Proposed changes to Medical Schemes Act will affect payouts

The Minister of Health, Aaron Motsoaledi, proposed changes in mid-2015, to Regulation 8 of the Medical Schemes Act (MSA) that suggest that patients may no longer be paid out in full for all prescribed minimum benefits (PMBs) if the amendments are adopted.

Graham Anderson, principal officer and CEO of Profmed, says the amendments are intended to ensure that medical schemes remain sustainable and that, going forward, there will also be financial benefits for medical scheme members.

Prescribed Minimum Benefit conditions set out a list of around 300 medical conditions including emergency, chronic conditions and dread diseases such as cancer. Currently, Regulation 8 says medical schemes must cover the full cost of members' bills for PMBs, regardless of what their healthcare providers charge. However, the provision for payment in full has proved problematic for medical schemes, as the Act has not defined payment tariffs for PMBs. This, says Anderson, has had negative effects on the sustainability of schemes.

"While the proposed amendments are likely to cause anxiety among many medical scheme members, schemes will still, in fact, pay for these conditions, albeit at reduced rates. We believe the amendments will actually make medical schemes more sustainable and we foresee that healthcare inflation in the future should drop to be more in line with general consumer inflation (CPI).

"This is in contrast to recent years when annual healthcare inflation has typically been significantly higher than CPI. The net result will be that future annual medical scheme contribution increases should be smaller than they have been in recent years, making medical scheme cover more affordable for many."

However, Anderson acknowledges that the proposed changes are far-reaching and that there are different implications for different stakeholders, which have unfortunately set the proverbial cat among the pigeons.

"In essence, the Health Minster has moved to end a long-running industry row over the extent to which medical schemes are liable for their members' bills for Prescribed Minimum Benefits. At first glance, the set of proposed amendments may appear to appease funders at the expense of patients and, arguably, doctors. The move has been welcomed by the healthcare funding industry.

Doctors feel tariffs do not meet expenses

"Some doctors have criticised the proposed amendments and threatened court action. If the proposals take effect in their current form, doctors would have to charge patients for their care for Prescribed Minimum Benefits conditions according to a set tariff. This is the 2006 tariff guide called the National Health Reference Price List, which, according to the Minister, has been adjusted for consumer price inflation. However, doctors say that the adjustments do not take into account their increased overhead costs, for example, which they say have escalated as a result of advances in medical technology."

Clarifying the possible effect on consumers, Anderson acknowledges that if there is a shortfall between the prices that medical schemes will pay for a PMB condition and what a doctor is allowed to charge, patients will likely have to pay a co-payment for the difference. However, he points out that medical schemes generally have set designated service providers and that if a member uses these providers for any prescribed minimum benefit condition, there shouldn't be a need for additional payments.

"Designated service providers are networks of providers of healthcare services who have contractual agreements with medical schemes to charge at a certain agreed rate. If a patient goes to a preferred provider network, the scheme will pay for the treatment in full. It is only if a patient chooses not to use a scheme's network that they could possibly be subject to co-payments."

The multi-faceted nature of the proposed changes to Regulation 8 of the Medical Schemes Act highlights the need for all stakeholders to be involved in discussions to ensure the best possible outcome regarding the final amendments.

"The intention behind the change in Regulation 8 is to give providers and funders equal power to negotiate and come up with a fair tariff that's affordable to members. It is important that pertinent stakeholders do not overcharge patients so that medical schemes still remain viable. Medical schemes and healthcare brokers should take the necessary steps to inform and educate their members on what this means for them and the partnership with the scheme.

"These educational steps could include newsletters, written in plain language, that are sent both by post and/or email, depending on the demographics of the medical scheme's members; face to face presentations at appropriate and convenient venues; and brief notifications of future information opportunities sent by text messages to alert the members. By informing members timeously once the way forward is clear, members will be informed of any future changes and can be made aware of the potential advantages to all stakeholders."