

## **Portfolio Committee on Public Service and Administration**

Section 59 Interim Report: GEMS Response and Progress on addressing the Interim Report Findings

**Principal Officer: Dr Stan Moloabi**

25 May 2022



# Purpose



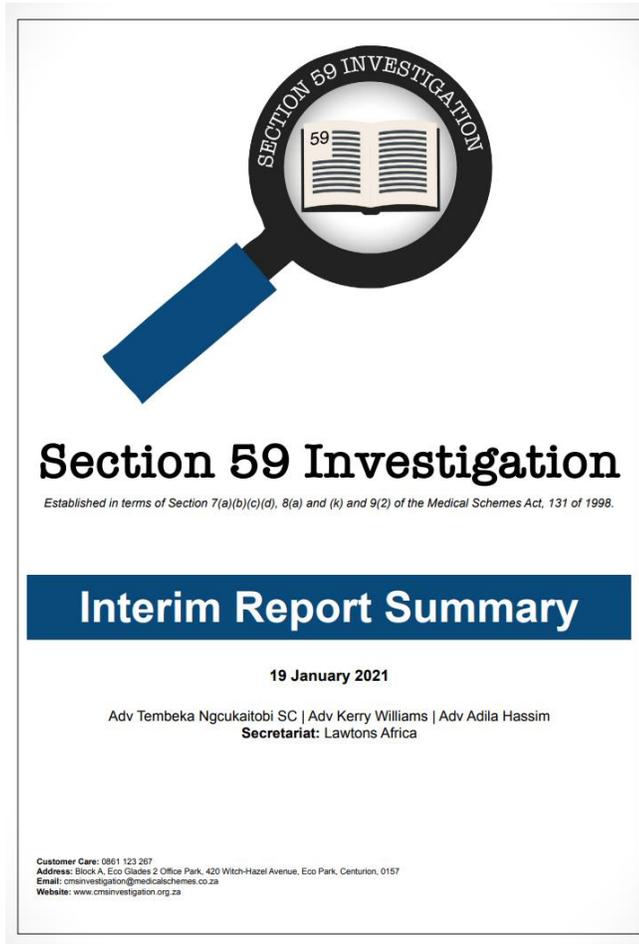
**The purpose of the presentation is to appraise the Portfolio Committee on Public Service and Administration on the Schemes' response and implementation of remedial measures to the Section 59 Interim Report Findings**

# Background to the Section 59 Inquiry



Regular updates to the DPSA on GEMS response to the Section 59 Interim report commenced in January 2021

# Section 59 Interim Report



- The report was subsequently shared with the parties that were subject to the investigation affording them an opportunity to respond to the interim findings, and published on the investigation's website [www.cmsinvestigation.org.za](http://www.cmsinvestigation.org.za);
- The parties who were subject of the Interim Report, were given until 05 April 2021 to provide responses to the interim report; and
- The Interim Report generated negative publicity for the Scheme. A response plan was implemented to address those interim findings that merited action.

## Immediate three-fold response

Healthcare Provider Engagements

Review of FWA Policy, Processes, Practices and Database

Board and Independent Committee members updated

- **The Scheme had various engagements** with the Health provider associations who initiated the complaint.
- The Scheme established a **constructive working relationship** with all Health provider advocacy Groups (Solutionist Thinkers, ICPA, SAMA, DPA and others) who provided support to healthcare providers during investigation and in many instances, presented their case to the Scheme.
- An **open door policy** was successfully followed by the Scheme and many issues were resolved between the Scheme and the Health providers. These engagements are continuing

# GEMS is a Transformative Organisation



Below is a snapshot of GEMS transformation initiatives and some objective numbers showing GEMS commitment to transformation

## Policy Principles

- Drive the country's transformational agenda in GEMS' sphere of influence
- Leverage GEMS' position as a strategic purchaser of healthcare services
- Bring about much-needed positive socio-economic transformation
- Encourage increased participation of black people as well as the empowerment of suppliers
- Promote accelerated and shared economic growth
- Preferential procurement promotion strategy

## GEMS Beneficiaries:

- 95% Black
- Over 1 million previously uncovered

## GEMS Employees:

- 97.3% Black
- 69.6% Female
- 2.4% Disabled

## 2019 Procurement Awards:

- 42% Level (EME, Large, QSE, Generic)
- 22% Level 2 (EME)

