

Progress on the Implementation of the REF

Mediscor Workshop

21 April 2006



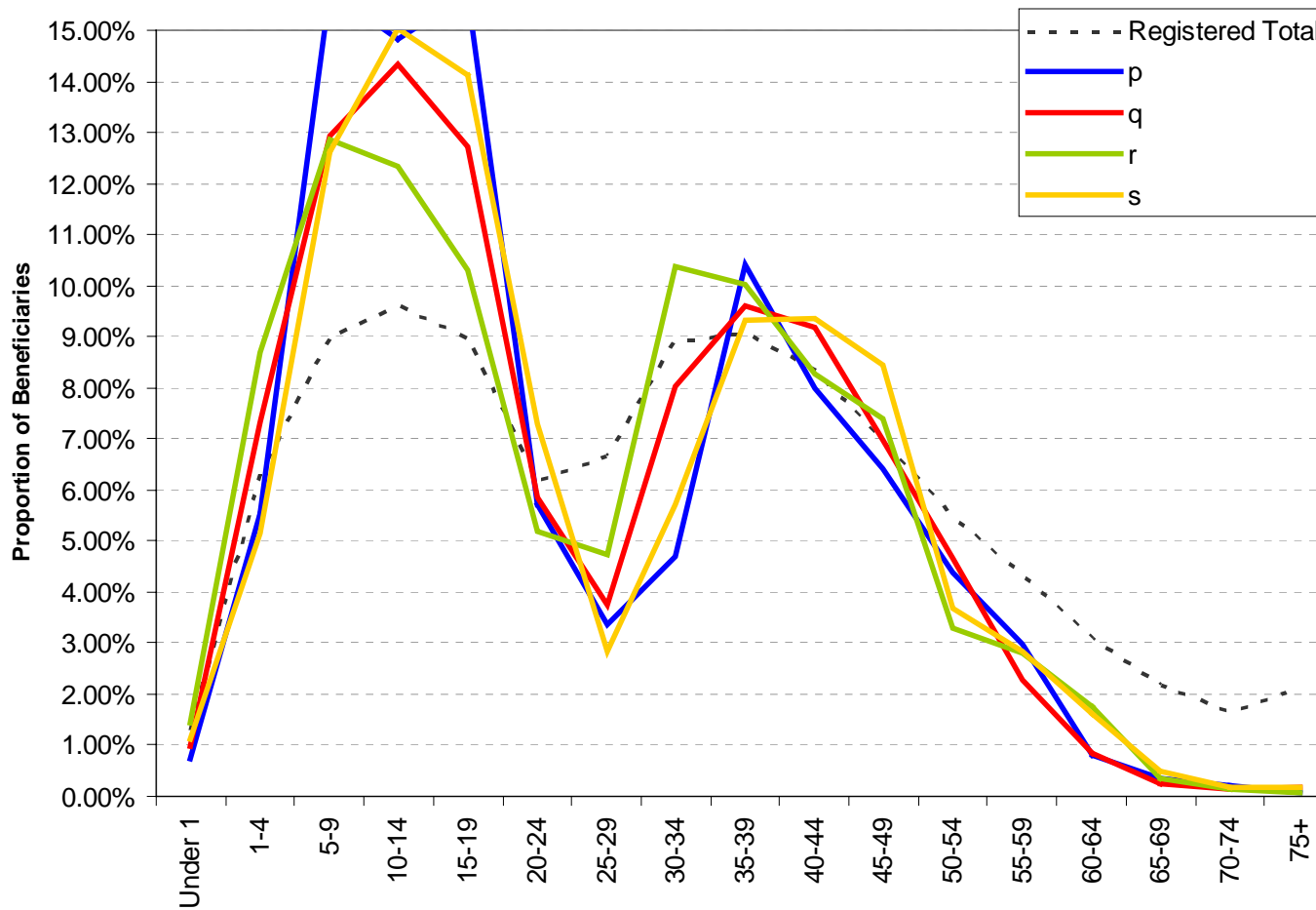
COUNCIL FOR MEDICAL SCHEMES

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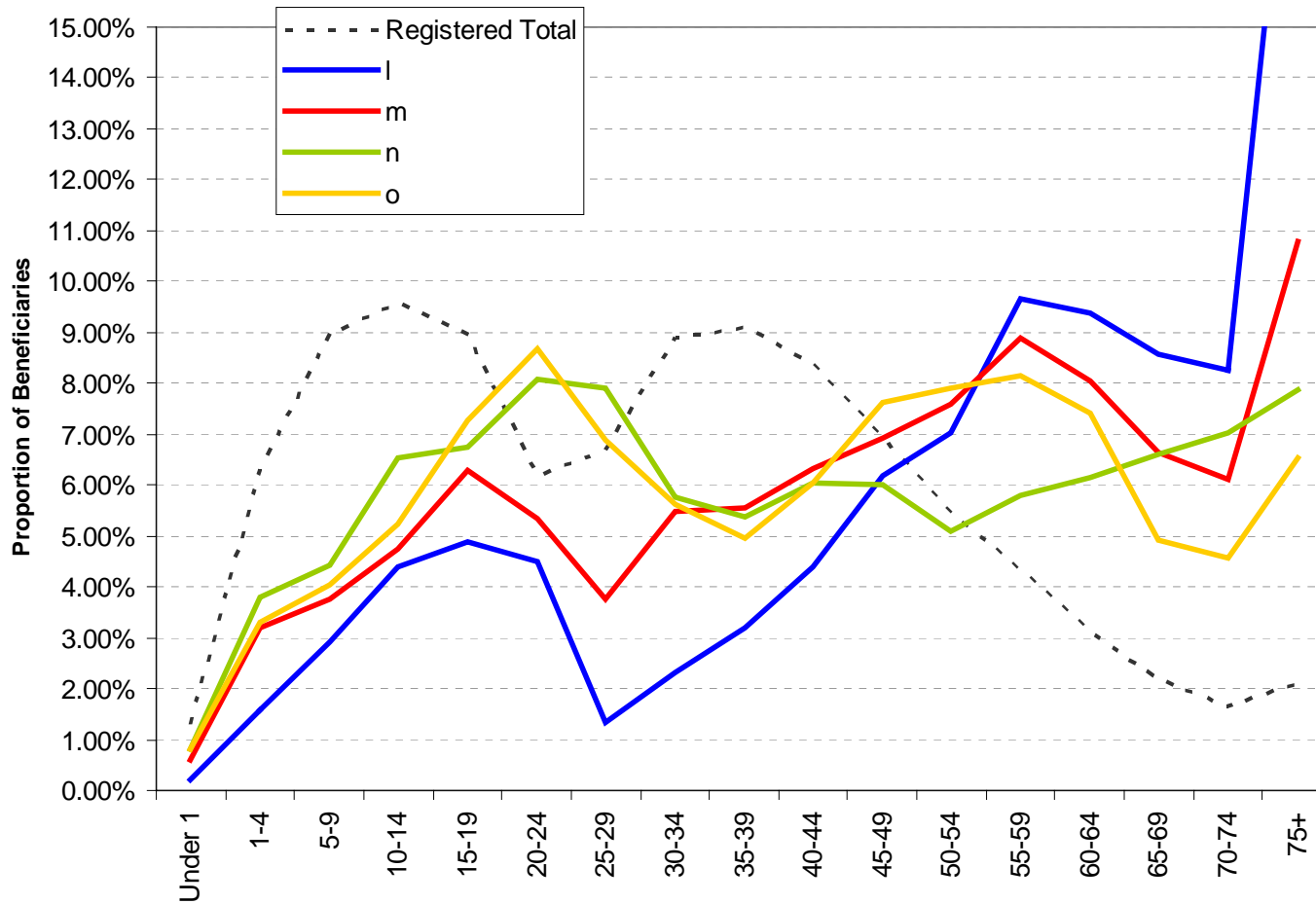
