The Vitals
Medical Mag

Introduction:

In the present era, technology has revamped the medical insurance industry. As a result, conventional models such as Fee For services (FFS) are being replaced by state-of-the-art models like DRG systems. Countries like Oman, have not only realized the need for modern techniques but also restructured the entire health sector. This issue covers the first quarter of 2021 as we shed light on the prospects of Reimbursement Systems, Healthcare Sector of Oman & the Claim Systems introduced in GCC.

Inside this Issue

Insights to Payment Methods in Health care System

The modern day challenges demand a comprehensive standardized patient classification system implemented to ensure high levels of efficiency. This section will give a bird's view of the system in consideration.

Over the years, Oman has developed from an independent & isolated gulf state to internationally acclaimed medical center in the region. We explore what has been done, what is happening and what is yet to happen.

Health Sector of Oman

Claim Systems in GCC Region

The 21st century has witnessed a technological boom like never before. This section will analyze the use of technology in present day claim management systems.

# Insights to Payment Methods in Health care System

Health systems in Middle Eastern countries are currently transforming as they are making an effort to balance quality, cost, and easy access to healthcare. Healthcare spending is increasing rapidly due to the increasing prevalence of chronic conditions and lifestyle diseases such as diabetes and hypertension. As providers and insured recognize that the current healthcare system is not sustainable, it is convincing them to focus on developing high-value provider reimbursement model that achieves the best possible health outcomes. Countries like UAE and KSA have recognized this need and are leading the region's initiatives to adopt value based healthcare.

Diagnosis Related Groupings (DRG)

The Diagnosis-Related Groupings System is a patient classification system that categories comparable individuals into different groups based on clinical histories, hospital resource-use and expenditures. Based on the final diagnosis for the admitted patient, the providers will be reimbursed a payment for the inpatient hospitalization event according to the diagnosis and severity of the case.

The Emirates of Dubai has introduced a mandatory DRG system for inpatient services. Previously, Dubai healthcare providers followed a fee-for-services payment mode. DRG system can increase the reimbursement procedure and can reduce the rejection rates. It improves coding accuracy as well as improves health system information management capacities, among other things.[1]

The Working Mechanism
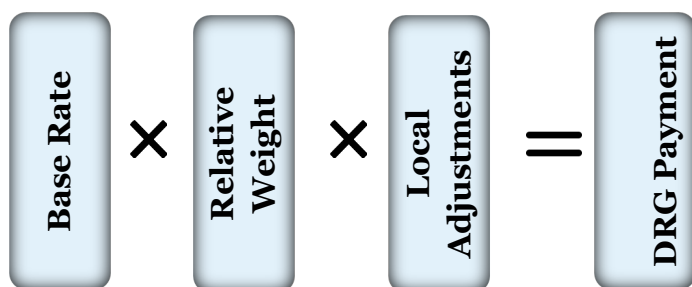
The DRG system assigns relative weights for each group, reflecting its cost intensity. This relative weight is applied to the base rate. A base rate can be the average cost of a typical inpatient admission payment for a provider. Furthermore, a local adjustment factor is applied to the base rate for a specific provider type in line with a provider classification system.

Sweden: Nord DRG

USA: DRG system

Australia: AR-DRG

Saudi Arabia: AR-DRG

The above image illustrates some of the many DRG systems used all across the globe. The DRG system was first introduced in 1983 in the United States of America. Similarly, the AR-DRG system was first introduced by the Independent Hospital Pricing Authority Australia (IHPA). [2]

Council of Cooperative Health Insurance (CCHI) KSA, has adopted the following versions of coding systems. These are part of the minimum data standards. [3]

♦ **Diagnosis Related Groupings**
 AR-DRG version 9.0 Grouper
♦ **Diagnosis Codes:**
 ICD-10-AM/ACS Tenth Edition
♦ **Procedures/Health intervention (IP):**
 ACHI Tenth Edition

DRG Payment Parameters

It is common that patients are transferred from one hospital to the other. In that case, transfer payments are made to both the transferring and the receiving hospitals. However, in the cases where both hospitals are owned by the same entity, no transfer payments but only the DRG payments are made.

