Private Practice Review January - June 2020

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In this Newsletter

A summary of news highlights in the healthcare sector: January - June 2020

Food for Thought News on Government Special News

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CMS Circulars

In the June issue of SAPPF's *HealthView:* A summary of Food for Thought, Financial View, Pharmaceutical View and General Highlights: 1 January - 30 June

(\Rightarrow) FOOD FOR THOUGHT

Corona will change SA's economy forever

"Whether the pandemic, and the massive job losses will help focus the minds of civil servants amid government's crucial bid to reduce its wage bill, remains to be seen," wrote **Helena Wasserman**, *News24* (3 April 2020).



News on Medical Schemes

About healthcare, Wasserman wrote: "Lofty plans for a new South African national health system will probably fall victim to new post-virus realities. There won't be any money left for it. But in its place could come much tighter public-private cooperation as government and companies seem to work closely together in the fight against the pandemic."

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for

Now is the right time for SA to embrace telemedicine

"The COVID-19 coronavirus outbreak has necessitated a 'business unusual' approach

health professionals, as many are now doing consultations with patients online or by telephone," wrote Vuyo Mkize in *City Press* (19 April 2020). Doctors are turning to telemedicine - also known as telehealth - to help limit the foot traffic into consulting rooms.

"While the general response to the guidelines amendment allowing for telemedicine has been positive among local practitioners, the council is still conducting an environmental scan to find lasting solutions for SA, which has a wide healthcare delivery resource gap," said Priscilla Sekhonyana HPCSA spokesperson.

Scrapping private health cover is a violation of rights

"In the next 12 months, hundreds of thousands of South Africans are to be stripped of their private insurance cover. No private primary health insurance products will be allowed beyond March 2021," wrote Jasson Urbach: director of the Free Market Foundation - Business Day, 16 Apr 2020.

"This shocking manifestation of government meddling has forced short-term insurers to cancel their clients' valuable accident and health policies, adversely affecting the lives of thousands of individuals who are in possession of life and illness policies. Poor and middle-income South Africans cannot afford this form of social engineering, where they are forced to suffer the consequences of ill-informed government decisions."

(Urbach has subsequently resigned as director of the Free Market Foundation and has immigrated to the UK (4 June 2020). HealthMan wishes him well.)

Other diseases cannot be put on hold

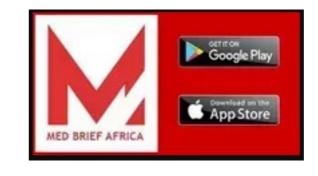
"Has the pandemic taken over patient priorities, as the greater battle is to fight it at this point and for the foreseeable future?" asked **Thoneshan Naidoo**, CEO of Medshield in **Business Day** (3 June 2020). "Doctors might start counselling against treatments they would normally recommend, and no doubt see some patients die sooner; not because of COVID-19, but because they are not able to treat their patients as they normally would. "What about patients needing surgery? How many beds will be available for surgery and intensive care recovery during this crisis?"

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(\rightarrow) SPECIAL NEWS

Roping in the private sector to assist in caring for COVID-19 patients:



Following confusion among private healthcare professionals on their role in assisting the Department of Health (DoH) in caring for COVID-19 patients in private facilities, *MedBrief Africa* co-editor, Marietjie van den Berg, asked the DoH's Dr Nicholas Crisp to address some of the issues. She asled questions regarding: the DoH's plans to utilise the private healthcare sector; scope of practice issues; remuneration for doctors treating state patients in private institutions; utilisation of retired healthcare professionals; assistance with the provision of PPEs for private institutions; and limitations on elective

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surgery.



 (\rightarrow) NEWS ON GOVERNMENT

Ramaphosa becomes a 'wartime president'

"On Monday night (23 March) President Cyril Ramaphosa became a wartime president. And he showed South Africans that the only way home is to unite around a single purpose, and that is to defeat the COVID-19 disease," wrote **Pieter du Toit** in *Fin24* (24 March 2020).

"Ramaphosa's address will rank as one of the most consequential by any democratic head of state, and one of the most historic of any South African government leader. It set the tone for a national effort which every citizen will feel compelled to heed."

A lot has since changed...

