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Schemes urged to limit fee hikes

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Aiming to make healthcare more cost-effective

Contribution increases have been kept low in recognition of financial strains

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Benefit options that fit every need and pocket

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Popular plan targets younger consumers

Consumers are hard pressed to find lasting value when it comes to the delivery of affordable healthcare, particularly in the current financial climate –

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INSIGHTS: Medical Cover Options for 2021

Schemes urged to limit fee hikes Lynette Dicey: Business Day, 22 October 2020

MEDICAL schemes have traditionally increased their member contribution fees in excess of inflation. In 2019, prices were increased by an average of more than 8 percent. The fact that medical schemes have for the past few years consistently hiked their prices above inflation is something that concerns the Council for Medical Schemes (CMS). This year, in light of the economic consequences of the Covid-19 pandemic, the CMS urged medical schemes to consider freezing their contribution increases for 2021 or, at the very least, limit their fee hikes to 3.9 percent in line with inflation. The CMS warned medical schemes may see a drop in membership as consumers continue to battle shrinking household budgets or even total loss of income. It advised that only schemes which were already in distress prior to the pandemic should implement increases higher than the recommended 3.9 percent and said these schemes needed to provide the CMS with a detailed motivation for the higher than advised increase. Most medical schemes reported lower medical claims during the national lockdown as a result of deferred elective procedures, less overall doctors' visits and the ban on alcohol which meant less accident claims. There was also a significant reduction in health screenings with Discovery reporting 51 percent fewer mammograms performed between April and July than in the same period in 2019. As a result, most schemes built up surpluses during this period, despite having to pay for Covid19 treatments and hospitalisations. However, despite the CMS's recommendation to freeze contribution increases for 2021, Discovery is the only scheme to announce a freeze on premium increases and only for the first six months of 2021, whereafter a maximum increase of 5.9 percent for all its different medical aid plans would be imposed. This is equivalent to a maximum average increase of 2.95 percent for all members for 2021, says Discovery, adding its solvency had improved significantly as non-Covid patients used a lot less of their medical aid compared to previous years in the first half of 2020. Bonitas, the second largest open scheme after Discovery, announced an average 4.6 percent increase across all its plans. However, 95% of its members will have a less than 4 percent increase. Momentum Medical Scheme announced a 3.9 percent increase on a weighted average basis. Bestmed has announced a 4 percent average increase, Medshield an average 5.9 percent increase and Fedhealth an 8.6 percent average increase.

Aiming to make healthcare more cost-effective Lynette Dicey: Business Day, 22 October 2020

