

LOW COST BENEFIT OPTION FRAMEWORK

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Introduction

- Council approved framework on LCBOs in February 2015 with requirement of mandatory minimum benefit
- Aims of LCBO framework:
 - Increased participation of individuals into the risk pool that previously had no opportunity to
 - affordability challenges faced by industry
 - removing the barriers of entry for potential members
 - providing quality healthcare cover that cater for the needs of the market at affordable rates

Update on LCBO

- Framework is based on a set of principles
 - Protecting risk pooling
 - Underwriting
 - Continuation of care/Geographical coverage
 - Solvency protection
 - Non-healthcare expenditure
 - Marketing
 - Minimum benefit design
 - Exemption conditions

Work done to date

- Once framework was adopted by the Council the office started the process of consultation with the industry
- The release of Circular 9 of 2015 outlining the framework and requests for proposals on the benefit design from stakeholders
- CMS held an Indaba on 12 March 2015 in Cape Town presenting the framework to industry
- Presentations made by interested stakeholders such as:
 - Schemes, administrators, managed care companies and the day hospital association

Work done to date

- Circular 37 of 2015 – Request for proposal of benefit design of LCBOs

LCBO product design* – Possible benefit offering			
		Option A	Option B
Consultations	General Practitioner Visits***	3 visits pbpy# and 12 visits pfpyp**	Unlimited number of visits pfpyp**
	Specialist visits with referral	None	1 pbpy#
	Nurses		
	Oral care practitioners		
Medication	Acute	Basic	Basic/Advanced
	Chronic	Basic	Basic/Advanced
Auxiliary services	Dentistry	None/Basic	Basic/Advanced
	Optometry	None/Basic	Basic/Advanced
	Pathology	Basic	Basic/Advanced
	Radiology	Basic	Basic/Advanced
Emergency services	Transportation (Public /Private)	None/Basic	Basic/Advanced
	Casualty	None/Basic	Basic/Advanced
Level of Hospitalisation Public/ Private		None/Basic	Basic/Advanced

Work done to date

- Circular 37 of 2015 – Request for proposal of benefit design of LCBOs
- The submissions must also deal with:
 - Risk pooling and open enrolment
 - Risk-factors analysis and management eg. Anti-selection and eligibility
 - Benefit delivery
 - Capitation and fee for service arrangements
 - Fees payable to brokers
 - Solvency protection

Work done to date

- Summary of 12 Submissions:

		Option A	Option B
Consultations	General Practitioner Visits	3 visits and 2 chronic/ up to 9 visits	Unlimited
	Specialist visits with referral	None	1 pf or R2000 pf/30% co-payment without referral
Medication	Acute	Basic	Basic
	Chronic	None/Basic formulary	None to limited formulary- some CDL based
Auxiliary Services	Dentistry	None - 2 visits with basic protocols	2 visits with basic protocols
	Optometry	Basic – 1 test and 1 pair/24 months – Frames R100 – R250	Basic – 1 test and 1 pair/24 months – Frames R100 – R250
	Pathology /Radiology	Basic with referral	Basic with referral
Emergency services	Transportation/Casualty	Majority have none with no casualty	None with majority offering transportation. No casualty
Hospitalisation	Private/Public	none	None/emergency stabilisation/list of procedures

Work done to date

- Summary of 12 Submissions:

		Option A	Option B
Contributions	Adult	R180 to R231	R255 to R500
	Child	R 70 to R101	R130 to R250
NHE	Ranges between R10 and R50 pmpm		
Brokerage	Currently at 3% ranges between R5 to R12 pm Proposal to increase to 7.5% for consideration		
Eligibility/open enrolment	Employer groups ranging from 15 to 35 members Income threshold from R6000 to R12000 Limitation to geographic areas		
Solvency	Exclude if at 25% or else measure solvency at scheme level to get to 25% Include only once RBC approach developed Phased in approach in terms of Regulation 29 – like for new schemes (10%, 13.5%, 17.5%, 22%, 25%)		

