14 November 2020

REPORT ON SURVEY

THE HEALTH OF THE PRIVATE SECTOR HEALTHCARE INDUSTRY

Background

The Namibia Private Practitioner's Forum (NPPF) was registered as a non-profit (section 21) company in 2012. Its members are private sector healthcare providers from all healthcare disciplines.

The objective of the NPPF is to look after the interests of private healthcare providers, and more specifically, to address concerns raised by the private healthcare industry insofar as it may affect the sustainability of the industry, or may adversely affect the conditions of practice of private healthcare providers.

The most recent concerns raised with the NPPF involve:

- issues surrounding the PSEMAS contract and refusal by government to negotiate new terms with private sector healthcare providers;
- reduced access to healthcare as covertly orchestrated by PSEMAS to save costs;
- reduced income as a result of Covid-19 with little assistance from medical aid funds to healthcare providers or their members;
- the possibility of the South African National Health Insurance model being adopted by Namibia under the guise of "universal healthcare";
- increased regulatory encroachment on the private healthcare industry by NAMAF;
- the reduction in clinical independence of healthcare providers;
- unconstitutional setting of benchmark tariffs and conditions of practice by NAMAF;
- the absence of regulatory protection against medical aid funds where healthcare providers claim directly from funds; and
- the arbitrary and unilateral judgement expressed over healthcare providers based on statistical modelling by medical aid funds in the absence of any audits or forensic investigations.

Most healthcare disciplines have their own associations, but the lack of a unified voice from the private healthcare industry where each discipline is fighting for their specific interests, has

become more of an obstacle in dealing with government and other policy makers than it appears to serve any good.

Government, NAMAF and medical aid funds are not particularly fazed when approached by a seemingly divided private healthcare industry, consisting of around 28 disciplines, especially on matters which affect the whole industry instead of only one discipline. This also allows the government and institutions in the medical aid fund industry to cherry-pick whom they prefer to consult – usually opting for the path of least resistance.

As a result, policy decisions affecting the private healthcare industry are most often developed with little to no meaningful resistance.

One of the obstacles in establishing a unified voice when it comes to policy, and especially the adverse impact thereof on private sector healthcare providers, is the lack of participation when individual healthcare providers perceive no injury to themselves.

The private healthcare industry is largely unconcerned with an injury to one, which they do not regard as an injury to all, unless they are the ones personally and directly injured.

As a result, the NPPF receives regular complaints from individuals on matters indicating a substantial systemic problem, which will ultimately affect most, if not all private sector healthcare providers, but the rest of the industry remains uninterested, as they feel no personal injury or urgency, for now.

A small group, relative to the size of the private healthcare industry, supports the NPPF in its objectives to deal with the matters described above, and many others. Ultimately the whole industry benefits from the constructive efforts of the NPPF.

As a result, the benefits which the NPPF can provide are hampered. By way of example, the NPPF obtained a legal opinion from a senior advocate confirming that the tariff setting by NAMAF will most likely be ruled unconstitutional should it be challenged in court. Such legal challenge could as yet not commence as an insufficient number of healthcare providers pledged their support for this challenge – this while the NPPF still receives complaints against NAMAF on an almost weekly basis.

It is against this background that the NPPF conducted a survey entitled the “health of the private sector healthcare industry”, which dealt with many of the topical concerns stated above.

This document reports on, and analysis the results of this survey. The report is inter alia distributed to all members of the NPPF as well as to non-members who graciously spent time to complete the survey.

Response rate and confidence level

The survey was successfully delivered to 987 healthcare providers. Of the 987 recipients, 417 recipients did not read the email containing the survey. 521 recipients read the email and from those 247 provided completed surveys and 75 provided partially completed surveys.

The response rate is therefore close to 25%, which is an excellent response rate for an online survey. One can thus regard the results as fair representation of the opinion of the whole private sector healthcare industry with a reasonably low margin of error and high confidence level.

Demographics

Of the total respondents, **22%** were younger than 40 years of age; **30%** were aged 41 to 50; **27%** were aged 51 to 60, and **21%** were older than 60.

It is noteworthy that over 20% of the private healthcare industry is close to retirement. As discussed in more detail hereunder, this poses a risk to the sufficient supply of private healthcare professionals in future. A substantial portion of current healthcare providers do not advise future generations to study healthcare, and an even larger portion, who do actually advise future generations to study healthcare, do not advise that such future healthcare providers come back to Namibia to practice.

