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# National Health Insurance Bill Comments 2019

ICON ONCOLOGY

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## Introduction

Icon Oncology (Icon) welcomes the opportunity to comment constructively on the proposed National Health Insurance (NHI) Act. Icon was founded in (2008) with the aim of extending patient access to high quality Oncology care and value-based medicine. It therefore anticipated Universal Health Coverage. Icon is the largest provider of Oncology services in South Africa in terms of the combination of number of oncologists within its network and its oncology facilities – it represents a network of 157 oncologists in private practice. Its value-based care model is implemented within 28 radiation facilities that Icon manages in all 9 provinces of South Africa. Further to this Icon has accredited 55 chemotherapy facilities throughout South Africa. Icon members collaborate to establish evidence-based clinical protocols, based on diagnosis and treatment intent. Icon manages a formulary and has established alternative tariff codes for simpler billing.

Icon has achieved considerable success in reducing the cost of cancer treatment. The cost of cancer treatment by Icon providers following protocols is **27% less** than by those not following protocols<sup>1</sup>.

Icon further reduces downstream cost by reducing hospital costs<sup>2</sup> and the measurement of 15 quality metrics<sup>1</sup> ensures high quality care delivery.

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<sup>1</sup> Kotze, L. (2017). Cost Impact of Protocol Compliance for Cancer Treatment Plans in the Private Healthcare Environment. *Value in Health*. 20 (Issue 9), A426-A427). [https://www.ispor.org/VIH/JVAL\\_OctNov-20-9.pdf](https://www.ispor.org/VIH/JVAL_OctNov-20-9.pdf)

<sup>2</sup> Kotzé, L., Izzett, M. and Snyman, JR. (2017). Cost Impact of Protocol Compliance for Cancer Treatment Plans in the Private Healthcare Environment. *African Journal of Clinical and Outcomes Research*. 01 (01), 2-5.)

Icon has developed software and Business Intelligence capability and has used its access to the vast database it has established to gain a clear understanding of cost and clinical impact of treatments.

Icon has established partnerships with the Northern and Western Cape Departments of Health in providing cancer treatment for patients living in Kimberley, George and surrounding areas respectively.

## Universal Health Coverage

The purpose of Universal Health Coverage (UHC) is to ensure South Africans have access to the promotive, preventive, curative, rehabilitative and palliative health services they need, of sufficient quality to be effective, while also ensuring that the use of these services does not expose the user to financial hardship.<sup>3</sup> It is not about first fixing the public sector or destroying the private sector. South Africa currently has two poorly functioning systems – a public sector with poor productivity and poor outcomes and a private sector that over services with very high cost of care. Neither system in its current form serves South Africans well. There are, however, valuable lessons to be learnt from the private sector including how value-based care models results in efficient spending and improved patient outcomes compared to fee for service models.

*“Universal Health Coverage is different from Universal Healthcare. Universal Health Coverage specifically means covering each and every citizen with a health financing system that is equitable to all citizens, whereas Universal Healthcare means providing some form of healthcare to citizens without considering equity or without considering what type of healthcare all citizens are getting.”*

Achieving this requires a multi-sectoral approach to investing in the wellbeing of our citizens and should be seen as such, as opposed to be seen as an expenditure. Icon fully supports UHC and recognizes it as an opportunity to ensure equitable access to health in South Africa.

Icon takes an oncology view. Although Icon’s primary focus is chemotherapy and radiotherapy, it is important to acknowledge that the continuum of oncology care includes primary, secondary (surgical), and tertiary care as it relates to chemotherapy and radiotherapy. Palliative care and post treatment survivorship complete the full spectrum of cancer care.

Prevention and appropriate screening or early diagnosis will form the foundation of oncology care in UHC.

UHC will ensure access to health services which can be understood in terms of 4 pillars as follows:

- Sustainable finance
- Reliable health and supply systems
- Rational selection
- Affordable processes

Icon believes that the NHI can address these issues and welcomes the opportunity to comment on the Bill that has been tabled in Parliament.

