

# Tariff determination

Dispute resolution

Placement of the tariff determination function



MMI HOLDINGS  
| HEALTH

HMI Seminar on tariff determination  
13 October 2017

Boshoff Steenekamp  
MMI Health

# Contents

- Dispute resolution mechanism:
  - Functions required to support negotiation
  - Cycle
  - Pendulum arbitration  
(baseball, final offer, flip-flop, straight choice arbitration)
- Placement of the function

# Functions to support price determination

- Oversight over negotiations, dispute resolution mechanisms
- Collection, collation, analysis of data to provide technical support on:
  - Remuneration mechanisms (ffs, arms, risk sharing, performance based)
  - Billing rules
  - Tariff codes
- General increases and structural adjustments
- Monitoring and reporting
- Publication
- Enforcement

# Tariff determination cycle

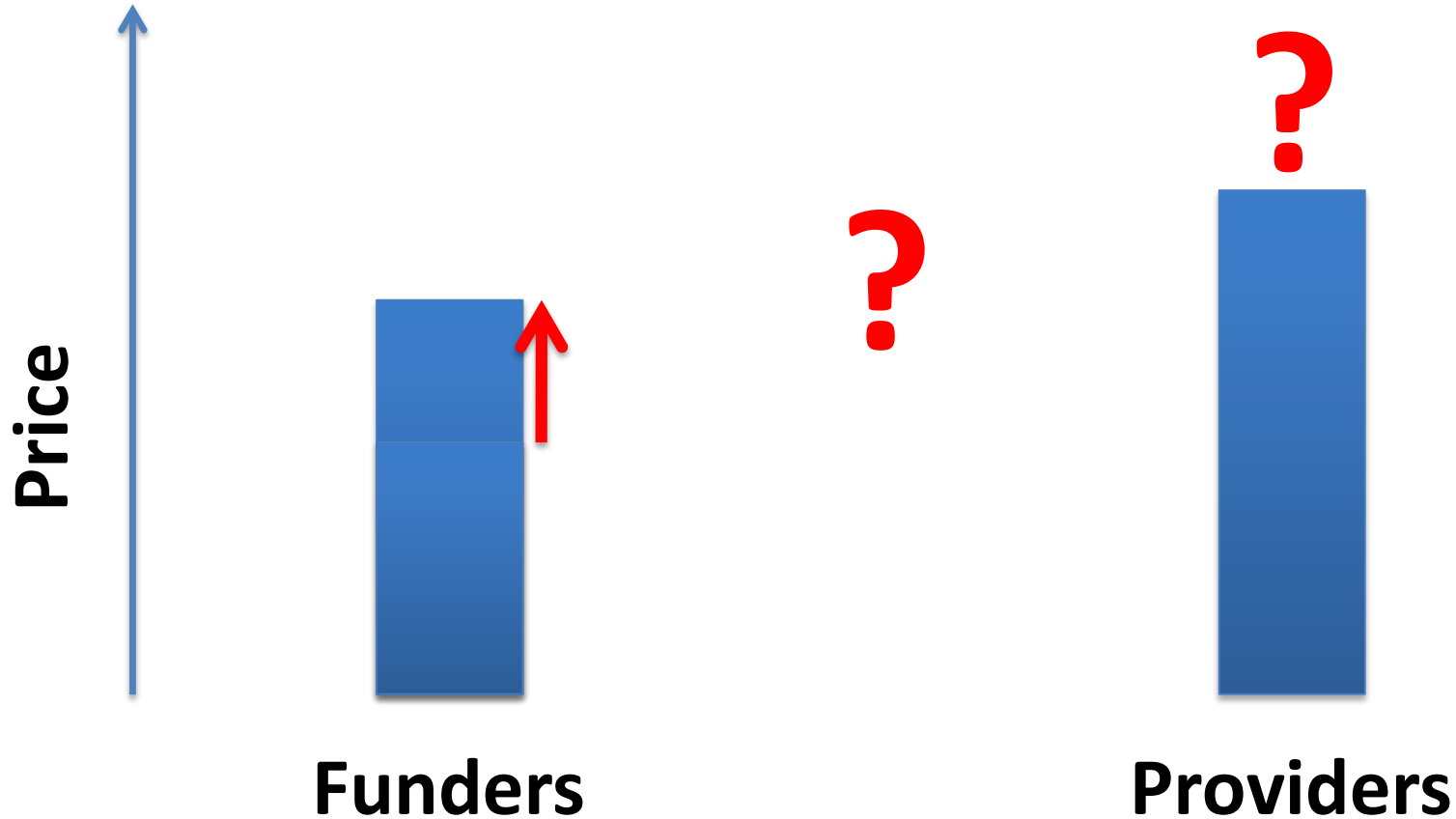
- Technical preparations
  - Structural adjustments
    - Billing rules
    - Specific items
    - Alternate remuneration mechanisms, risk sharing
- Negotiations on general adjustments
- Dispute resolution



