

# HMI 2019 April Seminars

Facilities Market Concentration and Remedies

Funders Market Concentration and Countervailing Power

Excessive Utilization and Supplier Induced Demand

*The HMI provisional report and seminars throws up a whole lot of issues that has enabled critically important open discussion from which I see most stakeholders adopting a defensive posture, whereas **new ideas, innovation and transformation is required in the structure of the industry***

# HMI - Submission on 2019 April Seminars

- This presentation is on the key issues raised in my written submission
- One Submission for the three seminar topics which are all interrelated
- They are more so symptoms of a ***flawed industry structure (no commercial risk for medical scheme medical expenditure)***
- This is in large part a symptom of ***no real pressure (employer indifference at C Suite level) to perform for the consumer***
- This has had direct impact on the commercial evolution of the industry and the shape it has taken

# HMI - Submission on 2019 April Seminars

- *The two direct links to the healthcare consumer* – treating professionals, mainly GPs, and medical schemes *remain commercially undeveloped*
- Funding side (medical schemes) are managed and effectively controlled by administrators
- Delivery side not structured or organized according to business principles
- Delivery side managed by *no one*
- Provides administrators with *immense power*

# HMI - Submission on 2019 April Seminars

- Without being at risk for scheme performance or provider performance administrators are very powerful passive participants
- Administration segment pursues path of least resistance within risk free boundaries of safety
- This is reflected in
  - Allowing major hospital chains to develop and then complain about their power
  - National not local contracts with hospitals
  - Largely ineffective DSPs with doctors based essentially on price
  - Very low or no enablement of provider groupings
  - With exception of isolated episodic VBC doctor groupings and networks in SA exist at lowest possible level

# HMI - Submission on 2019 April Seminars

- Administration segment prevents progress outside their boundaries of safety and regards management of cost, utilization and quality as its domain
- PPO Serve reported recent experience in progress being prevented
- This was my prior experience in formation of doc business groups and later in attempting to put in place effective full spectrum service agreements
- Administrators can do this through
  - Control over boards of trustees
  - Further enabled by employer indifference at C Suite level

# HMI - Submission on 2019 April Seminars

- Placing trustees on performance-based remuneration compensation at this stage is unfair and counter-productive
- First step in the commercial development of medical schemes is trustees need independent body of their own – *consumer imperative*
- Keeping trustees under the same roof with administrators association-wise is one of the main mechanisms administrators maintain their dominance over trustees on a national level.
- Extremely difficult if not impossible to implement recommendations made by the University of Forthare, placing administrators under the same fiduciary responsibility as trustees

# HMI - Submission on 2019 April Seminars

- As passive non risk, safety bound participants administrators have developed commercially with this mindset and with no skill sets outside of such boundaries
- Although administrators talk about their expertise in risk management. Expertise *at being at risk is zero*.
- Do not have mindset, will or expertise to effectively manage excessive utilization, doc generated volume and inferior value in delivery system
- GP based at risk multi-disciplinary provider networks, constructed on a business basis, would turn SID / excessive utilization on its head as well as make a deep dent into medical scheme fraud.

# HMI - Submission on 2019 April Seminars

- HPCSA being used as a scapegoat in not forming doctor business groupings
- Agree with core intention of HPCSA
- First step is to form doc business groupings and present HPCSA with sound structure protecting clinical autonomy
- Problem no or very little expertise in this area because of passivity and mindset
- But HPCSA has to modernise as a matter of urgency – docs have to get into business to prevent being overrun by business interests with added drive now by digital technology taking over treating doc space



# HMI - Submission on 2019 April Seminars

- Doctor ownership of facilities such as hospitals in my view is OK unless the facility is publicly traded on stock exchanges.
- Docs employed by other docs also OK but not at current stage of imbalance by publicly traded hospitals or by scheme administrators
- Doc employment by exclusively doc owned hospitals OK
- While the seminar statements speak of incentivising or motivating treating doctors the overwhelming message is that they are to be disciplined. This wrong.

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- Docs have been made the villains of the system and are being held mainly responsible for the ills of the private health system. This is a message that needs to stop.
- Doctors are not errant children and should not be treated as such. They do need structure, they do need organization and through this the delivery system can be managed for the very first time.
- Disciplining doctors is disempowering. Empowering regulation is needed for newcomers to enter delivery dedicated to managing it, sharing risk.

# HMI - Submission on 2019 April Seminars

- For administrators to remain relevant they need to take meaningful risk / responsibility
- Today risk/responsibility is relevance
- However, being resident in the funding side of the industry with their core business managing medical schemes, even if they do get into risk administrators are severely limited in what they can do in delivery.
- Its time for structural change in private healthcare in SA. Pursuing improvement in private healthcare in SA along the lines of the existing system is not going to work. Mindsets are too deeply entrenched.

# HMI - Submission on 2019 April Seminars

- Treating doctors, particularly GPs, are the only route into managing healthcare delivery effectively, with firms dedicated to managing delivery in support thereof as their core business, which can take different forms.
- After all, who is at the coalface of healthcare volume and value, where it predominantly starts
- Being commercially undeveloped it will be less difficult bringing responsibility for the patient into the delivery system through the GP segment than it will through the administration segment which is highly developed commercially with a deeply entrenched mindset of no responsibility and in another business altogether from delivery

# HMI - Submission on 2019 April Seminars

- The introduction of a basic benefit package including primary care is essential
- The primary care segment has been terribly neglected and needs to be significantly strengthened.
- A lot of lip service is paid to primary care but zero real action
- To develop the GP segment which is essential in developing primary care requires investment in non-medical management structure and organization to enable highly effective medical management by treating doctors

# HMI - Submission on 2019 April Seminars

- Without empowering regulation that incorporates manoeuvrability and protection of IP in developing business and innovative delivery models no one is going to invest.
- The regulations recommended by the HMI for treating doctors are far too restrictive and disempowering.
- They strangle treating doctors in private practice to almost near death
- Burdening treating doctors with layers of bureaucracy and regulation will not work and will have a detrimental effect on patient care

# HMI - Submission on 2019 April Seminars

- There needs to be a significant shift of emphasis and therefore money from hospitalization to primary care – needs to come from medical schemes
- It is in primary care where the disease burden needs to be dealt with through much enhanced disease management and prevention
- Disease management handled through medical schemes and administrators is weak and needs to be significantly strengthened as part of a structured delivery system.
- HMI regulations must leave space for new entrants to open doors in structural change or established firms to transform, if they can