

Namibian Association of Medical Aid Funds

PRUDENTIAL vs MARKET CONDUCT
REGULATION

10th June 2019



Taking hands in Namibia's
healthcare

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NAMAF CEO

Problem statement

Financial vs. Clinical Supervision

Financial Management

Patient A – Bilateral Pterygium Removal

- Claimed amount = N\$27 826.96
- Paid amount = N\$21 614.80
- Member = N\$6 212.16

- (Psemas -20%) = N\$17 291.84

Clinical and Financial Management

Patient A – Bilateral Pterygium Removal

- Claimed amount = N\$27 826.96
- Correct amount = N\$9 348.76
- Member = N\$0

- (Psemas – 20%) = N\$7 479.01

Pre-authorisation



HOSPITAL ADMISSION PRE-AUTHORISATION

: 170602755

: **Authorised (Accepted)**

: 27-06-2017

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

:06-06-1975

:27-06-2017

:27-06-2017

: **BILATERAL PTERYGIUM EXCISION AND CONJECTIVAL GRAFT**

NAMAF Procedure Codes

3130	Pterygium or conjunctival cyst or conjunctival tumor	53.00	856.80	4.00	T	343.20
3131	Paracentesis	53.00	856.80	4.00	T	343.20
3134	Pterygium or conjunctival cyst or conjunctival tumour. Conjunctival flap or graft used - stand alone procedure.	116.30	1 880.20	4.00	T	343.20
3199	Repair of conjunctiva by grafting.	132.00	2 134.00	4.00	T	343.20

Comment:

- The description of code 3134 matches the description of the authorised procedure exactly
- If the two procedures described by Code 3134 were to be performed independent of each other at separate occasions, it would be appropriate to use either code 3130 or 3199 on their own
- The practise of coding steps of a procedure as opposed to complete procedures is termed “**unbundling**” which is undesirable
- The same procedure on both eyes during the same session was authorised, meaning that it would be appropriate to charge for code 3134 twice, but Modifier 0005 should be applied for the second eye due to after-care happening concurrently
- Correct account would be to charge for code 3134 plus the administration of local anaesthetics

Actual Account

CODE	DESCRIPTION	ST	QTY	CLAIM	DISC	M PORT	P PORT	BALANCE
3125	DIAG: Z01.0 LEFT - KERATECTOMY Incorrect – not authorised	PP*	1.00	X 4384.00	0.00	1096.91	0.00	1096.91
3125	RIGHT - KERATECTOMY Incorrect – not authorised	PP*	1.00	X 4384.00	0.00	1096.91	0.00	2193.82
3199	LEFT - REPAIR CONJUNCTIVA BY GRAFTING Incorrect – included in code 3134	PP*	1.00	X 4556.60	0.00	1.25	0.00	2195.07
3199	RIGHT - REPAIR CONJUNCTIVA BY GRAFTING Incorrect – included in code 3134	PP*	1.00	X 4556.60	0.00	1.25	0.00	2196.32
3134	LEFT - CONJUNCTIVAL LESION Correct	PP*	1.00	✓ 4014.70	0.00	2007.92	0.00	4204.24
3134	RIGHT - CONJUNCTIVAL LESION Correct	PP*	1.00	✓ 4014.70	0.00	2007.92	0.00	6212.16
0010	LEFT - 0010 LOCAL ANAESTHETIC Correct	Pd*	1.00	✓ 660.38	0.00	0.00	0.00	6212.16
0010	RIGHT - 0010 LOCAL ANAESTHETIC Correct	Pd*	1.00	✓ 660.38	0.00	0.00	0.00	6212.16
0007	OWN EQUIPMENT IN THEATRE Doubtful – doctor owns theatre	Pd*	1.00	✓ 57.50	0.00	0.00	0.00	6212.16
3060	USE OWN SURGICAL MICROSCOPE Doubtful – doctor owns theatre	Pd*	1.00	✓ 138.10	0.00	0.00	0.00	6212.16
				27826.96	0.00	6212.16	0.00	6212.16

Note:

- No modifier 0005 applied
- N\$ 17 880 incorrectly billed
- N\$ 595.60 potentially incorrectly billed
- **N\$ 9 348.76** correctly billed (ignoring Modifier 0005)

Financial vs. Clinical Supervision

Financial Management

Patient B – Strangulated Hernia

- Claimed amount = N\$45 847.56
- Paid amount = N\$38 042.32
- Member = N\$7 805.24

