

## SPECIAL MEETING OF FEDERAL COUNCIL

A Special Meeting of the Federal Council of the Medical Association was held in Pretoria on 9 and 10 April 1965 to discuss (1) the Medical Schemes Bill, (2) the resolution contained in Minute 118 of the Federal Council meeting held in Pretoria on 13-15 October 1964 ('That the Central Committee for Contract Practice initiate negotiations forthwith for a 30% increase in fees on the existing preferential tariff for each Group of the Association. Such increase, when granted, shall not be prejudicial to any negotiations that may take place in respect of a tariff to be drawn up following the deliberation by Federal Council of the findings of the actuarial or any other committee'), (3) the resolution contained in Minute 21 of the Federal Council meeting held in Pretoria on 13-15 October 1964 ('That recognition of all benefit societies be withdrawn'), and (4) matters related to the above-mentioned discussions. The following decisions were arrived at at this Special Meeting:

1. *Medical Schemes Bill*

It will be recalled that since this matter first arose the Association declared itself to be sympathetic towards the proposals of the Honourable the Minister of Health to make it possible for the people of South Africa to join medical schemes which would provide prepaid medical services for them and their families. From the outset, in discussions which took place with Dr. Reinach as Chairman of the Central Council for Medical Schemes, and the Minister himself, the Association has made it clear that it could only support any proposed Bill if it applied to medical aid schemes, i.e. those which provided for medical services to be supplied on a basis of free choice of doctor and a fee per service. It was emphasized that the expressed policy of the Association is that it prefers the medical aid society system to the medical benefit society system. The medical benefit society system is a 'panel' system which should, in the opinion of the Association, only apply to persons who are poorly paid, such as unskilled labourers.

Negotiations have taken place over a long period and have necessitated the calling of at least two special meetings of the Federal Council and many Committee meetings. The cost to the Association has been considerable, but at all times we have attempted to be cooperative within the ambit of our principles.

The latest Bill for the provision of medical schemes was published in *Government Gazette Extraordinary* no. 1048, dated 26 February 1965. It was published for general information and to enable any objections to be submitted to the Department of Health within a fortnight. The Executive Committee of the Federal Council met in Cape Town on 12 and 13 March to consider the various aspects of the Bill and eventually came to the conclusion that if the Bill were to be proceeded with in its present form the Association could take no part in its application. Accordingly the following letter was addressed to the Secretary for Health:

'When the original Department Draft Bill of the proposed Medical Schemes Act was submitted to the Federal Council of the Medical Association in July 1963, the Council resolved that the Medical Association could only cooperate with the Government in the passage of the Bill on condition that: "The Schemes (and by this was meant all registered Schemes) shall ensure the freedom of choice of doctor and payment of a fee for service basis."

'The absolutely firm resolve of the Association not to depart from this prerequisite for its cooperation has been reiterated on a number of subsequent occasions, notably on 27 February 1964, when a deputation from the Association again informed the Honourable the Minister that any reference to "Tariff" in the Act must not include capitation or other rates applicable to benefit funds and that the Act must be worded so as not to impose any restriction on the Association in regard to its agreements with such funds.

'The latest Draft Bill published in the *Government Gazette* of 26 February 1965 makes provision in Sections 1 (viii)(a), 31 (1), 31 (7) and 39 (1)(c) for the entrenchment in the Act of all existing medical benefit funds and their method of remuneration of doctors. Not only are existing medical benefit funds entrenched, but provision is actually made in Section 39 (1)(c) for the extension of the benefit fund system of insurance against illness.

'The original condition set by the Association for its cooperation in the passage of the Bill and the subsequent application of the Act has therefore not been met. It is therefore with regret that the Executive Committee of the Federal Council must now inform the Honourable the Minister that the Draft Bill, in its present form, is totally unacceptable to the Association.'

Federal Council agreed at its recent Special Meeting to confirm the action of its Executive Committee in sending the above statement of policy to the Minister.

Subsequent to this decision being taken, it was learned that the Minister had decided to refer the Medical Schemes Bill to a select committee. The Association will, through its normal channels and in due course, give evidence before this committee by presenting its views on this matter fully and in detail to the committee.

2. *Resolution Regarding 30% Increase in Fees*

After the Federal Council instructed its Central Committee for Contract Practice (CCCP) to initiate negotiations for a 30% increase in fees on the existing preferential tariff for each group of the Association, prolonged negotiations were entered into with the medical aid societies and an offer of an interim increase of 25% for consultations and visits for all groups and of 10% for all other procedures in the tariff was accepted by the CCCP. This aroused great dissatisfaction among certain groups (notably some of the surgical groups) and resulted in members of these groups indicating to the Executive Committee of Federal Council that they will issue an interdict against the Executive Committee to prevent it from accepting anything but an over-all 30% increase.

