PSG Employee Benefits Linking your healthcare options

NEWSFLASH

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'Health is like money, we never have a true idea of its value until we lose it'

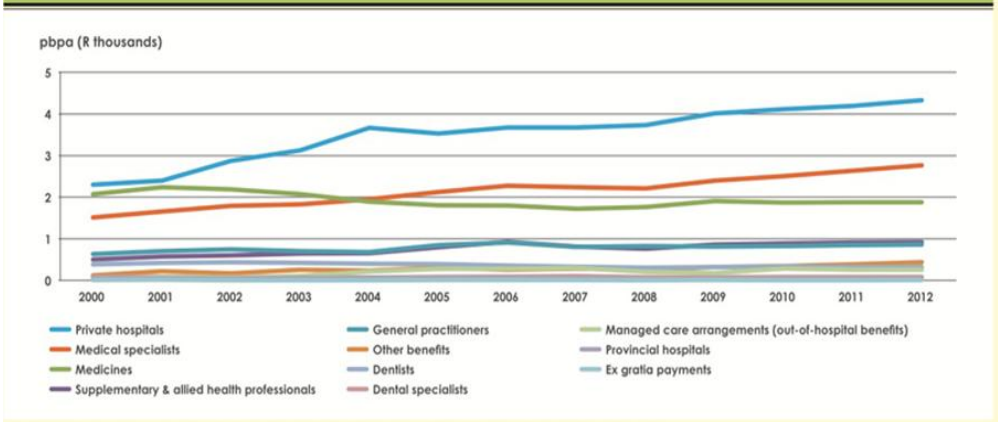
Josh Billings

PSG Employee Benefits is part of the PSG Konsult Group – one of the largest independent financial services providers in South Africa today and focused on serving the SME institutional and public sector markets

CMS Releases Annual Report

ESCALATING private hospitalisation as well as medical specialist fees continue to make up a large chunk of medical scheme expenditure - costing members more in contributions. The Council for Medical Schemes released its annual report for the 2012/13 financial year yesterday. The report revealed that in the 2012 financial year, medical schemes received a total of R117.5 billion in gross income contributions. Of that, expenditure on private hospitals accounted for R37.6bn, an increase of 11.1 percent from 2011, and payment to medical

Figure 25: Total healthcare benefits paid per beneficiary per annum in 2000-2012: 2012 prices*



* CPIX is the rebased Consumer Price Index (CPI) excluding interest rates on mortgage bonds.

specialists was R24bn - a year-on-year increase of 12.9 percent. Chief executive and registrar of the council, Dr Monwabisi Gantsho, said the fees of private hospitals and specialists must be urgently regulated in order to contain this. Every year, according to the report, the council analysed assumptions that medical schemes had used to arrive at their respective contribution increases for a particular benefit year. Cost assumptions that are used to arrive at contribution increases take into account the tariff portion (as negotiated by the schemes and healthcare providers), the changes in beneficiary demographics and the use of healthcare services. The council advised medical schemes to limit the cost increase assumptions for the 2013 benefit year to six percent for each healthcare cost driver, including private hospital fees, specialist costs and administration fees. However, the average gross contribution increase for all medical schemes this year was 9.7 percent. The report also showed that while there was a decrease in the number of medical aids registered in the country as a result of amalgamations and liquidations, from 97 in 2011 to 92 at the end of last year, the number of beneficiaries had grown by 1.8 percent to 8 679 473 members at the end of last year from 8 526 409 in 2011. Gantsho said the industry remained financially healthy overall and members were, in broad terms, "safe" as the industry's solvency ratio stayed above the minimum 25 percent ratio, with an average ratio of 32.6 percent.

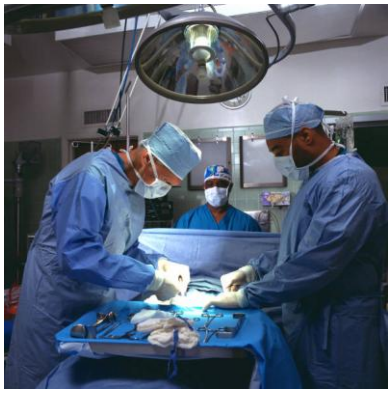
CMS Releases Annual Report …Continued

For the first time in 13 years, the council recorded a drop in the number of complaints received, by more than 200, compared with other financial years. The report says it received 5 915 complaints in the 2012/13 year, compared with the 6 138 in the previous reporting period. Gantsho attributed this decline to many schemes supplementing their communication with their members and having their own accredited regulators who resolved more disputes at scheme level before turning to the council. The council noted in the report that more complaints were received about the manner in which medical schemes paid for prescribed minimum benefits than any other complaint category. The report said a total of 2 411 complaints fell inside the prescribed minimum benefits category in the year under review. Of these, 592 related to non-payment of prescribed minimum benefits claims and 1 814 dealt with the payment of claims relating to services rendered for prescribed minimum benefits claims. The highest sub-category under prescribed minimum benefits (846 complaints), related to instances during which schemes incorrectly funded prescribed minimum benefits claims at their respective scheme rates and not in full, leaving members to foot the balance of the bill. Gantsho said the prescribed minimum benefits stand had to be protected and strengthened in order to serve beneficiaries and the health system. He added that non-compliance with prescribed minimum benefits provisions in the Medical Schemes Act undermined the effectiveness and long-term sustainability of the medical schemes industry and, consequently, threatened to undermine the national healthcare system, both public and private.

