

More news on medical schemes

Why is CMS blocking low-cost options?

SA's largest medical scheme, Discovery is launching its low-cost health insurance product this year at a monthly premium of between R300 and R350.

"There is much to say about this, but perhaps the most curious piece of the puzzle is that the government regulator, the Council for Medical Schemes (CMS), is blocking low-cost medical aids," wrote Rob Rose in *Financial Mail* (11 May 2023).

According to the BHF's head of research Charlton Murove said: "It does not suit the Health Department, tasked with implementing NHI, to have increased membership in medical schemes or for the private sector to deliver a viable low-cost product at the same time as it tries to sell NHI".

Meanwhile Discovery Health CEO Ryan Noach said they see a much more significant gain from the low-cost options, which could draw millions of new people into the market.

"Craig Comrie, CEO of Profmed, said that the CMS must either approve these low-cost options or properly regulate health insurance. But doing neither is threatening the sustainability of medical schemes."

BHF proposes pooled funding

At its 22nd annual conference in Cape Town, the Board of Healthcare Funders (BHF), one of SA's primary industry associations for medical schemes, suggested the creation of a special fund to distribute the risk associated with covering extremely expensive medications used to treat conditions such as Gaucher's syndrome and Cushing's disease, reported *Business Day* (15 May 2023).

"Under the proposed 'cell-captive arrangement' developed by the BHF, participating medical schemes would collectively establish an insurance fund that covers a predetermined list of medications, pooling funds and risks.

According to Charlton Murove, Head of Research at BHF, schemes would make an annual contribution at the beginning of each year, eligible claims would be paid out from the fund, and any remaining funds would be redistributed among the participants at the end of the year. The BHF proposes that this mechanism cover 25 of the most expensive medications per beneficiary per year, with costs exceeding R100 000 per patient annually.

Covering treatments exceeding R100 000 per patient per year could cost schemes as little as R13 per beneficiary annually, said Murove.

BUSA urges government to let medical schemes continue under NHI

At the second Presidential Health Summit in Boksburg, Business Unity SA (BUSA) requested that medical schemes continue to operate under the National Health Insurance (NHI) system in South Africa. This, a BUSA spokesman said, would ensure the viability of the private healthcare sector and reduce the burden on public health facilities, reported *Business Day* (5 May 2023).

Although the NHI bill, currently before parliament, seeks to establish a central NHI fund that would pay for public and private healthcare services, BUSA believes there should be some flexibility, enabling a multipayer, multi-provider system to exist. The group also supports

reforms to widen medical scheme membership, including the low-cost benefit option framework being developed by the Council for Medical Schemes.

“The summit aims to revive the work of the first summit held in 2018, focusing on improving the public health system and speeding up work on the NHI.”

Medical scheme membership increase, but schemes decrease

According to Alexander Forbes Health’s latest Medical Aid Insights, there was a 60% growth in principal members of medical schemes (1.5-m more) and a 36% growth in beneficiaries (2.4 million more) between 2020 and 2021. However, over the same period, the number of medical schemes halved from 144 to 73. – Daily Maverick (5 April 2023)

“This was driven by two factors: the difficulty sustaining smaller schemes and the significant amount of management time needed for an employer-based restricted scheme.

“The increase in membership in the 2021 financial year can be attributed to two of the largest schemes in the industry - Discovery Health Medical Scheme and the Government Employees Medical Scheme (GEMS) - which grew by 22 499 and 22 578 principal members, respectively. By the end of 2021, Discovery’s market share was 33%, while Gems’ market share was 19%.”