Covid-19 drives private health sector to the brink

Vuyo Mkize: City Press, 28 June 2020

A new healthcare framework has been proposed to resuscitate the country's ailing private healthcare sector, which has been dealt a huge blow by the outbreak of the Covid-19 coronavirus as patient numbers in hospitals and private practices have plummeted.

The framework aims to kill two birds with one stone by keeping private practices afloat and sustaining the unified public-private response to the pandemic. The Progressive Health Forum (PHF) - an advocacy network of influential clinicians and health activists - has mobilised 15 000 private doctors, specialists and allied health professionals to meet the Covid-19 challenge. It has achieved this by proposing a new financing framework and working with the country's four largest private medical sector associations and organisations. The initiative seeks to ensure that the private sector adds its weight to the Covid-19 response by providing human and healthcare resources, without private practitioners worrying about their practices going under - a situation that is currently at play.

The framework, developed for the PHF by Professor Alex van den Heever, has been endorsed by industry heavyweights such as the SA Medical Association (Sama), the SA Private Practitioners' Forum SAPPF, the SA Medical and Dental Practitioners and the Independent Practitioners' Association.

Dr Aslam Dasoo, one of the convenors of the PHF, said there has not been sufficient engagement of the private medical practitioners in the country with the public sector, along with an integrated response.

The department of health has been approached by each of these organisations on how they can be part of the integrated response, with mixed success. Dasoo said the organisations had banded together to find a "unified approach based on a unity of purpose to become part of the integrated response". He said a proposal has been developed that would allow private practitioners to engage without the anxiety of their practices going insolvent. Essentially, the advent of the pandemic has wreaked havoc on many private practices of specialists, GPs and allied health professionals. If accepted, the framework will have to be converted into specific contracts between medical schemes and practitioners. The framework comprises 10 features and pivots on the medical scheme funders tapping into expenditure that has already been budgeted for medical practices.

'Contractual rigidity'

Van den Heever, who is chair in the field of social security systems, administration and management studies at the Wits School of Governance, said part of resolving the increasingly dire situation experienced by the private sector had to do with slightly adjusting the financing system to address what he called a technical problem and, more specifically, "a contractual rigidity". He said the way in which practices are remunerated [in the private sector] creates an anomaly in a situation like this. In the public sector, for instance, a drop in patients generally does not result in a reduction in somebody's salary, as in the case of the private sector. While people have paid their medical aid contributions, practitioners only get paid once they have seen a patient. So, this difference is what needs to be adjusted as a temporary measure to correct the imbalance and the financial distress. The framework looks to adjust the current fee-forservice reimbursement system slightly by allowing an upfront payment or "capitated payment", which is allowable in terms of the Medical Schemes Act.

Capitation payment

The idea is that the historical reimbursement of practices be split into two portions: one portion would be a guaranteed capitation payment of 70 percent of "historical experience", which refers to the total remuneration that the practice received in a base year. In this case, the base year is 2019. The 70 percent is seen as a measure to core fund the basic overhead costs of practices. Capitated payment

means a guaranteed payment, regardless of demand in a particular month. The other portion would see 30 percent of the historical experience claimable as a normal fee-for-service. In essence, all billing remains the same as it normally occurs; it is just that 70 percent of funding is paid upfront. And when demand resumes, the claims will be offset against the 70 percent of earlier experience. Van den Heever said the budgets are already there. All that has happened is, they have accrued surpluses. Part of this agreement also addresses the risk faced by medical schemes of a surge in claims - in terms of both a Covid-19 sure and an expected strident recovery of demand which may occur over 2021. The idea is that the framework would be in place for two years. Dr Mark Human, an orthopaedic surgeon and chair of the human rights, law and ethics committee at Sama, said the increased financial distress of private medical practices was affecting their ability to support public sector patients. He added that the low throughput of patients had resulted in a dramatic fall in turnover for practices and it makes the prospects of some of these practices surviving quite challenging. Human added that when the post-Covid-19 rush of patients happened, “many of the practices may not have weathered the storm and may not be around to provide that service”. Dr Angelique Coetzee, chairperson of Sama, warned of an impending mass exit of private sector doctors from the healthcare system if there wasn’t a concerted effort to intervene in the crisis from the funder and the government. She said this is not something against the public sector: doctors there are still getting their monthly salaries. However, in the private sector, we are seeing real hardship. Especially for GPs.