- (Psemas -20%) = N\$30 433.86

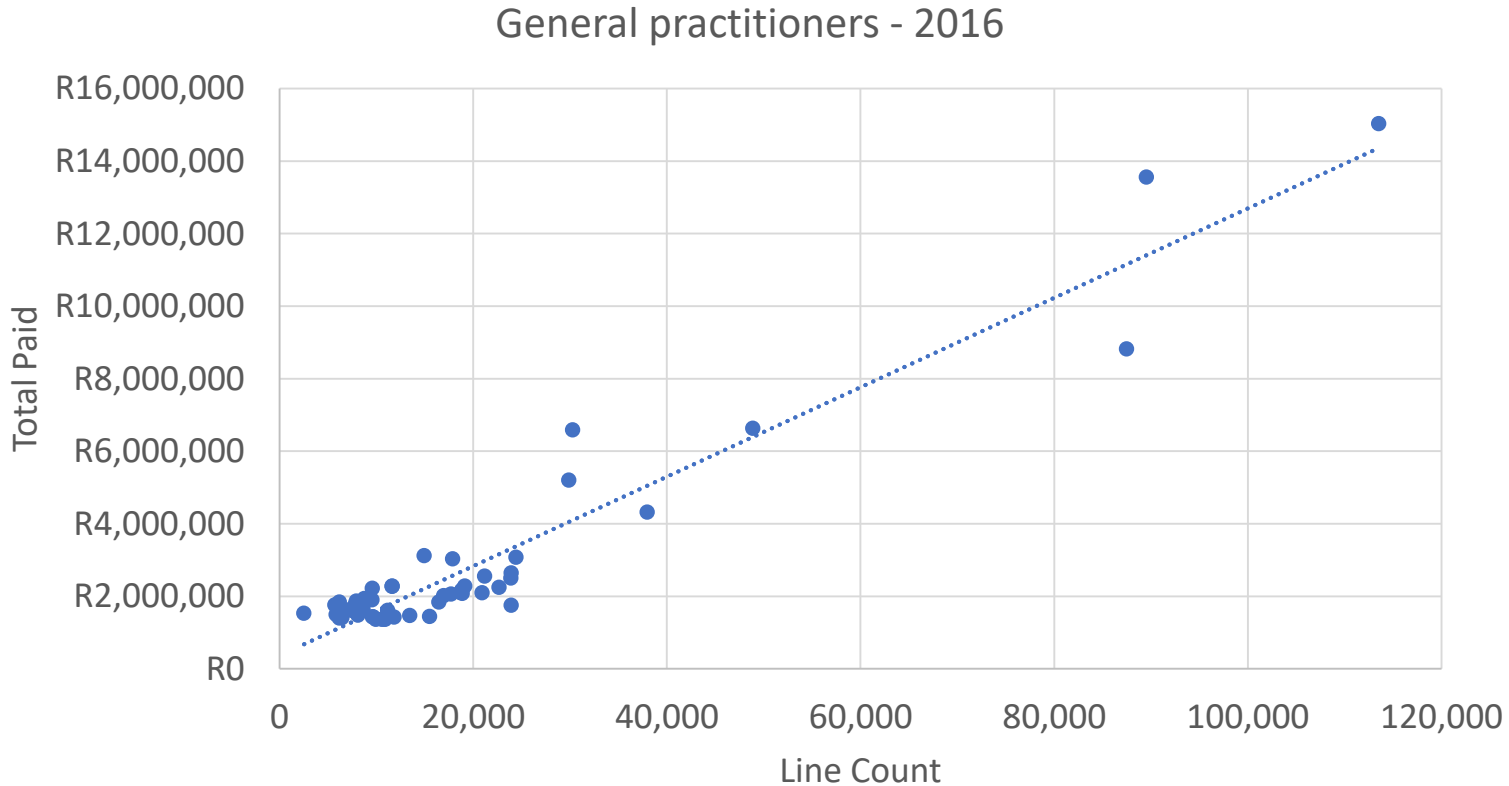
Clinical and Financial Management

Patient B – Strangulated Hernia

- Claimed amount = N\$ 45 847.56
- Correct amount = N\$30 748.98
- Member = N\$0

- (Psemas – 20%) = N\$24 599.18

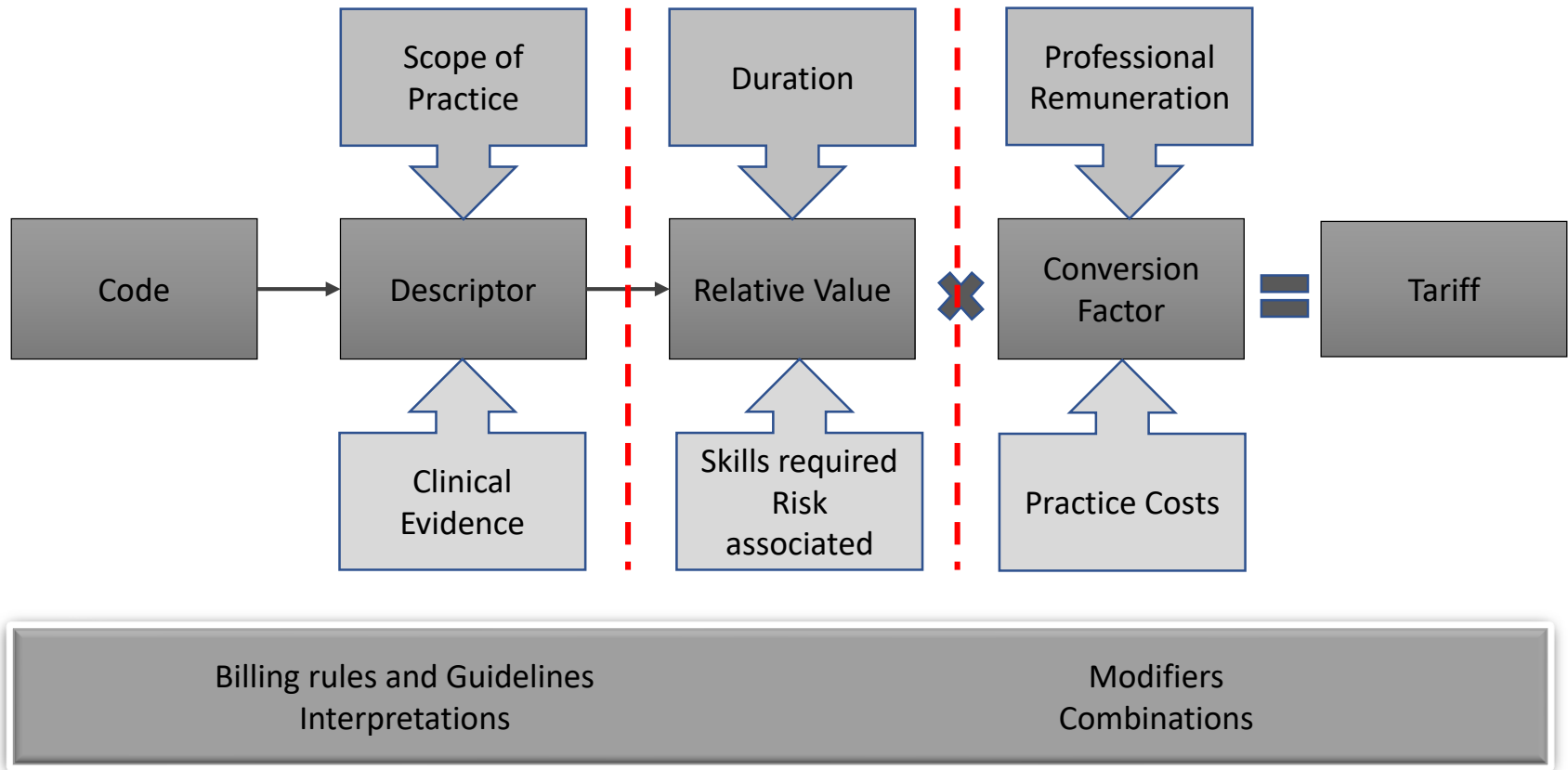
Claiming behaviours



