

Regulatory environment needs a shake-up – Broomberg



Government regulators need to grant more licences to high-volume surgical centres where doctors can finely hone their skills to give more people better and quicker outcomes at a lower cost, contributing significantly to lowering healthcare inflation, says Discovery Health CEO, Dr Jonny Broomberg.

Speaking on challenges in private healthcare during a presentation at Discovery's head office in Sandton on 29 May, Broomberg said the notion that cost-efficiency was to the detriment of quality care was simply untrue and the very opposite of modern trends in healthcare. Eye-care hospitals were leading the specialty hospital field locally while one orthopaedic centre had opened, with licence applications for others in the pipeline. Specialists – and investors – were showing increasing enthusiasm for an idea that would create competition and free up beds in general acute hospitals. He said Discovery Health conducted a case study on a new hospital pilot model for hip replacements, partnering

with willing orthopaedic surgeons and using UK-derived care pathways. They found that the average length of patient stay dropped from 7.34 days to 3.5 days, theatre time dropped from 126 minutes to 75 minutes, routine high-care stays of 1.22 days were eliminated and costs plummeted from R110 000 to R70 000 per patient.

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Let hospitals employ doctors, change payment mechanism

One of the critical regulatory changes South Africa needed was for the HPCSA to scrap the requirement that no hospital could employ a

doctor – as this would eliminate the impact of fee-for-service billing which gave doctors a financial interest in the decisions they made about a patient (e.g. length of hospital stay). The entire payment mechanism needed changing to one in which doctors took responsibility for the care of a population of patients – and the cost of a clinical episode, thus radically 'dampening down' the risk of waste in the use of healthcare resources. 'Then it's not just the doctors' fees that are their concern but the total cost of the system ... in that sense, it's beneficial for doctors to have "skin in the game" – there's an interest in getting costs down and earning the rewards.' He cited, but did not name, 'one of the most famous hospitals in the United States' as having all its doctors on the payroll with the deliberate exclusion of a 'fee-for-service' tariff structure, quoting its chief quality officer as saying, 'We never want doctors to face a financial conflict of interest with their patients.' Broomberg said that once the licencing regime was modernised, 'progressive' surgeons conducting tonsillectomies, implanting grommets, doing gastroscopies or hip

replacements would organise their practices around technology and partner with eager investors, to create specialised high-volume surgical centres. All it needed was one facility to become both successful and competitive and other specialists would probably jump on



Dr Jonny Broomberg, CEO of Discovery Health (photo by Chris Bateman).

the bandwagon. He saw this vision becoming a reality, 'within 3 to 5 years'. Another major issue in South African healthcare was the lack of teamwork. This stressed out specialists who ended up doing the work of generalists while generalists found themselves doing straightforward tasks (including simple diagnostic work) that could quite easily be done by a mid-level worker or senior nurse. He suggested medical officers in hospitals do more workups, including overnight, to spread the load more efficiently. 'Also, how often do you get 5 or 6 specialists walking past the same patient bed over 2 days and not even talking to each other? We're trying to drive this change,' he added. Borrowing from 'Obama-care' in the United States, Discovery Health was experimenting with 'the patient-centred medical home,' a simple, elegant and exciting concept where GP practice returned to its rightful place as the 'medical home for families – and where you go back to after the specialist – where records are kept and you get total treatment for life.'

