



## **The Move Toward Group Practice in preparation for NHI.**

**BHF Southern African Conference**

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- In the current NHI debate , not many things are as clear as the SA Government's requirement for doctors to form into
- **Competitive groupings and Group practices .**

# Talk Outline

## Demographics

- The numbers vs the Primary health care needs

## Governments position

- Obfuscation to pragmatism

## Legal position

- HPCSA has the final say

# Talk Outline

- **Administrative needs**

- The how and why of group Practice

- **Strategies for providers**

- Becoming fully functional business units

- **SWOT analysis**

- A pragmatic analysis of group practices



The State has clearly indicated that they will favour contracting with groups of Providers as opposed to the individual Family doctor(GP) when contracting for what is expected to be a capitated arrangement at some stage in the future,

# THE MOVE TO GROUP PRACTICE IN PREPARATION FOR NHI



- It has however not yet announced the requirements or criteria , and as such we will have to work with what we have , and modify it with time.

# THE MOVE TO GROUP PRACTICE IN PREPARATION FOR NHI



# THE MOVE TO GROUP PRACTICE IN PREPARATION FOR NHI





- Position of the HPCSA
  - Business entities open to a doctor
    - Solo practice
    - Partnership
    - Association
    - inc
  - Doctors can never hide behind a corporate veil



- Partnership
- Association
- inc

- All lend themselves to a Group Practice



- Doctors may only share rooms , and thus form group practices ,with persons on the same register ie the Medical and Dental register

- Thus Doctors , Dentists , Physiotherapists
- Occupational therapists, Gps and Specilaists, Psycologists,dietitians, biokinetisists etc
- Doctors may NOT share with :
  - Nurses, Pharmacists



- Fee sharing:
- Outside of the above arrangements , doctors may not share fees with anyone who did not commensurately take part in the task



- Harmful business practices
- Doctors may not partake in any perverse incentives
- Kickbacks
- Rewards for over or under servicing
- Receiving or paying commissions
- Fee sharing





- That gets rid of 90 % of the ideas you all had in mind!

- Administration of Group Practices
- These may be done :
  - In house
  - Out of house
- Administration companies may be run and owned by doctors or corporates or both.
- Only doctor owned administration companies are recommended as they remain cognisant of the doctors obligations toward to HPCSA
- Outside administration companies should permit a majority of doctors to sit upon their BODs

- HCSA is currently silent on which administration mechanism meets with its full approval and has , to date , not objected to any of the current models

- Current group models in operation include National entities such as :
  - Medicross
  - Intercare
  - Healthworx
- There are also a number of highly successful doctor owned local groupings which include a doctor, dentist, physio , sessional rooms for specialists
  - Ots , Physio,
- Appears to be a gap in the market currently



# THE MOVE TO GROUP PRACTICE IN PREPARATION FOR NHI



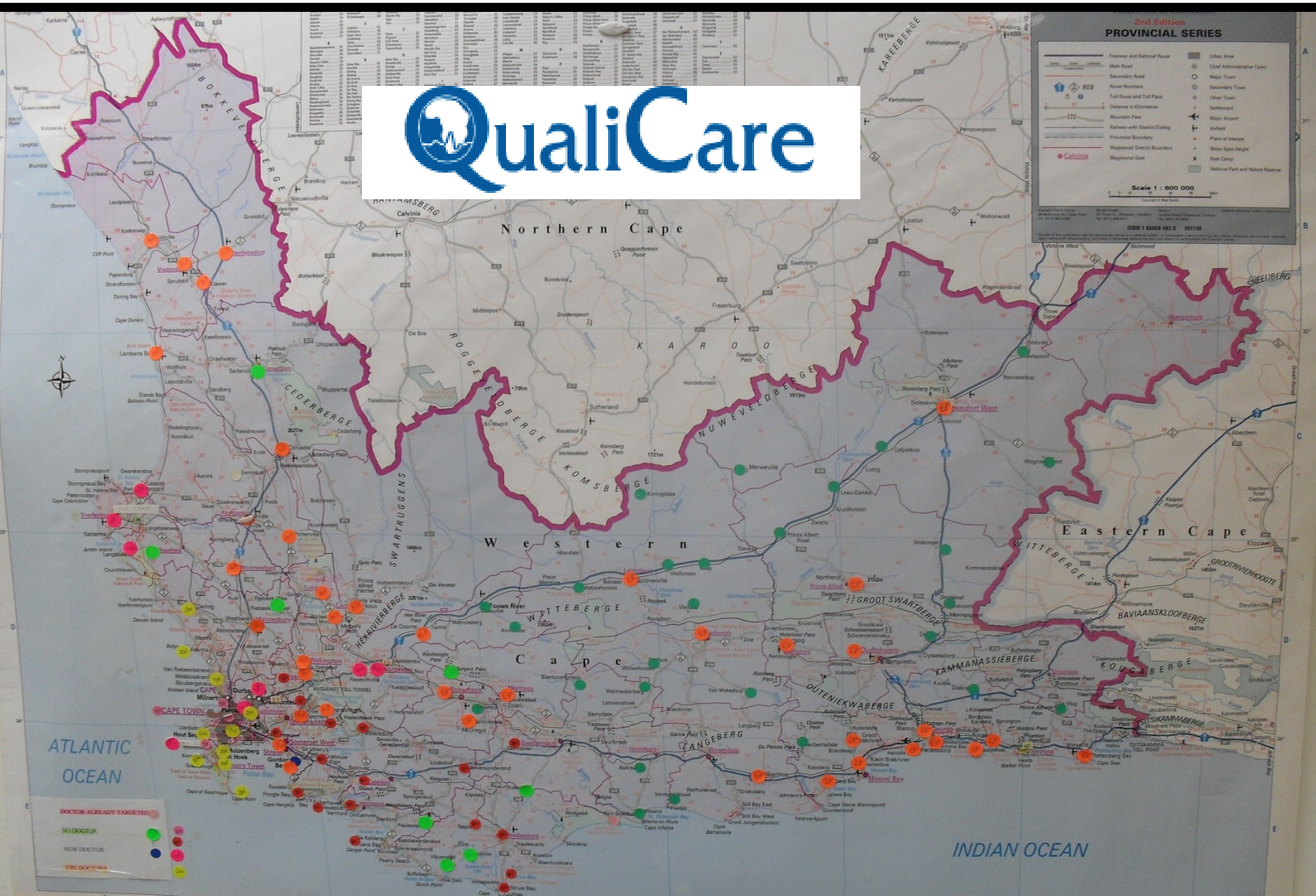
- The average GP is not catered for by any of these entities.
- Medicross looked into this some years ago and entered the market with Jointly Administered Practices or JAP's.
- These are essentially group practices which have their administration run by Medicross.
- A relatively small number of these was rolled out , and it can only be assumed that the model was not financially as viable as the fixed clinics built in the early 2000's



