

Schemes cut back on top rates to doctors



You could be paying a lot more out of your pocket for consultations with specialist doctors – especially ‘super specialists’ – as the result of a trend among medical schemes to drop the rates at which they pay these doctors. Schemes are trying to reduce payments to keep your contributions down, writes **Laura du Preez**.

A growing number of medical schemes have, on their higher options, reduced the rate at which they reimburse doctors – particularly specialists – in order to keep your contributions down.

The move comes despite a decrease in the number of specialists practising in the country and unhappiness among remaining doctors about the guideline tariffs on which schemes base their rates.

As a scheme member you need to be aware that you could be treated by a specialist who charges a lot more than your scheme is prepared to pay – and you will have to pay in the difference.

This week, two large medical schemes, Momentum Health and Fedhealth, announced a reduction in the rates they pay doctors on their popular options.

Momentum Health, the country's fifth-largest open medical scheme, announced it was dropping the doctor rates of its Incentive and Frontier options from 300 percent to 200 percent of the guideline Reference Price List (RPL) tariffs and the rate on the Custom option from 150 percent to 100 percent of RPL.

Lee-Ann du Toit, the head of marketing for the scheme's administrator, Momentum Medical Scheme Administrators, says the drop in the rates at which doctors are reimbursed is necessary to maintain maximum cover and contain the scheme's contribution increases, which will average 11.6 percent for next year.

Medical schemes have been announcing increases for next year that range from 9.2 percent by Genesis Medical Scheme to 15.9 percent by Fedhealth. The country's largest scheme, Discovery Health, will up its contributions by 9.8 percent.

Du Toit also announced that Momentum is working with

specialists to set up a network of practitioners who will charge the scheme's rates. Members who use these doctors will be covered in full for their specialists' bills.

The incentive for doctors to join this network is that the scheme will pay them directly at a rate higher than the RPL.

SPECIALIST NETWORKS

In this move, Momentum Health is following the lead taken by Discovery Health Medical Scheme, which, from 2007, reduced its rates of reimbursement on a number of its options and set up two direct-payment structures with doctors who agreed to charge the scheme's rates.

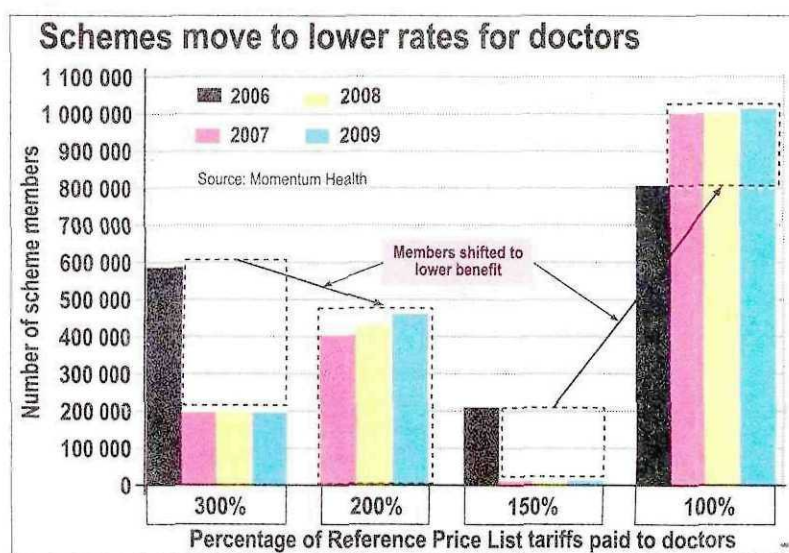
Although Discovery's specialist networks initially met with some opposition from doctors, Discovery says 84.5 percent of specialist visits its members make are now covered in full as a result of these arrangements.

Du Toit says doctors, who are facing a higher incidence of bad debt in the tough economic climate, are willing to accept lower rates of reimbursement to secure a direct payment from the scheme.

