

GAUTENG HEALTH DEPARTMENT'S BAD DEBTS COMPROMISE QUALITY OF HEALTH SERVICES

Johannesburg, 23 November 2011 – The escalating and unresolved bad debts owed by the Gauteng Department of Health and Social Development to its suppliers – including suppliers of essential medical devices – are impacting on health services in the province.

This serious situation was highlighted today by the South African Medical Devices Association (SAMED) at a media briefing held in Johannesburg.

Some 45 members of SAMED are collectively owed hundreds of millions by Gauteng Health. Some amounts owing go back to 2005. This is clearly in contravention of government's regulations and processes which guide how the public sector reimburses suppliers.

SAMED and individual members have escalated their communication to Gauteng Health over the last year, and have in the last six months communicated with top officials and political leaders in the national and provincial Department about the problem.

“SAMED believes that patients in Gauteng and all those who are part of the provincial health service must be informed of the dire situation that is looming as a result of unpaid accounts,” says Marlon Burgess, Chairman of SAMED.

SAMED has spent months asking the Department of Health to attend to this situation and has warned that the mounting debt will force suppliers of medical technology to interrupt services because of their inability to finance the Health Department.

Gauteng Health has said that the reason accounts are not being paid is lack of funds.

SAMED said it is clear that the problem has become so vast that Gauteng Health cannot resolve it by itself and is demanding urgent action by national government.

“As a measure of last resort, we regret we now have to alert patients and the public to this critical situation, before it could result in a catastrophic incident where a vital medical device is not available in an emergency or during a routine clinical intervention,” says Burgess.

Medical devices are a diverse group of products used by healthcare professionals, therapists and patients every day to diagnose, treat and monitor patients. Medical technology is a strategic partner in healthcare provision as it saves,prolongs and improves the quality of patients' lives. Without medical devices, health care could not happen.

Members of SAMED provide important medical supplies to hospitals and clinics in Gauteng, from life-saving ventilators, infant incubators and important diagnostic, treatment, and monitoring equipment to basic syringes, bandages, drips and gloves.

“The unpaid accounts are threatening the sustainability of SAMED members. Some have been forced to interrupt or stop supplying altogether. There have been job losses and additional retrenchments are imminent. International suppliers are considering terminating supply to some SAMED members because of unpaid accounts. The situation affects SAMED members' cash-flow and ability to honour other financial commitments, such as bank loan repayments and payments to SARS.

“Ultimately, access to innovative medical technology is being affected for patients in the public sector and widens the gap between the public and private health sectors,” explains Burgess.

This is just one of the wider socio-economic ramifications that stems from the situation.

“National Treasury and the National Department of Health need to launch urgent investigations into the breakdown of financial management within the Gauteng Health Department and to provide necessary support,” stresses Burgess. “This should entail emergency financial resources to bridge the funding gap and resolve it in the interest of patients and health service users.

“Government also needs to establish whether chronic underfunding and / or mismanagement has contributed to the situation and if so, to act to rectify this and ensure it does not reoccur.”

SAMED acknowledges that if it is not possible to resolve this problem quickly, as reluctant as they might be, some SAMED members may have no other recourse but to stop supplying Gauteng health services. Others may decide to initiate legal action in order to recover outstanding payments.

“We remain hopeful, though, and the Gauteng Health Department has informed us at a recent meeting that all suppliers – not only the medical devices but of other services such as catering and maintenance – will be paid by the end of December. SAMED is encouraged by this undertaking and trusts that Gauteng Health will be able to honour it.

“It is extremely important that all parties work to sustain existing relationships and continue to build partnerships necessary for strengthening health services and ensuring that all South Africans have access to quality healthcare,” concludes Burgess.

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This release was distributed on behalf of SAMED by Jenni Newman Public Relations

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