Managed care agreement should also not be interpreted to restrict a beneficiary from complaining to his/her scheme, to lodge a complaint with the Council or to take legal action.

Remaining regulations

The remaining regulations deal with issues of the accreditation of administrators, brokers, assets of schemes and the amendments to the PMBs (of which the chronic conditions subregulation will only come into effect on 1 January 2004).

Elsabé Klinck is a legal advisor to SAMA's Human Rights, Law and Ethics Unit. This is the final installment in a three-part series of edited excerpts from the summary published in the November *2002* **SAMJ.** Related queries can be directed to Elsabé Klink or Karlien Venter at tel: *(012) 481 2075/44/45* or email elsabek@samedical.org or karlienv@samedical.org.

PRACTICE MANAGEMENT

SETTING UP A PRACTICE, PART II: STANDARDISATION

By Jules and Tana Rivalland

When starting your practice, it is imperative that you bear in mind the numerous day-to-day obstacles.

It seems strange that there are many medical aids that seem to go out of their way to make life more difficult for GPs without realising that they are creating an administrative nightmare for themselves.

Take for instance, the medical aids that insist on original cheques when attempting to register with them for EFT. Can you imagine having to send an original cheque to over 150 medical aids in order to ensure payment? Some medical aids want only processed and not cancelled cheques and a certified photocopy is not good enough. After a day of telephone calls, faxes and letters, you end up putting your payment in the hands of the Post Office rather than wasting valuable time and money getting together the requested documentation.

I fully understand the question of fraud - however, if you are prepared to provide them with certificates, signed letterheads and certified copies, how much more certain does one need to be? It seems that more often than not, medical aids have been given a rule-book and if the words 'certified copy' are not printed in the book of rules, it is just not acceptable.

One of the most common shortfalls in any practice is the reconciliation and the follow-up of outstanding claims. Many medical aids are extremely helpful, allowing free and easy access to remittances on the Internet and willingly assisting with phone queries. However, there are others that insist on knowing your mother's maiden name or the name of your first pet before allowing access to your own records. It is constantly baffling that some medical aids handle this as a waste of their time, considering that easy access to remittances would alleviate loss of remittances, resubmissions and unnecessary administrative work for all concerned.

The reasons for outstanding and/or unpaid claims are often based on reconciliation problems, but there are often times that medical aids will insist that the claims were never received. This results in time and money being, once again, wasted in supplying submission dates and registered post details or EDI batch numbers. I have yet to receive an apology from any medical aid for payment delays that are usually invalid.

My favourite excuse for non-payments are medical aids that tell you they have not received any medication on a claim, when in fact the consultation and procedure portion of the claim has been paid. How is this possible? I can understand that there is human error involved - but more often than not, these claims are resubmitted up to eight times and still the medication is ignored or not received? Such a problem can end up costing a practice the resubmission of this claim eight times, the telephone query, the refaxing and finally, the letter writing regarding the reason for delayed payment (which should not have to be done by the GPin the first place). The end result will often be a complete loss to the GP when the claim finally comes back rejected as limit exceeded because the patient has used up all benefits in the interim.

The biggest frustration is that medical aids do not honour the window of opportunity set for GPadherence, namely submission within three months of consultation date. However, medical aids certainly don't seem to honour the same. We have had cases where certain medical aids have reversed claims up to 18 months back, without having to answer to anyone at all. In some cases, the patient has been seen resulting in claims worth about R6 000 but they resigned 18 months prior to payment dates. Even the fact that the doctor has telephoned the medical aid upon each visit would not assist in this problem because the medical aid just hasn't updated their records in time and uses the excuse that it is in fact the patient's responsibility to let the doctor know. The problem with this excuse is that these are often illiterate patients who do not know the details of their medical aid scheme. The end result is that the GP must take the brunt of this inefficiency and write the money off as a bad debt. Surely medical aids should not be allowed to operate in this fashion - GPs should not have to pay for the mistakes of the medical aids.

The solution, yet again, would certainly be a set standard of rules and regulations for all medical aids and administrators and a watchdog body to monitor compliance and ensure that the GPis represented and treated fairly. While the controlling authorities are engaging in petty squabbles, matters pertaining to equitable health care are being neglected. There is adequate representation for patients and for medical aids, but more

needs to be done to stand up for the rights of the GPs without considering financial gain.

In order to avoid bad debts, it is imperative that you assess and action outstanding claims on a regular basis. The late reversal of paid claims can only be avoided by checking your patients' medical aid cards with every visit. If you put your faith in the efficiency of the system however, ensure that your blood pressure is within normal limits and that your sense of humour is firmly in check!

Jules and Tana Rivalland are directors of Rivalland Computing *(021 - 864 3338)* in the Western Cape, which specialises in medical claims administration, including price-lists, reconciliations and the follow-up of unpaid claims.

IPAS: COMPARING LEGAL ENTITIES

Medical practitioners have over the last few years formed voluntary associations referred to as Independent Practitioner Associations (IPAs). The IPAmovement was initially driven by fear with the emergence of managed care and was perceived as a protective mechanism against the threat of corporate medicine. In many ways their initial role was politically based. Many IPAs however did not achieve their set goals. Their role has recently started to change in order to be more business-focussed.

Akey tool used by managed care companies to manage cost and utilisation of services, is the conclusion of written contracts with providers. The main objective of IPAs and similar entities has now become essentially to negotiate with funders (e.g. medical schemes and managed care organisations) for the provision of medical services to members of the funder. It appears however that depending on the objectives of these entities, the structures chosen are not always appropriate for the conclusion of contracts. The reason is mainly legal.

Medical practitioners require an entity that can negotiate and conclude contracts on their behalf. This results in practitioners uniting to form legal entities, other than IPAs, to achieve these objectives. The formation of these entities is mainly for negotiation, contractual and management purposes as medical services can only be rendered by a solus practitioner, a partnership, an incorporated company or in an association. These new entities constitute intermediaries between the funders of health care and the medical practitioners.

Voluntary associations

Most IPAs are structured as voluntary associations.

Advantages

- Few formalities. It does not require formal registration, is formed by mutual agreement and governed by a constitution.
- No specific legislation governs their formation but a broad range of legislation impacts on them.

Disadvantages

- No controlling legislation.
- No substantial case law.
- Founding documents and list of office bearers and members not available for public inspection which affects credibility.
- Limited flexibility.
- Legal personality not automatic. It depends on the agreement of the members or could be obtained by an association of persons conducting it as a legal person. This creates difficulty for third parties to enter into agreements with IPAs that would bind their members.
- The Companies Act provides that no group of more than 20 persons may join together with a profit motive without being registered as a company in terms of the Act.

Partnerships

Advantages

- Formalities limited. Only partnership agreement required.
- No specific legislation applicable.
- Substantial case law available.

Disadvantages

- No specific legislation applicable.
- No legal personality.
- Partners are held individually liable, but only to the extent that liabilities cannot be met out of partnership assets.
- Limitation on number of partners: 2-20. The Minister of Trade and Industry has exempted the medical profession from this restriction and they are allowed to form partnerships with a maximum of 50 partners, only for purposes of practising medicine.

Close corporations

Advantages

- Simplicity of management. There is no separate board of directors and management is the responsibility of members.
- Simplicity of decision-making structure. Decisions can be taken informally.
- No prescribed annual general meeting.
- It may under certain conditions acquire the interest of a member.
- No stamp duty payable on the transfer and acquisition of member interest.
- No financial statements need to be submitted to the Registrar of Close Corporations on a regular basis.
- Can hold shares in a company.