If your doctor does not charge your scheme's rates, schemes tend to pay you the portion they are obliged to pay and you have to settle the bill. But sometimes members use the money paid to them by schemes for other purposes, and the doctor doesn't get paid, Du Toit says.

While members using specialists in the Momentum network will enjoy full cover, members using specialists outside the network will be paid for their specialist visits at between 100 and 300 percent of RPL.

The 300-percent rate applies on the top Summit option only, and Du Toit says the rate reduction on three of its options will potentially affect 25 percent of members only if they



The graph illustrates how benefits covering specialist doctors have been reduced for 1.74 million families on the 10 largest open medical schemes between 2006 and 2009. Over this period the number of members covered for specialist consultations at 100 percent of the Reference Price List (RPL) tariffs increased from 47 percent to 60 percent, while the percentage of members covered at 300 percent of RPL decreased from one third to 11.4 percent.

don't use specialists in the network.

Doctors have yet to sign up for the network, but Du Toit says Momentum expects that 68 percent of all specialists will sign up. Associations representing the main specialist disciplines have indicated that the arrangements are acceptable.

This week, Fedhealth, which has long been marketing itself as the scheme that covers doctors at 300 percent of RPL, also announced that it was cutting the rate at which it reimburses doctors on its middle-of-the-range options.

Fedhealth cut the rate at which it covers specialists on its Ultima 200, Maxima Standard, Maxima Basis and Maxima Core options, but says it has maintained the 300-percent rate for certain procedures required

to treat accidents and injuries, and for normal maternity deliveries.

The scheme will maintain the 300 percent of RPL rate for doctors treating members on its Maxima Plus, Ultimax and Ultima 300 options next year.

Currently, 99 percent of Fedhealth's members are covered for specialist consultations at 300 percent of RPL. If members remain on the same options next year, only seven percent of the scheme's members will enjoy benefits at this rate.

As of this month, another large open medical scheme, Oxygen, closed its top Elite Plus option and its comprehensive Standard Plus option. Both of these options offered cover at 300 percent of RPL.

The scheme also plans to drop the rate of reimbursement for



doctors on its Core Plus and Premium Plus options from 300 percent of RPL to 200 percent. The Council for Medical Schemes (CMS) stopped the scheme from implementing this change immediately, but the scheme has confirmed it will resubmit this rule change for next year.

According to Momentum's analysis of the market, among the 10 biggest schemes, Bonitas and Medshield each have only one option offering reimbursement rates at 300 percent, and most members are on options with lower rates of cover.

Last year, Bonitas launched a network for general practitioners. The scheme's acting principal officer, Gerhard van Emmenis, says the scheme is looking at establishing a specialist network, but this won't be for 2010.

GAMING THE RATES ON OFFER

Du Toit says Momentum has found that doctors are charging patients according to the rate offered by the options they have chosen.

For example, the scheme's Custom option this year offered cover at 150 percent of RPL, while the Incentive and Extender options offered cover at 300 percent of RPL.

The scheme found cases where, for example, a physician charged a member of the Custom option 150 percent of RPL, upped his rate to 300 percent for a member of the

Incentive option, and to more than 300 percent when treating a member on the Extender option.

GAP COVER

The trend towards lower reimbursement rates for doctors could drive up the sale of gap cover.

Gap cover is typically offered by short-term insurance companies to scheme members who do not have cover for doctors at 300 percent of RPL. These policies pay out the difference between what a doctor charges and the amount your scheme will pay out.

Victor Crouser, a medical scheme broker at Alexander Forbes, expects an increase in the sale of gap cover policies following schemes' reduction of rates for doctors.

He says many new gap cover products have become available since the CMS lost its case against Guardrisk, an Alexander Forbes subsidiary offering the product. Many gap products seem to do the business of a medical scheme without conforming to the interpretation of what insurers may and may not do as stated in the judgment, and may therefore come under renewed fire from the CMS, Crouser says.

He says while there may be a real need for these insurance products, you should buy them from reputable companies and via reputable brokerages only.