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Know thy designated service providers

If you mention a designated service provider (or DSP) and a state hospital in one sentence, people often assume that they're one and the same thing. But this is not the case. DSPs encompass more than just state hospitals.

“Designated service providers” (DSPs) refers to a healthcare provider or a group of healthcare providers selected by a scheme as a preferred provider(s) to offer to its members the diagnosis, treatment and care for PMB conditions.

Provision for DSPs in the Medical Schemes Act 131 of 1998 was intended to encourage DSP arrangements between medical schemes and healthcare providers to ensure the proper delivery of prescribed minimum benefits (PMBs) to all beneficiaries of all schemes. But this provision has in some instances led to the undesirable directing of patients to state hospitals without schemes ensuring that such hospitals were readily available to provide the required service to their members.

Schemes do have the right to designate the state as their DSP but the onus is on them to ensure that the designated provider is readily available to accommodate and provide services to their members. When approving scheme rules, the Registrar's Office requires schemes to demonstrate that they have conducted an assessment of their DSPs and that they have assurance of the availability of services. Schemes can pursue DSP arrangements with both the public and the private sectors to ensure that members get efficient service.

And while members may feel restricted when shown the list of service providers from which they could obtain their PMBs, the fact remains that DSPs have advantages for all concerned: the member, the scheme and the service provider.

How do healthcare providers become DSPs?

In the past schemes would list a state hospital as their default DSP, but the Council for Medical Schemes (CMS) has since made it clear – e.g. through Circular 32 of 2006 on its website and various seminars – that DSP arrangements should be more than just a listing of a name. The very reason why DSPs were introduced is mainly for schemes to ensure that their members get proper care at a proper

place and at an appropriate cost. This could not be easily determined without some mutual partnership and interaction between the scheme and the healthcare provider.

The Registrar's Office strongly advises schemes to ensure that services will be readily available for their members before identifying DSPs as their preferred service providers in their rules. By approving schemes' rules, the CMS wants assurance that the scheme has taken measures to ensure such appointed DSPs have the capacity to render PMB services to members. Where schemes fail to demonstrate such capabilities, the CMS rejects their rules. While it is preferable to see a written agreement or contract between a scheme and the appointed DSP as a means to demonstrate that the scheme conducted an assessment to ensure availability of services for its members at the selected DSP, an outlined demonstration of accessibility of services from preferred DSPs throughout the scheme's area of member coverage also offers some form of indication. But an advantage of entering into contracts is the fact that members are given greater assurance that PMB services are indeed available.

Why have DSP contracts between medical schemes and healthcare providers?

Medical schemes: Having some form of guarantee for readily available and accessible services for your members is a plus for you and your members.

Soliciting the services of a DSP places schemes miles ahead in terms of proper planning for their members and ultimately gives the scheme knowledge of who they are dealing with and whether or not its DSPs have the capacity and means to render the required services. You can also negotiate pricing on behalf of your members. As a scheme, you are therefore in a better position to determine the financial implications and managed care conditions for the delivery of care to your members.

Healthcare providers: By registering as a DSP with a scheme, you help to make healthcare services more accessible and affordable for all South Africans. As a DSP, you become a preferred service provider and are guaranteed that your claims for the treatment of PMBs will be settled.

Members: You enjoy readily available services at a discounted rate where your scheme has successfully negotiated pricing on your behalf.

If scheme rules do not list DSPs

If a scheme has failed to identify DSPs in its rules, it must pay in full, without co-payment or the use of deductibles, for the diagnosis, treatment and care costs of the PMBs of its members.

Voluntary v involuntary use of DSPs

Members are obligated to obtain their healthcare services from the DSPs listed in the rules of their scheme. If you as a member voluntarily decide to use a non-DSP, you become liable for a co-payment or deductible which is specified in the rules of your scheme.

If you obtain a service from a non-DSP involuntarily, and it's a PMB condition, the scheme must pay for the costs of your treatment, diagnosis and care in full.

Obtaining a service involuntarily means:

- the service was not readily available from a DSP or it would have been provided with unreasonable delay;
- there was an emergency which occurred under such circumstances or at such a location that precluded the member from obtaining PMB treatment from a DSP; or
- there was no DSP within reasonable proximity to the member's ordinary place of business or personal residence.