

# HFA hits back amid PCR-test price storm

By  Katja Hamilton

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The Health Funders Association (HFA) this week welcomed the announcement by the Competition Commissioner, Mr Tembinkosi Bonakele, that the price of PCR Covid-19 tests - VAT inclusive - has been reduced from R850 to R500 per test with immediate effect.



Source: [Pexels](#)

The HFA represents more than two thirds of all medical scheme members in South Africa.

This comes at the back of Pathcare agreeing this week to drop the price of its Covid-19 PCR tests in line with the Competition Commission's recommendations, a positive step in the wake of the Commission's earlier announcement that Ampath and Lancet Laboratories had agreed to substantially reduce the price of their Covid-19 PCR tests.

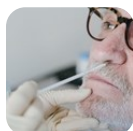
The agreement with the leading private laboratories follows on from the Council for Medical Schemes' (CMS') complaint lodged with the Commission on 8 October this year, alleging that private laboratories were charging between R850 to R900 for a Covid-19-test and that these prices were exorbitant and unjustifiable.

It said the excessive price for Covid-19 PCR tests was in contravention of Section 8(1)(a) of the Competition Act read with paragraph 4 of the Regulations.

## Gains under scrutiny

Dr Sipho Kabane, chief executive and registrar of the CMS said: "The CMS' Industry Report revealed that specialist services linked to the pathology discipline experienced an increase which amounted to R11.6bn in 2020, representing a gain of 10.88% from R10.5bn in 2019, despite a 3.81% overall decrease in the industry."

Commenting on the week's developments, Ms Lerato Mosiah, CEO of The Health Funders Association (HFA) said: "We are grateful to the Competition Commissioner for stepping in. We believe that the Covid-19 pandemic calls for the entire health industry to work together in minimising both the human and financial impact of this unprecedented time."



## PCR test prices hit record-low reduction in South Africa

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Mosiah concurred that the issue of Covid-19 test pricing is an important case study, demonstrating the extent to which the regulatory requirement for medical schemes to cover PMBs at cost significantly impairs their ability to negotiate lower pricing for the sake of affordable access for all.

### Prior price-revision attempts

She said HFA had expressed its concerns relating to the high price for Covid-19 PCR tests since November 2020. "On behalf of HFA's members, [we] attempted on numerous occasions to engage with the National Pathology Group (NPG; the representative association of the pathology laboratories), in an effort to secure a downward revision of the prices under the current block exemptions, which allow medical schemes to address the PCR pricing directly with the pathologists.

"Despite these efforts, regulatory intervention was required to secure a price reduction," she said.

"In terms of Prescribed Minimum Benefit ('PMB') regulations, medical schemes are compelled to pay in full for Covid-19 PCR tests when a doctor has referred them, subject to specific criteria being met by the patient, regardless of the outcome of the test. The PMBs were put in place to ensure that all medical scheme members can access health services relating to Covid-19, irrespective of the benefit option they are on."

She said the Commission's outcome this week "is positive".



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"This a major victory for South Africans, particularly the vulnerable groups during the time of a devastating and resilient pandemic. This substantial reduction of PCR test prices will surely alleviate the plight of consumers and enhance greater access to Covid-19 PCR testing, which is a critical part of the initiatives to avoid the escalation of the pandemic, Competition Commissioner, Bonakele said.

"We hope that this [outcome] will lead to greater scrutiny of the pricing of services that medical schemes are obligated to fund at cost under the prescribed minimum benefits," Mosiah went on to say.

### Stakeholder collaboration encouraged

She cautioned that further discussion and collaboration with all relevant stakeholders continues to be required.

"This is to ensure that all related services and products are appropriately costed, and affordable in order to increase access by all citizens."

She added that the HFA also believes that it is important that the Health Market Inquiry recommendations are implemented to ensure that there is adequate tariff-determination mechanisms in place in future.

"To this end, the HFA supports the CMS' continued efforts in this regard, in collaboration with and under the oversight of the Competition Commission."

As of 15 December, The National Institute for Communicable Diseases (NICD) reports 23,884 new Covid-19 cases that have been identified in South Africa, which brings the total number of laboratory-confirmed cases to 3,204,642. This increase represents a 34.9% positivity rate.

As per the National Department of Health, a further 24 Covid-19 related deaths have been reported, bringing total fatalities to 90,172 to date.

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Katja is the Finance, Property and Healthcare Editor at Bizcommunity.

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