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2015-03-04

Dear Sir

RESPONSE BY SASCRO TO THE SUBMISSION OF BHF

The South African Society of Clinical and Radiation Oncology (SASCRO) would like to thank you for the opportunity to respond to the submissions made by stakeholders for purposes of the Inquiry into the Private Health Sector.

Our response has been restricted to misleading and inaccurate information and adverse allegations against oncologists contained in the submission of the Board of Healthcare Funders of Southern Africa (BHF) as provided for in Supplementary Guideline 1 issued by your office.

We would like to submit the following comment with specific reference to paragraphs 4.2 and 7.8 of the BHF submission as they relate to oncology fees and codes:

1. The oncology codes referred to by BHF were developed to ensure the sustainability of the administration of chemotherapy in the private health sector with the introduction of the amendments to the Medicines and Related Substances Act 101 of 1965 in 2004 in respect of the single exit price (SEP) for medicine. The effect of these amendments was that medicines purchased and administered to patients could no longer attract any mark-up. A maximum dispensing fee of R26 per medicine, which was permitted at the time, would have had a major impact on the sustainability of private oncology practices.
2. The oncology codes and the professional fees related to these codes were determined at the time by using the relevant codes from the American Medical Association's (AMA's) procedural coding system, Current Procedural Terminology Version 4 (CPT4), and applying the conversion rate determined by the SA Medical Association (SAMA) at the time, which was determined by linking the procedural codes used in SA to those used by the AMA (the so-called "cross-walk"). To therefore suggest that the codes are uniquely South African is fallacious.

3. The facility fees (codes 5791, 5792, 5794 and 5795) were determined with reference to the actual costs of rendering the relevant service. The study to determine the actual costs was undertaken by SASCRO and the South African Society of Medical Oncology (SASMO) under the auspices of SAMA. The dataset used contained data from more than 9 000 treatment sessions collected from 35 oncologists and was estimated to cover approximately 50% of the total market at the time. To therefore suggest that these codes have no factual basis is disingenuous.

4. The various code sets in existence and referred to by BHF reflect the different levels of complexity that was commonly found in oncology at the time. Although there are more sophisticated models used elsewhere in the world today there has not been any mechanism to introduce such improved coding methodologies in the South African private health sector due to the absence of a process to introduce appropriate coding changes. The alternate code sets referred to by the BHF stems from the 1970s - an era where all chemotherapy was essentially administered on an in-patient basis before newer medicines became available, which made out-patient treatment with its associated lower costs the norm. These codes have no basis or rationale to support their quantum or use. They have also never been subjected to any form of substantiation or revision since their inception.

5. As far as the administration of oral chemotherapy is concerned, it is important to note that this is not standard oral medication such as antibiotic or hypertension treatment. The fee includes the management of the patient on very toxic and complicated treatment. These patients often cost the providers significant resources in terms of time and staff. That was reflected in the time and activity study done by SASCRO and SASMO with 5th Quadrant, now known as Towers Watson, and submitted to the National Department of Health (NDOH), which formed the basis of the current fee structure,

6. It is worth stating that subsequent to these fees being introduced in 2004, a study to determine the actual costs associated with both the professional and facility fees were again undertaken in 2008 by SASCRO's external advisors, 5th Quadrant. In May 2008 a full submission in terms of the Regulations to the National Health Act 61 of 2003 was made on behalf of SASCRO. This submission consisted of quality data related to actual time and costs, audited and verified by 5th Quadrant. The results of this study were shared with the NDOH at the time. The whole process was abolished when the High Court declared the relevant Regulations and Reference Price List (RPL) invalid in 2010. It should be noted that SASCRO did not support the legal challenge of the process and relevant legislation at the time. This decision of the High Court was a very unfortunate development as the costs related to this study had to be borne by SASCRO (similar to other Societies that also undertook practice cost studies) and the results of the studies were never properly reviewed and used to inform the RPL. Furthermore, there has not been a forum since to discuss these findings and to consider and justify the fee structure used, which is now being questioned by BHF. It should be noted that the BHF had access to the study results at the time.

7. Furthermore, with the abolishment of collective fee negotiations by the Competition Commission, clinical and radiation oncologists have merely become price-takers as there has not been any opportunity to collectively influence the annual increases determined by the various medical schemes, which generally equal consumer price inflation (CPI). Oncologists generally also only charge in accordance with the rates paid by medical schemes due to the high costs of oncology medicines and the risk of unfunded oncology services (and consequent bad debts) should medical schemes decide to pay patients directly.

8. SASCRO remains committed to being part of a transparent process of reviewing any codes used in the private health sector should such an opportunity arise in the future. In fact, SASCRO would like to strongly advocate for the introduction of such a process in the interest of transparency and affordable patient care.

Please advise if we could clarify any aspect contained in this submission further or if we could be of further assistance to the Panel.

Yours sincerely

A handwritten signature in black ink, appearing to read 'M C Botha', with a stylized flourish at the end.

Dr M C Botha
SASCRO Chairman