

Private healthcare loses more than R22bn a year to fraud, waste

By [Roxy de Villiers](#)

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Fraud, waste and abuse is costing the private healthcare system more than R22bn, and if you submit false claims, you could face more than just being terminated from your scheme, the Council for Medical Schemes warned at its summit on fraud this week.



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The event comes after deputy president David Mabuza announced at the Presidential Health Summit that [the Special Investigating Unit \(SIU\) would be honing in on the healthcare sector](#).

“We want independent investigations that are turned around quickly and submit and identify findings appropriately,” Mabuza said at the October gathering.

The CMS estimates that fraud, abuse or waste accounts for about 15% of the R160bn in claims that medical aids pay out annually.

The head of the SIU, advocate Andy Mothibi, said the body is working with the National Prosecuting Authority to help ensure that its investigations result in cases that can be prosecuted as it proactively targets healthcare fraudsters.

“Specifically with the SIU, when the investigations are done, there are not effective follow-ups to make sure action is taken. We have put in place measures now [to combat that],” he said.

The SIU is also trying to ensure investigations are followed from the point they start to the day they result in a conviction.

Last year, the public interest law organisation Section27 released the [findings of an SIU investigation](#) into corruption at the Gauteng health department. That report was only handed to former President Jacob Zuma’s office seven years after it was commissioned. The organisation says it, as well as the non-profit organisation Corruption Watch, have already joined a National Health Anti-Corruption Forum convened by the SIU.

Mothibi’s remarks come after a high profile win for his unit — a recent investigation led to [the arrest of a prominent attorney in Mthatha in the Eastern Cape](#) that relates to fraudulent [medico-legal claims](#) estimated to be over R100m, the government news agency *SAnews* reported on Monday.

But, the SIU isn’t in it alone

Some medical scheme administrators and funders have their own ways of uncovering irregularities. The Board of Healthcare Funders of Southern Africa now oversees the Healthcare Forensic Management Unit that allows medical aids to track suspicious activity by using healthcare professionals’ individual medical practice numbers.

Discovery Health uses a case management system that gives them insights into their members’ claim trends. Based on these trends, Discovery is able to pick up on suspicious activity. Their system has led to R2bn in direct savings; since 2013, it has helped the scheme to recover more than R5bn.

“It’s not only about money,” Marius Smith, head of Discovery Health’s forensics, explains. “It’s about the quality of care. The health of patients is jeopardised by fraud, waste and abuse. We shouldn’t lose sight of that.”

So, who’s behind all of this fraud?

“It’s not [just] a doctor issue,” Smith says. “Discovery has seen an equal spread of fraud, waste and abuse between healthcare professionals, medical aid members and hospital groups.”

But is it all illegal? Not always

Paul Midlane, general manager of Medischeme’s healthcare forensics, says sometimes perpetrators are technically not doing anything illegal — but it doesn’t make their actions ethical or less costly.

Catching out the bad guys is going to take teamwork and larger pools of data would need to be combined to detect trends sooner, says Lynette Swanepoel who works for the commercial firm, Southern African Fraud Prevention Service.

What does weeding out fraud mean for the average person?

Simon Magcwatywa, the principal officer of Sizwe Medical Fund, says combating fraud could lead to [more affordable private healthcare](#).

But only if the money lost to corruption is returned.

CMS’s chief executive Sipho Kabane warns terminating people who fall foul of the law from schemes is not combating corruption. Instead, he says, they should be rehabilitated through penalties, including making them refund schemes for the money lost.

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