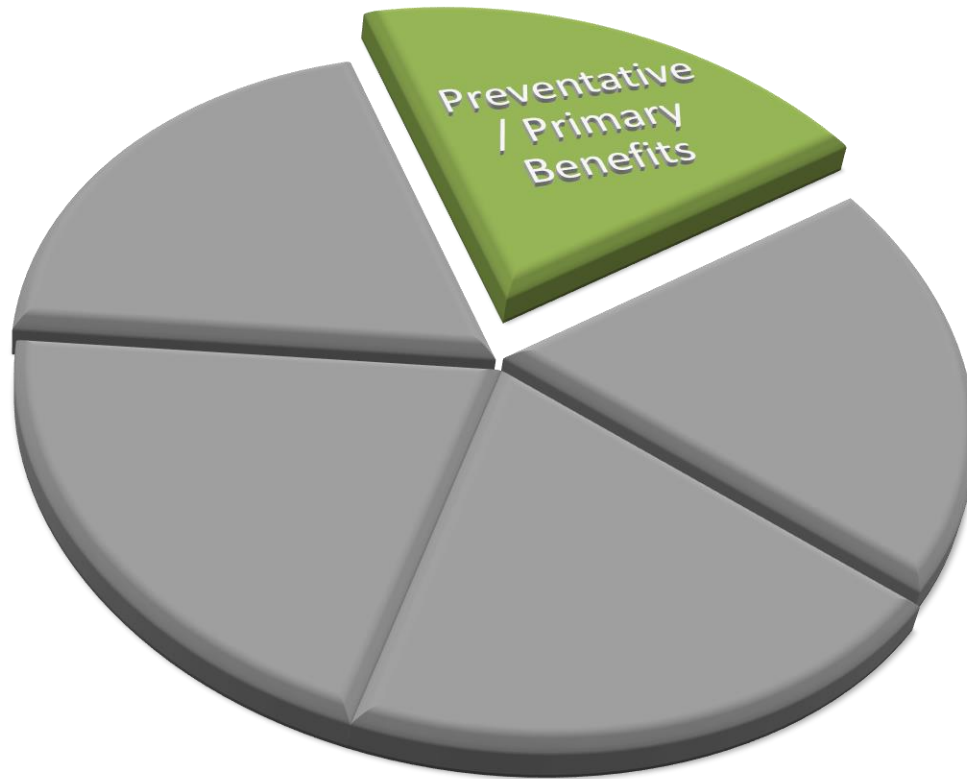
Latest update

- Council Strategic Planning meeting on the 20/21 August 2015 approved the framework and benefit package
- Circular 54 of 2015 published on 3 September 2015 with summary of the process and guidelines for the application for LCBO exemptions and registration