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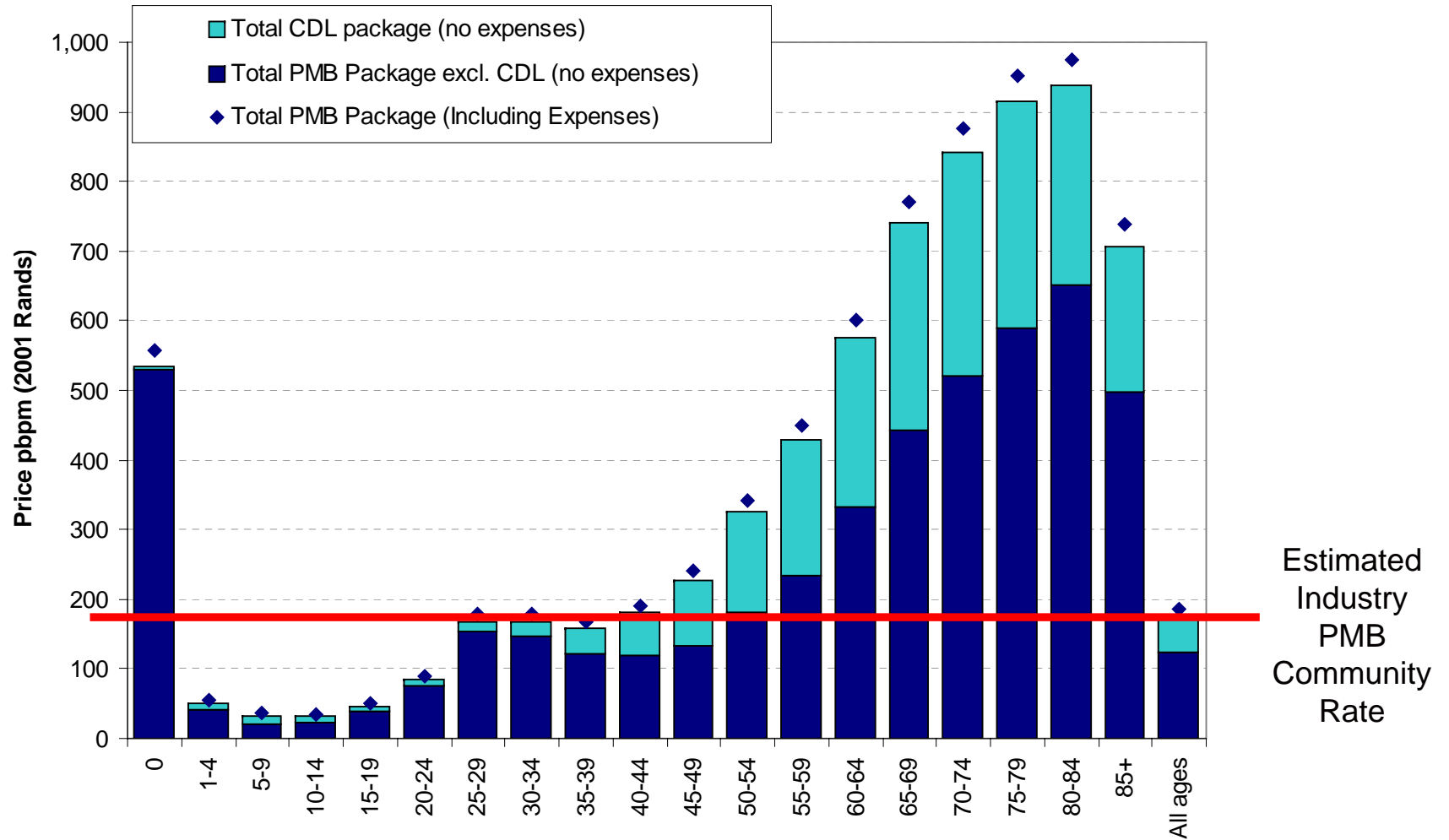
Age Profiles Youngest Open Schemes



Age Profiles Oldest Open Schemes



PMB Price by Age (pbpm)