OUT of every challenge arises opportunities. A challenging economic environment created by the Covid pandemic has resulted in Medshield Medical Scheme rising to the occasion to assist and support its members through these difficult times. Medshield was one of the first medical schemes to launch its benefit options and member contributions for 2021, announcing an average increase in monthly contributions of 5.9 percent. In rand terms, this means that for members on the scheme's entry level plan, MediPhila, monthly premiums will increase by just R84, with the increase on top-end plans at about R350. Principal officer at Medshield Medical Scheme, Thoneshan Naidoo, says contribution increases have purposefully been kept low for 2021 in recognition of the constrained financial circumstances in which many members find themselves. This is the lowest increase the scheme has imposed in the past 10 years and was made possible by reduced healthcare claims during 2020 which is resulting in a surplus in funds. As a selfadministered, not for profit scheme, surplus funds are reinvested into the scheme for the benefit of members. Far from reducing or limiting benefits, and to ensure members continuously receive value for their money, Medshield has elected to increase selected benefits by 6 percent, and is providing two additional family practitioner visits across all its plans in 2021. Medshield continuously seeks to enhance its value proposition through offering choice, affordability and access. The scheme offers a range of nine different plan options including comprehensive plans to hospital plans ranging in price from R1 416 a month to just over R6 000 a month. As part of its intention to strengthen its value proposition, the scheme launched Medshield SmartCare, an innovative benefit which utilises cutting edge technology to deliver quality healthcare. SmartCare provides members with access to nurse-led primary healthcare consultations and Videomed doctor consultations from enabled pharmacies and clinics at no extra cost. The offering balances affordability with conveniently accessed quality healthcare. "SmartCare has had a good uptake among members," reports Naidoo. "Covid provided us with an opportunity to reflect and evaluate the extent to which technology is being used to deliver quality healthcare. As a result, we extended the SmartCare offering to include SmartCare WhatsApp Doc which allows members to post healthcare related questions to a medical doctor via WhatsApp. Building on this, the scheme will enhance its offering in due course with video consultations and other digital tools." He believes technology needs to play a more significant role in the provision of healthcare. Not only does it have the potential to create a more affordable healthcare option, but it also allows for greater access. "Technology has the power to enable a healthier lifestyle," he maintains. During lockdown Medshield Movement, a personalised exercise programme, was launched, and this offering will be expanded during 2021. In addition, a number of rewards were unlocked through the scheme's loyalty partners, Just Rewards and Elevate. Of particular concern for Naidoo is the fact that cancer screening and detection rates have declined during lockdown. "This doesn't mean there is a decrease in the number of cancer cases, but rather less people are getting screened." What this means, he says, is many cancers will be picked up later than they should have been, jeopardising the survival rate. "We need to encourage members to screen regularly and to do their regular health checks," he adds. The medical aid industry is under pressure to retain members and growing its membership numbers. In SA, medical aid membership has plateaued at about 9- million lives, largely as a result of affordability. The challenge for the industry, says Naidoo, is to try to make healthcare more cost-effective. Medshield achieves this by purchasing more strategically to pass savings back to members, as well as through its managed care programmes. Despite the economic downturn Naidoo reveals membership of Medshield has seen only a negligible decrease with the majority of members choosing to prioritise their medical aid membership. However, he is cognisant of the fact medical aid is becoming increasingly out of reach for many South Africans as a result of the high cost. Maintaining that access to quality healthcare is a right rather than a privilege, Medshield is planning - pending regulatory approval - to introduce an affordable entry level plan priced at R1 400 which is aimed at tech savvy youth to provide access to private healthcare to those who have traditionally not been able to afford medical cover. Naidoo's advice to those shopping around for affordable medical cover options is to evaluate their current healthcare needs, factoring in whether or not they have any chronic conditions; consider what they can afford; how accessible and convenient the scheme's offerings are; and the sustainability of the scheme, including the value and benefits it offers. "Having the right medical cover in place could potentially save you from financial ruin," he cautions.

Scheme announces zero increase for six months Lynette Dicey: Business Day, 22 October 2020
ANNUAL contribution increases for medical schemes are typically calculated based on medical inflation - in other words, the year-on-year increase in healthcare costs. Discovery Health Medical Scheme (DHMS) recently announced a zero percent contribution increase for the first six months of 2021. "Each year we strive for the lowest possible contribution increase," says CEO of Discovery Health, Dr Ryan Noach. "In 2020 we experienced a discontinuity in the usual healthcare utilisation patterns with a consequent 0 percent medical inflation impact expected for the first half of 2021." As a result, for the first six months of 2021, Discovery Health Medical Scheme will not increase its contributions across all its plans. This decision, says Noach, takes into consideration the financial pressures facing individuals at this time within the country's stressed economic climate. Medical schemes are required by law to maintain 25 percent of annual gross premium income in capital reserves to ensure their ability to meet future healthcare claims. Discovery, says Roach, is in a strong position, with the highest investment rating possible for a medical scheme in SA, with reserves 20 percent higher than the combined reserves of all other open medical schemes in the industry. The scheme plans to announce its mid-year contribution increase during the second quarter of 2021. Noach reveals current projections indicate an increase of no more than 5.9 percent across all DHMS plans. There is no question the Covid-19 pandemic has defined the challenges facing healthcare systems. In response Discovery has invested in a digital healthcare ecosystem called Connected Care which includes the adoption and funding of digital healthcare technology, digital tools for members and doctors, integration with health monitoring devices and sophisticated data analytics. "Connected Care enables a range of appropriate homebased healthcare services for all levels of care," explains Noach. These include a revamp of the virtual consultation experience by linking the latest diagnostic point-of-care technology, escripting and medicine delivery. Connected Care also provides qualifying members with clinically appropriate and patient-centric hospitallevel care in their home, as a substitute for acute hospital care. "Generally speaking, homebased care enhances a member's recovery experience, allowing for highly personal quality care and enhancing patient safety while at the same mitigating against underlying health risks," Noach says. For 2021, the scheme has updated its benefits to include, among others, cover for infertility treatment for qualifying members on the Executive and Comprehensive Plans, enhanced benefits for the effective management of diabetes and the expansion of the hospital network. In addition, co-payments and deductibles have been increased by 3.5 percent to 4 percent.

