



Reference: Annual Return: 2015
Contact person: J Scheepers
Tel: 012 431 0519
Fax: 012 431 0619
E-mail: j.scheepers@medicalschemes.com
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Circular 44 of 2015: Accounting for accredited managed care services

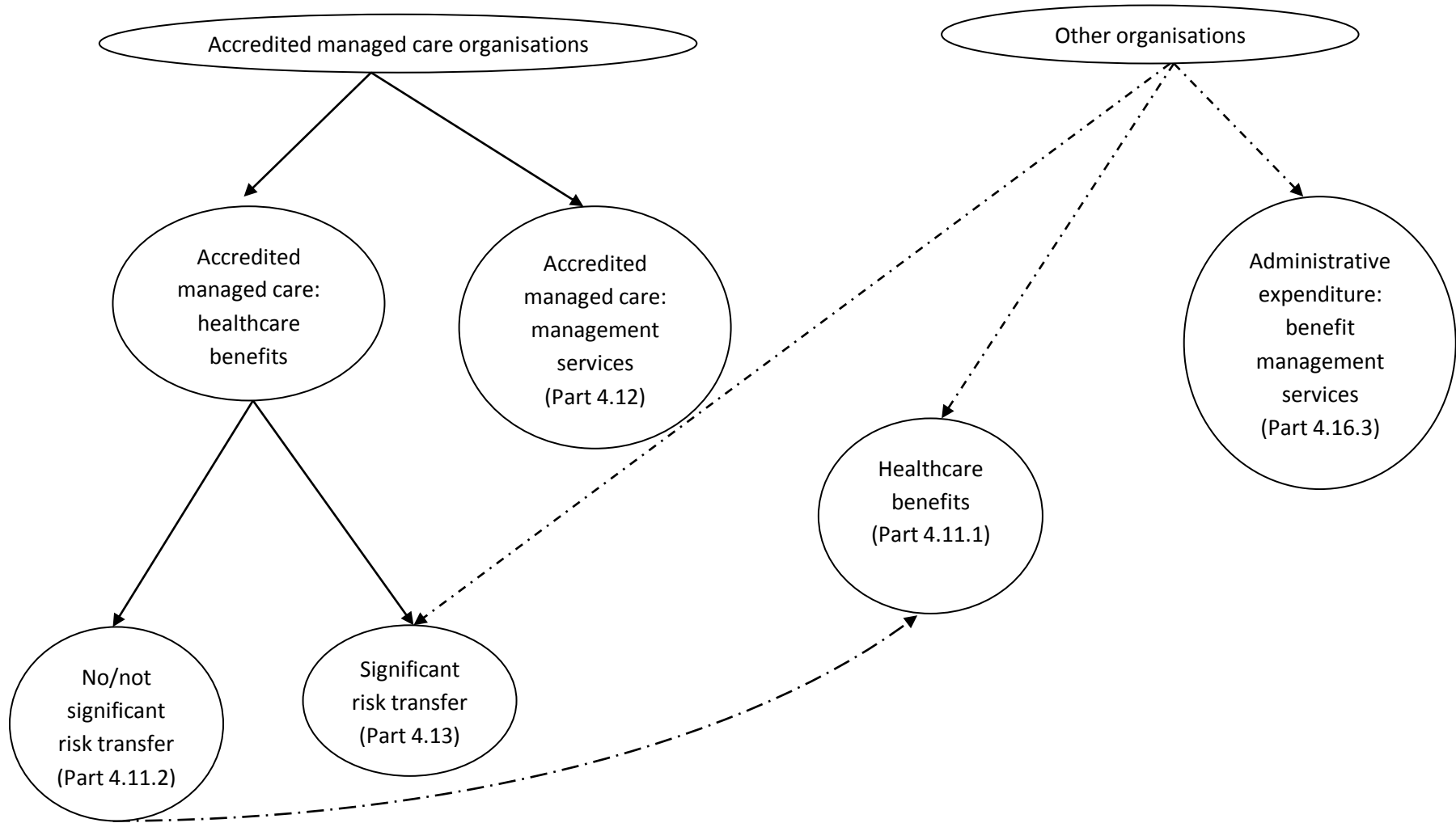
[Circular 13 of 2014](#) has necessitated a review of the accounting terms used in relation to accredited managed care services. The accounting classification as discussed below should therefore be read in conjunction with the definitions and explanations provided in Circular 13 of 2014.

