



AHFOL

Industry Overview

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AHFoZ

Presentation outline

- Introduction
- Issues from 2013 conference
- Achievements on previous issues
- Current situation
- Statistics
- Recommendations
- Conclusion

Introduction

- AHFoZ has a total of 31 members including 3 affiliates.
- 100% membership.
- 1.6 million lives covered collectively.
- Funders account for 90% of the service providers' income.



Issues from 2013 conference

- Addressing issues of Cost, access and quality of healthcare
- Eliminating healthcare wastages.
- Review of certain sections of the legislation.
- More collaboration in the sector.
- Introduce ICD10 coding structure.



Issues from 2013 conference...cont

- Collective effort required to bring the pieces together.
- Energies spent operating in fire fighting and survival mode.
- No room to collaborate and move the sector forward especially on previously identified issues.



Positives achieved

- 10.5% of AHFoZ members have been certified by SAZ.
- 5.3% have commenced the process.
- 52.6% are at planning stage .
- Some hospitals already certified.

Positives achieved ...Contd

- Regulator has continued to closely monitor the sector to correct irregularities.
- Stringent monitoring of the medical aid societies' compliance with the regulations.
- Improved turnaround of claims to at least 60days.
- Medical aid societies regularly submitting their financials to the regulator.

Current challenges

- The liquidity crunch affecting the entire economy.
- Constrained macro-economic environment affecting all sectors.
- The country is going through deflation due to shrinking disposable income.
- Some employer organizations failing to remit subscriptions on time.

