This is a **CLOSED BOOK** exam.

Time allowed**: 3 hours**

Max marks: **100 marks**

Additional requirements: **Calculator**

Section A – 30 marks

Question 1 – 10 marks

1. Referring to the information provided on the International Travel claim form and the other attached documentation, answer the following questions, giving a brief explanation for each answer: [10]

1.1 Analyse the membership documents and advise on the status of Mrs Makado's membership, giving a reason for your answer. [2]

Answer:

Mrs Makado's membership is active, √ due the contributions being fully paid. √

1.2 Verify Mrs Makado's personal details to ascertain that she is the correct beneficiary on the claim form, giving a reason for your answer. [2]

Answer:

According to the Benefit Schedule, Mrs Makado is the principle member √ and her details correspond correctly to the claim form. √

1.3 Does Mrs Makado have any dependants on her medical aid that she pays for? [2]

Answer:

From the Benefit Schedule and the Premium Schedule √ only Mrs Priscilla Makado is covered. √

1.4 If Mrs Makado had a spouse and a dependant child under the age of 21 on her membership, what would the contribution for the spouse and the child be? [2]

Answer:

The contribution for the spouse would be R4 618.00 per month √ and the dependant child would be R974 per month. √

1.5 Did Mrs Makado settle her medical bill herself when she was discharged from the hospital? How would you verify that this medical bill was paid? [2]

Answer:

Yes, according to Mrs Makado's claim form, she did settle her bill herself. √ The service provider can be contacted to verify whether payment was received. √

Question 2 – 10 marks

2.1 Analyse the benefit schedule and verify whether the membership option Mrs Pricilla Makado chose covers the medical claim, as detailed in the claim form which she submitted? [2]

Answer:

The option that Mrs Makado chose covers international medical emergencies as outlined below:

- International Travel Benefit In 2018, Executive Plan members will have US$ 1 million per member to cover the cost of medical emergencies while traveling outside SA.

As Mrs Makado was in a motor vehicle accident which is considered a medical emergency whilst travelling outside South Africa, √ she is covered √ under this benefit.

2.2 Explain the term 'pre-existing condition'; give two examples of a medical pre-existing condition.[3]

Answer:

A pre-existing condition is any illness or disability that a person has prior to joining the medical scheme. √ This includes serious ailments such as cancer √ and diabetes. √

2.3 Is a medical scheme allowed to refuse membership based on pre-existing conditions and what are the rights of the medical scheme when dealing with a claim for a pre-existing condition? [3]

Answer:

No medical aid is allowed to refuse membership due to pre-existing conditions. √ A medical scheme may enforce a waiting period √ after the new member joins the scheme, where the member or dependent will not be covered for any medical services, procedures or medication relating to this pre-existing condition(s). √

2.4 What is the maximum length of time a medical scheme can impose a waiting period due to pre-existing conditions? [2]

Answer:

A medical scheme has the right to enforce a full twelve-month √ waiting period before accepting any claims from a new member that relates to any pre-existing condition. √

Question 3 – 10 marks

3.1 What is meant by a co-payment and how it is applied? [2]

Answer:

A co-payment is an amount that you must pay from your own pocket √ for a particular treatment or procedure, as determined by your specific plan and medical aid. √

3.2 Refer to the Bumble Medical Scheme Comprehensive Plan Benefit Schedule and advise what Mrs Makado's co-payment amount will be for Oncology, after she has reached her threshold of R400 000. [2]

Answer:

According to Mrs Makado's Benefit Schedule there will be a 20% √ co-payment once she has reached the threshold of R400 000. √

3.3 Analyse the Claim Statement for Mrs Makado. Advise whether there are any co-payments that she has to pay out of her own pocket. [2]

Answer:

Mrs Makado does not have to pay any amount out of her own pocket, √ as the whole amount owing has been paid to the service provider for this claim. √

3.4 What is meant by a medical scheme exclusion and give 2 examples of exclusions. [3]

Answer:

Exclusions are procedures or services which the medical Scheme will not cover, √ e.g. cosmetic surgery √ or examinations for insurance purposes, √ under which a member has no cover.

