



2ND CMS INDABA

The Value of Managed Care

Lagoon Hotel

Cape Town
Lagoon Beach Road, Milnerton

Friday, 1 March 2013

RSVP: forums@medicalschemes.com

Join us in gaining valuable information from well-recognised CMS and industry speakers; we encourage you to participate in the panel discussion. This second Indaba of the CMS aims to explore the meaning and value of managed care in the context of the South African medical schemes industry. How does managed care benefit schemes and beneficiaries alike?

Programme

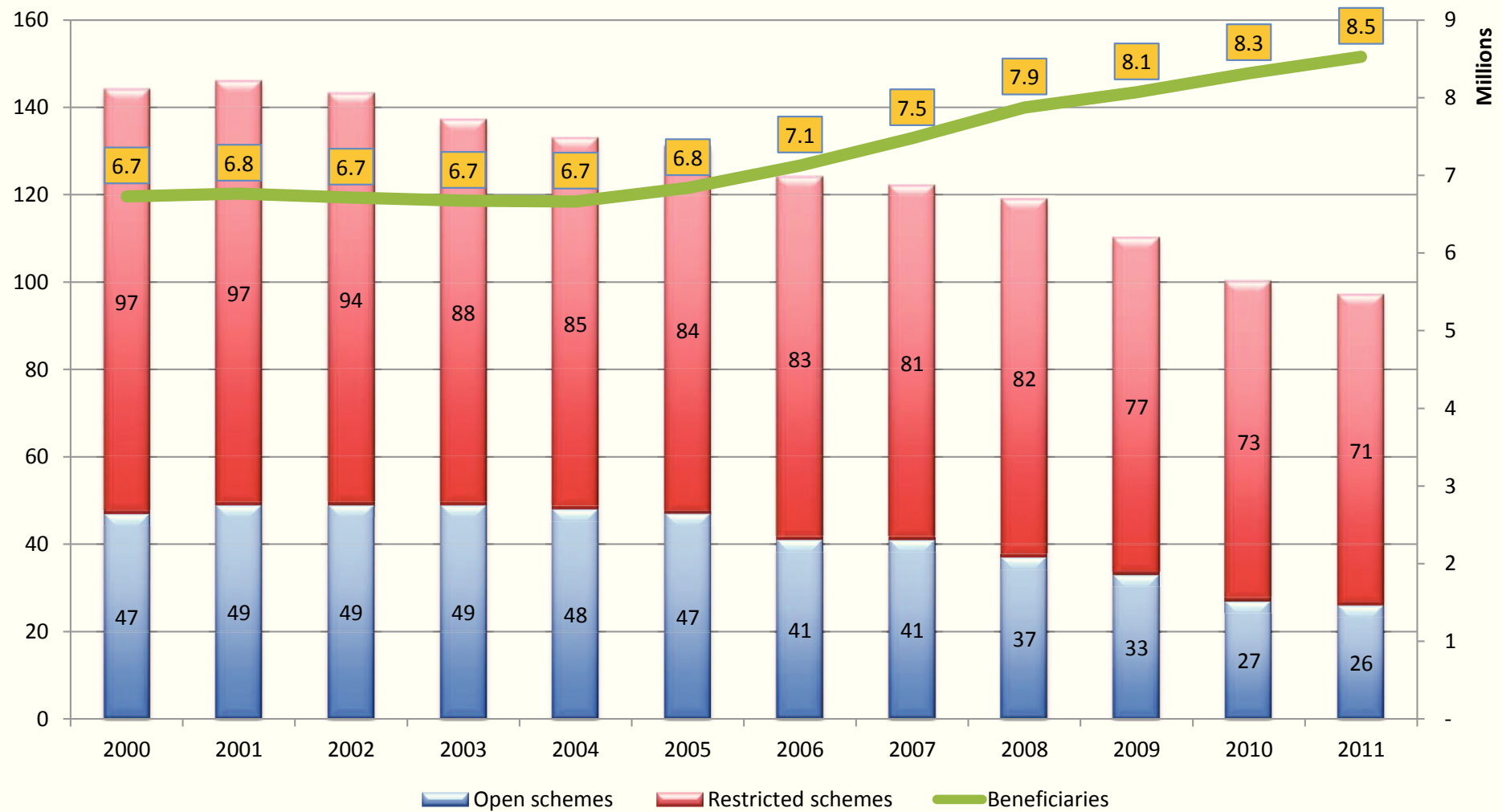
09:00	Tea	
10:00	Welcome	Dr Elsabé Conradie
11:00	Topic to be confirmed	Dr Stan Moloabi Acting Principal Officer (GEMS)
12:00	Topic to be confirmed	Metropolitan Health
13:00	Lunch	
14:00	Managed Care: South African Context	Danie Kolver Head: Accreditation, CMS
15:00	The limitations of determining the value of managed healthcare using the rand value	Panel discussion
16:00	Closure	Dr Monwabisi Gantsho

Trends in financial performance of medical schemes

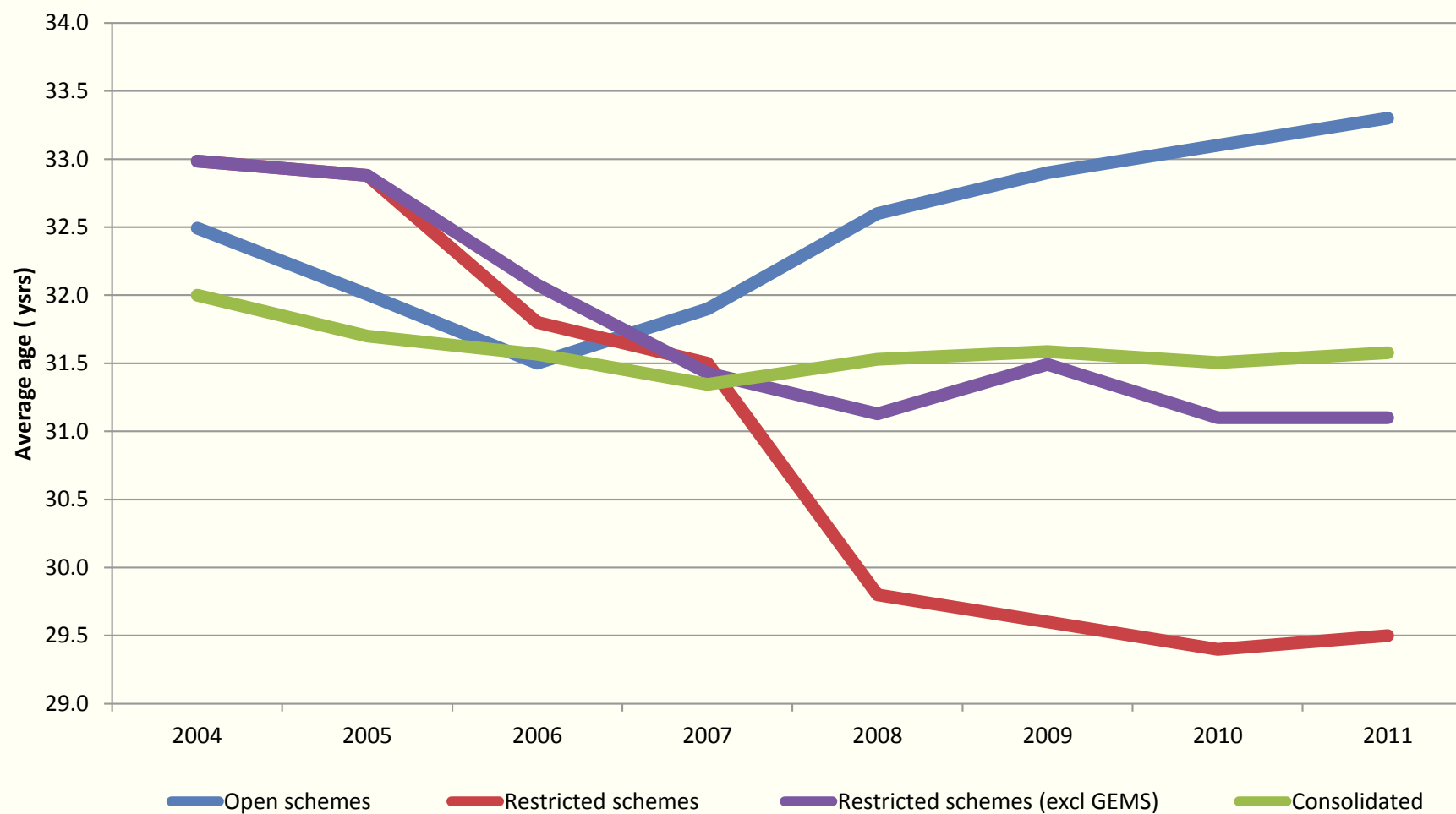
Tebogo Maziya
Head Financial Supervision



