

# Shifting the paradigm: from recovery to prevention in combating healthcare FWA

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*The*  
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**BHF Conference**

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# The status quo

## 59. Charges by suppliers of service.

- (1) A supplier of a service who has rendered any service to a beneficiary in terms of which an account has been rendered, shall, notwithstanding the provisions of any other law, furnish to the member concerned an account or statement reflecting such particulars as may be prescribed.

[Sub-s. (1) substituted by s. 24 of Act No. 55 of 2001.]

**Wording of Sections**

- (2) A medical scheme shall, in the case where an account has been rendered, subject to the provisions of this Act and the rules of the medical scheme concerned, pay to a member or a supplier of service, any benefit owing to that member or supplier of service within 30 days after the day on which the claim in respect of such benefit was received by the medical scheme.
- (3) Notwithstanding anything to the contrary contained in any other law a medical scheme may, in the case of—

- (a) any amount which has been paid *bona fide* in accordance with the provisions of this Act to which a member or a supplier of health service is not entitled to; or
- (b) any loss which has been sustained by the medical scheme through theft, fraud, negligence or any misconduct which comes to the notice of the medical scheme,  
deduct such amount from any benefit payable to such a member or supplier of health service.

- **FOCUS on financial recoveries**
- **Criminal prosecutions limited**



# Trust deficit amplified

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Questionable recovery process

Quantification of FWA claims  
Allegations of bullying tactics/duress



Section 59 Investigation



Unfavourable media reports



Medical schemes mischaracterised



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# Creates compliance issues for trustees

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<https://www.myhrtoolkit.com/blog/types-of-compliance-in-business>

## Medical Schemes Act

- Offence to submit a false invoice/statement
- Offence to claim a benefit greater than the benefit to which member is entitled in terms of the Rules

## Prevention of Organised Crime Act (POCA)

- If a scheme:
  - Knows the provider received proceeds from unlawful activities
  - Concluded an agreement with the provider so that the provider can retain/control those proceeds or to benefit the provider in any way

## Prevention and Combating of Corrupt Activities Act (PRECCA)

- Corruption = gratification provided to influence conduct that amounts to violation of legal duty
- Gratification = avoidance of loss, liability, penalty or other advantage including avoidance of legal proceedings (civil/criminal)

# Success of FWA recoveries is questionable

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**Recovering claims that  
should never have been  
paid in the first place**

Recovery fees = additional  
administration fee per member per  
month



**Lack of visibility**



**Uncertainty of recoveries**



**Proceeds of other “bad”  
claims being used to fund  
AODs for prior “bad” claims**

Did you recover everything?  
Did the provider's behaviour really  
change or is he getting better at  
hiding it?



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# FWA continues unabated

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<https://etactics.com/blog/healthcare-fraud-examples>

Remains a significant issue with no sign of dissipating

Significant contributor to healthcare inflation

- Limits access
- Reduces medical scheme membership growth

# How do you limit this?

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## Increase visibility

- Credit bureau
- Report incidents/experiences
- Allow participants to do follow-up investigations in their environments and provide updates for the benefit of all

## Everyone in the industry participates

## Quarantining of claims to flagged providers

- Permissible in terms of regulations
- Perverse incentive of the SLA
  - On-time payment of claims
  - OTIF
- Track % claims quarantined to:
  - all claims paid
  - recovery incentive payments
  - total admin fee per member/per month

# Questions?