# HEALTHMAN PRIVATE PRACTICE REVIEW: JANUARY 2017

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## VIEW ON SPECIAL NEWS.

### FOOD FOR THOUGHT: HEALTH IN CRISIS

"Medical graduates with one or two years of practical experience are holding SA's public healthcare system together - but are falling apart themselves. With workloads estimated to have tripled over the past few years, interns are often left running entire hospital units. They are supervised by seniors - equally burdened registrars with three to five years' experience - while consultants are available for off-site telephone consultation, wrote *Shanthini Naidoo in The Sunday Times, 29 January 2017.* In December, *The Sunday Times* spent a 26-hour shift at the paediatric unit of Rahima Moosa Mother and Child Hospital, and a shorter visit to Chris Hani Baragwanath in Johannesburg.

Speaking confidentially, the doctors admitted to: Momentarily falling asleep while performing surgery;
Taking prescription medication for anxiety, depression and to manage their irregular sleep patterns;
Due to fatigue being unable to give patients adequate care, which resulted in complications, or death in worst cases; Deferring "difficult" emergencies and miscalculating medication and feeds for premature babies because they "cannot cope"; Putting their lives at risk of fatigue-induced accidents, such as exposure to infected needle sticks; and, Falling asleep at the wheel upon returning from a call.

Last year the Health Professions Council of South Africa recommended shifts of 26 hours. The previous recommendation was 30 hours, which often ran in 36.

However, Dr Khanani Mathonsi, chairman of the Junior Doctors' Association of South Africa, said the biggest issue is that one person carries the workload of at least two to three people, so to fill those gaps unfortunately people are forced to put in those extra hours.

### SA FINALIST IN GLOBAL SANDOZ HACK COMPETITION

A 28-year-old pharmacist in rural Mpumalanga Johannes Mangane, is one of 6 finalists in the international Sandoz Healthcare Access Challenge (Sandoz HACk). His solution, PillDrop, could revolutionise access to chronic medication in SA and globally. The mobile app will enable patients to register as users and motorists or motorcycle drivers to register as providers. The fee charged by the driver to collect and deliver medication will be less than the normal cost of travel by the patient to collect the medicine. The app will also enable the

patient to view the availability of medicine. Sandoz South Africa and Sandoz Global are supporting the finalists to strengthen their ideas into proposals to pitch at Wired Health in London on 7-9 March 2017.

## THE ILL EFFECTS OF FAKE HEALTH NEWS

Misinformation published by conspiracy sites about serious health conditions is often shared more widely than evidence-based reports from reputable news organisations, according to analysis by The Independent (UK). Of the 20 most-shared articles on Facebook in 2016 with the word "cancer" in the headline, more than half purport claims discredited by doctors and health authorities

## VIEW ON GOVERNMENTAL DEVELOPMENT

## ROAD ACCIDENTS HURT MEDICAL SCHEME, STATE

According to Transport Minister Dipuo Peters more than 1 700 people died on the roads during the recent holiday season. The RAF's claims expenditure is more than R32-bn per annum.
At Discovery Health Medical Scheme, claims related to motor vehicle accidents topped R432-m for 2016, with most lodged in December.

## MILLIONS MORE TO QUALIFY FOR SUBSIDISED HEALTHCARE

The Department of Health (DoH) announced that it will raise the annual income threshold for households to qualify for free or discounted hospital fees to R350 000 from April 1. About 29-m people will qualify for subsidised fees under the revised means test.

## CMS CLARIFIES FACTS REGARDING BENEFICIARY REGISTRY;

According to recent media reports the DoH has asked medical aids to pass on the names and addresses of all their members for use in a central government database as part of National Health Insurance.

Werksmans Attorney Neil Kirby said the request contradicted a provision in the Medical Schemes Act (Section 60(2) of the Medical Schemes Act, 1998).