Shadow Billing

Shadow billing is a reporting technique whereby medical professionals submit all the details pertaining to the services provided to patients, so that the information could later be used for administrative, budgeting, tracking and cost analysis purposes.[5]

Shadow billing is a compulsory component of the IR-DRG system that is being employed by Dubai. It has numerous benefits for both the providers as well as the patients.

- *Fairer prices for patients:* bundled payments similar across all hospitals.

- *Simplifying Administrative work:* an easy, efficient and resource optimization technique.

- *Improved Quality & Efficiency:* the system incentivizes the healthcare providers to offer higher quality services or else experience a deduction in payments.

Fee-For-Service

Fee-for-Service is a kind of payment system, In which providers receives fixed amount for each kind of services.

The original FFS system led to overuse and distortion as the providers were more keen to offer high priced services.

As a result, disagreements between insurers and providers, over the suitability of prices, were inevitable

Services Included in DRG

- Physician & Nursing Care
- Radiology
- Laboratory
- Pharmaceuticals
- Rooms and board
- meals.
- Therapies
- Technician Services

How is Australian-Refined Diagnosis Related Groups System Different?

AR-DRGs were primarily developed to form the basis for calculation of public hospital funding in Australia. They were later adopted by many other countries such as Singapore & Turkey.

The major difference between DRG and AR-DRG systems is the use of different coding systems. While DRG system relies on a combination of ICD Diagnoses, Additional Diagnoses & Procedural codes, whereas AR DRG rely on ICD 10 Australian modification and Australian clinical health intervention codes. [1]

Potential Challenges to the Value-based Healthcare System[4]

Before the introduction of DRG systems, the nations mostly depended on Fee-for-Service (FFS) system. However, due to lack of incentives to increase efficiency or contain costs, the FFS system is rapidly eroding from markets and is being replaced by the DRG systems. While this new value-based model has number of advantages, primarily the increased cost-efficiency at the provider's end, it possesses some severe challenges too.

It is necessary to have a thoroughly designed regulatory structure that governs all processes from modifying data to reimbursing the providers.

Many countries in the Middle East lack the adequate resources required to have a standardized pool of data.

Accurate, consistent and complete data is essential to this system so that a benchmark could be established to compare the quality of services provided by various entities.

A lack of provider classification system limit's the payer's ability to negotiate with the provider over both the cost and quality of services provided.

Presently, there exists no such framework that evaluates provider's quality on four prominent domains: clinical outcomes, patient safety, patient experience and efficiency

The final stage of value-based healthcare system is to link reimbursement structure to the quality of services provided, so that providers offering good quality can be rewarded and vice versa.

Oman has a world-class health care system. Free healthcare is provided by the Sultanate to all Omani citizens, as well as expats from the Gulf Cooperation Council (GCC) countries. Previously, expats in Oman had to organize their own health care, as it was not mandatory for employers with insurance. However, a new law in 2018 has announced that providing health insurance for international workers is now mandatory.[6] The distribution of direct premiums dedicated to the medical segment, from 2016 to 2019, is shown in the graph. [7]

Business Mix - Medical Segment

Health Sector of Oman
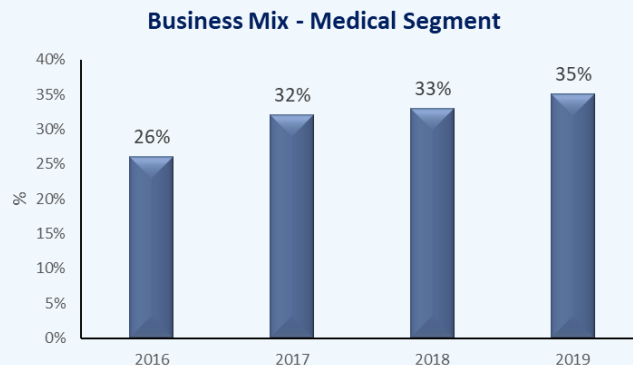
In the 21st century, Oman has shown remarkable growth trends in all industries specifically insurance and health-care sector. With reference to the health-care sector, it is not wrong to assert that Oman has adopted a more customer-centric approach as opposed to traditional health-care models. As an evidence, free healthcare services are provided to all Omani nationals as well as expatriates from GCC.