Source: Vuyo Mkize: The Star, 4 September 2013

NHI 'Not the End' of Medical Schemes Industry

DEPUTY Health Minister Gwen Ramokgopa has given a strong signal that the introduction of the National Health Insurance (NHI) will not spell an end to the medical schemes industry, a spectre feared by many middle-class consumers who have opted to pay for private medical care rather than deal with the uneven quality of services in the state sector. Speaking on the sidelines of the 14th annual Board of Healthcare Funders conference, Ramokgopa said the medical schemes industry will still be with us for a while. The government's plans to introduce National Health Insurance (NHI) would not preclude anyone from continuing to purchase private health cover, she said, adding that if people would like to buy additional products beyond what the NHI caters to they will be free to do so. She said that Health Minister Aaron Motsoaledi would present the White Paper on NHI to the Cabinet "soon", but declined to be drawn on a date. The policy document is eagerly awaited, as it has been exactly two years since the government published its Green Paper on NHI (in August 2011). The White Paper is the next step in policy development before enabling legislation can be drafted. Ramokgopa said the delay had been necessary to ensure adequate consultation with stakeholders and other government departments. She said discussions with Treasury regarding the exact date when people will start to contribute to the NHI fund were underway. Ramakgopa also raised concerns about the sale of health insurance disguised as medical schemes, saying it was important that people knew that these products were different.



Source: Tamar Kahn: Business Day, 21 August 2013 - Sipokazi Fokazi: Cape Argus, 21 August 2013

Health Department to use Private Providers to spread net

THE Department of Health is harnessing opportunities to dispense some of its services through the private sector and to fund some benefits for medical scheme members. Deputy director Anban Pillay, the head of pricing in the department, said the state was looking to offer free healthcare services to medical aid members in areas where schemes provided limited benefits. Medical schemes have limited benefits for vaccinations and family planning, among other things, and members have to fund these through out-of-pocket payments. Pillay said the department could look at funding these in the private sector so that people without medical aid cover could access them from private service providers. Pillay said family planning and other primary healthcare services could be offered in pharmacies. He said there might be some billing involved but these were areas that could be negotiated. Pillay said there had been challenges

Health Department to use Private Providers to spread net (Contd.)

to such arrangements in the past as some providers abused the system and this was a problem the department would have to address. The department wanted the treatment guidelines for disease management and the coding system for claims to medical schemes to be harmonised in both the public and private sectors to prevent potential abuse.

Pillay said the extent to which medical schemes used public sector services was very limited and the department felt that the utilisation of services, especially of public hospitals, by medical scheme members could be improved. Few medical schemes have low-cost options with state hospital plans. But, according to medical aid administrator Universal Healthcare, which is contracting with state hospitals as a designated service provider, administrators are often told there are no beds available in public hospitals. The administrator also said that although the contract with the hospitals would specify fees for using its facilities, in many instances, doctors in state hospitals billed the medical schemes separately and therefore a clearer governance guideline was needed if the department wanted to contract more services from private sector providers. Pillay said the department would put plans in place to deal with the governance challenges so that medical schemes would be aware of the differences between contracting with the private sector and using public sector services. He said the way that the state contracts with medical schemes should not replicate the problems that schemes currently experience in the private market. Pillay said that due to the complexity of the contracting process, there would be a national contracting plan and provinces would not contract directly with the medical schemes or private providers.

Source: Londiwe Buthelezi: Business Report, 21 August 2013

Medical Aid Credit Could Benefit Lower Earners

THE introduction of a new medical aid contribution credit could make cover more affordable for lower income earners, according to the South African Institute of Chartered Accountants (Saica). Saica project director of financial services Yusuf Dukander encouraged people who did not have medical aid to look at their finances and at the medical contribution credit to see if they could afford cover. He said the medical aid tax credits came at a crucial time in the lives of many South Africans, considering the fact that approximately 84 percent of South Africans were still living without medical aid cover.

According to Saica, only 3.7 million out of 51.8 million South Africans were main members of a medical aid scheme, with 4.8 million being their dependants. People who already belonged to medical aid schemes would qualify for the credits. The tax credits were set at a fixed monthly amount for the taxpayer, and their first dependant. Two-thirds of that amount would be for additional dependants, Dukander said. The new tax credit - which was effective for the 2013 financial year - was a positive move until the National Health Insurance (NHI) was fully operational, he said.

