SOUTH AFRICAN HEALTHCARE INDUSTRY LANDSCAPE REPORT

COMPiled: AUGUST 2018
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Our Healthcare Industry Landscape reports have been purchased by global and South African companies:

**SOME KEY QUESTIONS THE REPORT WILL HELP YOU TO ANSWER:**

**For the South African Population Demographics Section:**
- What is the South African population’s age, race and gender distribution in 2018?

**For the Global and South African Burden of Disease Section:**
- What is the burden of disease globally and in South Africa?
- What are the major noncommunicable and communicable causes of death, both globally and within South Africa?
- What are the Global and South African health indicators (mortality, life expectancy and fertility rates)?
- What are some of the major Global and South African Healthcare trends?

**For the Department of Health and Healthcare Policy Section:**
- What is South Africa’s National Development Plan for 2030?
- What is South Africa’s Medium-Term Strategic Framework for 2014-2019?
- What is the National Strategic Plan on HIV, STI’s and TB for 2017-2022?
- What is the latest on the National Health Insurance (per National Health Insurance Bill of June 2018)?
- What is South Africa’s National Health Insurance plan: Overview, definitions and principles, features, financing, and service offering?
REPORT OVERVIEW

SOME KEY QUESTIONS THE REPORT WILL HELP YOU TO ANSWER (CONTINUED):

For the Healthcare Practitioner Overview Section:
- What types of healthcare, medical, and mental health practitioners are present within South Africa?
- What is the distribution of medical practitioners within the public, private, and limited private practice sectors in South Africa?
- What is the distribution of South African healthcare and mental health practitioners provincially?

For the Hospitals and Clinics Section:
- What is the provincial distribution of private and public hospitals and clinics in South Africa?
- What is the market share of private hospital beds, by hospital network?

For the Medical Aid Section:
- What is the proportion of the population covered by medical aid schemes in South Africa?
- What are the top 3 South African medical aid administrators’ share in the market?
- What is the age and gender distribution of medical aid beneficiaries?

For the Pharmaceutical Services Sector Section:
- What is the provincial breakdown of pharmaceutical services in South Africa?
- What is the total number of retail pharmacies in South Africa, by pharmacy group?
- Who are the key retail players in the SA Pharmaceutical industry?
- What are the strengths, weaknesses, opportunities and threats within the Pharmaceutical market?
123 page report filled with detailed charts, graphs, tables and insights
Noncommunicable diseases (NCDs) (i.e. chronic diseases) accounted for 40.5 million deaths in 2016. The four main types of noncommunicable diseases are Cardiovascular Diseases, Cancers, Respiratory Diseases, and Diabetes. Collectively, these four accounted for 79% of all NCD deaths in 2016.

- Currently, 15 million people between the ages 30 and 69 years die from NCDs (i.e. premature deaths) annually. In addition, approximately 85% of these ‘premature deaths’ occur in low- and middle-income countries. The burden of these diseases continue to affect people in low and middle-income countries disproportionately as more than three quarters of global NCD deaths (i.e. 32 million) occur in these countries specifically.

- Cardiovascular diseases are the leading cause of death globally, as well as the leading cause of global NCD deaths worldwide, accounting for 17.9 million deaths worldwide in 2016. Cancers are the second leading cause of NCD deaths globally, causing 8.9 million deaths in 2016.

- As illustrated by the adjacent graph, Cardiovascular diseases accounted for 44% of NCD deaths in 2016 (17.9 million) down from 45% in 2000, followed by Cancers at 22% (8.9 million), Respiratory Diseases at 9% (3.8 million), and Diabetes at 4% (1.6 million).
South African Digital Healthcare Trends

- The introduction of information technology to the South African Healthcare sector has transformed the industry and has the potential to result in more scalability, efficiency and tangible benefits. Following the lead of the global Healthcare Industry, many global digital trends are gaining traction in South Africa.

