HEALTHMAN PRIVATE PRACTICE REVIEW: SEPTEMBER 2016

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VIEW ON SPECIAL NEWS.

BANDS TO SHOW DOCTORS' HOURS;

Doctors working in provincial hospitals are to be given coloured armbands to show the public the dangerously long hours they have been working - the latest in SA Medical Association's (Sama) campaign to end a crisis over fatigued doctors and understaffed hospitals. Green armband: doctor has worked less than 24hours; orange: more than 24 hours but less than 30 hours, and red: more than 30 consecutive hours.

MECHANICAL HEARTS ADD TO SA'S BEAT;

Mechanical heart implants are likely to replace donor heart transplants in the next 10 to 15 years, according to a cardiac and transplant surgeon at Netcare, Willie Koen. The device is valued at R1,7- m The total costs of heart transplantation is between R2,2-m and R2,3-m, including operations,

VIEW ON GOVERNMENTAL DEVELOPMENT

NO CLEAN BILL OF HEALTH FOR COUNCIL FOR MEDICAL SCHEMES (CMS)

Confident assertions by the CMS that all 83 of the country's registered medical schemes are financially healthy seem to have been blown out of the water by recent revelations that the state medical aid scheme (Gems) is on the brink of insolvency.

* Complaints to the council are also rocketing because medical schemes are failing to deal with them. The regulator itself is seriously understaffed.

* Meanwhile the CMS postponed the release of its annual report for "procedural reasons". It is expected that the report will disclose how much was spent to investigate allegations of corruption against the former registrar of medical schemes, Dr Monwabisi Gantsho. Gantsho said in a press release that the investigation had

cost the council R7-m but did not find any evidence of irregularities in his affairs. Gantsho has allegedly asked for R3-m of the R10-m that Medshield paid to buy its trademark name from the former owners of Medshield's administration business

CUBAN AND SA HEALTH AUTHORITIES MEET TO REVIEW 'COOPERATION AGREEMENT'

A delegation from Cuba and one from SA met at Tembisa Hospital to review the "cooperation agreement" and visit the hospital to see how Cuban doctors working at the hospital were coping. Cuban medical schools currently accommodate 3 000 SA students. 800 are in their fourth year and will be returning to South Africa in 2018 to complete their final year.

MOTSOALEDI STILL ADAMANT THAT PRIVATE HEALTHCARE IS TOO COSTLY

* At a special session of the Competition Commission's (CC) healthcare market inquiry Health Minister Aaron Motsoaledi reiterated that private healthcare is exorbitantly priced, supporting recent findings by the World Health Organisation (WHO). The report concluded that SA's hospital costs were high when measured against GDP per capita, with the driving forces being in-house hospitals and specialist fees.

* Hospital Group Mediclinic said while the report assumed that the interaction between medical aid schemes and private hospitals resulted in spill-over to the rest of the healthcare system, the only spill-over was in the area of skills.

CALL FOR SUBMISSIONS ON NHI FUNDING;

The Davis Tax Committee has called for written submissions on funding for National Health Insurance (NHI), as proposed in the White Paper released in 2015, by October 14. The committee will hold a workshop for oral submissions supporting the written submissions on November 1. SAPPF will be making a submission to the commission. The e-mail address for submissions is taxcom@sars.gov.za

VIEW ON NEW PRODUCTS

FINANCIAL CRISIS IN DRUG REGIMEN

A World Bank-led study warned that the spread of superbugs that are resistant to all known drug treatments could spark a global financial crisis on the level of the 2008 meltdown or worse. One recent review pegged the total cost at $100-trillion (R1 407 trillion) globally by 2050.

* A recent United Kingdom-led review has called for "delinkage" of profit from the volumes of any new treatments prescribed. The review calls for "push" funding for early-stage research, and "pull" rewards of $1bn for any company launching a new antibiotic. The next step is for politicians to move from the rhetoric of UN declarations to committing fresh funding for push and pull incentives.

CLOSE LOOPHOLES FOR BLOCKING GENERICS ACTIVISTS' REPORT SAYS*;*

According to the Fix the Patent Laws Campaign SA's legal framework for patents makes it too easy for pharmaceutical companies to extend their monopoly period on drugs. Companies commonly apply for multiple patents on individual medicines over time - a tactic known as evergreening, and due to shortcomings in SA's laws - namely the lack of examination for patent applications - evergreening occurs frequently. The Innovative Pharmaceutical Association of SA (Ipasa) said patient access to medicines was hampered by delays at the Medicines Control Council, which took up to four years to register multinational pharmaceutical companies' products. Ipasa welcomed the Department of Trade and Industry's approach in preparing a new draft intellectual property policy.