Classification of services for accounting purposes

Medical schemes manage their claims expenditure *inter alia* by contracting with:

- Accredited managed care organisations to provide accredited managed care management services to manage the schemes' healthcare expenditure;
- Accredited managed care organisations as their Designated Services Providers (DSPs) to provide accredited managed care healthcare benefits (either through risk transfer arrangements or not); and
- Other organisations as their DSPs or preferred providers in attempt to manage the price of services, either through a pre-negotiated fee-for-service arrangement or as a capitated arrangement.

The different accredited managed care services as well as other benefit services can be schematically illustrated as follow:



Notes to the schematic illustration

With reference to parts of the Annual Statutory Return

Part 4.11.1: Relevant healthcare expenditure

All healthcare benefits, whether provided by accredited managed care organisations or by other organisations, are included in Part 4.11.1.

Part 4.11.2: Accredited managed care: healthcare benefits

This part makes provision for a split of all accredited managed care healthcare benefits provided by accredited managed care organisations.

Part 4.13: Significant risk transfer arrangements

It should be noted that medical schemes can also contract with other entities to provide (capitated) risk transfer arrangements; Part 4.13 is therefore not exclusive to accredited managed care organisations and accredited managed care healthcare benefits.

Part 4.12: Accredited managed care: management services

This part makes provision for a split of all the accredited managed care services provided by accredited managed care organisations.

Part 4.16.3: Administration expenditure: benefit management services

(New part to the Annual Statutory Return)

It should be noted that there is a distinct difference between disease management programmes, which makes use of the different techniques as mentioned in the definitions provided in Circular 13 of 2014, versus wellness programmes and nurse-advice lines.

Disease management programmes are well-structured, have specific contact, follow-up and evaluation processes that integrate consultations, tests, chronic medicine, hospitalisations, etc. and then monitors a member's long term disease patterns whilst using protocols, formularies and so forth that is based on evidence-based medicine etc.

Wellness programmes might be in the form of for instance outreach programmes where members are sent for general evaluations (blood pressure, non-fasting glucose test, non-fasting total cholesterol test, weight, eyes, etc.) or it may be in the form of a benefit once yearly for instance a prostate antigen test that will be funded by the scheme (and not from the members' Personal Medical Savings Accounts). This type of services does not make use of the techniques as specified in the above-mentioned definitions.

The same apply for nurse advice lines which are accessed ad hoc, and where the nurse has access to a database of information and only relays the information, which might include a referral to a doctor. None of the managed care techniques are used for these services – it is also not possible to really measure or monitor these services for efficacy or effectiveness.

Other items to be included in this category are *inter alia* medical advisors, actuarial services for benefit design, clinical review and auditing, provider network management, etc. These services do not fall within the definition of managed care services per Regulation 15.

These services are still included in non-healthcare expenditure, but recognised separately from accredited managed care services.

The type of service provided should therefore be evaluated to establish its inclusion in either Part 4.12 or Part 4.16.3.

Invitation to comment on suggested accounting classifications

The Council for Medical Schemes wishes to invite interested parties to provide comments on the proposed changes, which are included in the Annexure to this Circular, to the 2015 year's Annual Statutory Return in relation to accredited managed care services and benefit management services. Any suggestions and comments can be submitted to j.scheepers@medicalschemes.com on or before 31 July 2015.