Trends in number of schemes and beneficiaries

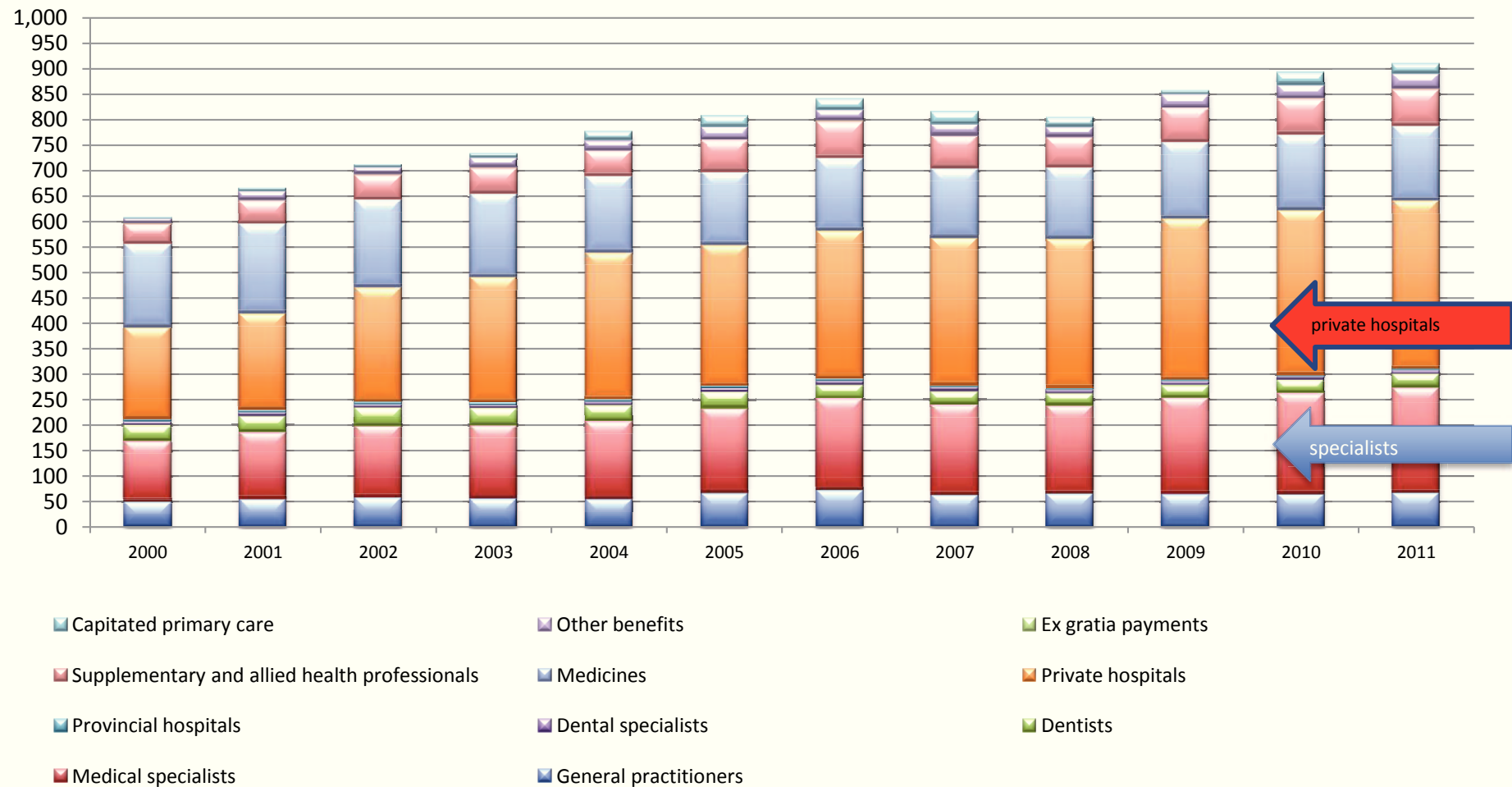


Trends in age of beneficiaries

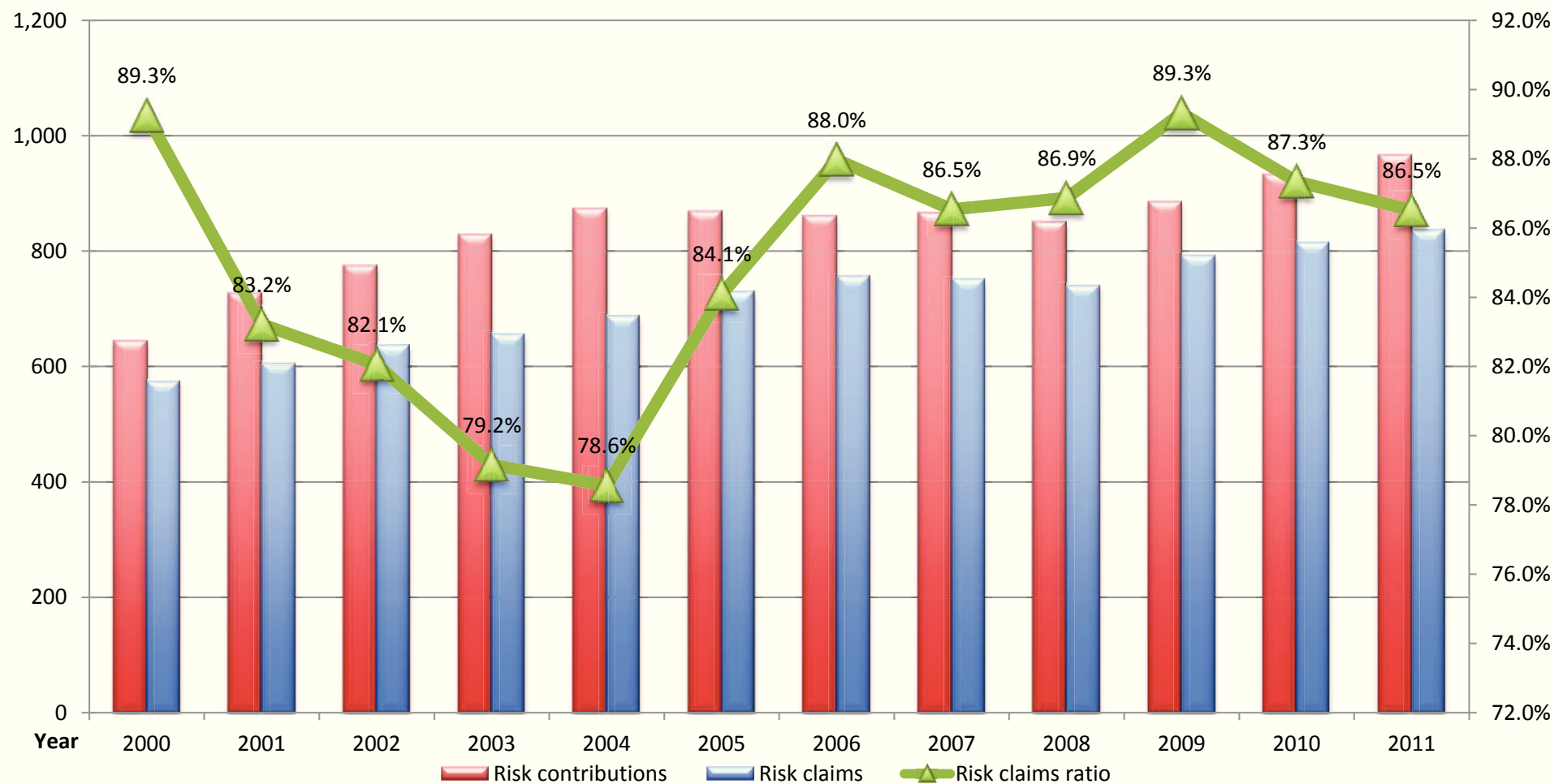


Claims costs pbpm: 2011 prices

