

Medical billing sector threatened with extinction by amendment bill

Linda Ensor: Sunday Times, 21 February 2021

About one-third of the R3.2-bn payments made by the Compensation Fund in 2019/2020 went to third parties or agents who act on behalf of medical service providers that choose not to deal directly with the fund. But the ability of medical service providers to use third-party administrators is threatened by proposed amendments to the Compensation for Occupational Injuries and Diseases Act, which will prohibit the cession of claims against the fund. The fund, which pays for the medical costs incurred for injuries or illnesses suffered at work, is funded by a levy paid for by employers.

The amount of the payment to third parties or agents is significant as it indicates the size of the sector that the department of employment & labour wants to diminish by the proposed amendment.

Numerous companies acting as third parties for medical service providers will be prevented from doing this type of business by the amendment. The third parties or agents are administration companies that take over the claim by a medical service provider in return for a fee. The companies take on the administrative burden of submitting the claims to the Compensation Fund, which its critics say is dysfunctional and a nightmare to have to deal with. The medical services providers are paid immediately by the administrators instead of having to wait up to two years for their accounts to be settled by the fund, which would affect their cash flow and working capital. The proposed amendments to the act will prohibit the transfer of claims to administration companies as well as prevent medical service providers that do not use third-party administrators from using their debtors' book as collateral for an overdraft facility from commercial banks.

The Department of Employment & Labour has defended the proposal as it wants the Compensation Fund to work directly with clients, as all other insurance companies and medical aid schemes do.

Compensation Fund commissioner Vuyo Mafata explained that the amendment will not prohibit the use by medical practitioners of third parties to submit claims on behalf of clients and beneficiaries but would ban the ceding of the right to the benefits paid out. The reason the fund does not want to pay into the account of third parties is to eliminate fraud, he said. The fund wants to pay the person who is the client. Mafata also pointed out that in terms of the Health Professions Act medical practitioners are prohibited from sharing their fees with other parties.