

9 October 2023

**SUBJECT: ADDRESSING THE GROWING CONCERN OF FRAUD, WASTE AND ABUSE**

Dear Valued Healthcare Practitioner,

We hope this message finds you well. At GEMHEALTH, we believe in transparency and open communication, and with this ethos, we'd like to address a growing concern. 2023 has brought considerable challenges from a financial viewpoint. For nine straight months, Medical Aid Funds have observed a financial deficit, with claims consistently surpassing member contributions.

The projections for 2024 indicate a need for significant increases in contributions to sustain operations. Alongside these financial evaluations, we took the step to scrutinize claims for indications of fraud, waste, or abuse.

Our observations have been concerning. In-depth evaluations revealed cases of fraud, waste, and abuse. This is not only a call for introspection on our part but also brings forth the lack of collective responsibility, especially when the sector's stability is at stake. In our role as guardians of the fund, we've unearthed troubling trends.

Members, at times, provided incomplete health data, or take advantage of dual memberships to maximize claims. Some instances showed members exchanging over-the-counter benefits for cash, with pharmacists then claiming for unissued medicines.

Additionally, we've identified discrepancies in claims from service providers, such as inconsistent ICD codes and claims for unadministered procedures.

There has also been an uptick in promotions by service providers to use benefits, which might not be essential, thus artificially driving up demand.

The repercussions of this are evident in the noticeable increase in fraud, waste and abuse within the healthcare sector. This trend, mirrored globally, impacts the cost of care, compromises patient outcomes, and endangers the medical funding environment.

It's vital to define a few terms for clarity:

- Medical aid fraud involves deliberate deceit or misrepresentation which, if known, could lead to unwarranted benefits or payments.

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MEDICAL AID SCHEME

- Understanding waste as unnecessary procedures or overtreatment and
- abuse as potential misalignment with recognized healthcare guidelines, we feel the need to proactively and collaboratively address these challenges.

Enhancing our efforts is crucial for maintaining the sustainability of the fund and keeping healthcare costs manageable. We'll soon be sharing potential strategies to address these issues as we move into 2024.

Your partnership is critical, and we trust that together, we can uphold the best in healthcare standards. Before signing off, we emphasize the importance of your insights on this matter.

Warm regards,

Board of Trustees  
GEMHEALTH Medical Aid Scheme