



NEWS

HOSPITAL TARIFF WARS WITH BHF

Annual tariff negotiations between private hospitals and the Board of Healthcare Funders recently soured to such an extent that three major private hospital groups rejected a proposed tariff increase of 4%. Subsequently, Netcare, Afrox and Medi-Clinic started negotiating with medical schemes individually.

The result of the negotiations was a range of 'alternative payment methods' that differ between schemes and that could see the patient footing part of the bill. Should this come into effect in January, patients will have to settle their part of the account before being admitted to a private hospital.

Norman Weltman, Executive Director of Netcare, said his organisation had not negotiated with BHF because it believed this went against the Competition Act. The BHF's decision to increase benefits by 4% was unilateral.

Ronald Buys, Medi-Clinic Director, felt that patients' contributions would be 'relatively small', whereas BHF believes it could be anything up to R5 000.

Discovery Health has negotiated individually with the hospitals and agreed to higher tariff increases. Anton Roux, MD of Medscheme, said his organisation also negotiated with the hospitals and had achieved a rate which client schemes were approving. Roux added that opting for members to make co-payments to hospitals was 'the approach we really don't want to take'.

NATIONAL HEALTH EMPLOYERS FORUM

GPNNet, South Africa's largest doctor network, recently initiated the establishment of the National Health Employers Forum to be the first self-regulating employer organisation to represent all roleplayers in the private health sector.

Peter Brewer, secretary of the new forum, said that the NHEF was an informal structure to enable hospitals, doctors, funders, pharmacies and pharmaceutical manufacturers to resolve internal disputes and conflicts. All major groupings had been approached.

The NHEF will respond to the growing need for an advisory service on legal, labour and professional matters, Brewer said. It would also address the problem of inadequate consultation on matters of health policy and legislation on a collective basis.

MEDI-CLINIC PLANS BIG EXPANSION

Over the next two years, the Medi-Clinic hospital group owned by Remgro, will be spending nearly R400 million to upgrade and expand its facilities. A number of private hospitals will be

built and Medi-Clinic centres in Durbanville, Nelspruit, Pietermaritzburg, Morningside and Sandton will be upgraded.

Group results for the six months to September 2002 showed headline earnings growth by 25% per share compared with the same period in 2001. Revenue derived from hospital fees grew by 19% to R1.5 billion.

Lagging growth in group operating income was attributed to the decision to reward nurses with retention bonuses in the context of serious nursing shortages. Turnover grew with increased bed days, more theatre hours and more acute cases.

Medi-Clinic's future focus will be on exploring further overseas opportunities. It also recently worked with three black empowerment groups to acquire the Curamed Group of six Pretoria specialty hospitals.

JOHANNESBURG HOSPITAL'S FOLATENG

Johannesburg Hospital recently opened a private facility called Folateng, boasting brand-new equipment, to accommodate non-medical aid patients at a lower cost than private hospitals.

Dr Abdul Rahman, Chief of Operations at the Gauteng Health Department, said that Folateng currently has 100 beds with occupancy of close to 70%, but that plans are underway to expand it into a 250-bed unit in the near future. The facility in Parktown, Johannesburg, has been in operation for four months. Wards range from single to five-bed units, food is supplied by Fedics, and nurses are specially allocated.

Rahman believes that more patients could be attracted to Folateng, such as public service employees, foreigners and people without medical aid who can afford to pay more than the state hospital fee.

Helen Joseph Hospital also recently opened its private wards and both Sebokeng and Pretoria West Hospitals will soon boast their own private facilities. Another six are planned.

MEC SUSPENDS LIFECARE FUNDS

Gauteng Health MEC Gwen Ramokgopa recently suspended funds to LifeCare Health Services, which had a contract with Chris Hani Baragwanath Hospital to treat some of its acute medical cases, including admissions for AIDS-related illnesses.

The MEC's decision to terminate the contract left about 40 nursing, kitchen, administration and cleaning staff of Selby Medical Centre unemployed. The centre, which had 231 beds, was leased by LifeCare in Johannesburg, and was opened in September 2001 after a two-month trial period. Bara set aside R30 million for the LifeCare contract.

