

# **Accreditation standards for managed care organisations**

## **Standards and measurement criteria**



**Council for Medical Schemes**

## **1. Introduction:**

- 1.1.** Managed care, within the South African context, is a term used to refer to a diverse range of healthcare organisational strategies aimed at controlling cost, improving access and assuring higher levels of quality of care provided to those covered by medical schemes.
- 1.2.** The Regulations promulgated in terms of the Medical Schemes Act, 1998, Act No 131 of 1998, hereinafter referred to as the "Act" and the "Regulations" define managed care as *"clinical and financial risk assessment and management of health care, with the view to facilitating appropriateness and cost-effectiveness of relevant health care services within the constraints of what is affordable, through the use of rule-based and clinical management-based programmes"*
- 1.3.** The regulations also define a managed care organisation as *"a person who has contracted with a medical scheme in terms of regulation 15A to provide a managed care health care service"*. The regulations further require any person entering into a managed care arrangement with a medical scheme to be accredited by the Council for Medical Schemes, hereinafter referred to as the "Council".
- 1.4.** The Council envisions managed health care service provision and financing which is optimally coordinated to ensure affordability, accessibility and quality of care, and which is focused on meeting physical, emotional, social, and spiritual needs of individuals while respecting their privacy and personal integrity.

- 1.5.** Accreditation is considered as a process by which the Council will review a managed care organization's operations to ensure that the organization is conducting business in a manner consistent with defined standards. The accreditation process consists of:
- (a) A review of the application, contract(s), organizational structure, policies and procedures;
  - (b) An onsite visit to the applicant organization to determine that it has in fact, the required skills, infrastructure and systems capable of providing managed care services in terms of the contract(s) entered into with medical schemes; and
  - (c) A reporting system that enables the Council to monitor the performance of the organisation and eventually, the overall impact of managed care on the South African medical schemes industry.
- 1.6.** The foreseeable required core competencies for a managed care organization include the following:
- (a) Promote and expand access to appropriate, efficient and effective health care services;
  - (b) Provide competent and customer focused services;
  - (c) Comply with all relevant acts and regulations;
  - (d) Accommodate expanded accountability to the relevant stakeholders;
  - (e) Create a working environment that is conducive for staff development, motivation and innovation;
  - (f) Manage information and ensure confidentiality;
  - (g) Continue to learn and improve; and
  - (h) adequately addresses relevant ethical and clinical issues.
- 1.7.** The Council may request such information as it may deem necessary to satisfy it that the managed care organisation:
- (a) Is fit and proper to provide managed health care services;

- (b) Has the necessary resources, systems, skills and capacity to render the managed health care services which it wishes to provide; and
- (c) Is financially sound.

**1.8.** It is also important to mention that this document is a living document which may be amended as and when occasioned.

**1.9.** All managed care organisations should give due consideration to the application of the “code of corporate practices and conduct” as defined in the “King II Report”, in so far as the principles are applicable. Stakeholders interacting with such organisations are encouraged to monitor the application by these organisations of the principles set out in the code. Organisations are required to measure the principles set out in the code with other statutes and regulations and other authoritative directives regulating their conduct and operation with a view to applying not only the most applicable requirements, but also to seek to adhere to the best available practice that may be relevant to the organisation in its particular circumstances.

Accreditation should, however not be equated with an endorsement by the Council of the products or services offered by those organizations who have successfully applied for accreditation. The assurance provided to stakeholders does not relieve trustees of medical schemes from their fiduciary duty to exercise their powers to the benefit of the scheme, whilst displaying reasonable care and skills in this regard.

## **The Accreditation Process:**

### **1.10. The application:**

Managed care organisations that wish to apply for accreditation should apply in writing to the Council for Medical Schemes. A set of documents including the application form, the accreditation standards, the measurement criteria and a list of required documents will be sent to the applicants. The applicant should then return the completed application form with accompanying documents.

Upon submission of the completed application, the Council for Medical Schemes will evaluate the content allocating weighted scores to the standards. The following assessment is possible:

- **Compliant:** which means all criteria are met
- **Partially Compliant:** which means the applicant met most of the criteria stipulated under the standard.
- **Non-Compliant:** which means the applicant did not meet the stipulated criteria.
- **Not Applicable:** which means the standard or part of the criteria are not relevant to the kind of services provided by the applicant.

Based on the aggregate weighted score, the managed health care organisation would receive written feedback from the Council for Medical Schemes stating one of the following accreditation awards:

- Accreditation, without specific conditions;
- Accreditation subject to certain conditions; or
- Refusal of accreditation.

### **The on-site visit:**

On-site visits to verify information in applications for accreditation will take place at the discretion of the Registrar.

#### **1.11. The reporting system:**

Managed care contracts should incorporate a clearly stipulated service level agreement with a defined reporting mechanism that enables the medical scheme to monitor the performance of the organisation. As a condition of accreditation, managed care organisations may be obliged to comply with all the reporting requirements as determined by the Registrar from time to time, and these may include *inter alia* documentation pertaining to:

- (a) continued financial soundness;
- (b) underwriting results in terms of the contract;
- (c) the quality of the contracted services provided.