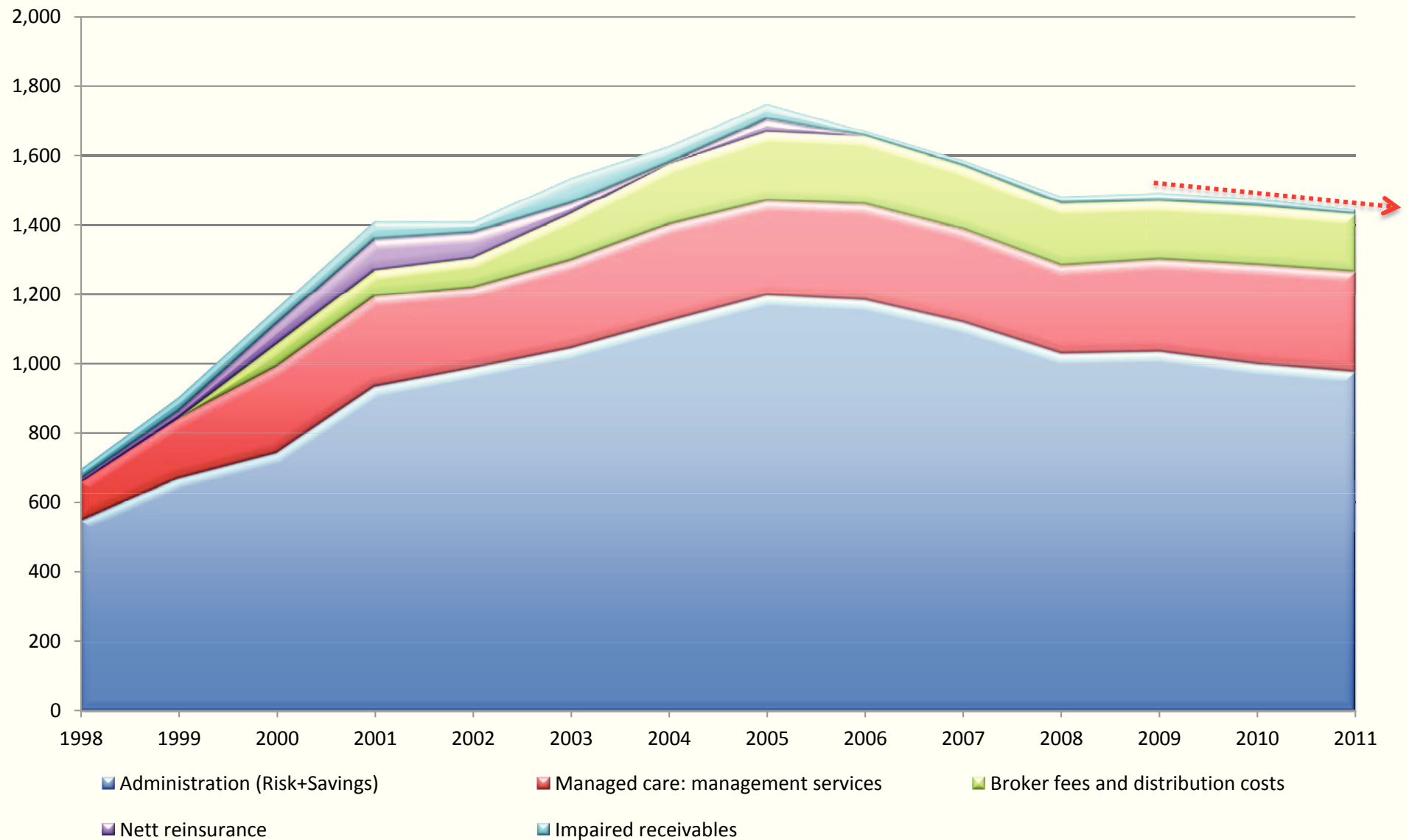
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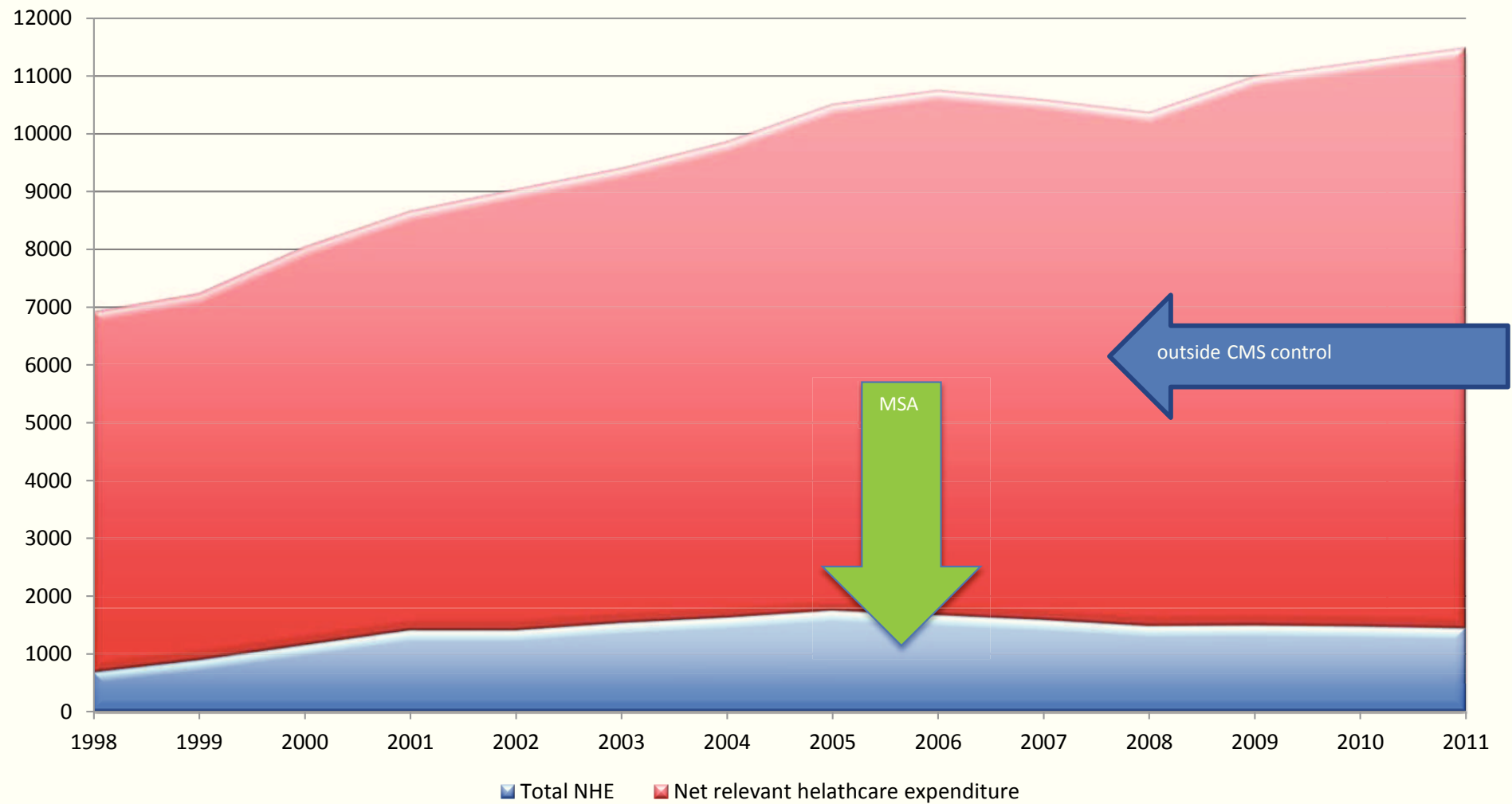
Risk claims ratio : 2011 prices



