

## Media Release on McCord Hospital : 23 January 2013

The KwaZulu-Natal Department of Health has noted with concern recent media reports which sought to apportion blame on it (the department) regarding the alleged imminent closing down of McCord Hospital. The way some media reported on this matter convinced us that there is little or no knowledge on the part of media about the status of McCord Hospital as regards those of state hospitals; and the relationship that exist between it (McCord) and the department.

McCord Hospital is a private institution and not a state hospital and as such, while the department has for years been providing grant funding to it, the department has no role and obligations in the running of its affairs.

The provisioning of grant funding to McCord Hospital and other institutions like St Marys Hospital, is informed by a legislative framework that calls on the department to establish partnerships with relevant organisations with a view to establish working relations that complement its objectives, programmes and actions aimed at providing a comprehensive health care service to the people of the Province of KwaZulu-Natal.

In this regard, there was an agreement between the Department and McCord Hospital that the institution (McCord) would treat HIV patients on behalf of the department while it (the department) provided laboratory services and medication. With the reduction in funding, the department has to redirect all the patients to state facilities. Furthermore, the hospital provided a service to train medical interns on behalf of the Department. In 2012, McCord Hospital informed the Department that it was no longer able to train medical interns on behalf of the Department due to the reduction of funding from other sources. The department in consultation with stakeholders such as the South African Medical Association (SAMA) reviewed the allocation of medical interns and redistributed them to public health institutions within EThekweni Metro. The funding allocated for both interns and other related costs for the financial year 2012/13 were not withdrawn.

The policy for the provision of grant funding to health institutions provides in among others that, grant funding shall not be provided to an institution where expenses have already been incurred; where the application for grant funding does not meet with the priorities, strategies and objectives of the Department; or where the organisation applying for grant funding will realise a profit from the grant funding.

McCord Hospital together with various other institutions has been a beneficiary of grant funding from the Department for many years. This funding was renewed yearly without consideration of the needs of the Department. This approach was identified as an area of concern by the Department's internal audit as well as by the Auditor General. This prompted the Department to re-look at its approach and the process for the provision of grant funding. In this regard, in April 2011 the Department informed all grant funded institutions about the review process and the fact that the financial year 2011/12, was the last year that they would receive funding under the old dispensation. These institutions were further informed that organisations requiring grant funding for the financial year 2012/13, would be expected to apply for such funding and that future funding was not guaranteed.

It must be said that McCord Hospital did apply for funding and presented its budget for three financial years (2011/12, 2012/13, 2013/14). However, after scrutinising the grant application and the financials of the hospital, it was noted that the Department of Health subsidy to McCord Hospital had increased by 51% from 2009 to 2012. In this regard, it became apparent that the Department grant would now be the main revenue stream for McCord Hospital. Furthermore, that the budget submitted by the hospital, would yield a profit for it over a period of three years. This is against government policy as it (government only provides grant funding to none profit organisations).

In the past, the Department has had numerous engagements with McCord Hospital to discuss different options that could mitigate challenges that the hospital has been facing. One of the options which were presented by McCord Hospital to the Department was that the hospital would trade as a private hospital. McCord Management informed the department that the institution was in the process

of completing its application for a private license. The Department is still waiting to be updated on this process.

In conclusion, it must be noted that McCord Hospital is a private institution that charges discounted private rates for services. In addition, this institution does form part of the referral system and therefore does not provide services to indigent patients.

However, the Department is still open to negotiations with McCord Hospital on issues of grant funding, provided that the institution is willing to comply with the prescripts of Government policy for the provision of grant funding to health institutions; and that the hospital is willing to provide health care services to all people of the Province as envisaged by section 27 of the Constitution of the Republic of South Africa.

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