Tebogo Maziya
General Manager: Financial Supervision Unit
Council for Medical Schemes

PART 4.11.2

ACCREDITED MANAGED CARE: HEALTHCARE BENEFITS (NO TRANSFER OF RISK) – PAID AND REPORTED

		Consolidated total		Per contract	
		Current year	Previous year	Current year	Previous year
		R	R	R	R
4.11.2.1	Active disease risk management services				
4.11.2.1.1	<i>Asthma / COPD / Bronciectasis</i>				
4.11.2.1.2	<i>Cardiac failure / Cardiomyopathy / Dysrhythmias / Coronary artery disease</i>				
4.11.2.1.3	<i>Chronic renal disease</i>				
4.11.2.1.4	<i>Depression / Bipolar</i>				
4.11.2.1.5	<i>Diabetes (Type 1 and 2)</i>				
4.11.2.1.6	<i>Epilepsy</i>				
4.11.2.1.7	<i>HIV</i>				
4.11.2.1.8	<i>Hyperlipidaemia</i>				
4.11.2.1.9	<i>Hypertension</i>				
4.11.2.1.10	<i>Hypothyroidism</i>				
4.11.2.1.11	<i>Maternity program</i>				

PART 4.11.2

ACCREDITED MANAGED CARE: HEALTHCARE BENEFITS (NO TRANSFER OF RISK) – PAID AND REPORTED

		Consolidated total		Per contract	
		Current year	Previous year	Current year	Previous year
		R	R	R	R
4.11.2.1.12	<i>Muscular-skeletal program</i>				
4.11.2.1.13	<i>Oncology</i>				
4.11.2.1.14	<i>Other (specify)</i>				
4.11.2.2	Disease risk management support services				
4.11.2.3	Dental benefit management services				
4.11.2.3.1	<i>Basic dentistry</i>				
4.11.2.3.2	<i>Specialised dentistry</i>				
4.11.2.4	Hospital benefit management services				
4.11.2.5	Managed care network management services and risk management				
4.11.2.6	Other (specify)				
4.11.2.7	<i>Total accredited managed care: healthcare benefits (no transfer of risk)</i>				

PART 4.13

NET (INCOME)/EXPENSES FROM OTHER RISK TRANSFER ARRANGEMENTS (EXCLUDING COMMERCIAL REINSURANCE CONTRACTS)

		Consolidated total		Per contract	
		Current year	Previous year	Current year	Previous year
		R	R	R	R
4.13.1	Premiums/fees paid (Capitation fees)				
	Accredited managed care: healthcare benefits				
4.13.1.1	Active disease risk management services				
4.13.1.1.1	<i>Asthma / COPD / Bronchiectasis</i>				
4.13.1.1.2	<i>Cardiac failure / Cardiomyopathy / Dysrhythmias / Coronary artery disease</i>				
4.13.1.1.3	<i>Chronic renal disease</i>				
4.13.1.1.4	<i>Depression / Bipolar</i>				
4.13.1.1.5	<i>Diabetes (Type 1 and 2)</i>				
4.13.1.1.6	<i>Epilepsy</i>				
4.13.1.1.7	<i>HIV</i>				
4.13.1.1.8	<i>Hyperlipidaemia</i>				

Chairperson: Prof. Y Veriava Chief Executive & Registrar: Dr M Gantsho
 Block A, Eco Glades 2 Office Park, 420 Witch-Hazel Avenue, Eco Park, Centurion, 0157
 Tel: 012 431 0500 Fax: 012 430 7644 Customer Care: 0861 123 267
Information@medicalschemes.com www.medicalschemes.com

PART 4.13

NET (INCOME)/EXPENSES FROM OTHER RISK TRANSFER ARRANGEMENTS (EXCLUDING COMMERCIAL REINSURANCE CONTRACTS)