Case study

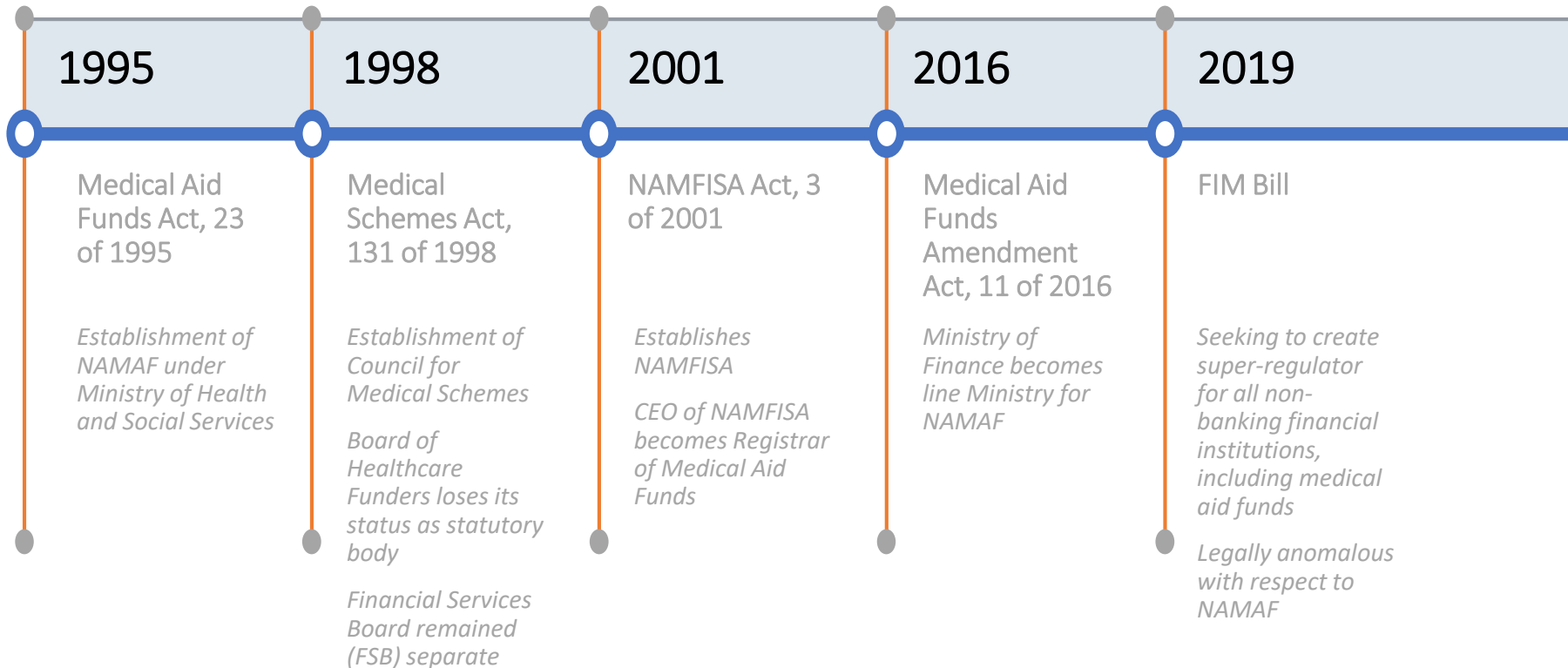
Total claimed (NAD mil)	14.74
Total paid (NAD mil)	9.52
Number of patients	6 363
Number of events	17 124
Average events per day	69.61
Average encounters per patient	2.69
Average items per event	3.31
Average cost per event (claimed)	860.69
Average cost per event (paid)	555.73

