24/11/2024

The NPPF tasks carried over to the new board of directors included a new cost study from HealthMan. The question to be explored is if there is any value in conducting a cost study similar to the one in 2014?

Answering this question involves evaluating the costs, benefits, and strategic implications for NPPF members and essentially requires to investigate the status quo and possible alternatives to ensure sustainable healthcare provision. Here's an analysis of the two primary paths:

Option 1: Remaining with the NAMAF Benchmark Tariff

Pros:

1. **Lower Immediate Costs:**
   - No need to invest beyond an independent cost study.
   - Avoids the financial and administrative burden of maintaining a practitioner-led framework.
2. **Maintains Status Quo:**
   - Familiarity with NAMAF's system and processes.
   - Potential for practitioners to adapt to NAMAF's framework with strategic input, rather than operating entirely independently.
3. **Leverage Existing Relationships:**
   - NAMAF's recognized position within the healthcare ecosystem can offer some level of negotiation with Funds.

Cons:

1. **Continued Overreach:**
   - NAMAF's ultra vires actions, such as setting unilateral tariffs and demanding ICD-10 submission for fees, undermine practitioner autonomy.
   - Lack of meaningful compliance with the regulatory framework from NAMAF during the last 30 years reduces the likelihood of long-term improvements.

2. **Ineffective Costing Models:**
    - NAMAF has ignored contributions like the 2014 HealthMan cost study, showing a disregard for practitioner inputs and true cost sustainability.
3. **Potential Erosion of Practitioner Viability:**
    - NAMAF's approach prioritizes reducing member benefits and fees at the expense of practitioner earnings, citing "overutilisation" due to high practitioner influx via HPCNA as justification.

Option 2: Invest in the HealthMan Model via NPPF Ownership

Pros:

1. **Autonomy and Control:**
    - NPPF owning the HealthMan model gives practitioners full control over costing methodologies and negotiations.
    - A practitioner-led framework safeguards their interests and ensures equitable pricing structures.
2. **Sustainable Development:**
    - HealthMan's expertise in independent costing aligns with international best practices.
    - Ownership reduces reliance on NAMAF and positions NPPF as a credible stakeholder in healthcare economics.
3. **Alignment with Practitioner Interests:**
    - Focuses on balancing member affordability with practitioner sustainability, countering NAMAF’s cost-reduction-driven approach.

Cons:

1. **High Initial and Ongoing Costs:**
    - Monthly costs of N$20,000 (VAT excluded) for model development and subsequent annual royalties to HealthMan represent a significant financial burden.
    - Securing consistent funding from practitioners or external sources could be challenging.
2. **Fragmentation Risks:**
    - Operating outside NAMAF’s framework may isolate practitioners and create a two-tier system, complicating negotiations with funds.

3. **Dependence on HealthMan:**
   - Reliance on HealthMan for development and royalties could lead to potential dependence, exploitation and less flexibility over time.

Comparative Analysis

Factor	Align with NAMAF	Invest in HealthMan Model (NPPF Ownership)
Cost	Low immediate cost, but high long-term inefficiencies.	High initial and ongoing costs, with potential for greater returns over time.
Control	Limited, as NAMAF dominates decision-making.	Full control over costing and advocacy.
Alignment with Practitioner Interests	Misaligned, prioritizes fund and member savings.	Fully aligned, as practitioners lead the initiative.
Sustainability	Risk of continued deterioration in practitioner viability.	More sustainable through equitable pricing.
Risk	Status quo risks: NAMAF overreach persists.	Financial and organizational risks in implementation and dependency.

Key Considerations

1. **Cost-Benefit Balance:**
   - The financial burden of the HealthMan model (monthly cost, plus royalties after the implementation phase of one year amounting to a total of N$ 273 000) must be weighed against the long-term benefits of practitioner autonomy and fair pricing.
2. **Sustainability of Private Healthcare:**
   - NAMAF's reduction of benefits and fees undermines the private healthcare sector. A practitioner-driven model like HealthMan's could counteract this trend.
3. **Feasibility of Stakeholder Unity:**
   - The MAF Act's incorporation into the FIM Act makes stakeholder unity unrealistic as no incentive is provided to NAMAF to change its present behaviour. The NPPF must focus on protecting its constituency independently.
4. **Practitioner Oversupply:**
   - Addressing the issue of HPCNA registering practitioners not complying with the standards of the Act may require parallel reforms to prevent overcrowding and ensure equitable earnings.

Conclusion

Given the limited prospects for NAMAF reform and its persistent overreach, a mere cost study will have academic value only.

NPPF investing in the HealthMan model offers a strategic pathway for practitioners to regain control and ensure the sustainability of private healthcare. While the costs are substantial, the long-term benefits of an independent, equitable system likely outweigh the risks of continuing under NAMAF's ineffective and practitioner-adverse framework which is largely supported by NAMFISA.

To minimize risks:

- Negotiate reduced royalties or phased payments with HealthMan.
- Build a robust funding mechanism involving stakeholders willing to contribute to the model's development.
- Maintain presence on the NAMAF HCP Forum to monitor NAMAF's willingness to change, and preparedness to implement the results of the 2025 Cost Study.
- Advocate for concurrent HPCNA reforms to address practitioner oversupply.

Yours faithfully,

Dr Jürgen Hoffmann
CEO – NPPF
Cell: 081 1242884
Email: nppfmanagement@gmail.com