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Health Management Review Africa

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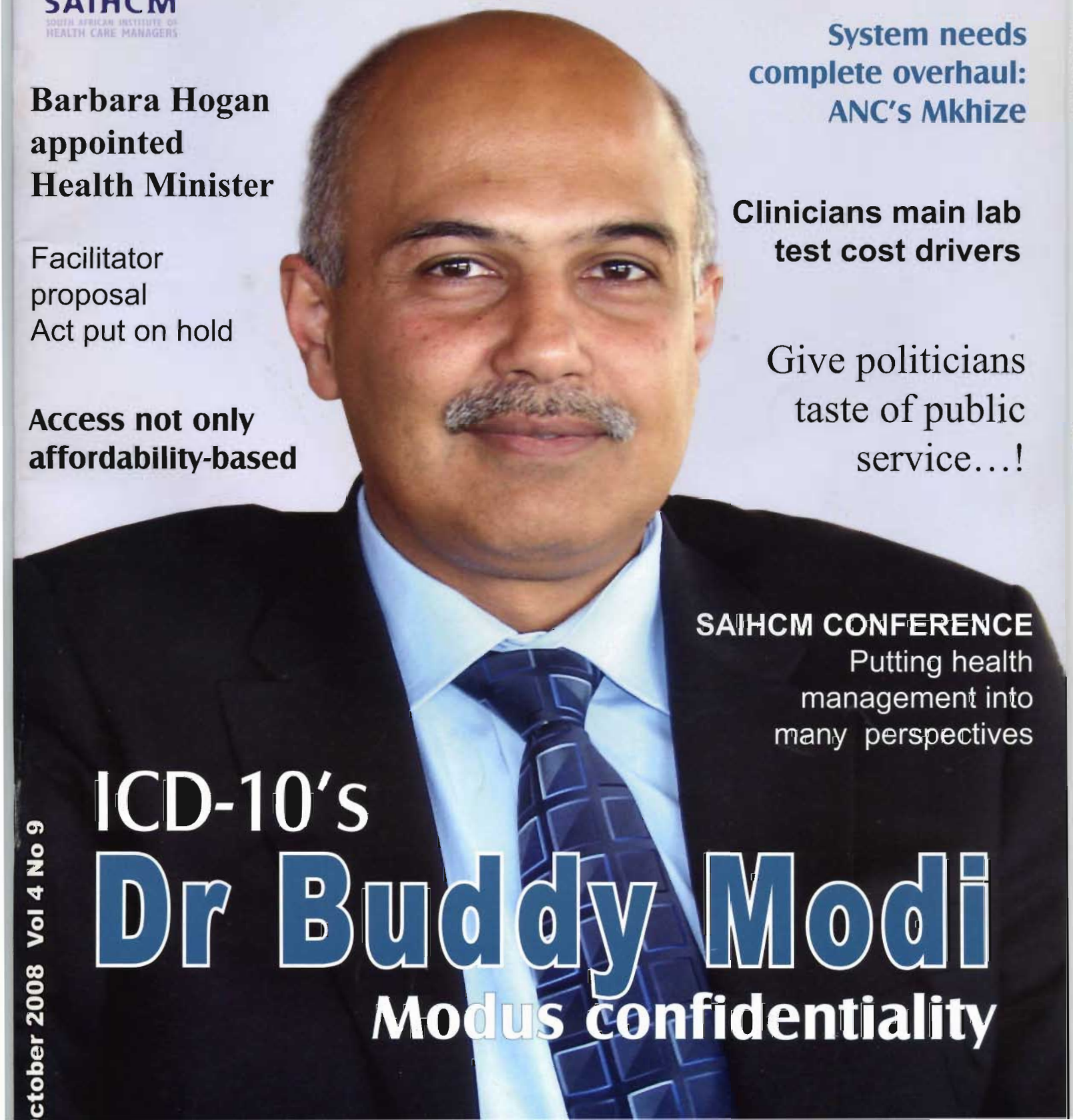

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Significant reductions possible in lab test spend


Dr Suliman Hajee

Significant reductions in pathology spend are possible without compromising patient care, Dr Suliman Hajee, specialist microbiologist and consultant to Veripath, told his Institute of Health Risk Managers (IHRM) audience during a recent breakfast seminar.

He said a lot of wastage across the health care delivery chain, from clinicians through to the path labs, had been identified and if effectively addressed, would result in considerable savings.

Where clinicians were concerned, Hajee suggested the problem lay in too little reliance on clinical skills and too much reliance on lab investigations: "Even when investigations are warranted, too many additional tests, 'nice to haves', are ordered that are not crucial for diagnosis," he said, adding that there was also a tendency to order inappropriate and irrelevant tests.Laboratories, however, were largely responsible for incurring unnecessary costs by conducting many dubious tests of marginal or doubtful benefit. Said Hajee: "For example, many tests of a 'reference lab' nature are offered by routine diagnostic labs, that should be referred to centralized, or state-run, reference lab services."

He also pointed out that many investigations were composed of too many individual tests, as a routine, and that rational, cost-saving protocols/ algorithms/ cascades were not always in place. A fundamental requirement, Hajee went on to stress, was that tariff structures on the cost of tests needed to be radically revised. He said that many tests were "grossly" overpriced and the possible reasons for this, he suggested, were:

- Error of judgement when costing was done originally
- Costing was based on low volumes, economies of scale have not been factored in
- Business cost is built into every test
- Pricing of kits/test systems locally by vendors based on 'medical aid' tariff for test
- New technology that is based on sophisticated principles, yet cheap,
- user-friendly (e.g. 'rapid' I/chromatographic tests in cartridge format),
- but tariff charge is based on immunological description or historical
- methods, rather than actual cost of performing the test
- New technology that is sophisticated and expensive e.g. molecular
- tests (PCR), Western Blot, TB immunology blood test.

He added that the introduction of these tests was often not based on rational or sound scientific principles

"Another major problem," he said, "is the absence of an independent regulatory body."

Cost controls found wanting in path tests


Chris Adams

No incentive to cut duplication of tests between GPs and Specialists was among the shortcomings in day-to-day medical practice contributing to the pathology and radiology cost spiral in South Africa."Added to this is the lack of insight clinicians have into test prices," said Veripath director, Chris Adams, at the recent IHRM breakfast seminar on the subject.

"Doctor awareness of cost is a big problem. For example, what the doctor perceives as a simple allergy test could result in a R3500 bill!" There was also a lack of transparency into test costing and "cross subsidization", as well as a tendency towards unnecessary and reflex, or impulse testing.

"Billing is also highly irregular and this could be attributed to no tariff coding or test price information on request forms. And on that point, the Health Professions Council (HPCSA) must regulate request forms," Adams stressed. At the moment, he said, some forms were actually branded documents designed to increase revenue and did not comply to National Pathology Group guidelines.

Also problematic was that specialist testing was available to all referrers and that monitoring tests were being used for diagnosis. "And when it comes to new technology which ultimately saves on labour, such as automated testing, tests using these new technologies are being priced more expensive! Why? Urine microscopy is a good example of this.

"As I have already alluded to," Adams continued, "there is no transparency on costing models and importantly, no control of utilization. These are serious issues that need to be address if we are to put a stop to the spiraling pathology and radiology costs."