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## INTRODUCTION



- ❑ **Fee-for-service (FFS) widely used around the world (Germany, France, Canada, Japan, USA , most of Southern Africa)**
- ❑ **Financial conflict of interest between patient and provider**
- ❑ **No incentives to consider the cost of treatment**
- ❑ **Evidence proves doctors treat patients with *more* procedures than any other payment model**
- ❑ **Rewards individual clinicians for performing separate treatment**
- ❑ **Rewards quantity**
- ❑ **Wastage anything between 21% and 47%**

**Fee for Service**



## ALTERNATIVES

- ❑ **Global fee structure**
  - ❑ **Global capitation / Part Capitation**
    - ❑ **Health Maintenance Organisations (HMO 's)**
      - ❑ **Enhanced fee for service**
        - ❑ **Public /Private partnerships**
          - ❑ **Shared savings models**
            - ❑ **Accountable Care Organisations (ACO'S)**
              - ❑ **Pay for Performance/Wellness**
                - ❑ **Any combination of the above**



## GLOBAL FEES

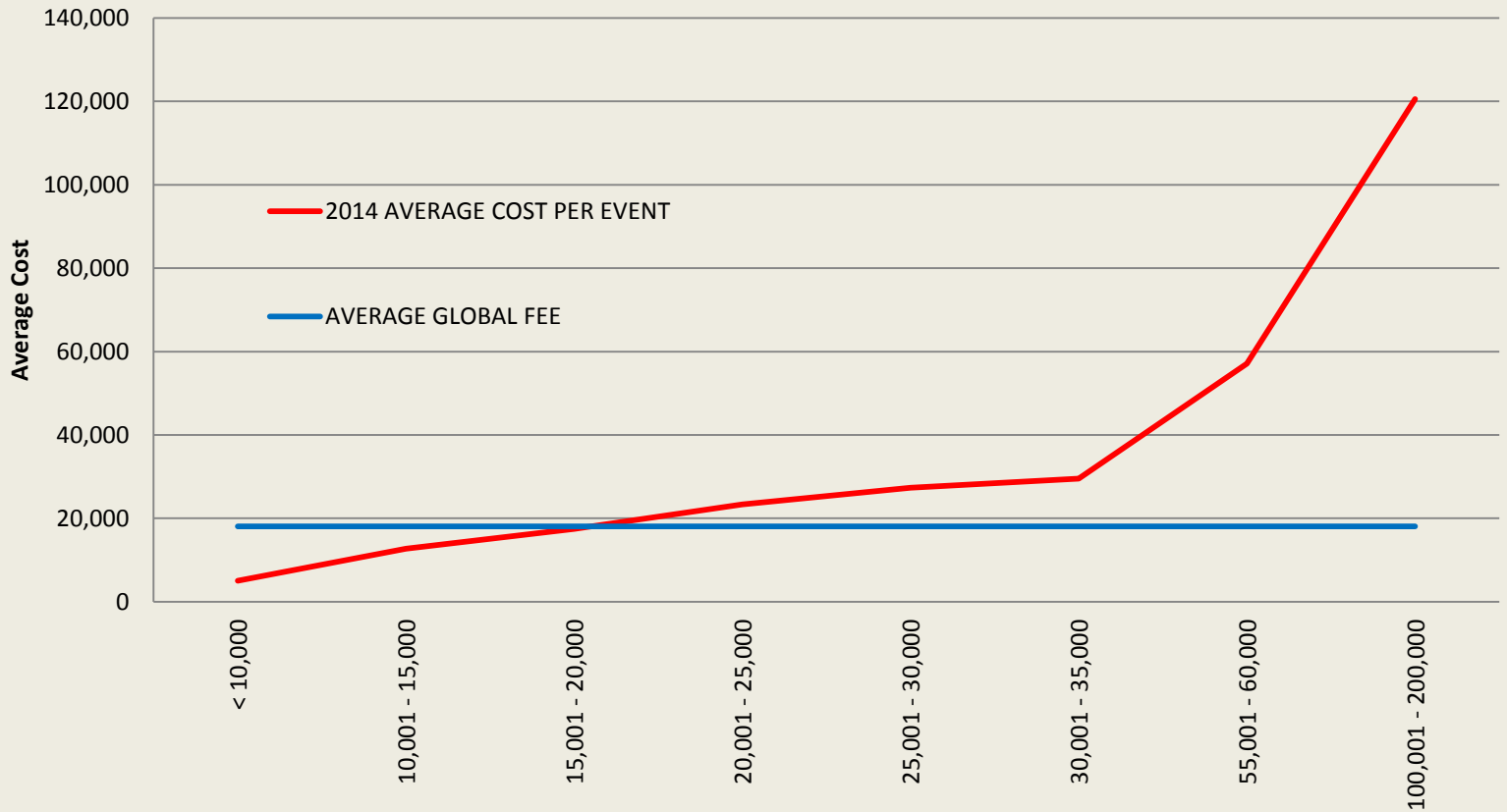


- ❑ All inclusive fee per event
- ❑ Maternity- pre natal, delivery and post natal. Coronary artery disease, cardiac testing and surgical procedures
- ❑ Services must be well defined
- ❑ Understand the 'carve outs'
- ❑ Systems and data are essential to measure the efficiency
- ❑ Transfers some risk to the providers, no incentives to upcode

