

Welcome remarks by the CEO

Welcome to yet another exciting convention, where great minds in the healthcare sector meet: the 2018 AHFoZ All Stakeholders' Conference on Health. This year's conference will be running under the theme "*Redefining the Paradigm in the Healthcare Sector*".

The theme is in rhythm with developments in the political and economic environment. Since November 2017, the country has been aggressively pursuing the rebuilding agenda and the "Zimbabwe is open for business" trajectory. It is therefore only right that every Zimbabwean adopts this new way of life and that we individually and collectively play our part towards rebuilding our healthcare sector and the country at large.

Everything begins with a paradigm shift. We must change our mindsets and be ready to change redundant systems and focus on rebuilding efficient and robust systems.

Through this year's conference theme, AHFoZ seeks to help influence this change process in the healthcare sector. It is indeed a privilege for AHFoZ to play this role for the good of our country and for future generations who would otherwise judge us harshly for failing to do the right thing and failing the "stewardship test".

Medical aid societies have continued to complement the Government in funding and providing healthcare services, albeit in a very precarious environment.

The environment is characterised by liquidity challenges, economic slowdown, rising unemployment, rising healthcare costs, high claims costs ratios, an overstretched public sector, absence of universal health coverage and regulatory uncertainty due to the proposed amendment of the regulatory framework through the proposed Medical Aid Societies Regulatory Bill.

Despite the numerous challenges, medical aid societies have continued to account for more than 80% of service providers' income, which has kept the private sector going in complementing public health services.

AHFoZ currently has 32 members, including 4 affiliate members. The number would have been 34 but two medical aid societies are currently suspended from the Association. The Association membership profile comprises both closed and open societies, which include mutual societies and funders owned by investors.

Healthcare costs continue to be a challenge that threatens access to quality healthcare services. This is particularly so in relation to the contributions being collected.

In order for medical aid societies to be able to pay service providers at the levels that would meet services providers' expectations, the rates of contributions would need to be adjusted actuarially to levels that employers and employees would be unable to afford, especially considering that salaries are not being increased.

Some employees' salaries and benefits have in fact been cut. Other employees are not receiving salaries regularly, as industries are still struggling to remain viable in the hope of a better operating environment in the future.

On average medical aid societies' are operating at 85% to 90% claims ratios before factoring in the 12% expense ratio. International best practice recommends claims ratios of 80%. The current situation is such that medical aid societies are using up statutory reserves to pay claims. The recommended distribution is that from every dollar 80 cents goes towards healthcare claims costs, while 5 cents goes towards statutory reserves and 15 cents towards administration.

It is our hope that the fundamentals pushing up costs will be addressed at a macro level, as the country forges ahead with rebuilding the economy. This will have the effect of lowering healthcare costs.

Among other things, healthcare costs are being pushed up mainly by medical consumables, drugs and grocery supplies, as suppliers are demanding cash up front.

This means providers making use of suppliers are forced to "buy" both local currency and foreign currency from the streets at exorbitant rates. Some shops apply a three tier pricing structure depending on the mode of payment.

All this results in increases in costs, which the citizen requiring health services is faced with. This trend has seen some people opting to be treated outside the country.

As AHFoZ we urge the government to find a long term solution on the issue of drug costs. We have seen an increase in drugs especially over the counter drugs (OTC). There is need for the local drug manufacturing companies to attract investors into the drug manufacturing industry; or to establish strategic partnerships so as to boost local production of drugs. This would ensure that generic drugs are available at affordable prices.

As a people, we cannot continue to prefer other destinations for healthcare services. Zimbabwe should be the first choice destination for Zimbabweans seeking healthcare services and be able to attract other nationals seeking such services.

Sadly, in many instances, illness has left uninsured families severely impoverished and has led to premature death.

It would be ideal if all Zimbabweans in a position to do so were to adopt the culture of prepaying and insuring themselves against illness. Recent history shows that people would rather subscribe religiously to burial societies to prepay for burial.

