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**TITLE: RISK AND THE SOUTH AFRICAN PRIVATE
HEALTHCARE – AN INTERNAL AUDIT
PERSPECTIVE**

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**RISK AND THE SOUTH AFRICAN PRIVATE
HEALTHCARE – AN INTERNAL AUDIT PERSPECTIVE**

by

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degree**

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Thanks Tommy.

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Truth happens to an idea. It becomes true,
is made true by events.

Its verity is in fact an event, a process

William James, Pragmatism

Leaving the old, both worlds at once they view
that stand upon the threshold of the new

Edmond Waller, On the Divine Poems

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SUMMARY

**RISK AND THE SOUTH AFRICAN PRIVATE HEALTHCARE –
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by

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LEADER : PROF. DR. H DE JAGER
FACULTY : ECONOMIC AND MANAGEMENT SCIENCES
DEPARTMENT : AUDITING
DEGREE : DCOM

The ability to learn from catastrophe and the science of managing such events has plagued man for centuries. From its insurance origins, corporate risk management has developed into a fully fledged management function and is progressing into business areas that were originally considered unrelated. The evolution of risk management towards such a corporate approach recognises that risks are interrelated and that significant benefits may be achieved from evaluating and monitoring them on a company-wide basis.

This study aims at providing the reader with information on the major risks facing the private healthcare administration organisation in South Africa as well as the suitable corporate risk management methodology that may be applied in effectively managing these threats and opportunities from an internal audit perspective.

Pressing issues facing the private healthcare environment today include:

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- Dramatic increase in regulatory oversight within the private healthcare industry;
- the need for more innovative actuarial and financial models to address countrywide epidemics such as HIV and AIDS;
- increased prevalence of capitation contracts to ensure the financial stability of healthcare service providers;
- increases in expected fraudulent activity;
- increasing the scope of private healthcare to incorporate a larger share of the South African population; and
- providing effective healthcare cover to members whilst facing significant medical inflation increases.

The development and implementation of a consistent risk management methodology provides stakeholders with greater confidence that pressing issues, such as those listed above, are being optimally managed. This type of improved risk management consists of distinct phases. Key phases of the suggested methodology presented in this work are supported by results from an empirical study representing 27% of the registered medical schemes in South Africa.

Based upon assessments of literature, current definitions for risk and corporate risk management are also presented. Also, the study will be approached from the perspective of the internal auditor, with suitable insights and suggestions made from this standpoint.

The study concludes with the author's evaluation of the current state of risk management for private healthcare administration organisations in South Africa and future predictions regarding this management field.

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