

## ***Doctors, dentists slam private health system***

MEDICAL aid schemes are paying double to administrators what they pay general practitioners, a situation which doctors, dentists and civil society groups say must be rectified prior to National Health Insurance (NHI) being implemented. Looking at how medical aid schemes have been spending members' funds since the 1980s, the SA Medical Association (Sama) has railed against the accusation that medical specialists are to blame for the spike in private healthcare costs. Instead they blame hospitals and medical aid administrators for pushing up prices. Of the R84.9 billion spent by medical aid schemes in 2010:

- R37.1bn went to private hospitals - 37 percent of total medical aid spend.
- R18.8bn went to medical specialists
- R11.6bn went to "non-healthcare costs" such as administrator and managed care fees
- R6.2bn went to GPs
- R2.5bn went to dentists

Most medical aids have contracts with external brokers and administrators, who are the ones who decide on whether pre-approval should be given to treat certain conditions, and in some cases advise medical aids not to pay out. Sama said it was unacceptable that the administration of patients' funds should be more expensive than providing healthcare. It said, in its response to the NHI green paper, that the only logical solution to this situation would be to advise medical scheme members to cancel their medical scheme membership, purchase a cheaper hospital plan from an insurance company and rather save the balance. However, Sama said this would be unrealistic in a country with such a poor savings culture. It added that it was now becoming clearer as to why there were fewer GPs entering and staying in private practice, and why many specialists were leaving the country: because it was not financially viable for them to remain. And doctors believe these high administration costs are in fact being paid from medical aid savings, which are meant to be kept for when patients need them the most.

From tracking patients' bills, Sama said it had become "obvious" that when compared with administrator expenditure, payments from savings "track almost identically year after year." Figures from the Council for Medical Schemes indicate that in the early 1980 medical scheme contributions kept pace with inflation, at an average of R140.79 a year in 1980. If contribution inflation had mirrored the consumer price index, members would be paying an average of R1 900 a year instead of the more than R10 000 they currently pay. The Board of Healthcare Funders (BHF) agrees that the rampant escalation in private health costs must be checked if government's NHI plan is to be effective.

Meanwhile, Health Minister Aaron Motsoaledi said the department intended to spearhead a process that would see the reduction of private healthcare costs prior to NHI being implemented. However, he was reluctant to provide details of how that process would unfold. Among the proposals from the Health Department are for a Statutory Pricing Commission that will regulate in the health sector. Motsoaledi added that medical aids were not necessarily to blame since they paid prices for services rendered. He said that with the extraordinary pricing, medical aids had to increase members' contributions and if they could not do that, they must decrease benefits. Civil society groups under the NHI Coalition have called for the Competition Commission to investigate the entire private health sector, saying the lack of transparency is a concern. In December, the commission said it had yet to make a final decision on whether it would launch a market-wide inquiry into the private healthcare industry, but deputy commissioner Tembinkosi Bonakele said that an inquiry was "likely".

The SA Dental Association has also raised concerns that dentists were leaving SA because medical aids were paying less for their services. In 2000, dentist fees accounted for four percent of the total medical aid spend but now it has slipped to two percent.

*Dianne Hawker: The Sunday Independent, 15 January 2012*