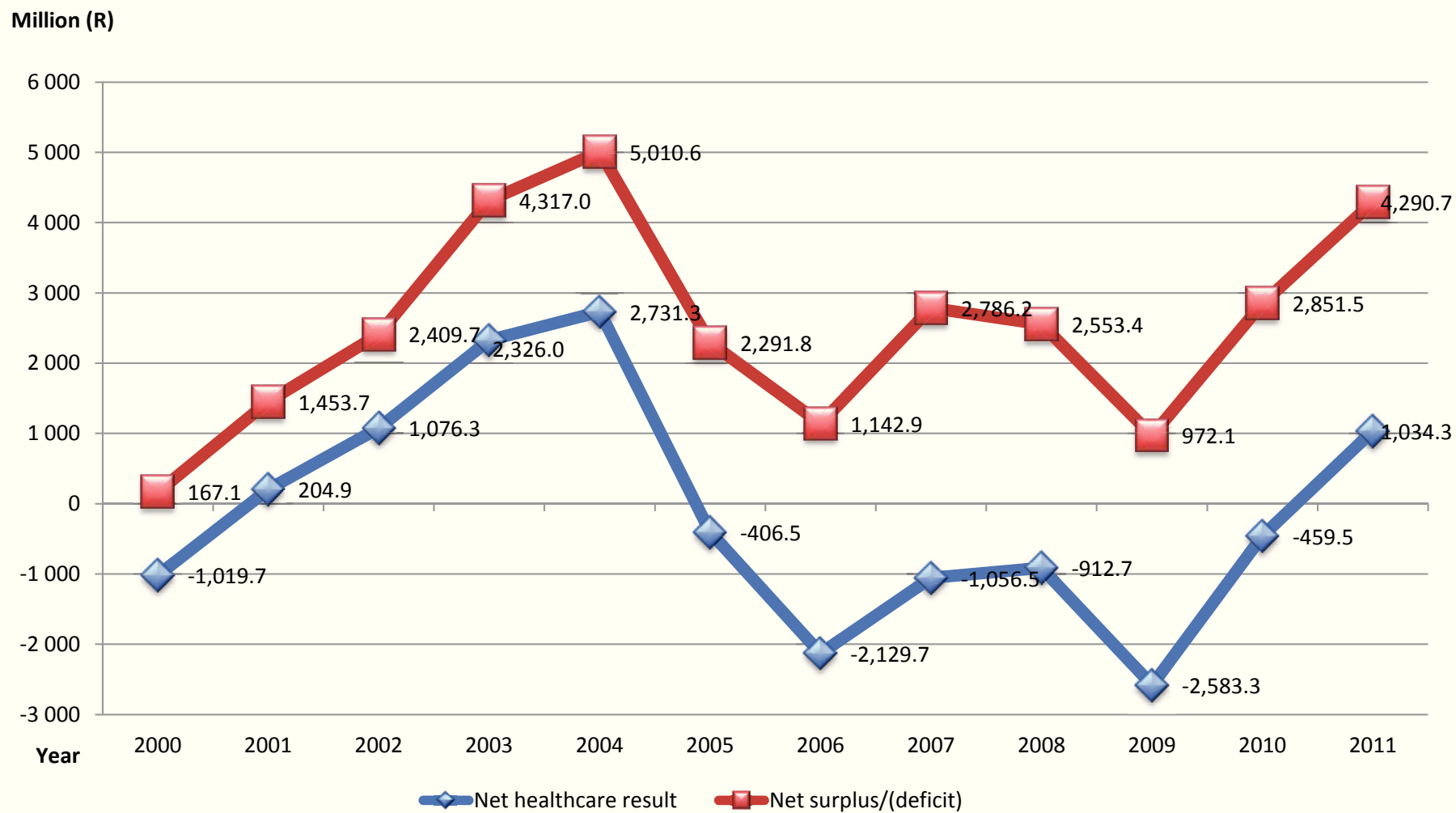
Non healthcare expenditure : 2011 prices



