

**Press Release:**

**PARTNERSHIPS BETWEEN SCHEMES AND GOVERNMENT TO REDUCE COSTS, IMPROVE EFFICIENCIES**

27 August 2014; Partnerships between the Department of Health and the medical scheme industry are becoming crucial in order to reduce healthcare costs, improve efficiencies and quality, as well as to find ways of addressing the high cost of the Prescribed Minimum Benefits (PMBs), without denying patients the right to catastrophic cover.

Speaking at the 15th annual Board of Healthcare Funders' (BHF) Southern African Conference in Durban, Dr Anban Pillay, the Department of Health's Deputy Director-General: Health Regulatory and Compliance Management acknowledged the huge challenges medical schemes and their members are facing in an environment where health costs and the utilisation of services continue to increase. He cited the absence of a regulated reimbursement model and a proper patient referral system as two of the main contributing factors to the rising costs.

**Partnership opportunities**

Possible opportunities for private-public partnerships that could address cost and efficiency issues in both sectors include; the alignment of the PMBs to the proposed National Health Insurance (NHI) system's focus on primary health, the harmonisation of treatment guidelines for disease management, utilisation of public hospitals in selected cases and increased access to primary health care medicines.

"An effective primary healthcare system could reduce hospital utilisation, resulting in lower premiums for members, while consideration should also be given to a system where schemes partner with government to deliver the PMBs," explained Dr Pillay.

"Currently, there is no incentive to provide primary care benefits given that hospital benefits have no limits," he added.

Pointing out that South Africa is one of the few countries in the world that allows patients direct access to high-cost specialists without any referral, he urged medical schemes to consider a system where referral from a primary care provider is essential if patients are in need of a higher level of care.

**Standardising treatment guidelines**

Standardisation of treatment guidelines across the private and public sectors to manage disease based on efficacy, safety and cost-effectiveness is also expected to bring down costs and reduce fragmentation of care. The first step has already been taken in this regard with representatives of medical schemes working with government on guidelines required for compiling an essential medicine list (EDL) that could be used in both sectors.

Dr Pillay also highlighted that the demarcation process that is currently underway provides huge opportunities for schemes to increase their membership, if they are able to design options that cater for the

needs of the broader public and are affordable to people who were previously buying low-cost insurance products to cover their medical expenses.

**Ends/**

**Editor's Notes:**

*The Board of Healthcare Funders of Southern Africa (BHF) is the representative body for the majority of medical schemes throughout South Africa, Lesotho, Namibia, Botswana, Mozambique and Zimbabwe.*

**Issued by Epic Communications on behalf of The Board of Healthcare Funders of Southern Africa**