

Defining Innovation: What It Is & What It Is Not

- What Innovation IS-
- A process that improves efficiency, quality, and access.
- Implementation of new ideas, technologies, or models.
- Enhancing patient outcomes through creative problem-solving.
- X What Innovation is NOT-
- Simply reducing costs by cutting essential benefits.
- Limiting access to care under the guise of efficiency.
- A short-term fix without long-term sustainability.



Universal
Coverage &
Innovation
Misconceptions

Universal Healthcare aims to provide equitable access to essential health services.

Innovation should enhance healthcare quality, not reduce coverage.

Reducing 'thin benefits' (limited coverage) does not equate to innovation.

True innovation involves:

- Expanding access to comprehensive care.
- Enhancing efficiency through technology & other means.
- Ensuring affordability without compromising quality.

Legislative enablers

Section 29: Conditions for Registration & Scheme Rules

- Defines medical scheme rules, including:
 - Member benefits
 - Contribution

structures &

reimbursement models

Payment conditions

for providers & members

Section 67: Ministerial Authority for Regulations

 Authorizes Minister of Health & CMS to regulate:

Benefit & tariff

determination

Provider payment mechanisms

Pricing & contracting oversight

Legislative Enablers & Innovation

Section 29: Enabling Flexible & Equitable Benefit Designs

- Ensures customizable benefit structures to meet diverse member needs.
- Supports alternative
 reimbursement models (e.g.,
 value-based payments).
- Allows for innovative tariff negotiations, ensuring affordability & consistency.

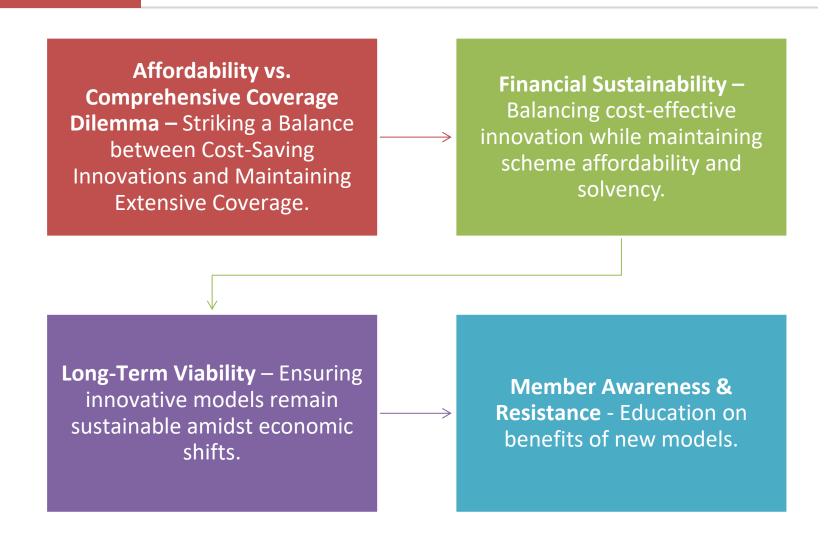
Section 67: Driving Regulatory Support for Innovation

- Enables dynamic pricing regulations to encourage costeffective care.
- Supports new provider payment models (e.g., capitation, bundled payments).
- Provides oversight to balance affordability, access, & sustainability.

Challenges in Implementing Innovation [1]

Regulatory Constraints-Market Competition – Pressure from Compliance Constraints – Strict other schemes and insurers to regulations limit flexibility in differentiate effectively. benefit design and pricing models. **Administrative Technology Risk of Brand Integration** – High **Complexity** – Managing **Dilution** – Expansion operational changes and costs and complexities of service models in adopting digital integration across may weaken the multiple stakeholders. health solutions core brand identity.

Challenges in Implementing Innovation [2]



Innovative Benefit Options

Efficiency Discount Options (EDOs) -Lower premiums for using preferred providers.

Value-Based Contracting (VBC) - Payment linked to patient outcomes.

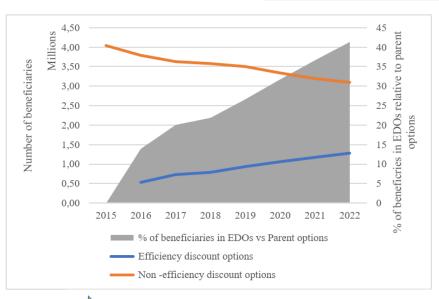
Wellness & Preventative Care - Free screenings, chronic disease management.

Digital Health Solutions- Telemedicine, AI diagnostics, Personalized care, Wearable technology.

