

## *Evaluating the risk profiles of schemes*

THE Medical Schemes Act provides for open enrolment, community rating and prescribed minimum benefits (PMBs). These three pillars of the Act control risk-rating to a large extent and protect older and sicker members against unfair discrimination in favour of younger and healthier members of medical schemes, according to the CMS's Registrar's review 2010/2011. "A system of risk adjustment is an important element required to strengthen these solidarity principles in healthcare," says Dr Monwabisi Gantsho, Registrar of Medical Schemes and chief executive of the Council.

He says there has been a focus on the development of National Health Insurance (NHI) but due to uncertainty surrounding the final details of NHI, a risk adjustment system was never implemented. "Yet, it is important that the knowledge and capacity, which were gained during the shadow period of developing the risk adjustment structure, are maintained and that the CMS continues to collect risk profile information. This work is now being done by the strategic projects unit (SPU); the unit published the annual report on 2009 risk structure submissions and gave feedback to schemes on their 2010 submissions for the first two quarters of 2010. The annual report on risk submissions dealing with 2010 returns will be published in the next financial year."

Gantsho says the PMB pricing study based on data from 2005 has become outdated and the risk factors, which schemes faced in 2005 may no longer be relevant. "With support from technical industry experts, we collected detailed claim-level data for 2009 on 5,4-million beneficiaries. This information is being analysed to establish the cost of the PMB package and to identify the key risk factors that best predict a scheme's financial liability."

Gantsho says following the review of PMB regulations, which had started in 2008, the CMS submitted draft amendments to PMB regulations to the Minister of Health, which will be published for public comment. "In the meantime, we have started developing improved definitions for PMBs. We led a series of consultative meetings with various stakeholders to improve the benefit definitions for solid organ transplants, breast cancer, prostate cancer and gastrointestinal cancer. This initiative aims to improve on the clarity of PMBs as prescribed in regulations," says Gantsho.

He reports that subsequent to the release of Circulars 37 of 2009 (Non-compliance by the medical schemes industry in respect of the provision and payment of prescribed minimum benefits), 7 of 2010 (Extension of time to comply with Circular 37 of 2009 granted) and 9 of 2010 (Compliance with Circular 37 of 2009 - further extension of deadline and the establishment of a PMB Task Team) as well as meetings with the Minister of Health and stakeholder representatives on the funding of PMBs, the

Department of Health - with assistance from the CMS and Health Professions Council of South Africa (HPCSA) - held a workshop with affected parties on 11 May 2010 in Johannesburg's East Rand.

"Parties to this process agreed that it is in the best interest of medical scheme members to proceed with a collaborative approach to find solutions to PMB- related problems; this led to the establishment of a representative task team. The PMB task team prepared a PMB code of conduct during June and July 2010. The immediate objective was to ensure that PMBs are offered to members of medical schemes in compliance with current legislation. Secondly, it was agreed that the task team will continue to exist in order to advise the Department of Health and the CMS on possible amendments to PMB regulations. The PMB code of conduct, which is available on our website, addresses appropriate behaviour expected of stakeholders to ensure compliance with existing PMB regulations made in terms of the Medical Schemes Act 131 of 1998," says Gantsho. He says the CMS believes that access to quality care is the right of every South African.

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