



MEDIA RELEASE

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Cancer care an increasing challenge for SA medical aids

Icon Oncology drives value-based care as remedy

Cape Town, 8 July 2019: The rising costs of cancer care are posing an increasing challenge for South African medical aids, and the industry needs to pro-actively adopt new billing models to meet this challenge, says Dr Ernst Marais, COO of Icon Oncology, the biggest network of oncologists in the country.

Pressure on medical schemes are on the rise not only because of rising costs in pharmaceutical and treatment developments, but also due to our shrinking economy - with the GDP seeing its biggest plunge since the 2008 global financial crisis, the recent 0.8% decline in household expenditure and the weakening rand.

“Add to this ageing risk pools, higher incidence of cancer - which is the most expensive disease to treat 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 preferred in the South African private healthcare system.

Says Marais, “The solution is value-based care, which places the patient at the centre. For nearly a decade Icon Oncology 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.”

Since 2017, the adoption of VBC in South Africa has been limited and immature but now crucial for embattled medical aids. With wider adoption of the VBC model, savings could grow even further, which will reduce strain on the management of cancer risk pools and will streamline the administrative processes for medical aids and administrators.

Currently approximately 9 million lives in South Africa are covered by private medical aids of which big players like Discovery Health have already adopted the VBC model in some of their member plans. Five million private medical aid patients are on plans utilising the Icon



Oncology protocols, but there is room for further adoption which will drive greater efficiencies for medical schemes and administrators.

New generation medical scheme, Discovery Health Medical Scheme is an early adopter of the VBC model in oncology and partnered with Icon in 2017. In a recent report issued by Discovery, the average cost per cancer case in 2017 (for new as well as ongoing cases) was R77 644. This is up 17% from R66 399 in 2011. However, even at the Consumer Prices Index (CPI) inflation rate, which averaged 5.6 percent over the six years (medical inflation is typically three percentage points above CPI), this represents a decrease in real (after inflation) terms of 21%.

Says Dr Jonathan Broomberg, CEO of Discovery Health, "Discovery Health has pioneered the concept of Value Based Care (VBC) within the private healthcare system in South Africa, and we are very pleased with the results of our VBC arrangements with Icon Oncology, which has achieved significant value for the medical scheme as well as for its members."

Driving efficiencies for medical aids also means faster access to treatment for patients. Reduction on authorisation times give cancer patients immediate access to life-saving treatments, which in the early stages of the disease has a significant impact on outcomes and treatment costs.

Icon Oncology developed its proprietary SaaS (software as a service), e-Auth® system which connects oncologists with medical schemes through intelligent cloud computing and enables doctors to submit evidence-based treatment plans for authorisation and have them approved in real-time so that treatment can begin quickly.

"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 real impact for patients who otherwise could wait for weeks before a treatment could start," says Marais.

"Private healthcare 4.0 will be driven by new generation models such as VBC, technology such as real-time authorisation, big data and evidence-based treatment protocols which will ensure the sustainability of the industry, but most importantly ensure that patients receive the right care, at the right time, at the right price" concludes Marais.

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About Icon: Icon Oncology is part of the recently rebranded Medical Specialist Holdings (MSH) (Pty) Ltd. Today Icon Oncology represents subsidiaries, Icon Radiotherapy, Icon Network and Icon Managed Care. Across its business, Icon is the South African pioneer of Value-Based Care (VBC) in cancer treatment, a viable and much-needed alternative to the traditional fee-for-service model. Its provider-driven protocols have been proven to significantly improve efficacy and efficiencies and it is practiced by oncologists within its broad network, representing more than 80% of practising oncologists. VBC is effective as it places the patient at the centre ensuring the right care at the right time and the right price. The Icon team also developed e-Auth®, a proprietary software platform that can grant oncologists real-time authorisation of Icon approved treatment plans. Together, VBC and the e-Auth platform address burning issues associated with oncology, namely rising costs and burdensome administration.