

BHF

Info-line

Vol.6 November 2005

An industry update brought to you by the Board of Healthcare Funders of Southern Africa

The Board of Healthcare Funders welcomes its new CEO

The Board of Healthcare Funders (BHF) is delighted to announce that Dr Humphrey Zokufa has been appointed Chief Executive Officer from 15 November 2005.

Dr Zokufa's experience as a healthcare provider in a hospital environment and his extensive high-level policy and strategic experience in the Department of Health will equip him to lead the organisation through critical changes facing the industry.

Dr Zokufa views BHF as central to the activities of the medical scheme fraternity and realises the influential role the organisation has to play in providing quality healthcare to all in South Africa.

As the industry body, BHF has a key role to play in the steps leading to the objective of a social health

system, increasing access and equity to quality care by creating affordable private healthcare for a greater percentage of the population. A number of changes, including the Healthcare Charter, the Low Income Medical Scheme process, and the Risk Equalisation Fund have already been set in motion and will continue to require extensive collaboration between the private and the public sectors. It is expected that with the participation of other industry professionals, Dr Zokufa will be able to make a positive contribution to the process.

Dr Zokufa's analytical and strategic-minded approach will enable him to create value and provide impact in his new leadership role at BHF and we look forward to welcoming him to the organisation.

The National Credit Bill

Possible exclusion of medical schemes from the ambit of the National Credit Bill 18 of 2005

In August 2005 BHF made submissions to the Portfolio Parliamentary Committee on behalf of medical aid schemes. BHF analysed the view that a medical savings account component of a medical aid plan constitutes a credit agreement as defined by the Credit Bill. The oral submissions and summary document argued for the exclusion of medical aid schemes from the ambit of the Bill.

BHF's view is that it would be onerous for the medical scheme industry to be ruled by two Acts of parliament – the Medical Schemes Act and the National Credit Bill. This difficulty would arise in relation to contractual relations between members and medical schemes - in an environment where

expanded medical scheme membership is a national objective – and where the Credit Bill would require that a background credit check is made for all applicants.

While supporting the principles of the Credit Bill to minimize reckless credit extension, BHF suggests that medical schemes are adequately protected by the Medical Schemes Act

BHF is pursuing this matter with DTI.

For a full copy of the submission see the BHF member communiqué of 15 August 2005, *Submissions for exclusion from the ambit of the National Credit Bill 18 of 2005* at www.bhfglobal.com.

Dispensing fees - the Constitutional Court hearing

On the 30th September 2005 the Constitutional Court ruled in favour of a single exit price for pharmaceuticals, but granted the Department of Health 60 days to review the wording of the regulations and to review the dispensing fee,

taking into account courier and rural pharmacies, in consultation with industry role players.

The regulations were first challenged in the High Court (Cape) by the pharmaceutical industry and certain retailers, found to be valid by a majority, and then subsequently overturned by the

Supreme Court of Appeal (SCA). The case was then taken to the Constitutional Court which ruled that the SCA had been incorrect in ruling that the entire Act was invalid, although a number of alterations would be required.

The BHF view is that the judgement has to some extent eliminated any uncertainty which has been destabilising the industry and encouraged constructive discussions on the way forward. Whilst the issue of the dispensing fee remains unresolved, the 28th November deadline for submissions to the pricing committee will allow all role players to come up with a mutually acceptable figure.

BHF is contributing to discussions about this as medical schemes need to have certainty to finalise their benefit structures for next year. BHF would also like to focus attention on the loophole which exists concerning other sundry fees which could be placed on members at the point of service delivery.

BHF has proposed a dispensing fee model which will be presented to the pricing committee. At the same time we have done an impact assessment model for the medical schemes industry, which enables us to assess the impact to the industry, of any proposed fee, within 15 minutes!

Interested parties are invited to provide input to the Pricing Committee on all issues relevant to the determination of an appropriate dispensing fee, including the business upon which any proposals for dispensing are based and factors affecting rural and courier pharmacies. The issues in which the Pricing Committee is particularly interested in receiving comment may be found at www.doh.gov.za, - *Issues to be addressed in submission to the Pricing Committee*. All interested parties are advised to read this document before making submissions to the Committee. The Committee will make draft recommendations to the Minister of Health after due consideration of all submissions from interested parties.

The closing date for submissions is **28 November 2005** Please contact the Directorate:

Pharmaceutical Economic Evaluations on (012) 312-0260/0392 (tel) or (012) 312-0051 (Fax) for further information.

All submissions should be to the:

Pricing Committee Secretariat,

Directorate: Pharmaceutical Economic Evaluations, National Department of Health, Hallmark Building, Private Bag X828, Pretoria 0001. Submissions can also be e-mailed to pee@medicalschemes.com

An acknowledgement of receipt will be sent to all parties that make submissions.