Source: Derived from PMB Studies 2002/2003, using 2001 data

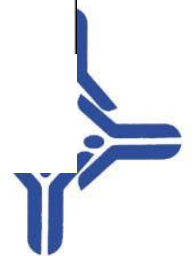
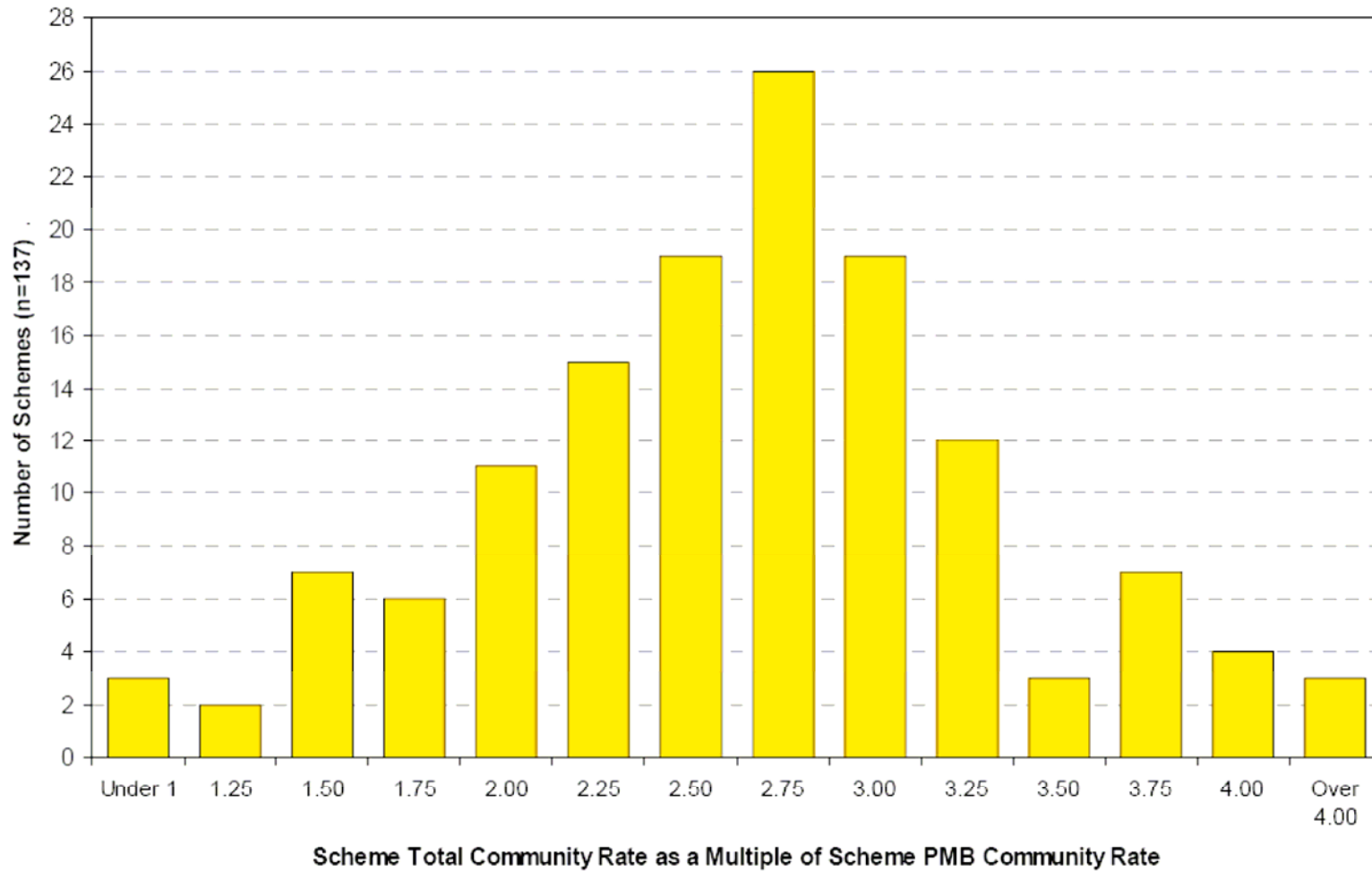
What will be equalised?

- “ In South Africa, PMBs account for less than half the benefit expenditure. However the PMB package is the only common package in the local industry.”
- “ The only possible practical conclusion is to use the Prescribed Minimum Benefit package as the common package to be equalised for the Risk Equalisation Fund.”

FCTT Report January 2004



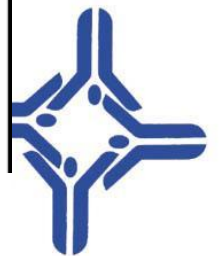
Scheme Community Rate as a Multiple of Scheme PMB Community rate



What risk factors will be used?

Table 2: R² of Different PMB–DTP Models

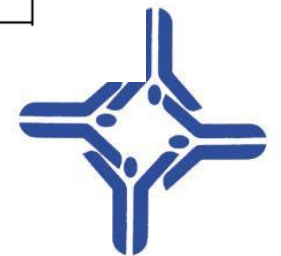
Model	Medscheme	Discovery
Age, Delivery, Diseases	0.036	0.026
Age, Delivery, CDL Count	0.032	0.024
Age, Delivery	0.026	0.022
Age, Age & Gender	0.012	0.005
Age, Diseases	0.021	0.008
Age, CDL Count	0.016	0.007
Age, CDL Count, Age & Gender	0.017	0.007
Age, Diseases, Age & Gender	0.022	0.008



What risk factors will be used?

Table 3: R² of Different PMB-CDL Models

Model	Medscheme	Discovery
Age, Diseases	0.683	0.627
Age, CDL Count	0.641	0.505
Age, Diseases, Age & Gender	0.683	0.627
Age, CDL Count, Age & Gender	0.642	0.505
Age, Age & Gender	0.176	0.068



What risk factors will be used?

- ◆ Age
- ◆ A Pregnancy/Maternity indicator
- ◆ The 25 PMB–CDL conditions as well as HIV/Aids
- ◆ An adjustment for the number of CDL conditions that a member has:
Allowance was made for 2, 3, and 4+ diseases



How will these cases be defined?

- ◆ PMB-DTP's
 - ◆ Inherent variability – difficult to develop specific protocols
 - ◆ Difficulty to track pre- and post hospitalisation costs
 - ◆ Incomplete & incorrect ICD10 coding
- ◆ PMB-CDL
 - ◆ Based on the published Algorithms



Identification of PMB-DTP's

- ◆ Council's ICD10 list:
 - ◆ Interpretation of the Act
 - ◆ Costing exercise is an assessment of the implication of the legislation as interpreted



Definitions of Entry Criteria for Determining the REF Grids

- ◆ RETAP Recommendations Report No. 2 of 2005
- ◆ Clinical textbook definitions for the 25 CDLs, HIV, Maternity and age
- ◆ Does not provide measurable, identifiable factors that allows the identification of cases within routinely collected data



Guidelines for the Identification of Beneficiaries with REF Risk Factors in Accordance with the REF Entry and Verification Criteria

◆ Council for Medical Schemes - November 2005

“ Even though harmonisation of these guidelines with the Prescribed Minimum Benefits (PMB) regulations is important and has been attempted, this was not always possible”



Differences between PMB Algorithms and Entry and Verification Criteria

- ◆ The PMB Regulations aim to ensure that beneficiaries have access to certain benefits.
- ◆ The REF Entry and Verification Criteria has been developed to ensure that all beneficiaries receiving benefits are identified in a uniform manner.
- ◆ Therefore, there might be instances where patients meet all the requirements to be treated as a PMB case but they do not qualify for inclusion in the REF.