## 2020 Procurement Awards:

- 5 Level 1 (Large)

## 2021 Procurement Awards:

Finalists at the 4th Absa SD Awards

## Hospital Network

- Inclusion of B-BBEE Level 1 & 2 Hospitals
- Inclusion of hospitals serving previously disadvantaged communities

# GEMS Board and Management Demographics



Diversity attribute	Board of Trustees	Executives	Senior Managers																														
Race	<table border="1"> <tr><th>Race</th><th>Percentage</th></tr> <tr><td>African</td><td>67%</td></tr> <tr><td>Coloured</td><td>0%</td></tr> <tr><td>Indian</td><td>33%</td></tr> <tr><td>White</td><td>0%</td></tr> </table>	Race	Percentage	African	67%	Coloured	0%	Indian	33%	White	0%	<table border="1"> <tr><th>Race</th><th>Percentage</th></tr> <tr><td>African</td><td>64%</td></tr> <tr><td>Coloured</td><td>9%</td></tr> <tr><td>Indian</td><td>9%</td></tr> <tr><td>White</td><td>18%</td></tr> </table>	Race	Percentage	African	64%	Coloured	9%	Indian	9%	White	18%	<table border="1"> <tr><th>Race</th><th>Percentage</th></tr> <tr><td>African</td><td>62%</td></tr> <tr><td>Coloured</td><td>4%</td></tr> <tr><td>Indian</td><td>21%</td></tr> <tr><td>White</td><td>13%</td></tr> </table>	Race	Percentage	African	62%	Coloured	4%	Indian	21%	White	13%
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# Definition of Healthcare Fraud, Waste and Abuse

## Healthcare Fraud

**Knowingly** submitting, or causing to be submitted, false claims or an **intentional** misrepresentation of the facts in order to **access payment** of a benefit to which one would otherwise not have been entitled.



## Waste and Abuse

Claiming for healthcare treatment and services that are **not absolutely medically necessary**, including any form of over-servicing or over-charging of a patient, and that may objectively be considered unethical or unconscionable or contrary to best practice principles

# Examples of Healthcare Fraud, Waste and Abuse



Hospital Cash Back Plans – longer admissions to allow hospital cash back claim, unnecessary procedures



Collusion between members and provider to get cash or other benefit in exchange for a claim



Duplicate and unnecessary tests – esp. pathology, radiology, ultrasounds



Exceeding time based and capacity thresholds



Padding claims / template billing - adding injection / meds / materials routinely, always charging the same tariff combos



Billing for services not rendered  
Abuse of PMB's (misrepresentation of diagnosis)

# Main Complaints/Allegations from Service Providers



## Complaint

- Aggressive, impersonal & threatening nature of communication regarding allegations
- Blanket approach described as a one size fits all that lacks nuance
- Lack of clinical understanding/ cannot determine appropriateness of care
- Disclosure of Confidential Patient Information

## Scheme Response/Action

- Service providers are no longer subject to “investigation”. All correspondence makes it clear that their claims are being reviewed
- Each case considered on its merits for a tailored approach
- In-house specialised medical practitioners are engaged and external opinions sourced from societies and provider groups
- GEMS requests claims information to verify services rendered. Detailed confidential patient notes are not required

# GEMS Section 59 actions and activities: 2021



## GEMS MEDIA RESPONSE

Various **media interviews** (print and broadcast) were conducted to clarify GEMS position on the Interim Report.



## MEMBER EDUCATION

**FWA social media** posts, **website** updates, **GEMS Day event**, **GEMS News and Member Newsletter**.



## FWA WEBINAR

Attended by over **500 delegates** and **various media interviews** conducted with the the Scheme.



## RESPONSE PLAN

Section 59 **response plan** and developed and implemented.



## STAKEHOLDER ENGAGEMENTS

Engagements with the **PSCBC**, **DPSA**, **Parliament Portfolio Committee on Health and Healthcare Providers**.

