

JONATHAN BROOMBERG: Why Discovery Health has chosen the cancer treatment path it is on

Medical scheme believes its solution is a transparent and balanced approach to high-cost medicines

30 APRIL 2019 - 09:13 by JONATHAN BROOMBERG



The Discovery head office in Sandton. Picture: MASI LOSI

Cancer is one of the greatest challenges facing the world today. Its incidence is increasing rapidly, for reasons that are not fully understood but which appear to be linked to lifestyle.

Discovery Health's data shows that cancer cases increased by over 45% between 2011 and 2018, with almost 8,500 new cases in 2018 alone. As a result, the Discovery Health Medical Scheme has seen an increase of over 100% in the costs of cancer-related treatment, from R1.5bn in 2011 to over R3.5bn in 2018.

This website, published by Tiso Blackstar Group (Pty) Ltd, uses cookies, which help to run the website in various ways, including essential services, advertising and analytics. By accepting or continuing to use this website, you consent to us using cookies. You can see how to opt out of non-essential cookies or get more information about how we manage cookies in our [privacy and cookie policy](#).

Accept
Cookies

The combination of the increasing incidence of cancer and the rapidly rising costs of its treatment poses a serious challenge for health funders worldwide, including government and private health insurers such as South African medical schemes. These funders are seeking ways to ensure that patients can access these medicines, while at the same time ensuring that the resulting costs do not undermine the long-term sustainability of the system.

So how can health funders solve this dilemma? In theory, if health insurers could apply strict underwriting, excluding those with cancer from cover, either permanently or for a period of time, they could sustainably provide cover for these medicines. But the obvious downside of this approach is that anyone with a history of cancer would be excluded from cover in totality.

Strong social solidarity mandate

In SA, medical schemes are governed by strict legislation requiring them to accept all applicants, regardless of prior health history. Medical schemes thus have a strong social solidarity mandate, providing access to world-class private health care and reducing the burden on the public sector, even for new members with serious health conditions.

The challenge is obvious though – 80% of health-care costs are incurred in the last two years of a person's life and if people can join medical schemes only when they are sick, they will tend not to join when they are healthy, threatening the sustainability of medical schemes. As medical schemes operate as not-for-profit legal entities, owned by their members, they cannot access external capital, and this means that claims paid out each year have to be covered in full by premiums paid in by members.

In response to his challenge, the Council for Medical Schemes has regulated a set of proven, cost-effective cancer benefits that all members are entitled to. This provides all members with an appropriate and affordable level of coverage for cancer treatment. But

This website, published by Tiso Blackstar Group (Pty) Ltd, uses cookies, which help to run the website in various ways, including essential services, advertising and analytics. By accepting or continuing to use this website, you consent to us using cookies. You can see how to opt out of non-essential cookies or get more information about how we manage cookies in our [privacy and cookie policy](#).

Accept
Cookies

and to sustain this higher cost by charging higher premiums for these plans. The Discovery Health Medical Scheme has chosen this path, which we believe represents a transparent and balanced approach.

This solution provides an excellent baseline level of cover across all plans, well in excess of the minimum level prescribed by the regulations. In addition, the scheme is the only one in the country to offer an innovation cancer benefit on its executive and comprehensive plans. This provides funding for a defined list of high-cost cancer medicines.

Discovery Health Medical Scheme currently provides excellent cancer cover for over 38,000 members with cancer every year. Full funding is provided for the vast majority of treatments requested, including most chemotherapy and radiation therapy, and over 95% of all claims are paid in full across all plans.

Plan upgrades

In a recent case, which has been covered in some media, a member requested a high-cost cancer medication, for which the member's selected plan does not provide cover. Discovery Health Medical Scheme did not allow the member to upgrade to a plan that would cover the medication, as along with the vast majority of other medical schemes, Discovery strictly prohibits plan upgrades after January 1 of each year. This long-entrenched rule is important to prevent a situation in which members choose lower-cost plans, and then can freely upgrade to a higher plan when they need more extensive benefits.

This "anti-selection" would be extremely unfair to those members of the higher plans who pay larger premiums precisely because they want to ensure access to high-cost medicines at some future point in time. It would also threaten the scheme's ability to offer any cover for these innovative treatments.

In addition, if this were allowed, it would make no sense for any

This website, published by Tiso Blackstar Group (Pty) Ltd, uses cookies, which help to run the website in various ways, including essential services, advertising and analytics. By accepting or continuing to use this website, you consent to us using cookies. You can see how to opt out of non-essential cookies or get more information about how we manage cookies in our [privacy and cookie policy](#).

Accept
Cookies

Select a plan carefully

This complex situation highlights the vital necessity for members to select their medical scheme plan carefully, and to obtain the best available independent advice from a licensed medical scheme broker. Another conclusion to be drawn from this very unfortunate situation is that those who can afford to should always ensure that they purchase the highest possible plan, as it is never possible to know when a serious health-care issue may arise and whether this will require very high-cost treatment.

We are extremely sympathetic with the plight of all scheme members who are battling the immense challenge of cancer, but we have a profound responsibility to all 3.5-million members of our client medical schemes to ensure that each and every member is treated fairly and consistently, and that medical schemes remain sustainable in the long term.

All of this also begs the question of what can be done to bring down the cost of these expensive treatments to more affordable levels. The issue of high medicine prices is of great interest to funders and governments worldwide, and it is critical that funders, governments and consumer groups work hard with the pharmaceutical industry to achieve greater affordability in medicine pricing and access to those in need.

- *Dr Broomberg is CEO of Discovery Health*