Benefit options that fit every need and pocket Lynette Dicey: Business Day, 22 October 2020

IN TIMES of uncertainty one of the greatest attributes a medical scheme can offer its members is the ability to innovate to create meaningful value from even the lowest of healthcare budgets, maintains CEO and principal officer of CompCare, Josua Joubert. At a time when most people are looking for medical cover options that are both affordable and sustainable, Joubert says he believes CompCare has developed an array of benefit options that fit ever need and every pocket. The scheme's 15 products have all had significant new benefits added. "Our efficiency discounted, or ED options offer exceptional value when using Netcare hospitals for elective planned procedures and Dis-Chem pharmacies for chronic medication. This saving can amount to as much as 25 percent of the normal contribution rate." CompCare has also added a Covid-19 benefit, which extends beyond the PMB requirements, to all its benefit packages. Joubert explains that members and their dependants diagnosed with the virus will have access to benefits providing the best clinical care and support. This includes GP consultations, chest physiotherapy, a pulse oximeter for every family, a nebuliser, a home oxygenator where clinically necessary, an electronic thermometer as well as PCR tests and antibody test when prescribed by a doctor. In addition, nutritional supplements including vitamins will be provided on options with discretionary savings. In addition, the scheme will pay for an approved vaccination from risk when it becomes available. While 2020 will go down in history as the year when everything changed, it has, nevertheless, been a productive and successful year for CompCare. In the past year, the Selfmed merger with CompCare was successfully concluded allowing the scheme to almost double its size to about 33 000 lives. At 47 percent the solvency ratio of the scheme is well in excess of the minimum 25 percent required by the Council for Medical Schemes, living up to its independent ranking, says Joubert, as one of the most financially sustainable schemes on the market. Affordability challenges, he adds, have become a fact of life for people the world over. "We are mindful that many healthcare consumers are increasingly focused on finding lasting value, particularly in the current financial climate." In response to this CompCare has announced a member weighted overall average contribution increase of 4.6 percent across all benefit options in 2021, along with the enhanced benefits. "In certain instances, our contribution increase is as low as 3.5 percent," explains Joubert. "On our most popular option, UniSave, the increase for 2021 is a low 4.8 percent, while on the entry level NetworX option it ranges between 3.5 percent and 5.1 percent, in line with salary bands." This year the scheme introduced virtual consultations to all benefit options. Members will have access to a special virtual consultation platform with a suite of services enabling doctors to request radiology and pathology tests and to issue electronic prescriptions. CompCare has always offered an unlimited cancer treatment benefit and has now added a new colorectal cancer screening test for 2021 to the scheme benefits. The launch of a personalised concierge service, available via the CompCare contact centre, enables members on the Pinnacle option to optimally access healthcare benefits and services while navigating challenges associated with provider claims. The scheme has re-designed the Selfnet option to better cater to millennials and recently qualified graduates looking for maximum flexibility with a strong focus on lifestyle benefits. Focusing on those with an active lifestyle, the plan offers comprehensive cover for injuries resulting from professional and adventure sports, as well as a search and rescue benefit. UniSave compares favourably with similar products in the market in terms of its savings component and value for money, providing comprehensive unlimited hospital cover and a flexible savings account that can be used for day-to-day healthcare requirements. Acute medicines are covered at full cost without the need for co-payments. MedX and MedX ED are cost-effective hospital plans that offer preventative care benefits, active lifestyle programmes and post-rehabilitation benefits.