- **Telemedicine**: Telemedicine is one of the biggest emerging information technology healthcare trends globally as well as in South Africa. This particular trend has gained momentum in South Africa due to its ability to save consumers time and cut medical costs. Furthermore, telemedicine offers patients and healthcare providers access to healthcare solutions which are not limited by geographic location, allowing patients in remote areas, like those from many rural areas in South Africa to receive the highest quality of care via their smartphones. Examples of telemedicine providers that are currently available to South Africans includes 24/7 Baby Line, Guidepost, Hello Doctor, Medici and Medigo.

- **Artificial Intelligence**: Digitalisation along with artificial intelligence innovations are fast becoming major catalysts to the evolution and growth of the healthcare industry. The artificial intelligence trend is also gaining momentum in South Africa, as AI is fast being applied across many industries including healthcare. An example of AI technology in the South African market is Discovery Health's DrConnect, an app which integrates specialised AI technology to provide members with accurate answers to medical symptom-related questions.

- **Internet of Things (IoT)**: The Internet of Things is the idea of everyday objects (includes anything from industrial machines to wearable devices) making use of built-in sensors to gather data and execute action across a network. This trend is becoming particularly popular within the Healthcare Industry, specifically with regards to wearable devices. In essence this technology enables healthcare providers and hospitals to function more efficiently and as a result improves patient care. Healthcare is predicted to become the leading application of wearables over the next couple of years, using smartphones and wearables to monitor an individual's health remotely. An example of this technology is Vodacom’s Stock Visibility Solution, which is a smartphone and application bundle that monitors medication stock levels and assists in reducing medicine stock shortages across clinics in remote areas.
Overview and Latest Updates:

- The National Health Insurance Bill (NHI) and the Medical Schemes Amendment Bill was introduced to the public for comment in June 2018.

- These bills will allow for increased access to medical healthcare through the NHI and could also result in major shifts in both government and private healthcare systems.

- According to the bills, the fund will purchase healthcare services, medicines, health goods and health-related products to service the public from service providers that are certified, accredited and contracted.

- Furthermore, the National Treasury has been tasked with coming up with a way to finance the NHI and according to the bill funding will need to be set aside from the national budget for the NHI. The NHI will cost an estimated R182 million per year. One funding avenue that has been suggested is taking away medical aid tax credits, yet it has been speculated that the funding will come from the introduction of new taxes.

- The actual date of implementation has not been specified by the bill, which means when the system will come into effect is still unknown. However the targeted implementation for NHI is 2025.

- The medical aid sector will certainly be affected by the introduction of the NHI bill and the Medical Schemes Amendment bill. However, the extent of the impact on the medical aid sector currently remains unknown. In all likelihood, medical aids will become an auxiliary system to the NHI and schemes may choose to reduce the services they cover, some groups may merge, while others may fully shutdown.

- In terms of healthcare providers, they will have to be registered, certified and accredited through the NHI. However no details have been released regarding how this process will take place.
In 2018, the largest proportion of registered Healthcare Practitioners were Medical Practitioners at 36% with a total of 25,855.

This was followed by Nurses and Pharmacists at 24% and 9%, respectively.
Founded in 1978, Dis-Chem is SA’s second-largest Retail Pharmacy chain. It has witnessed a growth in turnover of 13.3% from R17.3 billion in 2017 to R19.6 billion in 2018.

- Dis-Chem’s retail business unit comprises of their network of Retail Pharmacy stores, e-commerce website, wellness clinics, and Dis-Chem Direct.

- Dis-Chem’s gross profit was recorded at R4.8 billion in 2018, compared to R4.2 billion in 2017. The retail division achieved R4.4 billion gross profit in 2018, compared to R3.8 billion in 2017.

- The Retail division of Dis-Chem had a strong trading performance, with turnover up 15.0% and like-for-like turnover growth improving to 6.6%.

- The Healthcare and Nutrition business unit contributed 20% to overall retail turnover in 2018.

- Capital expenditure of R374 million consisted of R296 million in expansionary expenditure and R78 million of replacement expenditure.

- As illustrated in the adjacent graph, the Healthcare and Nutrition business unit recorded the highest percentage market share at 44.2%, followed by Dispensary (22.7%), Personal Care and Beauty (15.8%), and Baby Care (9.6%).
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