

BHF launches alternative reimbursement model for medical schemes

An alternative reimbursement model (ARM) tool has been developed for the healthcare sector in response to the ongoing impact of the Covid-19 pandemic in South Africa, and in particular its management from a health financing perspective.



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"When the Covid-19 pandemic started, the possible exposure of medical schemes to the costs was identified as a risk. Furthermore, when Covid-19 was classified as a prescribed minimum benefit (PMB), this increased the risk exposure of medical schemes. This ARM tool was developed as a possible solution to mitigate some of this risk," said Charlton Murove, head of research at the Board of Healthcare Funders (BHF), that developed the model in collaboration with the Industry Technical Advisory Committee (ITAC).

"The alternative reimbursement model tool was developed in response to the Covid-19 hospital admissions to assist member schemes with the management of the ever-changing risks associated with Covid-19 claims, and hospital costs associated with them," he said.

How it works

The alternative reimbursement model tool includes a range of alternative structures to the current fee-for-service model which is the primary reimbursement model used, it includes per day (or per diem) rates, which is a fee per day in hospital, fixed fees or global fees, which is an agreed upon fee that encompasses all costs related to the specific treatment or health event, pay for performance or value-based reimbursement, which measures outcomes and creates incentive structure for positive outcomes.

Murove highlighted that while initially a global fee structure was considered, on collation of data the alternative reimbursement model provided better outcomes in managing the risk associated with managing the constantly changing Covid-19 risks and treatment protocols.

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