About 231 patients will be sent back to Bara, where patients with opportunistic diseases are already occupying 40% of the hospital's 2 664 beds. Spokesperson for the MEC, Popo Maja,



said that 'the termination of the contract is part of an overall process of service strengthening and reconfiguration. The initial agreement clearly stipulated that the contract could be terminated with one month's notice to either party'.

Maja said that Bara had an average 75% bed occupancy in the medical wards (the norm for bed occupancy is 80%), which indicates that there are beds that could be used. The MEC was also concerned that the initial agreement with LifeCare was not subject to an open tender process. The 24-hour service was established to relieve the pressure on admissions at Bara of patients who could be managed at district and regional hospitals. It took patients with acute illnesses, including HIV/AIDS, TB, pneumonia, epilepsy and diabetes.

However LifeCare MD, Dr Trevor Frankish, expressed disappointment at the decision not to renew the contract, because they believed that they provided a quality and cost-effective service that reduced overcrowding at Baragwanath.

NEW GETMED ACCESS CARD

GPNet recently introduced an access card called 'GetMed' in conjunction with Anglo Gold's Igolide Healthcare Access, and it is already being used by 2 300 patients. The system is the first of its kind to be endorsed by a doctor grouping.

Patients use the access card for acute medication and for visits to GPs, specialists, radiologists, pathologists, dentists and optometrists in a managed care environment targeting the lower income market.

Dr Johan van Zyl, GPNet Group Executive, said that the system has been piloted successfully in Carltonville, Welkom and Klerksdorp since January 2002. GetMed is a pay-as-you-need-system that is free of cross-subsidisation. It is based on a cost-per-encounter principle which enables patients to budget upfront for health care expenditure.

RESOLUTION LAUNCHES DEBIT CARD

Resolution Health recently introduced a health debit card which can be presented at any health care provider to verify electronically whether sufficient funds are available before authorising payment.

Bennie de Beer, MD of Resolution Health Ltd, said that the holder of the Visa-based card and the Mercantile administrator would decide how much money should be deposited into a personal savings account every month. It can only be presented at medical service providers and pharmacies, which then removes the patient's need to submit claims to the medical aid.

At the end of every year the member can withdraw the saved amount and if the holder belongs to the scheme's hospital plan, in-hospital expenses cover all major catastrophes.

TELEMED ON PRICE LIST SYSTEM

Telemed medical aid scheme, which serves 25 000 Telkom staff, recently awarded its pharmaceutical benefit management contract to Interpharm, a Medscheme subsidiary.

For the scheme's 60 000 members, the deal promises the speedy processing of their medicine claims and management of dispensing through Medscheme's controversial Medicine Price List system.

Luke Harwood, MD of Interpharm, said that they plan to introduce online scripting for medical practitioners. This will enable the prescribing doctor to have all the relevant financial and clinical rules of Telemed on screen. The script could then be sent directly to the pharmacy or the patient could leave with a signed printout.

Interpharm processes about 1.2 million claims every month - 96% of them in realtime - and has around 42% of market share.

LEGISLATION

SUMMARISED AMENDMENTS TO THE REGULATIONS MEDICAL SCHEMES ACT: PART 1

By Elsabé Klinck

The amending regulations to the Medical Schemes Act of 1998 (as amended) were published on 4 November 2002 in the Government Gazette. The regulations will come into force on 1 January 2003. Various aspects dealing with prescribed minimum benefits will unfortunately only come into operation on 1 January 2004. All persons or groups entering into managed care agreements from 1 January 2004 will have to be accredited by the Council for Medical Schemes.

SAMA is, in general, extremely satisfied with the way in which many of its submissions were incorporated. Doctors should be vigilant and ensure that schemes adhere to the regulations, especially regarding accounts, managed care agreements, protocols and formularies.

Under the various headings below, an indication is given where the regulations have been left unchanged, as well as where changes were effected by the Nov 2002 regulations or regulations that are totally new.

Definitions (changed)

Most of the definitions in regulation 1 have been scrapped, with only those pertaining to 'child dependent', 'practice code number' and 'the Act' remaining. Many of the relevant definitions are now next to the related regulations.