



# **COMPENSATION FOR OCCUPATIONAL INJURIES AND DISEASES ACT, 130 OF 1993**

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**PRESENTATION TO HOSPITAL  
ASSOCIATION OF SOUTH  
AFRICA (HASA)**

**04 June 2009**



# Legislative framework

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- Constitution Act 108 of 1996
- Compensation for Occupational Injuries and Diseases Act, 130 of 1993 as amended
- Public Finance Management Act of 1999 as amended
- Public Service Act of 1994
- Regulation on COIDA medical tariffs
- COIDA policies



# Compensation Fund governance

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- Social insurance within the social security system in South Africa.
- Administered under the COID Act.
- Programme in the Department of Labour.
- The Director-General is the accounting officer
- The Compensation Commissioner (DDG) reports to the DG.
- Generates revenue from employers' annual contributions-employers register with the Fund and report accidents.



# Compensation Board

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- CF Board is a statutory body- comprises organised business, organised labour, government and medical experts.
- Advises Minister of Labour on policy matters, amendments to the Act, annual increases in benefits, appointment of assessors.
- Director-General can request the board to investigate any issues.



# Compensation benefits

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- **Benefits structure**
  - Medical aid
  - Loss of earnings-Temporary Total Disablement (TTD)
  - Permanent disablement (PD)
  - Pension to employee
  - Pension to dependants
  - Burial expenses



# Challenges and issues

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- Delays in payment of claims due to outdated business processes and legacy systems.
- Refusal by certain medical providers to treat COIDA patients.
- Delays in submission of medical reports for processing claims
- High medical costs-particularly private hospitals
- Disparate IT systems
- Centralized system of processing of claims
- Inadequate organizational structure
- Non-existence of the rehabilitation and early return to work policy
- Increase on tariffs.



# Long term interventions

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- **The Fund is re-engineering the existing business processes.**
  - Business processes were reviewed and a blue print was finalised in November 2008.
  - A new Integrated Claims and Revenue Management System is currently under development to be implemented in April 2010.
  - Medical providers will be able to send medical claims electronically by April 2010
  - Processing of claims to be automated on the new IT system
  - ICD 10 codes to be integrated and automated.

# Long term interventions

## cont...

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- **Develop policy on Rehabilitation and Early Return to Work**

### **Progress**

- The process of conceptualization culminated with the adoption of a conceptualization document during the 2008 financial year
- The Fund is currently procuring the services of a provider
- The next phase during the 2009 financial year will be a consultative process with all relevant stakeholders including legislative institutions, general public, employers' organizations, organized labour, medical fraternity and hospitals



# Long term interventions cont.....

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- Re-designing of the organizational structure
- Review of medical tariffs- the fund is currently exploring the inclusion of rehabilitation hospitals on the per diem tariff
  - The fund is currently exploring the inclusion of rehabilitation hospitals on the per diem tariff
  - Medical tariffs will be increased with effect from 01 April 2009 while negotiations for the next financial year will also be entered into-see next slide on tariffs.
- Decentralization of COIDA functions
- Outsourcing of medical services
- Utilisation of medical group networks.



# Short term interventions to expedite payments

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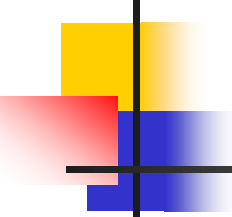
- The Fund is currently running a pilot project for electronic submission of claims for employers and medical providers & hospitals- the project is expected to be complete by Quarter 2 of this financial year.
- Special arrangements with large groups to submit 1000 accounts per week-payable in 7 days
  - Netcare hospitals
  - Life Group
  - Medi-clinic
- Consider using the RMA system for payment of accounts from independent hospitals and large groups.



# Increase on medical tariffs

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- New tariffs have been signed by the Minister of Labour,
- 10% increase across the board, except Physiotherapists and Orthotists (changes on the Gazette could not be done on time)
- Effective date is 01/04/2009
- Currently with the publishers
- Will be ready earliest 3rd June, latest second week of June
- As soon as they are published, will be on the Department of Labour website.