Non-compliance with these reporting requirements might lead to suspension or withdrawal of accreditation.

#### **1.12 Implementation process**

This document should be read in conjunction with the comprehensive policy document on managed care posted on our website [www.medicalschemes.com](http://www.medicalschemes.com).

The implementation process would be conducted in a phased manner as indicated herein. Phase 1 (Standards 1.1 to 2.4) will entail an assessment of the ability of managed care organisations to comply with primarily legal requirements. Phase 2 will incorporate a more detailed set of accreditation standards which require compliance with clinical and quality measures. Compliance with phase 2 will be mandatory after a period of two years.

## **The Accreditation Standards:**

### **Phase (1)**

#### **Section 1 – General Compliance**

##### **Objectives**

In terms of the Medical Schemes Act and Regulations framed thereunder, managed care organisations are required to apply for accreditation and meet specific criteria. This section is intended to promote adherence to these criteria and the application of best practices.

##### **Standard 1.1**

The current or proposed managed care organisation operates as a bona fide provider of managed care services, is based in South Africa, and has applied for accreditation in terms of regulation 15(B)(2) of the Act.

##### ***Measurement:***

1.1.1 An application for accreditation has been made and is accompanied by all required supported documentation.

##### **Standard 1.2**

The managed care organisation has in place, signed agreements with medical schemes in compliance with Chapter 5 of the Regulations or, in the case of a newly established organization, has pro-forma agreements which adhere to the relevant regulations...

##### ***Measurement:***

1.2.1 Signed agreements exist for all medical schemes for whom managed care services are provided.

1.2.2 The agreement confirms the scope and duties of the organisation for each specific scheme

- 1.2.3 The agreement confirms that the organisation will provide the services in full compliance with the Act, the regulations and the rules of the scheme.
- 1.2.4 The agreement contains full details of fees payable by the medical scheme including the basis of determination and payment thereof.
- 1.2.5 The agreement provides for measures to ensure confidentiality of beneficiary information.
- 1.2.6 Provision is made in the agreement for the duration thereof.
- 1.2.7 The agreement provides for a formal mechanism which deals with complaints/ disputes and appeals against the organisation which may be lodged with the scheme concerned and does not prevent the complainant from lodging complaints/ disputes and appeals to the Council;
- 1.2.8 Provision is made in the agreement that if managed care services are sub-contracted by the organisation to another provider, such other provider must be duly accredited as a managed care organization by the Council.
- 1.2.9 The agreement contains service levels for compliance by the organisation and penalties for failure to comply.

### **Standard 1.3**

Capitation agreements (where applicable) entered into comply with Regulation 15F

#### ***Measurement:***

- 1.3.1 The agreement constitutes a bona fide transfer of risk from the medical scheme to the managed care organisation.
- 1.3.2 The agreement provides for a capitation based payment which is reasonably commensurate with the extent of the risk transferred.

### **Standard 1.4**

The managed care organisation is in a financially sound position.

#### ***Measurement:***



- 1.4.1 An auditor has been appointed to examine the accounting records and annual financial statements of the managed care organisation in accordance with the South African Auditing Standards and in compliance with South African Statements of Generally Accepted Accounting Practice (“GAAP”).
- 1.4.2 The financial assessment clearly confirms that the managed care organisation’s business:
- (a) Has assets which are at least sufficient to meet current liabilities;
  - (b) Provides for all liabilities; and
  - (c) Is conducted in a manner to ensure that the business is at all times in a position to meet its liabilities.

**Standard 1.5**

The organisation has in place, policies and procedures to ensure that health care providers and beneficiaries of the relevant medical scheme or any interested party have reasonable access (on demand) to documents setting out:

- 1.5.1 A clear and comprehensive description of the managed health care programmes and procedures;
- 1.5.2 The process and procedures for appealing against utilisation review decisions by the aggrieved party; and
- 1.5.3 Any limitations on rights or entitlements of beneficiaries, including but not limited to restrictions on coverage of disease states, protocol requirements and formulary inclusions or exclusions.

***Measurement:***

Submission of a policy document which confirms compliance with the above mentioned criteria.

**Section 2 – Clinical Oversight**

**Objective:**

To promote clinical effectiveness utilising persons with relevant professional qualifications and skills.

**Standard 2.1**

To the extent that utilization review activities are undertaken by the organisation, a written protocol is in place in compliance with regulation 15D(a).

***Measurement:***

Evidence of the application of such protocol.

**Standard 2.2**

Documented clinical review criteria are used which comply with regulation 15D(b)

***Measurement:***

Evidence of the use of such clinical review criteria.

**Standard 2.3**

Transparent and verifiable criteria for decision-making affecting funding decisions are used and periodically evaluated in compliance with regulation 15D(c).

***Measurement:***

Evidence of the use and evaluation of the criteria.