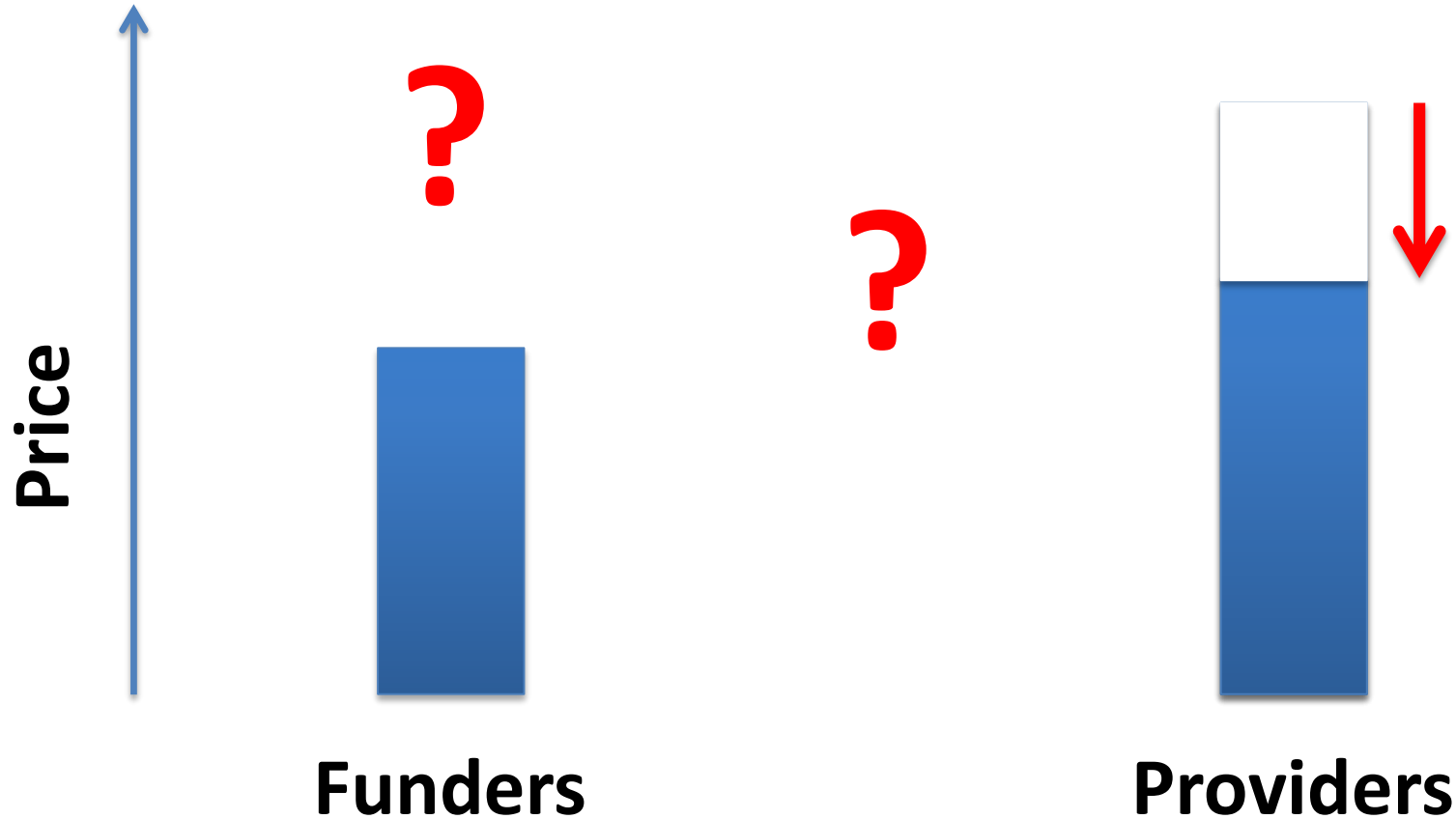
# Features of pendulum arbitration

- Arbiter chooses only one of the pricing proposals, no adjustments
- Encourage parties to reach agreement
- Encourage rational evidence based arguments
- Parties who fail to compromise during negotiations risk a total loss on some or all arbitrated issues under pendulum arbitration
- Arbiter does not modify
- Does create 'winners' and 'losers' which may affect relations
- Parties to pay the full cost of the arbitrator