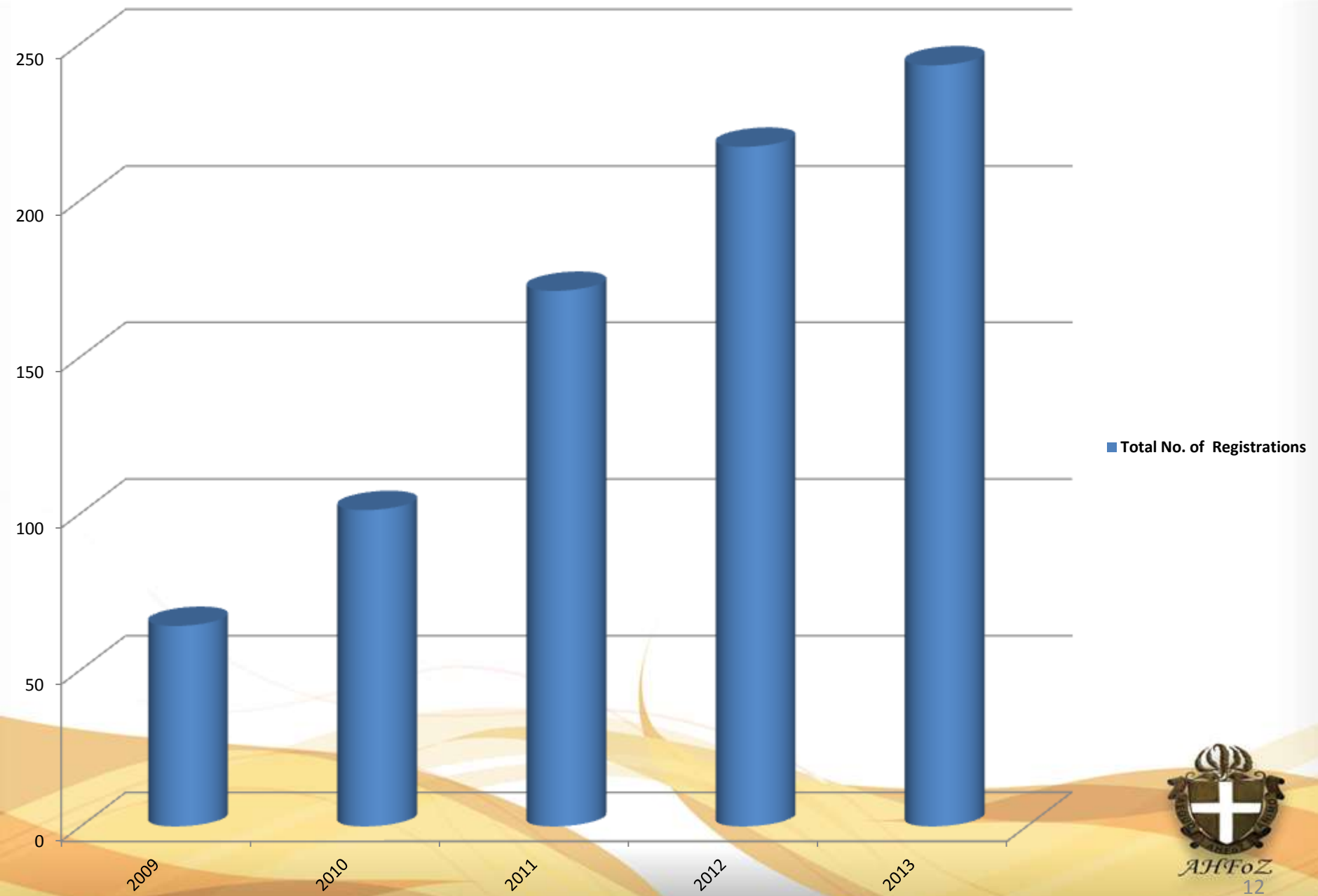
Current challenges...contd

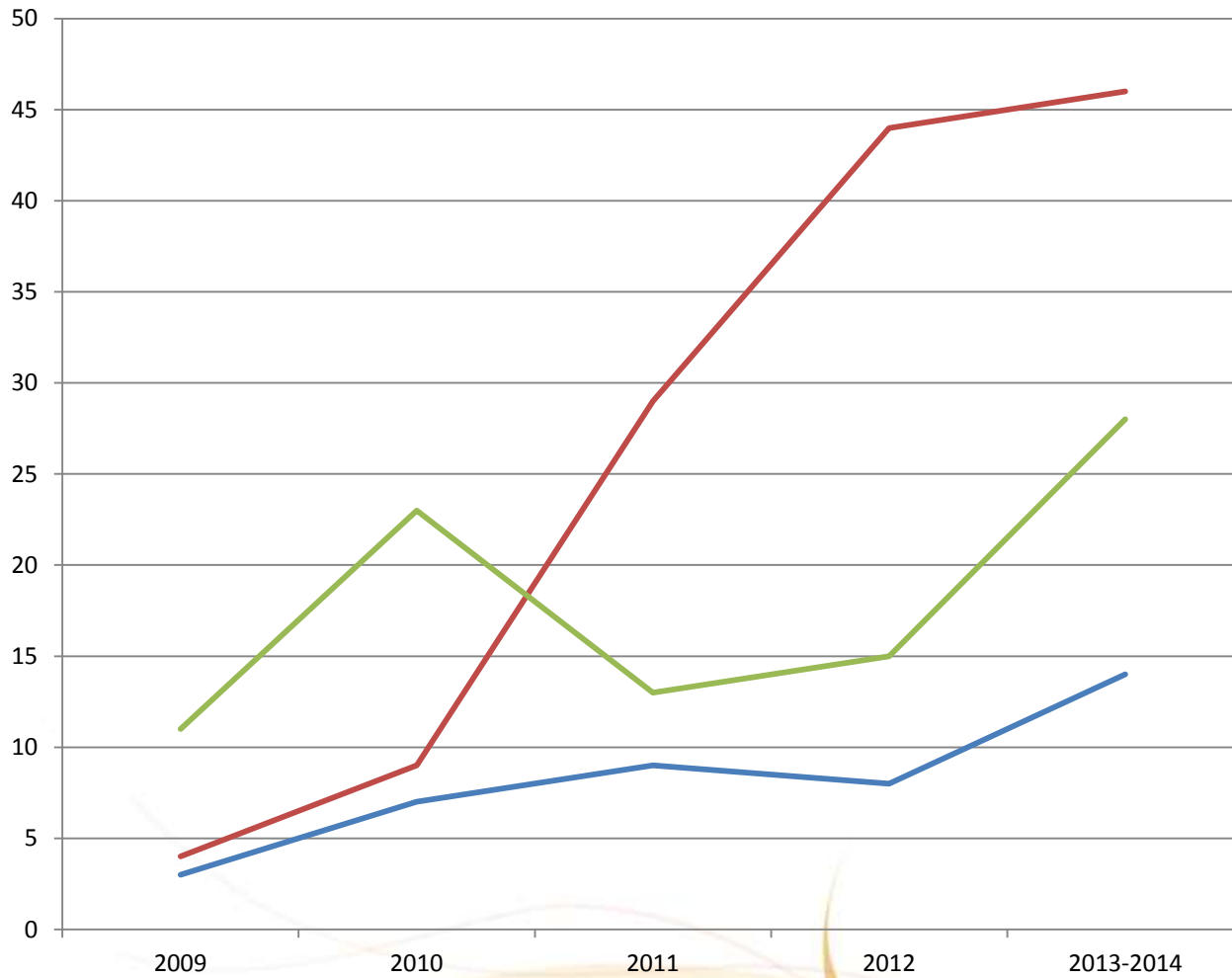
- Funders having to accept payment plans offered by their clients.
- Many doctors failing to attract big volumes to benefit from economies of scale.
- It is estimated that 20 to 30 percent of health spending goes to care that is wasteful, inefficient, or redundant.

