

## Drivers of Healthcare Inflation

Potential responses



- Membership numbers
- Health seeking behaviour
- Option selections
- Burden of disease
- Age profiles
- Gender profiles

**Demand  
Side**



- Availability of care
- Cost of care
- Claiming behaviour
- Place or level of care

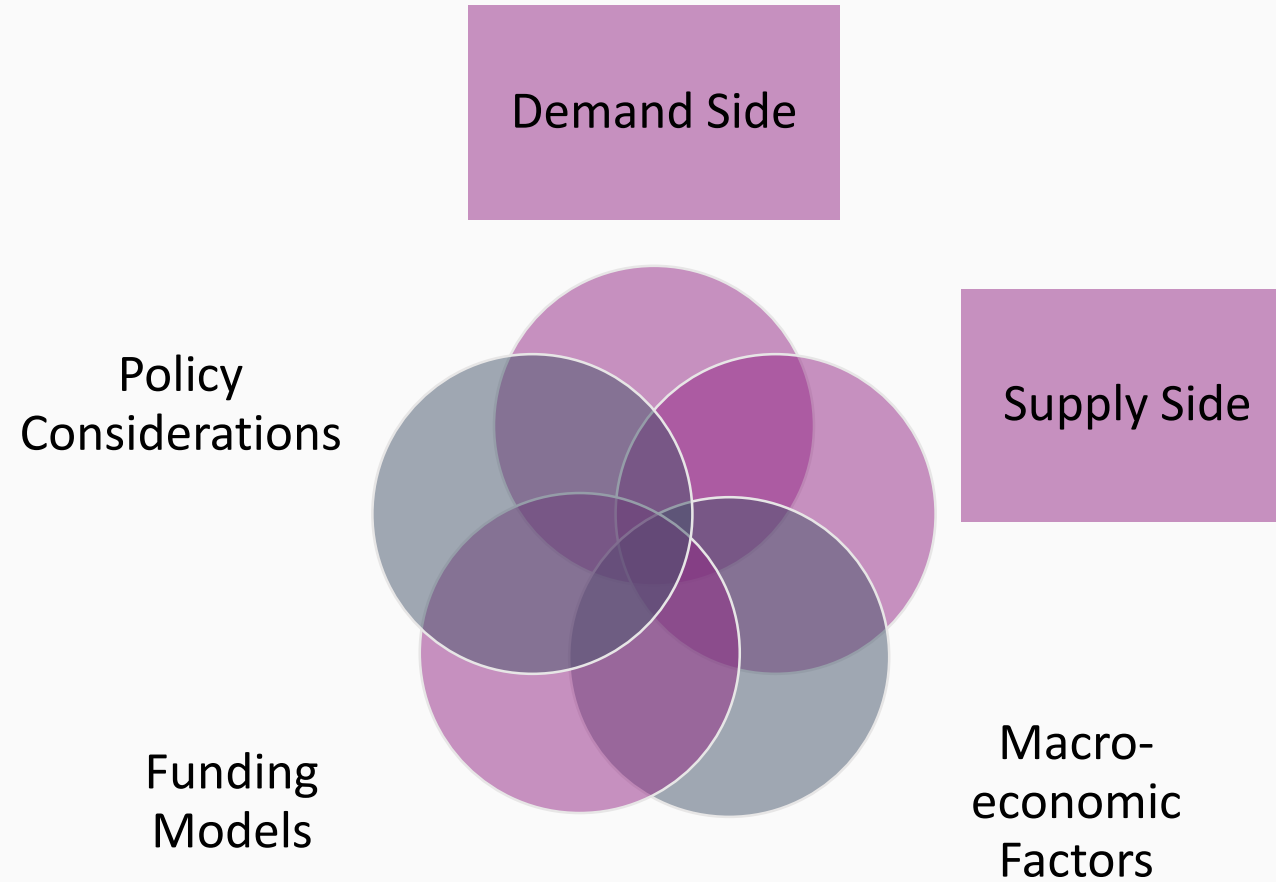
**Supply  
Side**



- Membership growth
  - Underwriting
  - Cross-subsidisation
- Management of healthcare needs
  - Screening and prevention
  - Chronic disease management
  - Utilisation management
  - Episode management
- Management of health seeking behaviour
- Risk equalisation
  - Smoothing of volatility
  - Bases for competition

- Access to care
  - Geography
  - Scope
- Appropriateness of care
  - Clinical Evidence – Health Technology Assessment
  - Level of Care
- Cost effectiveness and affordability of care
  - Treatment modalities chosen
  - Claiming behaviour
  - Economic considerations
- Quality of care
  - Health outcomes

