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To: Market Inquiry into the Private Healthcare Sector
Subject: Personal Submission by a Discovery Health Client
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This Submission

This submission is made at the invitation of the Market Inquiry into the Private Healthcare Sector by Stephen Laufer, a client for the past 15 years of Discovery Health Medical Scheme.

This is an essentially subjective submission, designed primarily to reflect on the experiences of a single individual client. These experiences, and discussions with friends in and outside the medical profession, have, however, over time led to a view that I am not alone with my subjective sense that Discovery manages the bottom line at the expense of the individual.

Stephen Laufer

I have for the past 15 years been a strategic communications, media relations, and public affairs advisor, assisting both South African and international clients locally and abroad. I was previously a political correspondent and opinions and analysis and foreign editor of Business Day, spokesperson for the Minister of Housing, and a political correspondent and opinions and analysis editor at the Mail & Guardian.

My mother was a public health nurse who throughout my childhood as the Chief Health Visitor of the Peri Urban Areas Health Authority ran clinics in Soweto and Alexandra townships, among others, and who later lectured in public health to nurses at the Witwatersrand Technical College, now part of the University of Johannesburg. As a result, I have always had at least a peripheral interest in public health and particularly in preventive and educational measures aimed at a generally more healthy population.

Discovery Health: General Remarks

On the face of it, Discovery Health, including its Vitality program, looks like one possible answer to my mother's hopes and wishes for health care in South Africa. With the exception perhaps that she would have favoured a system which encourages people to eat well, exercise regularly, rest, and have regular checkups as part of the public rather than the private sector.

The reality behind the glossy emails, interactive websites, Discovery Miles, Vitality programs, discounts on Woolworths vegetables, and all the other goodies, is however a different one, as experience has taught me. Discovery Health is, in my experience, first and foremost just one element of a holding company described by Wikipedia as “a South Africa-based financial services group.”

It is clear to me that the cost of health care must be managed closely, whether in South Africa or elsewhere, and no matter whether in the private, or the public sector. That said, my experience with Discovery over 15 years indicates that cost control tools written into the system place an undue – and in my view frequently unfair – burden on the insured.

Discovery Health: Some Longer Term Experiences

Since joining Discovery, I have had to contend with

- direct financial penalties if I do not use a pharmacy of the company's choice
 - I prefer using my local pharmacy in Parkview, Johannesburg, for several reasons:
 - I can walk there rather than having to drive to a mall
 - I appreciate the personal service, which includes making my chronic medication available in advance if I am going to be travelling, as I frequently must
 - I am keen to contribute to the survival of my local shopping street rather than to the continued growth of mega shopping malls, which arguably can be regarded as a health hazard
 - overall, using this particular pharmacy is one component of a number in managing my stress
- on many occasions payment by myself to doctors, dentists, etc, followed by a completely intransparent procedure for claiming back, where I find myself dealing with
 - self payment gaps perhaps understandable to actuaries but certainly not to someone like myself who spends the majority of his time and mental energy on matters other than tracking the optimal timing for visits to opticians or dentists
 - it is perhaps worth noting in this context that the calculation is, in my experience, always to Discovery's benefit
 - as an example: a bill from pathologists Du Buisson Bruinette Kramer Inc for October 29th, 2015, for R 239.10 was not paid at all, with Discovery giving as the reason a self payment gap of R 62.16
 - niggling deductions because the charge by a doctor or other service provider is not the Discovery rate to the last cent
 - their reconciliation on a scan done late last year includes, as a small example, the following:

