



Portfolio Committee on Health

Bonitas submission on NHI Bill

Presentation date:
25 January 2022

Dear Chairman

We wish to extend our appreciation for the opportunity to present to the Portfolio Committee. Herewith our response to the question directed to Bonitas Medical Fund.

We have included our responses to each of the questions raised by the honourable member of the committee.

Honourable Chirwa

1. What is the subscription growth rate in the previous years / 3-4 years prior to the pandemic?
 - The scheme experienced subdued growth over the past 3-4 years. The private healthcare environment experienced minimal growth each year with most members moving between medical aid schemes.
 - Bonitas experienced a -2.7% nett growth in 2017 and -2.3% in 2018. In 2019 the fund experienced nett growth of 2.3%
2. How is medical insurance impacted the subscription rate or members leaving the medical scheme over the years?
 - It is difficult to determine with any reliability the quantitative impact of medical insurance products on the Bonitas Medical Fund.
 - Approximately 40, 000 members on average terminate from Bonitas Medical Fund on an annual basis. Of the estimated 40,000 members that leave approximately 37% or 15,000 of these members exit due to affordability and financial constraints as the primary reason.
 - It is likely that a fair portion of the 15,000 members would seek to acquire cheaper low-cost medical insurance products
3. With the growth of the members in the previous year, highlight the month show the most subscriptions of new members to the scheme.
 - Benefit periods for medical aid run from January to December. Members are most likely to move to and/or join medical aid funds from 01 January. In addition to this, premium increases are generally applied from 01 January in alignment with the benefit period. Hence for medical schemes, January would under most circumstances reflect the largest growth in premium income.
4. How many grievance cases from your members do you have and are aware of with the CMS, how many were resolved and were in your favour?
 - A total of 248 grievances was lodged in 2021. However not all grievances resulted in rulings and are withdrawn by complaints.
 - In terms of the CMS rulings, a total of 60 rulings were made over the same period, 40 of which the CMS ruled in favour of Bonitas Medical Fund.

Honourable Mxolisi Sokatsha

5. The Bill makes provisions for the Medical Schemes and the role they envision to play under the NHI. According to Bonitas these provisions are inadequate, what then is being proposed by Bonitas is missing in the Bill in it's current form? In as far as the role of Medical Schemes are concern.
 - The Bill in its current format it not specific on the role that that Medical Schemes will have under the NHI. The suggestion that Medical Schemes will provide complimentary services is inadequate in the absence of the Bill setting out clearly what benefits will be covered under the NHI. It is proposed that the benefits and funding structures be defined and presented for consideration by all stakeholders.
6. Multiple Funder UHC – how will it extend the service to the poor?
 - It is not proposed that a multiple funder model is the solution to the current Bill. We do however appeal that alternative models be considered, as a single provider and payer model does pose risk to the current South African environment. The current model will be onerous administratively on one single entity and may have adverse financial impacts on the healthcare providers. Enabling the current private sector to continue to operate whilst addressing some of the regulatory reforms as proposed in our submission will enable greater affordability of healthcare.
7. What Lessons can NHI learn your industry, particularly addressing issues related to designated service provider contract, discrimination, conflict of interest, FWA of resources?
 - The overarching challenges experienced is symptomatic of regulatory gaps and or inconsistencies that exists in the private sector. Urgency is needed to consider and implement some of the recommendations made by the NHI and various other studies that's been done over the years to address the issues.

Honourable Annah Gela

8. There seems to be that the introduction of Universal healthcare coverage in South Africa is equivalent to an exercise of choosing a preferred healthcare funding system by the users. Can I please get clarity on this statement?
 - It is not suggested or proposed that we reduce UHC to a choice of selecting a preferred funding system by users. It is however proposed that a system be adopted that enables the current private and public sector to integrate and co-exist which advances the achievement of UHC goals more efficiently and effectively. All South Africans can potentially receive an equitable minimum package of healthcare services, leveraging all available healthcare skills and resources available in SA.
 - NHI should not take away the constitutional right of an individual to choose which system is appropriate to address their healthcare needs.

