

Sustainability requires innovation

By [Danette Breitenbach](#)

9 Jan 2017

"The need for innovation in healthcare will become greater if the industry is to meet the demands of the consumer. If not, the industry will have issues in the short term, and I believe that in the next decade the South African healthcare market will look very different."

This is according to Damian McHugh, head of marketing at Momentum Health, who says while there are quite a few trends that are and will impact on the healthcare industry, the most urgent is a trend that is unique to South Africa.



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Schemes under pressure

He explains that because the industry experiences higher than CPI increases, the demands of the consumer increase. "Currently all the big open schemes are under serious pressure financially. With costs going up, flexible solutions are needed. Already we have seen one services provider discontinue its healthcare solution while another two are merging."

He believes that we will see a lot more of this taking place over the next five years. "Without being pessimistic, the industry needs some real help. The warning signs are all there."

Not attracting younger people

Part of the problem is that the healthcare industry and the solutions it provides are also not attractive to the younger population. "This has led to a situation where the schemes have an older demographic profile and the result is that the claims ratio is higher as older members claim more than younger members.

With so many young people leaving, the healthcare industry will struggle to maintain the level of benefit," he says.

This is predominantly South African problem. In most first world countries, a relatively strong national healthcare system is in place. "Countries such as Belgium, the UK and Australia to name but a few, have quite strong systems that provide people with good cover."

Just as in South Africa, a portion of those populations also purchase healthcare, but this, he says is closer to health insurance. For example, they will purchase a dental plan.

An NHI will be complex

In South Africa, only about 15% of the population has private healthcare. The problem with this country is that it has a high unemployment rate and a low taxpayer rate. "This means that putting in place and running a national healthcare system in this country is very complex as there are not enough tax payers to fund it. However, this does not mean we cannot have some sort of system in place," he says.

"This is what government is debating and pilot types have been implemented in each province. It is still early days though."

A right or a privilege?

The big debate, worldwide, is whether good quality healthcare is a right or a privilege. Some people believe that good quality healthcare is the former, he says. "I think it is a very expensive right, which, in this country it has often been a privilege and government is trying to stretch that."

It is part of the changing landscape of the healthcare industry. The healthcare model is a complicated system with providers, consumers and suppliers. but the healthcare model we are seeing now is not sustainable.

Innovation and legislation

"Healthcare providers will need to innovate to be more sustainable. One way is to form public private partnerships. We have already moved forward by introducing several innovations that are proving valuable as they provide members with different results."

He also foresees that legislation will impact on the industry, but is not sure if this will be within the next 12 months or not.

ABOUT DANETTE BREITENBACH

Danette Breitenbach is a marketing & media editor at Bizcommunity.com. Previously she freelanced in the marketing and media sector, including for Bizcommunity. She was editor and publisher of AdVantage, the publication that served the marketing, media and advertising industry in southern Africa. She has worked extensively in print media, mainly B2B. She has a Masters in Financial Journalism from Wits.

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