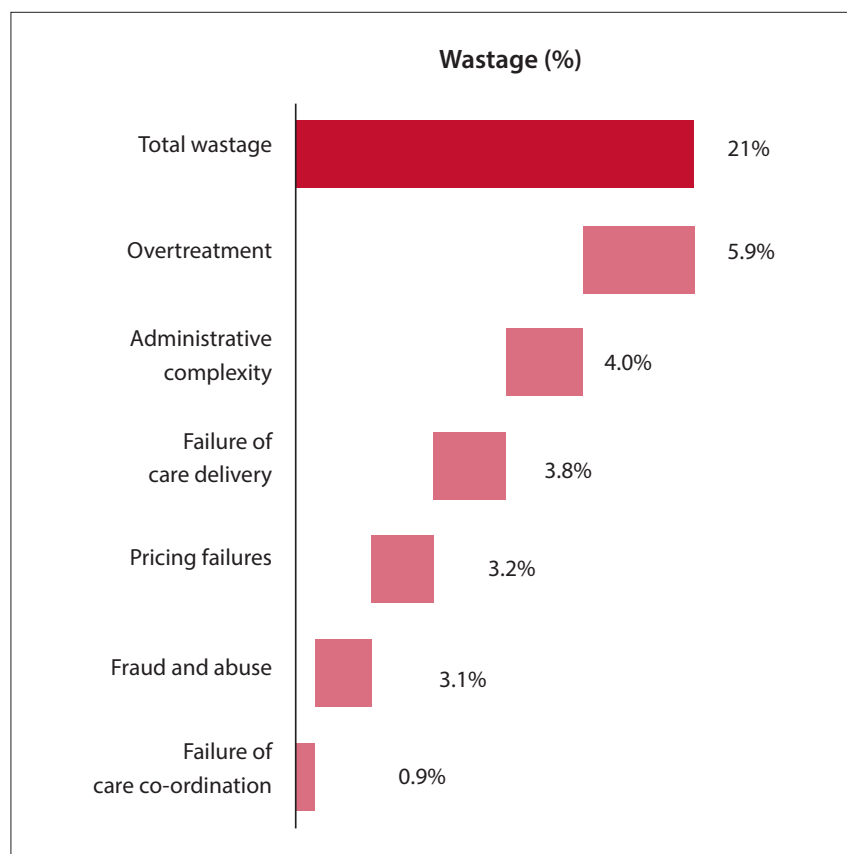
Work together – or we all pay the price

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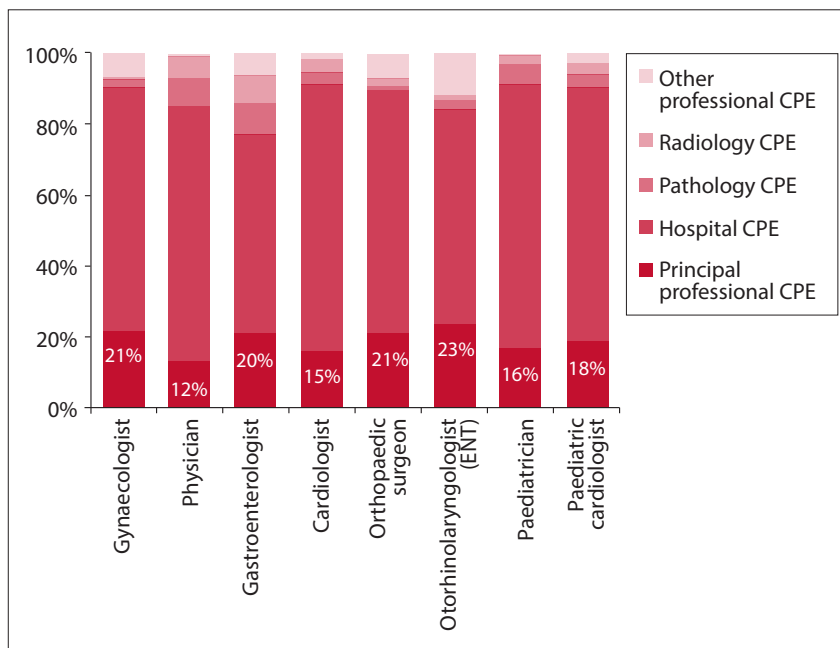
What logic is there in saying a GP practice can't have nurses, a social worker, physios and specialists working together? It stands in the way of efficiency. Our current hospital care is 'one size fits all,' whether it's Sandton or Hermanus; you can get the full range of treatment'. He said South African healthcare in the 21st century probably looked like manufacturing did in the early 20th century; 'it needs to catch up with what happens in the rest of the global economy in terms of service delivery'.

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What was required was highly specialised production facilities, the most sophisticated equipment and highly trained individuals at each point in the process. Broomberg said there were 'significant opportunities' for increasing doctor payment by reducing waste and improving quality. Data showed that in cases costing on average R25 000, some 20% was paid to the gynaecologist and the remainder to the hospital (mostly), radiology, pathology, anaesthesiology and physiotherapy. 'What if you were able to work with the specialists who after all are making all the other decisions?' Reducing waste in the other 80% was a way to pay specialists more; 'if you have a 10% reduction in spend on the non-doctor side, you could increase doctors' pay by 50% and the medical scheme and patient will still be in the same position (i.e. unaffected). We could pay the surgeons or other specialists more and the scheme still saves money,' he said by way of illustration. Most doctors were not aware of the cost of all the required investigations, or of the clinical pathway needed to reduce hospital stays. He gave the example of a Discovery peer-review partnership with paediatricians in which detailed profiling 'comparing apples with apples' led to a saving for Discovery of R250 million over 4 years and additional payments of approximately R43 million to participating paediatricians over the same period. Detailed profiles showed that of 350 paediatricians, 80 were 'outliers' in terms of their hospital admission rates. The



United States study of wastage in private healthcare (courtesy of Discovery Health).