COVID-19 will permanently change SA's healthcare landscape

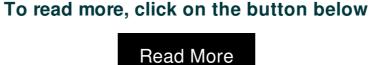
"The COVID-19 outbreak has already done more in two weeks to acquire public sector patient access to private facilities than 10 years of National Health Insurance (NHI) planning and pilot projects have done," wrote **Dr Johann Serfontein** in *MedBriefAfrica* (1 April 2020). This is a clear indicator that political will was the lacking element in making progress with NHI.

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"Between the recent credit downgrade by Moody's and the economic decimation following in the path of the worldwide COVID-19 epidemic, any NHI plans have now pretty much been scuppered for the next decade. The South African government's lending costs and interest payments will increase by as much as 50% due to the downgrade, leaving a fiscal hole that leaves no hope for a tax funded NHI," wrote Serfontein.

"I am sure the private system will pitch in where it can to try and stem the flood-tide. That is when our real battle against COVID-19 will begin - the communal battle for survival of the most vulnerable in our society. For once, I hope I am wrong about the situation and that government will miraculously manage to avert this impending catastrophe."





Covid-19 response is preparing country for NHI, says Pres Cyril Ramaphosa

"The government's response to the COVID-19 pandemic is a building block towards SA's healthcare future under the National Health Insurance programme," according to Pres Cyril Ramaphosa. - *News24* (1 June 2020).

The government's reliance on a private-public partnership to deal with the coronavirus outbreak adequately prepared the ground for the NHI, said Ramaphosa during a virtual forum meeting, organised by the SA National Editors' Forum (SANEF).

"He called the NHI the silver lining to this unprecedented healthcare crisis."

While Ramaphosa remains optimistic about the NHI, tensions between government and the private sector over COVID-19 have been simmering. Private healthcare providers have recently refused government's offer of a flat rate of R2 493 per diem for their COVID-19 services (excluding extra costs like intubation, if they treat "state responsibility" patients in private facilities). Some doctors are concerned that the agreements will be used when the NHI becomes a reality.

SA in a National State of Disaster



- On March 15, Pres Cyril Ramaphosa declared a National Dtate of Disaster and announced measures to contain the spread of COVID-19, including travel restrictions on foreigners from hardhit countries, a ban on mass gatherings of more than 100 people,
- on March 23, a three-week national shutdown was announced as part of interventions to combat the spread of COVID-19. South Africans were not allowed to leave their homes,
- Unless for essential purposes
 On April 21, an extra he announced that an extra R20-bn will be injected into the national health budget to shore up its efforts to slow transmission of COVID-19 and ramp

up its capacity to care for the sick.

- On April 23, a smart lockdown alert system (from May 1) to determine movement restrictions, based on how the virus is spreading. The country was placed under Level 5, requiring a nationwide lockdown.
- On May 1, the country moved to Level 4, where essential services, including some businesses, were allowed to resume operations under
- On June 1, SA moved to Level 3 with the government introducing a host of new regulations. It implied the relaxation of the current lockdown rules, with more than 8-m
- people back to work.
 Meanwhile, government has extended the National State of Disaster with another month until July 15.



'Just 207 critical care beds and 350 ventilators added to public hospitals during lockdown'

"SA health authorities have added anywhere between zero and 207 new critical care beds to existing public healthcare capacity during the national lockdown, but the true number remains unclear," reported **News24** (7 June 2020).

"The department said this week that 2 309 critical care beds allocated to COVID-19 patients nationally, and more than 13 000 field hospital beds were added to the total capacity during the lockdown.

As of June 1, 193 Covid-19 patients were in ICU, 92 were on ventilators, 92 were in critical care and 1 531 were admitted to general wards, health department spokesperson Popo Maja told *News24*.

As of June 3, there were 2 719 high care and ICU (critical care) beds in the public sector nationally, and 7 676 overall, of which 4 957 beds are in the private sector. According to a presentation to Parliament by then acting director-general at the department, Dr Anban Pillay, on April 10, there were 2 512 critical care beds available in the public sector.

"In other words, after subtracting the number of critical care beds available nearly two months ago from the number available now, only 207 beds have been added."



High Courts declare lockdown rules invalid and unconstitutional

South Africa's courts have dealt a double-blow to the country's lockdown rules this week, - reported **Business Tech** (3 June 2020).

