



REIMAGINE. RETHINK. REBUILD.

**RETHINKING ALTERNATIVE  
REIMBURSEMENT MODELS**

Poonam Doolabh

**28.06.21**



**insight**

**foresight**  
dialogues 2021

## Feedback from clients

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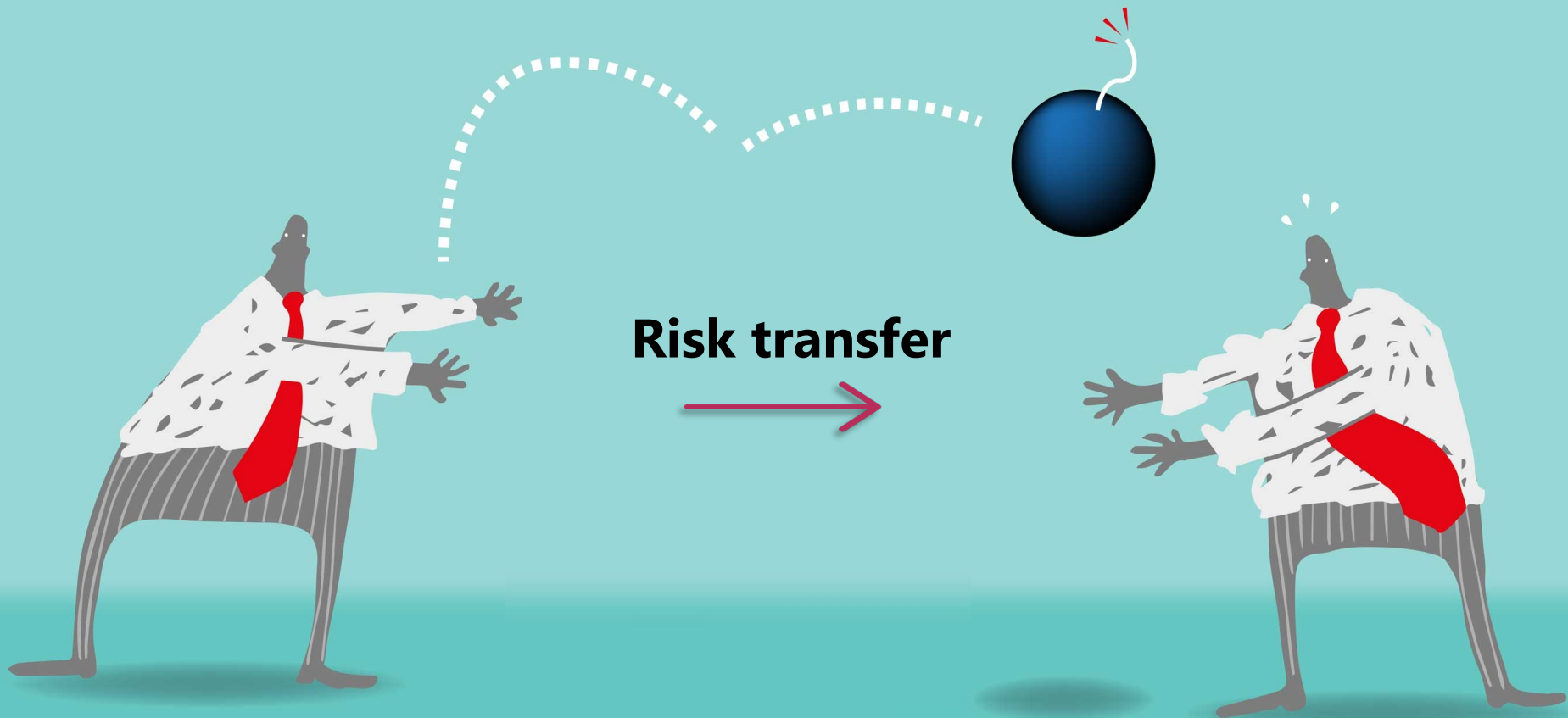
Misunderstandings of contracts

Lack of empowerment

Lack of awareness of risk management options

Lack of awareness of the impact that changes in model parameters have on their risk exposure





## Risk sharing



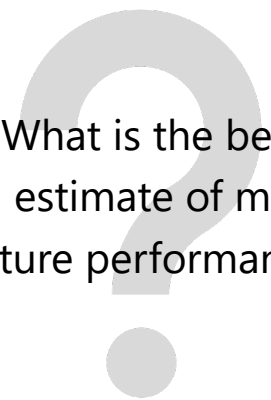
## Pricing risk



## Stochastic Risk



## Questions we are used to asking



What is the best  
estimate of my  
future performance?