Current challenges...contd

- The common switch, taking longer to take off due to technical issues on the ground.
- There is an increase in registrations for AHFoZ numbers since introduction of multi-currencies .
- More players coming to share a cake which is not growing.

Total No. of Registrations



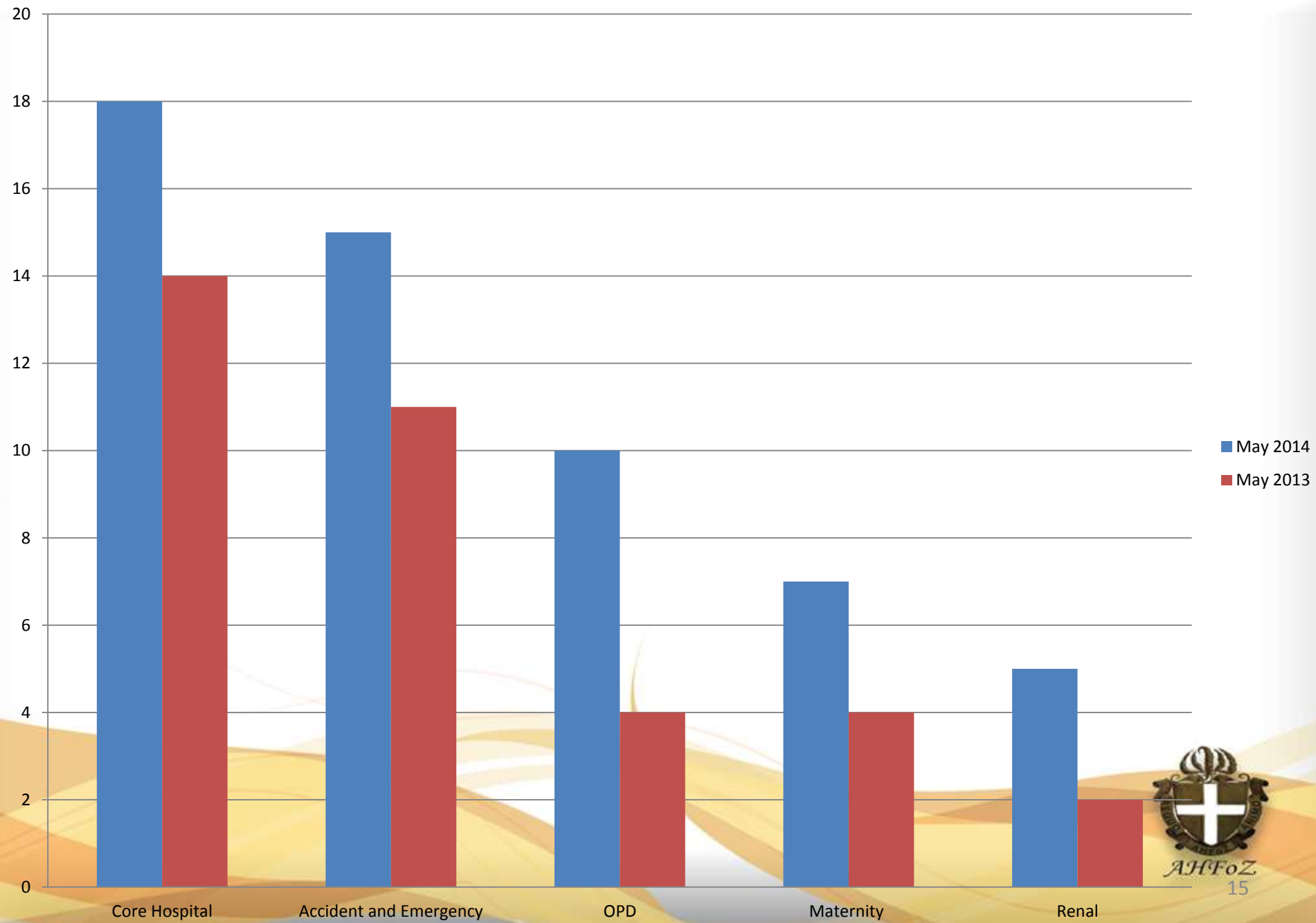


- New Hospitals
- GP's
- Up Grades to Specialists

Current challenges...contd

- There has been an increase in new hospitals – majority are small units

