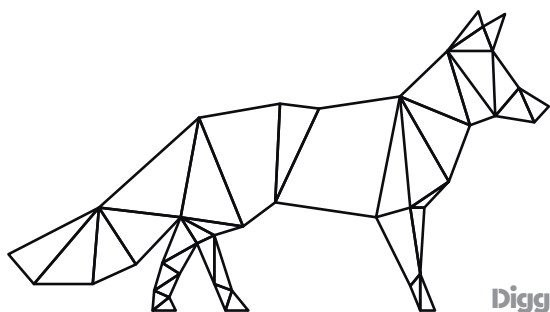




MEDICAL AID

Is the doctor in, or out?

Minister must decide on cheaper health options

Chris Bateman

● All eyes in the medical funding sector are focused on whether health minister Joe Phaahla will approve cheaper aid plans – until now blocked by the government.

Phaahla has received a report from the government-funded Council for Medical Schemes (CMS) that deals, among other things, with low-cost benefit options. Its registrar, Sipho Kabane, says his senior staff did exhaustive work on it.

The report, which will remain secret, is in response to a court order last year against the CMS, the registrar, and the minister.

The Board of Healthcare Funders (BHF) obtained the order in the Pretoria high court, alleging that the state was deliberately delaying low-cost benefit options. Kabane says the allegation is false.

The CMS said it was “protecting the public”. But the BHF says it is favouring the government’s controversial National Health Insurance (NHI), recently passed in parliament, and now awaiting President Cyril Ramaphosa’s signature.

Phaahla tells the FM “there

are some legality issues” concerning the cheaper options. Asked whether this meant months or years, he responded: “Months.”

Paresh Prema, head of technical & actuarial consulting solutions at Alexander Forbes Financial Services, says government approval for low-cost benefit options will make a difference to millions.

Being able to offer cheaper rates, medical aids could draw a significant pool of middle- to lower-income people away from an NHI, avoiding long state health queues.

The private sector says pragmatic regulatory reform regarding low-cost benefit options will also reduce the burden on the state.

Funders have long sought to reduce “crippling” prescribed minimum benefits and to obtain tariff ceilings for specialists, who can charge well above scheme rates.

Membership of medical aids has remained stagnant because at about 4-million to 5-million as younger people take cheaper gap cover, unregulated by the CMS, and insurance options.

It leaves schemes with ageing memberships and in-

Health minister Joe Phaahla: Will he approve cheaper medical aid plans?

Freddy Mavunda



creased premiums. Medical schemes are seeking the exclusion of low-cost benefit options from CMS strictures so that they can compete with insurance products.

While Kabane says he doesn’t want another public debate on low-cost benefit options, BHF executives joined one.

Rajesh Patel, head of health systems strengthening at BHF, and Charlton Murove, its head of research, say health care is unnecessarily complex. They blame “dismal” regulatory oversight in which patients struggle to negotiate a health-care funding jungle. A new website, www.medical-aid.com, is helping navigate that jungle.

Patel says regulation creates too many grey areas and has allowed service providers “to charge as much as possible”.

“When you access a consultant, you don’t know the cost and you’re unlikely to negotiate,” he says.

Patel says South Africa is “sitting with a politicised health-care system. There are

more politics at play than efforts to solve the problem.” The BHF applied for exemption from the Competition Commission “so we could do collective bargaining while the government gets its act together, but politics came into play ... we’ve been sitting with the Competition Commission for over two years”.

Prema says the reforms of prescribed minimum benefits, involving tariff setting and regular reviews, never happened. This led to an increase in the cost of these benefits and “a lot of people falling out of the system”.

He says it is difficult to understand why the government would wait a decade or more for an NHI to kick in “when we have an industry that’s well maintained and regulated and can provide benefits at low prices with a good primary health-care basket”.

Such products could be allowed with an exemption that did not require the minister’s approval until a full framework is developed.

However, the CMS, which

should be independent and act without fear or favour, is “sensitive to the current political environment and needs the department’s approval before it proceeds with any initiative,” he says.

One point of agreement is that contributions to insurance products such as gap cover benefit company shareholders rather than members, while premiums on low-cost benefit options benefit an entire medical scheme’s membership.

“The CMS could potentially increase its levy and operating income by increasing scheme memberships through low-cost benefit options,” says Prema.

There are more politics at play than efforts to solve the problem

— Rajesh Patel

Answering assertions that the CMS was part of the government’s NHI political agenda, Kabane says the NHI bill spoke of “complementary cover” by medical aids. “That will only happen in the transition to full implementation.”

He adds that the minister will unpack all the details and engage with all parties to make NHI a reality, and adds that it is wrong to believe that this will take medical schemes out of the equation.

Kabane says the CMS will review prescribed minimum benefits using the best scientific evidence, cost-effectiveness, protecting members and the financial health of schemes, especially probing rare high-cost diseases that threaten to collapse schemes.

He is confident the minister’s pronouncement will be an amicable solution in the court battle, now in the Supreme Court of Appeal.

A spokesperson for the minister did not respond to questions. ✕

ANOTHER WEEK



Reuters/Jordan Pettitt

USUAL SUSPECT Protesters outside the Russian embassy in Berlin at the weekend had no doubt about who to blame for the death of Alexei Navalny last week. The Russian opposition leader, a critic of President Vladimir Putin, was imprisoned on spurious charges deep in the Arctic Circle. He was healthy one day, dead the next

BY THE NUMBERS

HIGH TRAFFIC ON EVEREST

Estimated number of successful Everest ascents per year from 1953 to 2024

The climbing season on the world’s tallest mountain, Everest, starts in April and lasts until June