### Illustrative example of point estimate projection

2021 Cost PLPM	R 1 000
Inflation	4.0%
Utilisation	2.0%
2022 Cost PLPM estimate	R1 061

## Questions we should be asking



What is the likelihood  
of achieving savings?

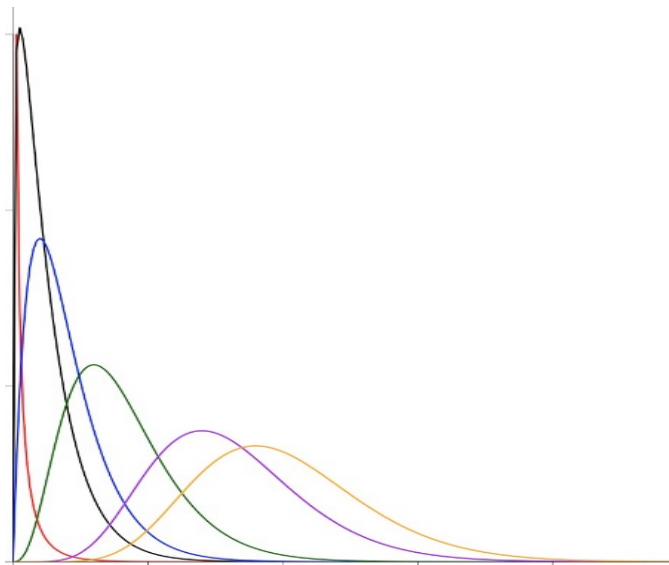
What is the range of  
possible outcomes?

What is the risk of loss?  
What is the maximum  
amount at risk?

How can altering the  
ARM impact the  
random variation of  
results?



## Questions we should be asking



What is the range of possible outcomes?

What is the likelihood of achieving savings?

What is the risk of loss?  
What is the maximum amount at risk?

How can altering the ARM impact the random variation of results?

