

Future of private healthcare looking ill

Value-based care, much needed shot in the arm

Cape Town, 18 June 2019: The private healthcare sector is under pressure to reform and adopt alternative billing models as the traditional fee-for-service model is coming under pressure says Icon Group, COO Dr Ernst Marais.

The shrinking economy – with the GDP seeing its biggest plunge since the 2008 global financial crisis, the 0.8% decline in household expenditure and the weakening rand – will hit local medical aids hard according to Marais.

“Add to this ageing risk pools, higher incidence of expensive diseases, such as cancer and stagnant member bases, we will see more members downgrading to more affordable healthcare options, placing further strain on medical aids,” explains Marais, who champions the value-based care (VBC) model as a tenable alternative to the current fee-for-service model used in the South African private healthcare system.

But ultimately it is the consumer who will be affected the hardest by both rising healthcare costs and less access to quality care.

As they tighten purse strings, consumers first scale down on gripe purchases such as insurance products. “This includes medical aid membership and the recent increasing trend of anti-selection by members. This is when a member downgrades to more affordable options or reduces the number of dependents they have on their medical aid,” explains Marais.

This trend, compounded by the tough market conditions, is set to continue, placing medical aids under increasing pressure to reinvent themselves.

Says Marais, “The solution is value-based care, which places the patient at the centre. For nearly a decade the Icon Group, has advocated for the VBC model in local oncology. Our studies show that VBC reduces oncology costs by as much as 27% without compromising patient care and outcomes.”

The VBC model drives efficiencies in terms of costs and efficacy, both in the treatment and the outcomes for patients. This translates in downstream cost efficiencies for medical schemes without compromising on quality of patient care.



Recent research¹ published by Icon shows that patients treated using evidence-based treatment protocols resulted in cost efficiencies while showing no evidence of inferior care with improved surrogate endpoints for outcomes. The Icon solution which supports protocols and integrates evidence-based medicine, shows a significant reduction in costs compared to scenarios when no protocols are applied. This means patients received quality, appropriate care at a significantly reduced cost. VBC places the patient firmly at the centre of their treatment by aiming for the best clinical outcomes and patient experience (quality) at lower costs to both the patient and medical schemes.

“This means that often there is more money left for life-saving treatment and less wastage on administration” explains Marais.

VBC in oncology is not the only disruptor in the industry. One of the biggest game-changers introduced by Icon is real-time authorisation for in-protocol treatment.

“Real-time authorisation is without doubt an industry disruptor. It significantly reduces both the administrative burden and costs in practices. Importantly, it reduces the conflict between practitioners and medical aids. It also has a tangible impact for patients who prior to this intervention had to wait for weeks before a treatment could start,” says Marais.

Representing more than 80% of oncologists in SA, the Icon Group has the richest oncology database (currently 92 550 cases) in the country, adding approximately 20 000 new patient cases per year.

“We use this data to build efficiencies into the business process. Importantly from a clinical point of view it helps in the ongoing development of the treatment protocols based on measured performance and efficacy data” says Marais.

“The future of private healthcare will be driven by new generation models such as VBC and early adopters have a competitive advantage by securing an alternative revenue stream with built-in efficiencies. Icon Group is proof that the VBC model works by putting the patient at the centre, reducing wastage and costs while improving efficiency and efficacy for all,” concludes Marais.

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¹ ‘Cost impact of protocol compliance for cancer treatment plans in the private healthcare environment’: E. Marais, M.Izzett and L. Kotze. As published in the African Journal of Clinical and Outcomes Research.