



MEDIA RELEASE

For immediate release

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Board of Healthcare Funders committed to eradicating fraud in the schemes industry

29 July 2015: Healthcare provider fraud, along with waste and abuse, has a dramatic impact on the already constrained resources of the medical schemes industry. It is estimated that at least 7% of medical aid claims are fraudulent and the figure might be as high as 15%. “Approximately R130 billion/year is spent in the private healthcare sector in South Africa. If 10% of claims are fraudulent, it means fraud costs us R13 billion/year,” Dr Hleli Nhlapo told delegates at the 16th annual Board of Healthcare Funders’ (BHF) conference. Dr Nhlapo is the deputy chairman of BHF’s Healthcare Forensic Management Unit (HFMU). “Every scheme is affected,” he said. He called on the industry to work together to combat this scourge that is detrimental to the funding industry’s ability to ensure the best possible care for the patients it serves.

He underscored that the vast majority of healthcare service providers are honest, caring professionals with their patients’ best interests at heart. The few outliers, often operating in syndicates, do considerable harm, however, and operate under the radar by committing high-volume, low-value fraud, rather than low-volume, high-value fraud. “Those many small amounts add up insidiously,” he said.

Using dental fraud as an example he cited the many shapes and forms fraudulent behaviour can take. These include, among others, billing for services not provided, reporting higher levels of service than those delivered, submitting claims in one name when services were provided to someone else, billing for services not covered by making them appear to be covered services, and changing the date of service so that it falls within the patient’s benefit period.

The HFMU is serious about combating fraud in the industry but much work still needs to be done, as a study undertaken by the unit showed that the industry has weaknesses as well as strengths in its strategies for addressing fraud. “One hundred percent of schemes have arrangements in place for the prompt reporting of suspected fraud and 94.1% ensure that counter measures are discussed at board level and have a fraud policy in place, be it formal or informal. However, only 29% of schemes use estimates of losses to make informed judgements with regard to budgeting for counter-fraud measures; likewise only 29% provide specialist training for their workforce dealing with fraud. “All schemes therefore need to collaborate with the HFMU if we’re to succeed in beating fraud. The HFMU has drawn up an industry standard and guideline to streamline co-operation and collaboration, with a view to ensuring an effective relationship,” he concluded. “Partnering with the HFMU will help all of us achieve our main objective, which is to eradicate the risk associated with fraud, waste and abuse via information sharing.”

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