Honourable Wilson

9. Medical Aids are expensive with limited access, shortfalls, benefits running out: how to deal with this?
- The recommendations made by the Health Market Enquiry, Lancet Commission and the Presidential Health Compact is the starting point to address the challenges of affordability and accessibility to healthcare.
 - Member education is key. Members need to structure the benefit option to their health needs. Those who are able to do this, are minimally impacted by these issues. Active engagements with members, early detection of risk at pre-disease stage, interventions to reverse the adverse effects of a disease and early health seeking behaviour by members resolve the identified problems.
10. How to ensure the proper governance of NHI funding?
- It is our view that the current provision in the Bill needs to be improved and tighten. It is recommended that expertise from the private sector be included in the review process of the section dealing with Governance in the Bill.
 - The Bill cites the WHO 6 pillars that form a health system:
 - Leadership/governance**;
 - Health care financing**;
 - Health workforce** ;
 - Medical products and technologies.
 - Information and research; and
 - Service delivery**
- ** South Africa needs to build these capabilities before the NHI implementation can be a success
- At this stage it is unclear how the NHI will be funded since we have not had any guidance from Treasury.
 - The NHI Bill should include provisions on corporate governance similar to those in the Conduct of Financial Institutions Bill. Bonitas submits that there are major accountability issues with regards to corporate governance of the Fund.
 - Bonitas appeal that consideration be given in this regard in relation to good Corporate Governance such as King Codes.

Honourable M Hlengwa

11. Has there been any interaction or discussion with Dept of Education on the interpretation for what services would be considered not covered by Private Medical Aid Schemes? What in your view would such services entail, and do you think there are any constitutional concerns associated?
- As indicated during our submission to the committee. Bonitas have not directly engaged with the NDoH on the minimum benefits packages. However, Bonitas is a member of BHF which have continued to engaged with relevant stakeholders on the subject.

12. What is your interpretation of referral pathways and whether it will be technical means a person on a Medical Scheme can choose by not opting for the referral pathway to assess a Healthcare practitioner who's services would be covered by Medical Scheme, one can also ask whether this has been any consultation with the department of Health on these aspects?

- A referral pathway is a series of disease preventative/management steps/protocols that guide a member/patient how to access the appropriate level of care at the appropriate centre/health point. This includes the clinical intervention/s to be taken by the attending health care provider/s in response to people who are at risk of developing a disease or newly diagnosed with the disease or with a recurrent or progressive or chronic disease.
- The medical schemes have well established referral pathways that are implemented and effective and there are penalties for not adhering to the referral pathways.
- The challenge with the public sector which leads to non-adherence to referral pathways is the inadequate/under resourced primary health care system. This leads to patients circumventing the primary care centres and clog the hospitals. The strengthening of the primary care centres is key to the efficiency and effectiveness of referral pathways.
- The Scheme will engage with the Department of Health on prioritizing the strengthening of the primary care system. Operation Phakisa is aimed at resolving this, but the success of such a program is not yet resounding.

13. There is a submission by the Professional Councils of South Africa on the 18 May 2021. In that Submission it must be clear that NHI take over from Medical Scheme must be transferred to NHI. These viewpoints have raised serious concern with the Medical Scheme and legality of proposal is highly questionable. It would be interesting to hear from you or from your viewpoints on this opinion made by the council in their submission.

- Bonitas noted the statement and submission that is being referred too. Bonitas does not support the submission. It is our opinion that any action of this nature would be illegal.

Honourable Munyai Tshilidzi

14. You have argued that from a Bonitas point of view that all international concept of UHC make provision for freedom of choice, is this statement based on Scientific evidence? Some of your stakeholders in your industry have argued that there are different types of Universal Health Coverage models.

- We wish to provide clarity to our statement. Our comment is precisely what the Honourable member is stating. Our point of view is that there are different types of Universal Health Coverage models, but they do not impose regulator limitations on the users.

15. Ideally, yes there should be a stronger and better collaboration between the healthcare facilities regardless of the sector from where they are located. Lack of equitable distribution in pvt and public services – is there any reason to advocate for the private healthcare sector?

- Our submission is not intended to advocate exclusivity for the private healthcare system, but to ensure the current Bill will not result in unintended consequences that may result in moving the current healthcare system (private and public system) backwards.

- The inequitable distribution of healthcare services is not a result of no funding nor of parallel health systems, however it is a result of the weak six (WHO) pillars in the country. The two systems must be afforded an adequate opportunity to learn from each other in order to strengthen the health system of the country.
- The OHSC report 2019/20 extract.
Six hundred and forty-seven (647) health establishments inspected in the country, 95 (15%) were compliant and eligible for certification by OHSC. Six provinces that had compliant health establishments are: Eastern Cape (4), Free State (6), Gauteng (40), Kwazulu-Natal (39), Mpumalanga (5) and Northern Cape (1). Health establishments that were not eligible for certification because of their non-compliant status nationally were 552 (85%). The two provinces with all health establishments that were non-compliant were Limpopo and Northwest.

Honourable Elvis Siwela

16. And secondly are you comfortable that the bill adequately addresses who will be a qualified or an accredited provider?

- The Bill does indicate the accredited service providers. However, an accredited HCP will need to work in an accredited/certified facility. The preliminary assessment by the OHSC showed most public primary health care facilities did not meet the required standards. How much progress has been achieved towards meeting the required standards? HCPs will need a conducive environment for them to contract to deliver quality healthcare services.

