

Medical schemes need to help shift focus back to primary level healthcare

Changing the way healthcare providers are remunerated is key to addressing healthcare costs. Rewarding doctors, for example, for achieving the best healthcare outcomes for patients could bring down costs and prevent members from accessing more expensive treatments, such as hospitals and specialists, unnecessarily.



(Image: Wikimedia Commons)

Over the past few years, medical inflation has outstripped general inflation despite the introduction of medical current accounts and other mechanisms by medical schemes to incentivise consumers to manage their healthcare costs.

"It's clear that there are underlying systemic issues that need to be addressed or the system simply won't be sustainable," says principle officer of Resolution Health Medical Scheme, Mark Arnold.

According to Arnold, hospitalisation and spend on specialists are responsible for the lion's share of medical scheme costs. According to the Council for Medical Schemes (CMS), private hospital fees account for 37% of total spend in the private healthcare industry, and specialists' about 21%. In contrast, General Practitioners (GPs) account for just 7%, down from about 16% a decade ago.

"We've found that instead of reducing their healthcare expenditure, consumers are simply accessing more expensive forms of treatment, unchecked," says Arnold. "Resolution Health's data shows that 88% of visits to specialists last year were without GP referral."

Tinkering with a flawed model won't work

The private healthcare industry and government must find ways to move treatment back to the primary healthcare phase.

The structure of the medical schemes industry, including medical current accounts which merely shift the cost from the scheme to the member, have shown that previous efforts to encourage members to manage their own healthcare expenditure better have merely tinkered with a flawed model.

The necessary change may require legislative reform - for example, regulations that prevent members from visiting a specialist without being referred by a doctor - and which reward doctors by paying them a premium for providing more and better services. "The ultimate aim is for medical scheme increases to be in line with general inflation," says Arnold.

The survival of the private healthcare industry depends on addressing the imbalance between limited resources and unlimited demand.

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