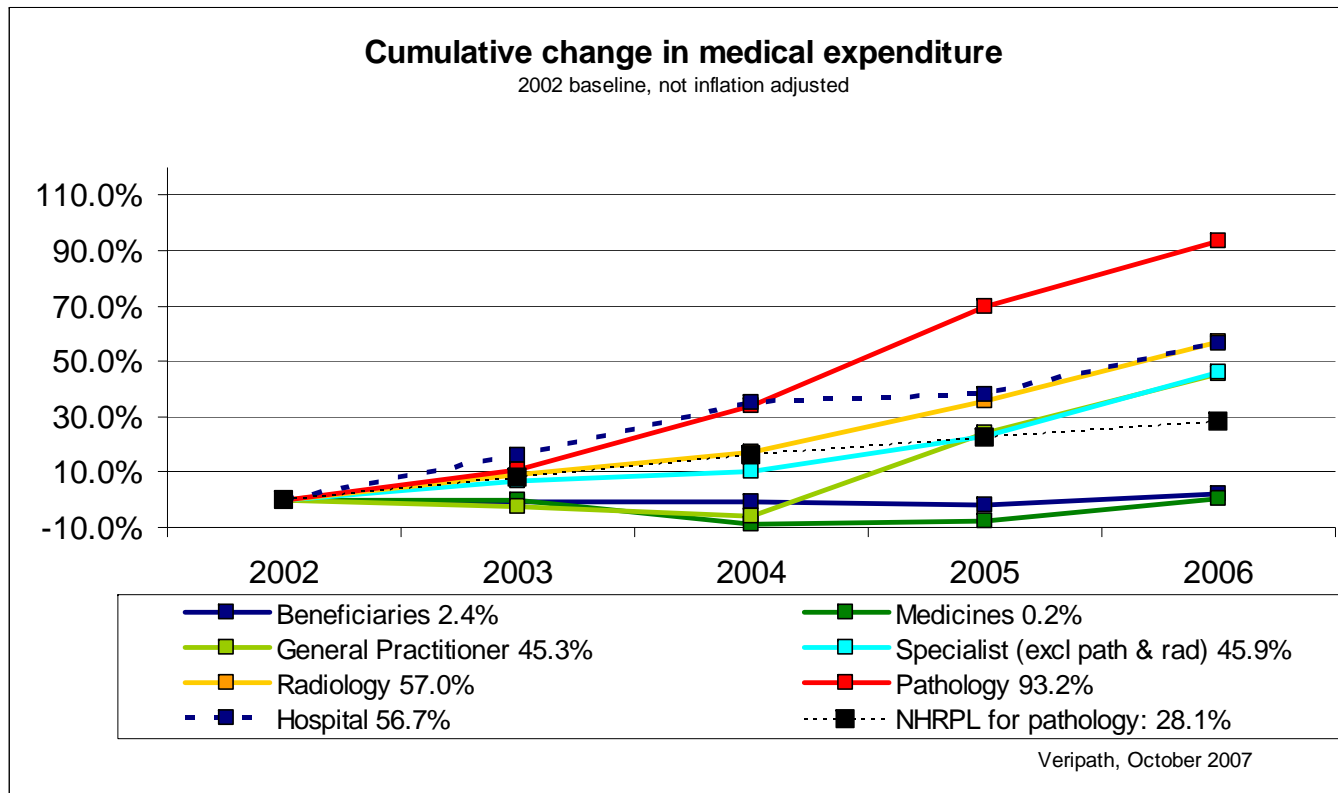


Pathology and Radiology cost Drivers

IHRM – August 29th

The Problem



The causes

- Lack of insight by clinicians into test prices
 - informed consent – National Health Act
- Lack of transparency into test costing and “cross subsidisation”
- Unnecessary testing
- “Active” and “passive” providers
- Reflex testing
- Highly irregular billing

Request forms

- No tariff coding or test price information
- Branded documents designed to increase revenue – do not comply with NPG guidelines
- Specialist testing available to all referrers
- Monitoring tests used for diagnosis
- No incentive to cut duplication of tests between GP and Specialist's

New technology

- Unilateral implementation of SAMA codes
- Automated testing saves on labour but priced more expensive ?????? – Urine microscopy is an example
- No transparency on costing models
- No control of utilisation
- More reflex testing – Liquid based cytology is an example

Doctor Awareness of costs

- Allergy tests request – could result in a bill for R3500
- No price information available on request forms

Point of Care testing

- Blood gas and ancillary tests
 - Billed at R180 – purchased at R20
 - Performed by Clinic staff in ICU

- POINT OF CARE TESTING _ R180
Million cost to medical schemes per annum

Inappropriate costings of consumables

- Tb Bottle – billed at R65
- Purchased at R28
- Markup > 35%

- Labs Charging for blood collection devices

Economies of scale

- Automated microbiology approved for Blood cultures and ICU patients only
- Now used even for routine microbiology
- **NO CHANGE IN THE PRICE TO SCHEMES EVEN THOUGH VOLUMES HAVE INCREASED**

Inappropriate test gaps

- Protein electrophoresis – 19 in 5 months
- Full Malaria “profiles” on patients – many times consecutively

Solutions

- HPCSA regulated request form – including prices of tests –
- Abolish cross subsidisation of tests – if a Full Blood count costs R9 why pay R100
- Move POC Tests such as Blood gases into Hospital environment
- Establish Neutral service depots – No phlebotomy sisters in doctors rooms
- Make clinicians aware of test prices

Solutions (cont)

- Single exit price for tests
- Allow admin fee or patient visit fee
- Introduce ICD10 driven pathology requesting
- Recost all new tests as volumes increase
- Transparency from Suppliers of diagnostic equipment
- Contract international laboratories for routine pathology investigations

Solutions (Cont)

- Establish – in house pathology expertise for schemes
- Enforce informed consent
- Control the ordering process

- All new tests HTA and South African references
- Establish “neutral” complaints forum