The insurance industry has also witnessed robust growth. At present, there are 20 insurance companies in the Sultanate - 10 that originated domestically and 10 that were founded internationally. Moreover, the country has by far 10 listed insurance companies, of which 2 are takaful companies. For the first time in history, in 2019, the industry accounted for 35% of the total premiums written.[7]

In early January 2017 the MoH began implementing a cashless transaction system at public health care centres, with both primary clinics and government hospitals now accepting card payments. [8]

Unified Health Insurance Policy

In an effort to provide quality health-care services all across the sultanate, the CMA has introduced a Unified Health Insurance Policy under decision no. 78/2019 through resolution no. 24/2019. It plans to include a wider majority of the population including private sector employees, their families, expatriates and visitors to Oman.[9]

- Plans to cover 2 million private workers including their families and visitors to sultanate.

- Guarantees minimum health coverage to both outpatients and inpatients.

- Employer is responsible to pay the premium on conditions that are subjective to employee and employer's approval.

MORTALITY RATE
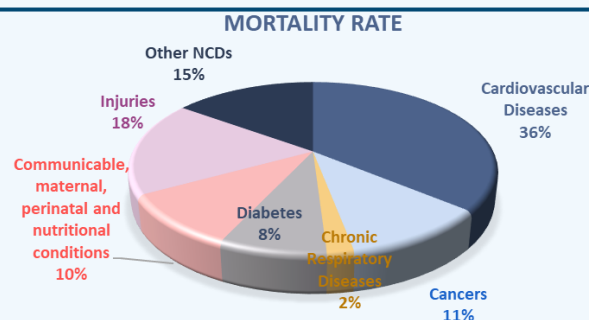
The above graph illustrates that cardiovascular diseases account for highest, up to 36%, death in Oman. [10]

Key Growth Drivers for Oman[11]

Demographic Factors:

The population of Oman mainly constitutes expatriates and young working professionals. IMF projects both segments - Life and non-life—to grow, between 2019 and 2024, at a CAGR of 3.1%, the fastest in the region.

Mandatory Health Insurance:

The implementation of mandatory health insurance is likely to increase the number of employees covered up to 2 million.

Regulations:

The insurance industry of Oman has recently observed favorable regulations in terms of minimum capital requirements, reserve calculations etc., that are likely to significantly aid the growth of the industry.
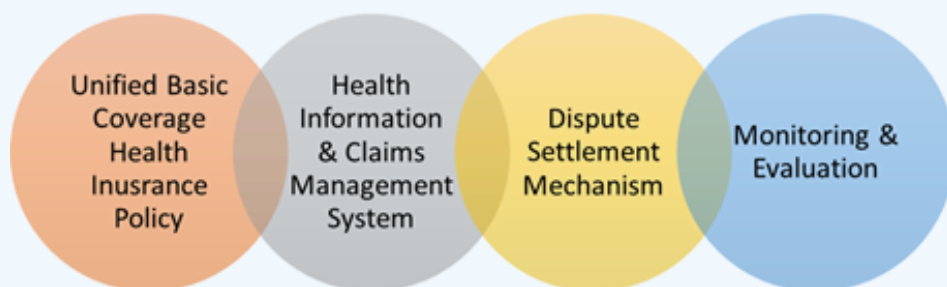
GCC Healthcare Predictions for 2022 [12]

The above presented image portrays the predictions for 2022 for all nations in the GCC Region.

Dhamani Program

Dhamani is one of the key platforms that the CMA launched in an effort to revitalize the health insurance industry by providing a basic insurance coverage to the expat, their families, and other visitors of the sultanate.

