

## Rising health costs blamed on schemes

10 December 2006

Claire Keeton

Doctors — outraged at being accused of overcharging patients — have hit out at medical schemes for driving up the cost of private healthcare.

Dr Johan Oelofse, , the healthcare director of SpesNet, which has about 2000 specialists as members, said this week that medical aid schemes were spending roughly twice as much on non-healthcare costs as they were on the specialist doctors who take care of members' health.

Oelofse was reacting to a complaint lodged with the Competition Commission last week against the SA Medical Association for allegedly advising doctors to charge fees above the National Health Reference Price List, a baseline for fees.

Even bills which were 300% of the National Health Reference Price list rates were reasonable given their professional training and experience, running costs and stressful responsibilities, doctors declared. Oelofse said that on average schemes paid out R97 per beneficiary per month on non-healthcare costs. Meanwhile, they pay out an average of R64 per beneficiary per month to specialists , SpesNet calculated.

"Medical schemes have been very quick to inform their members that 'doctors are overcharging', but just maybe the schemes have been underpaying," said Oelofse.

"Medical schemes should rather be focusing on the real cost drivers of healthcare cover and should rather be reviewing the non-healthcare expenditure every year."

The Council for Medical Schemes annual report for 2005/06 stated that for all schemes, "total non-healthcare expenditure rose by 9.6%" in 2005 from 2004, outstripping inflation.

Last year the administration fees of the country's largest healthcare administrator, Discovery, jumped 21% from the previous year (from R1.54-billion to R1.86-billion).

Heidi Kruger, spokes man for the Board of Healthcare Funders, which represents medical schemes, said : "We are concerned about non-healthcare cost increases."

Dr Norman Mabasa, chairman of the Society for General Practitioners , said that the annual increases in doctors' fees that medical schemes were willing to pay had been below inflation nearly every year.

He said the proportion of money medical schemes paid to GPs had been eroded over time.

"The figure used to be about 18% of the total payout of medical aids, and now it is down to about 6.5%," he said — although the number of GPs had not fallen in the same period.

Oelofse said: "There has been a steady increase in the gap between what is being viewed as a fair fee by the SA Medical Association and the rate at which doctors are being reimbursed by the medical schemes."