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Competition Commission of South Africa
The Health Market Enquiry Panel

Via email: paulinam@compcom.co.za

To Whom It May Concern

CompCare Wellness Medical Scheme’s response based on the Competition Commission Health Market Inquiry (“HMI”)

CompCare Wellness Medical Scheme (CompCare) welcomes the opportunity to comment on the Health Market Inquiry Provisional Findings and Recommendations Report (HMI Report) published on 5 July 2018. CompCare is an open Scheme, representing approximately 14 000 principal members.

CompCare hereby set the Scheme’s initial comments and proposals based on the following extracts of the HMI Report.

Comments provided are the opinion of the Scheme on matters that we believe will affect the operations of open schemes and relate to the items specified in the report that the Scheme found most relevant to open Schemes. Matters not addressed or commented on do not reflect the Scheme’s approval nor disapproval of those items.

Recommendation	Agree / Disagree	Comments
Introduction		The HMI report indicated that the private health sector in South Africa suffers from multiple market failures. It is important to understand that these recommendations are interrelated and should a partial implementation approach be followed, failure is inevitable. The conduct of some of these stakeholders have been found to have an adverse effect on competition, this needs to be addressed to ensure a level playing field.
RECOMMENDATIONS FOR FUNDERS		
18	Agree on some points and disagree on others	Many restricted scheme memberships are fragmented due to their employment policies, they can however increase their membership if the employers of these restricted schemes change their employment policy to ensure membership remain within their own scheme. Although restricted schemes do not compete with each other, open schemes do compete with restricted schemes since these employers allow their staff to join other schemes.



Recommendation	Agree / Disagree	Comments
19	Agree	The Scheme supports the Inquiry's proposals that transparency and governance in medical schemes should be improved. It should however be noted that governance standards are generally high in the medical scheme environment as most schemes have implemented various governance tools such as Codes of Conduct, Remuneration Policies, etc.
20	Agree	CompCare agrees that further steps need to be taken to improve the negotiating powers of funders in the healthcare industry.
21	Disagree	It is a fact that options can be complex, but the consumer is also at fault for not studying their benefit options and familiarising themselves with their benefits. It is easy to blame the scheme, but there rests a responsibility on the user to ensure they understand what they purchase. Brokers need to also take more responsibility if they are appointed as the broker to inform the member properly.
27	Disagree	The administrator reports on cost savings as a result of managed care interventions and fraud control, which is formally presented to the Board on a quarterly basis. This results in a direct cost-saving to the Scheme that is passed back to members through keeping contribution increases as low as possible.
30	Agree	The two factors that need to be addressed to ensure the success of these factors, remains the PMB-paid-at-cost debate and a standardised tariff schedule (the former NHRPL).
31	Agree	The implementation of this will only be successful if this process is governed by CMS for all schemes to comply.
32	Agree	CompCare agrees with the proposal that the remuneration packages of the trustees and Principal Officer be linked to the performance of the Scheme. The challenge remains however, how performance and input to the Scheme and Board will be measured by individual trustees.



Recommendation	Agree / Disagree	Comments
32.7	Agree	CompCare agrees with the active broker opt-in system proposal where members have to declare whether they want to make use of the services of a broker on an annual basis. This will however be time consuming and cumbersome as members fail to update basic information, such as personal information – we are therefore not sure how this will practically be implemented. An issue that needs to be clarified is whether members will automatically default to “No” and opt in for “Yes” or vice versa.
34	Disagree	With regards to the entry of regionally based schemes, CompCare is of the opinion that this proposal will be problematic. Starting small would require the CMS to amend their requirements for a scheme – currently their minimum requirement is 6 000 for a scheme and 2 500 per option. If reinsurance for small, new entrants are allowed it poses the question why existing schemes may not make use of this mechanism. The CMS is furthermore promoting consolidation of schemes and benefit options and implementation of this proposal will increase the number of Schemes.
36 – 39	Agree	The proposal with regards to achieving standardised benefits can only be successfully implemented if the PMB debate of payment at cost is addressed. In the absence of this, a Basic Benefit Package will be unaffordable, because of the “open chequebook” that service providers currently have at their disposal.
44	Agree	With regards to the Risk Adjustment Mechanism (RAM), on point 44.1 it needs to be clarified whether schemes will have to contribute (per member per month or otherwise) to this body as it will be a separate entity. This will have an impact on the non-healthcare expenditure of schemes. Point 44.3 refers to “all insurers” – medical schemes are not insurance companies.
48 – 50	Agree	CompCare agrees with the recommendation that the PMB package be reviewed and updated more frequently. Points 49.1 - 49.3 are impractical as members do not read the easy to understand brochures.



