Forum within 60 days of the above stated resolution.
- The Secretariat will then forward any comments and/or suggestions relating to the draft Constitution to the sub-committee, which will then consider such within the mandate, provided.
- The final draft will then be forwarded to all members, together with a notice for a special meeting to pass the said Constitution. At that special meeting the old Constitution will be removed, and by the passing of a vote the new Constitution will be adopted.

- 6.2 The broad forum gave its mandate in terms of points 6.1. a and b above.
- 6.3 Fazel Randerer mentioned that the Executive Committee might ask a legal grouping to view the revised Constitution prior to circulation to the broad forum.

## **7. PHF response to the revised draft Health Charter**

- 7.1 On behalf of the Executive Committee, Jonathan Broomberg reported that the PHF Executive Committee are currently drafting a letter of response, addressed to the MoH (and cc'ng Dr Kami Chetty), indicating the following:

7.1.1 That the PHF is encouraged by the significant movement evident in the draft and that it intends reviewing the revised document and submitting a detailed response within the one month deadline. In the interim however, urgent clarification is sought on what process will be followed to finalise the charter.

7.1.2 That information sourced from the Department appears inconsistent. For example, the concluding paragraph in the media statement of 28 October 2005, states that a meeting will be held within a month at which stakeholders will be asked to adopt this draft document as a Charter for the Health Sector. Yet in an accompanying letter to the revised document, Dr. Chetty states that: "After the one month period representatives from various stakeholders will be invited to again discuss the document with the Minister of Health to discuss points of difference."

7.1.3 A recommendation that the charter process should not be brought to closure until there has been further dialogue and negotiations that include:

- The form and authority of the charter council
- The need for alignment with various pieces of legislation
- The need for consistency pertaining to, for example, the impact of various legislation related to the charter objectives
- The need for a realistic and achievable balanced scorecard aligned with the DTI model scorecard and including the health transformation issues
- The need for further clarity on a 'basic package of care'

- 7.2 Tanya Vogt confirmed that this letter is in its final phase of drafting and will be sent to the Minister on 11 November 2005.

7.3 The following areas were raised in discussion and for potential incorporation into the PHF detailed response document:

7.3.1 A suggestion to categorise the response into

- 1) Areas for further discussion / engagement and
- 2) Areas strictly for negotiation

7.3.2 Concern with the proposal that the charter council be a sub structure / committee of the national health consultative forum - a forum that is not always functional and meets at government's will. It is suggested that the Charter Council be a body in its own right composed of mandated representatives of all stakeholders. The Council's mandate, form, structure and purpose should capture the spirit of the charter i.e. that of working together to achieve the objectives of the charter.

7.3.3 To adhere to the mandated view of the broader forum as stipulated in the previous PHF submission i.e. the DTI targets.

7.3.4 That the creative thinking evident in the revised charter pertaining to replacement offerings is welcomed by the PHF.

7.3.5 The need for a health-specific scorecard with an indication of how access, quality and equity will be weighted in relation to the other pillars on the scorecard. For example, when measuring 'quality', could it be less people dying or % of money spent? Improved healthcare is a reflection of improved housing, sanitation, food and water supplies and education. These areas should therefore be considered as possible measurement criteria.

7.3.6 The obligations and responsibilities imposed on the parties to the charter is open to speculation and requires clarification.

7.3.7 In terms of replacement offerings:

- The need to challenge the mention of the % of money spent on public vs. private sectors. This is a value statement and should be removed. The key issue is not so much Clarification is required on the measurement and value of replacement offerings i.e. when referring to the % of turnover, at what point does one measure value and over what period? It is unsure as to whether the charter is speaking to the principle of 'replacement offerings' or the value of the offerings themselves.
- When selling equity a return is gained, yet with replacement offerings there appears to be no return. This is a concern for both professionals and multinationals to which 'replacement offerings' may apply.

- A concern that replacement offerings may represent a new tax, introduced by the Department of Health, to fund the inefficiencies of the public system.
- A concern that mention is made that replacement offerings are limited to the public sector. This is akin to strengthening a competitor that is already playing on playing fields that are not level. For example, the public sector will benefit by being able to open more wards in public hospitals, and thus hamper the private sector targeting public patients.
- A concern that in the revised draft charter document, the word 'equivalent' appears in references made to 'replacement offerings'. The multinationals deliberately avoided the term 'equivalent' during verbal presentations to the MoH task team.
- Clarification is required on the extent and quantum of replacement offerings. When local companies sell equity it is usually a single transaction. What is not clear is where equity replacement offerings are provided, whether there is specific period of time in which to perpetuate the offerings.
- Whether it is appropriate to value businesses in terms of replacement offerings.
- What the systemic impact of replacement offerings will be on business and whether a 5% offering will create unnecessary competitive advantage.