- billing below the scheme rate to the value of R 29.27
- billing above the scheme rate to the value of R 182.86
- rather than bill me for a member's portion of R 153.59, Discovery billed me for the entire R 182.86
- this is indeed a niggling amount in the grander scheme of things, but is, in my view, indicative of an attitude which holds that whichever way the pendulum swings, Discovery must come out ahead
- serious uphill about what my doctors prescribe
 - at issue here is not Discovery's preference for generics, which I support as one route to controlling cost, leading me to ask my doctors to prescribe them whenever possible
 - my experience centres on Discovery second guessing the cardiologist who took care of me for several years after I was diagnosed with hypertension
 - some years into the chronic treatment, and after my annual blood tests, my cardiologist felt it was time for me to go onto chronic cholesterol medication as well, although the numbers were not yet high enough for them to be an acute issue
 - on the basis of a family history of high cholesterol and the death of both of my parents from heart failure in their early 60s, he nevertheless felt it was wise to embark on this treatment early
 - Discovery said no
 - only after many months of paying for the cholesterol medication myself, did Discovery accede to taking on part of the payment
 - that my physician's instincts were perhaps correct has twice been borne out in the past just more than two years, when stents have become necessary to deal with arterial blockages, the cause of which is cholesterol

Discovery Health: Fighting for Foreign Cover

I have travelled abroad at least 45 times in the past ten years, most often for work, and always secure in the belief that should something happen to me, I was covered as part of what I pay Discovery for. Discovery's world is however not quite that simple, as I discovered last year.

But first, a little history. In February 2014, I was admitted to Milpark Hospital in Johannesburg suffering from symptoms indicating the need for an angiogram. Discovery quickly and unbureaucratically acceded to the procedure, and some hours later, three stents were inserted. In the ensuing months I went back to cycling, which I have done for the past 35 years. In the

following 12 months, I completed not only the 94.7, but two other cycle races over 100km each in length. And enjoyed myself.

I also lost ten kilograms, cut the carbs, etc. In early May 2015, I saw my cardiologist at the Milpark Hospital for a routine follow up, and after 12 minutes at full load on the ECG treadmill and other examinations, was again given a clean bill of health.

Just a couple of weeks later, in June last year, I was on a business trip to Germany, and after several days cycling around Berlin, where I had taken some time off, I suddenly experienced symptoms similar to those of February 2014. Luckily, an old friend of mine in the city is a retired cardiologist, and he pointed me in the direction of a younger colleague.

This man conducted several tests, including a chest x-ray and a stress ECG. He then advised that I should under no circumstances fly back to South Africa before undergoing an angiogram. He arranged for this to be done in a public hospital by a colleague he trusted.

The next step was to contact Discovery to ensure that the procedure would be covered. The first interesting experience was that I did not talk to Discovery when calling the international helpline, but a service provider called SOS International, whose relationship to Discovery has never been completely clear to me.

What followed I described to my insurance broker, who told me that another client of his – a well known medical specialist in South Africa – had just had a similar experience while travelling abroad.

This, in essence, is what happened in the hours after I was referred for the angiogram:

- the first call to SOS International appeared to proceed normally, with a very nice operator including someone in the call she told me was a doctor
- she also told me that SOS International is a go between, and would proceed to outline the case to Discovery, who would then decide what to do
- I detailed the history of my medical emergency as above, including the doctor's advice that I should under no circumstances fly back to Johannesburg before undergoing the angiogram
- some time later the same day, the SOS International operator called me back to inform me that Discovery had refused to accept the costs for emergency treatment overseas because it was "a pre-existing condition"
- I asked whether Discovery believed that following the insertion of stents in February 2014, I

should no longer travel internationally, as I would always have a pre-existing condition under a definition which simply assumed this was the same ongoing condition from the last event

- I also again outlined the chronology of the previous 16 months step by step
- the operator, a very pleasant and competent young woman, promised to try again
- she called two hours later: Discovery had rejected the treatment again - pre existing
- I was in a Catch 22 situation: Discovery would pay for my treatment if I came home to South Africa, but my doctor in Berlin would not let me fly
- allow me to take a short diversion here:
 - I become somewhat anxious, perhaps a natural human reaction
 - to be put under significant pressure by a medical insurance company one has over the years made regular payments to against just such an eventuality naturally makes one even more anxious, not a good thing when heart problems are involved
- I asked to speak again to the SOS International doctor so that I could again patiently explain the chronology of my recovery of the previous 16 months, my trip, and the genesis of the medical emergency as outlined above
- I also asked whether the idea was to put me under so much pressure that I would have an acute heart attack which would get me admitted in what was undeniably an emergency
- this time a different medical practitioner was on duty at SOS International, and she tried her best to keep me calm
- I believe too that I heard more than just a hint of embarrassment in her voice at the fact that Discovery was forcing me to jump through the hoops this way
- the result was that after long conversation number three, Discovery saw the light and agreed to take on the costs of the necessary procedure

