

**PROBE OF ALLEGED RACE DISCRIMINATION BY MEDICAL
SCHEMES FOR THE COUNCIL OF MEDICAL SCHEMES**



HEALTH FUNDERS
ASSOCIATION

**presentation to the
SECTION 59 INVESTIGATION PANEL**

02 August 2019

Members



- ❑ Medical schemes,
- ❑ Administrators and
- ❑ Managed Care Organizations

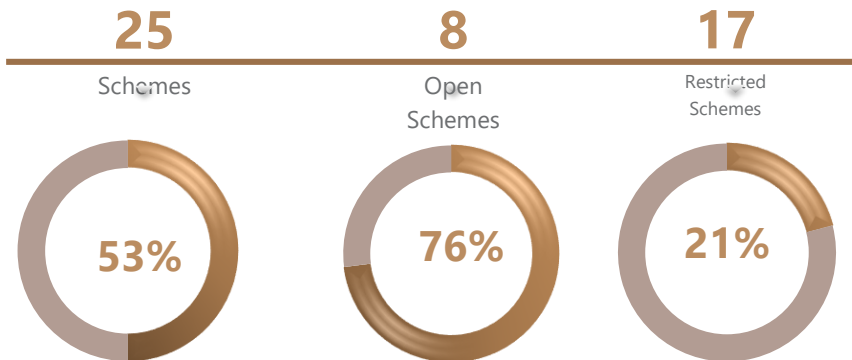


The HFA Represents :

- ❑ 25 medical schemes
- ❑ 3 administrators



Medical Schemes; over 4,4m lives





Current Members

Medical Schemes



Administrators



Role

- To facilitate and encourage the establishment of a conducive healthcare funding industry through active engagement with all relevant stakeholders in both the public and private sectors
- Sustainability & development of private healthcare funders
- Support policymaking & legislation reforms
- Advocacy and lobbying: united voice of the members of the Association

Structure

- Board of Directors
- Technical Advisory Committee (TAC)

Values

- Thrive through corporation and collaboration
- Passion to add value
- Driving competitiveness for prosperity
- Embracing diversity

Engagements on industry matters

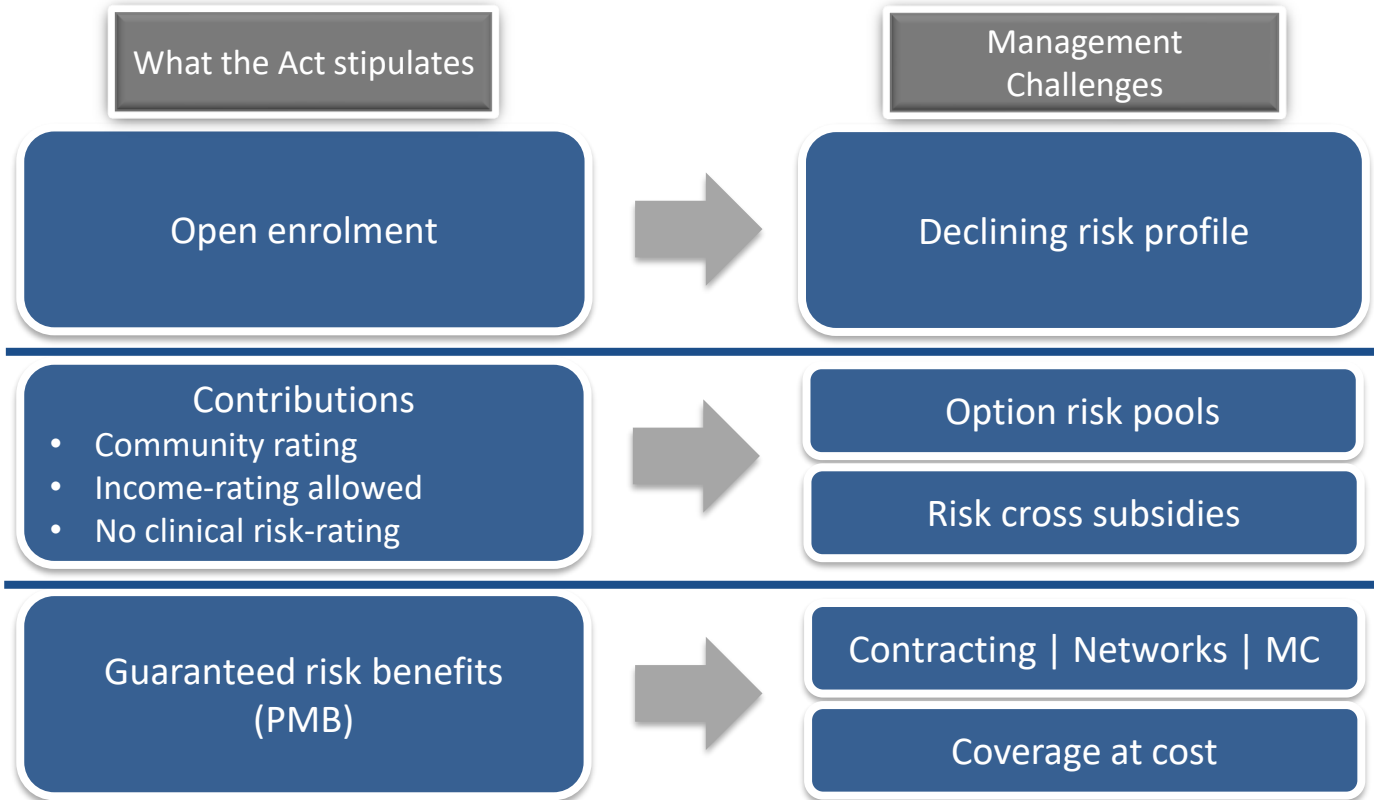
- CMS – FWA Summit, PMB review
- Presidential Health Summit
- BUSA Health Working Group – NHI engagements at Nedlac