# Update on 2022 activities (1/4)

Interim finding as per Section 59 Interim Report	Brief overview of the GEMS approach and systems	Progress Update
<p><b>FWA Investigation Process</b></p> <ul style="list-style-type: none"><li>▪ The detection systems employed by Discovery, GEMS and Medscheme all use algorithms to flag providers as so-called ‘outliers’.</li><li>▪ However, despite some automation in the operation of the algorithms, there is always an element of human intervention at some point along the chain of investigation.</li></ul>	<ul style="list-style-type: none"><li>▪ At GEMS, detection or identification is automated where done using the FAMS system. After identification, further analysis is required which require human intervention.</li><li>▪ The human intervention takes the process further rather than interfering with the identification of the outlier</li></ul>	<p><b>The Allegation Assessment Standard Operating Procedure (SOP) was amended to this effect:</b></p> <ul style="list-style-type: none"><li>▪ Decisions and process on further action to be taken against outlier providers has is now left to senior officials.</li><li>▪ Turn around time in the assessment changed from 48 hours to 10 days to afford members and service provider an opportunity to provide context before an allegation is referred for a comprehensive review process</li></ul>

# Update on 2022 activities (2/4)



Interim finding as per Section 59 Interim Report	Brief overview of the GEMS approach and systems	Progress Update
<p><b>FWA Investigation Process</b></p> <ul style="list-style-type: none"><li>▪ All Administrators request confidential patient information from providers but the justification for the request varies between administrators.</li><li>▪ The request for patient information often spans many months and even years</li></ul>	<ul style="list-style-type: none"><li>▪ GEMS requests beneficiary information to verify services rendered. Detailed confidential patient notes are not required. We have referred to the HPCSA Ethics Guidance notes in the response to the Section 59 Investigation Panel</li><li>▪ The period covered in information request may depend on the severity and allegation investigated.</li></ul>	<ul style="list-style-type: none"><li>▪ POPIA training sessions for employees involved in the management of FWA (including our Administrators) was conducted by an external service provider. As part of this process, the current processes are checked against the requirements of the POPI Act.</li><li>▪ When communicating with Healthcare Providers, our letters have been personalised and are as concise as possible and request only for information that is absolutely "necessary".</li><li>▪ The claims review process has been revised to only consider the past 24 months period when requesting claims information.</li></ul>

# Update on 2022 activities (3/4)



Interim finding as per Section 59 Interim Report	Brief overview of the GEMS approach and systems	Progress Update
<p><b>The complaints of racial discrimination must be taken seriously by the schemes and administrators.</b> In order to understand how a normative system creates unfair consequences <b>it is necessary to consider the position of the people who are telling you it is not working for them.</b></p>	<ul style="list-style-type: none"><li>▪ GEMS regards the complaints in a serious light.</li><li>▪ An <b>open door policy</b> is followed in respect of engaging with healthcare providers</li></ul>	<ul style="list-style-type: none"><li>▪ The Scheme has been active through extensive stakeholder and media engagements to ensure all Stakeholders receive factual information about the Section 59 Investigation and the integral role that GEMS has played in reducing inequality in the healthcare industry.</li><li>▪ GEMS Claims Fraud, Waste and Abuse Awareness Communication Strategy And Plan was developed to support the Strategic goals theme “Be a good corporate citizen, prevent or reduce negative impacts on the environment and function as an ethical, caring, innovative leader in the South African healthcare sector” through comprehensive awareness efforts and communications focused on the healthcare sector.</li></ul>

