

No. R. 1214

1 December 2006

**NATIONAL HEALTH ACT, 2003****REGULATIONS RELATING TO THE OBTAINANCE OF INFORMATION  
AND THE PROCESSES OF DETERMINATION AND PUBLICATION OF  
REFERENCE PRICE LISTS**

The ~~Minister~~ of Health intends, in terms of section 90(1)(u) and (v) of the ~~National~~ Health Act, 2003 (Act No. 61 of 2003), to make the regulations in the Schedule.

Interested persons are invited to submit, within two months from the date of publication of this notice, substantiated ~~comments~~ on or representations regarding the proposed regulations to the Minister of Health, Private ~~Bag~~ X828, **PRETORIA** (for the attention of the Director: Health Financing and Economics).

**SCHEDULE****Definitions**

1. In these regulations, “the Act” means the National ~~Health~~ Act, 2003 (~~Act~~ No. 61 of 2003), and any word or expression to which a meaning ~~has~~ been assigned in that Act, shall have that meaning **unless** the context indicates otherwise.

**~~Invitation for submissions~~**

2. **The** Director-General may, annually by notice in the Gazette, require from stakeholders, interested persons, the head or owner of a private health establishment, a medical practitioner, a health care provider, a medical scheme, or any other person,

the submission of certain information relating to health financing, the pricing of health services, business practices within or involving health establishments, health agencies, health workers and health care providers.

### **Information that may be submitted**

3. (1) The information referred to in regulation 2 ~~may~~ include, but not limited to-

- (a) overhead costs;
- (b) activity times for procedures;
- (c) equipment;
- (d) labour costs;
- (e) item price component;
- (f) cost of medicines, scheduled substances and medical devices;
- (g) cost of maintenance of premises;
- (h) cost of consumables used in delivery of health services;
- (i) security costs;
- (j) cost of foodstuffs for patients;
- (k) cost of services or products used to ensure patient safety;
- (l) cost of public liability insurance;
- (m) details of persons or institutions providing services to or at the establishment;
- (n) scales of fees payable by medical schemes to the health establishment;
- (o) bed occupancy;
- (p) non-confidential information on patients;
- (q) non-confidential information on the health establishment;
- (r) in respect of medical schemes, income and expenditure; and
- (s) billing guidelines and rules, where these exist.

(2) The information referred to in subregulation (1) ~~that~~ relates to health care providers may be submitted by any person, a professional association representing a discipline concerned or a statutory body established to regulate the relevant profession. In instances where sub-disciplines are represented by

~~an~~ umbrella professional association, such association may make the submissions.

(3) The information must-

- (a) include a standard nomenclature to identify the services being priced;
- (b) be in accordance with an agreed methodology to determine the reference price associated with a particular service;
- (c) indicate cost parameters that are different in respect of different provider groups;
- (d) be comprehensive and provide for item codes and item type;
- (e) be consistent and systematic;
- (f) provide for a descriptor, the relative value unit and the benefit factor;
- (g) provide for representative samples of actual prices and how the sample sizes used have been calculated.

#### **Commissioning of costing surveys**

4. In an instance where a consultant is commissioned to undertake a **costing survey**, such consultant must be independent of the person commissioning the work. The consultant must be free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the consultant's ability to objectively evaluate the costs.

#### **Guidelines for submission of information**

5. (1) The submission of the information referred to in regulation 3 shall comply with the guidelines ~~as~~ determined by the Director-General in the notice.
- (2) The guidelines referred to in subregulation (1) shall include, but not limited to:

- (a) pricing methodology, which takes into account the item price which is the item cost plus a return on investment, and the item cost which is direct labour plus direct material plus overhead costs;
- (b) procedures for addition, deletion or change of items which include evaluation criteria for additions; and
- (c) calculation of responsibility values.

### **Principles underlying the submission of certain information**

6. The following principles underlie the submission of information:

- (a) the costing for the provision of a particular service must be transparent;
- (b) services must be clearly identifiable;
- (c) there must be an agreed methodology for determining the price; and
- (d) the information must be comprehensive in that it must relate to all recognised services.

### **Verification of information**

7. (1) The person making the submission must **warrant** that the information submitted is to the best of his or her knowledge, the correct and accurate information

(2) The Director-General may refer, for verification and advice, information submitted in terms of these regulations to an advisory committee appointed by the Minister in terms of section 9 1(1) of the Act.

### **Determination of the Reference Price Lists**

8. (1) The Director-General shall, after verification of information as contemplated in regulation 7(2), determine **draft** reference price lists.

(2) In determining a reference price list, the Director-General shall take the following into account:

- (a) The recommendations of a committee contemplated in regulation 7(2);
- (b) the need for private health establishments to have a reasonable return on investment;
- (c) the need for health care providers to **earn** a reasonable income;
- (d) the need for certainty, sustainability and stability **within** the medical schemes environment;
- (e) the need to improve and maintain efficiency and quality **in** the delivery of health care services **as well as** to increase **and** ensure access to such services for medical scheme beneficiaries;
- (f) the need to eliminate perverse incentives, unethical business practices and unprofessional conduct from the private health care industry;
- (g) the legal obligations of medical schemes in terms **of** the Medical Schemes Act, **1998** (Act No. **1312 of 1998**) in general and particularly with regard to the obligation to submit their rules, including benefit tables, to the Registrar of Medical Schemes for approval;
- (h) the need to promote competition within the private health care industry;
- (i) the need to promote and ensure access to membership **of** medical schemes for employed persons and their dependants.

**Publication of the Reference Price List**

- 9** (1) Having determined the Reference Price List, the Director-General shall publish the draft reference price lists in the Gazette for at least four weeks for comments.
- (2) The Director-General shall after considering comments, if any, prepare the final ~~lists~~ and publish them in the Gazette.
- (3) The National Health Reference Price **Lists** are public documents, to be freely used by any interested person and to which no person ~~shall~~ claim copyright or intellectual property of any form.

**Reference Price List Review Cycle**

- 10.** The Director General shall publish the draft National Reference **Price** Lists for a particular year by the end August of the preceding year and the final ones by the end of November.

**Failure to make submissions**

- 11.** Where information is not submitted despite ~~an~~ invitation by the Director-General, no increase ~~will~~ be considered in respect of that discipline or sub-discipline.

**ME TSHABALALA-MSIMANG**  
**MINISTER OF HEALTH**

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