#### 7.3.8 In terms of wording and tone:

- That terminology used is subject to interpretation. Conceptual arguments and abstract ideas need to be supported and expressed in clear terms. A suggestion was made that the Charter Council may be the forum to undertake this task. Another suggestion was that the PHF propose setting up a working group to address this issue.
- That the tone in some instances is accusatory (particularly towards hospitals and brokers) and not always consistent. It is suggested that general and/or balanced statements e.g. 'costs in the health sector are high and difficult to control' are preferred when referring to quality and the cost of public health. Signatories to the charter should feel comfortable with the wording and tone of the document.
- The need to challenge the mention of the % of money spent on public vs. private sectors. This is a value statement and should be removed. The key issue is not so much lack of funding, but rather one of lack of skill, infrastructure and implementation. Inequality exists throughout the South African society and is not limited to health. Statements in the charter should be solution and resolution oriented.
- It is critical that the document is consumer friendly. For example young medical professionals should be encouraged by it and not discouraged.

- 7.3.9 To highlight the importance of alignment with other applicable legislation. In particular to mention that the DTI codes and guidelines on multinationals have not yet been released. It is suggested that the following statement be included in the PHF submission: ‘We are limited in our response without the DTI guidelines’.
- 7.3.10 That it is questionable whether the health sector (let alone other sectors), has the necessary professional expertise and manpower to set up rating agencies.
- 7.4 In addition it is requested that members of the broad forum forward any additional comments / concerns / suggestions to Tanya Vogt within the next few days for possible incorporation into detailed PHF response document.

## **8. Possible PHF Negotiating Team**

Fazel Randeria mentioned that should a charter negotiation forum / process be established, the PHF may wish to send a delegation to represent / negotiate on behalf of the industry. This would most likely only relate to areas of consensus.

The broad forum agreed that, should the need arise, this issue could be dealt with by the Executive Committee.

## **9. "16 Day Activism Campaign"**

Stavros Nicolaou gave a presentation on the background, purpose and value of the “16 Activism Campaign”. The primary objective being to raise awareness and eradicate abuse against all people. It was requested that the members of the PHF and their member organisations consider supporting this important cause. Tanya Vogt agreed to circulate to all present, additional information pertaining to the campaign including a toolkit containing ideas for support.

## **10. Other**

### **10.1 Internal PHF Communication**

It was requested and agreed that in future, a ‘flash note’ regarding PHF related meetings and key discussions / outcomes be circulated to the broad forum within two days of such meetings being held.

However it was acknowledged that the Executive Committee be allowed some discretion as to what to communicate, in particular with regard to issues that might be sensitive in nature and /or decisions in progress.

## 10.2 Support for and understanding of PHF member's concerns / standpoints

Muhammad Bodhanian suggested that the PHF consider engaging in internal discussions to understand PHF members concerns / standpoints and how best these can be supported. This may ensure that individual groupings / sub sectors are not disadvantaged by others standpoints and ensure that the entire private healthcare sector is strengthened. This suggestion was in response to a concern raised by the professionals and the hospitals that the alternative offerings as expressed by the multinationals and the 5% offering on national ownership deals may be disadvantageous to their sectors.

In response to Muhammad's suggestion, Fazel Randera suggested to the floor that a broad forum meeting be called within the next ten days where all groupings within the PHF are informed, particularly on the issue of alternative offerings. It was suggested that representatives from the Multinationals and HASA make presentations at that meeting and should it be necessary that the meeting divide into sub groups should further discussions / clarification be required.

Jonathan Broomberg suggested that rather than dealing with both issues at a broad forum meeting, only the issue of the 5% offering on national ownership deals and whether it may disadvantage business, be dealt with at the meeting. A separate sub group could then be formed to address the issues of equity, ownership and replacement offerings.

Chirfi Guindo and Stavros Nicolaou voiced their support of such a sub group.

Nkaki Matlala suggested that, as this issue is not unique to South Africa, the Multinationals consider researching how other countries have dealt with the issue and include this in the proposed presentation.

Fazel Randera again proposed to the floor that they consider holding a meeting with presentations by the Multinationals and HASA. No objections were raised in this regard and it was mentioned that a notice of this meeting would be sent to the broad forum in due course.

### 10.3 Building relationships

Nkaki Matlatla mentioned that Dr Phetsiae K Dlamini (former Minister of Health of Swaziland) has been appointed to a position at the Department of Health. He suggested that the PHF consider engaging with her as this could assist in building the relationship between the private and public sector.

Fazel Randeru mentioned that the PHF Executive Committee have met informally with the Black Healthcare Caucus (BHC) and will continue building the relationship with a view for the groupings to come together and form one organisation.

## 11. Office Matters

### 11.1 Finances: Income and expenditure year to date.

Owen Hooker presented a balance sheet and reported an excess amount of R81 599.50 of income over expenditure for the period: 1 March 2005 to 31 October 2005. In addition Tokiso is holding in trust, a reserve amount of R190 294.00 from the previous financial period.

### 11.2 Arrangement with Tokiso

It is reported that the Secretariat and PHF offices remain under the project management services of Tokiso. This is due primarily to the neutrality that such a service provides.

## 12. Close of meeting

The meeting closed at 16h45.