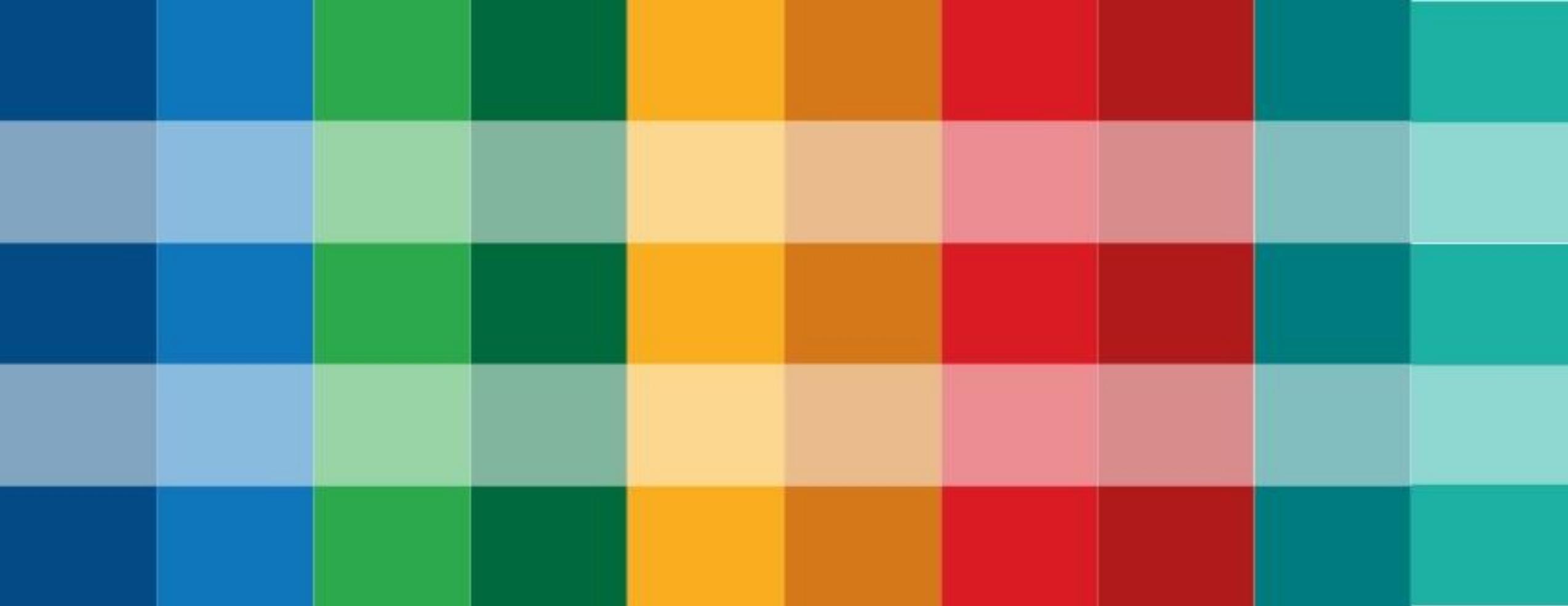
# Update on 2022 Activities (4/4)



Interim finding as per Section 59 Interim Report	Brief overview of the GEMS approach and systems	Progress Update
<p><b>Any amount which is clawed back by a scheme must be reasonable and must be based on a methodology which is reasonable.</b></p>	<ul style="list-style-type: none"><li>▪ GEMS' quantification of forensic debt follows a systematic process and is based on the findings of forensic investigations.</li><li>▪ Where estimations are used done it is backed by facts and circumstances surrounding a practice.</li><li>▪ Supporting information from a practice is always considered.</li></ul>	<ul style="list-style-type: none"><li>▪ The Debt Management Policy was revised and approved by BoT.</li><li>▪ The changes are mainly intended to bring about alignment with the FWA Policy and best practice debt recovery processes as highlighted in the s59 Interim report.</li><li>▪ The policy is aligned with best practice debt recovery process that considers, recoverability of a debt, <b>performance of an affordability test</b>, personal circumstances of a debtor and interests of the Scheme when concluding settlement agreement</li></ul>

# CONCLUSION

- **GEMS supports economic transformation** and this **includes prevention, detection and responding effectively to corruption and fraud**
- In responding to the Section 59 Inquiry Interim Report
  - **GEMS acknowledges that it exists in a country and society where inequality prevails**
  - GEMS' aim is to create and preserve value for GEMS and stakeholders and avoid the erosion of value for stakeholders in the health ecosystem and broader society
  - GEMS will continue its process of introspection to address any operational deficiencies
  - **GEMS is committed to playing a role in addressing systemic inequality though leveraging stakeholder relationships and is interested in training new providers and improved communication**
- It is not known when the Final Report will be released.
- In the past, the release of the interim report was on virtual platforms, live streamed on the investigation's website: [www.cmsinvestigation.org.za](http://www.cmsinvestigation.org.za), CMS' YouTube and Facebook platforms
- The Scheme awaits the release of the Final Report and once it is released will study the Report and respond thereto accordingly.



THANK YOU