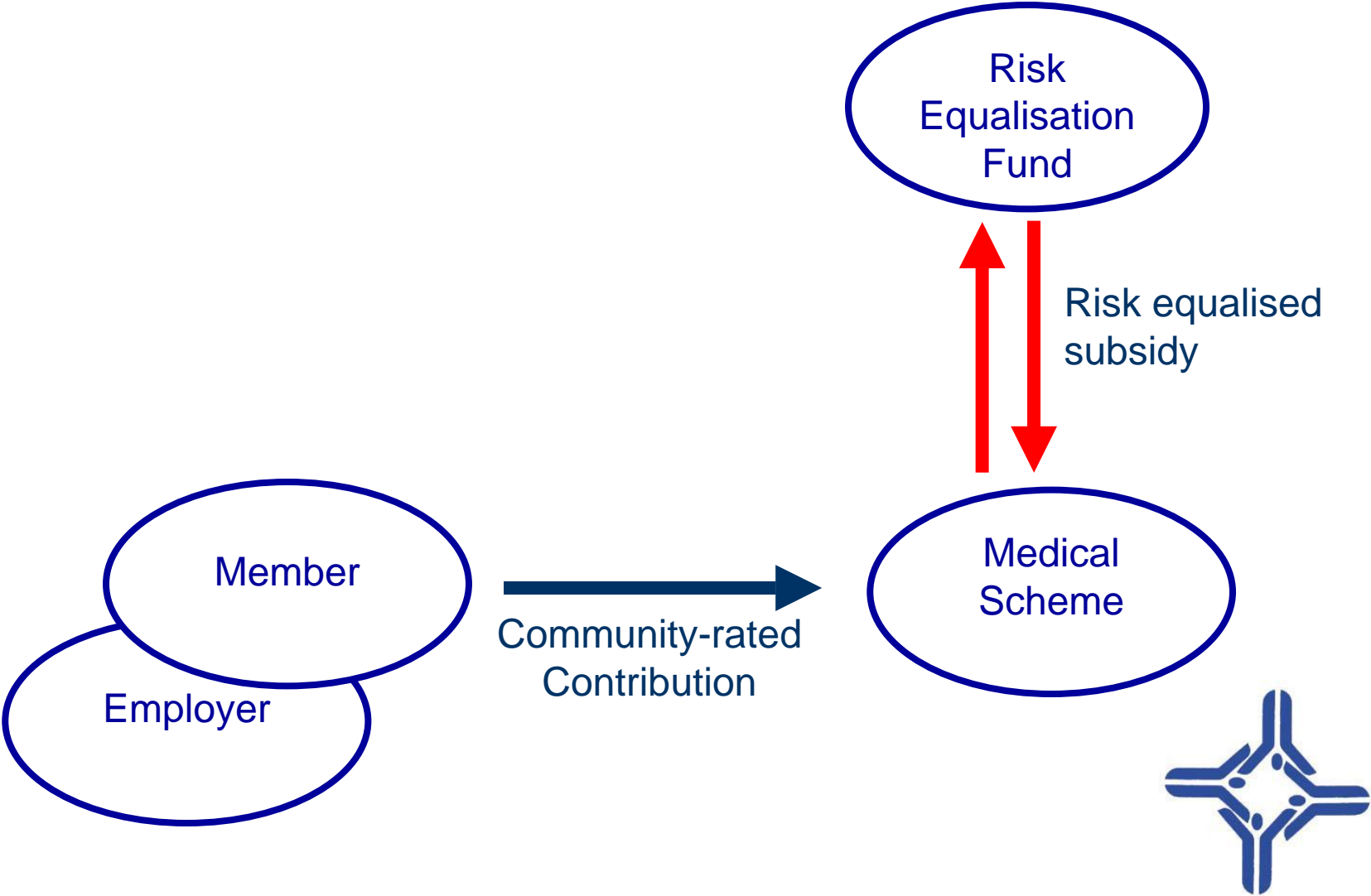


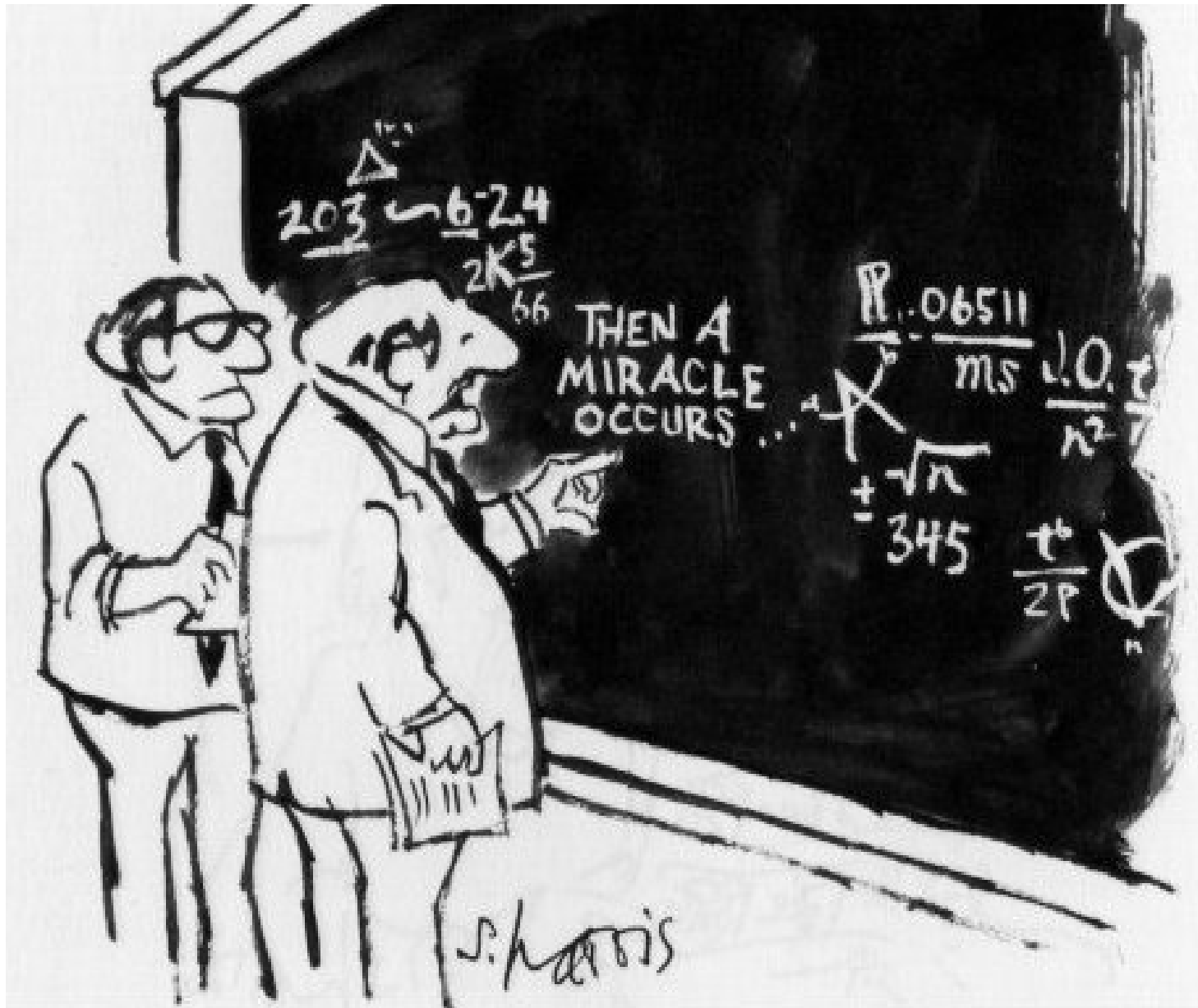
Guidelines

- ◆ Similarly, certain drugs that are not included in the PMB algorithms might be included as proof of treatment to categorise a case as a REF beneficiary.
- ◆ This must not be interpreted that the CMS is endorsing these drugs or that these drugs must now be made available to beneficiaries under the PMB regulations.



