SA needs to rethink its healthcare model

In South Africa, the healthcare expenditure as part of gross domestic product is 8.5%, which is quite a way below the World Health Organisation's global average of 9.95%. Healthcare services in this country are fractured, split between public and private with the latter still only providing care for a tiny percentage of the population while accounting for a staggering 52% of healthcare expenditure.

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It is into these limitations around healthcare budgets and resources that the value-based care model (VBC) steps, providing an alternative stance on medical care, the patient and costs.

No efficiencies of care

“The concept of fee-for-a-service is dead. Any provider delivering healthcare that charges for every step they take is rewarded financially, not by outcome. With value-based care and alternative reimbursement models, it is the outcome that is rewarded not the work done. It eliminates challenges around existing models where the more a practitioner does, the more they are paid, so there is no incentive to have efficiencies of care,” says Dr Jacques Snyman, CEO of Medical Specialist Holdings (MSH).

A good example of how this translates into reality would be to look at how a person services their car. There is an oil leak, the car is taken to the garage and the leak is repaired. The owner doesn’t pay until the issue has been resolved and the car fixed. The existing healthcare landscape works in the opposite direction – a patient sees a doctor about a bladder problem and has an operation, the doctor says that there may be the side effect of a leak afterwards and then charges again to fix the leak. Every time something breaks along the journey of this bladder operation, the patient has to pay for further repairs. With the alternative reimbursement model, this type of healthcare is turned on its head. The patient only pays the doctor when they are healed.

“The value equation in value-based care is defined by patient outcomes divided by the cost of delivery. If you don’t increase the cost of your treatment, but you improve patient outcomes, the value goes up. Conversely if you don’t improve patient outcomes, but the cost goes up, then the value comes down. It’s a simple formula, but implementing and measuring it is not as simple as it sounds as you can’t consider the clinical outcome,” explains Murray Izzett, MSH.

The goal of the alternative reimbursement and VBC model is to improve outcomes, but there are challenges around how existing models work and the ever-present need to satisfy the bottom line. In the pharmaceutical industry, new drugs place a high premium on the improvement of outcomes which pushes the cost up dramatically. In the oncology space, this challenge is particularly prevalent.

“There is a huge emotional interest in society to help people with cancer – it is a high-profile disease and there is a high willingness to pay. The pharmaceutical industry is a commercial entity so they are looking for a slight improvement in outcome for which they can charge a significant premium. The value equation around illnesses such as cancer introduces numerous elements that have to be assessed,” Izzett says.

Evidence-based medicine

To implement a quantifiable, reliable and sustainable VBC solution, every aspect of the healthcare industry must be taken into consideration. From the doctor, to the pharmaceutical industry to the patients. Measurement of outcomes and patient satisfaction is complex and objectivity hard to achieve, and the utilisation of these measurements must be assessed against cost and achievability.

“Currently we have a programme where we can show how evidence-based medicine can reduce costs for medical schemes. We work in concert with the medical schemes to develop a consistent methodology to showcase how we can reduce costs while ensuring patients achieve value-based care. Currently we have 18 quality assurance metrics which we will be expanding on in the future, using them to highlight that cost savings are not coming at the expense of appropriate care. The savings percentages are modest, but in light of existing inflationary increases, these are enough to make a significant impact,” he says.