		Consolidated total		Per contract	
		Current year	Previous year	Current year	Previous year
		R	R	R	R
4.13.1.1.9	<i>Hypertension</i>				
4.13.1.1.10	<i>Hypothyroidism</i>				
4.13.1.1.11	<i>Maternity program</i>				
4.13.1.1.12	<i>Muscular-skeletal program</i>				
4.13.1.1.13	<i>Oncology</i>				
4.13.1.1.14	<i>Other (specify)</i>				
4.13.1.2	Disease risk management support services				
4.13.1.3	Dental benefit management services				
4.13.1.3.1	<i>Basic dentistry</i>				
4.13.1.3.2	<i>Specialised dentistry</i>				
4.13.1.4	Health care services (risk transfer)				
4.13.1.5	Hospital benefit management services				

PART 4.13

NET (INCOME)/EXPENSES FROM OTHER RISK TRANSFER ARRANGEMENTS (EXCLUDING COMMERCIAL REINSURANCE CONTRACTS)

		Consolidated total		Per contract	
		Current year	Previous year	Current year	Previous year
		R	R	R	R
4.13.1.6	Managed care network management services and risk management				
4.13.1.7	Other (specify)				
	Other capitation agreements				
4.13.1.8	Emergency transport				
4.13.1.9	Other (specify)				
4.13.2	<i>Claims recoveries in respect of related risk transfer arrangements</i>				
	Accredited managed care: healthcare benefits				
4.13.2.1	Active disease risk management services				
4.13.2.1.1	<i>Asthma / COPD / Bronchiectasis</i>				
4.13.2.1.2	<i>Cardiac failure / Cardiomyopathy / Dysrhythmias / Coronary artery disease</i>				

PART 4.13

NET (INCOME)/EXPENSES FROM OTHER RISK TRANSFER ARRANGEMENTS (EXCLUDING COMMERCIAL REINSURANCE CONTRACTS)

		Consolidated total		Per contract	
		Current year	Previous year	Current year	Previous year
		R	R	R	R
4.13.2.1.3	<i>Chronic renal disease</i>				
4.13.2.1.4	<i>Depression / Bipolar</i>				
4.13.2.1.5	<i>Diabetes (Type 1 and 2)</i>				
4.13.2.1.6	<i>Epilepsy</i>				
4.13.2.1.7	<i>HIV</i>				
4.13.2.1.8	<i>Hyperlipidaemia</i>				
4.13.2.1.9	<i>Hypertension</i>				
4.13.2.1.10	<i>Hypothyroidism</i>				
4.13.2.1.11	<i>Maternity program</i>				
4.13.2.1.12	<i>Muscular-skeletal program</i>				
4.13.2.1.13	<i>Oncology</i>				
4.13.2.1.14	<i>Other (specify)</i>				

Chairperson: Prof. Y Veriava Chief Executive & Registrar: Dr M Gantsho
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Information@medicalschemes.com www.medicalschemes.com

PART 4.13

NET (INCOME)/EXPENSES FROM OTHER RISK TRANSFER ARRANGEMENTS (EXCLUDING COMMERCIAL REINSURANCE CONTRACTS)

		Consolidated total		Per contract	
		Current year	Previous year	Current year	Previous year
		R	R	R	R
4.13.2.2	Disease risk management support services				
4.13.2.3	Dental benefit management services				
4.13.2.3.1	<i>Basic dentistry</i>				
4.13.2.3.2	<i>Specialised dentistry</i>				
4.13.2.4	Health care services (risk transfer)				
4.13.2.5	Hospital benefit management services				
4.13.2.6	Managed care network management services and risk management				
4.13.2.7	Other (specify)				
	Other capitation agreements				
4.13.2.8	Emergency transport				
4.13.2.9	Other (specify)				

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PART 4.13

NET (INCOME)/EXPENSES FROM OTHER RISK TRANSFER ARRANGEMENTS (EXCLUDING COMMERCIAL REINSURANCE CONTRACTS)

