

**RAMS**

Representative Association of Medical Schemes

09 June 1998

AD/en 273

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Dear John

The Hospital Committee of RAMS wishes to communicate with you what it considers to be the situation between RAMS and the hospital sector following the aborted meeting of 22 May 1998.

It is the RAMS view that the impasse currently between the parties is regrettable, but wish to place on record that RAMS has consistently and without preconditions requested meetings with hospital representatives on a wide variety of issues, but have either been rebuffed or were subjected to constraints such as conditionality of agendas.

RAMS has consequently had to adopt a position that substantially deals with funding for hospitals without the benefit of consultations with hospital groups.

RAMS is also of the view that while the "ground-rules" for the relationship should be discussed by the parties, this should not serve as a decoy to solicit RAMS' involvement in the difficulties between the hospital sector and the Competition Board. In any event, RAMS agreed to place this matter on the agenda, but certainly had no intention to hold all other matters in abeyance until it was resolved.

Consequently, RAMS wishes to appraise you of the following:

1. RAMS shall always be open to any matter which hospitals, hospital groups or their representative organisations wish to discuss with it.
2. The various projects and programmes of RAMS shall continue apace. In this regard, the following are germane:
 - 2.1 A Hospital Consumables Scale of Benefit will continue to be developed and published. Recent developments may mean that the hospital sector will not participate in this initiative possibly to their

detriment. We reiterate our position that the best product can only be developed with the organic participation of all parties, and we urge you to reconsider the unhelpful position that only after your condition for "ground-rules" has been met, will you be able to participate in any program.

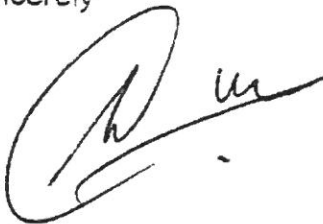
- 2.2 As of 01 July 1998 RAMS has resolved that all inspections of facilities which require practice numbers shall henceforth be conducted by COHSASA, according to criteria which have been developed. Again, we would have preferred the direct input of the hospital sector in the development and establishment of the criteria, but, sadly, this was not forthcoming. We consequently have no choice but to proceed on the basis of the criteria we have accepted. The procedure shall be as follows:
- 2.2.1 As before, applications for inspections shall be forwarded to RAMS.
- 2.2.2 RAMS shall then make available to the facility the requirements for inspection including the criteria which shall be used.
- 2.2.3 RAMS shall then instruct COHSASA to conduct the inspection and make its findings available to RAMS.
- 2.2.4 RAMS Hospital Committee shall then ratify, amend, reject or otherwise apply itself to such findings, and in the case of approval, issue a practice number to the facility concerned.
- 2.2.5 Should the facility dispute any aspect of the findings of the inspection, the RAMS Hospital Committee shall evaluate the dispute and take further necessary steps, including a re-inspection if required, at no additional cost to the facility concerned should their complaint be justified.
- 2.2.6 In line with the principle decision of RAMS that all facilities are to be re-inspected after every 2 years, new facilities undergoing the new inspection process as well as existing facilities will be required to comply with such a re-inspection program. However, this is presently confined to private hospitals only (57 ; 58). Criteria for day-clinics, step-down facilities etc, as well as re-inspection procedures are still being developed and shall be ready in due course for implementation.
- 2.2.7 The cost of inspections shall be R4 500.00 per day, for a maximum of two days.

2.2.8 As on all other matters RAMS reiterates its view that it is amenable to holding discussions with any interested party on any of its programs. In this regard, any comments from yourselves on this matter will be welcome.

There are a number of other matters of importance which will require consultations between the parties for example, the new formula to be used to determine equipment tariffs, zero-basing as a principle, the corrective adjustment for ward and theatre fees once the cross-subsidy from consumables has been reduced in the proposed Hospital consumables Scale of Benefit. We hold the view that in the absence of any input from yourselves, RAMS shall be compelled to finalise these matters on the basis of the best available information.

We sincerely do not intend embarking on this course of action unless we have no other viable option. The hospital industry, in effect, holds the key to its own participation, in its own interests.

Sincerely



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