PROPOSED PACKAGE



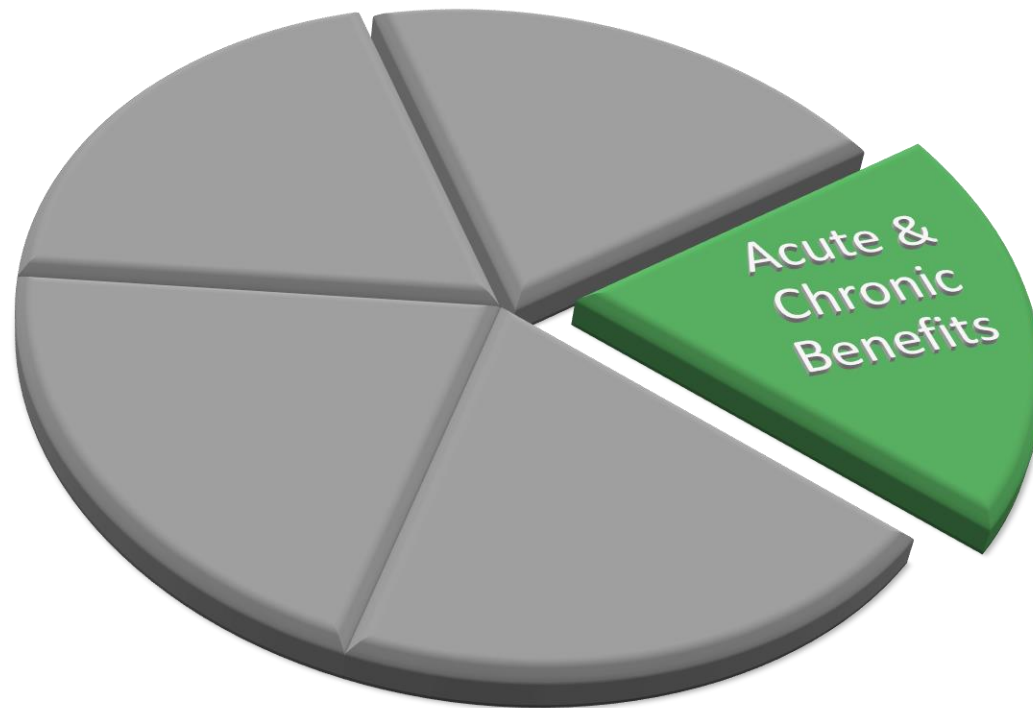
Preventative/Primary Benefits



Preventative/Primary Benefits

- List of preventative screening tests:
 - cholesterol, blood glucose and blood pressure tests in high risk groups, HIV counselling and testing (VCT), tuberculosis (TB) screening, pap smear, clinical breast examination via ultrasound, Prostate Specific Antigen, pneumococcal vaccine and Influenza vaccine
- 5 network consultations pbpa within a network of GPs, Nurses, Pharmacies and Clinics
- Pre- and Post-Natal program
- 1 out-of-network emergency visit pbpa.