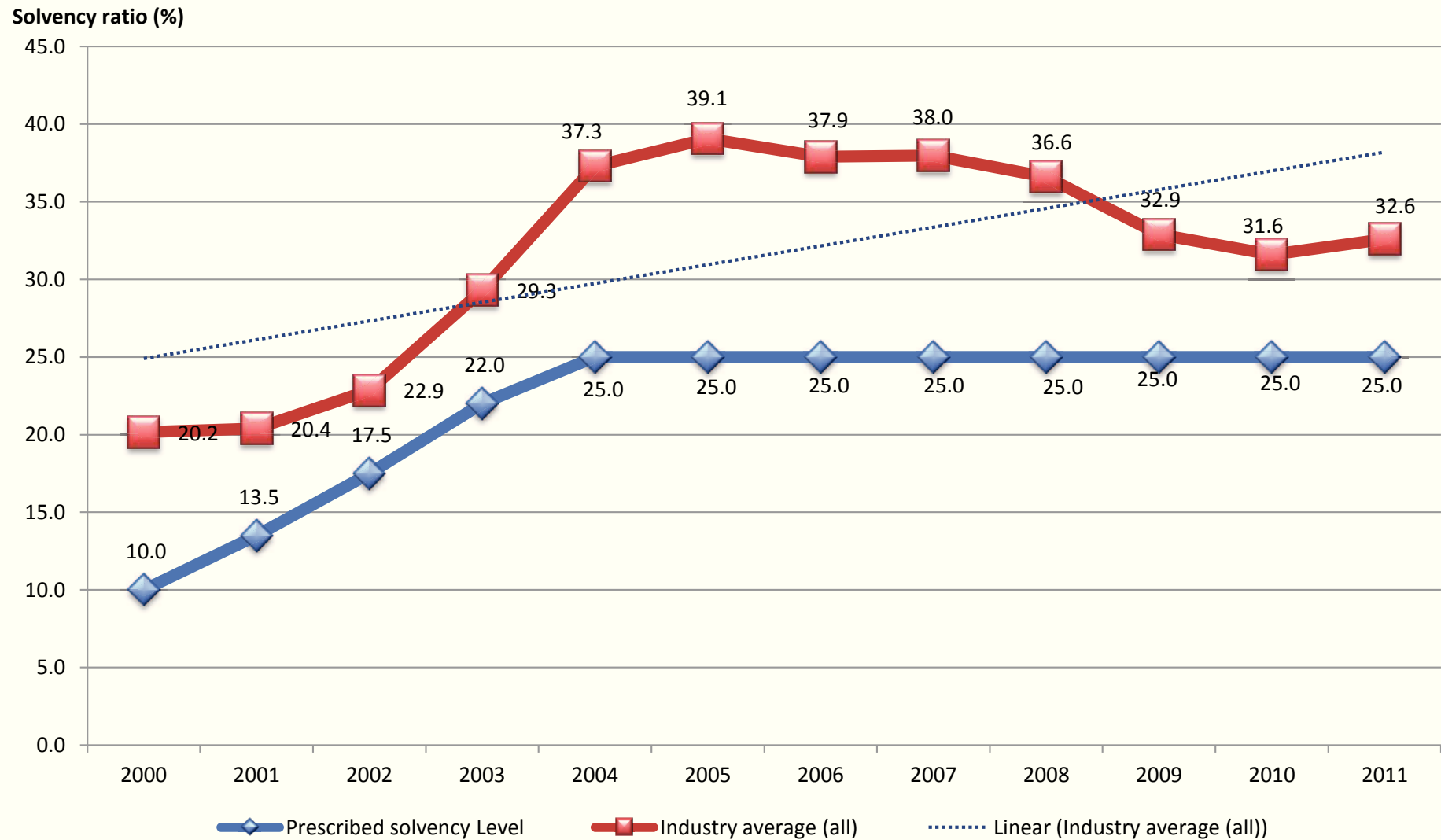
Cost trends pbpa : 2011 prices



Net healthcare results



Solvency

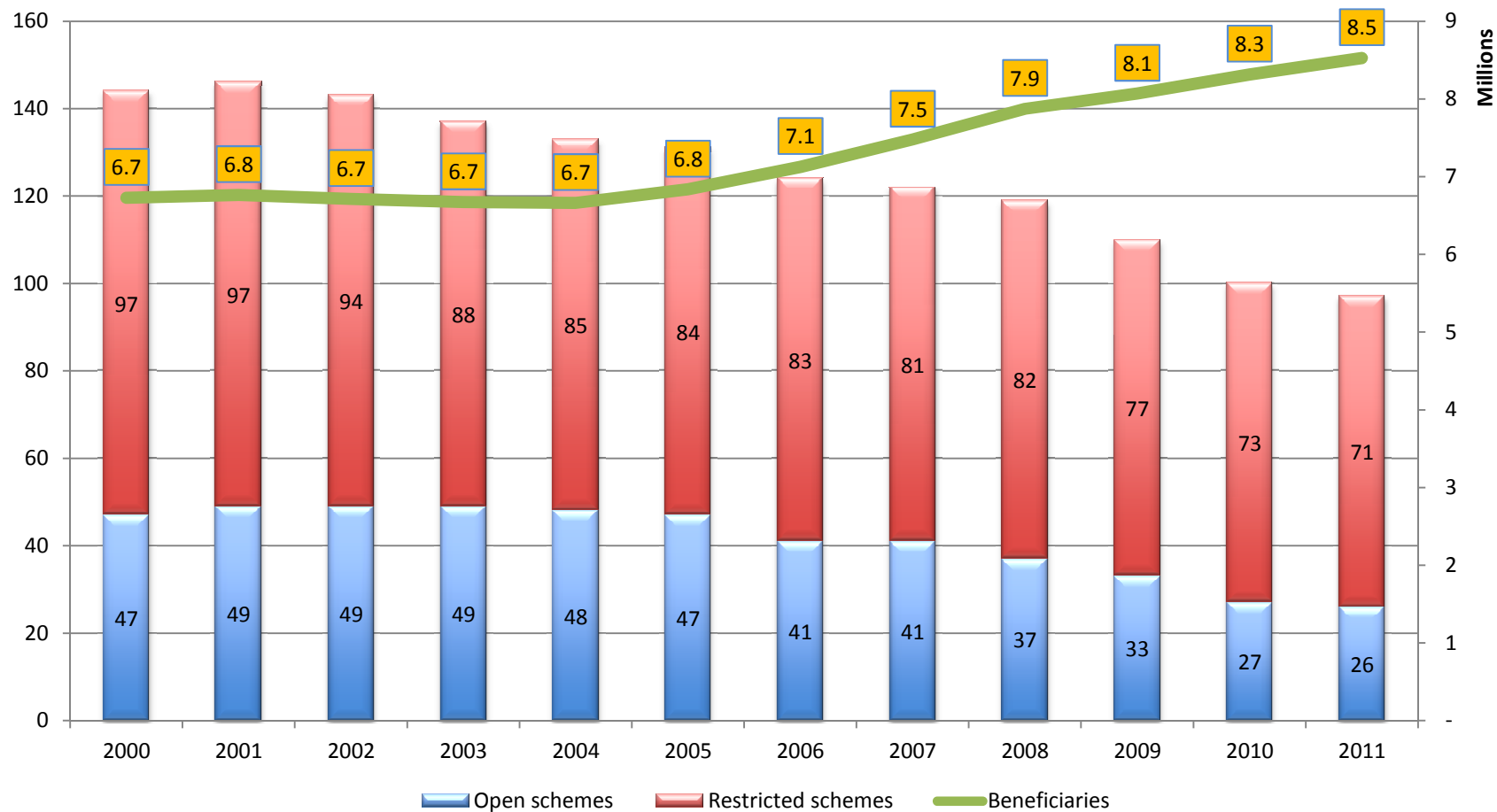


Trends in financial performance of medical schemes

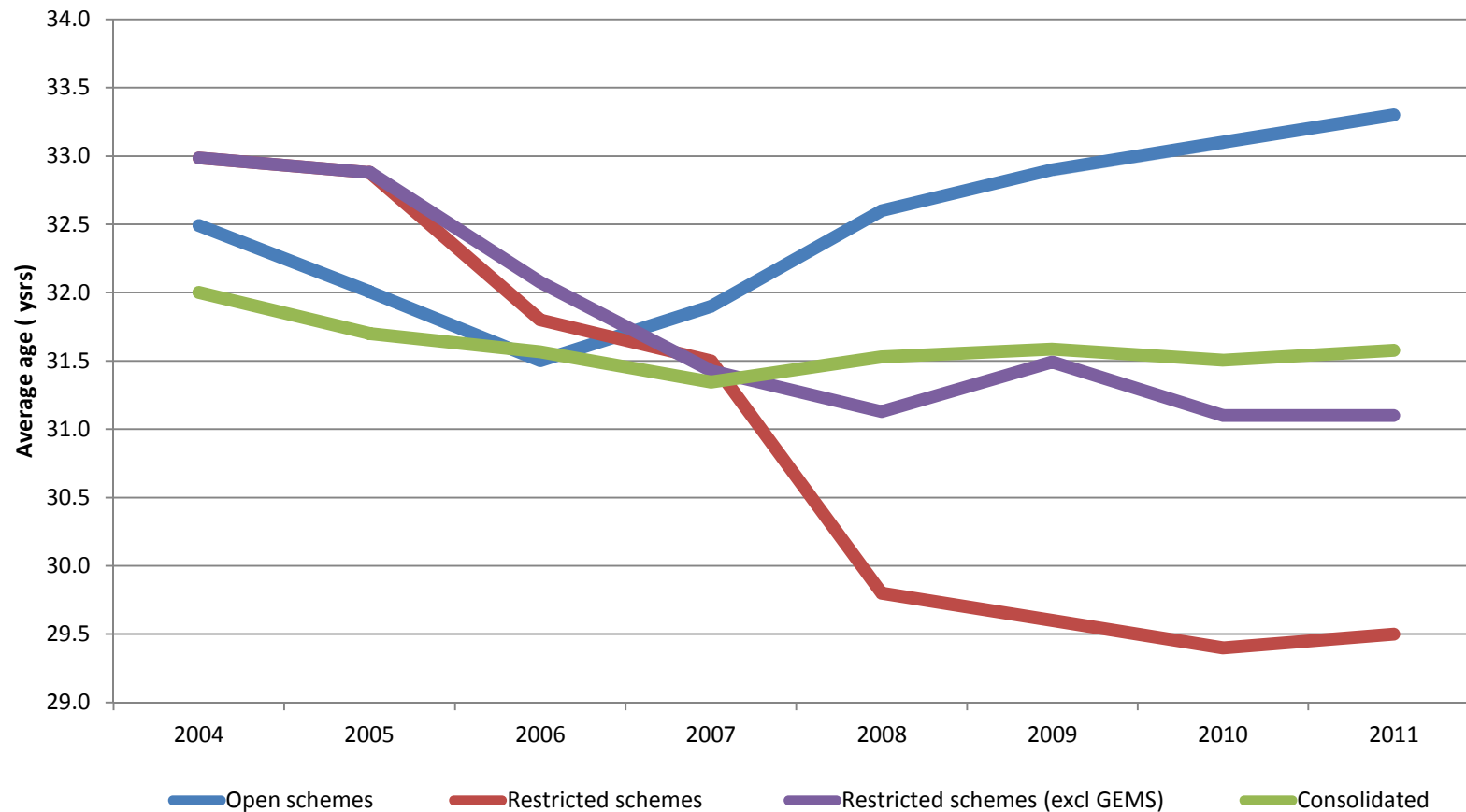
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Trends in number of schemes and beneficiaries