There is a thin line between service innovation and brand extension. EDOs case study



	Efficiency discount options	Non-efficiency discount options
2018	31	33
2022	33	36



Risk Contribution Income (R)					
	EDOs	Non-EDOs	% Change		
Open schemes	1 722	2 681	-36%		
Large	1 664	2 695	-38%		
Medium	1 680	2 532	-34%		
Small	2 087	2 750	-24%		
Closed schemes	2 096	2 360	-11%		
Large	2 092	2 311	-9%		
Medium		1 887			
Small	2 135	3 441	-38%		
Consolidated	1 814	2 564	-29%		

Affordability

Net non-healthcare expenses:

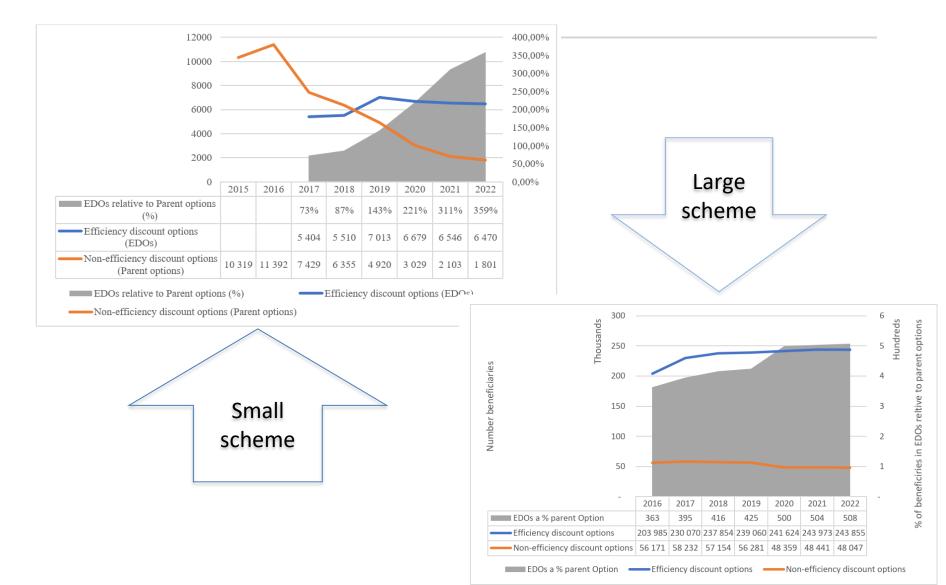
Nonhealthcare *No*

Efficiency discount options Non-efficiency discount options Consolidated

	as % of RCI	pbpm
ıs	11,76	196,30
lS	8,22	190,87
d	9,03	192,46

Net non-healthcare expenses

Possible unintended consequences – brand dilution



Key Findings [1]

- 1 Strategic Integration: Service innovation and brand extension enhance competitiveness, service quality, and brand equity.
- **2** Efficiency Discount Options (EDOs): Represent a shift from traditional benefit models, impacting consumer preferences.
- 2 Demographic Influence:
 EDOs attract younger
 members seeking costeffective healthcare
 alternatives.

- 4 Market Dynamics: Innovative pricing and service models reshape healthcare market segmentation.
- 5 Operational Synergies:
 Integrating service
 innovation possibly
 improves effectiveness and
 member satisfaction.

Key Findings [2]

- 6 Consumer Behavior Shift: The dominance of EDOs reflects changing consumer healthcare preferences.
- 7 Brand Extension
 Implications: EDOs
 outperform traditional
 options, reinforcing Aaker's
 (1991) brand equity
 principles.
- 8 Brand Integrity
 Challenges: The rise of EDOs
 may dilute traditional
 scheme brands if not
 strategically managed.

- **9 Competitive Advantage:** Enhances adaptability and resilience in a rapidly evolving healthcare landscape.
- Considerations: Medical schemes must balance innovation with maintaining long-term brand loyalty.

Conclusion & Recommendations

- Innovation can improve healthcare access and affordability.
- Challenges include regulatory barriers, affordability vs comprehensive cover, market structure.
- Opportunities in AI, strategic partnerships, and flexible benefit designs.
- Action Plan:
- Strengthen collaborations, optimisation and sharing of resources.
- Sstrengthen leadership support to create a culture of innovation
- ✓ Invest in Technology and AI for personalised care.
- Enhance member education on digital care.
- Engage with regulators to establish flexible frameworks for testing new solutions.

Innovation & Testing Sandbox for Medical Schemes

Objective

A controlled, risk-free environment for medical schemes, regulators, and stakeholders to test and refine innovative benefit designs, pricing models, and healthcare solutions before full-scale implementation.

Innovation & Testing Sandbox for Medical Schemes

Sandbox Structure

- Phase 1: Application & Selection –
 Medical schemes propose innovative
 models for evaluation.
 - Phase 2: Controlled Testing Pilots run in specific demographics, risk pools, or provider networks.
 - ★ Phase 3: Data-Driven Evaluation –
 Key performance metrics assessed (e.g., cost savings, patient outcomes).
 - ★ Phase 4: Scale-Up & Regulatory

 Approval Successful models

 integrated into the broader scheme

 framework.

Innovation & Testing Sandbox for Medical Schemes

Expected Outcomes



- Faster innovation adoption with reduced risk.
- Cost-effective healthcare models optimized for sustainability.
 - Improved member engagement through personalised benefits.
 - Better regulatory oversight without stifling creativity.