Registered Units





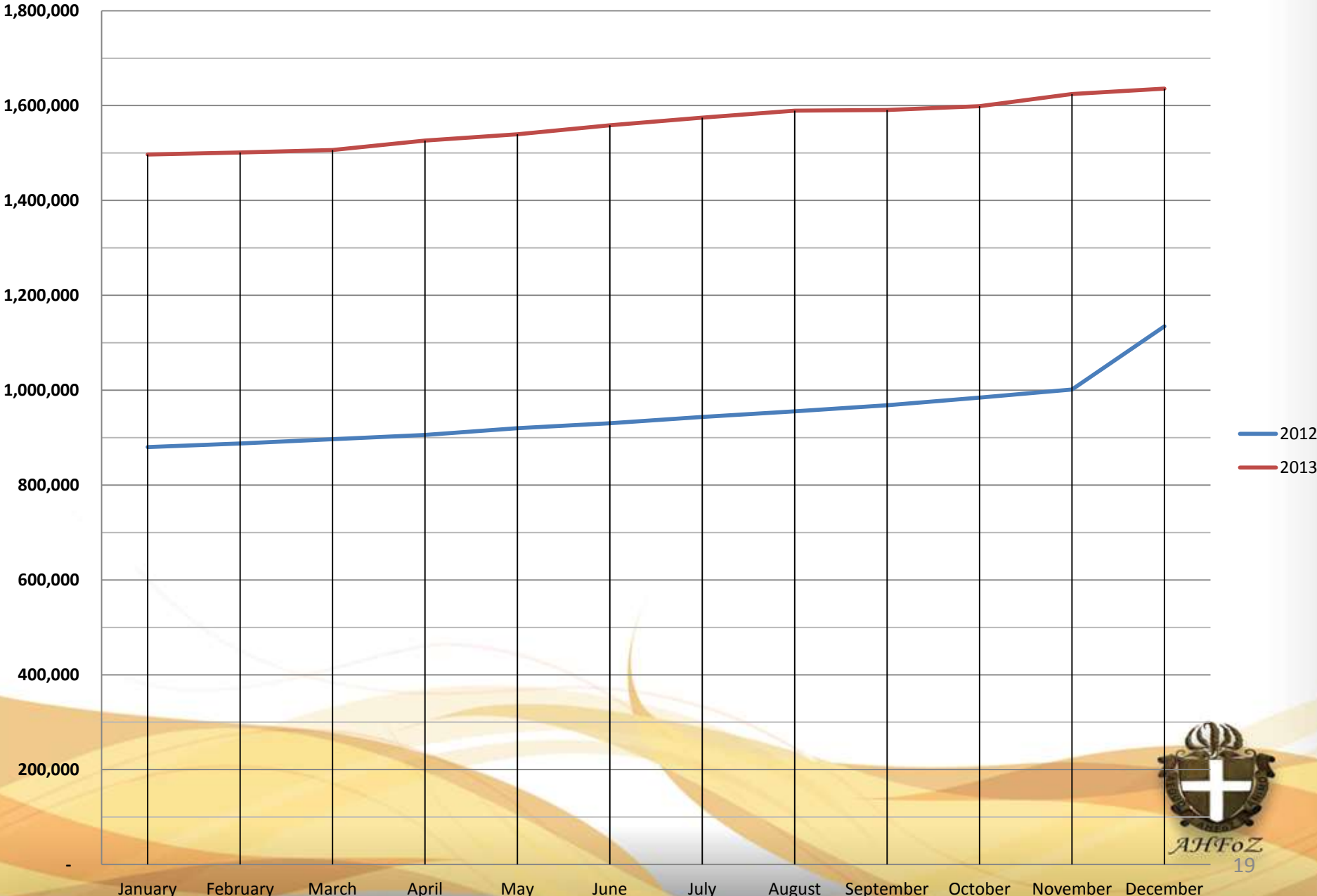
Current challenges...contd

- On average most hospitals are not enjoying 100% occupancy.
- This affects liquidity given the fixed costs.
- Reports that some hospitals are engaging in non core activities e.g leasing hospital grounds for wedding photos.
- Is this the kind of innovation we want?

Current challenges...contd

- Membership growth is somewhat subdued.