Honourable Ismail

17. What recommendations can you provide to include the accountability constituency of the Board? Should the private sector be included on the Board?

- The Governance aspects in the Bill requires tightening. As indicated in our verbal submission, we are concerned that too much power is concentrated with the Minister. More consideration is to be given around the roles, structures for the Fund. Secondly in relation to the formation of the Fund, a process must be followed to ensure suitably qualified and experienced persons that is fit and proper to form part of the fund.
- Sound corporate governance is of critical importance in preventing mismanagement of assets, corruption, inefficiency, illegality, unethical conduct, abuse of the Fund's resources and the collapse of the Fund.
- While the Governance provisions in the Bill endeavours to create a governance structure which has an Independent Board, and a Chief Executive Officer ("CEO") who is responsible for the day-to-day running of the Fund, the Bill have some weaknesses that need to be addressed.
- In our experience of managing a Fund of similar nature, the sustainability of the Fund is highly dependent on Governance structures in fulfilling its fiduciary duties.
- Our recommendations attempt to point areas for review:
- Composition of the Board
- The Minister (being the Minister of Health) should be responsible for the appointment of the Board, through the assistance of an ad hoc advisory panel. Clearer guidelines / criteria should be set for the appointment of the ad hoc advisory committee.
- It is apparent that the Minister has unwarranted powers which may result in a conflict of interest.
- The Minister should be solely responsible for the appointment of the Board and the Board should appoint the CEO.
- The appointment of Trustees and Principal Officers of medical schemes is clearly defined, and it would be beneficial if similar fiduciary and accountabilities are defined in a framework and included in the Bill.

- Role of The Board
- Section 15 (f) indicates that the Board must advise the Minister on any matter concerning collective bargaining. It is unclear what the term “collective bargaining” refers to. We request that this be clarified and the recommendations from the Health Market Enquiry be considered.
- Advisory Committees
- Chapter 7 of the Bill provides for the Minister to appoint three advisory committees – the Benefits Advisory Committee (BAC), the Health Care Benefits Pricing Committee and the Stakeholders Advisory Committee.
- It is important that clear roles, responsibility and authority levels be delineated between the Minister, Board and the CEO. Failure to do so may negatively impact the effective and efficient management of the Fund.

18. How important do you think a finance study is for the success of a project? Is it something that could be bypassed?

- We would deem it as essential to ensure the Fund is well conceived from the onset and to ensure all the necessary aspects are addressed to ensure the Fund is sustainable.

19. Would you support NHI in the present form?

- We support the overarching principles of the NHI Bill. However, there are areas in the current bill that poses significant risk needs to be addressed as highlighted in our written submission.

20. It's mentioned that the funding model is unclear and therefore the sustainability of NHI is also unclear, assuming there isn't enough funding in a few years into the implementation of the NHI, how do this impact the access quality healthcare or even the economy?

- Should the aforementioned comments materialise, we can only anticipate that it will have adverse impact on the access and quality of healthcare for all South Africans

Honourable Michele Clarke

21. NHI is intent to create a more inclusive health system. What would you say is the biggest barrier of access in the Bill?

- The major challenge of the current format of the Bill is that it limits individuals' rights to purchase healthcare.
- The inherent uncertainties in the Bill. The inadequate/uncertified primary health care centres in the country (OHSC reports).

22. What impact will NHI have on the quality of healthcare service?

- Unsure. Given the previous results of the OHSC assessments, it will dilute the quality of healthcare service delivery. Refer to the OHSC early warning system indicators' report, June 2019. The Annual Inspection Report 2019/2020 by the same organization does not depict a comforting picture that NHI will not compromise the quality of healthcare.

23. In your opinion can South Africa afford and sustain a bill such as NHI? Considering the current economic climate.

- No. Unemployment rate needs to improve, the taxable income pool needs to enlarge. Brain/skill drainage needs to be reversed. The current environment will make NHI not beneficial to South Africans. Corruption has become endemic; the country needs to address this ill to ensure a successful implementation of NHI and other poverty addressing initiatives.

Honourable Jacobus

24. What is your definition of the Milestone approach? What other milestones have you identified? How does Bonitas suggest that it gets implemented into the Bill and under which section of the Bill?

- A milestone approach is where clear objectives are set. We recommend that specific dates for these milestones be removed but that each milestone be aligned to a phase where all elements of such a phase have been considered and addressed.

25. Can you provide wording which you would like to see used in the Bill related to non-contracted healthcare providers? And explain your concern about the role you wish for them to play.

- Our recommendations on specific wording recommendations to the Bill is included in our written submission.

Bonitas is indebted to the Minister for providing it with the opportunity to make submissions on the Bill and is hopeful that the Minister will find value in its Suggestions.



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