VIEW ON MEDICAL SCHEMES (CMS Circulars)

GENERAL NEWS

Medical Aid Costs Spike:

Members of medical schemes should expect a double-digit increment of at least 10% on contributions. The head of Discovery, Dr Jonathan Broomberg, said increases were due to patients being admitted to private hospitals more often, costing medical schemes R46,4-bn in 2014 alone.

* Discovery Health Medical Scheme announced a weighted average increase of 10,2% for its members, while Momentum Health members will face a weighted average increase of 11 %.

There are only three ways in which schemes can meet a steep increase in claims: cut benefits, or increase contributions, or run down their reserves, said Broomberg.

New Gap Cover*;*

* Discovery Insure has launched a gap cover policy for members of schemes administered by Discovery Health. It offers cover on its options at either 100% or 200% of Discovery Health rates, but in-demand specialists charge anything up to 600%. If the scheme pays 100% of the DHMS rate, the gap cover product will pay the bill between 100% and 200% of the DHMS rate. Premiums start at R100 a month**.**

* It is expected that gap cover products will in future have to comply with regulations designed to ensure that health insurance policies do not undermine medical schemes

Medical Schemes' reserves could be costing members money

Business Day, 14 September 2016

According to Patrick Masobe , CEO of Agility Health, who led the government task team that drafted the Medical Schemes Act and was the founding CEO of the Council for Medical Schemes:

"When the Medical Schemes Act (131 of 1998) was being drafted, the Department of Health established the guidelines that would underpin the healthcare funding industry. Almost 20 years later, the country and the healthcare environment have altered significantly, yet medical schemes are still labouring under the weight of the 25% solvency requirements. We need a framework that evaluates the nuances of different risk management philosophies, membership profiles and pertinent factors affecting the liquidity position, and management

thereof, for each medical scheme. Such a risk-based capital approach, which the Council for Medical Schemes explored in a discussion document in 2015, qualitatively weighs a number of factors influencing individual schemes' capacity to meet their liabilities.
"The most practical approach would involve each scheme's board of trustees developing its own liquidity-management strategy, informed by the scheme's inherent risks and the liquid assets required to fulfil its obligations.
"While a risk-based capital framework would introduce certain complexities to the measurement of liquidity and solvency, it would also present a more accurate picture of schemes' distinct circumstances, reflecting the stage of maturity our industry has reached," wrote Masobe.

MEDICAL SCHEMES; GLOBAL CREDT RATING (GCE) (December 2015)

A report by Global Credit Ratings (GCR) based on SA's 11 biggest open medical schemes, (90% of the market segment) found that the schemes it reviewed were on a sound financial footing, despite reporting a R400-m operating loss. (The Council for Medical Schemes (CMS) was forced to delay publishing its annual report.) GCR rated 13 medical schemes, awarding the highest possible rating of AA+ to Discovery and Bankmed.

* BANKMED MEDICAL SCHEME (BM)
GCR: The rating is unchanged at AA+
Bankmed was established in 1914 to service the banking and financial services industry and provides services to over 50 institutions Bankmed appointed Discovery Health (Pty) Ltd as administrators effective
1 January 2016

* CHARTERED ACCOUNTANTS MEDICAL AID FUND (CAMAF)
GCR: unchanged rating of AA
CAMAF was established in 1952 to cater for chartered accountants and certain affiliated companies. CAMAF is administered by Eternity Private Health Fund Administrators (Pty) Ltd, a wholly owned subsidiary of Sanlam Health Management. The claims ratio of 95% and deceleration in contribution growth resulted in a net health care loss of R53 million.

* DISCOVERY HEALTH MEDICAL SCHEME (DHS)
GCR: unchanged at AA+ which is the highest rating a medical scheme can be accorded DHS remains the market leader in the open schemes market with a 54% market share based on principal membership mainly due to strong branding, comprehensive plan options and their Vitality wellness programme. Claims ratio remained below the industry average due to ongoing risk management procedures.

* FEDHEALTH MEDICAL SCHEME (FH)
GCR: rating of AA, unchanged from 2014
Fedhealth a well-established player in the open medical scheme industry is administered by Medscheme and has an open market share of 3.1%. The average age profile continues to track above the peer group which caused increased levels of claims

* HOSMEDMEDICAL SCHEME (HM)
GCR: Rating of A; unchanged from 2014
Hosmed, which was established in 1988 to serve local and provincial government employees, is administered

by Thebe Healthcare Administrators. Hosmed has subsequently converted to an open scheme and was placed under curatorship. The latter was lifted on 22 February 2016**.** Certain civil and criminal cases remain ongoing and recoveries of over R20m is expected.

* MEDIHELP GCR RATING
GCR: rating of AA
Medihelp, which was established over 100 years ago, became an open scheme in 1992, after initially serving government employees only. Following 108 years of self administration it sold its administrative and managed care business to Strata Healthcare Management. The CMS however found the new administrator not to be fit and proper and their accreditation license was not renewed. Medihelp is expected to reincorporate the administration.