Recommendation	Agree / Disagree	Comments
		On point 49.3 In the current process, the Hospital Pre-Authorisation team inform members during the pre-authorisation process whether they are using the correct service provider to assist the member to prevent out of pocket expenses.
51 – 53	Disagree	On anti-selection: there will always be anti-selection until participation to a medical scheme is compulsory. Any member that knows that they need to get a procedure that will cost them more than a few months' contributions will embrace the waiting period as they know that the gain will outweigh the expense.
54.1	Disagree	Please refer to comment on recommendation 21 above.
54.2	Disagree	This recommendation is impractical as there need to be a contractual agreement in place with the broker for the Scheme to pay the broker fees.
54.4	Disagree	This is already current practice on CompCare.
55	Disagree	CompCare already deals directly with the public (members) without the use of brokers. Members have the choice to deal with the Scheme directly or to make use of a broker.
RECOMMENDATIONS FOR SUPPLIERS OF HEALTHCARE SERVICES		
56.5	Agree	CompCare is not averse to the establishment of a Supply Side Regulator for Healthcare - the question remains how will this body be funded and whether it would not increase the Schemes' non-healthcare expenditure.
86	Agree	The issue of practice code numbers to practitioners in close collaboration with the regulators for all healthcare professionals is a recommendation that CompCare agrees with
89	Agree	CompCare is in favour of this proposal and believes that this will allow accountability and identification of the relevant service provider.
90	Disagree	CompCare believes that this is an impractical proposal.
97 - 100	Agree	CompCare is completely in favour of this proposal and believe that this will have a significant improvement on health outcomes.



Recommendation	Agree / Disagree	Comments
101 - 109	Agree	CompCare believes that the implementation and monitoring of health service pricing is long overdue and the benefits obtained through regulating this will have a direct positive impact on the cost of healthcare that can be passed back to members.
110	Agree	CompCare believes that it is imperative to have regulated pricing to curtail the costs of healthcare and is of the opinion that Proposal 1 is the better alternative.
137 – 140	Agree	CompCare agrees with the concept of a Supply Side Regulator for Healthcare, which will result in a reduction in costs. The proposed timeline of 5 years is however not advantageous to the healthcare industry as this needs to be addressed with a matter of urgency.
141 - 146	Agree	CompCare supports the idea of alternative reimbursement models and is looking forward on recommendations in this regard.
152	Agree	One of the CompCare options make use of a provider network. This has proven to be an effective way of cost containment. There are valid recommendations for enhancements on some of the network agreements that will enhance service delivery, cost savings and healthcare outcomes even more.
156.1	Disagree	A tender process for the appointment of DSP networks is impractical. Any service provider who can match the DSP prices set up by a medical scheme should be allowed to provide services to the same scheme population and if agreed to a Service Level Agreement with the Scheme. It will be time consuming and cumbersome (156.3) to review DSP contract arrangements every two years. CompCare currently makes use of the Universal Provider Network with approximately 5 000 service providers. Contracting with these providers every 24 months is administratively not viable.
157 – 171	Agree	Although CompCare is in support of this proposal, the concern remains looking at recommendations 164.2 and 171 that the funding of this initiative by healthcare funders would once again increase the non-healthcare expenditure.



Recommendation	Agree / Disagree	Comments
		Although CompCare believes that the long-term benefit will result in a reduction in non-healthcare expenditure, it will have a direct negative impact on non-healthcare expenditure during the initial phase.

The Health Market Inquiry Recommendations Report, is long overdue and we believe that if some of these recommendations be implemented, it will be beneficial for the South African healthcare citizen (some or all). We appreciate the opportunity to comment and look forward on further guidance and input to the implementation thereof.

Yours sincerely,



JOSUA JOUBERT
Principal Officer