Coding structure



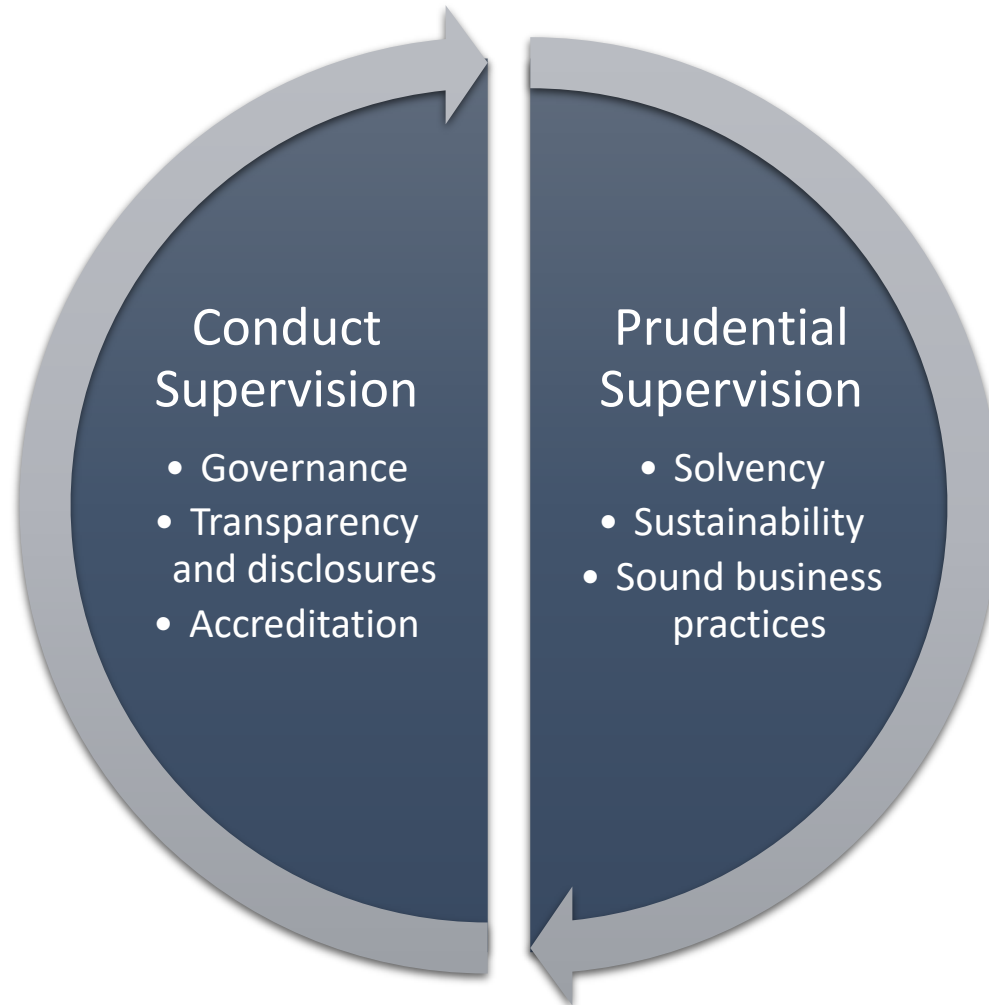
Statutory development

Ministry of Finance taking control of medical aid funds

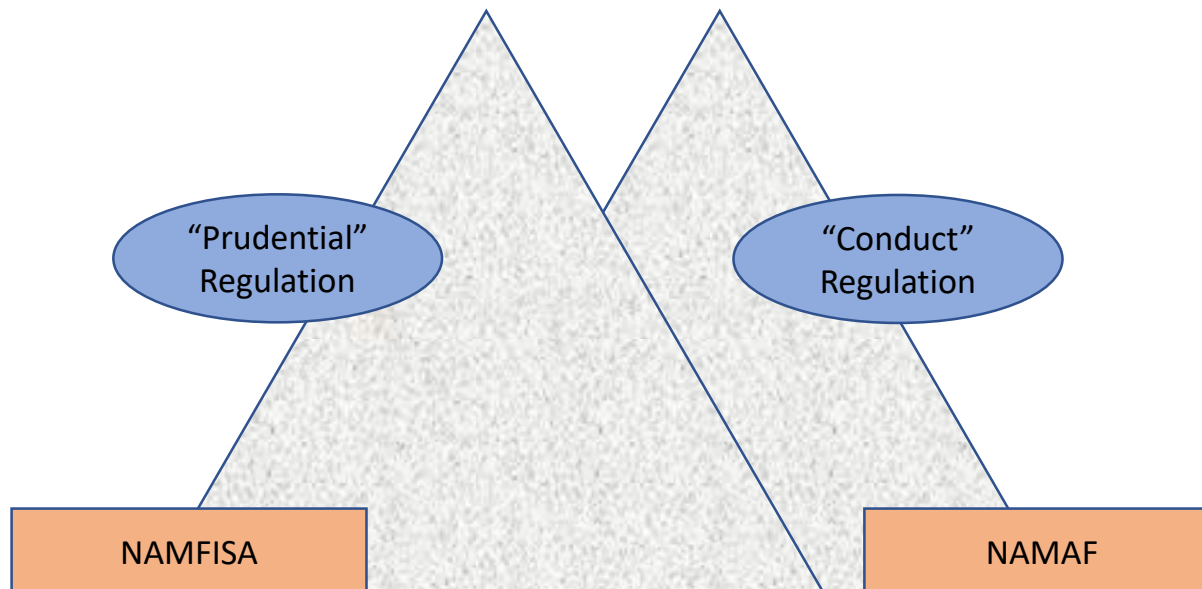


Prudential vs Market Conduct

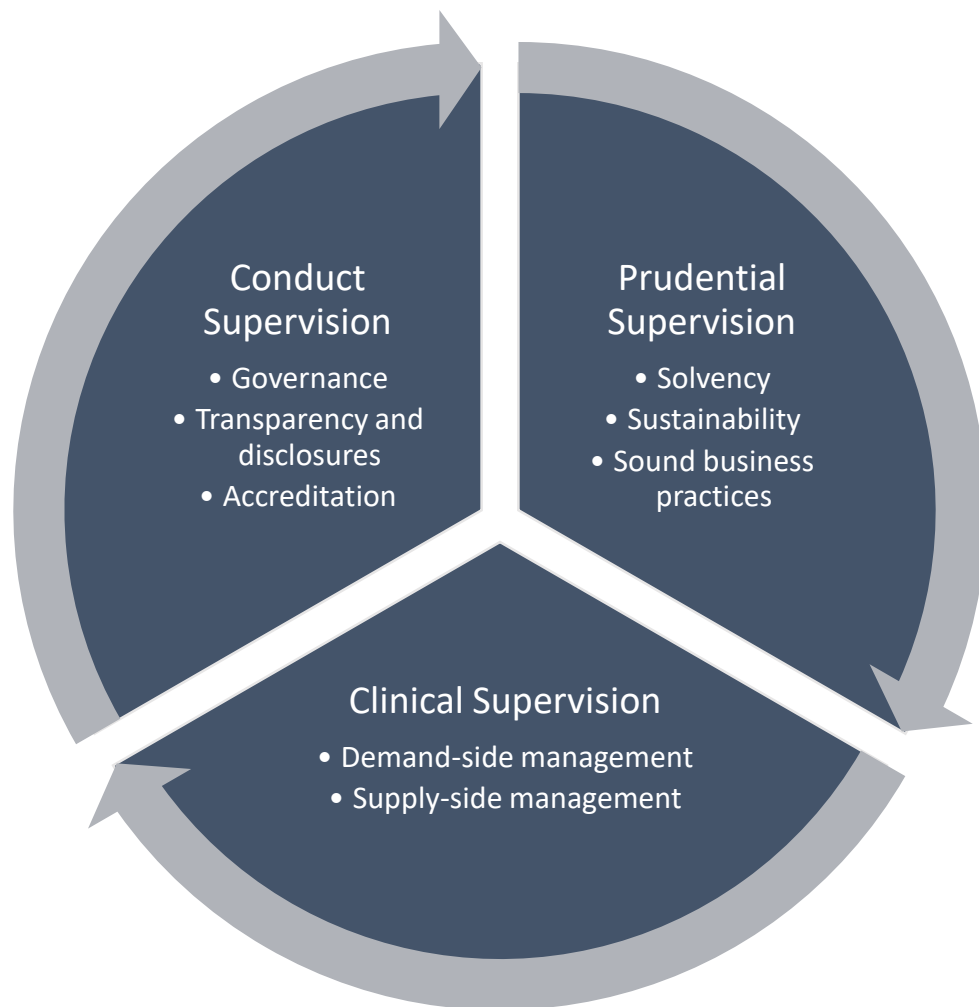
Typical financial regulation



Namibian Situation



Healthcare regulation



Components of a “Twin Peaks” Approach

Conduct Supervision

- Consumer protection
 - Correct usage of coding structures
 - Adherence to industry guidelines (sec 18)
- Screening of HCP – practice numbers
- Risk management strategies (data analysis)
- Customer (health related) complaints handling
- Awareness creation
- Stakeholder engagement

Source: Centre for Insurance Policy and Research

Prudential Supervision

- Risk-taking practices
- Capital adequacy
- Viable business models
- Internal governance processes
- Risk management arrangements