Think twice before you switch Lynette Dicey: Business Day, 22 October 2020

WHILE it may be tempting to switch medical aids think carefully before doing so. Changing medical aids is not a decision to be taken lightly, says independent financial advisor Dawn Ridler. "Switching medical aid scheme providers as opposed to changing to a different plan within the same scheme is likely to result in a three-month general waiting period for claims (during which time you can't claim anything) and a 12month condition specific exclusion for pre-existing conditions and medications," she explains. Don't change medical aids unless your relationship with your existing medical aid provider has really become untenable, Ridler says. Her advice in terms of which medical aid provider to choose is to stick with the top three medical aids and to read the small print. All core medical aids start with a core hospital plan which requires you fund everything else from your own emergency fund or budget. "This is a good place to start. You can always upgrade once a year if your health changes," she says. Although picking the plan that is right for you usually boils down to affordability there are a couple of areas where you can make some sensible choices, says Ridler. "Research their network providers and hospitals. You can often save by going with their network option rather than choosing your own hospital. This does come with some associated challenges especially when it comes to doctor choice for surgery, so make sure your doctor of choice is associated with your network hospital or resign yourself to paying more." The other alternative is to take out gap cover to make up the difference. Self-funding day-to-day expenses from an emergency account is a good discipline, she advises. "An emergency fund should have at least six months of the family's expenses and be in a call, or similar, account." While Ridler believes gap cover is a good idea, her advice is to take out gap cover with an independent provider and not the same company that provides for your medical aid cover. Medical aid tax credit, she predicts, is likely to be phased out or continue to be reduced as Treasury continues to scramble for funds in light of significantly reduced tax revenue. "If you are over 65 talk to your tax practitioner about the additional tax accommodation they might be able to claim on."

Company innovates to unlock added value Lynette Dicey: Business Day, 22 October 2020
UNIVERSAL Healthcare's recent product launch has delivered a number of innovations aimed at easing the load on corporates, private healthcare consumers and healthcare practitioners through a range of pioneering products and services. These include ZOOPP, an acronym for zero out of pocket payments, a solution specifically developed by Universal to enhance the CompCare member experience. ZOOPP, explains Dr Johan Pretorius, CEO of Universal Healthcare, is the perfect solution for consumers tired of dipping their hand in their pockets to find the shortfall every time a script is filled, or a healthcare service provider is consulted. ZOOPP is only available to CompCare members and requires they have a personalised mediBucks pay-as-you-go savings account separate from CompCare, into which monthly payments to save up for additional medical expenses can be made. It also assists members to sign up for one of Universal's gap cover insurance products. How ZOOPP works, explains Pretorius, is when a member receives a claim from a healthcare provider who has charged more than the medical scheme rate, or if there is a co-payment, Universal will automatically settle the account on behalf of the member by sweeping across each of the three ZOOPP components. "First, we check the member s medical scheme for available funds, and load that for payment according to scheme rules and available benefits. If there is a shortfall, we will if there is a gap cover benefit to pay for the shortfall, sweep for the balance of the claim to be paid from there. However, if gap cover is not applicable to the claim, for instance with a pharmacy or out-of-hospital claim from a doctor, then we check if there are funds available in the member's mediBucks account." He adds that Universal will always ensure the healthcare provider is paid automatically on the member's behalf, using each available source of funds. Universal offers a range of four gap cover products which have been designed to complement CompCare's medical scheme options and benefits. The Universal Health and Accident Plans provides access to a range of primary care options including the choice of adding the Emergency Rider which covers ambulance services, and hospital casualty or emergency room visits. By ensuring the medical scheme and gap cover portions are paid out at the same time, Universal aims to reduce the frustration members may encounter when buying gap cover from other companies. The company plans to introduce high value emergency accident cover in the first quarter of 2021 which will cover private hospital expenses of up to R1-million in the event of an accident or medical emergency.