3.5 Within what period of time must the scheme pay my claim? [1]

Answer:

If the account or claim is correct and acceptable for payment, it should be paid within 30 days of receipt of the claim. √

Section B – 55 marks

Question 1 - 15

1. Refer to the claim statement and answer the following questions:

1.1 What member information has to appear on the claim statement to enable the medical scheme to process the claim? [5]

Answer:

Member information:

- The Principal Member's initials and surname as it appears on the latest membership card; √
- The membership number; √
- The name of the Scheme and the benefit option; √
- The patient's first name(s) and surname; √
- The dependant code as indicated on the latest membership card. √

1.2 What Service Providers information has to appear on the claim statement to enable the medical scheme to process the claim? [2]

Answer:

Provider information:

- The name and practice number of the service provider (Doctor, hospital, pharmacy, etc.); √
- The referring Doctor and practice number, in the case of a Specialist's account. √

1.3 What information is required regarding the procedures and/or services rendered, that has to appear on the claim statement to enable the medical scheme to process the claim? [3]

Answer:

Services rendered:

- The date of the service or treatment; √
- The nature and cost of each service or treatment item and the tariff code(s) [ICD-10 code(s)] involved; √
- The duration of an operation (where applicable); √

1.4 What would the consequences for the Healthcare Provider, the patient and the Medical Scheme be if not all the required information is on the claim form? [5]

Answer:

- Unpaid Claim as the claim cannot be processed√
- Unhappy Healthcare Service Provider (Doctor, Hospital etc.) because he has not been paid for his/her services√
- Frustrated customer as the Healthcare Service Provider is calling for the patient to settle the bill. √
- Unproductive claims assessor as he cannot complete his process of paying the claim√
- Medical scheme getting reputation for not paying claims√

Question 2 - 10

2.1 What is meant by the term 'claims ratio' or 'loss ratio' and how would you calculate it? [2]

Answer:

The loss ratio is calculated by dividing the total incurred losses by the total collected contributions. √ The lower the ratio, the more profitable the medical scheme and vice versa √

2.2 State 5 (five) circumstances where the medical scheme would be within their rights **not** to pay a claim. [5]

Answer:

The medical scheme will be within their rights not to pay the claim in the following circumstances:

- If the membership contributions are not up to date. √
- If the benefits have been exhausted / used up for the year√
- If the member is subject to a waiting period. √
- The procedure or treatment may be an exclusion √
- Non-disclosure of pre-existing conditions√

2.3 What are ICD-10 codes and how do they assist the claims process? [3]

Answer:

ICD-10 codes are diagnostic codes √ that healthcare providers use to inform medical schemes about what conditions their members were treated for, √ so that claims can be settled efficiently and correctly. √

Question 3 - 30

3.1 What is National Health Reference Price List (NHRPL) and what is it used for? [2]

Answer:

This is a price list √ for health services published by Council for Medical Schemes and is used to reimburse service providers. √

3.2 Is a provider of a health care service entitled to charge more than the fees determined by medical schemes / the tariff specified in the NHRPL? How will that impact the member? [2]

Answer:

Yes. √ Health care providers are free to determine their own fees. Consequently, if an account is in excess of the fee determined by the rules of a medical scheme / NHRPL for a particular service, the difference is for the account of the member. √

3.3 If the Rules of the Scheme state that your qualifying claims will be reimbursed at "100% of Medical Aid Rate", does this mean that the members Medical Specialists fees will be covered fully? Briefly explain your answer. [2]

Answer:

No. √ A scheme that only covers 100% of NHRPL means that if the Health Care Provider charges more that 100% of the schemes rates then the patient will be responsible for the difference. √

3.4 Calculate how much the medical scheme will pay for a CT Scan (Brain Scan with contrast only) where the Health Care Specialist charges 300% of the NHRPL rate which is R2575.90 and the member is covered for 100% by the Medical Scheme. What would the members co-payment be? [3]

Answer:

R2575.90 x 300% = R7727.70 that the Health Care Specialist will charge. √

If the medical scheme covers the member for 100% of NHRPL then the scheme will pay the Health Care Specialist R2575.90 √ and the balance of R5151.90 will be for the member to pay. √

3.5 What is regarded as a stale claim by your medical scheme? Analyse the International Travel claim form 2018. Does the claim you are assessing qualify as a stale claim? Support your view. [10]

Answer:

- A stale claim is one that is submitted after four months √ from the date on which service was rendered by the healthcare provider√
- The member or provider is then required to provide proof √ that the claim was submitted within the 4-month period. If proof cannot be provided, then the claim cannot be considered for payment. √

- Where a claim was erroneous or not acceptable for payment (which will be communicated via the claims statement) and the member/provider did not resubmit the correct claim within 60 days, √ then the claim cannot √ be considered for payment.