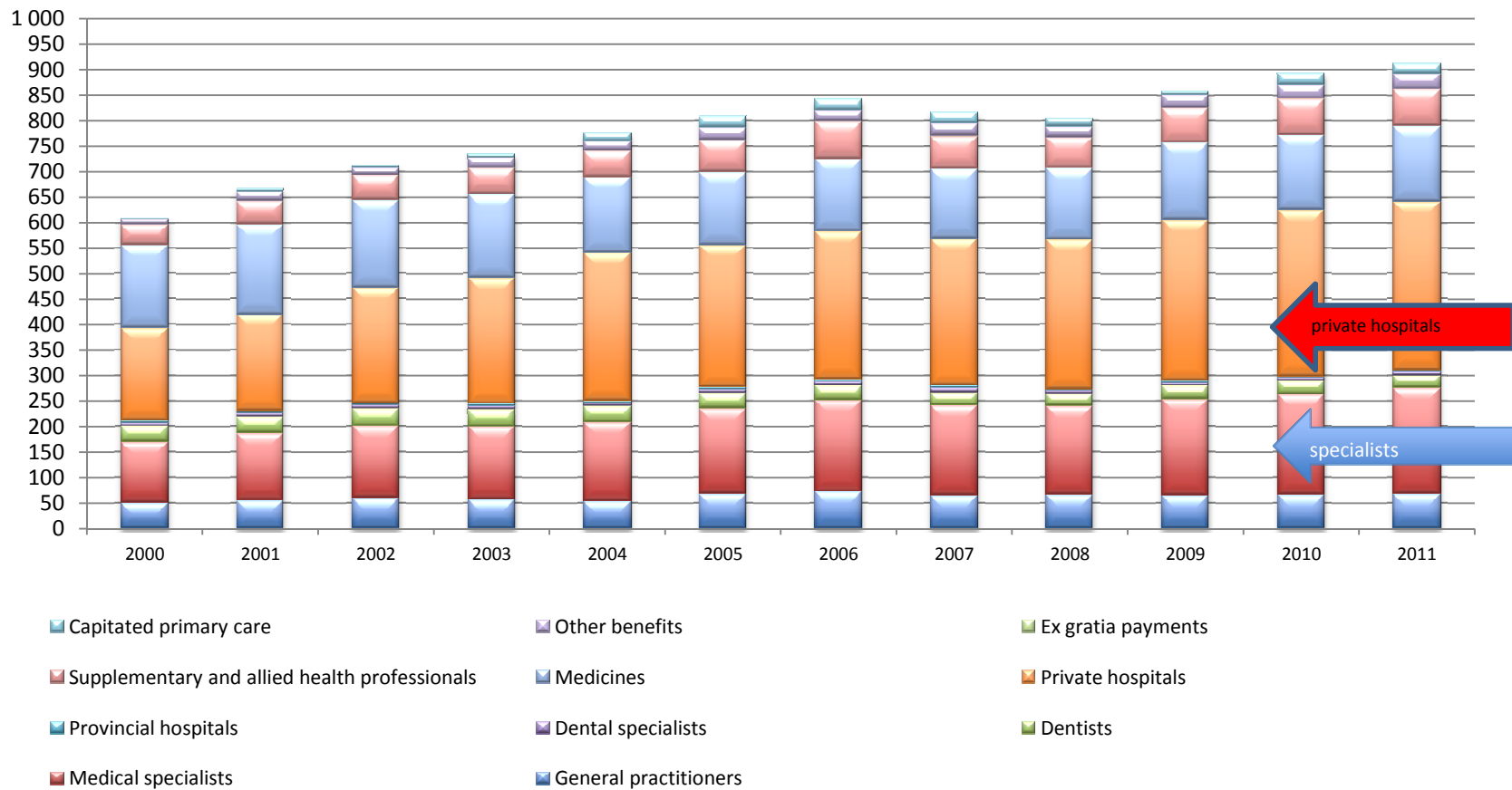


Trends in age of beneficiaries



Claims costs pbpm: 2011 prices

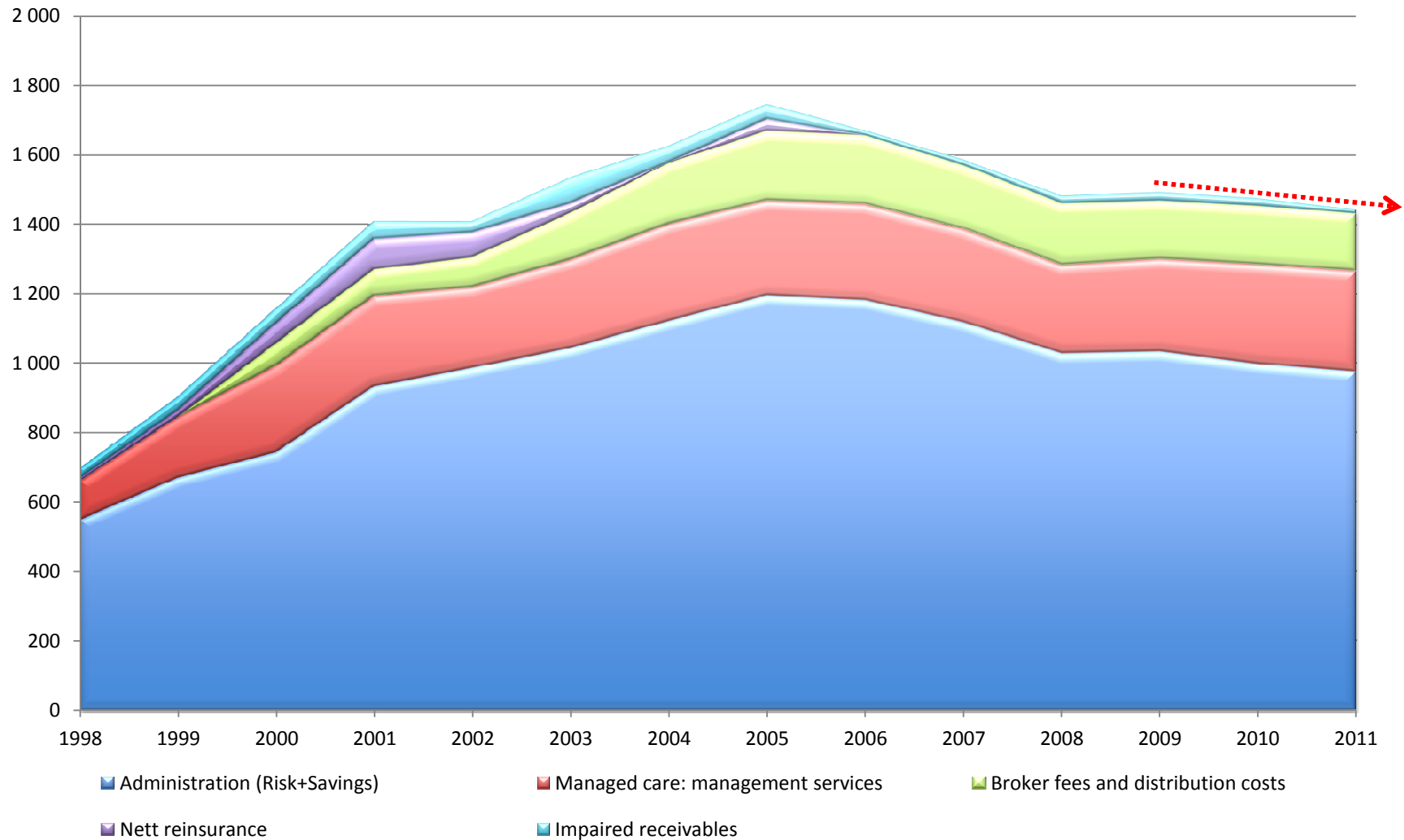
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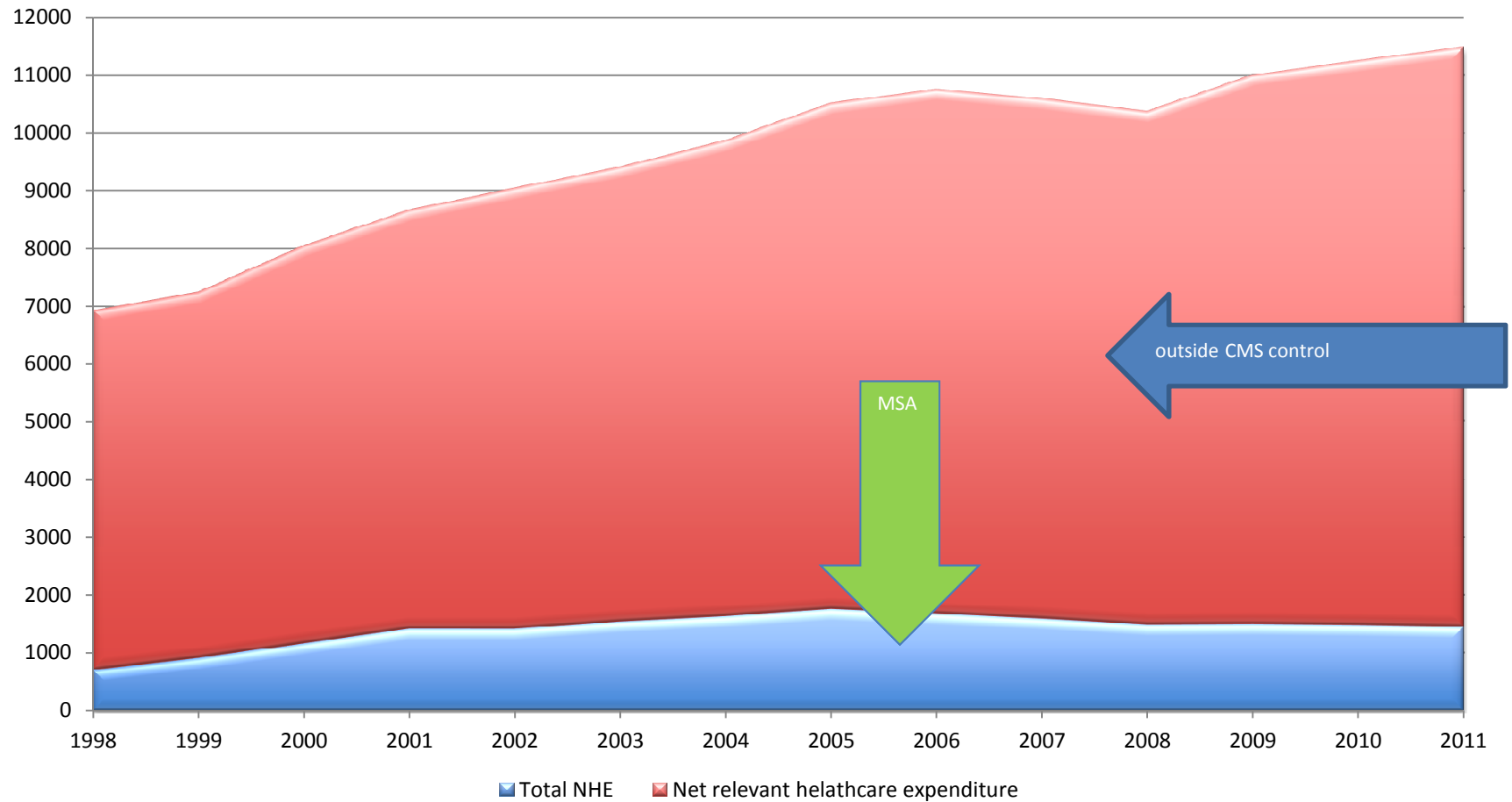
Risk claims ratio : 2011 prices