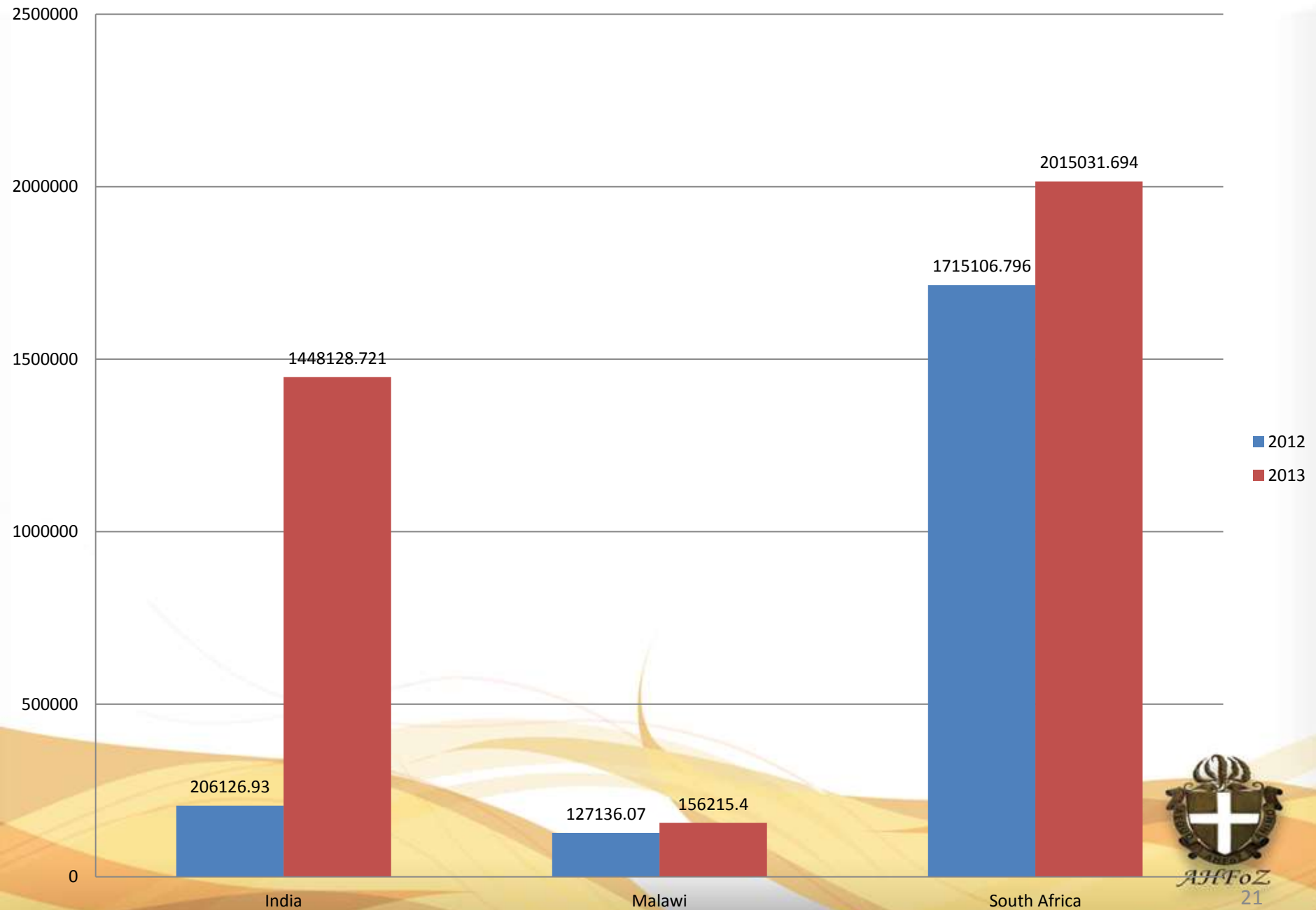
Membership Figures 2012, 2013



Current challenges...contd

- Employers making medical aid cover optional.
- Increase in subscriptions can potentially cause risk of adverse selection.
- Comparatively high costs of healthcare.
- Increased outward bound medical tourism.
- Dysfunctional referral system: gate-keeping by specialists

