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REPORT & PRESS RELEASE

NPPF SURVEY ON:

- **Obstetrics Malpractice Insurance**
- **Regulatory Protection Against Unfair Treatment by Medical Aid Funds**
- **ICD-10 Coding System and NAMAFA**
- **PSEMAS**
- **Representation of Private Sector Healthcare Providers**

1. Introduction

The Namibian Private Practitioners Forum (NPPF) is a section 21 company concerned with the interests of private sector healthcare providers. The NPPF frequently conducts surveys on topical issues posing a threat to the sustainability of the private healthcare industry.

This report on the most recent survey covers several topics. The topics stem from frequent complaints received from members of the NPPF. They include NAMAFA's drive to impose a duty on healthcare providers to employ the ICD-10 Coding system, NAMAFA failure as regulator of medical aid funds and drive to expand its regulation over private sector healthcare providers, the viability of treating PSEMAS patients, ill-treatment of healthcare providers by medical aid funds – and the lack of regulatory protection, and obstetrics malpractice insurance.

2. Executive Summary

The survey was conducted amongst 1050 private sector healthcare providers and 210 responses were received. At a confidence level of 95% the margin of error is 6%. The results are therefore a fair reflection of the opinion of the whole private sector healthcare industry.

72% of respondents are from the Khomas and Erongo regions and 28% from other regions. 45% of respondents were general medical practitioners, 17% were medical specialists, and 38% practiced other medical and allied disciplines such as dentistry (10%), optometry (10%) and psychology (4%).

From the results of this survey the following important conclusions can be made.

The cost of insurance for obstetrics is not sufficiently compensated for by medical aid funds. This is likely to result in a reduction of availability of such services, especially in smaller centre / rural areas, as well as an increased risk for doctors and patients alike, as fewer doctors are to be fully insured.

The healthcare industry disagrees on whether medical aid funds generally treat healthcare providers in a fair manner.

Respondents are largely uncertain whether NAMFISA provides sufficient regulatory protection for healthcare providers, but there is strong consensus that NAMAF does not provide such regulatory protection. There is also fairly strong consensus that NAMAF is increasingly encroaching on the regulation of healthcare providers, and also that NAMAF should not be a regulator of healthcare providers.

Healthcare providers are generally willing to employ the ICD-10 Coding System, even at no additional remuneration, despite strong reservations on the benefit of such system for healthcare providers and concerns that such system will place an additional burden on healthcare providers in terms of time, cost and capacity.

Treating PSEMAS patients under the PSEMAS contract is becoming increasingly unviable, with only 21% of healthcare providers still able to do so in a profitable manner. The NPPF is the most favoured entity to represent the private healthcare industry in the current PSEMAS review process, followed by the discipline-specific associations.

3. Obstetrics Insurance

General practitioners and medical specialists were asked whether they practice obstetrics (to provide care during pregnancy and delivery of babies). 33% answered “yes” and 67% answered “no”. Of those practicing obstetrics, only 38% were insured for malpractice. Of those insured, only 73% were insured for services after 26 weeks gestation including the delivery of babies.

Put differently, of the only 33% of medical practitioners (general and specialists) who practice insurance, only 27.5% are insured for medical malpractice which extends to cover for services after 26 weeks gestation including the delivery of babies. This is a substantial risk for both patients and healthcare providers practicing obstetrics. One reason could be the prohibitive costs of such insurance given the limitation of benefits imposed by PSEMAS and medical aid funds.

The average premium for insurance for malpractice stemming from obstetrics services after 26 weeks gestation including the delivery of babies (as reported by 7 respondents, including 4 specialists) is around N\$200,000 per annum (N\$63,000 = lowest and N\$350,000 = highest). Medical aid funds paid on average N\$8,800 per delivery while PSEMAS pays on average N\$3,500 per delivery (only in doctor’s fees).

From these results it is evident that, to only cover the costs of obstetrics malpractice insurance, the average obstetrics practitioner must, per year, deliver 23 private medical aid fund babies or 58 babies of PSEMAS members. Put differently, only after delivery of 23 private fund babies, or 58 PSEMAS babies, does the average recover his direct costs to insurance every year. There can be little doubt that this is a substantial disincentive for medical practitioners to either obtain sufficient insurance or do obstetrics at all. The problem is likely be worse in smaller towns, where the number of deliveries per year may simply not warrant the cost of insurance.

4. Treatment of healthcare providers by medical aid funds

Healthcare providers may opt to claim directly from medical aid funds on behalf of their patients. Such “contracted” healthcare providers were asked to evaluate the treatment they receive from funds in general, and also the regulatory protection they enjoy (or don’t enjoy) in instituting claims. The questions and results follow hereunder. In some instances some notes by the NPPF follow the results.