I understand fully that Discovery must, in the interests of its members, prevent abuse by people who might want to have the latest experimental treatment or cosmetic surgery while travelling abroad. But firstly, this raises for me the question as to whether the appropriate method is to subject someone experiencing an emergency to the kind of treatment I had, or whether it would not be better for the company's representatives to be talking to and quizzing the doctors on the ground who are treating the emergency and making treatment recommendations?

And secondly, my experience raises the question as to whether people less tenacious than myself would even be in a position to insist that the matter be readjudicated three times by Discovery. Surely the company has a duty to serve the average patient and even those least able to fight for themselves in such situations?

I am also interested to understand why it is not possible under such circumstances to talk directly to the people making the adjudication at Discovery? Why have the potentially broken telephone in between?

The angiogram was conducted on Friday, June 12th last year, and an acute blockage of an artery requiring a further stent was discovered. It was the kind of blockage which, at 30 000 feet in an aircraft with cabin pressure reduced to approximately 8 500 feet, meant that the danger of a mid air heart attack was indeed present – as recognised by the Berlin cardiologist.

While still waiting for the doctor who performed the procedure to come and talk to me before discharging me the next day, I received another call from SOS International, one which I found this time to be intrusive and disturbing. Ostensibly solicitous and wondering how I was, it was sufficiently insistent and detailed for me to realise that the call centre employee was working through a catalogue aimed at detecting deviations from what I had reported the previous day.

The aim, it seemed to me, was to trap me in some sort of inconsistency with which the Discovery thesis of a pre-existing condition could be proven after all. Three days later, I received another call, very clearly designed to do the same thing, including questions I found absolutely unacceptable because they were not related to my medical condition in any way at all.

The second angiogram and stent insertion was for me a vulnerable moment, more so even than the first because I was away from home. Within this context, I had no sense whatsoever that Discovery at any time had any regard for me as a person.

There were two interesting moments subsequently.

The first was Discovery's notification of the costs, which – like the first event treated at Milpark – they covered in full, something I am grateful for. The Berlin procedure, including one stent and one night in a private ward, by my calculation of the various costs they informed me of, came in at R 48 938.87. The Milpark procedure – including three stents and one night in a general recovery ward – came in at R 104 988.80. Neither of these calculations as far as I am now able to reconstruct them include smaller peripheral amounts, eg for pathologists and radiographers.

These figures, I believe, at least hint at the end at which costs could potentially be most effectively managed.

The second interesting moment was an email from Discovery's Mujeeb Bray, who according to

his email signoff is "Head of Service Discovery Health". Mr Bray asked me to assess the service of a Discovery call centre agent via a simple email matrix where one is worst and 10 is best.

Instead of doing so, I sent him a long email detailing my experience in Germany. with a covering note as to why I was doing so. The mail was admittedly not devoid of emotion. This mail was perhaps understandably coloured by my anger at the way I felt Discovery had treated me while in Germany, and in its sharper formulations perhaps occasionally exceeded normal politeness. But I do now still believe I had a real case.

Receipt was never acknowledged by Mr Bray. Some weeks later, I received an email asking whether my query had been resolved. I replied with a one liner, saying it had not. Some weeks later again, I was called by an assistant to Mr Bray, to whom I explained that I would appreciate a response to my mail, which was promised.

I am still waiting for it. It is worth noting that the standard mail from Mr Bray has as its opening sentence the following:

Discovery is passionate about delivering exceptional service, and we rely on feedback from our clients to tell us how we're doing.

