

# Affordable healthcare in 2020

Issued by [Bonitas](#)

30 Jan 2020

Medical aid may feel like a grudge purchase until you find yourself faced with a health issue, and unexpected and expensive medical or hospital costs. Unfortunately, healthcare inflation continues to outpace general inflation by about 5%. So, while consumers continue to struggle to make ends meet, medical aids need to explore ways to contain costs without compromising the level of healthcare offered to members.



Lee Callakoppen, Principal Officer of Bonitas Medical Fund.

We cannot argue that high costs are beyond our control and expect our members to just take it on the chin. We need to continue to be proactive in finding new and innovative solutions to contain costs while still offering value and a high level of care. More active disciplined management will be required under the current economic climate in 2020.

We believe there are areas of inefficiencies. As stakeholders in the system, we need to address this constructively in order to change the healthcare landscape. This involves empowering both members and providers as was clearly set out in the recent Health Market Inquiry (HMI) Report. Some recommendations in the report, specifically the regulatory reform, will go a long way to transforming the current landscape and making healthcare more affordable.

Bonitas, like all medical schemes in South Africa, is a non-profit trust, registered with the Council for Medical Schemes (CMS). The schemes are owned by their members, governed by a board of trustees and all surpluses are invested back into the scheme on behalf of members.

Growth and retention of membership are imperative for any fund, so it is up to the scheme to find innovative ways of adding value and keeping costs as low as is sustainably possible. In addition, as the age of membership increases, schemes need to attract younger, healthier members to balance the risk pool. Bonitas has expanded its product offering to meet the needs of younger individuals – which has contributed towards its growth.

We feel confident we are addressing the issue of affordability and having a wider appeal thanks to our product lineup. Testimony to this is that we saw a growth of 50,300 members in 2019 (3.2%) despite uncertainty around NHI, a poor economy, low salary increases (around 5%) and an average rise of 10% in medical aid contributions.



HEALTHCARE

Medical Aid - Making the right choice

Bonitas 29 Oct 2019



## Ways we manage costs

- We create partnerships with defined networks of hospitals and specialist service providers who help us limit utilisation and costs, without compromising members' access to quality healthcare.
- Managed care: There is an increased prevalence of lifestyle diseases such as diabetes, hypertension and cardiovascular disease as well as HIV/Aids, cancer, chronic medicine management, back and neck pain, hip and knee replacements and mental illness. For this reason, we have a number of managed care programmes aimed at predicting and preventing conditions before they become chronic and managing them in the most clinically

appropriate way.

- **Fraud, waste and abuse:** The growing incidence of fraud, wasteful expenditure and abuse of member's benefits is another factor that impacts the cost of medical aid. In partnership with our administrator, we have been meticulous in our zero-tolerance response to these unethical practices, deploying forensic software and other resources to identify and address these criminal activities. We involve our doctors and specialist networks in seeking solutions that service the interests of our members. Over the past three years this has saved the scheme and its members over R174m. Significantly over R153m of this is attributable to a positive change in the claiming behaviour of wrongdoers after they were investigated and sanctioned.

### 1. How members can curtail costs

- *Use Designated Service Provider (DSPs) network for hospitals.*

By using networks on certain plans we are able to get better rates for members without compromising quality of care. This, in turn, enables members to pay a lower monthly contribution in exchange for using DSPs.

- *Additional benefits*

Check which benefits are included on your option that can potentially save significant day-to-day expenses. Such as preventative care benefits, ranging from basic screenings (blood pressure, cholesterol, blood sugar and body mass index measurements) through to mammograms, pap smears, prostate testing.

- *Minding the Gap*

If your option applies co-payments for defined procedures or covers you for only 100% of the medical scheme's rate (and not the rate actually charged by the doctor), it is worth your while to investigate gap cover. This is a separate insurance policy you can take out to cover you and your family, for the difference between the medical scheme rate and what the provider has charged you (up to a maximum defined level).

### 2. Chronic and intermittent medicines

- Almost all options on all medical schemes apply a medicine formulary. This is a list of drugs which the scheme will cover in full. If you use medication that is not on the formulary, you will be liable for the difference. Discuss the formulary medication with your doctor to see if this is appropriate for you.
- The schemes can also specify that you obtain your medication from DSP pharmacies. If there are none close to you, most schemes also designate a courier pharmacy to deliver the medication to you at a preferred address.
- Ask your pharmacists for generic medicine. 100 million prescriptions are filled for generic medicines in South Africa per annum. This equates to 78% of the generalised market opting for a far more cost-effective drug where the pharmacological effects are exactly the same as those of their brand-name counterparts

Everything implemented by Bonitas, designed to curtail spiralling health costs, is on behalf of our members. After all, the Fund belongs to the members, so any interventions are to protect their interests within the ambit of the Medical Schemes Act.

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