* MEDSHIELD MEDICAL SCHEME (MMS)
GCR: AA; unchanged from 2014
MMS, which was established in 1996 (after the amalgamation of Universal, Medicaid and Medcare medical schemes) is self administered. Oxygen Medical scheme merged with Medshield on 1/10/2010 and after Genhealth Medical Scheme's demise most of their former members joined Medshield.

***** MOMENTUM MEDICAL SCHEME (MMS)
GCR: rating of AA
MMS is administered by MMI Health, which is a wholly owned subsidiary of MMI Holdings Ltd being the holding company of Momentum Group Ltd

* PROFMED MEDICAL SCHEME (Profmed)
GCR: AA; unchanged from 2014
Profmed, which was established in 1959, is administered by a wholly owned subsidiary of the Professional Provident Society (PPS) It is a restricted scheme catering exclusively for professionals holding at least a 4 year or post graduate degree. It therefore competes in the open scheme market place

* SIZWE MEDICAL FUND (SMF)
GCR: A+ unchanged from 2014
SMF was formed in 1978 for black workers who were not provided for under traditional schemes is administered by Sechaba Medical Solutions

ZOKUFA APPOINTED TO HEAD COUNCIL FOR MEDICAL SCHEMES;

Katherine Child in The Times 22 September.
Board of Healthcare Funders (BHF) chief executive, Humphrey Zokufa, has been appointed as new registrar of the Council for Medical Schemes (CMS). "The medical aid schemes regulatory body is now headed by a man who wants all schemes to be merged into a single fund."
Johann Serfontein, a Senior Health consultant at HealthMan, said if the registrar is supportive of government policies that will radically reduce the number of medical schemes, it raises questions about the sustainability of the sector, as he is unlikely to take any positive steps to promote sustainability.

CMS CIRCULARS

ANNUAL REPORT LAUNCH (61 and 62 of 2016)

Due to unforeseen circumstances, the CMS had to postpone the launch of its Annual Report 2015- 2016 until further notice.

ANNUAL CMS INDABA (63 of 2016)

The CMS apologises for the postponement of the 7th CMS Indaba scheduled for 6 September 2016.

REQUEST TO DISTRIBUTE CMS AWARENESS SURVEY (64 of 2016)

The CMS is rolling out an awareness survey for beneficiaries of medical schemes, aimed at improving the CMS' service to beneficiaries of medical schemes.

Schemes are requested to distribute the circular containing an invitation and link to the survey to all registered members. The questionnaire had to be electronically submitted by 29 September 2016.

CMS AWARENESS SURVEY (65 of 2016)

To access the CMS awareness questionnaire for beneficiaries of medical schemes:
https://www.surveymonkey.com/CMSAwarenessSurvey2016. It only takes 5 minutes to complete.
Information on the CMs is available on the website: www.medicalschemes.com

SPINAL STENOSIS (67 of 2016)

CMScript8 was published on 25 March 2013 with regard to the inclusion of spinal cord compression, ischaemia or degenerative disease NOS (not otherwise specified) in the PMB Regulations.
Since January, a substantial increase in claims was again noticed.
The CMS wants to reiterate that PMBs only cover spinal stenosis where there is radiological evidence of spinal and compression, spinal cord ischaemia or spinal cord degenerative disease NOS.
More info at: http://www.medicalschemes.com/files/CMScript/CMScript8)f2012_2013.pdf

WORKSHOP REGARDING BENEFICIARY REGISTRY (68 of 2016)

In order to properly introduce the Beneficiary Registry project, the CMS intends conducting two Principal Officer Workshops at the CMS Head Office in Gauteng and in Cape Town.
A document consisting of draft data specification will be presented at the workshop.
Medical schemes will benefit from beneficiary registry as members will find it more difficult to defraud the system and belong to more than one medical scheme. It will also lead to more accurate risk profiling and improve the quality of Annual Statutory Returns Data
The project will be implemented commencing in the current financial year (2016/17).
Gauteng workshop: 29 September

Cape Town workshop: 3 October

INDUCTION PROGRAMME FOR TRUSTEES (WESTERN CAPE (69 of 2016)

A final reminder that the CMS will be hosting a two-day consultative workshop for newly appointed members of the Board of Trustees for Medical Schemes in the Western Cape Province on 13 - 14 October 2-16
To attend, visit CMS website www.medicalschemes.com

CRITERIA FOR IDENTIFYING BENEFICIARIES WITH RISK FACTORS (70 of 2016)

The CMS discussion document of the guidelines for identifying medical scheme beneficiaries with risk factors in accordance with the entry and verification criteria can be found at:
http://www.medicalschemes.com/files/ITAP%20Documents/Guidelines%20for%20identification%20of%20beneficiaries%20with%20risk%20factors.pdf

SPECIAL NOTICES

No special notices were received