Source: Financial Supervisory Authority - Finland

Healthcare regulation

Prudential supervision

Solvency

Business practices

Financial conduct supervision

Financial ethics

Brokers

Clinical conduct supervision

Effectiveness

Efficiency

Purpose of clinical supervision

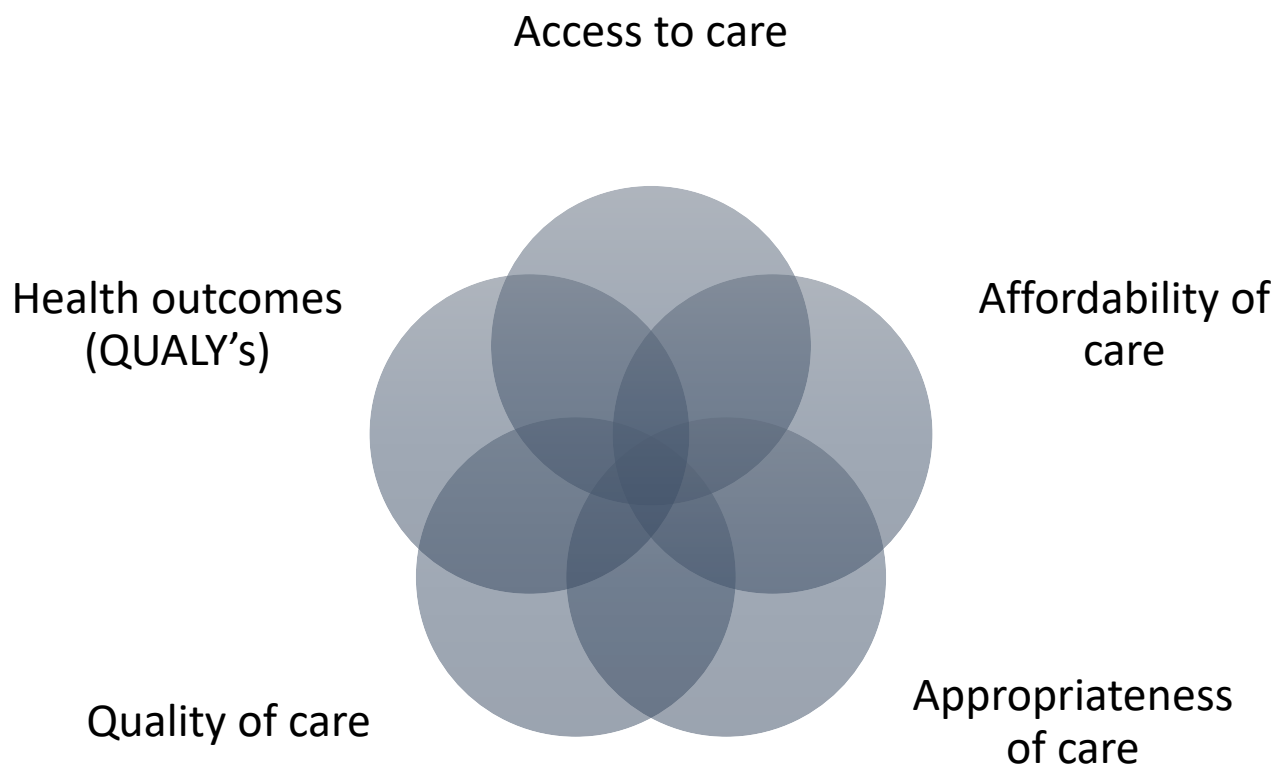
