

Managed care programmes essential to assist financial stability of medical aid schemes

Managed care programmes, which seek to reign in medical cost inflation by reducing unnecessary hospitalisations, can play a vital role in managing the financial risks of medical schemes. However, these are most effective when integrated into the scheme's administration and, if successfully integrated, could lead to a minimum 10% reduction in non-healthcare costs. This is the view of Professor Jacques Snyman, Product development director for Agility Global Health Solutions.

"Some schemes focus on managing member claims behaviour by introducing savings accounts or hospital authorisation requirements. However, these tactics do not address the underlying causes of why members opt to rather visit a hospital or specialist as opposed to other forms of treatment such as GPs," he explains.

In addition, these tactics further exacerbate the problem as it drives patients to specialists and hospitals. "Typically, members attempt to conserve funds available from their savings accounts. As such, they opt for more expensive healthcare interventions such as hospitalisation and specialist care, which are covered by the scheme's risk pool. Hospital plans may have the same effect, as members access care in a hospital environment, often involving specialist care."

Further driving consumer behaviour is the competitive nature of the medical scheme industry, which necessitates schemes relying on access to specialist care as a key differentiator. "By design, this motivates members to opt for more comprehensive plan options that allow broad access to expensive and often unnecessary healthcare interventions."

The Council of Medical Schemes (CMS) showed that medical schemes spent R31.1 billion, approximately 37% of total benefits paid to healthcare providers, on hospital services during 2010. Payments to medical specialists accounted for R18.8 billion, or 22%, of benefits paid in 2010.

When the management of hospitalisation and chronic diseases within schemes is disconnected, it can lead to outsourced managed care entities not authorising procedures or treatments, even though it may be in the patients' best interests. However, when using clinical information and data regarding a patient to assist them in staying healthier, schemes are able to manage the financial risk and approach the issue from a holistic point of view.

"By keeping patients as healthy as possible within the constraints of the benefit option they are on, schemes are able to better manage the rate of hospitalisation and the length of stay. In addition, unnecessary costs such as pathology tests, radiography and unscheduled specialist visits will be reduced. This goes beyond the point of admission and helps schemes to manage patient behaviour pre- and post-admission to hospital."

Snyman points to Resolution Health Medical Scheme, which has had much success in ensuring that high-risk patients, with chronic conditions, are better managed through Patient Driven Care. For example, a cardiovascular patient who has had a heart attack and requires hospitalisation is likely to end up back in hospital a few months later unless the condition is adequately managed on an on-going basis. This could only be achieved through integrated administration and managed care principles.

"Unless the patient's behaviour changes in terms of complying with medication to combat hypertension for example, it results in a vicious cycle where sick patients get sicker and spend an increasing amount of time in hospital. By closely monitoring the patient's claiming patterns post-hospitalisation, an integrated managed care function is able to identify if the patient is complying with doctors' orders, taking the necessary medication as prescribed and attending follow up visits."

He points out that if the managed care capability operates in isolation from the administration of the scheme, there can be no thorough analysis of the patient's disease or claims history, thereby only managing the financial exposure of the scheme to legitimate claims.

"If the scheme is only focused on keeping costs down while the member is in hospital there will be little monitoring or follow up after the procedure.

"If managed care programmes are successfully integrated into the scheme's administration it will lead to a minimum 10% reduction in non-healthcare costs. In addition, healthcare costs are better controlled to ensure better outcomes, ultimately resulting in a win-win situation," Snyman concludes.

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