Analysis and Interventions on High Levels of Out-of-Pocket Payments: A 2023 Overview of Chronic Disease and Diagnostic Treatment Pairs

Research Profile

Feature Article

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Out-of-Pocket (OOP) healthcare expenses significantly impact the financial stability of individuals, particularly for those managing chronic conditions. In South Africa, Chronic Disease List (CDL) conditions, which require long-term treatment and care, contribute disproportionately to these costs. OOP expenditures often arise from gaps in medical scheme coverage, leading to financial strain and, in some cases, Catastrophic Health Expenditure (CHE). This highlights the importance of understanding the drivers behind these expenses.

Medical schemes in South Africa are categorised into open and restricted types, each with varying benefit structures and member demographics. Open schemes generally cater to a broader population, potentially leading to higher OOP costs due to diverse healthcare needs. In contrast, restricted schemes often serve employer groups or specific industries, providing tailored benefits that may better mitigate OOP expenses.

This dichotomy underscores the need for targeted analyses to guide policy interventions. Geographic and demographic factors also influence OOP expenses. Provinces with better access to healthcare facilities, such as KwaZulu-Natal, often incur higher OOP costs due to reliance on specialist care. Similarly, age-related vulnerabilities are evident with paediatric and geriatric populations facing unique challenges in managing CDL conditions.

The financial burden of healthcare, particularly Out-of-Pocket (OOP) expenses, poses significant challenges for medical scheme members in South Africa. Chronic Disease List (CDL) conditions contribute substantially to these costs, which are influenced by factors such as scheme type, care settings, geographic location, and age demographics. Understanding these patterns is crucial for developing equitable healthcare policies and interventions.

Studies suggest that well-designed policies and strategies can help countries successfully reduce OOP payments. In the private medical scheme environment, public health sector reforms that apply key strategies to abolish user fees or charges in public health facilities and exempt specific community groups such as the poor and the vulnerable (the elderly, pregnant women, and children) from excessive OOP payments should be considered. Many countries have measures in place to protect vulnerable groups from OOP payments in the form of partial or total exemptions or caps.

Open schemes reported higher total OOP expenditures compared to restricted schemes, with out-of-hospital care accounting for the majority of costs. Chronic Renal Disease was the costliest condition per affected beneficiary, averaging over R5000 in OOP expenses, followed by haemophilia and cardiomyopathy. Provincial disparities were evident, with KwaZulu-Natal incurring the highest OOP expenditures. Age-specific analyses showed that children under five faced high costs for conditions like cardiomyopathy and cardiac failure, while adults over 75 incurred significant expenses for diseases like bronchiectasis.

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