Effectiveness

- Access to:
 - Practitioners
 - Facilities
 - Required skills and experience
- Evidence-based medicine
- “Right Care, Right Time, Right Place”

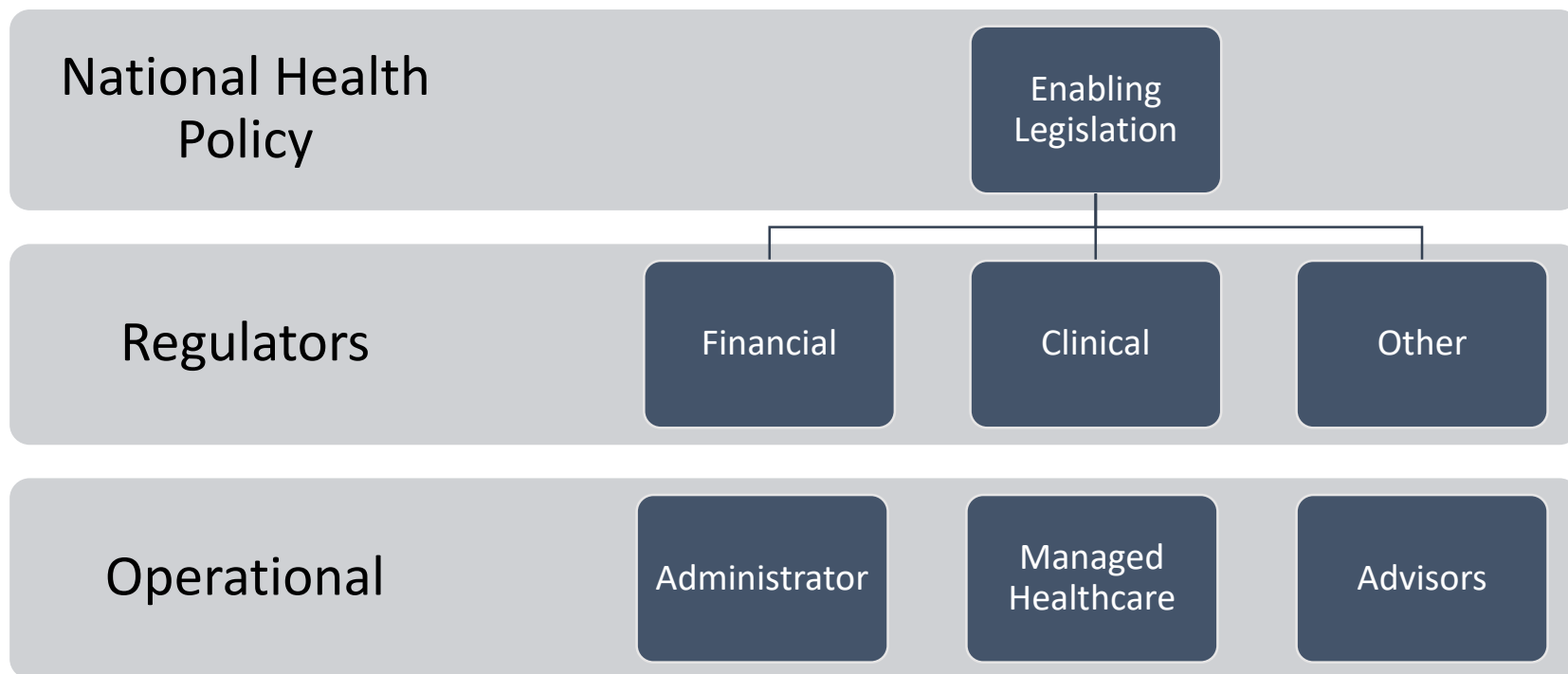
Efficiency

- Financial outcomes
- Clinical outcomes
- Patient reported outcomes (PROM's)
- Quality Adjusted Life Years (QUALY's)

