IMPLEMENTING A RECOMMENDATION OF THE HEALTH MARKET INQUIRY: STANDARDISING THE SUPPLEMENTARY BENEFIT PACKAGE

Research

Profile

Feature Article

Phakamile Nkomo

Senior Policy Analyst: Research & Monitoring

Phakamile Nkomo is a health economist at the CMS with 20 years of experience in the medical schemes environment. He holds a (Masters in Public Policy and Management (MSPPM) from Heinz College, Carnegie Mellon University). Nkomo area of speciality is in health systems analysis and econometrics.

p.nkomo@medicalschemes.co.za

The Health Market Inquiry (HMI) Final Findings and Recommendation Report (2019) by the South African Competition Commissions observed a plethora of benefit options existing in the medical schemes industry. These avalanche of options, within a market of incomplete information, makes it difficult for members to make optimal choices. In lieu of this, in 2021, the Council for Medical Schemes conducted a review on health insurance exchanges and their importance for providing accessible information to health insurance beneficiaries. The result produced a public discussion document titled: ***Benefit Option Classification for the Standardising of Supplementary Benefit Package****. The outcome of the study suggests a wider industry discussion and for thorough put inputs from medical schemes, policy makers, financiers, administrators and managed care organisations.*

The Health Market Inquiry found that medical schemes beneficiaries are not at the centre of healthcare. A market segmentation survey could provide the information to bring them to the centre of private healthcare financing.

Many beneficiaries are cited in the complaints submitted to the Council for Medical Schemes (CMS) that they have run out of benefits, or even mistakenly used the wrong scheme networks to access the needed healthcare. Ultimately, as a result of the complexity in making choices, some beneficiaries make health care (benefit option) choices on the basis of affordability alone, at the expense of optimising their welfare (making the optimal benefit option choice).

The HMI Report recommended that there should be a standardised supplementary benefit package. Hoping that this will reduce the choice complexity of selecting benefit options and assist in simplifying or making benefit design language accessible for beneficiaries. Therefore, enabling the proper functioning of the market through placing beneficiaries at the centre of the healthcare market, by providing them with accessible information to base their decisions on.

As a responsive regulator, the CMS, has begun work on the standardisation of the supplementary benefit package. We intend to classify benefit options across mutually exclusive categories informed by numerous structural elements of benefit design. These structural components include the content of health benefits, benefit ceilings, benefit thresholds, and premiums. The work will not stop there, but the regulator intends to understand why people make the choices they make and analyse health seeking behaviour through conducting a market segmentation survey. By doing this, the regulator will not only be responsive in its interventions, but also demonstrate transparency in establishing its credence when conducting participatory governance through stakeholder engagements, and the registration of medical schemes rules.

We emphasise that standardized product across all schemes needs to support cross subsidisation by reducing inequality of access and increasing health equity, across the entire population of medical scheme beneficiaries. This means that preventive and other primary care elements cannot be used as price discriminatory elements that reduce the optimisation of beneficiaries' welfare, but such care needs to be integrated in a base standardised package across all medical schemes. Thus, allowing the regulator to enable "positive spillover effects", much like public health objectives were optimised by collaborative participation by the public and private sector during COVID.

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