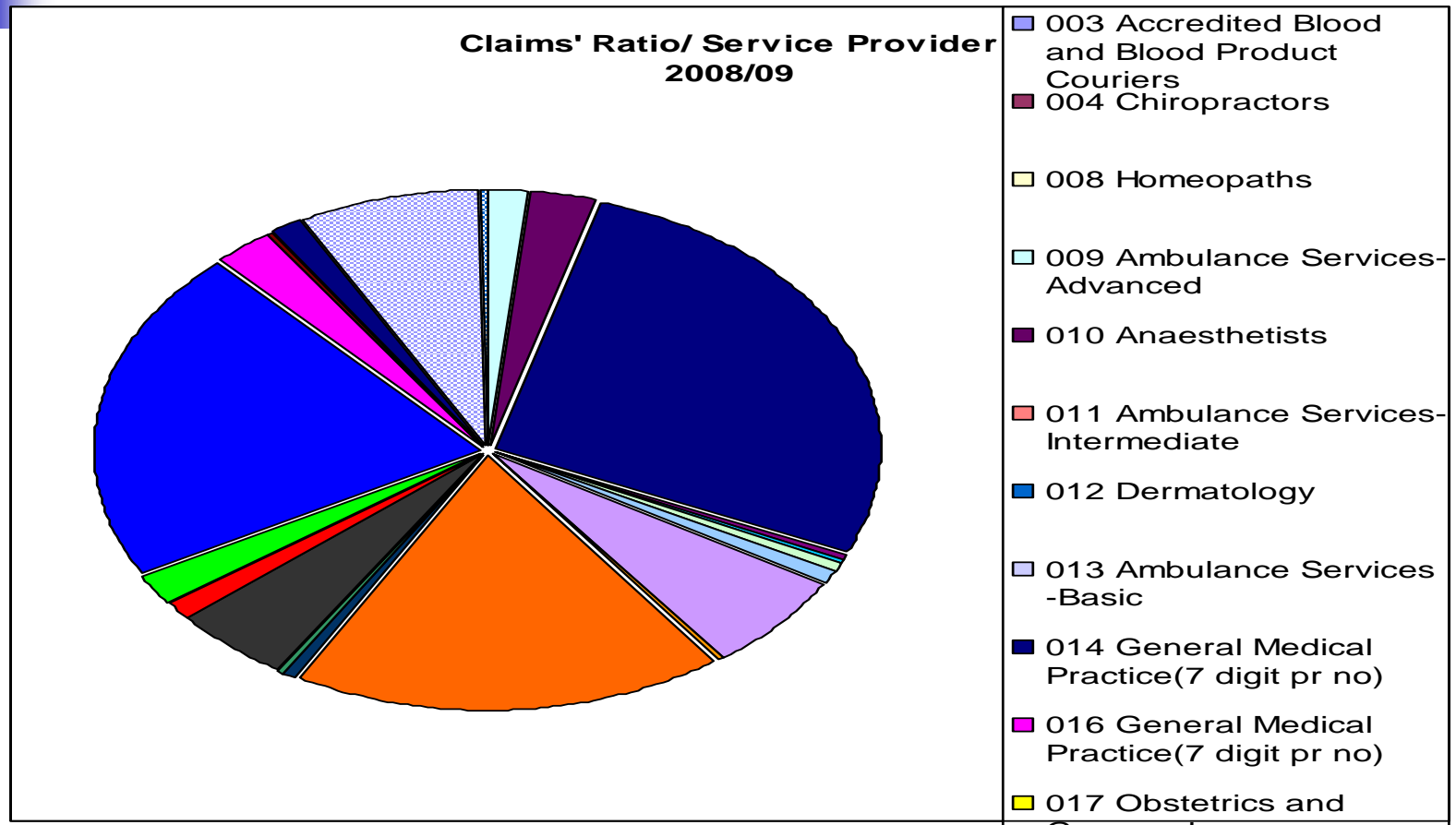


## **Distribution of medical claims submitted for 2008/2009 financial year**

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- General Practitioners 27%
- Private Hospitals 21%
- Diagnostic Radiology 18%
- Physiotherapist 7%
- Orthopaedics 6%
- Pathology 5%

