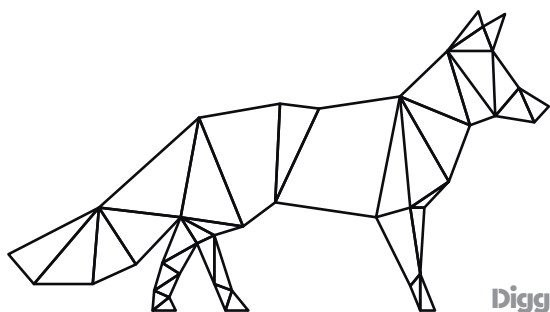




Chris Bateman

● As many medical scheme members age while younger, healthier members buy cheaper options with fewer benefits, gap cover can total more than half of some patients' medical aid payouts.

Interviews with brokers, underwriters, funders, consultants and GPs reveal a medical aid industry struggling to contain inflation. Insurance underwriters tell of regular individual gap payouts to cover medical aid shortfalls of between R50,000 and R191,000. The latter figure is an annual regulated gap cover limit per beneficiary for hospital treatments.

Sirago Underwriting Managers reports paying more than 100 "mega claims" (more than R40,000 per claim) in gap cover last year. Its gap cover claims between January and November 2023 amounted to R106m.

Pretoria broker Rudolph Ackermann detected that monthly gap cover claims were on average R1m higher than in previous years.

Sirago CEO Martin Rimmer says individual gap cover payouts increased from an average of R6,000–R12,000 to R50,000—plus on average over the past three years. For musculoskeletal, coronary artery stents and ischemic heart disease treatments, medical aids paid 46%, with gap cover required to settle the balance. All three patients were members of top-end comprehensive medical scheme options. Underwriters and brokers say even higher-end scheme be-

HEALTH CARE

NHI is not the only threat to medical aids

nefit options that pay 200% are often inadequate.

A website, medicalaid.com, which compares options is racking up 50,000 searches a month.

The health market inquiry recommended a regulated tariff ceiling for consultants, but Simon Strachan, CEO of the South African Private Practitioners Forum (SAPPF), says a tariff ceiling "often limits the possibility of a competitive market" and is a concern ahead of universal health coverage (National Health Insurance, or NHI). "We need a system that better represents what we're doing; to work and be paid for teamwork in a multidisciplinary team. There's no mechanism for that."

Strachan says gap cover represents a small percentage of direct payments to preferred providers. Consultancy fees in a private hospital, he says, usually amount to between 10% and 15% of the hospital bill. Suggestions that consultants are inflating their prices are "simply wrong", he adds.

"The number of people on medical aid hasn't increased significantly in the past 10 years. More doctors are coming into the private sector because there are no posts in the



Going for the gap may not be enough

state sector. The real free market forces are being curtailed by the market not growing — everybody is constrained.

"You have a duty to discuss payment options with your patient. I see nothing wrong in asking patients how they aim to pay for your services. One thing the SAPPF is clear on is that health-care professionals should have a one-off fee, not one for prescribed minimum benefits [PMBs] and another for non-PMBs. You can decide whether to discount that fee. If you have gap cover, I should

still charge you my regular fee."

Strachan believes NHI won't affect medical aids for at least two more decades and scoffed at NHI chief Nicholas Crisp's assertion that NHI tariffs would be tailored to the quality of service and patient outcomes.

"The office for health-care standards compliance is struggling to monitor facilities. How is it going to look at clinical outcomes? That requires a huge amount of input," he says.