Impact on revenue due to Covid-19

Only **19%** of respondents reported that their income for the period April 2020 to September 2020, compared to the same period last year, increased (3%) or stayed roughly the same (16%).

31% reported that their income decreased by roughly 20%.
30% reported that their income decreased by roughly 40%.
16% reported that their income decreased by roughly 60%.
3% reported that their income decreased by roughly 80%.

Additional note:

Generally, the private healthcare industry went through difficult financial times during this period. As a result of reduced services, it can safely be assumed that claims against medical aid funds would have decreased roughly in line with the decrease in revenue of healthcare providers; even more if one takes into account the limitations on elective or non-urgent operations at private hospitals. This begs the question: will the members of medical aid funds ever see a benefit from this reduction in claims against medical aid funds, or will premiums increase again and professional fees be suppressed below medical inflation as is the standard practice at NAMAF?

PSEMAS

Of the total respondents, **73%** reported to be contracted with PSEMAS. This is a decrease from last year (2019) February when **79%** were contracted with PSEMAS. The most prevalent reason for cancellation of the PSEMAS contract is the low tariffs paid by PSEMAS, i.e. the tariffs as per the 2014 NAMAF Benchmark Tariffs.

As the PSEMAS contract reads now, and on current tariffs (2014 NAMAF Benchmark Tariffs) only **54%** of respondents intend to contract with PSEMAS next year (2021). If this is indeed the reality by next year, access to private sector healthcare services by PSEMAS beneficiaries will decrease substantially. **37%** of respondents indicated that they are still unsure whether they will renew their contract, and **9%** indicated they will definitely not renew their contract with PSEMAS as it reads now (7%) or even if the contract is favourably amended (2%).

Of the respondents not contracted with PSEMAS, **30%** reported that they were never contracted, **25%** stated that they were contracted, but the administrative burden to comply with PSEMAS prescriptions have become too much. **32%** reported that they stopped their contracts with PSEMAS as the provision of services to PSEMAS patients at the prescribed tariffs became unsustainable.

Of the respondents contracted with PSEMAS **29%** reported that they have no voice in the setting of the terms and conditions in the contract; **35%** reported that they have a voice through the NPPF, **18%** reported that they have a voice through their professional associations (not being the NPPF) and **18%** reported that they are not sure. None of the respondents stated that they have no voice but are nonetheless willing to accept whatever government decides.

Private medical aid funds

Reporting on their opinion of medical aid funds, **22%** of the respondents reported that they have a good working relationship with the funds and regard medical aid funds as necessary and doing a good job; **45%** reported that they are becoming worried that medical aid funds are becoming increasingly prescriptive on how they should practice their professions and exercise clinical discretion, while **29%** stated that they are becoming extremely worried about this trend at medical aid funds. **4%** of respondents do not make direct claims.

19% of respondents regard the medical aid funds industry as a money-making machine which cares very little about the members of funds or the quality of healthcare services they receive; **12%** regard medical aid funds as benevolent institutions which serve the needs of their members fairly well and in a reasonably cost effective manner; **49%** are of the opinion that medical aid funds serve some purpose, but at the same time hamper the provision of quality healthcare to their members. **3%** of respondents believe it will be best if government establishes a national healthcare insurance scheme to replace private medical aid funds.

NAMAF

Reporting on their opinion of NAMAF, **20%** of the respondents reported that they have a good working relationship with NAMAF and regard NAMAF as necessary and doing a good job; **35%** reported that they are becoming worried that NAMAF is becoming increasingly prescriptive on how they should practice their professions and exercise clinical discretion, while **45%** stated that they are becoming extremely worried about this trend at NAMAF.

This translates to 80% of the private healthcare industry being concerned or extremely concerned over NAMAF's increasingly prescriptive behaviour.

Only **17%** of respondents agree that NAMAF should set benchmark codes, descriptors and tariffs as opposed to **33%** who disagreed that NAMAF should be the body setting benchmark codes, descriptors and tariffs. **47%** reported that it is an outrage and probably unlawful for NAMAF to set benchmark codes, descriptors and tariffs which healthcare professionals must comply with. **3%** reported that they are not affected by NAMAF's Benchmark Tariffs.

