

# Life drops co-payment for Bonitas members

Cost-effective alternatives and sheer member numbers have pressured Life Healthcare into waiving its 30% co-payment for Bonitas Medical Fund members at 14 of its hospitals.

“Last year we negotiated with the three largest hospital groups in South Africa with a view to creating a network of designated service providers (DSPs) to ensure the lowest possible increases,” says Gerhard van Emmenis, acting principal officer of Bonitas.



The negotiation process included agreeing on the tariffs charged for all hospital services used by members, as well as assessing the quality of service. Bonitas used its increased size, due to the amalgamation with LMS, to its advantage and was able to negotiate more favourable hospital tariffs for the 2017 benefit year and beyond.

## Competition

However, the scheme was unable to strike a favourable deal across all of Life Healthcare's facilities. For this reason, 14 Life hospitals were excluded from being DSPs. This meant that members could go to other network hospitals in their area or pay a 30% co-payment if admitted to one of the excluded hospitals.

The hospitals are situated in major metropolitan areas, where, within a short distance, there are other similar facilities, providing high-quality care, that are in the Bonitas network, and where no co-payment is necessary. No doubt, the competition of more cost-effective counterparts played a role in Life's decision to waive the co-payment at these hospitals.

## R6bn of claims a year

Van Emmenis says hospital admissions account for half of the scheme's annual claims costs, around R6bn a year. “A hospital network allows the scheme to negotiate preferential tariffs with participating hospitals, this then assists in ensuring quality and affordable healthcare for our members.”

“We are delighted that part of our hospital strategy to reduce the burden of escalating healthcare costs for our members, was successful. We just wish that this could have been raised during negotiations, he concludes.

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