Terms of reference:

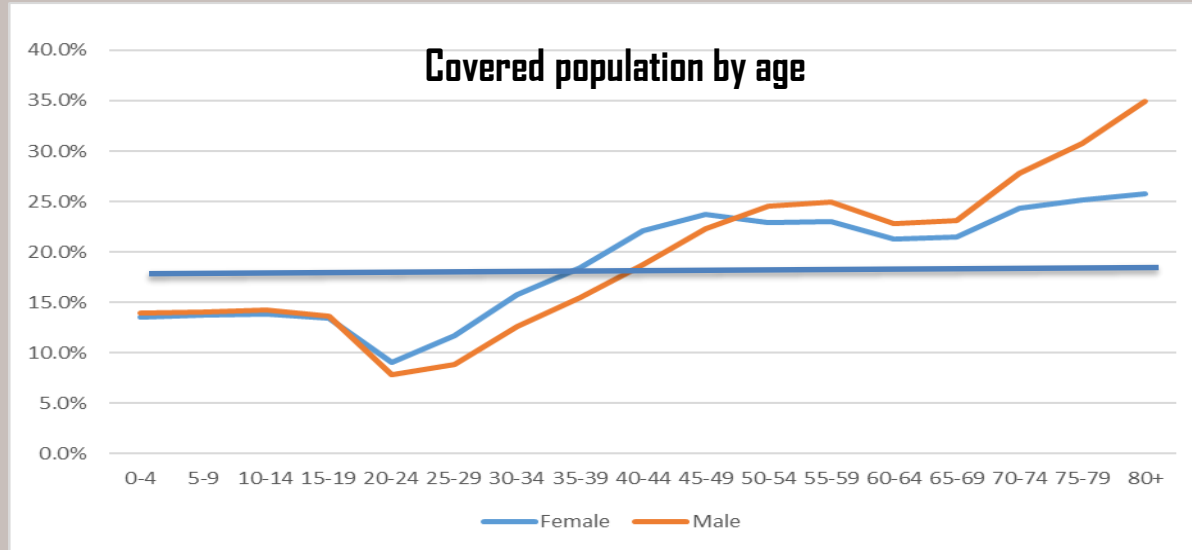
- Investigate complaints and allegations relating to Section 59 of the Act and Reg 5 and 6
- Make recommendations to the CMS in relation to complaints and allegations
- Identify trends emerging from complaints and allegations requiring legal or policy interventions
- Make recommendations to the CMS relating to administrative, legal or policy interventions
- Make recommendations to the CMS on any amendments to legislation and regulations required

- HFA is not directly involved with schemes' operational activities related to FWA. Nonetheless HFA strongly condemns all forms of bullying, racial profiling and unfair treatment
- HFA will consider the recommendations cited in the terms of reference and respond accordingly if required to do so.

Social Solidarity Framework: Medical Schemes Act (1998)



Scheme Trustees are required to manage complex risk pools in the interests of all members