Putting members in control of their own medical aid increase Lynette Dicey: Business Day, 22 October 2020

WHEN comparing medical aid contribution increases across different schemes it's important to compare rand values rather than percentages, says principal officer at Fedhealth, Jeremy Yatt. Fedhealth announced an 8.7 percent average increase in member contributions for 2021. However, while other medical schemes have a lower percentage increase than Fedhealth, the scheme prides itself on not having cut any benefits or limits for the coming benefit year, says Yatt. Fedhealth's MediVault and Wallet system means members only pay for the day-to-day benefits they use. One way to reduce total medical aid spend, therefore, is for members to use their MediVault more prudently. "For 2021 we've also introduced a flexible or fixed repayment structure on MediVault," explains Yatt. "The flexible structure allows members to only pay back what they use, interest free and over a 12-month period. By opting to use nothing at all the option essentially becomes a hospital plan. Not only is this a great way to save money, but with the peace of mind that you do have day-to-day funds available at any time should you need them." The fixed repayment structure, he adds, is for members who prefer more predictability around the day-to-day funds they have available and what they have to pay every month. "This works exactly the same as any medical aid plan with a medical savings account and means no administration for the member." Fedhealth members are able to opt for either a GRID or Elect variant on the flexiFED range, benefiting from the same level of cover, but with an 11 percent and 25 percent discount respectively. This, says Yatt, effectively cancels out the increase, or members could potentially spend less on medical aid next year, for the exact same benefits. "Bear in mind the only difference between Elect and our any hospital variant is that members have a R12 500 co-payment on elective procedures. This co-payment does not apply to admissions to Elect hospitals or emergencies and accidents these are still covered at any private hospital with a co-payment," he says. Customisation, maintains Yatt, is the way of the future. In a world where so many factors are beyond our control, "Fedhealth is proud to offer a product utterly unique to the South African market. Whatever matters most to an individual, be it control, simplicity or affordability, as it is for most, the flexiFED range delivers and exceeds these individual demands allowing members to control what their increase or even decrease for 2021 will be." Back to Contents Taking a long-term view on price structure Lynette Dicey: Business Day, 22 October 2020 THE highly anticipated annual contribution increases are the moment of truth for all medical schemes, particularly in a year when many medical aid members are feeling under financial pressure. Bonitas Medical Fund, which represents more than 700 000 lives, recently announced an unprecedented 0 percent increase on its BonFit Select plan and a weighted increase of 4.6 percent across all its plans. The highest increase is 7.1 percent. "Members on our growth options which contribute to 91 percent of our new business will only experience an increase of 3.9 percent," says principal officer Lee Callakoppen, adding that he believes the changes for 2021 will be well received, given the pricing and benefit richness the scheme offers in comparison to the market. In an effort to limit the contribution increases as far as possible, Bonitas crunched the numbers to find the sweet spot between sustainability and affordability. Not an easy task, especially in a weakened economy, concedes Callapkoppen. "We took a responsible stance, with a long-term view, to ensure members wouldn't have to pay the price of a low increase for 2021 in the coming years. A consideration was finding ways to ensure access to full healthcare cover and avoid out-of-pocket expenses and co-payments." Over the past few years Bonitas has introduced four efficiency discounted options (EDOs): plans where members use network healthcare providers and pay about 15 percent less for the same benefits. EDOs currently cover more than 74 000 lives. Principal members are typically about 10 years younger than the average Bonitas member. Callakoppen says he believes Bonitas offers the ultimate split risk solution, with a comprehensive product range and a diversified membership base. For 2021 the scheme has introduced Edge, a new category driven by technology, intelligence and innovation, with two plans called BonStart and BonStart Plus, specifically designed for economically active singles or couples living in the larger metros. The plans include access to a private hospital network and full cover for emergencies, PMB chronic medicine, day-to-day benefits including unlimited GP consultations, layers of virtual care, dental and optical benefits, preventative care, wellness screenings, contraceptives and more. The cost per member ranges from R1 452 to R1 731. In April, Bonitas announced free virtual medical consultations for the duration of the lockdown for all South Africans and not only its members. The Bonitas Virtual Care offering included virtual medical consultations with GPs and other physicians for a range of conditions, including Covid19, as well as free delivery of chronic medicine. To access the facility, users downloaded the Bonitas Virtual Care App from the Google Play Store or iStore, registered and booked an online consultation with a doctor. The doctor engaged with the patient via a virtual video consultation on any medical issue and advised on clinically appropriate steps for further care. “A total of 19 000 people downloaded the app and more than 1 000 made use of the virtual consultations within the first three weeks that the Virtual Care app was launched,” says Callakoppen, adding that 22 percent of these were non-members. To supplement the Virtual Care offering, Bonitas launched a WhatsApp solution for members which provides an additional self-help platform capability, to access a host of member specific information, as well as a function which allows members to get in touch with the fund’s call centre. The GP, explains Callakoppen, is at the heart of Bonitas’ virtual care model. “Virtual care aligns to our care co-ordination initiatives, ensuring members receive the right level of care and support in managing their conditions. It allows access to a virtual nurse, advice in an emergency and auxiliary and home-based care, ensuring members have comprehensive support for any condition, in any circumstance.” The Wellness Extender is one of Bonitas’ key benefits, providing access to another layer of care paid from risk. In 2021, the Wellness Extender can be used to pay for up to three months’ subscription fees for Run/Walk for Life to help members get fitter. Anticipating that depression and post-traumatic stress will increase in time, Bonitas has a resource hub on its website to help people understand the condition and steps they can take to remain mentally healthy. The scheme’s focus for 2021, says Callakoppen, is on more primary healthcare, utilisation of preventative care benefits, digitally enabled solutions and self-help facilities for members who want access to their benefits 24/7. “Our goal is to improve integration of care, enable more access to out-of-hospital services, clinical information and benefits via various solutions. As such we will be rolling out tools and services to provide additional clinical support, an easier claims process and access to helpful tools on our website.”