# Multi-factorial System



# Risk Management



## Risk Management Concepts

- Environmental risk
- Underwriting risk
- Financial risk
- Clinical risk

## Tools at our disposal

- Policy
- Regulations
- Fund rules
- Coding systems and rules and guidelines
- Clinical evidence

## Stakeholders

- Government
- Ministries
- Regulators
- Industry bodies & Associations
- Medical Aid Funds
- Medical Aid Fund service providers

- Environmental risk
  - Economic trends
  - Pensioner ratios
  - High impact occurrences
- Underwriting risk
  - Anti-selection
  - Entry and exit behaviour
  - “Churning”
  - Member behaviour (Wants vs. Needs)
- Financial risk (Price)
  - Actuarial pricing
  - Budget development
  - Budget management
  - Tariffs
- Clinical risk (Cost)
  - Screening and Prevention
  - Appropriateness of care
    - Prior to event
    - Within event
    - Post event
  - Case management
    - Chronic diseases
    - Hospitalisation
  - Claiming behaviour
  - Health outcomes
  - Adverse event management



Risk Category	Tools
Environmental Risk	
Underwriting risk	<ul style="list-style-type: none"><li>• Policy and Regulation<ul style="list-style-type: none"><li>• Late joiner penalties</li><li>• Mandatory membership</li><li>• Risk equalisation</li><li>• Community rating</li></ul></li><li>• Fund rules</li><li>• Underwriters</li></ul>
Financial risk	<ul style="list-style-type: none"><li>• Actuarial modelling</li><li>• Benefit design<ul style="list-style-type: none"><li>• Benefit limits</li><li>• Co-payments</li></ul></li><li>• Contributions</li><li>• Tariffs (with/out contracting)</li></ul>

Risk Category	Tools
Clinical Risk	<ul style="list-style-type: none"><li>• Benefit design</li><li>• Managed healthcare<ul style="list-style-type: none"><li>• Pre-authorisation</li><li>• Case management</li><li>• Medicine Benefit Management</li><li>• Provider networks</li></ul></li><li>• Coding systems<ul style="list-style-type: none"><li>• Diagnosis coding</li><li>• Procedure coding</li><li>• Practice numbers</li><li>• Medicine and Consumable coding</li></ul></li><li>• Coding conventions, rules &amp; guidelines</li><li>• Retrospective review<ul style="list-style-type: none"><li>• Provider profiling</li><li>• Quality measurement (incl. outcomes)</li></ul></li></ul>