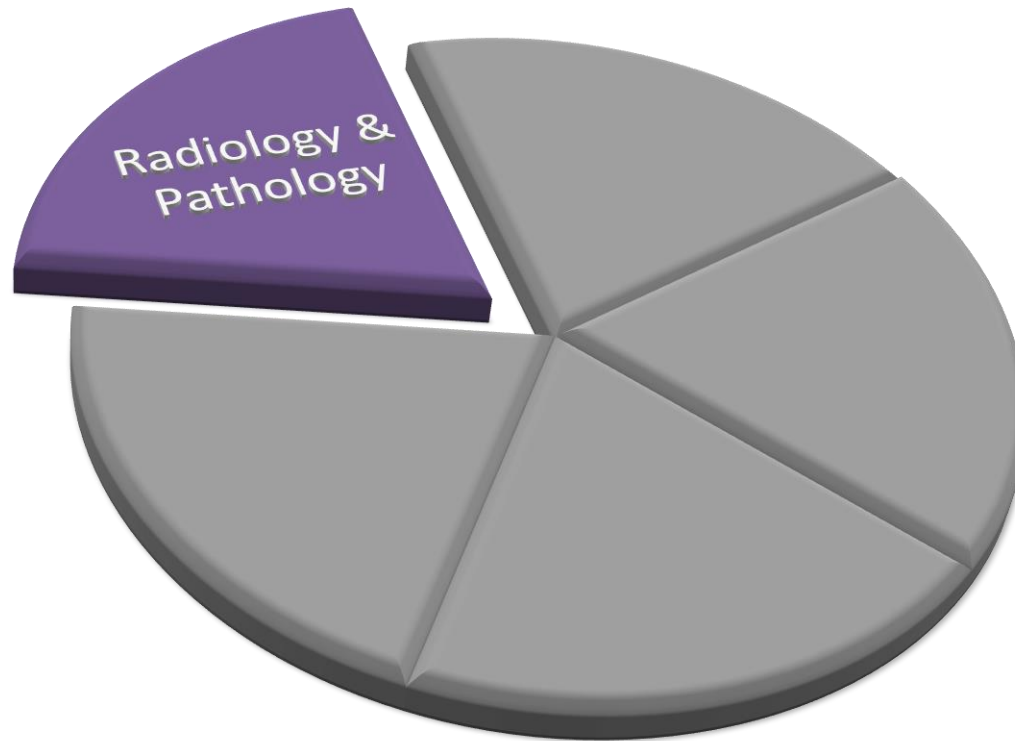
Acute and chronic benefits



Acute and chronic benefits

- Acute prescribed medicine and chronic medication
 - Limited to LCBO formulary (Annexure A)
 - Delivered in network of GP's, pharmacies, nurses and clinics
- Diagnosis and management of 6 CDLs is required as part of minimum benefit package (Annexure E)

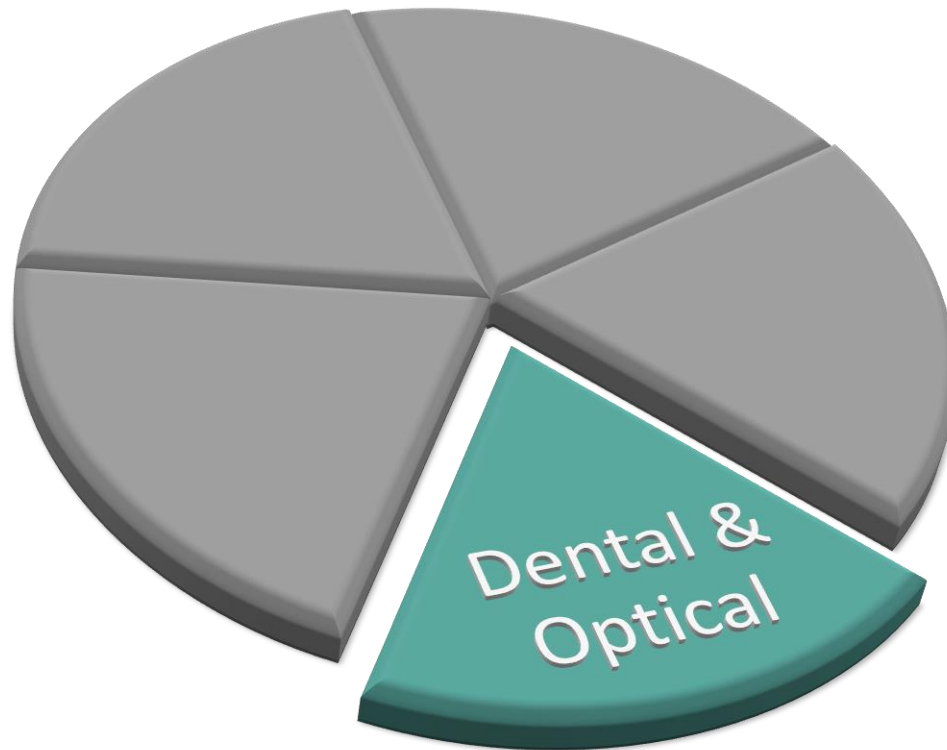
Pathology and Radiology



Pathology and Radiology

- Pathology
 - Minimum set of test that are required to be provided in an LCBO is listed in Annexure B.
- Basic radiology
 - Benefit must include basic X-ray and ultrasound (Annexure C)