Basic Mechanics of the REF





“I think you should be more explicit here in step two.”



Low Risk Scheme

REF Grid Count				
Age Bands	No CDL Diseases	Asthma	Cardiac muscle	Total
1 to 4	21	1	-	22
85+	10	-	1	11
<i>Total</i>	<i>31</i>	<i>1</i>	<i>1</i>	<i>33</i>

REF Contribution Table				
Age Bands	No CDL Diseases	Asthma	Cardiac muscle	
1 to 4	R 45	R 300	R 1,400	
85+	R 300	R 800	R 2,000	

Multiply Count by Amount				
Age Bands	No CDL Diseases	Asthma	Cardiac muscle	Total
1 to 4	R 945	R 300	R -	<i>R 1,245</i>
85+	R 3,000	R -	R 2,000	<i>R 5,000</i>
<i>Total</i>	<i>R 3,945</i>	<i>R 300</i>	<i>R 2,000</i>	<i>R 6,245</i>

Scheme Community Rate	
R6,245 divided by 33:	R 189.24



High Risk Scheme

High Risk Scheme

REF Grid Count				
Age Bands	No CDL Diseases	Asthma	Cardiac muscle	Total
1 to 4	13	2	1	16
85+	12	1	4	17
<i>Total</i>	25	3	5	33

REF Contribution Table				
Age Bands	No CDL Diseases	Asthma	Cardiac muscle	
1 to 4	R 45	R 300	R 1,400	
85+	R 300	R 800	R 2,000	

Multiply Count by Amount				
Age Bands	No CDL Diseases	Asthma	Cardiac muscle	Total
1 to 4	R 585	R 600	R 1,400	R 2,585
85+	R 3,600	R 800	R 8,000	R 12,400
<i>Total</i>	R 4,185	R 1,400	R 9,400	R 14,985

Scheme Community Rate	
R14,985 divided by 33:	R 454.09



Application of Industry and Scheme Community rates

	Low Risk Scheme	High Risk Scheme
Scheme Community Rate	R 189.24	R 454.09
Industry Community Rate	R 193.90	R 193.90
Difference per beneficiary	-R 4.66	R 260.19
Number of beneficiaries	33	33
Net Transfer	-R 153.78	R 8,586.27



The way forward

- ◆ Legislation
- ◆ Organisation Building
- ◆ IT Systems Development



Legislation

- ◆ First Draft returned from DOH, reworked, final submitted yesterday for Exco



REF Regulations

- ◆ Risk factors
- ◆ Entry & Verification
- ◆ Formulas
- ◆ Reports to schemes
- ◆ Submissions by schemes
- ◆ Payments
- ◆ Periods
- ◆ Disputes
- ◆ Offences included in main act
- ◆ Effective date: Determined by Minister of Finance and Minister of Health:
Systems, capacity, data quality
- ◆ Retrospective payments



Circular 8 Benefit restructuring

- ◆ Section 29, to allow for provider specific contributions
- ◆ Common & Supplementary benefits
- ◆ Prescribe max number of options



Governance

- ◆ Elections
- ◆ Fit & proper trustee – e.g. brokers
- ◆ Disclosure of fees
- ◆ Disclosure on corporate governance



Organisation Building

- ◆ Key skills to be acquired shortly
 - ◆ Epidemiology
 - ◆ Health care finances and audit
 - ◆ Information management
 - ◆ Clinical auditing
 - ◆ IT project management