## Elements to consider

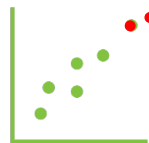
Target/Benchmark



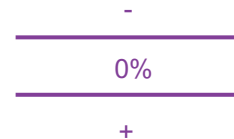
Risk Adjustment



Outliers



Risk Corridor

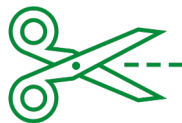


## Elements to consider

Patient Allocation



Savings



"Good" outcomes



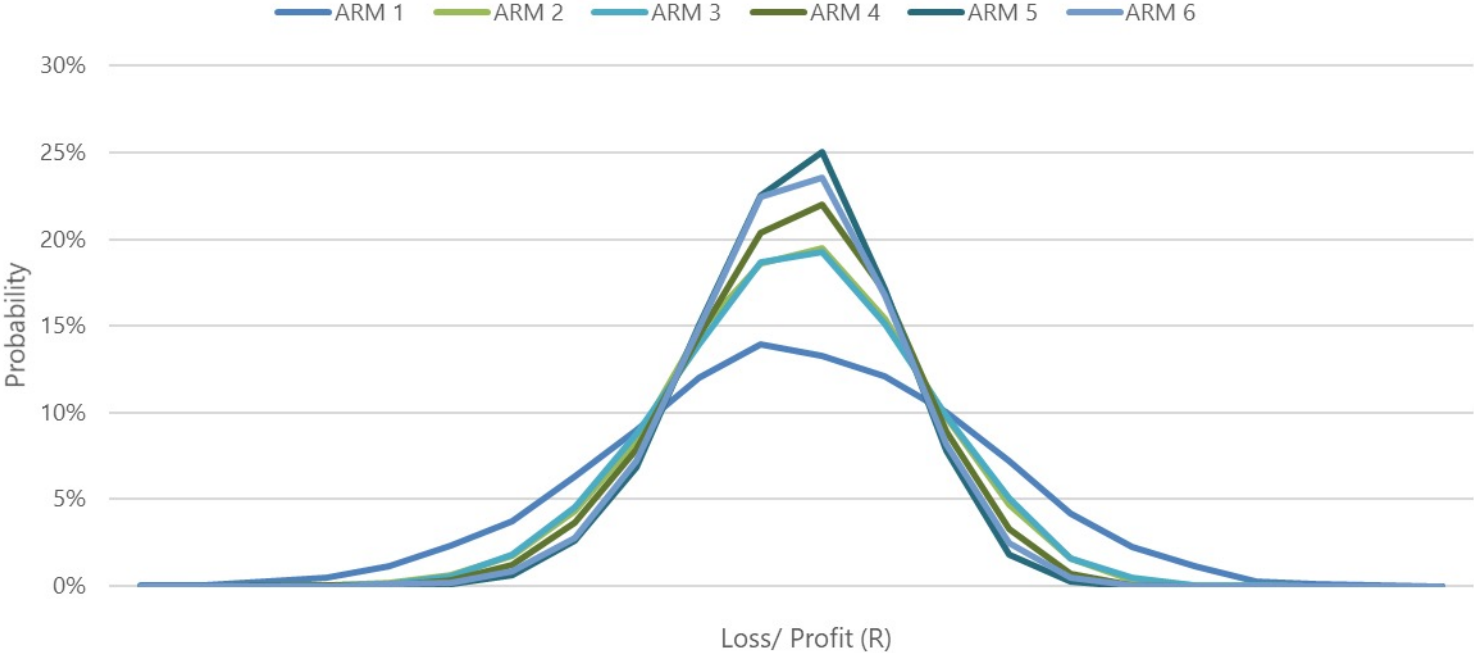
Risk-sharing formula



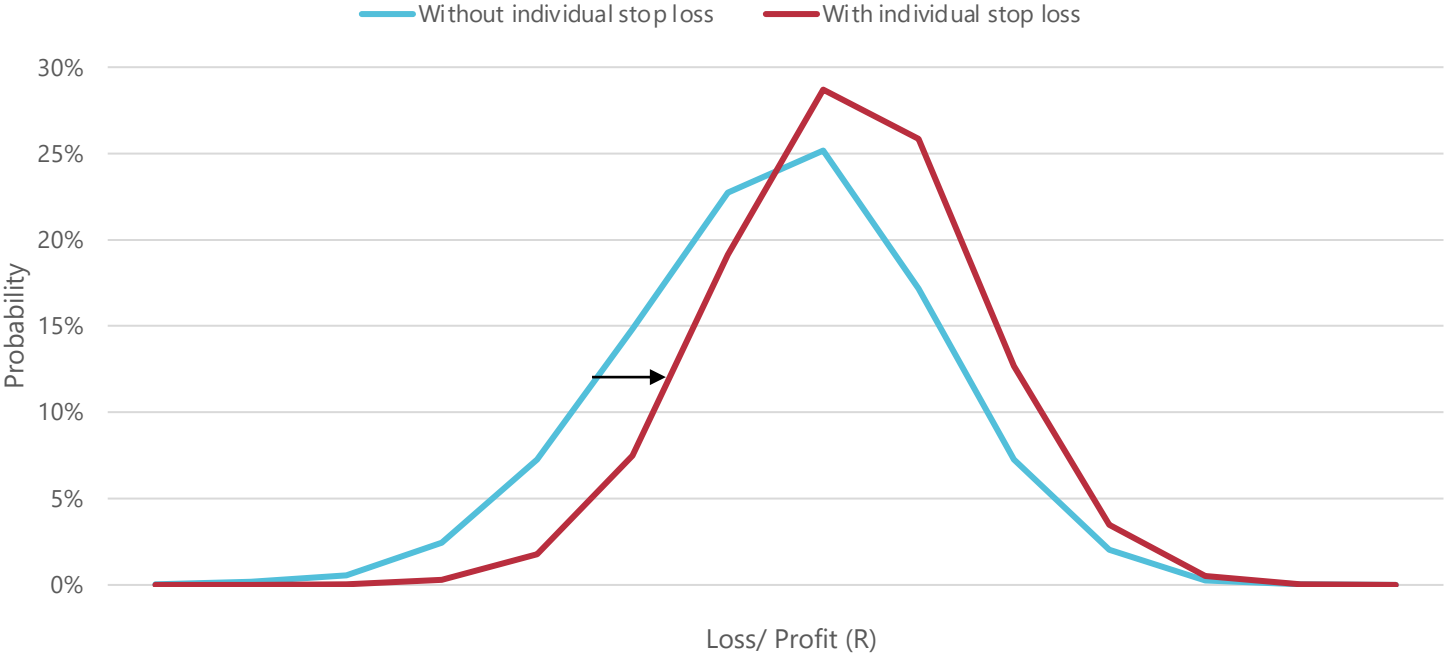
# Examples



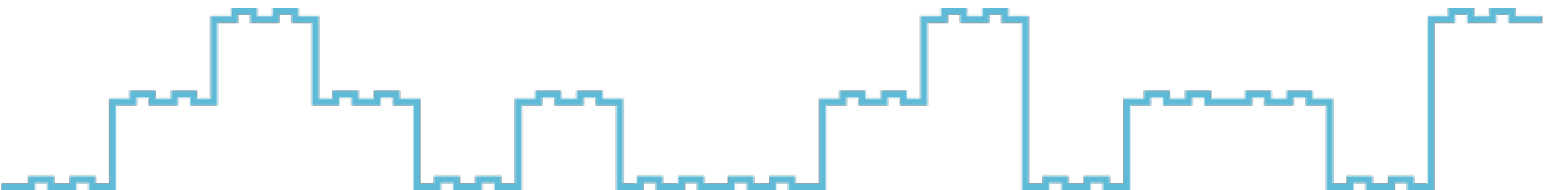
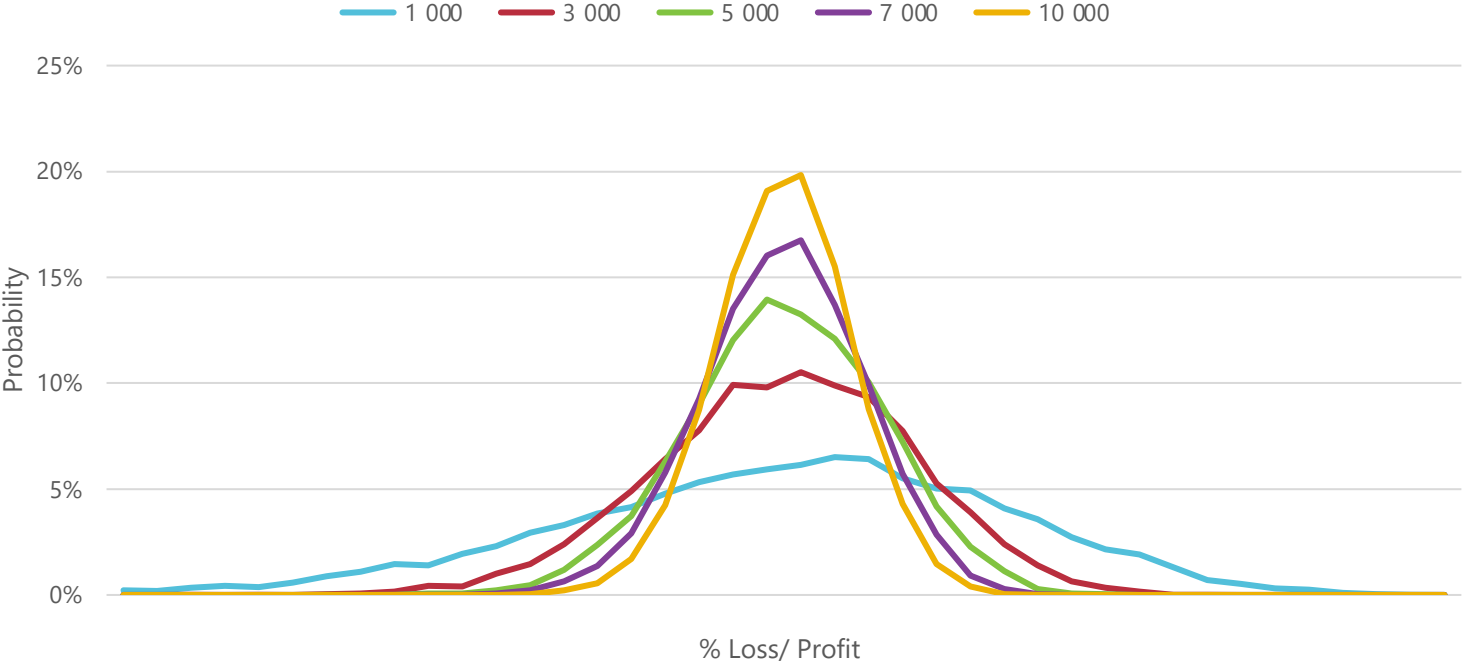
