HEALTHMAN PRIVATE PRACTICE REVIEW: JUNE 2016

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VIEW ON SPECIAL NEWS.

NHI: JUST NOT ENOUGH MONEY

(Summary of an article by Catherine Child; Financial Mail, 9 June 2016)

"Finally, we have confirmation: even government's own numbers for NHI just don't add up. The White Paper doesn't say exactly how much NHI will cost, or where the money is expected to come from. Nor do the numbers add up elsewhere: by the Department of Health's (DoH) own calculations, only a third of state hospitals and clinics are functional enough to qualify for NHI, and there are not enough doctors. In a nut-shell, the plan is for there to be a single NHI fund to pay for healthcare for all South Africans.

"It would likely lead to the demise of medical aids as the premiums paid by the middle-class would be fun-nelled to the single state fund. And, as the responses from the industry illustrate, there are some big holes in government's argument. The SA Private Practitioners' Forum, for one, asks how this "free healthcare" will work practically, given that much wealthier countries like South Korea haven't managed to cover costs.

"Then there is the matter of how the state is going to manage the NHI fund, given that the total of medical aid premiums and the health budget amounts to R256-bn/year. This is 36 times larger than the largest fund already run by the state - the Compensation Fund, which had an estimated 231 000 outstanding claims by April.

"In its submission, the SA Specialists' Forum points out that the inability of the government to run an R8-bn fund efficiently raises serious concerns regarding the effective and efficient administration of a R256-bn NHI fund.

"Rather than lean on the private sector to remedy its problems, why not fix the state sector first," argued the Free Market Foundation and SA Private Practitioners' Forum.

If doctors and private institutions are forced to accept prices set by the state, they will just leave the coun-try. The doctors do offer a solution: allow low-cost medical aids (something punted last year then halted by the CMS). These cheap medical aids will pay for basic care for the poor, bringing in more cash for medical aids, allowing them to pool their risk to a greater extent. Another option is to include mandatory medical aid cover for the middle-class, similar to "Obamacare", which increases the number of people on medical aids and drops the price. This risk-sharing will create a 20% saving on medical aid costs, money which government can use to contract private providers to provide primary healthcare. Experts say a single state fund will destroy something that is already working, to pay for something with little chance of improving healthcare."

STEWARDSHIP PROGRAMME TACKLES OVER-PRESCRIPTION OF ANTIBIOTICS

SA hospitals, with limited expertise and resources, can help reduce patients' excessive antibiotic intake through antimicrobial stewardship (AS) programmes, according to a study by the Association for Professionals in Infection Control and Epidemiology (APIC). The primary goals are to "effect a 10% reduction in antibiotic consumption and to launch AS programmes in all 47 hospitals". (41 of the 47 had no such programmes).

CLICKS ASSUMES CONTROL OF MEDICROSS PHARMACIES*:*

Clicks will assume control of 37 Medicross pharmacies and 51 retail front shops of the Netcare Hospital division due to its deal with Netcare. Clicks will be rebranding the Medicross pharmacies and Netcare front shops to Clicks. Specific staff members will be transferred to Clicks.

VIEW ON GOVERNMENTAL DEVELOPMENT

D-DAY FOR LIMITED SALT IN FOODSTUFF

An amendment to the foodstuff regulations came into effect on 30 June, enforcing that everyday items such as bread, breakfast cereal, margarines and butter, savoury snacks, potato crisps, processed meats, sausages, soup and gravy powders, instant noodles and stocks has an individual target to reduce their salt volumes. Another deadline of June 30, 2019 has been introduced to reduce the amount of salt in these foods even further. The Heart and Stroke Foundation (HSFSA) has said South Africans eat on average double the recommended daily salt limit of 5g a day.

NHI FACES R200-BN SHORTFALL

The government could face a NHI shortfall of R200-bn by 2025-26 - almost double the amount it originally anticipated - according to an analysis by economics consultancy Econex. The analysis presented four scenarios under different demand and GDP assumptions, which resulted in a funding shortfall for NHI ranging between R109-bn and R210- bn by 2025.