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<sup>3</sup> WHO. *Health Financing*. [https://www.who.int/health\\_financing/universal\\_coverage\\_definition/en/](https://www.who.int/health_financing/universal_coverage_definition/en/)

## Comments on specific aspects of the NHI Bill:

### National Health Insurance Fund:

The purpose of the act is clearly defined in Chapter 1.

*“2. The purpose of this Act is to establish and maintain a National Health Insurance Fund in the Republic funded through mandatory prepayment that aims to achieve sustainable and affordable universal access to quality health care services by—*

- (a) serving as the single purchaser and single payer of health care services in order to ensure the equitable and fair distribution and use of health care services”*
- (b) ensuring the sustainability of funding for health care services within the Republic; and*
- (c) providing for equity and efficiency in funding by pooling of funds and strategic purchasing of health care services, medicines, health goods and health related products from accredited and contracted health service providers.*

Sustainable financing is one of the pillars of providing access to healthcare. It is, however, concerning that the fund will serve as single purchaser and payer, which is furthermore contradicting paragraph 33: *“medical schemes may only offer complementary cover to services not reimbursable by the fund.”*

Cost coverage is defined in Section 8 (2):

*“A person or user, as the case may be, must pay for health care services rendered directly, through a voluntary medical insurance scheme or through any other private insurance scheme, if that person or user—*

- (a) is not entitled to health care services purchased by the Fund in terms of the provisions of this Act;*
- (b) fails to comply with referral pathways prescribed by a health care service provider or health establishment;*
- (c) seeks services that are not deemed medically necessary by the Benefits Advisory Committee; or*
- (d) seeks treatment that is not included in the Formulary.”*

Clarity around these seemingly contradictory issues should be provided, as well as the role of insurance products not regulated by the Medical Schemes Act.

### Governance:

In Section 7, The administration, management, budgeting and governance of central hospitals must be made a competence of national government and in Section 13, the minister is responsible for governance of the national health system. The establishment of governance structures is a phase 1 objective to be completed by 2020.

It is suggested that consideration be given specifying clinical governance as part of the broader national health system beyond the central hospitals. It might complement the Office of Health Standards and Compliance (OHSC) to provide clinical oversight and make recommendations through structures which ultimately report to the minister. The domains in which clinical governance might operate include clinical

services, health personnel skills, the development and use of evidence based clinical protocols and clinical risk management.

It is noted that the constitution of the Board of Directors is ultimately the responsibility of the Minister. The Bill gives the impression that the Minister has ultimate control over the Fund and in the interest of good governance consideration should be given to allow multi-ministerial input in the constitution of the Board. The Board must then take ownership and accountability for its decisions.

### Committees:

Provision is made for the establishment of the following Ministerial Committees: Benefits Advisory Committee (BAC), Health Benefits Pricing Committee and Stakeholder Advisory Committee.

The health service benefits will be determined by the Benefits Advisory Committee in consultation with the Minister and the Board. This Committee will also determine cost-effective treatment guidelines.

It is important that the committees draw on the expertise and resources available in the entire health and other sectors, not just the public health sector. Icon publishes comprehensive oncology protocols, underpinned by cost effectiveness on an annual basis. These protocols can potentially form the basis of oncology treatment under NHI.

The Office of Health Product Procurement will support the BAC in the development and maintenance of the formulary, compiled of an essential medicine list and essential equipment list. It is crucial to note that in oncology, the formulary is secondary to treatment protocols, as chemotherapy is often given as a combination of different medicines. If all medicines in a cost-effective treatment bundle is not included in a formulary, it can lead to substandard, ineffective care and increase in cost.

It is crucial that private sector be drawn upon in order to transform and enhance healthcare delivery under NHI.

### Procurement & accreditation

The NHI Fund will purchase and procure comprehensive health care services, medicines, health goods and health-related products from contracted and accredited (and certified) health care service providers, health establishments and suppliers based on the health care needs of users (patients).

In order to be accredited and reimbursed by the Fund, health care providers and health establishments must, amongst others, be able to submit extensive information as prescribed, comply with treatment guidelines, formularies and performance measures. Icon fully supports the accreditation of service providers and has been working tirelessly to ready itself for NHI.