- Unified Basic Coverage Health Insurance Policy
- Health Information & Claims Management System
- Dispute Settlement Mechanism
- Monitoring & Evaluation

CMA has concluded Dhamani Platform for exchange of health information, claims settlement, funds transfer, requests for approvals and verification and checking insurance coverage between the parties in the insurance relationship and the regulators and supervisors in the Sultanate. The platform will contribute to the quality of insurance services and upgrading the level of transparency and precision of all transactions as well as providing timely and accurate data on the market conditions and to reduce insurance fraud to maintain market stability and insurance companies, and to boost confidence in the health insurance market whether for patients or other participants due to the electronic link showing the history of the patient, medicines and description of the cases which would reflect positively on the sector as a whole.[13]

CMA Launches Electronic System for Licensing Health Insurance TPAs

The Capital Market Authority CMA launched an Electronic system for licensing health insurance Third Party Administrators (TPAs).

The Electronic system is a part of the e-services series to create time saving channels with best standards of quality. TPA s licensing system is the first in the electronic transformation plan of 2021. It has 40 electronic service plans in various sector. TPAs can apply for registrations and renewal of license electronically.[14]

Previously in 2020, CMA issued regulations for health insurance TPAs. The issuance of licensing requirements for third party administrators (TPAs) represents an important move to enhance regulation of the health insurance sector in Oman, says the executive president of the Capital Market Authority (CMA), Abdullah Bin Salem Al Salmi.

The regulations allow licensees to provide services for more than one insurance company at any time. The CMA's Dhamani portal will be the centralized health insurance exchange platform.[15]

Claim Systems in GCC Region

Nafis Program

Nafis, is a component of the UniPlat Program, designed by the Council of Cooperative Health Insurance Saudi Arabia to receive real-time information essential for effective monitoring and supervision of the Health Insurance sector. The implementation reflects positively on service providers, insurance firms and beneficiaries, and also help save time and procedures through technology investment. [16]

The platform also contributes in raising the quality of health care provider services, increases the efficiency and effectiveness of health insurance companies and improve patient safety and satisfaction with the services provided to them. Moreover, Nafis brings the data of all public and private service providers together onto a single platform. Indeed, this comprehensive system will be one of its kind not just in the kingdom, but across all GCC as millions of transactions will be finally recorded and coded in a standardized way.

Post Office Program

Abu Dhabi, the Ministry of Health and Prevention (MoHAP) launched the Post Office initiative as part of National Unified Medical Records (Riayati) a linkage system between hospitals, clinics and health care providers.

The post office service is covering the workflow of all claims between healthcare facilities and insurance companies, such as the verification of eligibility and insurance coverage and e-payments, including claims submissions and tracking refusals.

MoHAP, explained that the initiative is one of the digital transformation initiatives in the healthcare sector. Also, the service will help improve the patient experience by avoiding the delay due to incorrect insurance claims and by improving claims processing efficiency. On the contrary to the previous system in which the patient had to wait for longer times to get the insurance, the new system will promptly verify the eligibility and insurance coverage electronically via safe networks. In the meantime, hospitals and clinics will have an opportunity to save additional costs, by developing mechanisms for obtaining prior authorization and submitting electronic claims.

Rajesh Dugar, Project Manager of Riayati Program, said: "The eClaims engine will collect financial and medical information from all healthcare providers in the Northern Emirates in accordance with the international standards. Then, it will work as a third-party between service providers and insurance companies. The verification of all transactions will be conducted electronically to avoid errors and to ensure that the claim is submitted to the insurance company properly. "[17]

BADRI

ISAHD Program

Insurance System for Advancing Healthcare in Dubai (ISAHD) is an extra-ordinary effort by the Dubai Health Authority (DHA) aimed to provide excellent healthcare services in Dubai for nationals, residents and visitors.[18] Inspired from the Arabic Word "ISAHD", it literally means to "bring happiness".

Technically, ISAHD is based on two strong pillars: first, to provide insurance coverage to everybody in Dubai; second, to evaluate and improve the quality of healthcare services in the region. To cater to customers effectively, ISAHD has introduced both an online portal as well as a mobile application.

How can we help

- **Pricing and predictive analysis**
- **Fraud Waste and Abuse**
- **Cost Containment Alternatives**
- **Performance Monitoring & Analytics**
- **Profit Optimization**
- **Provide Network Structure**

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