Clinical supervision



Role-players



Role of an Administrator

Member Administration

- New members/dependants
- Resigned members/dependants
- Member/dependant changes
- Contribution collections

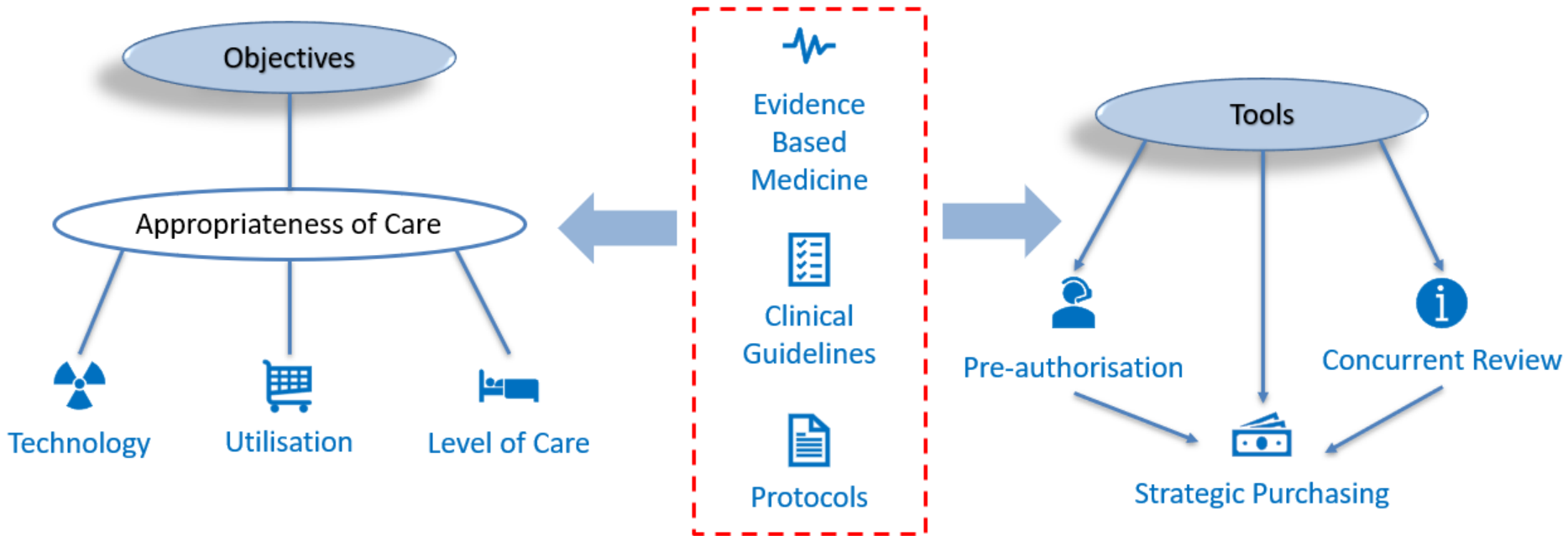
Claims administration

- Receipt of claims
- Processing/assessment of claims
- Application of rules
 - Fund rules
 - Coding & Billing rules
- Payment of claims
- Query handling

Other

- Financial management
- Benefit design
- Reporting
 - Financial
 - Claims trends

Role of Managed Care Organization



Management tools



Health Establishments

- Capacity planning
- Norms and standards
- Practice Numbering systems



Economic Value Assessment

- Health Technology Assessment (HTA)
- Clinical protocols



Health Monitoring

- Quality metrics
- Clinical outcomes
- Financial outcomes
- Training and education



Health Pricing

- Coding
- Billing rules and guidelines
- Benchmark tariffs
- Reimbursement models

Conclusion

- Health is a right
- Health of the nation is the responsibility of the Minister of Health
- Medical Aid Funds are part of the National Health policy and strategy
- Medical Aid Funds should be regarded as a means to an end and not the end
- Health is complex and emotive
- Purchasing decisions are made under highly abnormal circumstances
- In health the supervision of finances must be differentiated from the supervision of health and health provision. This does not mean that the one is subordinate to the other
- It is all about the patient/member