Source: SAPA, 19 August 2013

Chronic Care System 'to transform healthcare'

LIFE for patients treated for chronic diseases in public health facilities is expected to become much easier with the roll-out of a new management system in April next year. The integrated chronic care model will not only ease the burden for chronic patients, but also make space in public healthcare facilities for patients with acute conditions, according to Malebona Matsoso, director-general in the Department of Health. Patients treated for chronic diseases such as diabetes and hypertension have to visit a clinic or hospital on more than one day to obtain various services. Speaking on the sidelines of the Inter-academy Medical Panel Conference on the Changing Patterns of Non-Communicable Diseases, she said the new system - successfully piloted in the North West province, Mpumalanga and on Gauteng's West Rand -

Chronic Care System 'to transform healthcare' … continued

would allow patients to receive treatment for a host of ailments and chronic diseases during a single session on a single day, rather than in multiple sessions on different days. Matsoso said the results of the pilot programme had given the department hope of integrating services and improving healthcare. She said the Health Department had to ensure that the health system performed and that human resources in health facilities were appropriately addressed, including training, recruitment and retention. She also announced that the department was partnering with the World Health Organisation to assess its workforce in terms of its workload and skills base. She said the quality of services offered at 4 000 public sector health facilities had been audited and necessary corrective measures were being considered. Matsoso said that as part of the integrated chronic care model, the department would be working with the private sector to assist patients to collect their medication. Instead of having to queue at state facilities on specified days, patients would be able to collect their medication from selected facilities and pharmacies. Matsoso said the department had finished mapping suitable facilities and pharmacies across SA. South African Pharmacy Council CEO Amos Masango said the proposed integrated care model was good for patients. He said if all the pharmacies in the country could be utilised to assist in the distribution of medicines, it would be better as long queues would be reduced. Masango said there were 5 000 registered public and private sector pharmacies in SA. Source: *Prinesha Naidoo: Business Day, 15 August 2013*

Member ignorance the lifeblood of medical schemes

THE Health Ministry is concerned about the level of ignorance among members of medical schemes regarding what cover their monthly premiums entitle them to, according to Deputy Health Minister Gwen Ramokgopa. She told the 14th annual Board of Healthcare Funders' conference in Cape Town that the majority of medical scheme members were the most educated South Africans, yet they had difficulty understanding the products they had purchased. Christoff Raath, chief executive of actuarial consultancy The Health Monitor Company, said that sometimes the very survival of medical schemes depended on this ignorance. He said schemes were actually dependent on some members buying products that were much more comprehensive than they required. He said that the "worried healthy and wealthy" often bought a very comprehensive package without fully understanding what their entitlements would be on other packages. Raath said that quite often those beneficiaries, if they applied their minds properly, would realise that a lower package would still entitle them to very comprehensive prescribed minimum benefits. Medical schemes, however, complain that prescribed minimum benefits hamper their financial viability. Raath said although prescribed minimum benefits were to the benefit of members, "it simultaneously has the potential to cripple medical schemes". According to Raath, the introduction of prescribed minimum benefits in 2000 without a complimentary mechanism to equalise risk between schemes made costs hard to manage. The policy of open enrolment also meant that younger and healthier people were not incentivised to join and consequently cross-subsidise other members - further compromising the financial viability of schemes. He said mandatory cover meant everyone earning above a certain income would be required to join a medical scheme. That would mean there would be no anti-selection which currently happened when people only joined when they were sick and need cover. Ramokgoba said that the majority of tensions arose over prescribed minimum benefits and that "it is quite clear that between the scheme, the provider and the member there is no clear understanding of the benefits within each option". Moreover, Raath said that healthcare service providers, such as doctors, often overcharged for prescribed minimum benefits because medical schemes

Member ignorance the lifeblood of medical schemes … continued

could not refuse to pay out. Although these benefits were mandatory there were no standardised costs or treatment guidelines to govern their implementation, as South Africa does not regulate doctor's fees. Raath said this was why there was a very awkward situation where medical schemes almost required people, or at least some beneficiaries, to purchase products on ignorance. He said the rules of the game were "warped".

Source: *Amy Green: Mail & Guardian, 22 August 2013*

Eye Care Awareness Month

Eye Care Awareness Month is commemorated from 20 September to 17 October to raise awareness about the importance of eye health, specifically around the prevention and treatment of avoidable blindness.

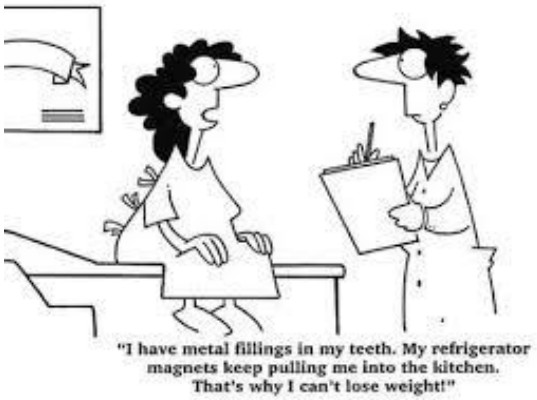
Seventy-five percent of blindness is avoidable either through prevention or through treatment – which is why is important to get your eyes tested at least once per year.

Symptoms of eye conditions can include:

- vision loss
- altered eye movements
- eye pain
- visual field loss
- bulging eye

Source: South African Government Information

A Lighter Healthcare Moment



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