



Government Gazette Staatskoerant

REPUBLIC OF SOUTH AFRICA
REPUBLIEK VAN SUID-AFRIKA

Vol. 430

Pretoria, 30 April 2001

No. 22267



AIDS HELPLINE: 0800-123-22 Prevention is the cure

CONTENTS

| No. | | |
|-----|-------------|----------------|
| | Page No. | Gazette No. |

GENERAL NOTICE

Trade and Industry, Department of

General Notice

| | | | |
|-----|--|---|-------|
| 919 | Rules for the Conduct of Proceedings in the Competition Commission: Notification of reasons for decision to conditionally approve the transaction involving Mediswitch (Pty) Ltd and Qedi (Pty) Ltd..... | 3 | 22267 |
|-----|--|---|-------|

GENERAL NOTICE

NOTICE 919 OF 2001

COMPETITION COMMISSION

NOTIFICATION OF REASONS FOR DECISION TO CONDITIONALLY APPROVE THE TRANSACTION INVOLVING MEDISWITCH (PTY) LTD AND QEDI (PTY) LTD

The Competition Commission hereby gives notice, in terms of Rule 38(3)(c) of the 'Rules for the Conduct of Proceedings in the Competition Commission', that it has approved the transaction involving the above mentioned firms, subject to the conditions set out below.

The reasons for the Competition Commission's decision to approve the abovementioned transaction conditionally are as follows:

The proposed transaction raises significant competition concerns. The parties are involved in the business of conveying claims electronically between medical practitioners and healthcare funders. The parties' market shares, post-merger, for the electronic conveyance of claims for medical practitioners will be high. Furthermore, the merger raises vertical integration concerns, more fully discussed below.

In order for the Electronic Medical Claims Switching process to work, private medical practitioners require specific Practice Management Software ("PMS") to be loaded on to their computer systems as well as certain technical functionality to be built into their systems, in the form of an Application Programme Interface ("API"). Med-e-Mass (Pty) Ltd ("Med-e-Mass"), a subsidiary of Mediswitch controls a significant portion of the PMS market. Furthermore, Mediswitch is already vertically integrated and Mediswitch has allowed QEDI to interface with its PMS.

All "independent" PMS systems are fully integrated with competitors in the switching segment that require the transportation of claims from private medical practitioners to the healthcare funders. The PMS package controlled by the Mediswitch group, (Med-e-Mass), is only allowed to integrate with Mediswitch and QEDI. The vertical integration concern the Commission has with this transaction is that there has been foreclosure by Mediswitch even prior to the proposed merger. If this is tied to the switching service rendered by QEDI, which will be acquired as a result of the proposed transaction, it is believed that the

transaction will give rise to a substantial lessening of competition in the electronic claims switching market for private medical practitioners.

This will have a negative effect on the choice that the end consumer, which in this particular case is the private medical practitioner, will have with regard to the type of electronic switch he/she is allowed to interface.

However, the Commission is of the view that the conditions set out below would significantly reduce those concerns. The merger is, therefore, approved, subject to the following conditions:

For a period of three (3) years after the approval of this transaction by the Commission:

1. The merged entity shall, on reasonable written request by any healthcare switch entity, integrate the applicable latest versions of PMS packages which it owns or controls, with an API which enables an interface with the switching technology of the healthcare switch entity requesting such integration, in accordance with an agreement referred to in paragraph 2 below.
1. Pursuant to such a reasonable written request, the merged entity shall use all reasonable endeavors to conclude a written agreement with the requesting healthcare switch entity concerned, within a period of 60 days after receiving such request, containing commercially, financially and technically reasonable terms.
1. The merged entity shall provide a quarterly report to the Commission, for a period of 12 months after the date of approval, detailing all requests by third party healthcare switch entities to integrate their API and functionality with the PMS packages owned or controlled by the merged entity, as well as detailing the agreements and time frames concluded with such third party healthcare switch entities in respect of the integration process.

Enquiries in this regard may be addressed to Mr. A. Chetty at Private Bag X23, Lynnwood Ridge, 0040. Telephone: (012) 482 9044, or Facsimile: (012) 482 9121. (Reference: 2001 Mar 13)

Printed by and obtainable from the Government Printer, Bosman Street, Private Bag X85, Pretoria, 0001
Publications: Tel: (012) 334-4508, 334-4509, 334-4510
Advertisements: Tel: (012) 334-4673, 334-4674, 334-4504
Subscriptions: Tel: (012) 334-4735, 334-4736, 334-4737
Cape Town Branch: Tel: (021) 465-7531

Gedruk deur en verkrygbaar by die Staatsdrukker, Bosmanstraat, Privaatsak X85, Pretoria, 0001
Publikasies: Tel: (012) 334-4508, 334-4509, 334-4510
Advertensies: Tel: (012) 334-4673, 334-4674, 334-4504
Subskripsies: Tel: (012) 334-4735, 334-4736, 334-4737
Kaapstad-tak: Tel: (021) 465-7531