- Claims queried will be assessed against the rules of the scheme √ and will be subjected to an approval process in line with the Medical Schemes Act and the Scheme rules. √

- This is not a stale claim because Mrs Makado received treatment overseas from the 15th of March 2018 to the 25th of March 2018. √ The claim was then submitted to the scheme on the 31st of March 2018. √

3.6 According to the Council of Medical Schemes Act, within how many days must the scheme inform the member and the health care provider of their decision to reject a claim? [1]

Answer:

It must inform both the member and the relevant health care provider within 30 days √ after receipt of such account, statement or claim.

3.7 Once a claim has been received by the medical scheme and processed for payment, a member statement must be sent to the member. Name 5 particulars that must be shown in the member statement. [5]

Answer:

(a) the name and the membership number of the member; √

(b) the name of the supplier of service; √

(c) the final date of service rendered by the supplier of service on the account√

or statement which is covered by the payment; √

(d) the total amount charged for the service concerned; √

(e) the amount of the benefit awarded for such service. √

3.8 Name 5 consequences of capturing incorrect claims information when processing a claim? [5]

Answer: (assessor: apply discretion - accept answers that make logical sense)

- The claim could be rejected. √
- The wrong amount of money could be paid, resulting in either a short payment or an over payment. √
- Unhappy members√
- Company reputational damage√
- Time wasted on correcting the error√

Section C – 15 marks

Question 1 – 15 marks

1.1 As per the benefit schedule, under The International Travel Benefit, members are eligible to access advanced medical care outside of South Africa for life-threatening and life-changing conditions. Mrs Makado is considering going to the United Kingdom (UK) to get a second opinion on her heart problems. Considering the risk to Mrs Makado's health that such a long-distance travel could have on her, as well as the big financial drain on your company's profits when the claims are submitted, what will your recommendations be to the client to ensure that both of these risks are minimized? [6]

Answer:

South Africa has world class medical practitioners who are just as good, if not better than their counterparts overseas. √ Even our public hospitals, though not very well stocked and looked after, have the best doctors and surgeons working there. √

I would therefore suggest that Mrs Makado looks locally for a second opinion. √ This will be a more cost-effective solution as the Pound is very strong against the Rand and even though Mrs Makado has coverage internationally, the amount of this benefit will not be enough to cover all the costs incurred. √ That would mean that Mrs Makado would have to make a big co-payment, which will have a negative impact on her bank balance. √

Furthermore, this decision would positively impact the company, as the amount of the claim will be much less. √

1.2 Summarise your decision on whether or not to honour the International Travel claim as per your assessment above. [2]

Answer:

The claim will be settled in full √ since the member's policy is up to date and the benefit option covers the items claimed for in this case. √

1.3 Explain the procedure to lodge a complaint if dissatisfied with a decision taken by the Medical Scheme? [2]

Answer:

The member who wishes to complain should always first seek to resolve complaints through the complaints mechanisms in place at the respective medical aid. √ Should all efforts fail to resolve an issue with your scheme, you can submit your complaint to the Council for Medical Schemes Complaints Unit, √ by either posting, faxing, emailing or submit online by going to the following website address:

http://www.medicalschemes.com/Content.aspx?110

1.4 When may a medical scheme terminate or suspend a membership? [3]

Answer:

- On the grounds of failure to pay membership fees timeously √
- Submission of fraudulent claims √
- Non-disclosure of material information. √

1.5 What does "non-disclosure" mean and what are the consequences? [2]

Answer:

Non-disclosure is the withholding of information during the risk assessment, when joining the medical aid. √ This includes information such as previously diagnosed conditions,

symptoms and treatment. If a non-disclosure exists, the membership is terminated from inception and all claims paid by the scheme are reversed. √