QUARTER OF CLINICS EXPERIENCE MEDICINE STOCK OUTS

One in four public health facilities ran out of ARV or TB medicine last year, with Mpumalanga, Gauteng and Free State being worst affected. One in 10 facilities also ran out of vaccines and were unable to immunise babies, and around 70% of these stock outs lasted for longer than a month. (Stop Stockouts Project's (SPP) third annual survey published in June).
The Stop Stockouts Report is available from:
https://www.health-e.org.za/wp-content/uploads/2016/06/SPP-Survey-2016-.pdf

PHARMACISTS WANT CODEINE SALES LAWS TIGHTENED

Pharmacists have called for the laws around codeine-based medicines to be tightened. This comes after reports that school pupils are buying cough syrup, combining it with other medications and sweets, then drinking it to get high. The concoction is known as "sizzurp".

VIEW ON NEW PRODUCTS

NEW SYRINGE TO GIVE MEDICAL SAFETY A JAB:

The Life Saver Medical Company, a joint venture that includes local healthcare firm Forever Africa, plans to manufacture safe syringes at a site near Durban. The founder of Star Syringe, Marc Koska, who invented a syringe designed to break if someone tries to use it again, said safe syringes offered a good return on investment, as the WHO estimated that for every dollar spent on a safe syringe, $14.50 was saved in healthcare

QUICK HIV TESTS FOR BABIES;

HIV testing on infants is set to be revolutionised, thanks to a diagnostic test, Alere q HIV-1/2 Detect, being piloted in the Western Cape which cuts the diagnosis time from weeks to less than an hour. It is the first molecular diagnostic to test for HIV in a clinic setting,outside a laboratory.

VIEW ON MEDICAL SCHEMES (CMS Circulars)

IT'S TRICKY DECIDING ON THE BEST MEDICAL COVER

(Summary of an article by Laura du Preez: Personal Finance, 11 June 2016)
The GTC (previously Grant Thornton Capital) Medical Aid Survey 2016, identifies the open schemes that should be on a shortlist for GTC Health Consulting's brokers to interrogate further as suitable schemes for employer groups.
Jill Larkan, the head of healthcare consulting at GTC:
1. Grouped the options into 11 option types according to their benefits. The main ones are:
Entry-level options, Hospital-only plans, Plans that offer hospital cover and a medical savings account for day-to-day cover; and, Comprehensive plans, which offer the best hospital and day-today cover;
2. Within each option type, the hospital cover may differ;
3. Medical schemes are obliged, by law, to provide the PMBs. These cover 26 common chronic conditions, but the cover for the chronic conditions differs;
4. On most middle-of-the-range plans, day-to-day benefits beyond those for chronic conditions covered by the PMBs are provided through a medical savings account;
5. The exception to this rule is in the case of the comprehensive options;
6. Most medical schemes offer preventative healthcare benefit;.
7. The survey's option categories were also divided into those that cover healthcare providers of your

choice and those that restrict you to using providers within a network; and
8. Within each option category, the cost of top-up cover required to provide at least R2-m of hospital benefits a year was added to each option's contribution costs. The lower the total cost to the member, the higher the score.

The GTC Medical Aid Survey 2016 considered four "macro" factors that can influence a scheme's financial health. The factors were: the growth in the scheme's membership; **t**he ratio of pensioners to members under the age of 65; **t**he solvency ratio; and the average age of members.

'HEALTHIEST' MEDICAL SCHEME:

Subsequently, Compare Wellness Medical Scheme (CompCare) has been rated the healthiest open medical scheme in SA by diversified financial services company GTC Healthcare (formerly Grant Thornton Capital). The scheme, which is administered by Universal), attained a 100% score for financial sustainability.

DISCOVERY HEALTH:

Discovery Health was awarded an unchanged AA+ for 2015 by Global Credit Rating Co's (GCR) - the highest rating a medical scheme can be accorded. It is based on: membership base; options/plans on offer to members; financial performance. DH remains the market leader in the open schemes market with a 54% market share based on principal membership.

Nine months ago Discovery Health has published the ratings of 133 private SA hospitals on a website, based on patient feedback (6 000 views a month). Since last month certain plan numbers have been allowed to rate 575 network GPs in eight metros, to be shared on its mobile app.

