CMS Strategic plan, annual performance plan and budget

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Portfolio Committee on Health
2 May 2012

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Registrar

Introduction

Continue regulating without fear or favour in a developing environment

- The healthcare environment will change with the full implementation of NHI
- The CMS will continuously engage with the Department during the forthcoming years to ensure that the CMS focuses its regulatory activities on those matters which best support the full development of Equitable Universal Access

Four focus areas

- Transformation of the industry.
  - Membership better reflects the demographics of the country than in the past
  - Demographics of Trustees, and service providers, needs amendments to democratise the environment
  - Proposing elections on a single day, similar to that for school governing bodies
- Strategic addition of "primary healthcare" in the PMBs
  - Affordability constraints, selected the most cost

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Four focus areas (continued)

- NHI submission
  - Comprehensive comment on NHI green paper
  - Must continue to regulate the Medical Schemes environment to protect the NHI development
- Regulation of private healthcare providers
  - Attended an OECD workshop on competition in the private hospital environment
  - Challenge is to regulate this sector in a manner that is beneficial to the public.

CMS strategic goals

- Goal 1
  - Access to good quality medical scheme cover is maximized
- Goal 2
  - Medical schemes are properly governed, are responsive to the environment, and beneficiaries are informed and protected
- Goal 3
  - CMS is responsive to the needs of the environment by being an effective and efficient organisation

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Recommendations on amendments to legislation

- In discussion with the Department of Health
- Numerous small changes to legislation required to improve regulatory effectiveness
- Key amendments includes changes to the governance provisions to ensure that there is clear separation between the scheme (a non-profit entity) and any third party contractors such as administrators, managed care organisations, marketing companies and other

Strategist

Background on medical schemes as a healthcare funding vehicle

Funding Healthcare

Public sector funding increasing faster than medical schemes

Medical scheme membership

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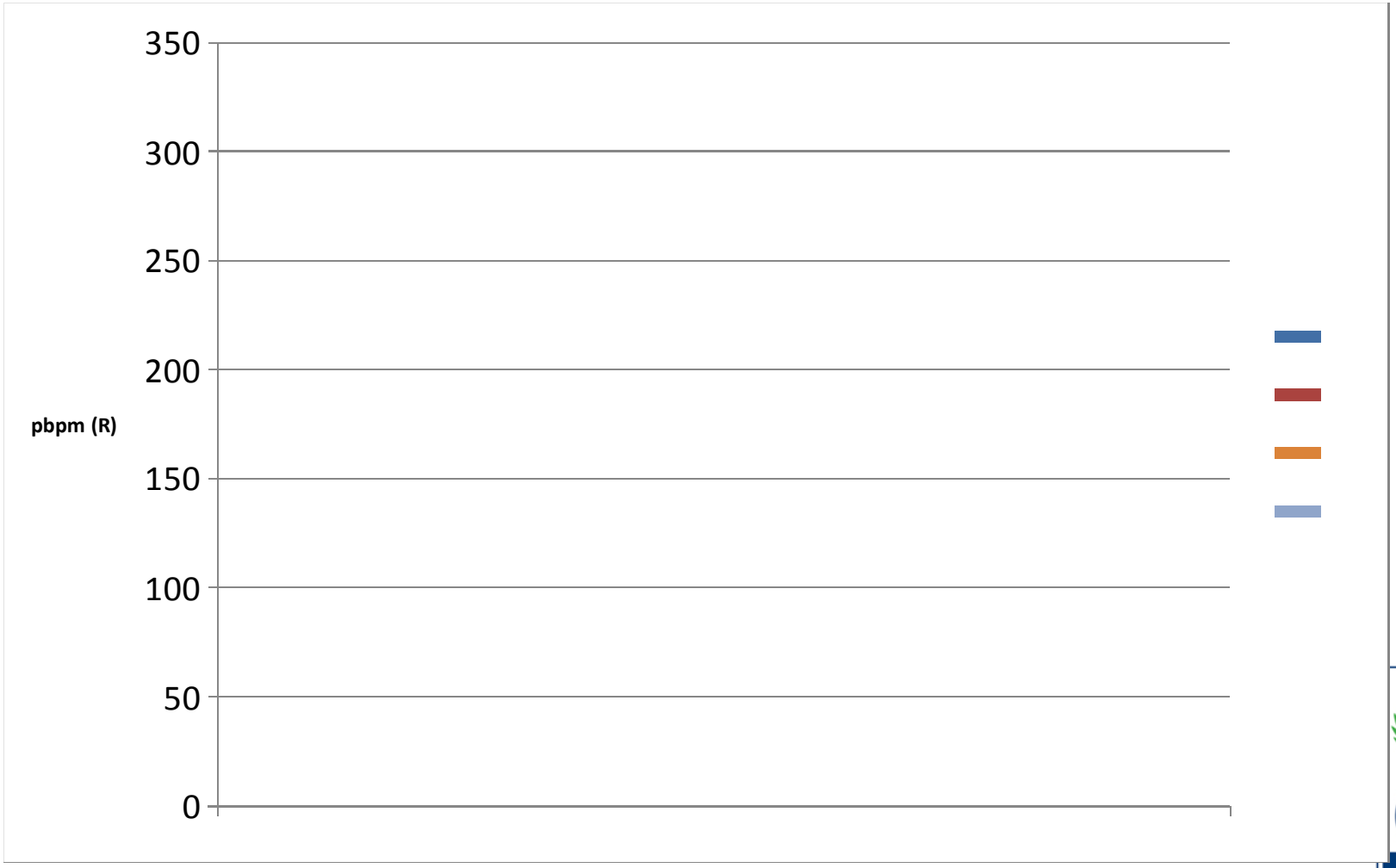
Geographical inequity

