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CHAIRMAN'S REPORT 2023

to be presented at the Surgicom AGM, 3 June 2023

I must at the outset acknowledge the tremendous support that I have received from Vice-Chairman André Reddy and the 11 directors and 3 consultants on the Surgicom board as well as the staff at HealthMan. We continue to make progress with several ongoing initiatives and have introduced several more.

1. MEMBERSHIP

Membership continues to grow strongly. We now have 352 active members including 282 in full-time private practice, 42 in limited private practice, 5 in public practice only, 15 in their first year of private practice and 7 registrars. The latter two categories enjoy full membership without paying any monthly fees. We estimate that a further 160 – 200 surgeons are engaged in either full-time or limited private practice but have chosen not to be members. This considerably limits our effectiveness. Although Surgicom members enjoy unique benefits, so much of what Surgicom does benefits everybody. Please continue to encourage your non-member colleagues to join. Participation in the governance project including reimbursement for providing discharge summaries has always been limited to Surgicom members. Our initiative to enhance remuneration for laparoscopic cholecystectomy within a project which is detailed later in my report will similarly be limited to Surgicom members and is likely to be rapidly expanded to several additional procedures. Increasing membership and demonstrating value must be priorities for our organization.

2. SURGICOM PRIVATE PRACTICE BUSINESS WEEKEND 3-4 JUNE 2023

Our fourth Private Practice Business Conference will take place at the Blaauwberg Beach Hotel, Big Bay, Western Cape on 3-4 June 2023 and will present a particularly wide range of topics from global trends in health care to practical day-to-day practice management. Surgicom will have an opportunity to present the work we have been doing to enhance surgeon remuneration including the coding review and the development of global fees.

3. SURGICOM PRIVATE PRACTICE BUSINESS CONFERENCE 2024

In 2024 the Surgicom Private Practice Conference will be held in Kwazulu Natal on 25 & 26 May 2024.

4. PROGRESS WITH THE SURGICOM CODING REVIEW

With the assistance of SAPPF coding specialist, Brenda Gous we have completed a massive review of most of the GIT and soft-tissue codes with the required cross walk from CPT4 for presentation to SAMA, and medical schemes. In addition, we have performed an in-depth analysis of the likely impact of a complete migration to CPT4 based on the 25 most frequently billed codes. The gynaecologists completed a code migration to CPT4 in 2022. The project took several years and was not without pain as the relative value units of some procedures decreased. The results of the project will be presented at the conference but overall, general surgery remuneration from schemes that accept the migration to CPT4 would potentially increase by about 4%.



The problem is that several procedures would go down in value and overall, some practices may be significantly disadvantaged. Furthermore, there is no certainty that all schemes will accept a new structure. What is clear is that a wholesale migration will be very labour intensive and costly and would certainly stretch Surgicom's limited resources. For these reasons the board has decided not to pursue a complete migration to CPT4 at this time. Schemes are increasingly reluctant to accept new code proposals without a review of the relevant sections of the existing coding structure. In order to introduce eg: spleen-preserving pancreatectomy or novel haemorrhoidectomy procedures, a review of the HPB and rectal surgery codes using current CPT4 will be necessary.

5. PRACTICE CODING REFERENCE GROUP

Surgicom has participated through SAPPF in a joint initiative with Discovery Health looking at the whole structure of private healthcare funding and the difficulties that we experience with the current system. We need to enhance the current coding system whilst working towards a value-based healthcare model. What is required is a centralised representative and independent structure for coding with multi-stakeholder participation and a commitment to improving and recording health outcomes. The initial 3-month phase has been completed. The next step is to present this to as many funders and stakeholders as possible. SAPPF developed the South African Classification of Health Interventions (SACHI) several years ago. We believe that this will provide the governance structure that is required. A new process for identifying, ratifying, discussing, approving and ultimately implementing codes has now been drawn up.

6. PROGRESS WITH THE GLOBAL FEES PROJECT

Our Global Fees sub-committee has met regularly with Discovery Health to develop a global fee solution for laparoscopic cholecystectomy and groin hernia repair. Unlocking sufficient value to enhance surgeon remuneration without exposing the scheme to unmanageable costs has remained a problematic challenge. Improving remuneration for surgeons who are currently participating in Premier A or B payment arrangements is achievable but our aim of achieving remuneration for elective uncomplicated laparoscopic cholecystectomy for all surgeons at 5-10% above the Classic Direct rate has not been realized. The current proposal is a "Shadow" Bundled Fee with incentives for efficiency being paid directly to the surgeon, rewarding high quality and low cost. The initiative will be restricted to low-complexity cases and will examine total cost per event with an efficient event defined as the 25th percentile. All events achieving this threshold will qualify for a payment equivalent to the difference between the 25th percentile and the average total event cost and be paid to the surgeon every 6 months as a bulk payment. Many surgeons regularly achieve this target so the enhanced fee will apply immediately. Considerations that could improve measured efficiency include same day/short stay admissions, a review of consumables used, accurate theatre time clocking, appropriate referral to other disciplines including physiotherapists and physicians and appropriate use of pathology and radiology. Outcomes will be carefully monitored to ensure that patient safety or quality of care is not compromised. If approved, the scheme can be implemented without any coding changes and can easily be applied to several additional procedures such as hernia repair. The proposal will be presented in detail during the conference.