Meanwhile Discovery has once again defended the size of the fees it pays its administrator, Discovery Health - reported a 10% increase in operating profit for the year to June 30 2015 to R2,03-bn. It's main revenue source is the scheme, which paid R4,374-bn in administration and managed care

COUNCIL OF MEDICAL SCHEMES TARGET TRUSTEE FUNDS*:*

The CMS is taking steps to stamp out fraud in the election of medical scheme trustees, who hold powerful sway over contracts awarded to service providers such as administrators and brokers. The public comment period for its draft declaration of undesirable business practices - has been extended until July 8**.**

COUNCIL FOR MEDICAL SCHEMES: CIRCULARS

AUTHORISED AUDIT FIRMS (33 of 2016)

CMS thanked audit firms who submitted their applications for authorisation as statutory auditors of medical schemes. More info on authorised audit firms on the CMS website:

ORGANISATIONS ACCREDITED BY CMS (34 of 2016)

The CMS exco' approved the renewal of accreditation for HIV and Diabetes (Type 1 & 2) for:
Sweldan and Company (Pty) Ltd; Universal Healthcare Administrators (Pty) Ltd; Ya Bophelo Healthcare Administrators (Pty) Ltd; Agility Health (Pty) Ltd; and Sechaba Medical Solutions (Pty) Ltd
Renewal of compliance with the standards applicable to self-administered medical schemes was granted to Food Workers Medical Benefit Fund for 3 years from 27 June 2016

ANNUAL FINANCIAL STATEMENTS AND STATUTORY RETURNS (AFS) (35 of 2016)

Audited Annual Financial Statements- Key areas of concern:
Disclosing of irrelevant accounting policies in financial statements.
Annual Statutory Return: Information not provided timeously to the CMS; questions not answered correctly; services provided not correctly disclosed; required changes to administration contract not made; marketing expenditure not completed correctly; all related parties not disclosed; return relating to investments not completed correctly; failing to provide copies of third party investment statements; and Part 9 Self Declaration not signed by Principal Officer, Chairperson and Trustee.
Non-compliance matters:
Schemes are required to apply for exemption in terms of the Act if they do not comply with any provisions of the Act.
The following should also be provided: nature and impact; causes of the failure; and corrective course of action (including the timeframe, where applicable).
All non-compliance matters should be disclosed in a note to the AFS as well as the part 11(b) assurance report required by the Act.

EXTENSION FOR REPRESENTATIONS - DRAFT UNDESIRABLE BUSINESS PRACTICE DECLARATION (37 of 2016)

A draft Undesirable Business Practice Declaration Notice 305 of 2016 was published in the Government Gazette on 27 May. No representations reached the Register of Medical Schemes within the required 21 days after publication. In response to requests for more time, the new deadline is 8 July 2016
Email: declarationcomments@medicalschemes.com
Postal address: CMS, Private Bag X34, Hatfield, 0028
Tel. 086 112 3267

MODEL RULES AND THE EXPLANATORY MEMORANDUM (39 of 2016)

The CMS released the revised model rules for medical schemes that provide guidance to schemes on the interpretation and requirements of sections 24, 29, 30 of the Medical Schemes Act, 131 of 1998.
Some of the most common comments and concerns raised in the submissions include:
Changes to definitions were inconsistent with, or do not comply with the MSA and Regulations; exposure

to financial risks, due to changes; some rules are open to interpretation; prescribed term of office for trustees and assessments were welcomed; requirement to categorise savings as trust funds was under appeal; references from the proposed Medical Schemes Amendment Bill were premature; and the Protection of Personal Information and Consumer Protection Act were entirely taken into account.
Both the model rules and the explanatory memorandum can be accessed using the links:
Model Rules and
Explanatory Memorandum.

TRUSTEE ACCREDITED SKILLS PROGRAMME TRAINING (40 of 2016)

On successfully completing the course participants will earn FPI, SAICA, HPCSA and CPD points (31credits)
The attendees will acquire a sound knowledge of the medical scheme industry and a National Qualification Framework (NQDF) (Nationally recognised) certificate to prove it. The programme is part of the FETC Medical Claims Assessing qualification Level 4.
Modules:
1.Overview of the SA healthcare industry and the structure and function of medical schemes
2. The legislative and governance imperatives

Attendance to the facilitation is compulsory for the full four days
First two days : Centurion 1 and 2 August
Second session dates to be confirmed

Certificate of Competence on the successful completion of the programme
Certificate of Attendance: should the attendee not meet the criteria for competence, but did attend the facilitation.

Costs: R5 700.00 (VAT inc)
For more info:
www.medicalschemes.com or information@medicalschemes.com.

SPECIAL NOTICES

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