# Graphical distribution of medical claims submitted



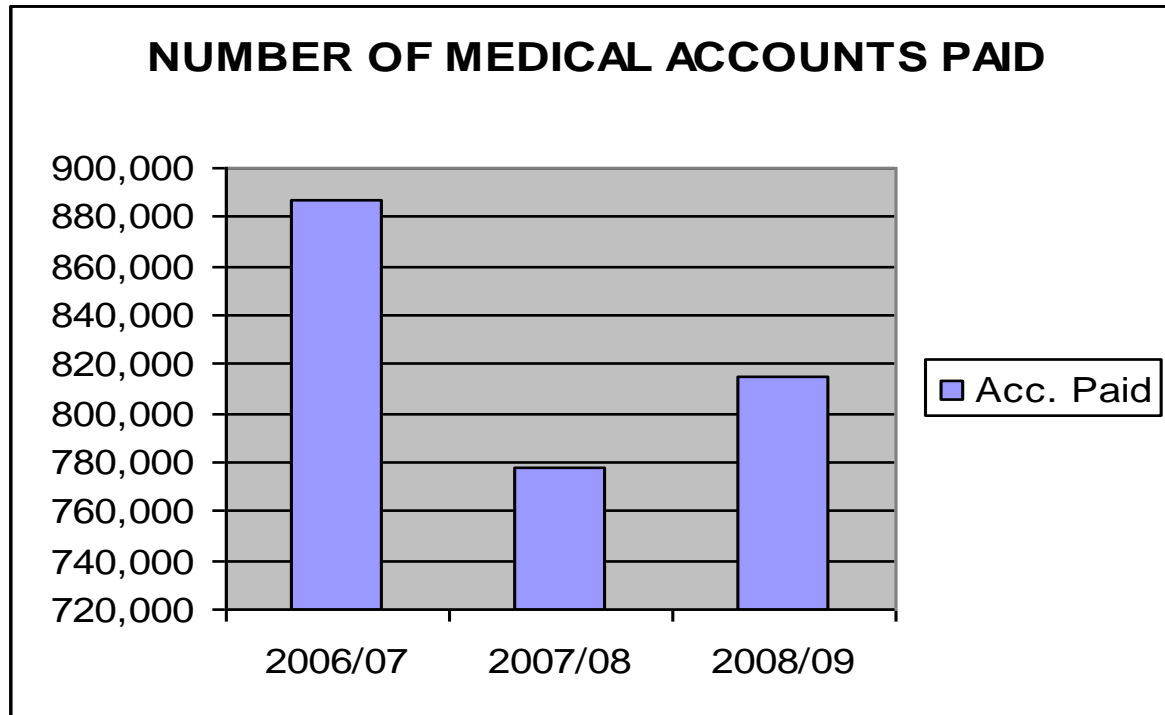


# Total medical payments for the past three years

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Year	Payment category	Number of payments	Rand Value
2006/07	Medical	886 511	R 1,430,143,788
2007/08	Medical	777 320	R 1,294,380,035
2008/09	Medical	815,045	R 1,544,970,689

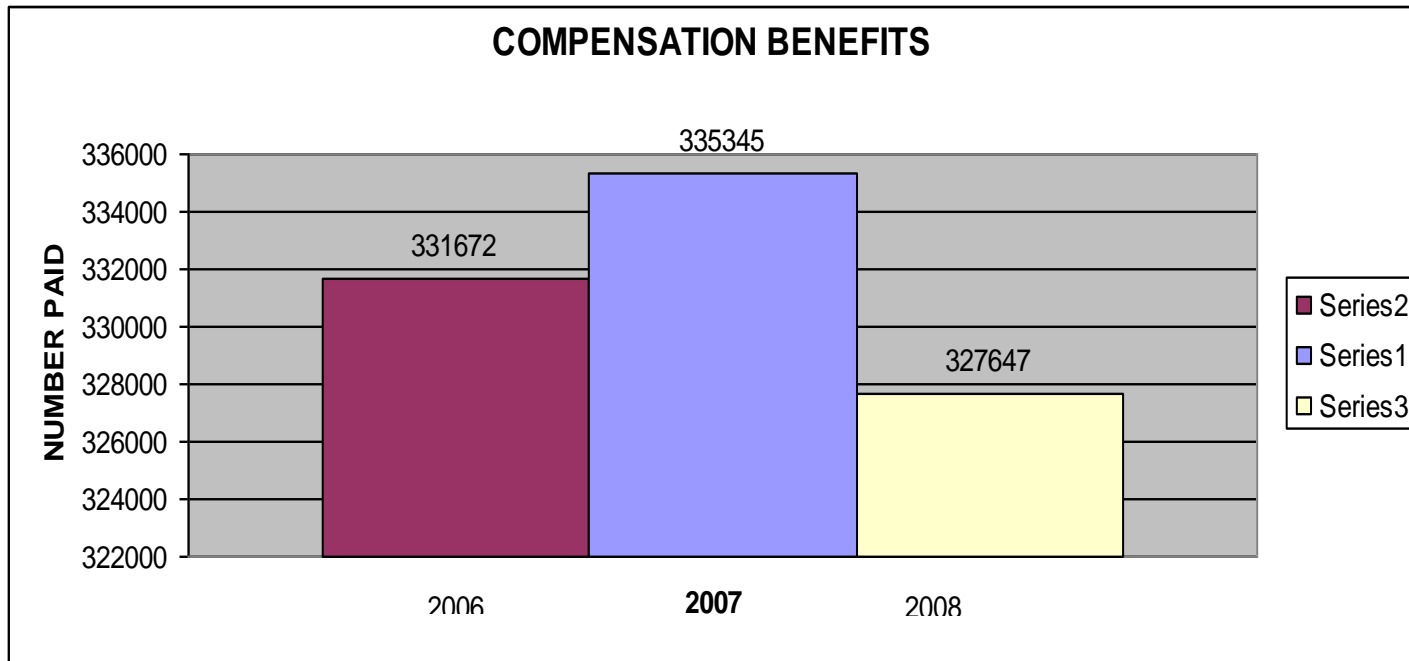
# Graphical presentation of payments over the past three years



# Number of compensation benefits for the past three years

YEAR	NO OF PARENTS	RAND VALUE
2006	331672	R655000000
2007	335345	R652000000
2008	327647	R630708449

# Graphical presentation of compensation benefits





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**THANK YOU**

**COMMENTS AND QUESTIONS**