- **On June 1**, the Gauteng High Court ruled in favour of business group Sakeliga after it challenged the regulations requiring essential services to register with the Commission for Intellectual Property and Companies (CIPC).
- On June 2, the alert level 3 and alert level 4 lockdown regulations were declared invalid and unconstitutional by the Gauteng High Court. The Court suspended the declaration of invalidity of the regulations for 14 days, meaning that the level 3 regulations remain in effect for now.
- **On June 3,** the High Court in Pretoria ordered that any person who has tested positive for COVID-19 cannot be forced to quarantine, be, or isolated at a state facility if that person is able to successfully self-quarantine.





State lab's testing backlog continues

Healthcare workers at risk without PPEs

On March 29, Sunday Times reported

personal protective equipment (PPE).

According to Natalie Zimmelman, chief

Anaesthesiologists (SASA), one in six of

the 500 000 COVID-19 patients globally

was a healthcare worker infected at work.

executive of the SA Society of

that healthcare workers are at risk of being infected by COVID-19 without adequate

In April the National Health Laboratory Service (NHLS) announced that it will be able to process 36 000 samples a day by the end of the month. At that stage it could only do 5 000 tests a day.

By Sunday (19 April), 114 711 tests had been completed. This number increased to 121 510 by Monday, of which 40 698 were in the public sector and 80 812 were in the private sector.

According to health economist, Prof Alex van den Heever, testing is the cheaper route for SA - provided it is done at a sufficient scale to contain the epidemic. – *Business Day* (20 April 2020).The country could lose around R13-bn per day of lockdown, said Van den Heever.

On May 27, Health minister Dr Zweli Mkhize admitted that SA was suffering from a backlog of tests. As of May 27, 634 996 tests had been conducted. But of those, "a total of 29 948 tests reflects a backlog of unallocated tests". The statement claimed this is caused by the limited availability of test kits globally (that is, inadequate supply of extraction kits and high throughputs of PCR kits). COVID-19 results from the NHLS are taking at least a week to reach patients, while private sector tests takes about 72 hours, reported **Groundup.** Health Minister Zweli Mkhize assured healthcare professionals that they would have all the PPEs they need to protect themselves against COVID-19. This followed the National Education, Health and Allied Workers' Union (NEHAWU) decision to ask the Labour Court to order the Health Department to "meaningfully engage" with its members to ensure they have the right equipment.

protective equipment from China was received. The R69-m order was funded by the Solidarity Fund, billionaire Patrice Motsepe's philanthropic organisation, FirstRand and Naspers. A total of R750-m has been made available.

On June 1, Basic Education Minister Angie Motshekga revealed that a fight about tenders to provide schools with PPEs has caused delays, preventing schools from opening after a three month lockdown.

Also read the following highlights by clicking on the button below:

'NHI unlikely to be implemented by 2026'	State laboratory fleeced of R93-m	<i>Negligence claims against the state soar to R104-bn</i>
Private sector complains	Cuban health workers	
about frosty treatment	register in 3 days	Experts rebel over
		'nonsensical' lockdown

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COVID-19: The big wave is coming "It is only a matter of time before the rest of South Africa reaches the surge in COVID-19 coronavirus cases currently being experienced in the Western Cape, experts warn," reported *City Press* (7 June 2020).

\rightarrow NEWS ON MEDICAL SCHEMES



CMS changes tack on cheaper options

In December 2019 the CMS, issued Circulars 80 and 82, prohibiting SA medical aids from offering Low-Cost Benefit Options (LCBOs) to low-income market segments, saying it would undermine the NHI scheme. According to the circulars, products consisting mainly of primary healthcare plans for basic day-to-day care were set to become unlawful by March 2021. (The NHI is only due to begin delivering services in 2026.)

In February 2020 the CMS issued a circular, inviting nominations for two "stakeholder-based" advisory committees to develop a LCBO framework by March 2021. The nomination deadline was February 28.

Richard Blackman, chief executive officer of **Day 1 Health**, an insurer that offers these products, said it appears that the CMS had made the announcement prematurely, before consulting role players in the industry. If the CMS did not withdraw its circular, it could expect a flood of appeals in terms of the MSA, he said.

According to **Mike Settas** (**Free Market Foundation**) the registrar was now requesting discussions with role players to find a permanent solution for low-income products. But this process could take years, and the interim exemption framework will expire at the end of March.



Doctors grumble over lower virtual rates

In April the SA Medical Association (SAMA) objected strongly to the decision by Discovery Health and Medscheme to pay less for telemedicine consultations covered by their client schemes - than they do for face-to-face interaction.