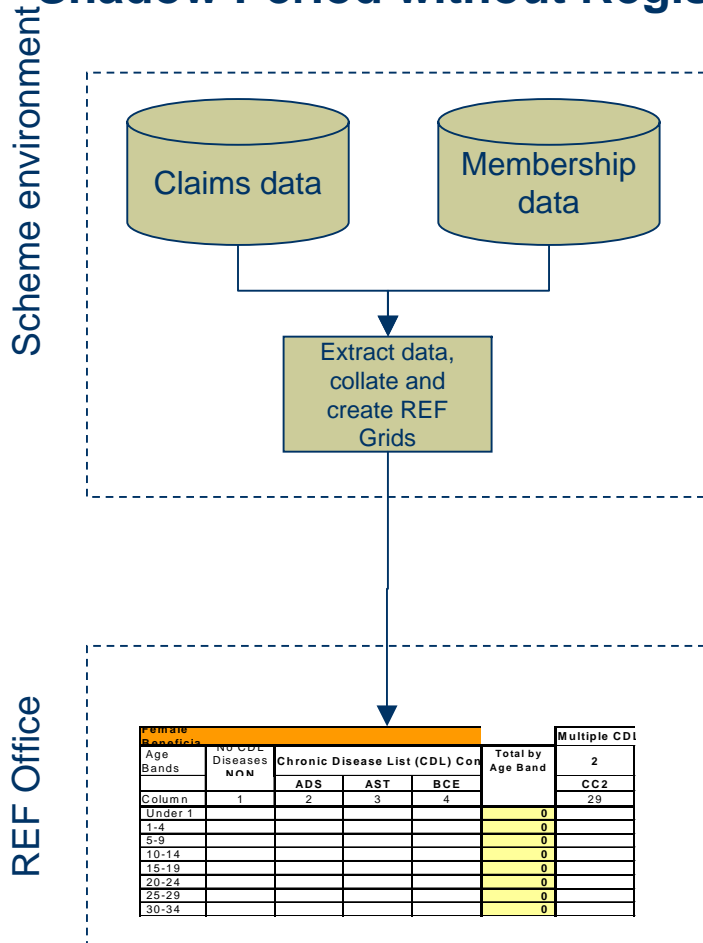


IT Systems development

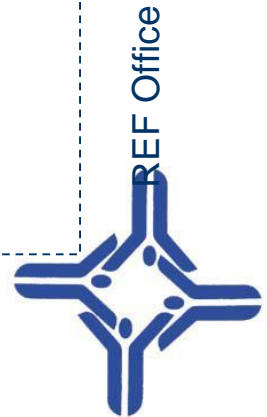
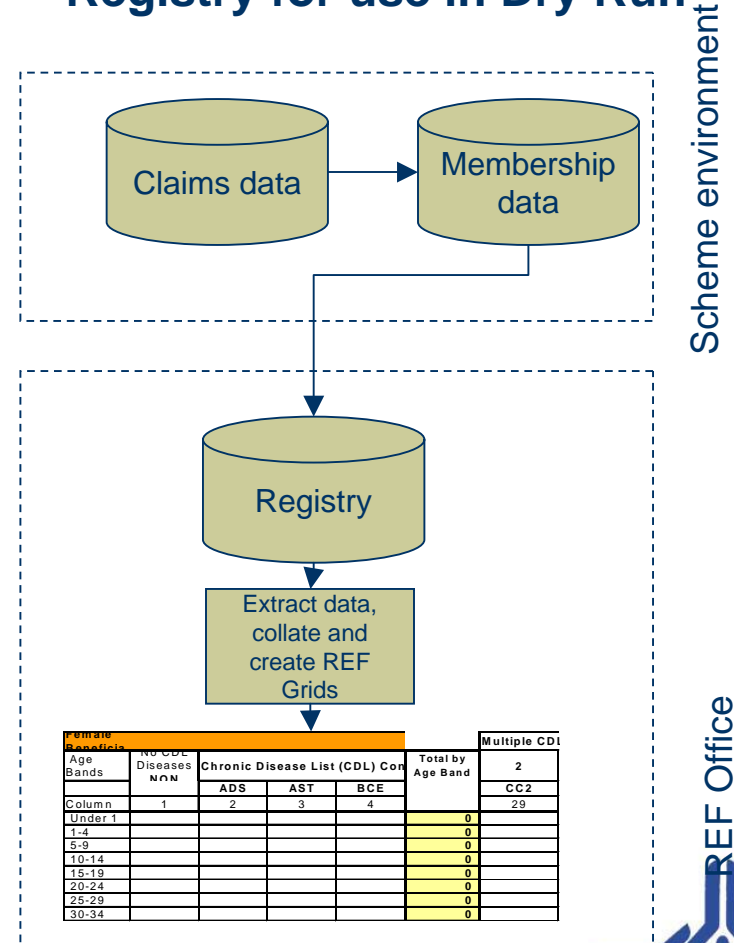


Motivation for a Central Registry

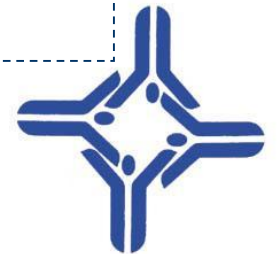
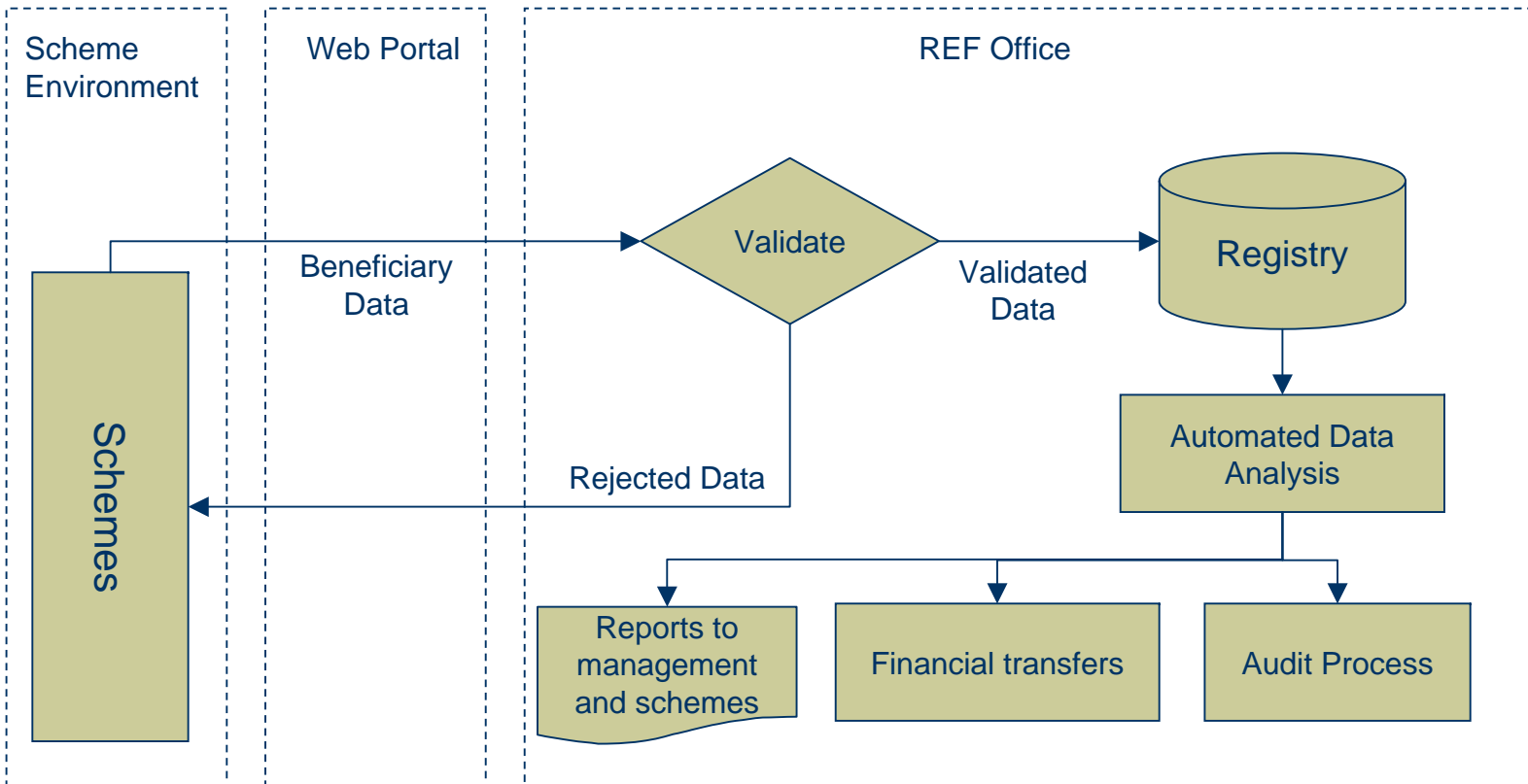
Shadow Period without Registry