		Consolidated total		Per contract	
		Current year	Previous year	Current year	Previous year
		R	R	R	R
4.13.3	<i>Other (specify)</i>				
4.13.4	<i>Net (income)/expense from other risk transfer arrangements</i>				

PART 4.12

ACCREDITED MANAGED CARE: MANAGEMENT SERVICES

		Administrator ¹ / Self-administration	Co-Administrator ²	Other third parties	Total
		R	R	R	R
4.12.1	Active disease risk management services				
4.12.1.1	<i>Asthma / COPD / Bronchiectasis</i>				
4.12.1.2	<i>Cardiac failure / Cardiomyopathy / Dysrhythmias / Coronary artery disease</i>				
4.12.1.3	<i>Chronic renal disease</i>				
4.12.1.4	<i>Depression / Bipolar</i>				
4.12.1.5	<i>Diabetes (Type 1 and 2)</i>				
4.12.1.6	<i>Epilepsy</i>				
4.12.1.7	<i>HIV</i>				
4.12.1.8	<i>Hyperlipidaemia</i>				
4.12.1.9	<i>Hypertension</i>				

¹ Includes related parties to the administrator

² Includes related parties to the co-administrator

PART 4.12

ACCREDITED MANAGED CARE: MANAGEMENT SERVICES

		Administrator ¹ / Self-administration	Co-Administrator ²	Other third parties	Total
		R	R	R	R
4.12.1.10	<i>Hypothyroidism</i>				
4.12.1.11	<i>Maternity program</i>				
4.12.1.12	<i>Muscular-skeletal program</i>				
4.12.1.13	<i>Oncology</i>				
4.12.1.14	<i>Other (specify)</i>				
4.12.2	Disease risk management support services				
4.12.3	Dental benefit management services				
4.12.3.1	<i>Basic dentistry</i>				
4.12.3.2	<i>Specialised dentistry</i>				
4.12.4	Hospital benefit management services				
4.12.4.1	<i>Pre-authorisation services</i>				
4.12.4.2	<i>Case management</i>				
4.12.4.3	<i>Clinical audit</i>				

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PART 4.12

ACCREDITED MANAGED CARE: MANAGEMENT SERVICES

		Administrator ¹ / Self-administration	Co-Administrator ²	Other third parties	Total
		R	R	R	R
4.12.5	Managed care network management services and risk management				
4.12.6	Pharmacy benefit management services				
4.12.6.1	<i>Pre-authorisation</i>				
4.12.6.2	<i>Drug utilisation review (DUR)</i>				
4.12.6.3	<i>Pharmacy benefit management: disease risk management support services</i>				
4.12.7	Other (specify)				
4.12.8	Total accredited managed care: management services				

PART 4.16.3

ADMINISTRATION EXPENDITURE: BENEFIT MANAGEMENT SERVICES

		Current year		Previous year	
		Fund	Own Facilities	Fund	Own Facilities
		R	R	R	R
4.16.3.1	Actuarial services relating to benefit design				
4.16.3.2	Clinical review and auditing				
4.16.3.3	Data warehousing				
4.16.3.4	Electronic checking fees				
4.16.3.5	Emergency transport services				
4.16.3.6	Ex-gratia facilitation				
4.16.3.7	Forensic and fraud services				
4.16.3.8	Medical advisors				
4.16.3.9	Medicine bags				
4.16.3.10	Nurse advice lines				
4.16.3.11	Pharmacy administration fees				
4.16.3.12	Pre-authorisations				

PART 4.16.3

ADMINISTRATION EXPENDITURE: BENEFIT MANAGEMENT SERVICES

		Current year		Previous year	
		Fund	Own Facilities	Fund	Own Facilities
		R	R	R	R
4.16.3.13	Provider network management services				
4.16.3.14	Wellness programmes / Wellness days				
4.16.3.15	Other (specify)				
4.16.3.16	Total administration expenditure: benefit management services				