

LCBO: A CASE FOR HEALTH FUNDING REFORMS

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Outline

- Health funding: History and context
- Policy considerations
- Cohort considerations
- Cost considerations



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Compliments

- First real policy put out after many years!
- Commendable step
 -down which correct lane!



Health funding in SA: History and Context

- Health insurance and demarcation risk mitigation
- Limited growth of MS membership and 20-30years decreasing
 - Some elements of policy failure (MSA)
- Constitution & NHA imperatives(1996 & 2003)
 - Section 27: Access to care
 - Not access to some care for some– Current & review PMB
 - NHA: Private funders to cater for needs of MS members
- Cognisance of Universal healthcare initiative
 - MS reforms
- Melamet commission (1989)
 - Finance centric (catastrophic cover/discretionary expense) vs “Health” as business of MS
 - **Financial stability but at what cost!**



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Health benefit reform

LCBO

(exempted)

Revised PMB
(regulated)

Single PMB benefit
plan
(integrated and
aligned)

Circular 8 of
2006!



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LCBO: Policy considerations

- Alignment to reform trajectory. **Is there a new vision(5-10year view)?**
 - MSA review(2013)...
- MS: Business of health!
 - Align governance including reporting
 - $_{15}Q_{45}$: 30%↓ (Old Mutual, March 2015)
 - UN: Health in the Framework of Sustainable Development
- Focus on access to are (for human development):
 - Need for primary care services (Section 27/NHA)
 - Service based including essential services
 - LCBO “PMB”: standardization of benefit offering
 - Core of future PMB & Consolidation

cancer
obesity
children
insurance
community
policy
public
health



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Cohort

- Inclusion and exclusion criteria
 - ?MS naïve
 - ?Walk-out or buy down
 - ?Previously lost due to affordability
 - ?Higher income but not on MS
 - Grad program
- Group enrolment or individual
 - Risk of anti-selection (individual) esp if no underwriting
- Broker ?????
 - Schemes cannot afford to pay!



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Cost considerations

- Non healthcare cost
 - No FFS
 - Lower admin, lower cost:
 - Standardised benefits & reporting
 - Network providers
 - Include employer clinics
 - Some form of capitated remuneration
 - Health governance
- Reserving
 - Needed for LCBO
 - **Current levels outdated!**
 - **Claims no longer take 90days to process!**
 - Financial crisis is 8 years!



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Stephen Covey

- Begin with the end in mind!



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Private healthcare



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Thank You!



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