The challenges of same day surgery: a Medscheme perspective

DHA Conference
30th October 2015

Dr Jenni Noble
“…prices in the private healthcare sector are at levels that only a minority of South Africans can afford…”

Medscheme research shows utilisation drives 50% of growth in total claims.
STAGNANT INSURED POPULATION

Growth: 0.4% (8.78 million to 8.81 million)
Negative growth in the restricted schemes

Source: CMS Annual Report 2014/2015
MEDSCHEME APPROACH: POPULATION HEALTH MANAGEMENT

Stratified population

- High risk individuals
- Emerging risk individuals
- Diseased individuals
- Individuals with risk factors or acute episodes
- Healthy individuals

Co-ordination of Care
Electronic Medical Record
Stratified disease management
Strategic purchasing

Wellness Patient Health Record
Benefit risk management
Fraud, waste, abuse
BI, analyses and monitoring
APPROPRIATE LEVEL OF CARE

- Right person, right procedure, right place, right time
# Appropriate Level of Care

<table>
<thead>
<tr>
<th>Procedure</th>
<th>Service</th>
<th>Facility</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surgery (minor)</td>
<td>Office Based</td>
<td>Day Clinic</td>
</tr>
<tr>
<td>Surgery (major)</td>
<td>Acute hospital</td>
<td></td>
</tr>
</tbody>
</table>
DAY CASES AND DAY CLINICS

% of Total Cases done as Day Cases and % done in Day Clinics

Internationally:
- Day surgery 60% to 80% of all surgical procedures
- Growth in day surgery over past 20 years

Source: Medscheme database
CHALLENGES

Dominance of acute hospitals
Day clinic geographical access
Supply induced demand
Day clinic value proposition
Lack of specialists buy-in
Lack of cost sensitivity – 3rd party payer
Lack of patient channelling
ACUTE HOSPITALS VERSUS DAY CLINICS

- Acute hospitals: 71%
- Day clinics: 29%
## INCREASE IN HOSPITAL BEDS

<table>
<thead>
<tr>
<th>Group</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mediclinic</td>
<td>271&lt;br&gt;Midstream (176 beds)&lt;br&gt;Mediclinic Durbanville&lt;br&gt;Mediclinic Limpopo</td>
<td>159</td>
</tr>
<tr>
<td>Life Healthcare</td>
<td>178&lt;br&gt;Hilton Hospital (94 beds)</td>
<td>450</td>
</tr>
<tr>
<td>Netcare</td>
<td>510&lt;br&gt;Pinehaven 100 beds; Polokwane 200 beds&lt;br&gt;Netcare Waterfall (68); Ferncrest (48)&lt;br&gt;Netcare St Annes (38); Kingsway (48)</td>
<td></td>
</tr>
</tbody>
</table>

Red text = acute hospitals  
Black text = day clinics
## INCREASE IN HOSPITAL BEDS

<table>
<thead>
<tr>
<th>Group</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>NHN / Independent</td>
<td>Busamed Paardevlei</td>
<td>Melomed Tokai (148)</td>
</tr>
<tr>
<td></td>
<td>Advanced Durbanville</td>
<td>Melomed Richards Bay (100)</td>
</tr>
<tr>
<td></td>
<td>Advanced Worcester</td>
<td>Busamed Harrismith (120)</td>
</tr>
<tr>
<td></td>
<td>Cure Bellville</td>
<td>Busamed Modderfontein (170)</td>
</tr>
<tr>
<td></td>
<td>Intercare Century City</td>
<td>Derdepoort (120)</td>
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<tr>
<td></td>
<td></td>
<td>Ahmed-Al-Khadi (150)</td>
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<tr>
<td></td>
<td></td>
<td>Fairview Private Hospital (270)</td>
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<tr>
<td></td>
<td></td>
<td>Capital surgical: Umhlanga, Chatsworth</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Advanced Panorama</td>
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<tr>
<td></td>
<td></td>
<td>Advanced Soweto</td>
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<td>Advanced Knysna</td>
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<tr>
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<td>Advanced Waterkloof Somerset</td>
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<tr>
<td></td>
<td></td>
<td>Cure Fourways</td>
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</tbody>
</table>
SUPPLY INDUCED DEMAND
PROVIDER-RELATED SUPPLY INDUCED DEMAND

A scatter plot showing the relationship between orthopaedic surgeons per 1000 lives and hip and knee replacement admission rates. The plot includes data points for provinces such as Northern Cape, Free State, North West, Eastern Cape, Mpumalanga, KwaZulu Natal, and Gauteng, with Western Cape being the highest on the graph.
INCREASING LENGTH OF STAY

Year | LOS
--- | ---
2009 | 2.80
2010 | 2.87
2011 | 2.96
2012 | 2.94
2013 | 3.04
2014 | 3.15
## DAY CLINIC VALUE PROPOSITION

**Cost Comparison – Cost per Event**

### NHN Day Clinics versus Acute Hospitals

<table>
<thead>
<tr>
<th>Description</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>All procedures</td>
<td>↓4%</td>
</tr>
<tr>
<td>Excluding cataracts</td>
<td>↓12%</td>
</tr>
<tr>
<td>Excluding cataracts and lens procedures</td>
<td>↓13%</td>
</tr>
</tbody>
</table>
DAY CLINIC CHALLENGE

Is the difference in input costs fully reflected by the tariff differential between acute hospitals and day clinics?

What models will encourage provider price sensitivity?

What of quality?
ENHANCE THE DAY CLINIC VALUE PROPOSITION

Differentiate from acute hospitals

\[ \text{Value} = \int \left( \frac{\Delta \text{Quality}}{\Delta \text{Cost}} \right) \]

- Cost efficiency
  - Must significantly differentiate from acute hospitals
- Reimbursement models – address price insensitivity
  - Fixed fees
  - Global fees
- Quality
  - Share objective quality indicators
QUALITY INDICATOR MEASURES

Share objective quality indicators

Procedure quality markers
• Procedure/surgery complications rates
• Readmission rates to same or different day case facility
• Readmissions to same of different hospital
• Mortality and morbidity rates

Facility quality markers
• Infection rate
• Unplanned Cancelation (Did not arrive) rates

Client Satisfaction
• Key objective quality measures include the patient’s view on:
  – Doctor/Nurse
  – Facility Cleanliness/Appearance
  – Friendliness of staff
  – Ease of navigation of system
THANK YOU!