

CHANGES TO THE MEDICAL SCHEME Who Benefits?

Amendments to the Medical Schemes Act became law on 1st January 1994, in spite of strong objections from a group of doctors who realised the full implications of these proposals. A powerful business group will eventually control the provision of private health care services in this country – and make a fortune out of people's illnesses. Important aspects of these amendments to the act are highlighted as well as the implications for doctors.

The amendments to the Medical Schemes Act came into force on January 1st, 1994. While these amendments were lobbied for enthusiastically by business people, the medical profession adopted a more cautious attitude.

At a very early stage of this process, some doctor groupings realised the full significance of these proposals and objected strongly to their implementation. This led to a postponement of the implementation of the amendments to the Medical Schemes Act. However, the powerful business lobby has got its way and the amendments have now become law. The more important aspects of the amendment to the Act are as follows:

- (1) Medical Schemes will be free to negotiate contracts with individual doctors or doctor groupings.

This is not necessarily a bad development as it may lead to keener competition between doctors and more efficient service. On the other hand it may lead to a deterioration in services as doctors try to cut corners to save on costs.

- (2) No guaranteed payment to doctors.

In short, this means that medical aid schemes will unilaterally be able to lay down how much and when they will pay doctors.

The positive aspect of this provision is that Medical Aid Schemes will be in a much stronger position to take action against doctors who overservice or make dishonest claims. This can only be to the advantage of the whole profession in the longterm. The negative side however is that Medical Schemes may abuse their new-found powers and may take excessively long to pay suppliers of services or unreasonably withhold payments.

Another interesting fact is that there is impending legislation preventing employers from deducting their contributions towards their employees' medical insurance from their taxable income. This may result in employers refusing to contribute towards this expense in the future.

The combined effect of the amendments to the Medical Schemes Act and the impending changes to Company tax laws will be to make things harder for the longsuffering patient.

The Act has retained its most important fact ie that Medical Schemes will be the only institution legally

allowed to negotiate healthcare packages with employers. Doctors (either as individuals or as groups) will not be allowed to offer their services directly to employers which will have to be mediated by a Medical Scheme. And therein lies the rub.

The Health Maintenance Organisation (HMO) has been imported to this country from the United States of America and is hailed as the panacea of all our medical funding ills. However, the most important provision in the USA, is that doctors can compete on an equal basis with medical insurance companies and HMOs for the patient pool, and negotiate directly with the employer. In this country, we are being legally prevented from negotiating directly with the employer.

The mushrooming of HMOs bears out the suspicion that there is perceived to be lots of money to be made by business out of the provision of healthcare. Business people have ensured that they have created a very favourable environment in which to establish their HMOs:

- (a) They have ensured, by their lobbying, that the current legislation favours them.
- (b) They have a guaranteed patient pool.

They would contractually bind an employer to register his or her entire workforce with a particular medical scheme. The employee is co-erced into belonging to this scheme, as part of the employment "package" For existing employees it is presented as "New company policy" to which he or she has to subscribe.

- (c) They establish their own medical facility, or broker a deal with doctors at a substantial commission.

If a medical facility is established, a few doctors will be employed to work there. The alternative is that

doctors will be co-opted from private practice and be given a list of patients. For each patient on their list they will be paid a set fee, (which will probably be much less than the present consultation fee), irrespective of the number of consultations. The broker will be walking away with the lion's share.

- (d) They control the "opposition" (doctors).

Doctors will only be able to get work through or as an employee of a medical scheme or HMO.

I use the word "opposition" as it is never the intention of business to make doctors equal partners in their ventures unless doctors too become, and think like, businessmen. That would be a sad day for the medical profession in this country, given the extent of corruption that prevails in our business community. Business will eventually effectively

control the provision of private healthcare services. Only doctors who work in a relatively affluent community will be able to retain complete autonomy. However, the majority of doctors will be reduced to hired help for these medical schemes.

Most doctors would feel quite comfortable competing with HMOs, provided that employers are prevented by law from forcing workers to belong to one or another medical scheme. Leave the worker with the choice as to where he or she would like to attend.

I can only admire the brilliance of these corporate planners. In the short term, they are going to make a fortune out of peoples' illnesses. In the longterm their future seems to be secured as well, because when we do get a new government, we will have an NHS and big business will be ready, with the necessary infrastructure to run such a system. The business group behind the development of HMOs would approach the new government with the following proposals:

1. to enter into an agreement with business to

Business will eventually control the provision of private health care services

provide medical services to the population at a predetermined cost, or

2. to lease their existing facilities from business, and enter into a contract with them to continue managing these facilities.

I had no doubt in my mind that the amendments to the Medical Schemes Act would be passed. It smacks of collusion between Government and business to secure healthcare contracts in the new South Africa. And, dare we say, that there has been implied support for this way of thinking (as witnessed by the astonishing lack of reaction to the privatisation of certain State-owned hospitals) by official opposition parties and the liberation movements.

I would like to see a clear statement from the African National Congress similar to that made by Kader Asmal recently when he stated unequivocally that, if the Swiss government would sell certain aircraft to the present South African government, the new administration would refuse to service the debt. Similarly, the ANC should state that any person or company who buys over State-owned hospitals in this transitional period will have this property expropriated by new government. All taxpayers have paid for these facilities and they belong to all the people of South Africa.

In conclusion, I would like to make the following recommendations:

- (1) That companies be prohibited from forcing employees to belong to a particular medical scheme or HMO and that employees be given the freedom of choice of which scheme to subscribe to.
- (2) That the Competitions Board urgently investigate the increasing monopolisation of the provision of private healthcare by a few conglomerates.
- (3) That Medical Council give definite guidelines as to the responsibilities of doctors who are salaried employees of private clinics or HMOs. Is the doctor still directly accountable to Council?

It is important that every doctor who has the long term interest of the profession at heart, should think very seriously about these issues. On the one hand we need to adapt to changing needs in our country, but on the other hand we must not allow business people to own us. This, to my mind, will be to the detriment of the patient, the doctor, and the future of health in this country.



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