PCNS updates

BHF, through its Practice Code Numbering System (PCNS) division, has received an updated list of all healthcare practitioners who have been de-registered with the HPCSA. Under the Health Professions Act of 1974, registration with the HPCSA is a prerequisite to practice any of the professions under the jurisdiction of the Council and therefore practising without a HPCSA registration is a criminal offence in terms of the Act.

The PCNS division of BHF has carried out an extensive 'cross mapping exercise' between the PCNS database and the HPCSA database, the results of which show that approximately half of the practitioners who have been de-registered on the HPCSA database could be matched on the PCNS database, while the other half could not be

matched on the PCNS database for a number of reasons.

The PCNS system is currently being developed in order to automatically integrate information received from the HPC on a daily basis.

In the meanwhile however, member schemes have been provided with details of the HPCSA deregistrations.

For further information in this regard, kindly contact the PCNS Client Services Department on 0861 30 20 10, e-mail: clientservices@bhfglobal.com or fax: (011) 880-5959..

NHRPL 2006

Indications are that increases which have been awarded to several disciplines of healthcare service providers in the NHRPL for 2006 are considerably higher than in the past, due to the costing exercise which was undertaken by CMS.

In view of this, many medical schemes who previously guaranteed direct payment in return for charging at NHRPL rates, will be altering their rules to reflect that they will be imposing limits on consultations in 2006, either on rand amounts, number of consultations or to reflect that the scheme will cover only a percentage of the NHRPL.

In order to avert any confusion which these changes may cause to either members or providers, we urge all schemes to embark on a communications drive to alert members and providers of the changes and to clarify the way in which reimbursement will occur during 2006.

BHF is in the process of analysing the impact of NHRPL 2006 on members (e.g. in terms of co-

pays) and providers of service and will engage with relevant role-players in this regard.

For further information go to the BHF website at www.bhfglobal.com : *schemes> presentations> industry* update for the most recent NHRPL update by Stephen Harrison from the Council for Medical Schemes.

Forensic Management Unit workshop: 4 October

First established by BHF and other key industry roleplayers in August 2003, the Forensic Management Unit (FMU) has already succeeded in curbing the incidence of fraud and influenced the patterns of behaviour which cause spiralling costs in the private healthcare funding industry. Through the sharing of information, visible policing and ensuring that fraud and inappropriate behaviour have negative consequences for the perpetrators, the unit has fundamentally changed the way in which fraudulent and inappropriate practices are now dealt with.

Ninety-three percent of medical schemes participate in the FMU, together with regulatory bodies, professional councils and professional associations. This ensures that the methods used for identifying, investigating and dealing with fraudulent claims, are fair and equitable and that constitutional rights of individuals are never breached.

On 4th October 2005 the FMU held one in a series of workshops, aimed at sharing forensic and legal expertise with participants, the majority of whom are involved in risk management in the medical scheme industry. Presentations from industry experts ensured that debates were topical and of value to the unit.

Key issues discussed were:

- the admissibility of evidence and the Acts which may be utilised in order to formulate evidence in court.
- group practices and the maintenance of the PCNS system. Workshop participants identified critical areas, and acknowledged a need for ongoing feedback and suggestions from industry. Issues around group practice numbers were also discussed and various proposals put forward.
- a case history of a recent lawsuit was presented, outlining the processes which were used to identify the fraud, gather evidence and conduct the investigation, all of which lead to successful outcome in court.
- evidence gathering - the distinction between entrapment and enticement, overview of criminal procedures, and detection work.
- an update on the Transunion ITC databases utilised by the FMU, with confirmation that South Africa is an industry leader in the establishment of industry-wide, cross-cutting databases which assist in the monitoring of suspected fraudulent activities.
- a presentation by the Health Professions Council of South Africa on ethical rules regarding group practices, with clarity on business models acceptable to the HPCSA

For more information please contact Lynette Swanepoel on 011 537 0227 or email lynettes@bhfglobal.com.

Seminar on issues currently facing medical schemes

This high level seminar which took place on the 19th October, was attended by about two hundred delegates and was one of the most successful seminars organised by the BHF Corporate Communications Department.

REF update:

Izak Fourie, member of the Risk Equalisation Fund Technical Advisory Panel (RETAP) summarised the proceedings of the most recent RETAP meeting. He reported that while Cabinet had approved the formal process in terms of money flows and Social Health Insurance, other issues remain outstanding. It is likely that all these processes will ultimately

fall under an amended Medical Schemes Act and that the Risk Equalisation Fund should be operational by 2007 in terms of money flows at least. The second component of the meeting dealt with the findings of the first set of submissions around which some concerns were raised. The sense is that this system will be ready to implement in 2007, leaving enough time for issues such as consensus and compliance. However, getting to the end-point – having a national cross-subsidised fund scheme set up – will probably have to be done in a series of incremental steps.