# Clinical Risk Management - Objectives

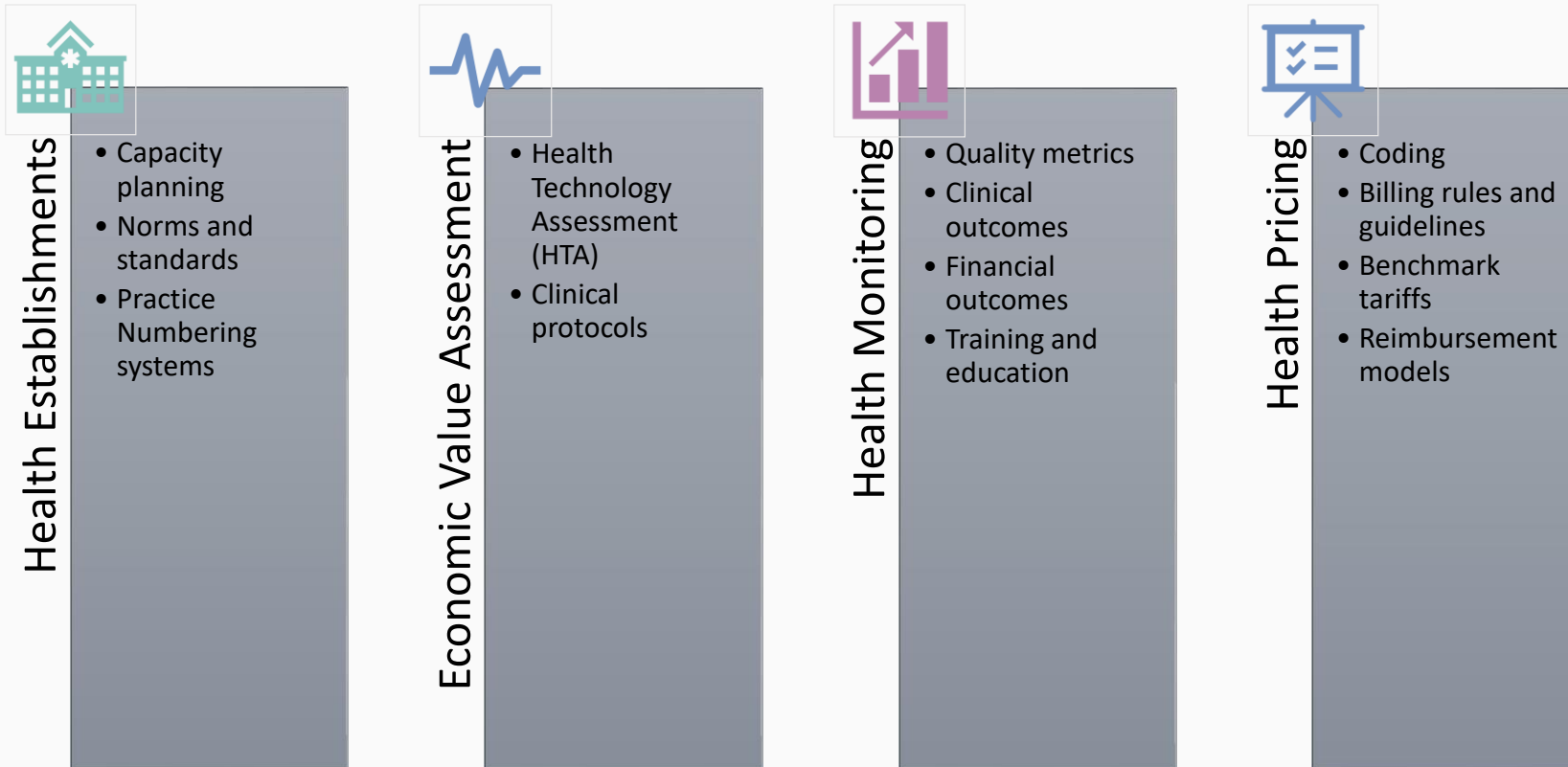


Tool	Objective
Benefit Design	<ul style="list-style-type: none"><li>• Support the strategy</li></ul>
Managed Healthcare	<ul style="list-style-type: none"><li>• Appropriateness of care (Evidence-based)</li><li>• Level of care</li><li>• Length of Stay</li><li>• Provider behaviour management (incl. Alternative Reimbursement Models)</li></ul>
Coding systems	<ul style="list-style-type: none"><li>• Common language</li><li>• Description of services (incl. combinations of services)</li><li>• Scope of practice and/or expertise</li></ul>
Coding Conventions, Rules & Guidelines	<ul style="list-style-type: none"><li>• Consistent interpretation</li><li>• Exception management</li></ul>

# Clinical Risk Management - Objectives



Tool	Objective
Coding Conventions, Rules & Guidelines	<ul style="list-style-type: none"><li>• Consistent approaches to additions, deletions and changes</li><li>• Consistent interpretation</li><li>• Exception management</li></ul>
Retrospective Review	<ul style="list-style-type: none"><li>• Benchmarking (Efficiency &amp; Quality)</li><li>• Education</li><li>• Corrective interventions</li></ul>



## Roles of stakeholders



# Roles of Stakeholders



Group	Stakeholder	Areas to be managed
Government & Departments	<ul style="list-style-type: none"> <li>Ministry of Finance</li> <li>Ministry of Health</li> <li>Ministry of Home Affairs</li> <li>Etc.</li> </ul>	<ul style="list-style-type: none"> <li>National health policy</li> <li>Immigration laws</li> </ul>
Regulators	<ul style="list-style-type: none"> <li>NAMFISA</li> <li>NAMAF</li> <li>HPCNA</li> </ul>	<ul style="list-style-type: none"> <li>Financial regulation &amp; Solvency requirements</li> <li>Conduct regulation</li> <li>Scope of practice</li> <li>Ethical rules</li> </ul>
Industry Bodies & Associations	<ul style="list-style-type: none"> <li>Professional Associations</li> <li>Trade Associations</li> </ul>	<ul style="list-style-type: none"> <li>Communication</li> <li>Relationships</li> <li>Education</li> <li>Profiling, Peer Management and Review</li> </ul>

# Roles of Stakeholders



Group	Stakeholder	Areas to be managed
Medical Aid Funds	<ul style="list-style-type: none"><li>Individual funds</li></ul>	<ul style="list-style-type: none"><li>Benefit design</li><li>Fund rules</li><li>Stakeholder management</li><li>Management of service providers</li></ul>
Medical Aid Fund Service Providers	<ul style="list-style-type: none"><li>Administrators</li><li>Managed Care Organisations</li><li>Actuaries &amp; Consultants</li></ul>	<ul style="list-style-type: none"><li>Member administration</li><li>Claims administration</li><li>Utilisation management</li><li>Financial management</li><li>Benefit design</li></ul>



- Risk management is about
  - Multiple facets
  - Multiple stakeholders
- It is easy to “break the telephone”
- Determining a common objective is a must
- Develop a common understanding of the issues (or get as close a to common understanding as possible)
- Clarify roles and responsibilities

# Discussion

