



responses are already occurring in South Africa. However resistant some members of government might be, those with a survival instinct are making plans. And that, of course, will be South Africa's greatest challenge. Government has announced plans (10 August 2003) for a rollout of ARV therapy. Budgetary and administrative challenges will be great and will require co-ordination of health, education and social development authorities. This will be a daunting task, but there are multitudes of individuals and organisations gearing up to do their bit.

The full report is available on the web at www.worldbank.org

PulseTrack Healthcare Consulting

MANAGED CARE

SPECIALISED OUTSOURCING OF MANAGED CARE TAKES A BOW

Managed health care is traditionally a matter of pre-authorisation of medical procedures and after-service controls to moderate costs and protect medical aid scheme members as far as possible from the double whammy of rising costs and decreasing benefits.

Latterly outsourcing of specialised managed care services by medical aids has increased. This arises out of the new Chronic Disease Management legislation which comes into effect at the beginning of 2004. Assistance services group Europ Assistance has refined their established Chronic Disease Management programme to deal with the new scenario.

The legislation prescribes minimum benefits for medical aid members with chronic conditions, entitling members unconditionally to access certain basics specified for a range of chronic illnesses.

This scenario places new cost burdens on medical aids in that many of their previous options to manage the costs of the likes of diabetes, HIV/AIDS, heart disease and asthma, are no longer valid.

While few would argue with the humanitarian benefits of the legislation, the financial flip side of the coin is that claims on the medical aids for these diseases will inevitably increase. Clearly it's preferable to manage those costs and if that cannot be achieved through declining or restricting cover as in the past, other solutions need to be found.

Europ Assistance believes its Chronic Disease Management programme offers precisely that.

The service is provided on the backbone of the company's tried and tested call centre infrastructure. Fundamentally, the service comprises a pre-authorisation line and telephonic risk

assessment and, most importantly, an outcomes-based chronic disease management programme. This is achieved through a regular programme of telephone calls to chronically ill members to assist them in managing their disease while monitoring relevant lifestyle changes and providing them at the same time with a 24-hour assistance line and education linked to their condition.

The programme helps to reduce costs by ensuring that members adhere to their treatment, that they use more cost-effective medication and by reducing members' unnecessary visits to hospitals and doctors. Moreover, it assists medical aids in complying cost-effectively with government legislation and it does so without damaging their own 'financial health'.

A further value add is that Europ Assistance will analyse the enrolled members' statistics on medicine spend and claims patterns to provide pointers to trends and to measure the effectiveness of the Chronic Disease Management programme. The package for those medical aid schemes that don't already utilise Europ Assistance's service, includes the company's emergency medical evacuation service.

BUSINESS PLANNING

Business planning, or strategic planning as it is sometimes referred to, is the culmination of business knowledge into a workable plan of action by which to run a business. The planning process is really about understanding cause and effect in terms of the future of a business; how the practice predicts what lies in the future and how the practice will deal with this.

Although business planning has traditionally been a process reserved for the corporate sector it can be readily applied to the practice management environment.

Business plans can be used to:

- provide structured direction for managing and developing the practice
- secure financial backing from investors, potential partners or other sources.

The health care business environment has recently changed as a result of both local and global developments which have exerted enormous pressure on the South African health care system. In such an unstable environment active management and strategic planning are needed to ensure that environmental changes do not undermine the existing practice.

Business planning is a process that helps health care practitioners position their practices to take advantage of these changes in order to grow and thrive in a rapidly changing environment.



What is business planning?

Small businesses, in particular, do not always appreciate the value of a structured approach towards planning, and very often they are run in an *ad hoc* and haphazard way: Most businesses would only develop a business plan once this was requested by a bank after applying for an overdraft or for working capital. This article will assist you to broaden your business knowledge and to apply what you have learned to the benefit of the practice.

Successful companies are those which choose the most effective strategies. Business planning is all about understanding the unknowable and the unpredictable, and this includes the behaviour of your competitors as well as market forces and economics. So be forewarned, there are no simple answers to strategy issues; but chances are that the mere attempt at understanding the environment that you operate in will give you an edge over your competition.

Many of the ideas of military strategy have been carried over to business strategy; these include setting objectives, identifying strengths and weaknesses, allocating resources accordingly and evaluating outcomes. The primary objective in military strategy is to defeat the enemy, which is done by direct attack on the enemy's forces and destroying their resources. In business the objective is to get people to buy from your business and to make a profit while doing so, thereby beating your competition through capturing market share and controlling costs.

The selection of a course of action depends on the availability and interpretation of information, analysis, intuition, emotion, political awareness and many other factors. It is usually also possible to identify courses of action which are unlikely to be successful. This is a process that, when applied to a business, enables its management to answer a few basic questions that will guide it in planning for the future. These questions are:

What is our current business?

- Who are our patients/customers?
- How do we add value?
- How are we rewarded?
- What core competence do we have that adds value?
- What infrastructure do we have to run our business?
- How do we align the above in order to run an efficient practice?

What is likely to happen in the near future?

- What are the changing realities for our patients/customers?
- Are we likely to have different or new patients/customers?

- How will adding value and the subsequent reward change?
- What core competence will be needed to meet these changed needs?
- What infrastructure changes are needed in order to be effective and efficient in the future?

What should our future business be?

- Who are our future patients/customers?
- How will we add value and be rewarded? What core competence is required to run our practice?
- What infrastructure is required?
- How will we achieve these changes?

Although these are simple-sounding questions it is critical for any practice to answer these questions on a regular basis and to use these answers to guide the running and development of the practice. Given the speed of change in modern society, this process should be undertaken at least once a year. The business plan that is developed should be reviewed constantly by management to ensure that:

- Operational plans developed are actually implemented. Once you have developed a business plan you will derive operational plans from the main plan; these would include budgets, a marketing plan and a plan to manage human resources.
- The plan is constantly updated to take into account new developments and the impact of implemented operational plans.
- You can evaluate how well you are performing against the set objectives
- Necessary adaptations are made to the plan in order to reach the set objectives.

The business plan is intended to be a document in constant use and evolution that guides all the employees in the practice and aligns everybody's objectives towards those of the overall business.

Next month: The Planning Process.

Excerpted with permission from the Business Planning Section of the Distance Learning Practice Management Programme of the Foundation for Professional Development of SAMA. For information on the FPD courses contact Annaline Maasdorp, tel (012) 481-2034; e-mail: annalinem@samedical.org.