



Low cost option framework

providing affordable cover to more people

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**What is the
market looking
for?**

**Background
and experience**

**Benefit
offering,
claims
experience and
lessons learnt**

**Risk factors to
be considered**

What is the market looking for?

Healthcare benefits including:

- GP consultations
- Acute medication
- Chronic medication
- Radiology
- Pathology
- Optometry
- Dentistry
- Specialist cover
- Private hospital cover

PRIMARY CARE BENEFITS

Excluded due to affordability, protection of risk pooling, LIMS survey

What is the market looking for?

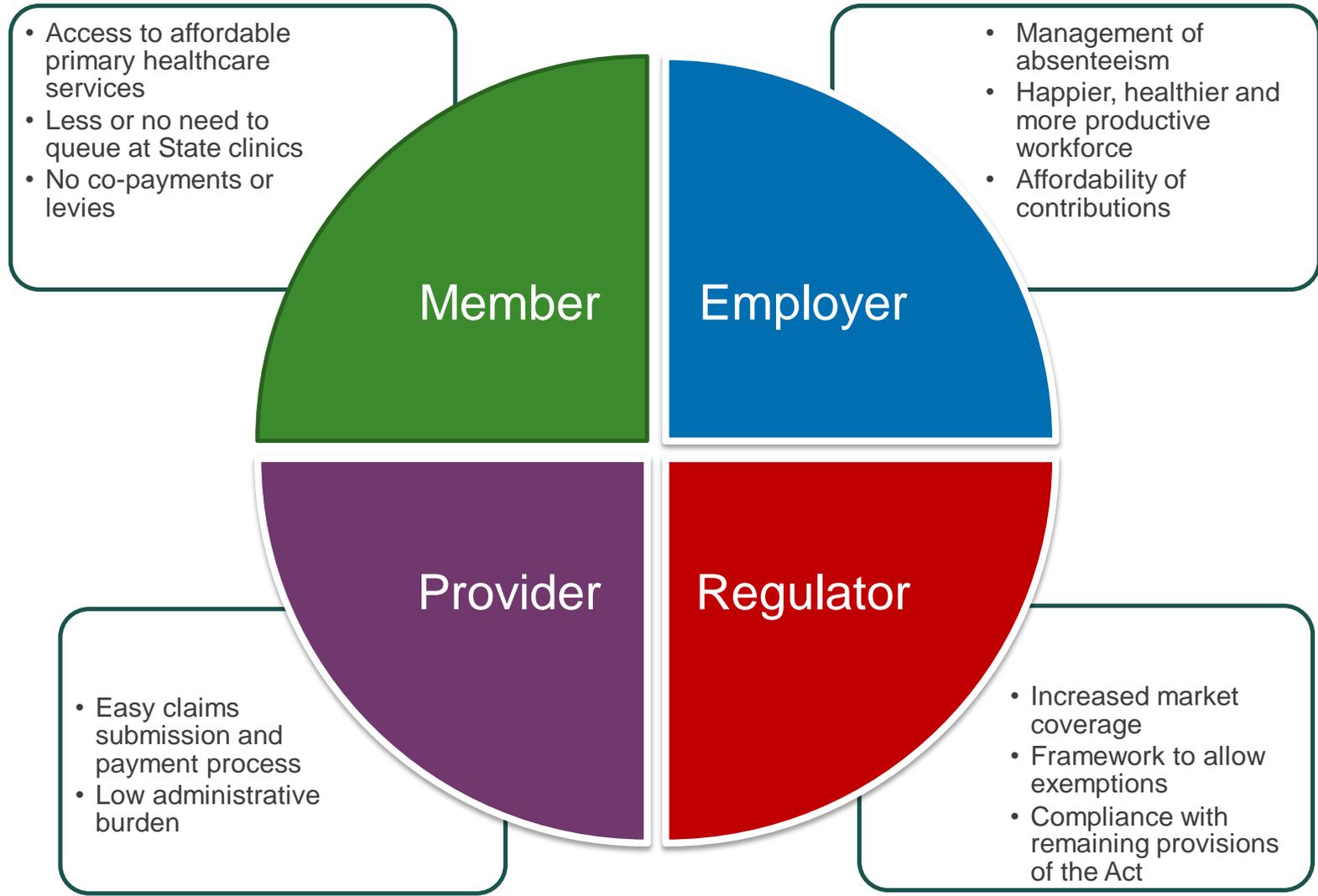
Healthcare benefits including:

- GP consultations
- Acute medication
- Chronic medication
- Radiology
- Pathology
- Optometry
- Dentistry

PRIMARY CARE BENEFITS

Need to evaluate absolute necessities versus “nice to haves”

What is the market looking for?





