

Panel Discussion

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Introduction (1)

- The topic of greatest contention right now is NHI
- But, whether or not NHI is implemented, there is an urgent need to address the current health care system
- Experience from the development of other national health systems suggests that such systems take many years to implement
- There is a need to adopt a proactive approach to health reform
- If we “wait and see” what happens with NHI before addressing current threats, risks and opportunities, the results may potentially threaten the very existence of the medical schemes industry



Introduction (2)

- This presentation will not provide solutions to the many problems that confront the private medical schemes industry, but will present a number of questions to stimulate discussion on:
 - innovative approaches to cost containment ;and
 - the facilitation of transformation in the health care system



South African Context

- The current public health care system is over-burdened and under-resourced
- The inequalities within the health system are severe and require the re-allocation of resources
- The Government has committed to transformation of the health system and both private and public agree this is a "*moral imperative*"
- Opposition to NHI is currently perceived as anti-transformation and is entrenching a private versus public, rich versus poor polemic which is not helpful



Cost of Health Care

- The cost of private health care has increased significantly over time
- Continued escalation in costs will lead to a decline in private medical scheme membership, which will further impact affordability and access to medical care
- The medical schemes industry needs to find ways to contain costs



Transformation and Restricted Schemes

- The private medical schemes industry does not seem to be in agreement in terms of how to address the transformation of the health system
- There is evidence that suggests that the approach and aims of restricted and open schemes are divergent
- There are 112 medical schemes registered with the Council for Medical Schemes at present
- Of these, 78 are restricted schemes and 34 are open schemes
- A united medical schemes approach to transformation would be ideal, but it is unlikely that consensus will be reached and common objectives identified
- It would thus be useful to explore the creation of certain alliances/lobby groups/discussion forums, under the auspices of the BHF, to allow for streams of progress



Discussion Questions

- In light of the current South African context, the following discussion questions are proposed:

- 1. Should a restricted schemes forum be constituted?**
- 2. What role can large employers play in offering health services?**
- 3. Should large employers create centres of excellence, linked to certain specialities, to offer hospital services to employees?**



Discussion Question 1

Should a restricted schemes forum be constituted?

- The ability of 78 separate restricted schemes to negotiate more competitive pricing and ensure adequate representation in the NHI debate with Government, is questionable
- Should a restricted schemes forum be constituted?
- If so, could this forum nominate an executive committee to address and negotiate issues of collective importance?
- Could this forum act to pursue:
 - Collective purchasing of medicines and services with pharmaceutical companies, hospital networks etc.?
 - Negotiation of a new PMB package that takes employer health offerings into account?
 - A collaborative approach to working with Government on NHI?



Discussion Question 2

What role can large employers play in offering health services?

- It is in the interests of employers to ensure a healthy and productive workforce
- Many large employers already offer occupational health services to employees
- Would it be a good idea to explore the expansion of these services to a primary health care level?
- The aim of offering such services would be to decrease the patient burden on public health facilities and also to contain costs in the private sector
- Employers would be able to employ GPs, dentists, physiotherapists and so on, and pay them salaries with performance bonuses (as opposed to fee-for-service)



Discussion Question 2

- Employers would also be able to pursue the dispensing of certain drugs at the workplace, reducing the burden on state pharmacists, and the time taken for employees to access medication
- If state tender pricing could be used to acquire these drugs, major savings could be achieved
- The basic health care needs of employees would be met at the workplace, reducing the time taken to seek medical care and allowing for greater control over input costs
- There is potential for groupings of employers to offer shared services based on occupation or proximity
- A new model of health care insurance and delivery could be investigated using employer-based health care as a significant option



Discussion Question 3

Should large employers create centres of excellence, linked to certain specialities, to offer hospital services to employees?

- The largest cost driver of private medical schemes is hospital usage
- An analysis of this usage needs to be conducted to determine where there are high bulk areas and frequencies of use
- This data could then be used to create centres of excellence, hosted in public or private hospitals, where employers hire or subsidise the salaries of specialists on a DRG (Diagnosis Related Grouping) basis
- Arrangements could be made to lease a certain number of beds/wards in hospitals at competitive rates, decreasing the patient burden on public health facilities and containing costs in the private sector



Conclusion

- The health care landscape in SA is changing
- It needs to change
- We have a lot to lose but also a lot to gain

If ever there was a time for collaboration and innovation, it is now

