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*“The twentieth century has been characterized by three developments of great political importance:*

- 1. The growth of democracy,*
- 2. the growth of corporate & political power, and*
- 3. the growth of corporate & political propaganda as a means of protecting corporate & political power against democracy.”*

Alex Carey

It is with great pleasure that the Namibia Private Practitioners Forum [NPPF] can introduce itself formally to the public. We wanted to do so for some time now but first had to deal as diplomatically as possible with the results of an enquiry commissioned by the NPPF into the healthcare funding industry, which attracted threats of legal action from some players in the industry.

The NPPF is an unincorporated association in the process of being registered as a not-for-profit Section 21 company. Its **200 plus members are all healthcare professionals** including Biokineticists, Clinical Psychologists, Educational Psychologists, Psychological Counsellors, Radiographers, Dentists, General Practitioners, Nurses, Occupational Therapists, Optometrists, Physiotherapists, and specialists such as Radiologists, Ophthalmologists, Paediatricians, Physicians, Surgeons and Urologists.

The main objective of the NPPF is to promote an **ethical, transparent and sustainable healthcare industry** in Namibia. As part of the strategy to reach this objective the NPPF has included in its constitution a stringent four tier disciplinary process which will deal with any unethical or dishonest conduct on the side of its own members. Furthermore

the NPPF focuses on all external forces that may hamper ethical conduct, transparency and sustainability in the healthcare industry.

So for instance the NPPF commissioned an enquiry into the healthcare funding industry. Based on the findings of this enquiry, the NPPF delivered a **memorandum to the Honourable Ministers of Finance as well as Health and Social Services on June 15 2012.**

A copy of the memorandum is attached hereto.

The matters that were highlighted in the memorandum include:

- There is a complete lack of transparency by all four open medical aid funds as well as the regulator NAMFISA in that these entities refuse access to basic information, *inter alia*, financial statements of Medical Aid Funds for years preceding the previous year. This is made possible by the fact that there exists no legislation providing access to information to consumers in Namibia. In South Africa such legislation (on access to information) substantially improved regulatory effectiveness<sup>1</sup>, consumer protection, research and, transparency. In Namibia proposed legislative changes (known as the FIMBILL) are now going through the final round of consultations (to be held on 11 July 2012) and NPPF has made relevant submissions (see submissions attached). Similar submissions by NPPF in the past however have been largely rejected by the policy makers. In the NPPF's opinion it is of crucial importance that the fight for access to information and improved transparency shall go on and that it shall now be carried to the public by way of the press as the lack thereof forms the very basis on which half-truths and misinformation can be provided to members of medical aid funds and the public at large.
- Several instances of persons serving in senior positions with conflicted interests were found. From subsequent correspondences and consultations with funds and their regulators (NAMFISA and NAMAFA) it is clear that none of these instances will receive further attention from any of the parties responsible or affected. Highlighting these situations in what has by now become known as the

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<sup>1</sup>As members are better equipped to detect irregularity and non-compliance.

ISG Report attracted threats of legal action against the NPPF. NPPF will definitely and vigorously defend any such legal action as it is acting in public interest. The public certainly has the right to know and understand all aspects of the private medical aid fund industry. It is particularly important now with the introduction of amendments to legislation on medical aid funds and the public should urgently be alerted of their right to be informed.

- The Namibian Association of Medical Aid Funds (NAMAF) is a statutory body with the statutory power to “control” Medical Aid Funds. It further assumes the power to also issue the “NAMAF Benchmark of Tariffs” annually and to fully control the system whereby healthcare professionals claim for direct payment on behalf of their patients from Medical Aid Funds. NPPF is of the opinion that this tariff setting (by NAMAF for all four open funds) impedes in free market competition which should, by the mere nature of it (free market competition), bring about lower costs, more affordable and innovative healthcare cover with better benefits structures in the country. Subsequent to a complaint lodged (by NPPF) with the Namibian Competition Commission, the outcome of which is still awaited, NAMAF and Medical Aid Funds argued that the laws promoting competition in Namibia are not applicable to them. If this is accepted by Competition Commission, the *status quo* whereby there will be no free market competition among open medical aid funds, will prevail.
- One of the functions of NAMAF, in its regulator capacity, is to protect members of medical aid funds. NAMAF management however consists of senior managers of those very Medical Aid Funds against whom members should be protected. With legislation as it stands now it is therefore simply not possible for NAMAF to effectively protect members of funds in a regulatory capacity. In fact, when challenged to that effect, NAMAF informed the NPPF that it does not regard itself as regulator of Medical Aid Funds. This raises the question as to what the purpose of NAMAF’s statutory existence serves, and who the actual beneficiaries are on whose behalf it exercises its powers. Despite several submissions motivating the removal of NAMAF’s statutory status, NAMAF will continue to exist, unchanged, in its current format if proposed legislation is adopted. NAMAF

