



### NEWS

#### NEW CAPITATION MODEL SUGGESTION FROM RESOLUTION HEALTH

If what Resolution Health Medical Scheme has in mind actually works, it may mean additional income for doctors, or at least more rapid recovery of capitation fees.

Capitation models currently in force work on the basis that medical schemes contract managed care or network organisations, who in turn contract general practitioners. The medical scheme pays a capitation fee to an organisation, and this organisation then charges a fee for its administrative functions before passing the fee on to the doctor who rendered the service. With this type of contract, the service fee and/or the money owing to the doctor is passed on to the third entity who passes it on to the doctor at its convenience.

Resolution Health enters into capitation contracts directly with the doctor, which allows for the doctor to 'slowly enter into the market of capitation'. The doctor will still be able to treat fee-for-service patients who are members of other medical schemes, while slowly increasing the number of patients seen on a capitation basis.

Other advantages, according to Resolution Health Medical Scheme, are that there is less administration in that the doctor's money is not channelled through other entities; there is a direct line and service level between the medical scheme and the doctor; and there is constant communication between the medical scheme and the doctor.

Jannie Kotze, Chairman of the Board of Resolution Health, says, 'Resolution Health Medical Scheme also works closely with independent practitioner organisations to assist in this process. These organisations are contracted to assist with aspects such as peer review. With a model like this, administrative hiccups are circumvented, and the GP's hard-earned fees flow directly from the medical scheme to the practitioner.'

#### EASTERN CAPE HEALTH DEPARTMENT WILL UNDERSPEND THIS YEAR

The Eastern Cape (EC) will underspend R121 million of its capital expenditure budget this financial year. Health MEC, Bevan Goqwana, announced this during his policy speech in the Legislature in March. The money was intended to purchase equipment for hospitals and clinics. About R46 million was intended for the new Nelson Mandela Hospital in Umtata, but the hospital has not yet been completed, so the equipment was not bought. Other provincial hospitals received about R65 million for maintenance and renovations, but these hospitals

did not have the capacity to spend the money. The unspent balance was earmarked for building new hospital structures, said Goqwana.

Prior to Minister Goqwana's announcement, EC Finance Minister Enoch Godongwana revealed that almost two-thirds of the HIV/AIDS programme's budget was unspent. Goqwana said, however, that by the end of the financial year on 31 March, all the money allocated to HIV/AIDS would have been spent. He attributed the non-expenditure to funds which were not reflected by the Treasury Department. He continued, 'Funds for payment of community health workers, purchasing of antiretroviral drugs, and funds used for increasing prevention of mother-to-child transmission, were not being reflected when Godongwana made his speech. Goqwana's department would focus more on recruitment and retention of professional health staff, he said.

In terms of the Hospital Revitalisation and Rehabilitation Programme, Goqwana said that his department had embarked on 153 projects since 1997, at a cost of over R733 million, which placed the Eastern Cape second after Gauteng. During the current financial year, 24 projects were under way including upgrading of wards and casualty departments, and electrifying administration blocks. In addition, X-ray and anaesthetic equipment was installed in 40 hospitals and 21 health centres, and over 90% of equipment ordered for clinics and other rural hospitals had been delivered.

### MANAGED CARE

#### UTILISATION MANAGEMENT

##### Introduction

Funders of health care are introducing systems aimed at managing costs by controlling utilisation (volume) of services delivered. This refers to the process of medical management that comprises three components:

- Demand management programmes aim to reduce the overall requirement for health services through for instance medical advice (nurse) lines, self-care and medical consumerism programmes.
- Disease management manages a specific disease across all encounter sites. It includes a comprehensive range of clinical and therapeutic services focused on a particular disease. The aim is to ensure prospective intervention and prevention to manage cost and improve outcomes.
- Utilisation management is a cost control mechanism used by managed care organisations to analyse medical treatment of enrollees in order to evaluate and control the use of resources. It generally consists of utilisation review, case management and provider risk or incentive arrangements.