

NHI White Paper: Day 21

This is the twenty first in a series of daily analysis pieces of the NHI White Paper that will be sent to SAPPF- and HealthMan Members. Different aspects of the NHI will be analysed on a daily basis, which will help to assist providers in understanding how the NHI initiative will impact the private provider and their practice, as well as the impact on their own access to healthcare. Some broader economic impacts will also be included on occasion.

Extract from the White Paper

The [proposed] Alternative Reimbursement Models include capitation for primary health care and ambulatory care or case-based payment systems such as diagnosis-related groupers (DRGs) for in-hospital services whereby the unit prices for reimbursements decline after reaching a fixed budget.

Critical Analysis

Capitation based payment systems are highly complex and require masses of healthcare data on disease profiles in a specific area as well as data on all residents registered in a specific area.

The state does not currently have the capacity in place to gather this data and there is little indication of the capacity being in place within the next 7 years. One cannot effectively determine capitation prices without all the necessary data.

Medical schemes currently have specified populations and access to comprehensive disease data and yet, even they are having problems with these complex payment types.

Reduction of prices DRGs when reaching a fixed budget point, could lead to hospitals starting to ration their services or reducing the quality thereof once this threshold is met. If the variable costs of delivering these services are not covered by the lower DRG price, it could create large funding problems for hospitals.

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