is ultimately funded by member contributions<sup>2</sup> and receives several millions a year from member funds, while NAMFISA, the actual regulator of Medical Aid Funds, receives only a fraction in comparison. In the NPPF's opinion the public should be alerted to the position and powers of this creature of statute and that its value to fund members should be questioned.

- Administration fees in open funds are as much as four times higher than the ceilings prescribed by a NAMFISA circular during 2002, and twice as high even if NAMFISA's ceilings are amended for inflation. During 2010 an average of N\$200 is paid each month in respect of administration fees per principal member of open funds. This excludes several other expenses which are incurred in the administration of open funds but which are reported separately. Administration fees alone, for the four open funds, amounted to **N\$110 million** during 2010. In NPPF's opinion much of this money can be saved for the benefit of members if these questionably high administrative fees could be lowered, for instance by way of open competition amongst medical aid funds and by proper regulation of administration companies.
- From 2008 to 2010 expenses in respect of administration costs, including managed healthcare, increased by a 100% more than that of healthcare claims. Operational costs [excluding administration fees and managed care] increased 400% more than that of healthcare claims. Healthcare claims are therefore not the ultimate cost driver that the public is led to believe.
- Regulations prescribing how medical aid funds should invest their funds are interpreted by medical aid funds that they are allowed to invest up to 65% of fund assets in any asset class of their choice, including, unlisted investments. These investments could be exposed to high risk but NAMFISA concurs with this interpretation. It should be brought under the attention of the public that with the present interpretation of the act, their healthcare dollars may not be as safe as they would like to believe.
- NAMFISA received a copy of the report on the enquiry (ISG Report), as well as several letters highlighting the concerns of the NPPF, and when pressed for a

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<sup>2</sup>As NAMAf may unilaterally prescribe levies payable to it and this is currently calculated on a "per principal member per Medical Aid Fund" basis.

reply stated that it: “... *does not see any significant risk that they* [the concerns of the NPPF] *may pose to the members .....or the industry at large*”.

The NPPF now anxiously await a reply from the respective Honourable Ministers. As stated above the NPPF has again made submissions for consideration at the last industry meeting of NAMFISA to be held on Wednesday, 11 July 2012. The NPPF will continue to fight for a more ethical and transparent healthcare funding industry and if that becomes impossible it will explore other avenues, not excluding the possibility of a new system of funding on which healthcare professionals can keep a watch full eye.

Another project undertaken by NPPF is to determine in a scientific way what the actual costs to healthcare professionals are, to create and maintain a network of infrastructure (surgeries, clinics, sophisticated first world medical equipment, administrative infrastructure to meet the requirements of the funding industry, etc.) right through the country. This study is done simultaneously with a road show whereby all healthcare professionals are visited in their place of work and whereby they are supplied with general information as to what will be expected from them in future.

The results of the cost study will eventually be incorporated in a new remuneration structure that serves not only the affordability but also sustainability of the healthcare industry.

Yet another envisaged project for the NPPF is to deal with aspects of the questionable standards of healthcare in public hospitals. In most rural towns the state hospitals are the only hospitals available to healthcare professionals in both the private and public sectors. According to opinion surveys done by the NPPF, the real problem in these institutions is not so much the availability of infrastructure than the mentality of the working staff. The NPPF is of the opinion that unless a performance based system, where accountability is highly regarded, is introduced, no progress will be possible.

One more project of utmost importance to the NPPF is to negotiate for lower indemnity insurance for healthcare professionals. Due to ridiculously high insurance rates, and the low professional fees paid by medical aid funds on behalf of their members, many

professionals have discontinued obstetrical services to the public. Especially in rural Namibia this has devastating effects in terms of the costs of having a baby. Mothers are now obliged to travel to Windhoek to deliver their babies or they have to go to the state hospitals for help. Needless to say that this is pushing up costs and has exactly the opposite effect to saving money for the medical aid funds. So the pushing down of professional fees is counterproductive.

***The NPPF sincerely thanks the press for assistance in communicating these very important issues to the public.***

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