

### *Price should not be key determinant*

MEDICAL scheme members are increasingly looking to schemes to provide them with the assurance of predictable and affordable increases into the future - and demanding quality and value-for-money healthcare.

Says Peter Jordaan, Fedhealth acting principal officer: "In the current economic climate, it is easy to understand why people are opting for cheaper schemes and options, but people also need to understand that their scheme choice can have far-reaching consequences, and price should never be the key determinant."

He adds that Fedhealth has adopted a genuine partnership model. The partnerships include general practitioners, dentists, optometrists and pharmacies, and have also been extended to specialists in an effort to reduce out-of-pocket expenses.

"The primary objective is to ensure that members are able to access meaningful benefits without having to resort to co-payments on fees charged. In the long term, this should result in improved health outcomes and lowering the cost curve by leveraging partnerships for mutual benefit."

He says it is encouraging to see many schemes starting to offer network options and partnerships with medical professionals which embrace primary and preventative care. One of the greatest challenges for schemes moving forward, he believes, will be how to attract young, healthy members into the scheme to ensure sustainability.

"Obviously member education is critical, as well as a suitable range of entry-level products which are more affordable for this younger set. Supplementary products like gap cover are also, by necessity, becoming almost a norm to protect against any shortfalls."

On the planned long-term introduction of the National Health Insurance Scheme, he says: "The next five years, at least, will be spent strengthening critical competencies and then promoting the most efficient use of the limited resources we have. At present, the private sector is paying a lot for medical coverage without receiving the widely desired outcomes.

"If the NHI is successful, we believe it will achieve its objective and truly benefit all South Africans, with universal care created for all."

Roly Buys, a board member of the Hospital Association of South Africa and funding relations executive at MediClinic, agrees that there is increasing pressure on the costs of medical aid schemes. "Price is only about 50 percent of that pressure, and utilisation is the other 50 percent."

He says South Africa has an ageing population, and a Council for Medical Schemes report indicates that the young and healthy - those typically in the age group 25 to 35 - choose not to buy medical aid, so they are not cross-subsidising the older and sick people.

"For various reasons, there is greater utilisation of healthcare. People are visiting doctors more often and coming to hospital for procedures where greater levels of care are needed. "

He believes stability is needed in the medical aid industry, with a risk equalisation fund in place to help ensure this.

Secondly, there should be a process to encourage mandatory insurance for the employed. One study has suggested if all the young and healthy were brought into the insurance net, the average premium would fall by close on 20 percent.

*David Jackson: The Business Times, 20 November 2011*