OCCUPATIONAL HEALTH OFFERINGS

- Occupational Health programme
- Employer funded primary care offering for lower income employees



LOW COST MEDICAL SCHEME OPTIONS

- Capitated/risk transfer arrangements with medical schemes on low cost options
- Health care management
- Through provider networks
- Risk transfer or risk share for:
 - Primary care
 - Secondary care
 - Full risk

Background and experience

- Evaluated claims behaviour for four year period from 2011 to 2014
- Number of beneficiary years on risk over period is approximately 400,000
- Employee turnover in occupational offerings ranged between 4% and 56%

Factors influencing take-up of low cost options

- Price
- Benefits available and if these meet the needs of members
- Co-payments/levies
- Union involvement
- Employer subsidies (to improve productivity and reduce absenteeism)
- Accessibility of network – in rural and urban areas and for dependants
- Easy to use and understand

Mechanism for service delivery

- National network of providers
- Nomination and referral by GPs for other primary healthcare
- Need to make administration for network providers as simple as possible to reduce administrative burden
 - Easy access to clinical protocols and benefits in an accessible format
 - Often need to spend longer with these patients
 - Earn less than they may do with other patients
- Can work in conjunction with onsite clinics if available

Typical benefit offering

Unlimited or limited to 12 GP visits per beneficiary per annum. Pre-authorization required after visit x



GP consults



Acute medication

Most often dispensed by network GP
Formulary applied

Formulary based
Best offered through courier pharmacy



Chronic medication



HIV benefits

Linked to employer based HIV programmes



Optometry



Dentistry

Defined services and tariff codes
Optometry is a two year benefit

On referral by nominated network GP



Radiology



Pathology

GP benefits

	2011	2012	2013	2014
Percentage of beneficiaries utilising benefits	91%	92%	84%	83%
Average number of visits per claiming beneficiary	4.31	4.08	3.73	3.69

- Similar utilisation for lowest two income bands on large low cost medical scheme options
- Up to and including 2012, GP visits were unlimited and no nomination within the network was necessary
- Beneficiaries became educated on benefits available and how to use them
- To reduce increasing costs, limits on number of GP visits was implemented in 2013 – require pre-authorization from 7th visit for example
- Require beneficiaries to nominate a GP in the network. Only allow non-nominated GP visits where pre-authorization has been obtained

Acute medicine and OTC benefits

Benefit	2011	2012	2013	2014
Acute medicine	9%	10%	6%	7%
OTC medicine	4%	7%	8%	8%

- Formularies required for both of these benefits
- Claims experience much higher on low cost medical scheme options

Chronic medication and HIV benefits

Benefit	2011	2012	2013	2014
Chronic medicine	7%	9%	8%	8%
HIV benefits	6%	8%	4%	4%

- Formularies required
- Often have issues with delivery costs – therefore ideal would be to have a courier pharmacy that delivers the medication to the workplace / onsite clinics
- Many HIV positive members are on State programmes where they have chosen to stay – confidentiality remains a very big concern

Radiology and pathology

Benefit	2011	2012	2013	2014
Radiology	9%	10%	8%	7%
Pathology	14%	13%	15%	15%

- Much lower in terms of utilisation and cost than low cost medical scheme options

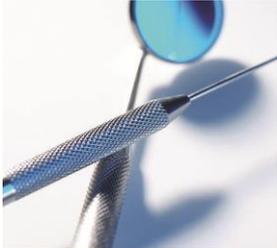
Optometry and Dentistry

Benefit	2011	2012	2013	2014
Optometry	10%	11%	12%	11%
Dentistry	21%	22%	20%	18%

- Dentistry claims experience is lower in terms of utilisation and cost than low cost medical scheme options whereas optometry utilisation is very similar

Risk factors to be considered include:

- Adding on of dependants (timeshare)
- Should not allow on a pay-as-you-go basis
- Suggest an open enrolment period where you don't allow a beneficiary to re-join within the year or need to implement a normal three month waiting period
- Utilisation often driven by industry e.g. mining industry requires sick notes for absenteeism (employer has to deal with absenteeism on top of healthcare subsidies provided)
- Absconding and resulting issues with administration



Questions?

Thank you