People need to understand that premature death can be avoided through prepaying for healthcare services. This would allow the Government to spread its scarce resources to cover vulnerable groups.

A collaborative approach between Government and the private sector will help build a healthy and wealthy nation.

Know Your Customer

Despite the difficult operating environment, new service providers continue to apply for AHFoZ payee numbers in order for them to do business with medical aid societies.

As of August 2018 there were 6,455 service provider AHFoZ payee numbers in the database. Notably, there has been an increase in private hospital investment around Zimbabwe, with a total of 30 units being accredited in 2017- 2018, bringing the total to 233 hospitals.

About half of the hospitals, that is 115 hospitals, are situated in Harare. The remainder are spread throughout the country.

AHFoZ allocates payee numbers after a verification process which serves as a centralised Know Your Customer (KYC) procedure on behalf of medical aid societies. This centralised system has done away with the archaic system of having individual service providers visiting all the individual medical aid societies for verification.

Medical aid societies cannot pay service providers that have not been verified by AHFoZ, as it is important to ensure that medical aid societies pay bona fide service providers at the correct level.

Failure to adhere to this orderly system of verification gives rise to numerous risks, which include fraud, money laundering, payment of providers at wrong levels and payment of “ghost providers”.

It should be noted that these providers are coming on board to share from a cake that is not growing. There is, therefore, a mismatch between supply and demand with supply outweighing demand.

This in some instances has caused supplier-induced utilisation of services to enable the service providers to make up for the low number of patients. Some patients end up being over-treated, over-serviced or over-investigated, which may not necessarily improve the health outcomes.

Regulatory Framework

AHFoZ welcomes efforts by the Government to strengthen the regulatory framework so as to create a conducive operating environment. It has therefore submitted its input on the Medical Aid Societies Bill. It is understood that the Bill is now with the Attorney General.

Universal Health Coverage

Collectively healthcare funders cover approximately 10% of the population. This means that 90% of the population is not covered under any prepayment arrangement.

Such a state of affairs is not morally acceptable, as it suggests that access to healthcare should only be for those who can afford it. Yet on the other hand all healthcare services should be paid for one way or another.

In many instances, illness has left many uninsured families severely impoverished and has resulted in premature death.

It would be ideal if all Zimbabweans who are able to grasp the culture of prepaying for and insuring themselves against illness. Experience suggests that many people would rather subscribe religiously to burial societies to prepay for burial.

People need to understand that premature death can be avoided through prepaying for healthcare services. This would allow the Government to focus on vulnerable groups with scarce resources.

There is need for a paradigm shift in people's attitude towards health and death. People should understand that, while death is inevitable, everything possible should be done to preserve health and prolong life.

A collaborative approach between Government and the private sector will help build a healthy nation and avoid having a sick nation with people preparing only for burial.

ICD 10 Coding

The world is moving very fast in the field of information technology. The healthcare sector has not been moving fast enough to embrace technology in order to improve efficiencies and remain competitive.

AHFoZ, in collaboration with service provider groups such as, among others, the Zimbabwe Medical Association (ZiMA) and the Private Hospitals' Association of Zimbabwe (PHAZ), has been pursuing the possibility of introducing ICD10 coding throughout the healthcare sector in Zimbabwe. The targeted migration date is January 2019. This change is long overdue considering that Zimbabwe is part of the global village.

Scientific tariff

The purpose of the scientific study was to recalibrate the tariffs, as their relativity had been lost over the years. The consultants submitted copies of the scientific tariff report to the Minister of Health and Child Care, ZiMA and AHFoZ on 7 May 2018.

They advised that they wish to formally present the report to the Minister, ZiMA and AHFoZ in one meeting, so that they may take questions and clarify their findings if need be. Once this formal handover has taken place and the Minister has given the nod, stakeholders will then be in a position to use the report as an authentic reference point.

Once again, welcome to the 2018 AHFoZ conference on health. I wish you fruitful deliberations.

ENDS

