

Namaf concerned over sharp rise in healthcare costs

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The Namibian Association of Medical Aid Funds (Namaf) yesterday lamented the sharp increase of 16,49 percent that has been paid out to healthcare service providers during the last 12 months and noted this as cause for concern for the private healthcare funding industry in Namibia.

"This increase is considerably higher than the country's average inflation rate of 7 percent over the corresponding period and is deemed unsustainable in the longer term," said Namaf CEO Stephen Tjiuro.

He said Namaf bases its findings on an analysis that it commissioned regarding the claim trends to determine the cause of the increase and to provide a factual breakdown of cost drivers in the sector before it can embark on a turnaround strategy to restore an affordable and sustainable private healthcare funding system. The results of the analyses undertaken by the risk management firm Willis Towers Watson revealed various trends that attributed to higher claim payments. "It is worth noting that a proportion of the increases experienced is attributable to an increase in the Namaf affiliated funds of 4,55 percent since June 2016," stated Tjiuro.

"The cost of submitted claims increased with 5,8 percent, while the cost of claim payments increased with 12,56 percent, which represents a significantly bigger percentage pay-out than the previous year," said the Namaf CEO.

Main trends of cost drivers

"Before taking into account the impact of increases in the cost associated with medicines

and consumables, the cost of benefits paid by medical aid funds affiliated with Namaf increased by 18,55 percent.

"The fact that 3,49 percent of this increase is attributable to a growth in membership is positive. The net increase was 15,06 percent which contrasts with an average increase in the Namaf benchmark tariffs of 7,68 percent and a Namibian rate of inflation of 7 percent over the corresponding period."

Namaf attributed the 15,06 percent increase to a 9,24 percent increase in price per item, possibly explained by increases in prices charged that were higher than the Namaf benchmark tariffs or increased intensities of care due to more patients making use of specialist services or being admitted to intensive care units.

Another factor mentioned was a 5,14 percent increase in the volumes of services that signals an increased utilisation of healthcare services by members of medical aid funds. Other factors mentioned were younger and healthier members opting out of the 'system' until such time that they feel that they need medical care cover, while the other is healthcare providers that are relatively insensitive to costs since the costs associated with healthcare are typically borne by medical aid funds. Namaf further noted the Namibian private sector also heavily leans toward specialist and hospital-based care as opposed to a more primary care orientated approach and this resulted in claims paid to hospitals increasing by 25,4 percent, of which 43,2 percent was due to increased utilisation.