SAMA chair, Angelique Coetzee, said medical schemes have not provided a rationale for the lower rate, or indicated a willingness to negotiate.

Discovery Health, with 19 client schemes including Discovery Health Medical Scheme (DHMS), set virtual consultation rates at 65% of those usually provided for face-to-face consultations. CEO, Ryan Noach said the lower rate applies to all disciplines, including general practitioners (GPs) and specialists, since virtual consultations are shorter, have lower input costs, and do not require consumables such as tongue depressors, swabs, and gloves. Discovery is reviewing the rates for

mental health practitioners and considering adjusting to the full rate, as virtual consultations are of a similar duration to those they do face to face. The rate for doctors consulting on Discovery's **DrConnect** (online platform) has been increased to 75% of the in-room consultation rates.

Medscheme is also paying less for virtual consultations.

Savings will not be enough to cover COVID-19 costs

Savings from a massive drop in hospital claims during the national lockdown will not be enough to offset a surge in costs as the COVID-19 epidemic deepens, according to Discovery Health.



In April hospital admissions dropped by 50% compared with last year and were down by 40% year on year since the country moved to Level 4 Lockdown in May.

"The COVID-19 pandemic could cost medical aid schemes billions at a time when their income is expected to decline as an increasing number of financially distressed members downgrade their medical aid plans or are unable to pay for them at all," reported *Sunday Times* (31 May 2020). Medical schemes are required by law to keep 25% of their annual contribution income in reserve to buffer them against health crises such as COVID-19, but not all schemes meet this solvency threshold.

According to DHMS, additional claims of between R7-bn and R31-bn can be expected from medical schemes. However, DHMS and Fedhealth have seen a marked reduction in typical in-hospital claims and mental health claims. On the other hand, an increase in chronic medication compliance and the utilisation of flu vaccines, have been experienced.

• A 'Surgical Recovery Plan' will be needed to catch up with thousands of cancelled operations, reported *Daily Maverick* (31 May 2020)





Schemes may be allowed to bend rules

In April the CMS issued a circular allowing medical schemes to apply for exemptions to the Medical Schemes Act to launch lifelines such as contribution holidays, or access their medical savings accounts to cover premiums. The R160-bn medical scheme market covers about 8.9-m members.

Payment relief options will be considered on a case-by-case basis.Options to support members include lower monthly contributions by downgrading their current plan; freezing of contributions; payment holidays for a period; or using other funding mechanisms to assist in contribution relief.

DoH outlines cover for COVID-19

On Friday, May 8, the Department of Health (DoH) published changes to the Medical Schemes Act which outlines cover for COVID-19 in SA. It details the diagnosis and treatment of COVID-19 as a Prescribed Minimum Benefit (PMB) by medical aids.

The following treatments will be covered:

- Screening;
- Clinically appropriate diagnostic tests;
- Medication;Medical
- management, hospitalisation and treatment of complications; and
 Rehabilitation of Covid-19.

Medical aids grilled over racial profiling

Also read the following highlights by clicking on the button below:

Schemes fight for

low-cost benefits

Parents worry about medical cover for newborns in ICU



(\rightarrow) Circulars from the CMS

The following Circulars were published by the CMS between April and June 2020.

28 of 2020 Claims information for beneficiaries treated for COVID-19

29 of 2020 Confirmation of purchase of the RA Gilbert Pharmacies by Platinum

Health 30 of 2020

Purchase of RA Gilbert Pharmacies

31 of 2020 SAICA Accounting Guide

32 of 2020 Signatures required relating to the Annual Statutory return electronic

submission for 31 December 2019

33 of 2020 Understanding medical scheme reserves



34 of 2020 Updated deadlines for the submission of the Healthcare Utilisation Annual Statutory Return for 31 Dec. 2019

35 of 2020 Medical Schemes Act Regulations: Amendment

36 of 2020 Virtual annual general meetings

37 of 2020 End of SAMWUMED Medical Schemes Curatorship

38 of 2020 Self-administered schemes implementation of Circular 77 of 2019

39 of 2020 Payment of Commission to Brokers and Brokerages

40 of 2020 Proposed amalgamation between Sizwe Medical Fund and Hosmed Medical Aid Scheme effective 1 August 2020

\bigcirc SPECIAL NOTES

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