Medical scheme tax subsidy restructuring:

Vishal Brijlal presented on BHF's proposal on tax restructuring for medical scheme subsidies. He argued that National Treasury's proposals may lead to 'buying down' and that this would dilute the risk pool, leading to inflationary pressure. BHF's three proposals have been designed to prevent buying down whilst still incentivising lower income people to join the private healthcare funding sector. Emile Stipp, partner at Deloitte, confirmed that tax restructuring on its own would not lead to broader medical scheme membership uptake, but may be effective if the LIMS and the other processes are linked in.

Health Quality Assessment initiative:

Emile Stipp provided the results of the first industry assessment undertaken through the HOA initiative. This tool, which is used to assess quality of care provided by medical schemes to their members, adds significant value to the healthcare industry. Health Quality Assessment, (HOA) founded by stakeholders from the industry, has developed a model to evaluate the relative quality of healthcare received by medical scheme members on various options across medical schemes. In doing so, it arrives at an overall ranking of quality versus contribution for individual options.

Using the average member as a norm, HOA has evaluated data from twelve medical aid schemes.

This data has been assessed according to various criteria, such as hospital admission rates, surgical procedures, selected chronic conditions and primary care. The HOA model shows either under-servicing or over-servicing is taking place and ranks the option accordingly, with the optimal ranking being the provision of the highest quality care at the lowest cost. Here it is important to emphasise that low costs alone do not imply quality service is being provided.

Schemes which submit data are provided with a report providing feedback on how health quality can be improved without significant cost increases. This also aids in designing benefits. Results provided by HOA will help the industry gain a better understanding of what constitutes quality, how to achieve it most cost-effectively and in doing so, meet the needs of all stakeholders.

This knowledge would also help inform the many debates currently taking place around the Health Charter, low-income products and affordability.

Other presentations at the seminar were on the NHRPL and medicine pricing.

Presentations are available on the BHF website at [schemes>presentations>industry update](#) or call Valerie on 011 537 0225 or email valerief@bhfglobal.com

Upcoming events

PCNS member visits

As part of BHF's ongoing commitment to maintaining and developing relationships and ensuring optimal use of the PCNS system, PCNS staff will be visiting member schemes.

Institute of Health Risk Management (IHRM): update on medicine pricing regulations, Friday 25 November 2005

Speaker: Wimpie du Plessis, CEO, MediKredit Integrated Healthcare Solutions.

Cost: IHRM member: R220 Non-member: R280 (incl VAT)

Venue: Johannesburg Securities Exchange Auditorium, Sandton

Time: 07:00 Registration & light breakfast - 07:45 Presentation - 09:00 Tea, coffee & networking

You may register on the IHRM website - www.ihrm.co.za, and click on 'seminars' on the right hand side of the screen, or contact us on Tel: 0861 112 751 / e-mail: seminars@ihrm.co.za

sCancer in focus conference: 2 – 4 February 2005, ICC, Durban, KwaZulu-Natal

This CANSA sponsored conference aims to identify a viable treatment and care model that involves all role-players and stakeholders in the field of cancer – CANSA; Government; Pharmaceutical Companies; Health Insurance Providers; Nutritionists; Palliative Caregivers; Alternative Healers and NGOs like CANSA.

The deadline for the submission of scientific Abstracts is 30 November 2005. These should deal with the following, or closely associated subjects:

Dynamic Insights into Cancer Prevention; Management and Support (including Patient Care) Affordability and Accessibility of Treatment Impact of Prevention and Awareness Strategy (including Vaccines)

The role of NGOs such as CANSA in reducing the impact of cancer, including advocacy.

Contact conference organiser Lynn Mortimer on +27 11 803 4130; mobile 082 466 0164 or e-mail lynnmortimer@mweb.co.za Please do not hesitate to contact her with any queries. The CANSA Toll-free Information Service is 0800 22 66 22 or go the website at www.cansa.org.za

Bulletin Board

BHF departments: the Client Services Centre: 0861 30 20 20

The BHF Client Services Centre is able to deal with queries related to PCNS, provide information on legislation, claims problems concerning reimbursement and the like. The Centre acts as the first line of contact for all queries. Currently the most common queries relate to the ICD-10 code manuals, NHRPL tariffs and annual renewal fees for providers. If you think that some of this

information should be available on BHF's website please contact Valerie, details below.

Contributions

If you would like to include information in the BHF-Infoline – the next edition will be sent out in **EARLY DECEMBER** – please contact Zola on 011 537 0236 or email zola@bhfglobal.com or Valerie on 011 537 0225 or email valerief@bhfglobal.com