**Standard 2.4**

The managed care organisation designates staff with appropriate qualifications and skills to perform clinical oversight for the services provided.

***Measurement:***

Evidence of the use of such expertise to meet the above.

## **STANDARDS APPLICABLE TO PHASE (2)**

### **Section 3 – Organisational structure, policies, procedures and system assessment**

#### **Objectives**

Good business practice requires that the organisation has a detailed process map of its operational functionality and relevant policies and procedures that define operational systems and processes.

#### **Standard 3.1**

A detailed business system process map of all operational functions is available.

#### ***Measurement:***

- 3.1.1 The applicant is able to provide a process map of its current operational functions.
- 3.1.2 The process evaluation map demonstrates how all operational processes are integrated.
- 3.1.3 The process evaluation map demonstrates the ability to integrate any outsourced services.
- 3.1.4 Provision is made by the organisation for reviewing policies and procedures and implementation thereof.
- 3.1.5 Provision is made by the organisation to integrate administrative functions, quality improvement and where appropriate, the clinical operations.
- 3.1.6 The applicant is able to provide an up-to-date organogram aligned to its business process map.

#### **Standard 3.2**

The organisation has a mechanism to identify, measure and manage potential business and other related risks.

***Measurement:***

Submission of documented proof outlining the organisation's risk management programme.

**Standard 3.3**

The organisation has in place, an ethics committee, which deals with the following:

- 3.3.1 All ethical issues pertaining to the organisation's functions.
- 3.3.2 Ensures that staff members are trained on ethical issues which are relevant to their job description.
- 3.3.3 Ensures that the organisation's reimbursement, bonuses, or incentives system to staff or health care providers/ suppliers does not compromise member's healthcare, best interests, or quality of care.

***Measurement:***

Documented proof of composition and terms of reference of the Ethics Committee.

**Section 4– Clinical Oversight**

**Objective:**

To promote clinical effectiveness utilising persons with relevant professional qualifications and skills.

**Standard 4.1**

The managed care organisation implements a written policy that verifies the current professional registration of personnel/consultants upon appointment and thereafter no less than annually. The organisation should also implement corrective action in response to adverse change in registration status.

***Measurement:***

- 4.1.1 The written policy is available.
- 4.1.2 Documented proof exists confirming that all the relevant employees have valid registrations with the relevant professional body.

## **Section 5 – Information management and data control:**

### **Objectives:**

Information management is viewed as a strategic enabler for achieving the organisation's objectives. Information must be managed in such a way that promotes integrity and protects the interests of schemes and their members and to promote quality and cost reduction.

### **Standard 5.1**

The organisation has in place, an integrated information system to collect, maintain, analyze and retrieve information necessary for organisational management that:

- 5.1.1 Provides for data integrity, confidentiality and security;
- 5.1.2 Provides for appropriate plans to manage back-up of business data and a disaster recovery plan;
- 5.1.3 Includes a plan for storage, maintenance, retrieval and destruction of business data;
- 5.1.4 Provides potential for information sharing between the organisation, the contracted medical scheme(s) and the Council for Medical Schemes.

### ***Measurement:***

The submission of a brief document outlining the organisation's information system that meets the above mentioned criteria.

### **Standard 5.2**

The organisation has in place, clearly defined policies and procedures for dealing with issues of confidentiality and respecting the right to privacy of medical scheme members, in compliance with relevant laws. Such measures should apply to all forms of data collection, maintenance and transfer, including electronic formatting.

***Measurement:***

The availability of a document outlining policies and procedures for dealing with issues of confidentiality and privacy.

**Standard 5.3**

The organisation ensures confidentiality awareness by staff through regular training and enforcement.

***Measurement:***

The availability of documented proof of the training programme and the enforcement plan.

**Section 6– Quality Management**

**Objective:**

The Council for Medical Schemes puts great emphasis on ensuring the provision of quality-driven managed care services to the South African medical schemes industry. Through the accreditation process, managed care organisations are afforded the opportunity to demonstrate their commitment to quality services and ongoing self improvement.

**Standard 6.1**

The organisation has a written well defined quality management programme that:

- 6.1.1 Is approved and supported (including commitment of the necessary resources) by senior management;
- 6.1.2 Clearly defines the scope, objectives, structure and activities of the programme;
- 6.1.3 Provides for the establishment of a quality management committee as a custodian of the programme;
- 6.1.4 Includes and maintains at least two ongoing quality improvement projects, focusing on consumers and other key quality indicators.

***Measurement:***

The submission of documentation which clearly outlines the quality management programme including an outline of the aforementioned criteria.

**Standard 6.2**

The managed care organisation has in place, a quality management committee that:

- 6.2.1 Is mandated by senior management to oversee the quality management programme.
- 6.2.2 Meets regularly and maintains minutes of all meetings.
- 6.2.3 Guides the organisation on quality management priorities and projects.
- 6.2.4 Monitors and evaluates the progress made towards achieving the quality management programme goals.

***Measurement:***

Documented proof of the composition and terms of reference of the quality management committee.