The CMS reacted in a press release: "Current press releases and billboards wrongly suggested that the CMS will be collecting medical data. It is not the CMS's intention to collect any medical data and the directive received from the Minister of Health is clear in this regard. The articles also mentioned a security threat to data, but the CMS has demonstrated to medical schemes and other stakeholders in several engagement sessions that very adequate security measures are in place."

## NEW LAWS ON GAP COVER AND HOSPITAL CASH PLANS;

In December 2016, after four years of consultation, Treasury gazetted final demarcation regulations on hospital cash-back and gap plans. It stipulates that hospital cash-back plans are limited to paying their clients a

maximum of R3 000 per day, or a total lump sum of R20 000 per year. Gap cover policies is limited to R150 000 per annum per client. By 9 April people with primary healthcare insurance policies may be forced to fork out three times the amount they are currently paying.

Richard Blackman, the CEO of Day1 Health, says people take up primary healthcare insurance because they want to access private healthcare but cannot afford the conventional medical aid premiums, which are expensive. Government is taking that right away from them and forcing them to either pay for medical aids or use the public healthcare sector.

## VIEW ON NEW PRODUCTS

### SA APP THAT DETECTS HEARING LOSS IS CONQUERING THE GLOBE;

A SA app that uses a smartphone to detect hearing loss is on the way to worldwide use. HearScreen, which can be downloaded free, is being used in 25 countries, and its developer, hearZA, is working with the World Health Organisation and the US aid agency USAid. The app offers a game-style two-minute test which needs nothing more than a smartphone and a pair of headphones.

### NEW TB TEST COULD HELP CURB DISEASE;

A landmark trial showed 53% more patients has initiated therapy for TB after a new DNA-based diagnostic tool, GeneXpert MTB/RIF, screened more than 2 261 individuals. The trial is funded by The European and Developing Countries Clinical Trials Partnership and the SA Medical Research Council.

## VIEW ON MEDICAL SCHEMES (CMS Circulars)

### 15 FACTS ABOUT OPEN MEDICAL SCHEMES

**Research data (Alexander Forbes Health Diagnosis 2016/17 and the CMS:**

- Since the year 2000 the number of open schemes in SA has decreased by 24 from 47.
- During 2016, Bonitas Medical Fund merged with Liberty Medical Scheme.
- Almost 59% of principal members covered on medical schemes, belong to open schemes; 41% are on restricted schemes.
- Discovery Health is the biggest open scheme in SA (over 1,2-m principal members; over 1,4-m dependants).
- The top ten medical schemes, according to membership figures, are (in order): Discovery Health, Bonitas, Bestmed, Medihelp, Medshield, Fedhealth, Liberty (now merged with Bonitas), Sizwe and Keyhealth. Hosmed and Topmed come in at numbers 11 and 12 respectively.
- Six open schemes had a positive growth in membership numbers during 2015.
- The average annual increase in medical scheme contributions over the last 16 years has been 7,6%. Average CPI inflation has been 5,7%. Medical care and health expenses have gone up by average 7,7% per year during the last 16 years. Medical scheme contribution exceeds CPI by at least 1,9% on

an annual basis.

- During 2015, open schemes had an overall risk claims ratio of 88,7%. The generally accepted benchmark for a claims ration is 85%. Excess funds are used to build reserves and pay for non-healthcare expenses.
- The open scheme that had the highest claims ration in 2015, was Keyhealth 90%; followed by Fedhealth 86% and Discovery Health 77%.
- Open schemes spent an average of 10,4% of their contribution income on non-healthcare expenditure. Cost increases of non-healthcare expenditure increased with CPI. Non-healthcare expenditure includes administration expenses, broker commission and marketing fees, and bad debts.
- The open scheme with the highest non-healthcare expenditure was Sizwe (just over 16%), followed by Medihelp (just over 15%). The open scheme with the lowest non-healthcare expenditure was Medshield with just over 11%. Discovery Health spent just over 13% of its contribution income on non-healthcare expenses.
- On average (both open and restricted schemes) the industry spent 11% on average on these expenses - about R275 per member per month. Open schemes recorded an operating deficit of R565,63-m in 2015 ( 2013 in R626.54-m.). In 2015, only 8 of the 23 open schemes achieved an operating surplus.
- Open schemes have 45,8% of their assets held in cash. Schemes may not hold more than 40% in equities.
- Schemes are required by law to have 25% of their assets in a reserve fund. By the end of 2015, open schemes had just under 30% of their contributions in reserve; restricted schemes: just under 40%
- Of the open schemes, Medshield has a solvency level of just over 50%, Sizwe of just under 50%, Fedhealth about 35%, Keyhealth just over 30%, and Discovery and Bonitas very close to the legal requirement of 25% .