# Behaviour in final contract arbitration

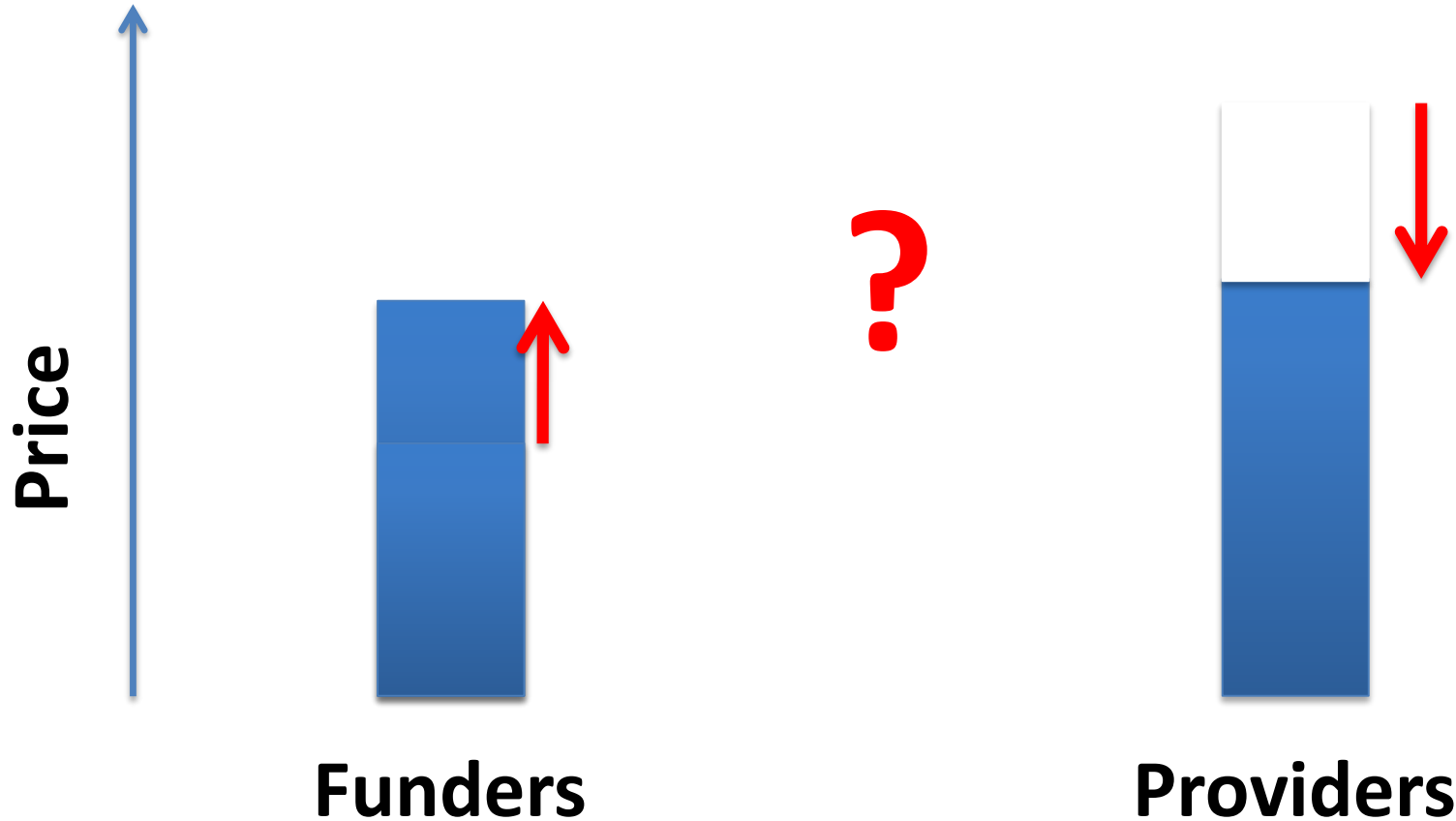


# Behaviour in final contract arbitration





# Behaviour in final contract arbitration



# Independent authority

- Financial
- Day-to-day political influence
- Strong technical competence
- Must be seen as a neutral and impartial public interest authority
  - Fair to all parties
  - Not result in collusion against the public

# Structures involved in the reforms. How long will it take?



- Benefits for NHI
- Health technology assessment
- Health pricing
- Consolidation of financing



*competition commission*  
*south africa*

Health Market Inquiry:  
Recommendations to DoH

OMRO  
Tariff determination  
What next?

- National Health Commission
- Tertiary Health Services
- Human resources for Health



# Functions requiring independence and similar technical competence may be combined

- Health technology assessment
- NHI benefits
- Support for tariff determination
  - **Coding**, alternate reimbursement, billing rules
- Outcomes measurement and reporting
- Consolidation of benefits – virtual single risk pool through risk adjustment mechanisms and transfers

# Trajectory to a fully functional authority

- Add the function to an existing authority
- Broad consultation, finalise policy
- Interim process (section 10 designation)
- Finalise organisation to assume the function
- Legislation

Thank you

