ICPS Submission to Competition Commission

Market inquiry into healthcare

This submission formalises the submission made by ICPS (Pty) Ltd to various members of staff of the Inquiry in 2014.

Who we are:

- Improved Clinical Pathway Services (ICPS) is a private company formed by Dr Grant Rex in 2010 to implement the use of 'standardised clinical

pathways' initially in the private hospital sector in South Africa, but ultimately for use in government hospitals as well.

- 'Clinical Pathways' are the route patients take from presentation to a doctor until discharge from a healthcare system, and include all the points of interaction with healthcare suppliers including primary care practitioners, specialists, ancillary healthcare providers, pharmacists, hospitals and nurses.
- 'Standardised' clinical pathways are based on the latest scientific evidence to the comprehensive treatment of various clinical conditions which is then described as 'best practice' for the comprehensive management of those conditions.
- Statndardised Pathways are used for the most common or most expensive conditions to treat', but can be used for any conditions that are treated regularly in any healthcare delivery context.
- The concept is becoming the mainstay of care for joint replacement surgery (arthroplasty) in the UK.
- Standardised pathways are also known as 'second level technology' in that the improvements that come about aren't based on new drugs or other technical inventions (first level technology) and are more about improved management of the overall pathway that the patient travels. They focus on co-ordinating care between unco-ordinated providers from different disciplines that are very inefficient as a result, and are usually simple, common sense changes that take a more holistic view of the patient experience.
- In the case of joint replacements, the patients benefit being optimized for surgery by having an medical/anaesthetic assessment a few weeks prior to surgery (rather than on the morning of surgery when it's generally too late to do anything other than arrange for the admission of patients to a higher level of care like High Care or Intensive Care post operatively). Patients

needing optimization are sent to a physician or other specialist prior to surgery rather than dealing with any unstable or untreated co-morbidities on the day of surgery. The net result is that ICPS has reduced the use of higher levels of care e.g. High Care or ICU, from a national average of 60%-85% of cases, to under 5%. This is also due to an evidence- based anaesthetic approach, which provides better pain control and a higher levels of patient satisfaction post operatively with lower complications, resulting in patients who mobilize quicker and can be discharged earlier – 3.9 days vs 7 (or more) days.

- The outcome of the surgery is monitored via a patient reported outcome measure (PROM) called the WOMAC score (Western Ontario and McMaster arthroplasty index). This is an internationally recognised tool to measure the effect of joint replacement surgery on the patient's level of stiffness, pain and functional capacity. PROMs are used to make sure that there is no compromise when it comes to quality of care, even though it may cost less than normal.
- Additional savings come via standardising the use of artificial joints (prostheses) and limiting these to prostheses with at least 20 years of recorded usage on either the UK, Australian, New Zealand or Swedish joint registers. This reduces the number of suppliers to 7 from over 30 that are available in South Africa, but includes the most commonly used and most established brands. Savings derive from are volume based discounts that as a result of purchasing on behalf of a group of surgeons. This has brought the cost of prostheses we use more in line with international pricing on a like for like basis.

Relationships

- The ICPS joint replacement orthopaedic network is based in 8 of the 9 provinces and includes surgeons and their teams in most of the major

cities. All three major hospital groups and several independent hospitals participate and have given competitive prices to ICPS for their theatre and ward tariffs. There is however still a wide price differential with a 30% variance in prices between different hospitals for equivalent line items. Price structures are a commercially sensitive issue and further details cannot be disclosed without the permission of the various hospitals or groups with whom ICPS have contracted.

- One of the key selling points of the ICPS arthroplasty pathway is a global fixed fee with 'carve outs' for non-standard cases. ICPS pays the various clinical providers including the surgeons, anaesthetists and physiotherapists a fixed fee for uncomplicated standardised joint replacements which is a fee 10%-30% more than the 100% medical aid tariff and is in the mid-range of what surgeons and anaesthetists normally charge (which is between 100% and 300% of medical aid tariffs). Medical schemes and their administrators take on all the financial risk for complications, and ICPS gets paid a percentage of the savings generated compared to the average price that medical schemes pay for equivalent surgery. If ICPS fails to generate any savings, then we don't earn anything which means the medical aids don't carry any extra administrative costs. Our complication rate is also monitored and agreed contractually, so that no hidden costs based on 'cherry picking' are possible.
- ICPS is contracted with two of the three major medical scheme administrators to undertake major joint replacements as a preferred provider to some of the medical aid members they administer. Over 500 joint replacements have been undertaken since January 2012 mostly on plans that up until that point had excluded joint replacements as a benefit to their members.
- Other performance data collected by ICPS (besides type of prosthesis, cost, and x-ray findings, patient's medical status and underlying reason for the replacement) include: length of stay, theatre time and post-operative