I have subsequently had several other mails from Discovery asking me to rate one or other aspect of their service. The latest but one following a minor procedure at the Donald Gordon Medical Centre, and purportedly from a Dr Ryan Noach, Deputy CEO, Discovery Health, read as follows:

At Discovery Health, it's important that the members of the medical schemes we administer receive exceptional care when seeking healthcare services. To help us ensure we stand by our profound promise of enhancing and protecting medical scheme members' lives in everything we do, we'd like to hear about the quality of care you received during your recent hospital stay in WITS DONALD GORDON MEDICAL CENTRE. We conduct this survey regularly and, together with other information, results from these surveys can help us identify the most important opportunities for change that will improve the experience of care and the outcomes that matter most to you and other medical scheme members.

We want to ensure we continue to focus on what is important for medical scheme members.

My response was again not entirely devoid of emotion, and read in large part as follows:

Dear Dr Noach,

as someone who is interested not only in my own health, but also in how medical aids and public service providers ensure health care in South Africa more generally, I would of course be glad to fill in your survey.

Unfortunately, I will only be able to do this when your colleague Mujeeb Bray responds to a lengthy email sent to him in about August last year after he also asked for feedback on another matter. The fact that he has not even had the courtesy to acknowledge receipt (like this email, his purported to come from a personal address and was therefore sent back to that one), let alone respond to the substance of some fairly hefty issues raised with him, does not make me inclined at this stage to assist Discovery with managing anything.

...

In short: happy to help with your survey when you get your colleague to respond.

Best regards,

Perhaps predictably enough, there was no response. Five weeks after the mail above, I came across it while clearing out old emails, and wrote again to Dr Noach as follows:

Dear Dr Noach,

thanks so much for taking the time to acknowledge and/or respond to my mail to you (NOT).

Very consistent with Discovery's approach in general.

Three days later, a Preeyam Nayagar wrote

Dear Stephen

Thank you for contacting us.

Query Referred

I have received your request. I have forwarded this to the relevant department. Please allow 2-3 working days for processing. They will contact you directly to confirm the details.

I apologise for any inconvenience caused.

If you have any more questions, please call us on 0860 99 88 77, email

healthinfo@discovery.co.za or visit www.discovery.co.za

Regards

At the time of writing, which is six working days after the mail above, the relevant department had not responded as promised.

This has not prevented the phantom Mr Bray from writing to me again a day after the mail from

Preeyam Nayagar asking me to rate this individual's service. And of course again telling me about how passionate his company is about delivering exceptional service.

Conclusion: Some Remarks from a Personal and Some from a Professional Viewpoint

It is not inconceivable that I have become – in the eyes of Discovery at least – another grumpy old man who no longer understands how the real world works.

But the fact remains that in the tax years 2001/2002 to 2014/2015, I have paid R 435 127.00 to Discovery, of which R 16 934.00 has, since August 2004, been for the Vitality program. In the tax years 2005/2006 to 2014/2015, I have paid another R 95 199.80 for services Discovery refused to cover completely, such as the use of my local pharmacy, making a total currently identifiable cost of medical cover in 14 years (the additional costs covered by myself from 2001 – to 2005 could unfortunately not be found by Discovery) of R 530 326.80. This amount has been for cover for myself alone.

Interestingly, of claims to the value of R 95 199.80 not covered by Discovery in the last ten years, R 55 864.10 – or over 58% worth of refused claims – have been turned back in the last three years alone. It is fascinating in this context to me at least to note that the price of Discovery Holdings Limited shares has trebled in the past five years.

(Note: these figures were 1) obtained from Discovery, or 2) drawn from Discovery's annual tax certificate issued to myself.)

Viewed from my professional vantage point as a strategic communicator, it is clear to me that there is a significant gap between Discovery's messaging and the realities it presents its clients. This is a cardinal error in reputation management, and so it is perhaps unsurprising that the company is deeply disliked by the many Discovery clients among my friends and acquaintances, most of whom who pay the company's monthly fees very begrudgingly.