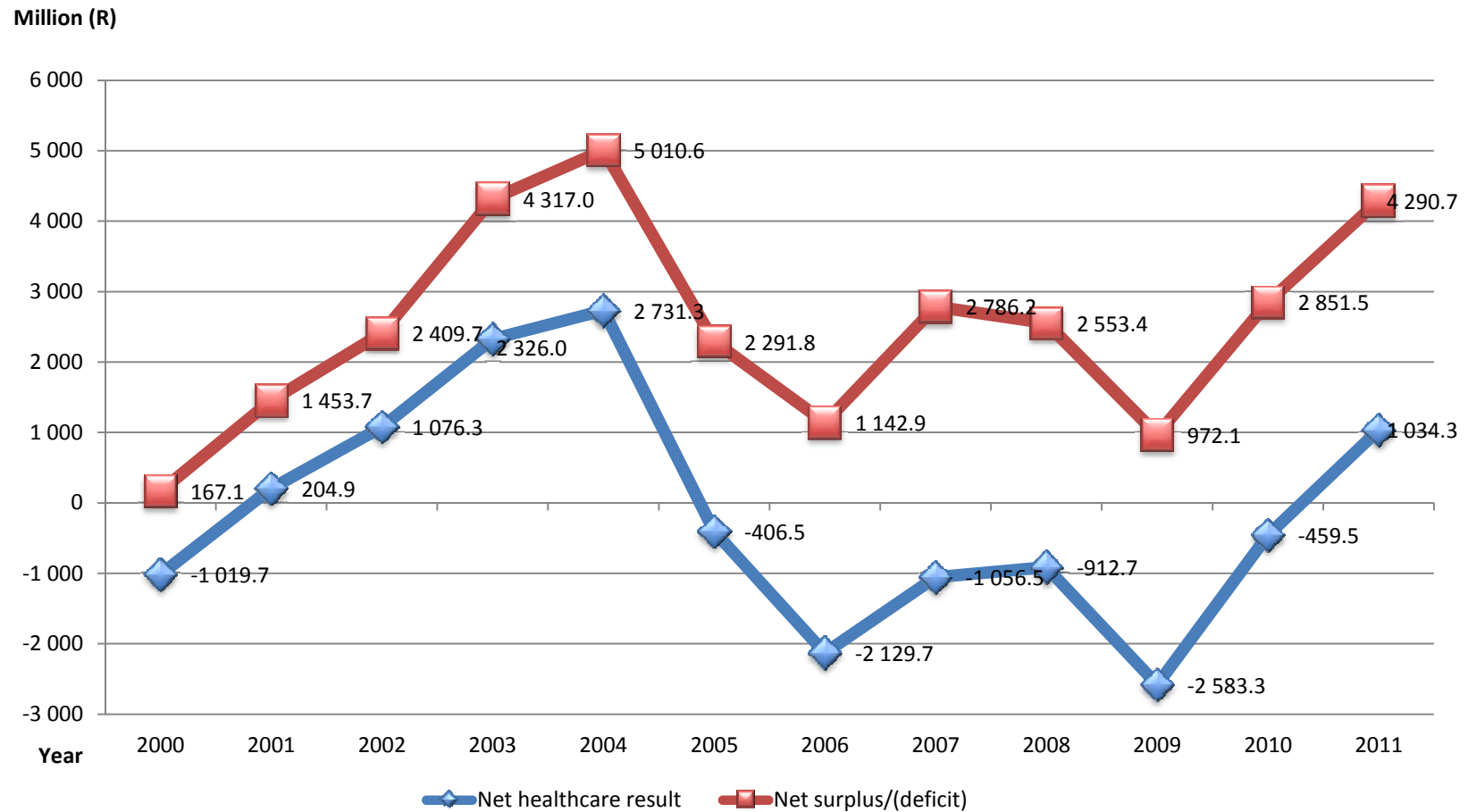
Non healthcare expenditure : 2011 prices



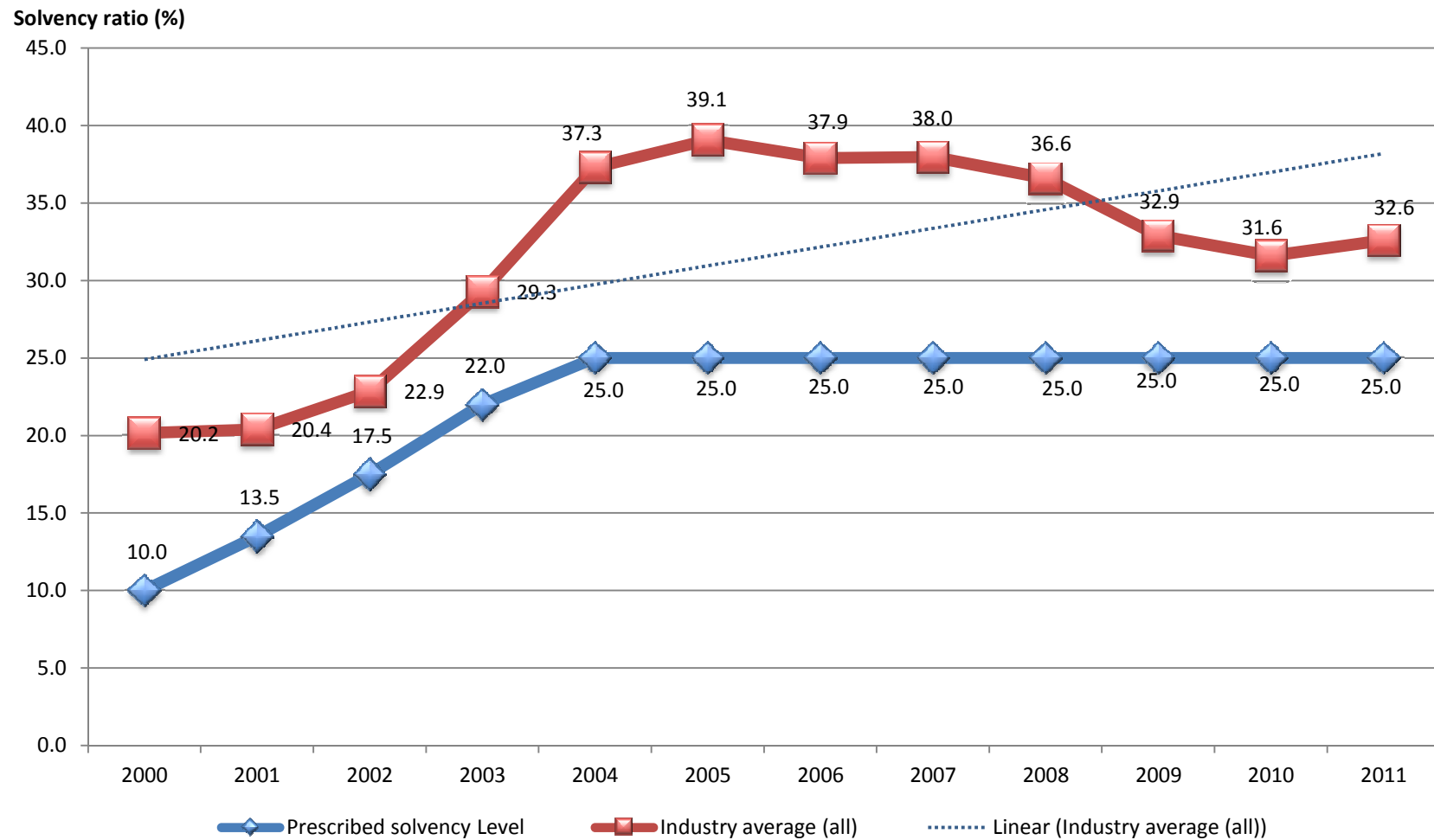
Cost trends pbpa : 2011 prices



Net healthcare results



Solvency



Healthcare brokers

Where are we and whereto from here

CMS INDABA KOPANONG 2012

**Danie Kolver
Head of Accreditation
Council for Medical Schemes**



Presentation Outline

- Brokers: current status
- Some undesirable practices emerged
- Broker fees and membership
- What does the future hold?
- The role of the broker
- Broker conduct in perspective
- Managed care matters