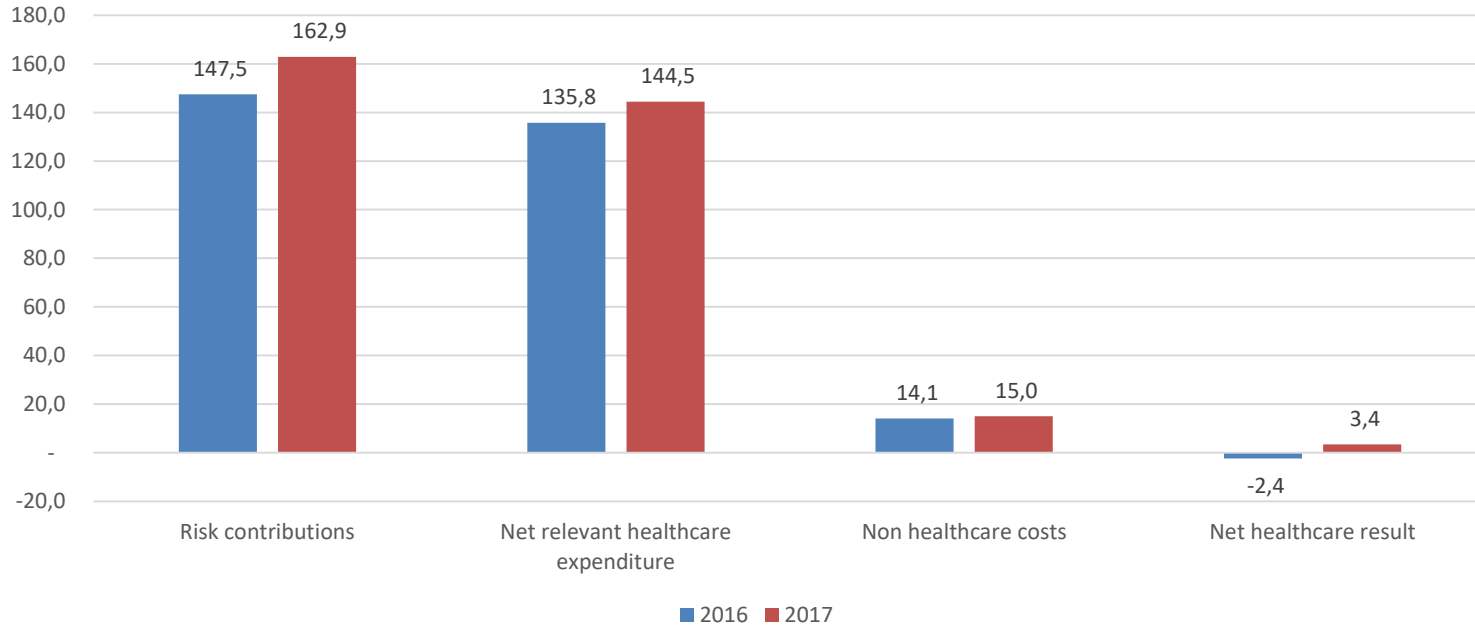


Average 16%

• CHALLENGES

- Ageing membership and increasing chronic prevalence
- Need to balance:
 - Adequate benefits
 - Affordable contributions
 - Reasonable reimbursement to providers
 - Quality outcomes

Medical Scheme Results (Rbn)



Healthcare Fraud Waste and Abuse

- **National Anti-Corruption Forum** – a Presidency project delegated to SIU targeted towards vulnerable sectors.
 - Health sector identified as one of six vulnerable sectors prioritized for intervention due to susceptibility to abuse and corrupt practices
- **Health Sector Anti-Corruption Forum** - SIU in collaboration with NPA, Hawks, SARS, SAPS, COGTA, CMS and other industry stakeholders.
- **CMS FWA Co-ordinating Committee**
 - CMS initiated the FWA Summit in Feb 2019 with support from the SIU.
 - HFA supported and participated in both the Co-ordinating Committee and the Summit.
 - HFA participates in CMS working groups, co-drafted the FWA Definitions Document and the FWA Charter and are in the process of co-drafting the FWA Code of Good Practice.

CHALLENGES faced by medical schemes

- Impact of FWA: Up to 15% of total claims value
- HMI provisional report (July 2018):
 - HPCSA inadequate as self-regulator and penalties are an inadequate deterrence to unethical conduct.
 - Backlog of complaints and inadequate sanctions by HPCSA.

- **FORENSIC SERVICES**

- Fiduciary responsibility of Trustees – to manage fraud, waste and abuse governed by various legislative and regulatory requirements.
- Fraudulent practices identified – schemes and administrators obliged to recover these costs and/or report to relevant authorities (e.g. SAPS, HPCSA)

- **Examples**

- Charging for services not rendered/ overstating services
- Modifying billing codes
- ATM
- Card farming

- The Medical Scheme industry embraces the Social Solidarity principles enshrined in the MSA
- Medical schemes are experiencing significant cost escalation, driven by multiple demand-side and supply-side factors.
- Scheme Trustees have a fiduciary duty to maintain sustainable balance between accessibility of benefits and affordability of member contributions. Includes ensuring member funds are adequately protected against FWA
- FWA is a significant contributor to medical inflation and a material threat to the long-term viability of the healthcare sector

- **FWA Summit – Key Themes:**
 - Common framework for forensic processes; emphasis on fairness and transparency
 - Industry standards for coding and billing
 - Peer review and/or support to be incorporated into interventions
- **CMS Section 59 Investigation:**
 - HFA's view is that schemes/administrators' interpretation of Section 59 of the MSA is accurate
 - No conclusive evidence of racial profiling has been presented to the Panel
 - HFA is not aware of any unlawful application of forensic procedures within its membership
 - An HFA Code of Conduct on FWA is being developed. It will support and align with the CMS Code of Practice which is currently in draft format.



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END