*Provides stability and predictability for funders*

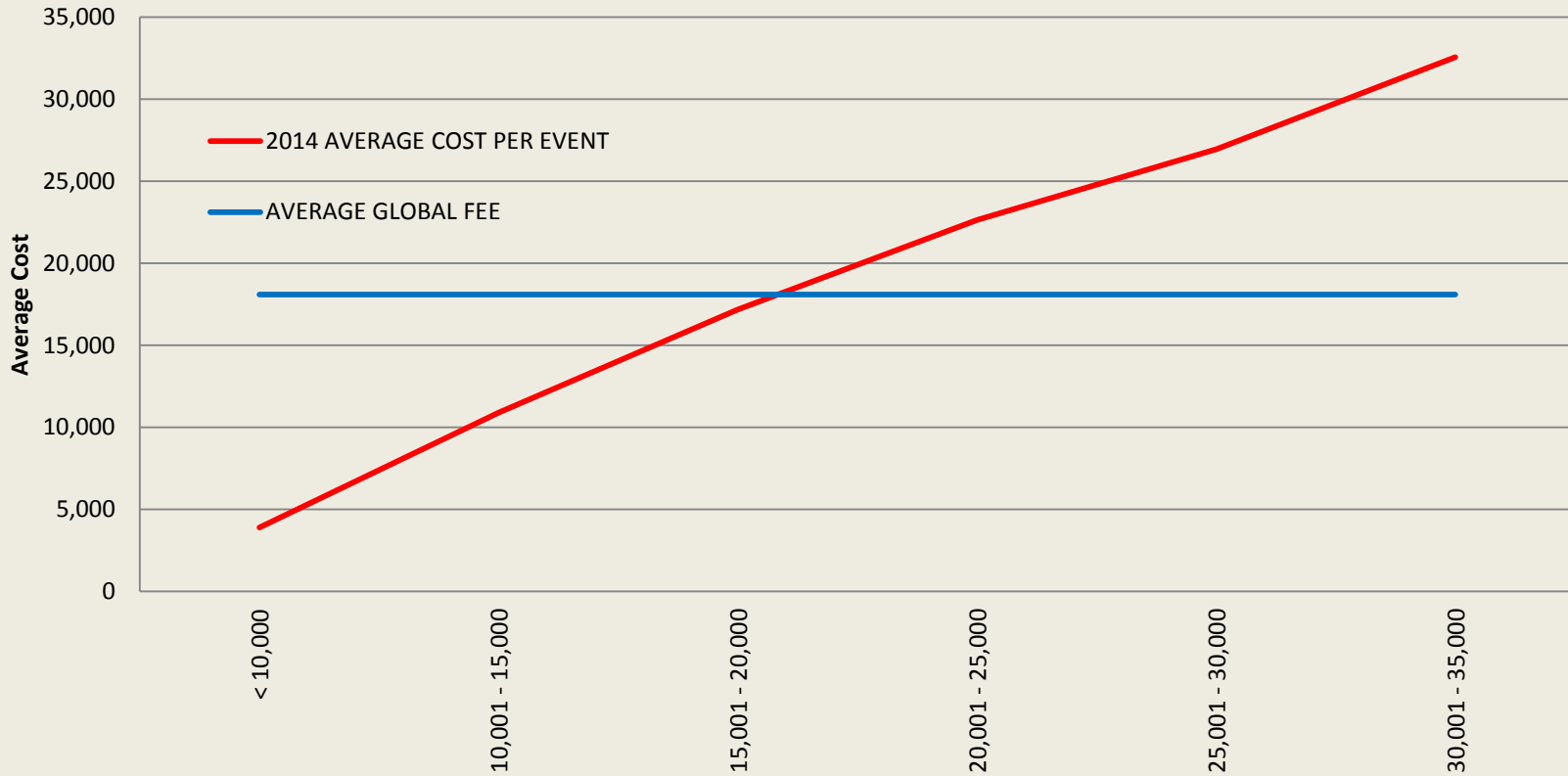
# MATERNITY

## Average Cost Per Claim Interval vs Global Fee



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## Average Cost Per Claim Interval vs Global Fee





**COMMERCIAL AD BREAK**



## CAPITATION / PART CAPITATION MODELS

- ❑ **Fixed fee usually a per member per month for agreed service whether used or not regardless of illness.**
- ❑ **Providers can transfer risk, avoid most expensive patients**
- ❑ **Networks of doctors and specialists provide services**
- ❑ **Costs are predictable therefore easy to budget**
- ❑ **No provider choice**
- ❑ **Potential for under servicing**
- ❑ **Works well with statistically relevant number of members**
- ❑ **Providers assume risk**

## CAPITATION / PART CAPITATION MODELS

- Examples in SA include CDE, Carecross, PrimeCure



## HEALTH MAINTENANCE ORGANISATION

- ❑ Has its roots in the construction industry dating back to 1933 designed to manage work related injuries.
- ❑ Some reported problems with access to care
- ❑ Long wait times to see doctors- conflicting reports
- ❑ Complete delivery of health care through a single provider
- ❑ Providers are salaried employees
- ❑ Managed Care Company owns infrastructure or uses networks of contracted hospitals and doctors or both



# HEALTH MAINTENANCE ORGANISATION

- ❑ **Kaiser Permanente in the USA** very good example (9,2 million members, 160,000 employees, 15000 providers , 37 medical centres )



## ENHANCED FFS / PAY FOR PERFORMANCE

- ❑ Increased fee based on quality measures i.e. pay more for quality
- ❑ Measure important meaningful criteria working with providers to reduce episodes of illness
- ❑ Reduce downstream costs such as unnecessary pathology, radiology, hospital admissions
- ❑ Pay for wellness, understand the end goal
- ❑ Provider profiling - working with all stakeholders



## WHAT TO LOOK OUT FOR...

- Involve all stakeholders especially providers
- Information systems and tools are essential
- Put the patient first
- Focus on wellness
- Prevention is better than cure