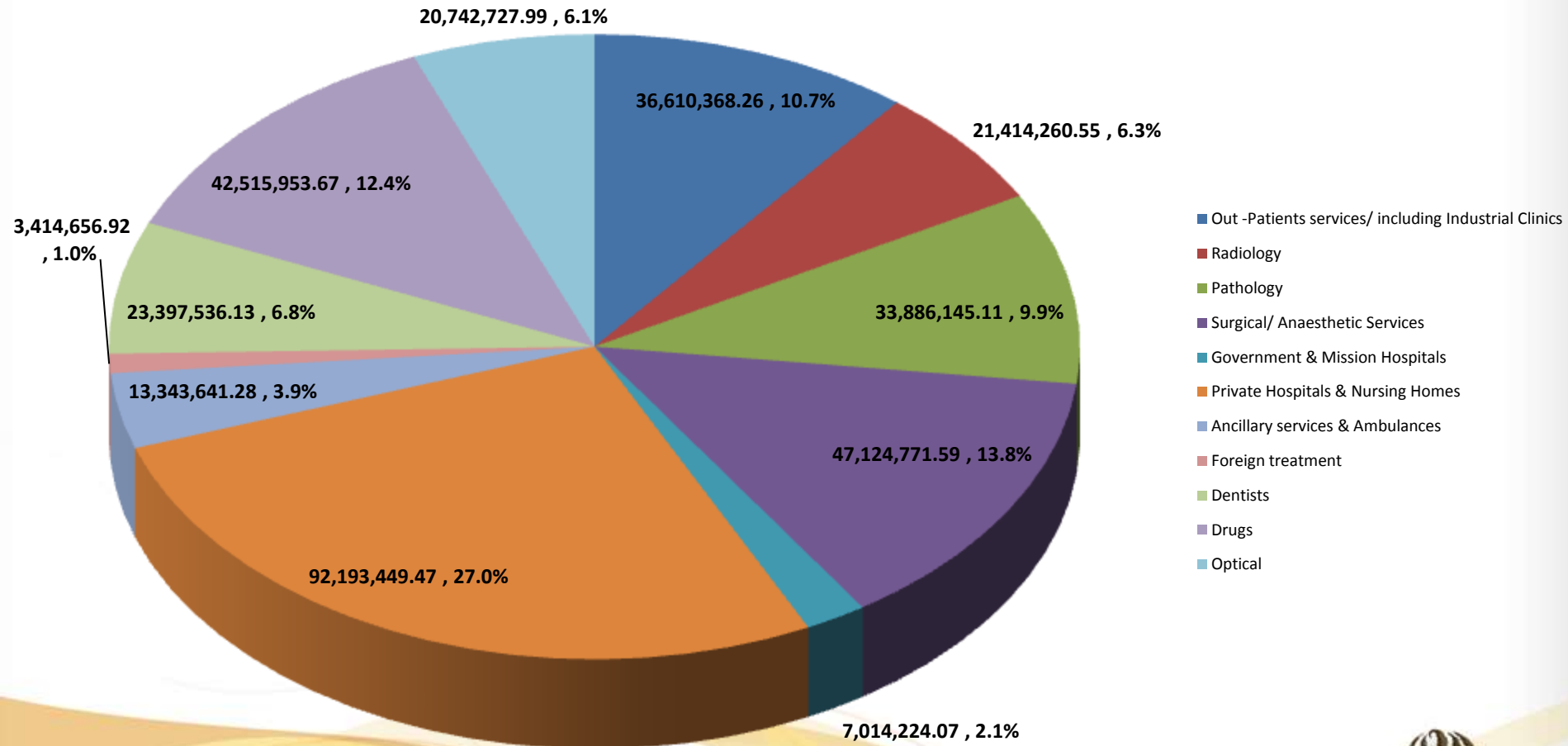
Foreign Treatment Costs - by Year and Country



Claims Paid



Claims 2013



Claims Paid

- In 2013, AHFoZ members collectively paid **\$342 million** compared to **\$174 million** the previous year and **\$155 million** in 2011.
- **\$92 million (27%)** to Private hospitals.
- **\$47 million (14%)** to Specialists

Recommendations

- Establishment of an “Expert Group” on Tariffs comprising economists, actuaries and accountants, doctors and any other experts to determine an annual inflation index (*this is what the doctor ordered*)
- This removes the interested parties from engaging in tariff negotiations.

Recommendations

- Funders should have innovative product designs based on what the consumer wants to purchase and affordability e.g a hospitalization only package, exclude dental e.g Switzerland
- Products that promote wellness e.g subsidise healthy purchases, gym subscriptions etc.
- Employers should support wellness activities

Recommendations

- Reduce preventable hospital admissions, overall readmissions and emergency room visits in order to improve quality and control costs
- Strengthen primary healthcare and prevention
There is need to create health not wait for “sick care”.
- Invest in Information technology.

Recommendations

- Promote sustainable Public Private Partnerships.
- In the Middle East, Government uses private sector to manage public hospitals.

Recommendations...contd

- Instead of small units, attract partners to build big units instead of “sole trader” paradigm.
- Consider embracing concept of group practice.
- Promote “Family practitioners concept”.
- Perhaps this is an area that the regulator could consider looking into.

Conclusion

- The World Health Organisation argues that it has become unrealistic to think that everyone can have access to all possible care.
- Need to rationalise products and services.
- Study India model on how to offer high quality low cost healthcare.



Conclusion

- Move away from the antiquated, fee-for-service payment system to managed care so as to reward value and quality.
- Shift from the fire fighting paradigm and tackle issues holistically.
- Identify the underlying factors that are driving the costs and avoid the “blame game”.

END

I THANK YOU



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