complications (as proxy measures for the quality of care in the immediate post-operative period). This comprehensive clinical quality data collection and analysis is unique and the standard towards which national joint registries are currenty striving. These performance indicators are then made available to the participating clinicians (30 orthopaedic surgeons, their anaesthetists and physiotherapists) who have found this information useful. Prior to this, they had no idea where they were benchmarked in relation to peers nationally.

Criticism

- ICPS has attracted criticism from the Orthopaedic Association of South Africa (OASA) and the Anaesthetic Society (SASA), from members within these societies who aren't participating in the network. ICPS and its pathway were generally ignored when we brought new work to the market (Transmed Guardian and Dimension Elite patients who were previously denied joint replacements and who then were a burden on state hospitals) and were only contacted by them when the larger medical schemes started signing up for the standardised pathway.
- Criticism seems to be centered on perceived exclusivity of the ICPS surgeon network; third party interference in clinical decision by making use of clinical guidelines (or what are perceived as more rigid 'protocols'); and finally ethical concerns around global billing which is perceived as introducing unnecessary risk in the treatment of patients purely in the interest of savings to the medical aids.

ICPS's response

- ICPS contracts with any clinician on condition they meet with accepted objective clinical criteria for participation (either 5 years of post

qualification experience or having performed a recognised Fellowship in joint replacement) and as long as they are prepared to have their clinical outcomes and quality measured.

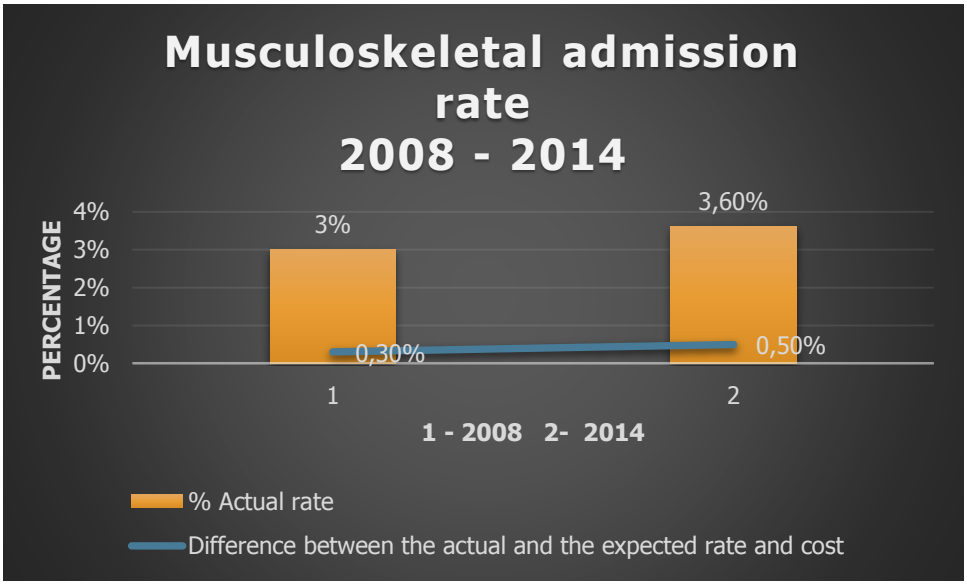
- The preparation and regular distribution of an updated 'clinical guideline (pathway)' is purely as a reference service and is in no way prescriptive. It does not take away any responsibility from the treating clinicians to care for their patients in the way they see best, nor does it replace clinical acumen or judgement in specific situations.
- The Health Professions Council of South Africa's policy on Ethical Business Practices that deals with global billing and discounting is used as the basis for implying unethical practice by ICPS. This policy is unclear and incomplete in relation to global billing. In several places it also implies that savings are not possible without compromising quality. The policy has also been used by ICPS's critics to accuse us of unethical practice without producing any rationale or evidence to back these allegations other than referring to this policy. Our results have been meticulously recorded in much more detail than any other work currently reported in South Africa (including data collected by the recently relaunched National South African Joint Register) and are available for scrutiny if required. The first 50 cases have also been presented for peer review at the annual South African Orthopaedic Congress in 2013.