## MEDICAL AID CLIENTS SICK OF ANNUAL HIKES

Annual medical aid premium increases have been 2% above consumer inflation for the past 16 years, said Casper de Vries, senior actuarial specialist at Alexander Forbes. Most medical aid premiums increased this year by between 9% and 10%, with Discovery's Coastal Core plan up by 14,9%.

Experts say the trend is unsustainable in the long-term and even the regulator of medical aids admits the industry needs more young and healthy members.

According to research by the Competition Commission market inquiry last year most consumers stay put on their medical aid. Only 16% of those surveyed suggested any real commitment to changing their medical aid.

Damian McHugh, head of health marketing at Momentum Health, warned that if people weren't forced to downgrade this year, they would do so in future if these increases continue.

In 2015, the medical aid industry ran at a R1,2-bn loss, from R500-m the year before. Most medical aid options in 2015 paid out more than they earned in premiums. Due to the relatively large reserves held by medical aid schemes, the industry remained financially stable, said De Vries.

## THREE RESTRICTED MEDICAL SCHEMES TOP SUSTAINABILITY INDEX

The scheme for members of the SA Police Service, Polmed, was the top scorer for the third year in a row in the Alexander Forbes Health Medical Schemes Sustainability Index. Next was by Samwumed and LA Health.

**MEASURING THE QUALITY, OUTCOMES AND VALUE PROPOSITION OF MANAGED CARE INTERVENTIONS** (88 of 2016)

A task team of the greater industry Technical Advisory Panel has published the minimum data specifications with regard to the following conditions**:** **Bipolar Mood Disorder** and **Schizophrenia**.
Work done with regard to Crohn's Disease and Ulcerative Colitis will be published soon.

**FOLLOW UP ON CIRCULAR 2016 on PMB REVIEW** (01 of 2017)

**The circular provides clarification under the following headings**:

1. PMB review process and deadlines: The process will be guided by the Joint Steering Committee comprising of the CMS, the National Department of Health and other regulators. The Clinical Advisory Committee will deal with and define a new PMB services package and the Costing Committee will deal with costing of the services package
2. Provision of inputs by stakeholders and the nomination of individuals to serve on the various committees

Stakeholders are requested to make inputs on the envisioned benefits package as stipulated in the consultative document attached to Circular 83 of 2016

For more info, stakeholders are welcome to contact the Office at **pmbreview@medicalschemes.com**

**REQUEST FOR HIV, TB AND STI DATA FOR SA NATIONAL AIDS COUNCIL** (05 of 2017)

CMS, in collaboration with SA National AIDS Council (SANAC), is collecting data on HIV, TB, and STI (Sexually Transmitted Infections) in the private sector or in the population covered by medical schemes. SANAC established the Private Sector Technical Working Group (TWG) to develop the private sector data collection tool based on the core indicators tracked by medical schemes.
Medical schemes, administrators and managed care organisations are requested to submit HIV, TB and STI indicators as defined in the data collection tool document

**Reporting periods**
1 January - 30 June 2016 - due: 30 March 2017
1 July - 31 December - due 30 March 2017
Submissions should be sent to **sanac@medicalschemes.com** in exel format
For more info: **information@medicalschemes.com**
**www.medicalschemes.com**

## SPECIAL NOTICES

**No special notices were received**

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