

Desperately seeking: A viable healthcare payment system

 By [Nicci Botha](#)

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South Africa's private healthcare sector is under severe pressure, particularly with rampant inflation tracking at rates higher than CPI, creating a system that will eventually, in the not too distant future, become unsustainable.



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In fact, at the end of last year, most of the country's medical aids announced double-digit premium increases for 2017.

"Issues that are blamed for the high cost increases include; advancement in medical technology, cost of importing medical technology, administrator fees, broker fees, supplier induced demand, member over use, aging profile of medical scheme and therefore higher claims ratios, increased rate of illness in populations, legislative changes, incentives in the system.

"The truth is not one of these are to blame but the effect of all of them together impact the price of healthcare in South Africa," says Damian McHugh, head: health marketing, retail and corporate sector at MMI Holdings.

Fee-for-service doesn't work

To help curb the costs, medical schemes are looking at alternative fee arrangements with service providers.

"There is extensive evidence that the current fee-for-service (FFS) method of paying health professionals is cost inflationary and also leads to increased fragmentation of care, which impacts negatively on quality of care. Globally, progressive healthcare systems are moving towards team-based care that improves quality through better coordination of care. The most effective way to pay healthcare teams is through various forms of global fee arrangements," says Dr Jonathan Broomberg, CEO: Discovery Health.

HPCSA raises objections

However, the Health Professions Council of South Africa (HPCSA) is concerned about global fee arrangements, and the potential impact on patient rights and professional autonomy, saying such "agreements should always be ethical, compliant with the law and clinically sound with no risk or incentive of over- or under-servicing". It is also worried about ethical aspects of these agreements.

“Due to the importance of ensuring cost-effective care, but doing so in a manner that protects patients and ensures appropriateness of care, the HPCSA will host roadshows to engage with healthcare professionals on these matters, to canvas experiences and views and chart a way forward. It will also engage with the ministry and national department of health, as well as the Council for Medical Schemes and other stakeholders on this important matter,” a statement from the body says.

In the light of the above, the HPCSA urge healthcare professionals to defer entering into global fee or similar financial and clinical arrangements or contracts.

Undersupply of specialists

“South Africa also has an under supply of providers in many disciplines. Therefore, we need to build a system that includes the providers as a key partner in the delivery of cost-effective health care where patients have the required access at the right time. We, as an organisation, want to work with South Africa’s providers and remain in conversations with our providers and the different associations and societies that their disciplines belong to, ensuring that the consumers’ best outcome/interest is adhered to clinically and in the long run, financially,” says McHugh.

Global fees pose no substantive threat

Discovery Health Medical Scheme (DHMS) is implementing a centre of excellence network of 70 hospitals and surgical teams for hip and knee replacement surgery in 2017. The intention had been to implement global fees for the health professionals and hospitals involved in hip and knee replacement surgery in a network of arthroplasty centres of excellence, with effect from 1 April 2017.

However, due to concerns expressed by the representative associations of the specialists involved, we have changed the reimbursement design to move away from global fees for the time being. We are however continuing with the centres of excellence network strategy.

“We are continuing to engage actively with the various professional groupings involved, and we hope that we can ultimately achieve some form of global fees that are acceptable to health professionals and the HPCSA. We believe firmly that global fees pose no substantive ethical concerns and can be structured to ensure ethical practice. This approach is consistent with global best practice, and is certainly the most effective way to ensure optimal health outcomes and efficiency,” says Dr Nozipho Sangweni, DHMS principal officer.

ABOUT NICCI BOTHA

Nicci Botha has been wordsmithing for more than 20 years, covering just about every subject under the sun and then some. She's strung together words on sustainable development, maritime matters, mining, marketing, medical, lifestyle... and that elixir of life - chocolate. Nicci has worked for local and international media houses including Primedia, Caxton, Lloyd's and Reuters. Her new passion is digital media.

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