7. RELATIONSHIP WITH SAPPF

We have worked closely with our strategic partner, SAPPF and I continue to serve as SAPPF chairman until mid-2024. We deal with issues of national importance through SAPPF and in 2022-2023 these have included the court action challenging the Certificate of Need, further work on a national initiative to measure clinical outcomes, interaction with hospital groups developing electronic health records, negotiations with the COIDA fund and developing an approach to the emerging corporatization of private healthcare.



SAPPF has opposed the Board of Healthcare Funders' application for an exemption from the Competitions Act as we view their intention to publish a BHF Scale of Benefits as a hugely retrogressive step. We meet with the Council for medical Schemes each month to move beyond Circular 66 of 2022 which entrenches the 2006 NHRPL and are challenging schemes that are funding the treatment of PMB conditions from savings and day-to-day benefits following a ruling of the full bench of the High Court. SAPPF has been busy with several global coding initiatives including a proposed tiered consultation project and has provided guidance and comment on RWOPS and the utilisation of clinical associates. SAPPF completed a submission to the South African Law Reform Commission in 2022 and has had several engagements related to the criminalisation of healthcare practitioners following the arrest of a further surgeon on a charge of murder in August 2022. There are regular meetings with the Hospital Association, various private hospital groups, various funders and several regulatory authorities. The intention is always to promote private health care as a national treasure.

8. INTRODUCTION TO SURGICAL PRIVATE PRACTICE

In November 2022 Surgicom presented a 3-evening webinar series on commencing private surgical practice. This included an overview of private healthcare and funding, coding, billing, forensics, start-up funding, practice management, bureaus, administrative support, IT systems, EMRs, marketing and data security. More than 40 young surgeons participated, and the feedback was very positive. The board has decided to offer the course to all 17 member organisations that make up the Federation of South African Surgical Societies (FOSAS) on 11-13 September 2023. Apart from assisting young surgeons throughout the country, we believe that this will promote FOSAS as various member societies derive direct benefit from their membership.

9. PAEDIATRIC SURGERY

With further paediatric surgeons joining Surgicom following the initial 14 in 2021-2022, we continue to pressure schemes to recognize paediatric surgery as a distinct specialty. We have done a considerable amount of work on paediatric surgery coding, but a lot of further work is required.

10. FORENSIC AUDITS IN 2022/2023

These continue to challenge Surgicom's resources but the assistance that we provide to members that are being audited is a very important benefit of Surgicom membership. Members are urged to respect the billing guidelines that we have provided in countless newsletters and in the 2019 update of the Surgicom Billing Guide.

11. INDEMNITY COVER FOR SURGICOM DIRECTORS

Several members will be aware of the fact that one of the large surgical associations and its previous CEO have been sued for more than R 80 million by a disgruntled non-member surgeon. We believe that although this action lacks any merit, it may be potentially expensive to defend. Following discussion with various medical indemnity cover providers it is clear that the usual medical indemnity cover extends to clinical decisions but does not necessarily include the fiduciary responsibilities of company directors who require specific indemnity insurance. Surgicom is arranging appropriate cover, but this is a significant additional expense.



12. PROPOSED FEE INCREASE FOR SURGICOM

Surgicom remains significantly under-funded and just manages to cover running costs with little left over for strategic projects. The work done on the coding review comes at considerable cost including the need for external consultants. Medical schemes and government structures continue to create situations that demand specific engagement by Surgicom in addition to the usual scheduled meetings. Forensic inquiries are currently costing up to R100 000 per case to adequately investigate and defend. At a national level, SAPPF has been very active but must be funded by its constituent groups including Surgicom. Our proposal for 2023/2024 is a sub-inflationary 6% increase. This is absolutely required to maintain Surgicom's financial viability but will need to be approved by the members at the AGM.

13. COMMUNICATIONS

We have continued to produce a newsletter in alternate months supplemented by regular emails or SMS communications when important or urgent matters arise. This has been supplemented by an enhanced monthly SAPPF newsletter as well as regular communications from HealthMan and free access to the SAPPF App for all Surgicom members.

14. WEBSITE

The Surgicom website has undergone a major overhaul. It is now far more interactive and efficient and provides a wealth of resources including the presentations from previous private practice business weekends, more than 50 patient information leaflets and the presentations from last year's "Starting Private Surgical Practice" course.

Visit it at www.surgicom.co.za. For lost passwords contact surgicom@healthman.co.za.

15. REGULAR ACTIVITIES

Surgicom continues to meet regularly with the major funders and deal with a large range of queries and requests from members regarding coding, authorization, PMBs, relationships with funders and private hospital groups and general practice administration support.

Thank you to you all for your support during the last year.

PHILIP MATLEY

Chairman: SURGICOM