Opportunities to increase doctor remuneration by reducing waste and improving quality (courtesy of Discovery Health).

Paediatric Management Group peer review process reduced admissions by a full 10% – and has kept them down.

High-end claims double in 10 years

A Discovery analysis of the numbers of claimants per 10 000 population claiming more than R500 000 per year a decade ago (adjusted for inflation and in 2012 money terms) showed that by 2012 this had doubled. In the context of the impending Competitions Commission Enquiry into private healthcare, issues such as disease, ageing, regulations and technology would be highly relevant, and he asked that the commission review the health sector ‘in a holistic way’. An article in the *Journal of American Medicine* lead authored by Don Berwick,^[1] a leader in the USA’s healthcare quality movement, quantified the relative causes of waste in the USA healthcare system – which Broomberg said would be ‘broadly similar here’. It suggested that 21% of all healthcare costs could be wasted. This broke down into 5.9% on overtreatment (no clinical value added – yet another argument against a fee-for-

service tariff system), 4% on administrative complexity, 3.8% on failures of care delivery (e.g. nosocomial infections, mistakes such as incorrect medication), 3.2% in pricing failures (distortions in the market), 3.1% in fraud and abuse, and 0.9% for failures of care co-ordination. From 2011 to 2012, Discovery Health achieved an 84% improvement in fraud savings, recovering R254 million in cash, most of it through detective work in uncovering the nondisclosure of pre-existing conditions by claimants at the time they joined (a 227% improvement), forensic work (a 171% improvement) and hospitals (a 40% improvement). Broomberg said scams ranged from criminal syndicates and individual consumers to healthcare providers ‘and other stakeholders,’ trying to outdo the system.

‘Card sharing’ a significant problem

In a 12-month dataset of healthcare practices characterised by the visit rates of Discovery Health Medical Scheme (DHMS) members seeming much higher than average, it was found that 70% of the doctors were ‘card-sharing’ (accepting a DHMS membership

card not belonging to the patient treated or their listed beneficiaries). Broomberg said 50 such offending practices were removed from the DHMS provider networks. ‘Word got out and doctors began practising a different way,’ resulting in a 13% drop in patient visit rates and a ‘powerful halo effect’. He hoped this meant that other medical schemes had also benefitted, revealing that when doctors were confronted, they generally responded that they were acting out of ‘compassion’ for a poor family or ‘doing their civic duty’. ‘Of course the right answer is: “Doctor, you can’t practise your charity at the expense of the medical scheme – if you want to give a free consult, please do that but don’t claim it from the medical scheme.”’

Broomberg appealed to the Competition Commission not to look just at healthcare pricing when unpacking healthcare inflation (running at 3% above CPI). ‘Pricing is a key issue, but if there was no change in the consumption of services by medical aid members, you’d find tariffs going up quite close to inflation; usage factors are vital,’ he maintained. Regarding supply side cost-drivers, he cited as an example the new high-tech trans-catheter aortic valve implantation (controlling the flow of blood to the body) technique, which had increased patient age-eligibility from 75 (the upper age limit for what was open heart surgery 2 years ago), to 89 years old. While the procedure (which has a 30% mortality rate) raised fascinating economical and ethical considerations, it stood to add 5 to 10 years of life to a patient – at huge cost (up from R25 000 for the old procedure to R400 000 for the groin-inserted catheter procedure, device included). ‘If the evidence is there, it’s well-nigh impossible for the medical scheme to say this will not be paid for,’ he said, adding that DHMS had paid for 60 such cases so far.

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1. Berwick DM, Hackbarth AD. Eliminating Waste in US Health Care. *JAMA* 2012;307(14):1513-1516. [http://dx.doi.org/10.1001/jama.2012.362]

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