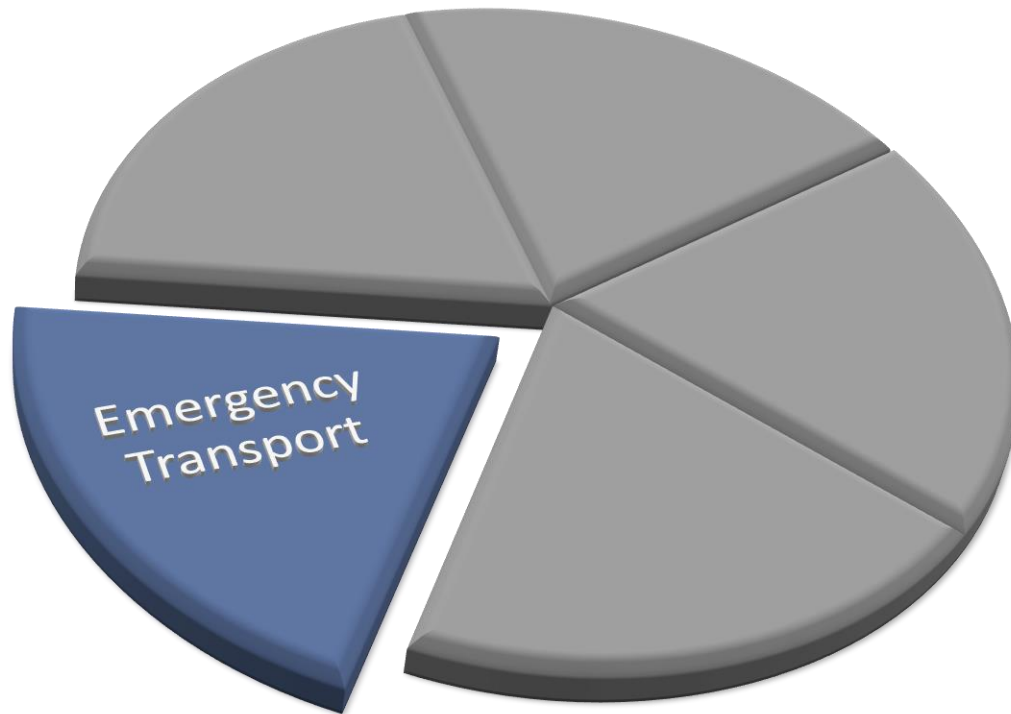
Dental and Optical



Dental and Optical

- Optometry
 - At least one test pbpa and 1 pair of spectacles every 24 months
- Basic Dentistry
 - 2 set of consultations pbpa (Annexure D)

Emergency Transport



LCBO principles



- Delivery of benefits **MAY** be in network arrangement
 - Benefits are provided with no co-payment by beneficiaries
 - Contracts to be provided on request for exemption
- Clinical management of patients
- Membership eligibility be limited to persons earning below the income tax threshold published by SARS

LCBO principles



- Underwriting – No LJPs should be applied
- Non-Healthcare Expenditure (NHE) – reviewed on submission of application for exemption
- Broker remuneration variable rates for:
 - individual members according to a sliding scale
 - 3% for groups
- Solvency exemption – None considered
- Exemptions are valid for up to 24 months and are renewable on application

Exemptions Required



- Open enrolment (Section 29(1)(n) & Section 29(3)(a))
- Prescribed Minimum Benefits (Section 33(2)(a); Section 29(1)(o) & Section 29(1)(p))
- Broker remuneration (Section 65 & Regulation 28(2))

Revoking of exemptions granted



- The Registrar/Council may revoke exemptions previously granted where:
 - conditions of exemptions are not complied with
 - Practice undermines principles of the MSA (marketing, managed care, underwriting, etc...)
 - Principles outlined in guidelines for low cost options are not complied with
 - Reporting requirements as to the conditions placed on the granting of exemptions are not complied with

Way forward



- Granting of exemptions based on approved framework by Council in terms of Section 8(h) of the MSA
- Schemes can submit applications for exemption and registration i.t.o. published guidelines and mandatory benefit package
- Once exemptions are granted, these options can be registered by CMS
- Renewal of exemptions done as requested prior to expiry – depending on period granted up to 24 months

Links to Documents



- Circular 54 of 2015 can be found on the link to circulars on our website or at:
<http://www.medicalschemes.com/Publications.aspx?id=1&category=Circulars>
- Guidelines can be found at the link to guidelines and manuals or at:
<http://www.medicalschemes.com/files/Guidelines%20and%20Manuals/GudlnsAppExmptnRegistrationLBO20150903.pdf> ; OR
<http://www.medicalschemes.com/Publications.aspx?id=5&category=Guidelines%20and%20Manuals>

THANK YOU