QUESTION: I agree or disagree with the following statement: “In claiming directly, private medical aid funds treat healthcare providers in a fair and reasonable manner”

Strongly Agree:	8	%
Agree:	43	%
Neutral:	15	%
Disagree:	26	%
Strongly Disagree:	8	%

Although respondents stand reasonably divided on this issue, most receive fair and reasonable treatment from private medical aid funds. The allied professions (excluding dentists and optometrists) were showed the highest percentage in agreement with the statement (65% agreed), while dentists showed the lowest percentage in agreement (41% agreed). The general practitioners showed the highest percentage not in agreement (Not agree = 28%).

QUESTION: I agree or disagree with the following statement: “If treated unfairly by a private medical aid fund my rights will be protected if I complain to NAMFISA”

Strongly Agree:	2	%
Agree:	14	%
Neutral:	46	%
Disagree:	27	%
Strongly Disagree:	11	%

Almost half of respondents displayed neutrality to this statement. This may be because they may not have personal experience of the level of regulatory protection, they can expect from NAMFISA. 38% percent disagreed with the statement, and 16% agreed.

From NPPF's experience in several cases in which NPPF assisted its members in complaints against medical aid funds the NPPF must conclude that healthcare providers experience little to no regulatory protection from NAMFISA - to the extent that NAMFISA refuses to assist healthcare providers where funds outright refuse to comply with their own registered rules. NAMFISA has a clear statutory duty to enforce compliance with the rules. One such complaint was handed over to legal practitioners and 7 months after the complaint was instituted NAMFISA is still to provide final feedback. This matter will soon be escalated to the Minister of Finance (the custodian Minister of NAMFISA) and involves NHP medical aid fund.

QUESTION: I agree or disagree with the following statement: "If treated unfairly by a private medical aid fund my rights will be protected if I complain to NAMAF"

Strongly Agree:	2	%
Agree:	15	%
Neutral:	29	%
Disagree:	32	%
Strongly Disagree:	22	%

Like NAMFISA, NAMAF is also (supposed to be) a statutory regulator of medical aid funds. From the results it appears that respondents have more experience with NAMAF, than with NAMFISA. Almost as few agreed with a similar statement on NAMFISA, but in the case of NAMAF, most respondents disagreed that NAMAF will provide regulatory protection.

Again, from the experience of the NPPF, NAMAF provides no protection to healthcare providers who derive their claims from members of medical aid funds. The NPPF has officially communicated this to NAMFISA, to change NAMFISA's misguided illusion that NAMAF is indeed a bona fide regulator of medical aid funds. NAMFISA was also informed that NAMAF has never drafted rules to regulate the conduct of medical aid funds, by which rules medical aid funds should also be disciplined by NAMAF. The failure by NAMAF to draft such rules is in direct contravention of the Medical Aid Funds Act whereby NAMAF is constituted. It is also an abolishment of the core reason for its existence. As a side note the NPPF can confirm that NAMAF's current core business, the setting of benchmark tariffs, is ultra vires, and thus unconstitutional, according to an opinion obtain from Senior Council. This has been communicated to NAMFISA, and no response was received. This issue speaks to the following question.

QUESTION: I agree or disagree with the following statement: "NAMAF is trying to regulate the private healthcare professions".

Strongly Agree:	41	%
Agree:	41	%
Neutral:	11	%
Disagree:	5	%
Strongly Disagree:	2	%

From the results it is evident that healthcare providers are overwhelmingly of the opinion that NAMAFA is trying to regulate private healthcare providers. This was reported to the actual statutory regulators of healthcare providers, the different councils under the Health Professions Council of Namibia (HPCNA), as well as NAMFISA. No meaningful responses were received, and it is now obvious that the status quo will prevail until healthcare providers seek relief from the High Court.

QUESTION: I agree or disagree with the following statement: “NAMAFA should regulate the private healthcare professions”

Strongly Agree:	4	%
Agree:	17	%
Neutral:	15	%
Disagree:	27	%
Strongly Disagree:	38	%

Although the majority of healthcare providers are against NAMAFA regulating them, 21% are in favour of being regulated by NAMAFA.

From the NPPF’s experience with NAMAFA, and the fact that healthcare providers do not obtain any benefit from NAMAFA regulating them, the NPPF can only conclude that the small majority in favour of being regulated by NAMAFA (read: regulated by the medical aid funds) must be suffering from Stockholm Syndrome, assuming they are properly informed of NAMAFA’s statutory mandate, its current operations outside of such mandate, and the substantial risk NAMAFA poses to the sustainability of the private healthcare industry.