Additional note:

Assessing the statistics above and taking into account the legal opinion obtained by the NPPF, which concludes that a constitutional challenge of NAMAF's Benchmark Tariffs will most likely succeed, there is clearly a structural problem which needs urgent attention.

As a legal challenge cannot commence until sufficient funding is received, the NPPF is exploring alternative avenues to deal with this problem, including approaching the ultimate funders, the employer group schemes. It is assumed that few of these employers are aware of the intricacies of how NAMAF prescribes to medical aid funds and how that ultimately affects the provision of quality healthcare by healthcare providers to members of the funds.

On a political level the NPPF has had some success on this in the past, but all political efforts fell flat every time there was a change of leadership within the Ministry of Health. At political level NAMAF also holds the easy trump card of "affordability", well knowing that government has little concern for the sustainability of the private healthcare industry, an argument which only the NPPF pursues on behalf of the whole private healthcare industry. It is this short-sightedness of policymakers which poses an additional threat to the sustainability of the private healthcare industry and poses a future risk to the portion of society which today takes access to quality private healthcare for granted.

Ironically, when the supply of healthcare providers dwindles in future, costs will shoot through the roof, and the current policymakers, who are at present only concerned about costs, will be to blame and will have lost all leverage to control prices. By then it will take many decades and drastic policy measures to restore supply in the industry and normalise access to quality healthcare.

Regulatory protection for healthcare providers who claim directly from funds

8% of respondents believe they enjoy statutory regulatory protection when medical aid funds treat them unfairly; **23%** stated they enjoy no statutory regulatory protection when treated unfairly by medical aid funds and **66%** stated that they do not know whether they actually enjoy statutory protection in such instances or not.

Additional note:

In a recent incident not only involving unfair treatment by a medical aid fund of a healthcare provider, but in fact a gross injustice causing substantial harm to the provider in question, NAMAF categorically denied that it is a regulatory protector of healthcare providers. The healthcare provider was referred to the same fund complained against.

NAMAF also acknowledged that since its inception, in 1995, it has not set any rules to govern the conduct of medical aid funds, as is its function under section 18 of the Medical Aid Funds Act. This is worrisome as it is becoming more evident that NAMAF, managed by representatives of medical aid funds, is more interested in regulating healthcare providers (as is the perception illustrated by the results of the survey), than it is in regulating medical aid funds, which is its actual statutory mandate.

NAMFISA was also requested to provide clarity on its role as regulator and more specifically on the possible regulatory protection enjoyed by healthcare providers vis-a-vis medical aid funds. NAMFISA in essence evaded the essence of the enquiry and came up with a non-committal response – after many months. NAMFISA did confront the fund involved, but the fund stated that it has no legal duty to respond to NAMFISA on the matter. NAMFISA apparently accepted this response from the fund.

It follows that the actual answer posed to the private healthcare industry above is that there is no regulatory protection for healthcare providers against medical aid funds, at least not insofar as there is any will to provide such protection by NAMAF or NAMFISA. Healthcare providers injured by the conduct of medical aid funds thus only have recourse to the courts. This is an extremely precarious position healthcare providers find themselves in.

Threats to the sustainability of the private healthcare industry

The industry ranked twelve possible threats to the sustainability of the private healthcare industry as follows, in order of biggest threat to smallest threat:

1. The increasing inability of PSEMAS to pay private healthcare services to its beneficiaries.
2. Government policies impacting the private healthcare industry.
3. The possibility of government introducing a National Health Insurance scheme.
4. NAMAF's increasingly prescriptive attitude over my practice and clinical independence and discretion.

5. Overregulation of the healthcare profession by my professional regulator.
6. The general decline of the Namibian economy.
7. NAMAF's benchmark tariffs as employed by medical aid funds to make payments.
8. Medical aid funds and PSEMAS prescribing to me what I may and may not do based on statistical models comparing me to my peers.
9. The growing dependence of healthcare providers on medical aid funds to get paid.
10. The decrease in the number of Namibians who can afford private healthcare services.
11. The fact that healthcare providers are increasingly getting paid less compared to their counterparts in other countries.
12. Overtreatment and fraud by private healthcare providers.

Possibility of a National Health Insurance scheme in Namibia

Respondents replied as follows to the following question:

"*South Africa has taken substantial strides in introducing a National Health Insurance (NHI) scheme. Choose a statement which describes your opinion the best*":

49%	If Namibia introduces an NHI scheme it will cause substantial damage to the private healthcare industry in Namibia.
17%	If Namibia introduces an NHI scheme it will have some negative impact on the private healthcare sector in Namibia.
6%	I don't think an NHI scheme in Namibia will have any impact on the private healthcare industry.
28%	I do not know enough of the South African NHI scheme to express any of these opinions.