- Currently , many of the current models unashamedly service the top end of the medical aid and private market leaving 13 million employed but uninsured out of the equation.

- CPC/Qualicare identified this weakness in the market.
- We have 6 travelling consultants, who visit doctors on a daily basis, in their surgeries. We condensed the problem into lack of knowledge of sound business principles
- Day to day practice management is not taught at Medical school.

# THE MOVE TO GROUP PRACTICE IN PREPARATION FOR NHI





- A warm welcome to the web site of Dr Lightfoot and Partners at Collingham and Thorner Surgeries
- Church View surgery is set in the village of Collingham, two miles south of Wetherby and 7 miles north of Leeds on the A58.

- We cover 9,000 patients from two surgeries, the main surgery in Collingham with a branch surgery in Thorner. We have five partners; two male clinical, two female clinical and one non-clinical. We pride ourselves in providing good family medical service from pleasant modern premises. We are fully computerised and have a large team of dedicated caring staff.
- We hope that this information will be of service!
- We endeavour to continuously improve our service and welcome feedback.
- Thank you

- Before you can move to Group Practice and fund holding or capitation.....
- **YOU MUST UNDERSTAND HOW TO RUN A BUSINESS**



*MacRobert*  
Attorneys



# THE MOVE TO GROUP PRACTICE IN PREPARATION FOR NHI

*Magic Words*



# THE MOVE TO GROUP PRACTICE IN PREPARATION FOR NHI

## STRENGTHS



## Doctors

- Improved quality of life for doctors
- Traction with outsource companies to perform admin at a good price
- Economies of scale and ability to share:
  - in computer systems, outsourced billing, telephone systems, staff ng, expensive equipment.
  - Goodwill and sale of building in future

## Patients

- Greater convenience.1 stop shop for patients
- Reduction of patient stress searching for providers

## Funders and /or Government

- PPPs will be far easier to implement
- Payment for capitated services will be simplified

## WEAKNESSES



## Doctors

- Perverse or Harmful business practices
- Fee sharing
- Loss of identity to the group
- End of House doctor era
- Currently Mainly in big cities
- Currently only servicing the top end
- Herding Cats

## Doctors

- Loss of control of accounts
- Gullibility of the Medical Profession to business dealers
- High capital startup costs
- Outsource partners seek early ROI .Perverse incentives++
- Lack of basic business skills: Drs easily misled
- Expensive to run in house dispensary

## Doctors

- Potential for Perverse relationships with Pharmacy
- In house Pharmacy and Formulary open to Kickbacks
- Choice of Formulary Medicine tainted by kickbacks
- Corporates are not governed by the Ethical Rules of the HPCSA
- Doctor will stand alone in defence

## Patients

Concept of House doctor gone

See the “ duty Doctor”

Business initiatives to part patient and their money

Sunglasses, dietary clinics , Massage, gimmicks



## Government

- Centres currently not aimed at the correct market segment
- Poor track record of previous Privately run clinics which did cater for this sector
- Legacy of current DHO system
- Poor track record of Government in COIDA
- Resultant negative perceptions for success

# THE MOVE TO GROUP PRACTICE IN PREPARATION FOR NHI

## Opportunities



## Doctor

- Represents a new and exciting concept
- Huge potential of Goodwill by profession
- Relatively few doctors in this sector
- Ability to write the rules
- Increased patient base and income
- Peer review potential

## Patients

- New Access to doctors
- Dignity in Health care
- Affordable options

## State

- 8,500 doctors
- 1000 to 1500 patients per doctor
- Through this system between 8.5 and 13 MILLION South Africans can be accommodated

## Doctors

- Large investment in property or renovations vs Corporate ownership of Medicine
- Kickbacks become more sophisticated



Photo: Sandilya Theuerkauf

## Patients

- Denuding smaller towns of doctors who may move to the larger groups and clinics
- Old style House Doctor will die off

## State

- This has never been done before
- Lack of any concrete details on NHI
- Awful legacy of COIDA payments

- ACCREDITATION OF THE GROUP PRACTICES