An urgent discussion of this matter was therefore one of the reasons for calling the Special Meeting of the Federal Council. The problem was discussed in great detail, and the views of members from all sides were aired fully in a prolonged debate which was conducted throughout on a high and dignified level. The following resolution and amendments covering all shades of opinion were debated, viz.:

*Resolution* — 'That the Federal Council accepts the offer of the medical aid societies of an *interim increase* of 25% for consultations and visits for all Groups and of 10% for all other procedures in the Tariff. Further that the Central Committee for Contract Practice or a subcommittee be empowered to negotiate an acceptable increase on behalf of the following Groups: Anaesthesiology, Radiology, Pathology and Physical Medicine.'

*1st Amendment* — 'That the Central Committee for Contract Practice re-negotiate with the medical aid societies for an increase to be equal in percentage for all Groups of the Association.'

*2nd Amendment* — 'As an interim measure this meeting accepts an over-all 15% increase on the Medical Aid Tariff for one year.'

*3rd Amendment* — 'That we await the introduction of the customary private fees after the report of the Actuarial Committee, and then negotiate the Preferential Medical Aid Tariff as a percentage thereof thus returning to original principles. In the interim period the Association accepts a 15% increase as equal to the rise in the cost of living.'

It was pointed out in the debate that the acceptance of any one of the amendments referred to above will mean an ex-



tended period of re-negotiation without an immediate increase in the fees for any Group. Ultimately the resolution quoted above, i.e. 'That the Federal Council accepts the offer of the medical aid societies of an interim increase . . .' was carried by 42-10 votes. It was however clearly understood, as is evidenced by both the actual wording of the resolution and the clearly expressed intention of the Council, that the acceptance of the resolution was to be viewed as *an interim measure only* and that negotiations will be continued unceasingly with the object of arriving at the best possible agreement for all members of the Association.

### 3. Medical Benefit Societies

The previous decision of Federal Council (Pretoria, 13-15 October 1964) that recognition of all benefit societies be withdrawn aroused uncertainty in the minds of members of the public and some dissatisfaction among members of the Association whose livelihood depends partly or fully on benefit society appointments. The matter was therefore again discussed in detail by the Federal Council, who is desirous of pointing out that the decision was essentially a statement of policy, i.e. that the Association's basic preference is for a system of medical practice which provides for a free choice of doctor and a fee per service as against a system which is a closed panel system operating on a *per capita* form of remuneration. The Council also wishes to point out that it will in no way be party to any action which is intended to prejudice the livelihood of any one of its members holding a benefit society appointment, or to disrupt existing medical services to the public. The following resolution was therefore passed at the end of the debate:

'In accordance with the constantly reiterated policy of this Association in favour of free choice of doctor by patient and free choice of patient by doctor, and in further accordance with the basic principles of the World Medical Association (of which this Association is a member) in this regard, it is resolved that the Council reaffirms its decision regarding the withdrawal of recognition from Benefit Societies. In doing so

it stresses that this does not imply disruption of existing services, but rather does it signify a steady policy aimed at progressive conversion to Medical Aid Societies.'

### 4. Related Matters: The Plans

In view of the decision of the Minister to refer the Medical Schemes Bill to a select committee, and in view of the above decision of Federal Council regarding benefit society practice, the Federal Council felt that a full discussion of the various Medical Plans was urgently indicated. Federal Council felt that it should be pointed out clearly and unequivocally that the Medical Association has in the past and is still making at present an unprecedented contribution towards the ideal of prepaid medical care for every citizen in the Republic who may be in need of such care. The main trends in this connection at present are reflected by:

- (a) Medical Benefit Societies which should, in the opinion of this Association, only apply to persons who are poorly paid, such as unskilled labourers;
- (b) Medical Aid Societies which cater for persons falling in a determined income group;
- (c) The Medical Plans which aim at providing a reasonable service for a reasonable fee to everybody, irrespective of income; and
- (d) Medical insurance which should provide indemnity of any degree to patients preferring this kind of cover.

In respect of the Medical Plans the Federal Council decided: 'That this Council records its acceptance of the concept that sponsorship of the Medical Plans means active support and encouragement by the Medical Association.'

To enable a comparison to be made, and with a view to preserving uniformity in the activities of the various plans, the appointment of a Special Standing Committee was discussed. It was agreed that this matter be referred to the Executive Committee for further report.