Brokers: current status

- There are currently 8334 individual health care brokers and 2237 broker organisations accredited
- All members pay currently for broker services in unfair manner – not scheme expense
- Analysis of FAIS regulatory exam results may change numbers as those who fail become not fit and proper and accordingly fail accreditation
- No accreditation to business or family trusts – incapable of functioning as legal entities
- Recent trends:
 - Indicate large influx of apprentice brokers associated with major corporations
 - Market penetration by trade union linked broker organisations
 - Insignificant organic growth in new members being brokered in open schemes
 - Therefore mismatch between broker fees and members enrolled



Some undesirable practices emerged

- Inability of broker fraternity to market scheme cover to uncovered
- Churning of members and battle for market share amongst brokers as a result has become general practice
- Increased emphasis on selling unlawful insurance products (hospital cash plans and gap cover)
- Commercial gain for brokers playing in that environment with much higher income stream cited as main reason



Some undesirable practices emerged

- Independence of brokers is often questioned as their advice is influenced by other financial and non-financial incentives attached to the products they sell
- Increase in purported marketing, distribution, survey and related activities by brokers to secure misplaced loyalty
- Gives rise to questionable income stream for brokers, real value for members with adverse effect on cost structures for members
- Overall, competition is driven along inappropriate business culture

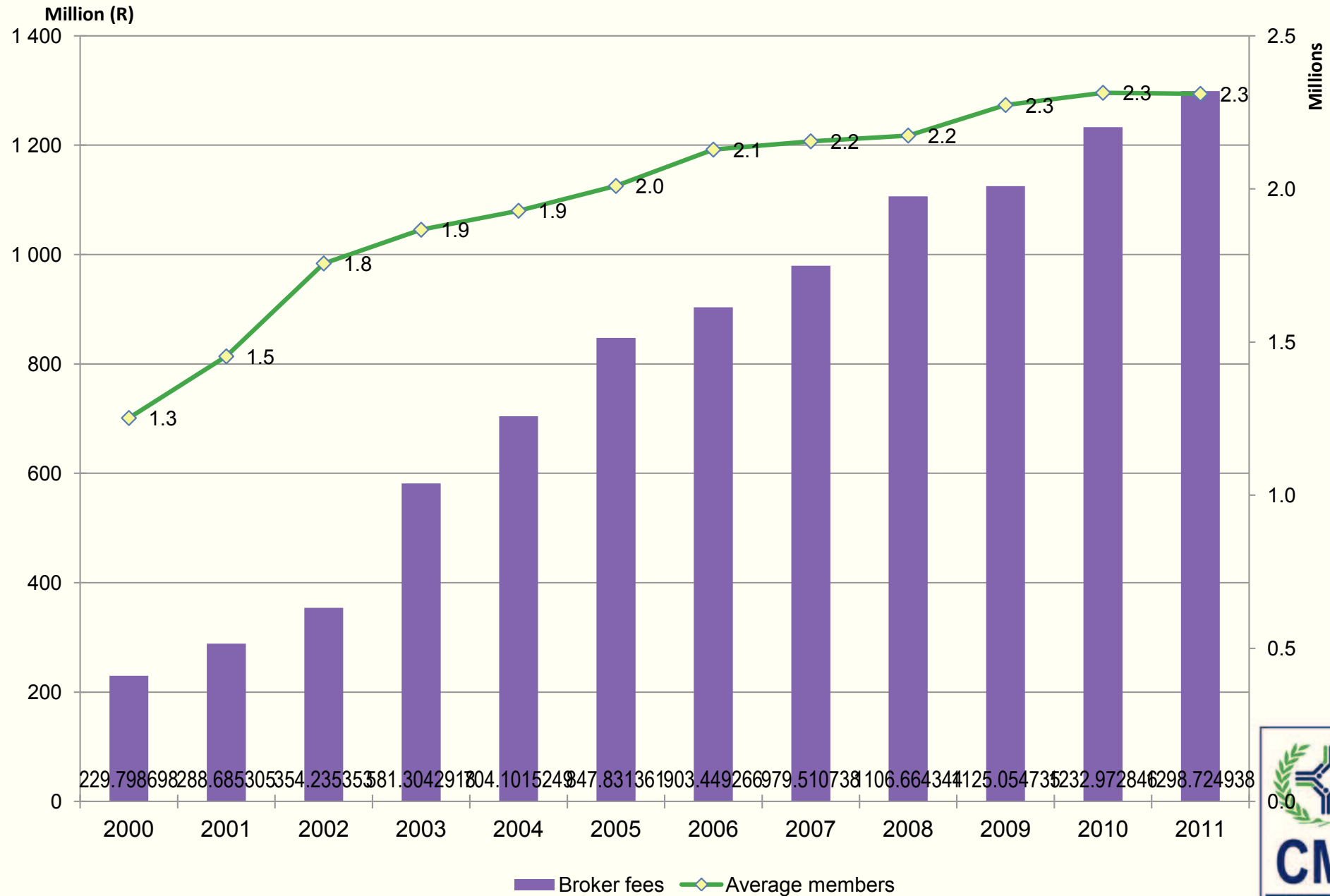


Some undesirable practices emerged

- Conduct of certain individuals tarnish good name of bona fide brokers
- Scheme members allocated to favoured brokers without services being rendered by such brokers
- Brokers expose themselves by false promises wrt waiver of waiting periods and clients failing to disclose material information



BROKER FEES AND MEMBERSHIP



What does the future hold?

- In general terms, aligning health brokers with financial services industry.
- Consideration given to strengthen environment by means of legislative amendments.
- Ensure independence of advice to consumers seeking this service
- No urging priority to dispense with dual licensing and accreditation.
- Fit and proper requirements and measures to deal with unacceptable behaviour by two regulators will continue.
- Compliance based regulation to focus on distribution channel arrangements.



The Role of the broker

- Unlike other investments, clients approach intermediaries to facilitate appropriate coverage to ensure access to necessary health care, not to create wealth
- Health intermediaries should see themselves first and foremost as advisors taking into account
 - analysing the client's health care needs and match with relevant insured benefits
 - their means to pay for needed coverage
 - effect of transferring clients to another scheme on waiting periods and late joiner penalties that might be imposed
 - Individual vs group transfer and effect thereof on all clients
 - retirees to join group transferred to new scheme
 - transfer within meaning of scheme rules - no person can have more rights than another



Comply timeously with
regulatory requirements

Maintain high standards of
professionalism and integrity

Stay up to date with regulatory
developments (CMS website
www.medicalschemes.com for
circulars & FSB licensing "F&P"
requirements)

Keep regulator
informed of
unlawful conduct

Broker conduct in perspective

Guard @
misleading
practices &
undertakings
re admission

Investigate
complaints;
suspend &
terminate
accreditation

Compliance based
regulation = ad hoc
evaluation of contracts &
conduct to assess fitness
and propriety

Advanced training towards
obtaining required licensing
credits needed



Managed care matters

- On-site evaluations on track following success with administrators
- Progressing with research towards measuring impact of managed care interventions
- Continued initiative to address value proposition provided its quality of care and health outcomes
- IPA's and direct providers of care not required to be accredited



THANK YOU