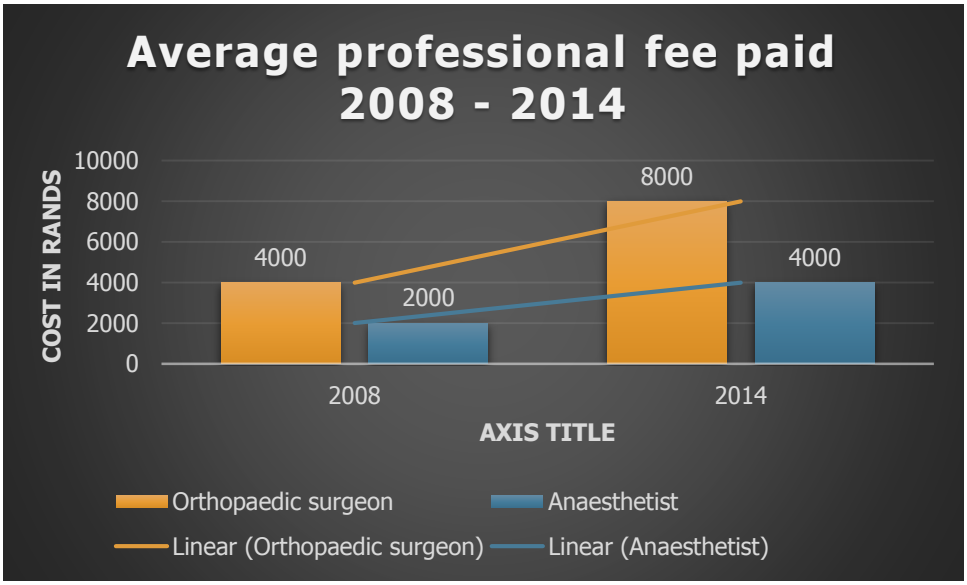
Reasons for a submission in support of standardising care pathways:

1. Out of date Ethical Business Practice Policy of the HPCSA: This Policy needs to be reviewed in the light of the latest evidence demonstrating the superior quality that comes from using 'standardised pathways' while lowering costs. These have been widely published internationally and a comprehensive bibliography can be supplied by ICPS.

2. Preventing innovation: the Orthopaedic and Anaesthetic Associations feel that all initiatives like those introduced by ICPS (and others using standardised pathways) should be authorised by them first. This threatens to block or at least delay any second level innovation by groups who may have vested interests in maintaining the status quo.

3. Unsustainable increases in the cost of the two most common major joint replacements which are in the top ten spend items of medical aids:





Data from two medical administrators indicates that the cost of musculoskeletal admissions and the number of musculoskeletal admissions are increasing at an unsustainable rate year on year.

Various clinical practices drive routine high care admissions at rates higher than that published elsewhere for joint replacements in patients with the same or similar clinical profiles. The same applies to lengths of stay for routine joint replacements. Reasons for this could be the lack of timely pre-assessment and preoperative optimization of patients and lack of accountability for patients' clinical outcomes. A standardised pathway can improve clinical accountability as well as the quality of patient outcomes.

The cost of prostheses is driven purely by the choices of clinicians without reference to cost. Standard commercial practices (e.g. volume based discounting) aren't possible in the usual private practice setting in South Africa where there is no co-ordination or discussion of clinical practice.

Stakeholder	Nature of relationship	Names of firm(s) dealt with where applicable
Medical Scheme	customers	Transmed, Medihelp, Bonitas
Medical scheme administrator	customers management arms	Metropolitan, StrataHealth, Medscheme

Stakeholder	Nature of relationship	Names of firm(s) dealt with where applicable
Hospitals & Medical Suppliers	Suppliers	Big three hospital groups & independents.l 5/6 major prosthesis suppliers and two smaller suppliers.