5. NAMAFA’s introduction of the ICD-10 Coding System

NAMAFA recently communicated that it (i.e. medical aid funds) will in future require compliance by healthcare providers with the ICD-10 Coding System before claims will be honoured. Such compliance will require substantial, additional time and administrative costs on the part of the healthcare providers. From available information it appears that healthcare providers will not be compensated for such additional time and administrative costs, but will have to comply at threat of their claims being refused. Note that NAMAFA is the funds, and thus what NAMAFA “decides” is automatically accepted and enforced by all the funds. The attitude of healthcare providers on this issue was surveyed and the results discussed hereunder.

QUESTION: Have you been requested by any private medical aid fund to implement the ICD-10 coding system?

Yes:	59%
No:	41%

There appears to be confusion on the requirement to employ the ICD-10 Coding System, but 59% of respondents confirmed that they were already requested to implement (comply with) this system.

The NPPF continues to question NAMAFA's (and thus the medical aid funds') legal powers to enforce this system on healthcare providers. It is clear that the enforcement is attempted solely by threat of non-payment of claims. This may explain why 53% of respondents confirmed that they already employ the ICD-10 Coding System despite the generally negative perception of the value of this system as is evident from the results from the respondents below.

81% don't agree that the ICD-10 Coding System should be implemented by medical aid funds

42% are of the opinion that this coding system will not bring any benefit for healthcare providers.

36% are of the opinion that the ICD-10 Coding System is only a further effort by the funding industry to encroach on the clinical freedom of healthcare providers.

30% are of the opinion that the employment of this system will be too burdensome and costly for healthcare providers and 36% are of the opinion that healthcare providers should receive additional compensation for the additional time and capacity required to implement same.

75% of respondents are not aware that NAMAFA is seeking statutory amendments to obtain mode powers.

6. PSEMAS

Psemas still continues to reimburse healthcare providers at the rates set by the 2014 NAMAFA Benchmark Tariffs. A recent study by Towers Watson (Psemas consultants) confirmed that these rates are far below comparable schemes in South Africa and is not sustainable for the healthcare industry.

24% of respondents are not contracted with PSEMAS.

Only 21% of respondents are contracted with PSEMAS and can still provide services in a financially sustainable manner.

The majority of respondents (55%) are contracted with PSEMAS, but provide services at a financial loss, effectively subsidising Government to treat PSEMAS patients.

64% of respondents were not aware that by signing a contract with any funder, including PSEMAS, to work at a fixed tariff, is unlawful and may be penalised by the Competition Commission.

7. Representation of the private healthcare industry

PSEMAS is currently undergoing a comprehensive review process. The NPPF fears that the private healthcare industry, a crucial stakeholder, will remain voiceless in this process.

Respondents were asked which the best entity is to represent private healthcare providers during the current PSEMAS review process. The results are as follows:

52	%	NPPF
27	%	Don't know
16	%	Discipline specific associations (i.e. MAN, NDA, PAN, NOA, etc)
3	%	An entity not listed here
2	%	Namibia Medical Society
0	%	Health Industry Forum of Namibian

8. Conclusion

From the results the following is evident:

- a) The cost of insurance for obstetrics is not sufficiently compensated for by medical aid funds. This is likely to result in a reduction of availability of such services, especially in smaller centre / rural areas.
- b) The healthcare industry disagrees on whether medical aid funds treat healthcare providers in a fair manner.
- c) Respondents are largely uncertain whether NAMFISA provides sufficient regulatory protection for healthcare providers, but there is strong consensus that NAMAF does not provide such regulatory protection.
- d) There is strong consensus that NAMAF is increasingly encroaching on the regulation of healthcare providers, and also that NAMAF should not be a regulator of healthcare providers.
- e) Healthcare providers are fairly willing to employ the ICD-10 Coding System, even at no additional remuneration, despite strong reservations on the benefit of such system for healthcare providers and concerns that such system will place an additional burden on healthcare providers in terms of time, cost and capacity.
- f) Treating PSEMAS patients under the PSEMAS contract is becoming increasingly unviable, with only 21% of healthcare providers still able to do so in a profitable manner.
- g) The NPPF is the most favoured entity to represent the private healthcare industry in the current PSEMAS review process, followed by the discipline-specific associations.

TO THE EDITOR

The Namibia Private Practitioners' Forum (NPPF) is a non-profit, Section 21 company. Its members are private sector healthcare providers from all healthcare disciplines.

This survey was conducted amongst 1,050 private sector healthcare providers. 210 responses were received. At a confidence level of 95% the margin of error is 6%. The results are therefore a fair reflection of the opinion of the whole private sector healthcare industry.

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