In collaboration with the public sector and inspired by the OHSC, international trends in quality assurance and conscious of the move towards greater efficiency in all aspects of cancer care, Icon has developed an oncology specific accreditation process.

Icon’s accreditation process is part of the network’s key objective to ensure that cancer care in South Africa meets not only the highest international standards but also to share best practice information with all affiliated oncology practices in the country.

Icon has developed software that is used by all our oncologist members that measures compliance to treatment protocols, formulary use and many other quality metrics. Compliance is reported to individual practitioners as well as the funding industry.

The NHI should strategically purchase and procure health services i.e. the NHI should purchase better care at lower costs. Value based contracting and outcomes reporting should become mandatory. Focus should be placed on capacity planning and there must be a clear understanding of resources available in the public and private sectors. NHI should control capacity, ensure access in underserved areas by optimally utilising public and private infrastructure.

## Reimbursement

The Bill alludes to alternative reimbursement models (ARMs) insofar as it states in Section 41 that *“payments must be all-inclusive, based on performance of the health care service provider, health establishment or supplier of health goods...”* and *“...payments may be made on condition that there has been compliance with quality standards of care or the achievement of specified levels of performance”*

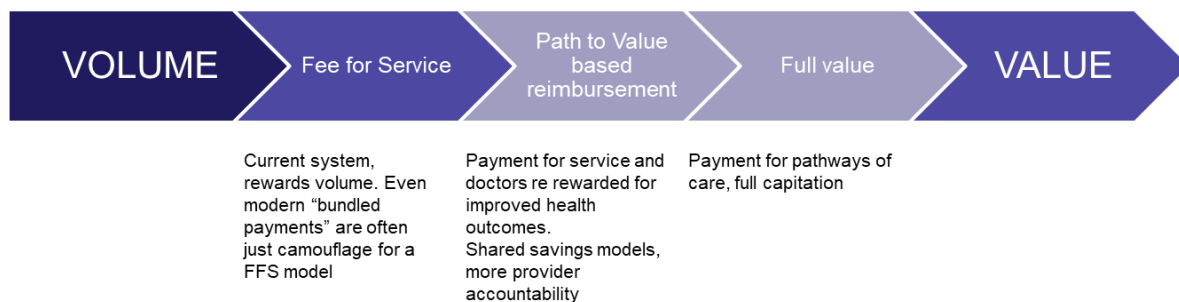


Figure 1

Icon believes that NHI presents an opportunity to move away from volume-based payments to value-based payments. Figure 1 demonstrates the transition from a volume-based reimbursement model to a value-based reimbursement model. Value-based contracting is underpinned by quality measurement and ensuring an improving in clinical outcomes while at the same time minimising escalating costs. Icon would recommend that under NHI, current HPCSA rules that limits reimbursement for multidisciplinary teams be reviewed. Outcomes based reimbursement or risk sharing with pharmaceutical providers is currently prohibited by Single Exit Price regulations and this should be reviewed with the implementation of NHI. Oncology medicines are prohibitively expensive, and we should strike a balance between ensuring ongoing innovation and affordability. Performance based reimbursement of medicines offers such a solution.



We further agree fully that no co-payments should be made at point of care and Icon has successfully introduced this in our reimbursement model for the last 10 years.

### Information platform of the fund.

Icon fully supports establishing an universal information platform and the standardisation of submitting data to such a platform. NHI presents an opportunity to define standards for interoperability between systems to enhance data sharing (democratisation of data) and stimulate innovation of system functionality. There will be inevitable savings of administration effort, currently a burden on healthcare spend.

### Conclusion:

Icon reiterates its support for Universal Health Coverage in South Africa and values the opportunity to comment on the NHI Bill in its current form. There are several matters that require clarification and NHI will not only require input from the public and private health sectors, but also from other government ministries. It is widely accepted that NHI will firstly focus on primary healthcare, but it is important to note that the private oncology sector has been preparing itself for UHC for the last 10 years and is ready to provide quality, cost effective cancer care to all South Africans. The private sector plays a significant role in our health sector and will have an essential role to play in the successful implementation of NHI.

Icon would appreciate an opportunity to make further presentations to the Portfolio Committee on Health as part of the public consultation process on the NHI Bill.

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