the Institute has twice been reported to the South African Medical and Dental Council by the Director of the Institute. It is arranged in this particular way because the onus of collecting fees for pathological services in their nursing homes then falls upon United Medical Services; the Institute therefore suffers no bad debts and incurs no expenses in collecting fees. There is no written contract in the arrangement. The Institute enjoys no monopoly on pathological services in these Nursing Homes, and no doubt private pathologists could come to the same arrangement with the United Medical Services if they so desired. In effect United Medical Services for a fee acts as a debt collecting agency, and to the best of our knowledge it is not considered unethical for a doctor, a group of doctors, or a medical organization to employ a debt collection agency.

Such an arrangement goes much further than either of the two on which the Council has already expressed an adverse opinion. Since the patient is billed together with the nursing-home charges weekly, or at the latest before discharge from the nursing home, prompt payment of the pathological fees by the patient to the Company is assured in the vast majority of cases. The very substantial percentage of the gross account deducted as a 'collection charge' provides a very strong incentive on the part of the Company to steer the pathological work for patients in their nursing homes in the direction of the Institute.

According to our information a Company owning certain nursing homes has an arrangement with a certain Sick Fund to make payment direct to the Company for radiological services rendered to the patients of the Fund by the radiologist or radiologists whose equipment is installed in these nursing homes. The fees are not considered to be on a basis not contemplated or approved by the Medical Association. This matter is under investigation by the Association at present. We mention it at this stage to demonstrate how the intervention of third parties over which the Council has no control may vitiate proper professional relationships and how undesirable precedents, if left unchecked, tend to undermine the high ethical code enjoined on registered practitioners by the Council.

REPORT AND RECOMMENDATIONS OF THE SUB-COMMITTEE* OF FEDERAL COUNCIL ON THE ECONOMICS OF MEDICAL PRACTICE

For and on behalf of the Sub-Committee

M. Shapiro

1. Your Committee has given careful consideration to the Report submitted on investigations made in the United States of America, Canada and England and it has the following comments and recommendations to offer to the Federal Council.

2. With the possible exception of the Canadian Plan, the Plans in those countries do not offer benefits which are as complete as those offered at present by the larger Medical Aid Societies in South Africa. The statistical and other information gathered by the Public Relations Officer during his visit to those countries should, however, be of considerable assistance. Your Committee is of the opinion that the proposed Plan must be comprehensive and it must offer benefits with minimal limitations especially for serious illnesses. It is in the last-mentioned field that the majority of the local Societies fail, as the total benefits in any one year are limited, and in many cases only a percentage of the medical expenses are met. The cost of treating cases of long duration is of necessity very heavy even though these cases form only a small proportion of the total number of cases treated. To the patient, such costs may be crippling.

Proposed Plan

3. It is recommended that the proposed Plan be proceeded with. The Association should sponsor the formation of a nonprofit company to be registered under Section 21 of the Companies Act. No fees should be paid to the directors, nor should profits be distributed directly or indirectly to the shareholders or any other persons connected with the Company. The accumulation of funds by the Company should, so far as possible, be restricted to provide for necessary capital expenditure and reasonable reserves to meet its commitments. In the event of the Company being wound-up, it should be provided that any surplus will be distributed amongst charitable or like institutions to be nominated by the Federal Council of the Medical Association of South Africa.

4. It must be the aim of the Company to provide the South African public with a comprehensive service at a reasonable cost, and to pay the medical profession reasonable fees for services rendered. The benefits must provide for treatment in the home, consulting room or hospital. Ancillary services necessary to carry out contemporary medical treatment must also be provided subject to the conditions which are stipulated later in this report.

Finance

5. It is proposed that the Plan should be financed by a small


interest-free loan being made by each doctor participating. Although the amount required to start the Plan has not been calculated, it is thought that the loan made by each participating doctor should be a minimum of £10. The Plan should attempt to redeem these loans as soon as funds permit, but in the event of any participating doctor resigning from the Plan, the amount standing to his credit on loan account will be refunded.

Control

6. It is recommended that control of the Plan should be vested in a board of directors appointed by the Medical Association of South Africa and the participating doctors. Provision should also be made for the inclusion of directors representing commerce, industry or other interested bodies. The number of directors appointed by the profession shall, however, represent not less than two-thirds of the total number of directors.

7. It is also recommended that the Minister of Health be asked to nominate an observer to attend the meetings of the board of directors.

8. Your Committee is of the opinion that control should be vested in the profession as (i) the provision of medical services is primarily the function of the medical profession, and (ii) the Plan is being sponsored and financed by the profession. Should any crisis arise, it would concern the profession.

Fees

9. In considering this subject, your Committee resolved that the tradition of the profession in accepting lower fees for service to the lower income groups in the community should be maintained. It was considered that the most equitable method of providing this service would be as follows:

(i) Schedules of fees should be determined for medical services to be rendered to the various groups of subscribers in accordance with their incomes. It is possible that as many as 5 different schedules will be in use. Members should then be classified by the Plan according to their incomes.

(ii) Members of the Plan should be provided with identification cards, and these cards should not indicate in any way to which particular income group the patient belongs.

(iii) Fees should be paid to the profession on the basis of per service rendered and in relation to the particular schedule applicable to the member. As the medical practitioner would not normally know in advance which schedule applies, he will merely fill in the nature of the service rendered and the amount due will be assessed by the Plan in accordance with the classification of the member. If a member has misrepresented his income in making applica-
Commencement of Operations

22. Your Committee recommends that the Plan be commenced as soon as possible in one area only. It is thought that in view of the financial responsibility involved, it would be unwise to commence operations on a national basis. It is essential to run a pilot Plan in one area in order to train personnel and solve the unexpected difficulties which inevitably arise during the establishment of a new business. The Plan can then be established in other areas which could be supplied with accounting and other information.

23. Once commenced, it would be necessary to coordinate the Plan policies and provide a source from which reliable statistics and trained personnel may be obtained.

24. In advising Federal Council to commence operations as early as possible, your Committee wishes to draw attention to the fact that a considerable amount of work still remains to be done. Actuaries will have to be consulted, an accounting system prepared; and forms and literature drawn up and printed. In addition, the various sub-groups within the Association have to be consulted regarding fees and other matters.

12 March 1956

CONSULTANT AND SPECIALIST REGISTER

BY A RURAL G.P.

Having greatly enjoyed two items in the Journal of 10 March, I am constrained to put some of my 'random thoughts' on paper.

I refer to Dr. James Black's ''Consultant and Specialist Register'' and Dr. Deal's Presidential Address, the latter of which I had hoped to hear in person but was deprived of the privilege by the exigencies of general practice. I consider them both to be of a type of which it is impossible to have too many and which has much more appeal and usefulness than many of the erudite pieces to which we are treated.

I would permit myself one criticism of Dr. Black's article, and that is that his particular specialty is rather in a class by itself and some of his arguments are therefore only valid in connection with that particular specialty.

A pregnant woman desiring specialist treatment must needs go to a specialist obstetrician and the guiding hand of the G.P. is not so necessary as it may be when a patient is suffering from some disease. In the latter case the patient may not know whether it is his heart, his lungs, his kidneys or even his cerebral cortex which is at fault. This patient must have the guidance of his family doctor in his choice of specialist; and I hold no brief for the doctor who implies that he is 'just as good as a specialist' when a second opinion is requested or even hinted at.

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As a semi-rural G.P. in a 'dormitory' area I would prefer, even after 25 years of general practice experience, that all the midwifery went to the specialist, that is provided I am kept in the picture.

I take this attitude because of the comparatively few cases which come under my care nowadays and the resultant lack of