Funding schemes (2010 prices)

Non-health costs

Expenditure on top 4 items



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Strategist

CMS strategic goals and progress with the attainment thereof

CMS strategic goals

- Goal 1
  - Access to good quality medical scheme cover is maximized
- Goal 2
  - Medical schemes are properly governed, are responsive to the environment, and beneficiaries are informed and protected
- Goal 3
  - CMS is responsive to the needs of the environment by being an effective and efficient organisation

Access to good quality medical scheme cover is maximized

- Full community rating, Benefit coverage, Open enrolment, Affordability – costs, Affordability – income Access to schemes
  - Maintain scheme risk measurement system
  - Improved benefit definitions
  - Proposed changes to PMB regulations
  - Appeal board ruling in the GEMS case protected the access to cover for Transmed pensioners to
  - Affordability: Tax credits benefits lower

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Medical schemes are properly governed, are responsive to the environment, and beneficiaries are informed and protected

- Medical scheme governance: Boards and Principal Officers, Oversight arrangements
- Scheme responsiveness: Complaints direct to schemes, Intermediation, Accessibility of rules, and Democratisation of schemes
- Governance: Curatorship
- Routine inspections
- Accreditation of Managed Healthcare organisations
- Complaints adjudication: More clinical expertise required to deal with these
- Communication guideline

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Medical schemes are properly governed, are responsive to the environment, and beneficiaries are informed and protected (continued)

- Strengthen financial supervision
  - Improved critical analysis of medical schemes, and other regulated entities
  - Improve the capacity to ensure that members get good value for money
  - Near real-time financial monitoring (not only quarterly)
- Ring-fencing of savings account funds

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CMS is responsive to the needs of the environment by being an effective and efficient organisation

- Regulatory response: Prospective regulation, Concurrent regulation, Retrospective regulation
- Council responsiveness: Complaints process and appeals, Complaints against Council performance, Monitoring and evaluation, Information collected but not used, Health outcomes and quality of care

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Adjudication of complaints

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CMS is responsive to the needs of the environment by being an effective and efficient organisation (continued)

- Strategic goal is to reduce supporting expenses
- Strengthen legal and clinical units
- Strengthening prospective regulation:
  - Communication guideline
  - Benefit definitions
  - Composite risk index
- Information more accessible in annual reports

CMS provides influential strategic advice and support for the development and implementation of strategic health policy, including support to the NHI development process

- Policy harmonisation: Collaboration with the Department towards the development and implementation of the NHI, Liaison with other regulators
- Strategic advice and support: General research and advice, Support to government processes

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CMS provides influential strategic advice and support for the development and implementation of strategic health policy, including support to the NHI development process

- NHI MAC subcommittees
- NHI submission
- Work with HPCSA on ethical tariffs
- Work with DoH and Competition commission:
  - OECD roundtable discussion
  - Competition commission market study

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Chief Financial Officer

Budget

Key elements impacting on budget

Legal fees	Reduced to 4,2 M
New positions	
Deputy Registrar	
Head Stakeholder relations	
Marketing Material Analyst	
Clinical Analyst	
Senior Legal advisor	
General salary increase	7.0%
Accrual budgeting (No surplus funds in budget)	
Inflationary increases	6.0%
Salary survey adjustment	6.1%

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Budget 2012 / 13

	2011/12	2012/13	Increase	
Total budget	92,7M	101,0M	8.2 M	8.9%
Proposed levy (Per family per year)	R 21.22	R 24.39	R 3.17	14.9%

Budget no longer considers any surpluses from previous years

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Discussion & questions