Comment on the NHI Bills presented by Health Minister, Dr Aaron Motsoaledi

Issued by Bonitas

3 Jul 2018

Bonitas Medical Fund welcomes the draft amendment Bill to the end that it aims to make healthcare more accessible.

"While in principle we support the actions of the government and applaud them for taking proactive measures to improve the quality of national healthcare in South Africa, we have reservations and concerns around some of the proposed amendments. And this not only in respect of representing private medical schemes," says Kenneth Marion, COO of Bonitas Medical Fund.

Kenneth Marion, Chief Operating Officer of Bonitas Medical Fund

The universal National Health Insurance Bill proposed by The Minister of Health, Dr Aaron Motsoaledi, is defined by the World Health Organisation (WHO) as 'universal health coverage means people will receive the health services they need without suffering financial hardship'.

Concerns

No one is disputing that a comprehensive and viable healthcare system is needed in South Africa and is long overdue. However there are a number of questions which still need to be answered:

- How the system will ensure quality healthcare is provided; how it will be administered and how it will be funded?
- Another is around the proposal that there be a single public purchaser and financier of health services for the country.

The role of medical schemes

Previous pronouncements on NHI intimated that medical schemes would essentially be reduced to playing a complementary role within the NHI dispensation. In the draft Bill, there are no explicit provisions for significant changes in the role, structure and functioning of the medical scheme industry, other than to mention that they will cover what the NHI doesn't.

"However, it is important to note that the NHI Bill was published in tandem with the Medical Schemes Amendment Bill which contains some fundamental changes for schemes which have potentially far reaching implications on the benefits options, structuring, membership coverage and funding obligations."

Funding

"Our knowledge and experience enable us to assist the Government with the funding aspect, ensuring there is value for money, for instance, by avoiding duplication," Marion says. "We have a great deal of experience in keeping healthcare systems cost-efficient. We feel that perhaps the Bills were presented prematurely, are more of a strategy with the implementation being at best, vague."

Fraud, Waste and Abuse (FWA)

"One of one of the major drivers of healthcare inflation and increased costs is fraud, waste and abuse (FWA) which adds

an estimated R22bn to the annual cost of private healthcare," says Marion.

"A conservative estimate is that between 10 and 15% of claims contain elements of fraud. Private medical schemes have invested heavily to introduce robust analytical software programme to help identify anomalies and irregularities to put a stop to FWA. We're not sure that one central fund for all healthcare funding and purchasing power is the most prudent option. A system of this kind is open to corruption and abuse on an even larger scale."

Medical aid - a complementary role

That said, we remain positive that we can play a role in plugging the gap left by the NHI, a gap conceded by the Government. The Bonitas mandate is to provide affordable and quality healthcare for all South Africans and we see our role as a complementary health product provider to the NHI.

Optical care

While comprehensive in terms of healthcare coverage, the NHI won't cover everything. "Dentistry, optical care and other lifestyle conditions aren't necessarily high priorities because there are bigger burdens in other areas," says Marion. According to WHO, 246-million people worldwide have low vision and 39-million are blind – most of them in developing countries. As much as "80% of all visual impairment can be prevented or cured," says the WHO, but many do not get the treatment needed.

So of the world's 39-million blind people – most of whom are in the developing world – 30 million lost their sight unnecessarily; their blindness could have been prevented through basic health care and simple procedures like cataract operations.

In addition to this, 2.5 billion people don't have access to glasses 700 years after they were invented. We believe this is one of the areas in which we could provide a complementary service.

Managed care

'We are also keen to play an active role in preventative and managed healthcare something which has been neglected. Dr Motsoaledi has said numerous times that *'Lifestyles diseases have become an epidemic in South Africa and this too needs to be addressed'*. There are risks involved when people are only diagnosed once they suffer from a certain preventable condition.

Diabetes is a good example. Many people are pre-diabetic. Through our managed care programme we encourage people to change their lifestyle and make sure they go to the doctor regularly to prevent them from becoming full-fledged diabetics. The Government has made a pledge to tackle the epidemic of lifestyle conditions but we feel that the burden of disease is so vast that the NHI system will not be able to manage this for over 55 million people.

Changes to medical schemes
Abolishing brokers

"We feel the role of brokers is not completely understood. Their role is not to simply to sign up members. Brokers help alleviate some of this confusion by providing an independent evaluation of a person's specific circumstances, both from a financial and healthcare perspective," says Marion.

From a servicing perspective, brokers are 'invaluable', as they aid consumers in resolving their queries quickly and efficiently, and help educate them. We feel South Africans should have a choice whether they would like to use a broker when it comes to making their healthcare choices.

Co-payments

The reason why rates are higher than those prescribed by the National Health Reference Price List (NHRPL) is that the last time the rates for healthcare services were set was in 2006 – 12 years ago. With an increase of around 3-6% the prices have not kept up with healthcare inflation, the rates are not viable for a healthcare provider to run a viable practice. In fact, the rates set by the NHRPL haven't broken the R300 mark for a consultation yet. This is why most rates are higher why there are co-payments. The reality is that many medical scheme plans offer payment way over the medical aid rate.

Marion believes the abolishment of co-payments is quite idealistic. This amendment would mean the full cost of healthcare would be covered by schemes. Co-payments were initially introduced to contain and manage rising healthcare costs by encouraging members to use Designated Services Providers (DSPs) and network hospitals and to manage expensive elective surgical procedures.

But Marion explains that in all instances in which co-payments arise, consumers have alternative options to take. The reality is that healthcare inflation is rising at an alarming rate and comfortably outpacing general inflation. In order to mitigate the effect of this, medical schemes negotiate rates with DSPs to ensure members access care of high quality and get maximum value for money. However, a member is still free to utilise another provider but this may attract a co-payment as this is a means we use to not only encourage a member to make better healthcare decisions.

By way of example, co-payments often apply to elective procedures, or out-of-pocket payments for medicine if generics are available, and if a consumer receives healthcare from a service provider which has not been designated in terms of the rules of the scheme.

Solvency ratio and reserves

It has been indicated that the Council of Medical Schemes (CMS) is currently reviewing the legislated 25% reserves requirement. This with a view to introducing a more risk-based capital approach that could allow a portion of the existing reserves to be released to help alleviate members' needs in terms of funding for health care services and/or reduce annual premium increases. This review is welcomed by the industry, should it be implemented responsibly.

Regulation of prices

There are large-scale changes that would affect private providers of care (both healthcare professionals and hospitals), including the data requirements, contracting and tariff regulations. It is envisaged that this will be the cause of much engagement and/or legal proceedings. There are some potential positives in the proposals for the introduction of some uniform prices for health services. This provision could be beneficial for the medical scheme industry as it will create a uniform set of prices/tariffs by which schemes can purchase services from providers and suppliers of health products – nonetheless, it is unclear in the Bill whether the prices that will be determined by the NHIF will be uniformly applicable to all purchasers of health care services.

We wish to re-iterate that the process is that comments will be received from various stakeholders within the industry over three months and that these will be considered before a final Bill is tabled.

- **Bonitas excels at the Titanium Awards for the third year running** 9 May 2024
- **Measles - it's a serious illness** 30 Apr 2024
- **Getting to grips with flu** 17 Apr 2024
- **Helping drive wellness initiatives** 9 Apr 2024
- **TB - serious but curable** 19 Mar 2024

Bonitas

Bonitas aims to make quality healthcare accessible to South Africans. We offer a wide range of products that are simple to understand, easy to use and give our members more value for money.

Profile | News | Contact | Twitter | Facebook | RSS Feed