# Effect of altering the ARM



# Effect of individual stop loss



Effect with various population sizes



## SUCCESSFUL ARMs REQUIRE



**Good risk management**



**Efficient delivery of care**



**Entering into the right ARM contract**



**Regular performance measurement**





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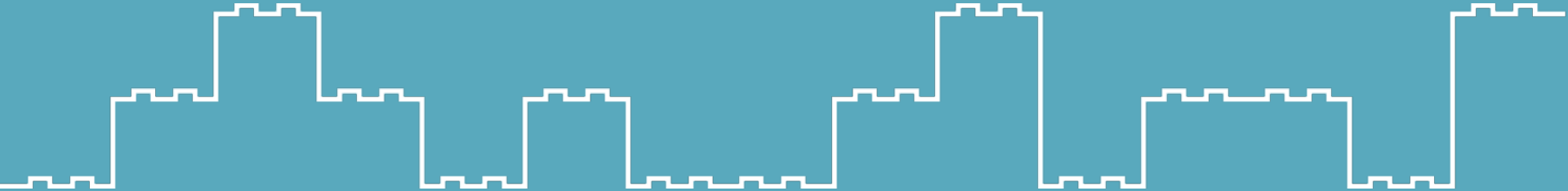
**Efficient delivery of care**



**Entering into the right ARM contract**



**Regular performance measurement**



**THANK YOU.**

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