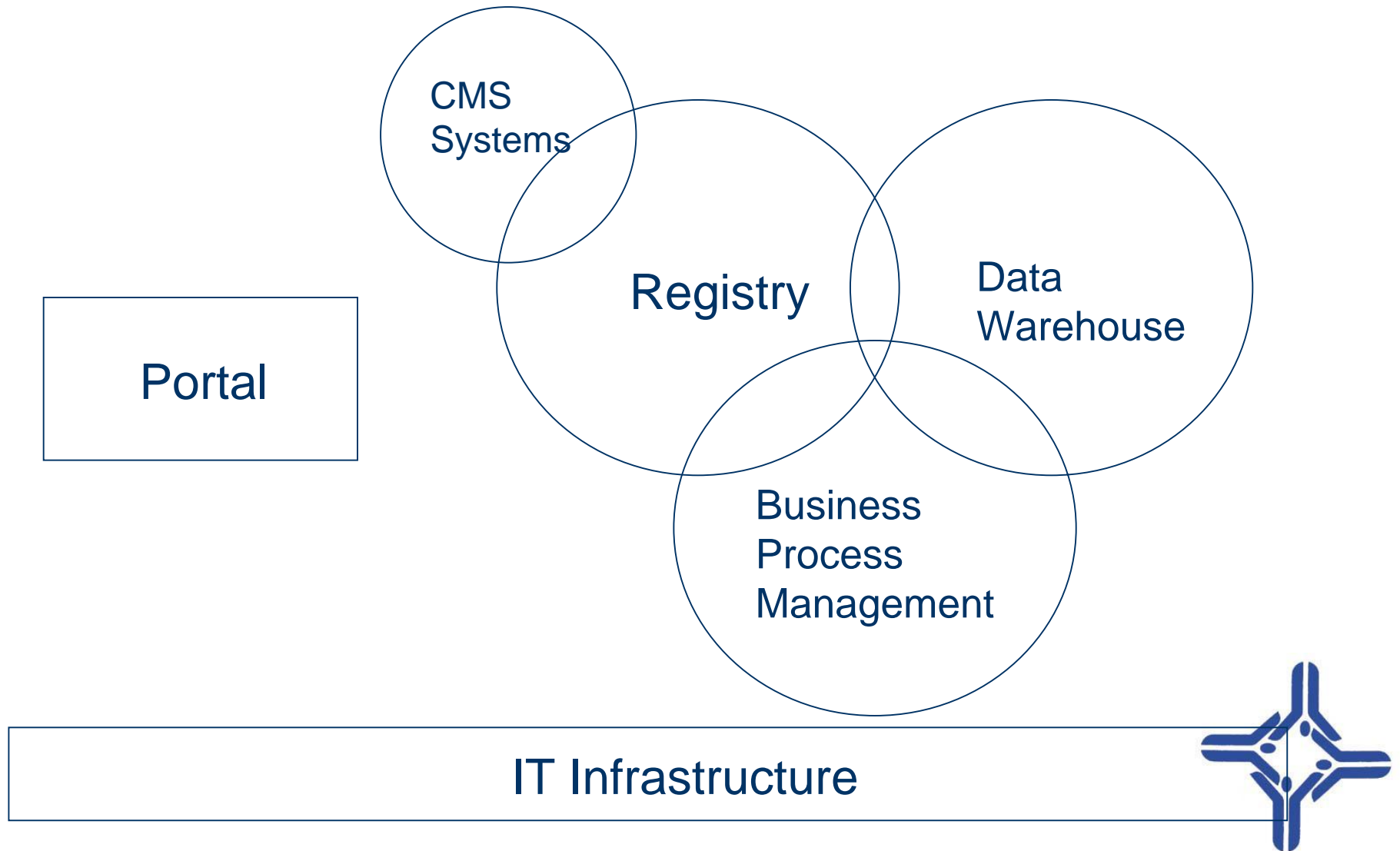
Registry for use in Dry Run



The Design of the Registry



REF Application Systems

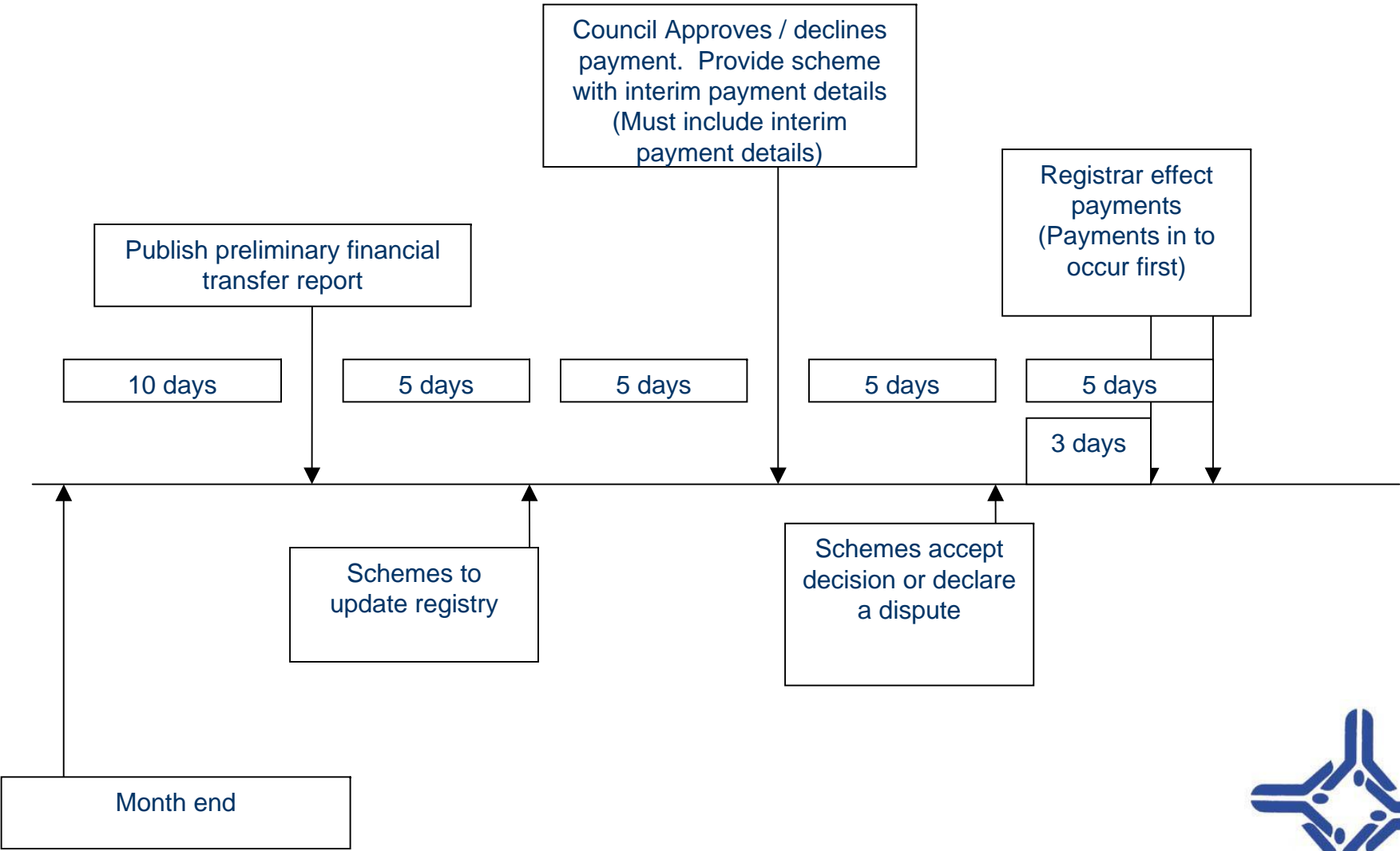


Progress on REF Systems Design and Implementation

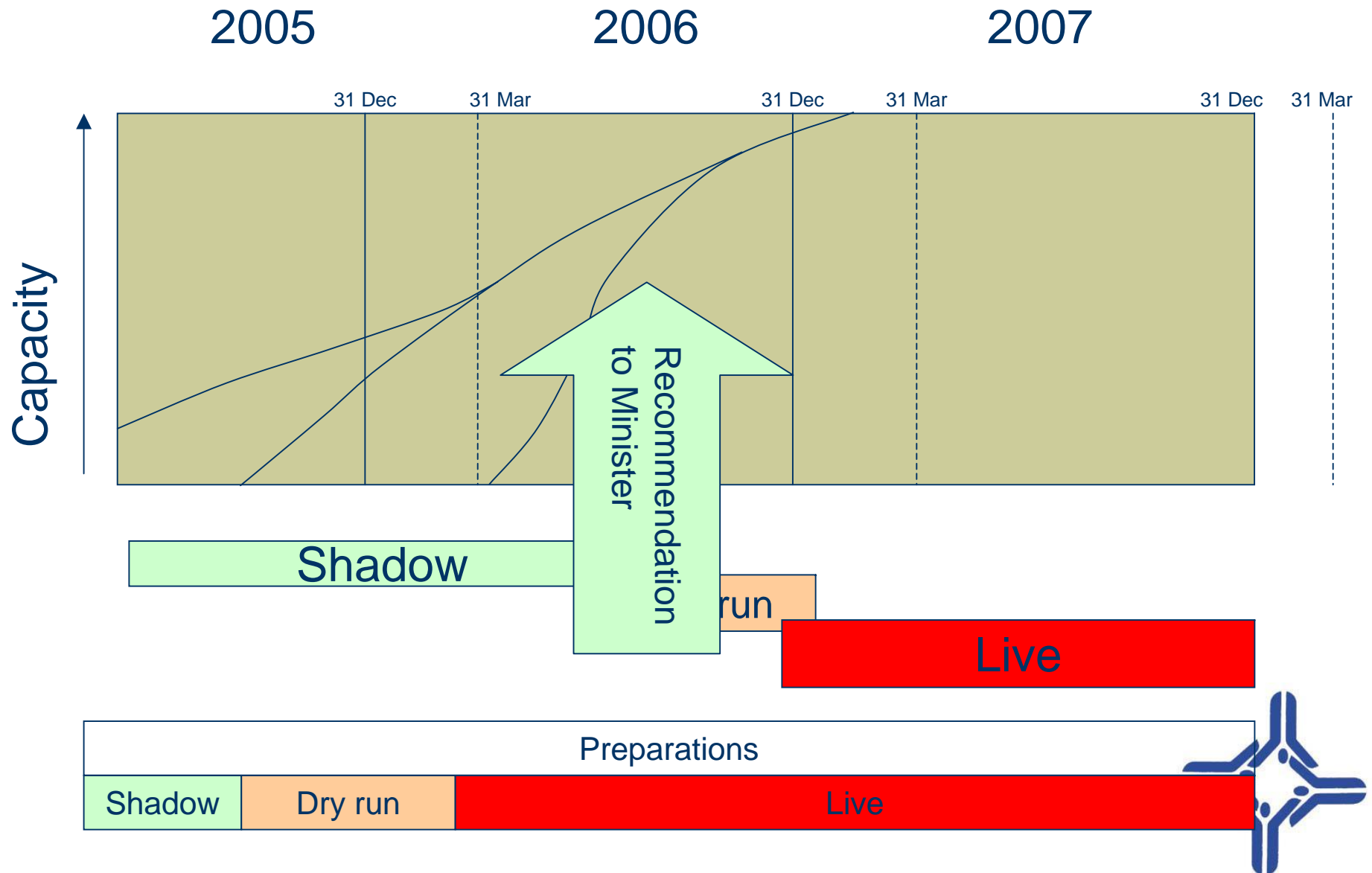
- ◆ Preferred bidders selected after a tender process
- ◆ Negotiating contracts
- ◆ Develop Software systems to store Medical Scheme beneficiary data on a central Registry
- ◆ Data format for submission from schemes to published within a week
- ◆ Test data upload **End June 2006**
- ◆ Load and Audit initial beneficiary Data on the Registry
- ◆ Report on the Quality of data **Mid October 2006**
- ◆ Mock payments **End November 2006**



Timing of data and payments to and from REF



Institutionalisation of REF



Practical concerns about implementation

- ◆ Data Issues
- ◆ Capacity in CMS:
 - ◆ IT Systems
 - ◆ Staff
- ◆ Legislation



Revised Entry & Verification Criteria 1 January 2007

- ◆ Difference between PMB's & REF Entry & Verification Criteria
- ◆ Entry Criteria for Bipolar Mood Disorder
- ◆ Hospitalisation no longer considered proof of treatment
- ◆ Many minor changes



Criteria for Entry and Verification – the “treated patient”

Table 4: Cardiac Failure and Cardiomyopathy

Cardiac Failure and Cardiomyopathy					
Diagnosis-related information		Proof of Treatment			
Provider code of the diagnosing provider	AND	ICD10 Codes (Any of the following)		Evidence of drug use for at least 60 days in the preceding three calendar months. This includes products in the following ATC categories:	
Any registered medical practitioner		I27.9	I42.1		C01AA05 C03 C01DA C07 C02DB C09
		I50	I42.2		
		I50.0	I42.3		
		I50.1	I42.4	OR	
		I50.9	I42.5		
		I11.0	I42.6		
		I13.0	I42.7		
		I13.2	I42.8		
		I42	I42.9		
	I42.0				
		Evidence of a hospital admission during the preceding three calendar months relating to treatment of cardiac failure / cardiomyopathy			

“Once men are caught up in an event they have no more fear of it. Only the unknown terrifies men. Once confronted, it is no longer the unknown.”

From Wind, Sand & Stars by Antoine de Saint Exupéry