Additional note:

The NPPF has been studying the SA NHI scheme and we are aware of a strong political drive to introduce a similar scheme in Namibia, albeit under the guise of "universal healthcare".

The NPPF is of the opinion that such a scheme will cause substantial harm to the private healthcare industry, and more specifically it will be a substantial threat to the sustainability of the industry as well as the provision of high-quality healthcare services.

At best it may slightly uplift the standards currently prevalent in public healthcare, but this will happen by substantially reducing the quality and standards currently provided in private healthcare. Ultimately it amounts to a PSEMAS-for-all scheme, with little to no alternative options to obtain better healthcare than allowed within the government prescribed ambit of that scheme.

Managed healthcare

The industry replied as follows to the following question: "*The administrators of medical aid funds employ a system they refer to as 'Managed Healthcare' which system requires certain reports by healthcare providers, and approval by the administrator, before a fund will consent to paying for a specific treatment. Choose a statement which describes your opinion best*"

20% I don't have a problem with this system as it serves a good purpose, to curtail fraud and overtreatment.
30% This system does serve a purpose, but it is too cumbersome and/or time consuming and/or costly and I am therefore not in favour of it.
26% This system derogates from my clinical discretion as a healthcare professional and I am therefore against it.
15% This system serves no purpose other than to further enrich the financial services industry by reducing claims against medical aid funds.
9% I don't agree with any of the opinions expressed above.

Sustainability of the number of private sector healthcare providers

68% of respondents indicated that they have no plans to emigrate form Namibia.
29% of respondents indicated that they are contemplating emigrating from Namibia.
3% of respondents reported that they already commenced with the arrangements to emigrate.

The industry replied as follows to the following question: "*Knowing what you now know from practicing your healthcare profession in Namibia, which statement more accurately describe the advice will you give to the Namibian youth?*"

38% recommended the studying of a healthcare profession.
36% recommended the studying of a healthcare profession, but not to practice in Namibia.
27% will not recommend the studying of a healthcare profession.

Additional note:

With over 20% of the private healthcare providers being older than 60, and with almost one third of current private sector healthcare providers contemplating emigrating from Namibia and with more than a third recommending that the youth studies healthcare, as long as they don't practice in Namibia, the sustainability of the supply of healthcare providers to the private healthcare industry looks bleak.

This is a major concern which the NPPF has emphasised for many years at all possible forums. As supply of healthcare professionals reduce, healthcare costs will increase, and the availability

and possibly quality of private healthcare will decrease. This risk however does not seem to concern policymakers or the medical aid fund industry too much, if at all.

The voice of the private healthcare industry

44% of respondents reported that they are members of the NPPF and **56%** respondents reported that they are not members of the NPPF.

10% stated that their professional association (not being the NPPF) is capable of addressing the risks my profession faces. **62%** stated that, in addition to their professional association (not being the NPPF) the private healthcare industry needs an association which can deal with higher level issues threatening the private healthcare industry as a whole, such as the NPPF for example. **17%** stated that there is currently no association which can effectively deal with the problems faced by the private healthcare industry. Only **5%** of respondents did not belong to any professional association looking after their interests and **7%** did not agree with any of the above statements.

Questioned more specifically on the importance of the NPPF in looking after the interests of the private healthcare industry in Namibia, respondents replied as follows:

Absolutely crucial	**54%**
Quite important	**34%**
Not that important	**2%**
Negligible	**0%**
I don't really know what the NPPF does	**10%**

Additional note:

Although there is substantial support for the work that the NPPF does, and high regard for the importance of the NPPF, only 145 healthcare providers are currently paying members of the NPPF. Roughly 10% of the private healthcare industry thus supports the NPPF while the whole industry benefits.

Of the 56% of respondents who indicated that they are not members of the NPPF, **63%** stated that they wish to learn more of the objectives and activities of the NPPF. These respondents will be contacted shortly and provided with more information.

Of the 56% of respondents who indicated that they are not members of the NPPF, **41%** indicated that they wish to become members. These respondents will be contacted shortly.

For more enquiries on this survey or the NPPF kindly contact
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