Popular plan targets younger consumers Lynette Dicey: Business Day, 22 October 2020

ONE of the biggest challenges facing medical schemes is how to attract younger members. Selling medical scheme benefits to younger ostensibly healthier healthcare consumers, particularly if a loyalty programme promising attractive additional benefits was part of the deal, used to be pretty straightforward. In a post-Covid world characterised by a global recession and growing unemployment, many consumers are tightening their financial belts. Younger consumers, in particular, are focusing on essentials including accommodation, food, healthcare and education while reducing costs such as entertainment and other leisure activities, notes CEO and principal officer of CompCare Medical Scheme, Josua Joubert. Many of them also mistakenly assume it is safe to go without healthcare cover. A National Financial Capability study conducted in the US, however, revealed that millennials collectively have more medical debt than elderly baby boomers, indicating they are just as vulnerable to health events. Affordability is becoming a growing challenge in the private healthcare sector. Joubert says consumers are hard pressed to find lasting value when it comes to the delivery of affordable healthcare, particularly in the current financial climate. “In times of uncertainty one of the greatest attributes that any medical scheme can offer its members is the ability to innovate to such a degree that value can be created from even the lowest of healthcare budgets. Everyone is looking for a low-cost option that is not only affordable but also sustainable,”

he says. CompCare believes it has achieved just this with the introduction of the UniSave plan in 2017 which has rapidly become one of the most popular products on offer in that price range and market segment. Appealing to younger members the option includes unlimited hospitalisation and a medical savings account set at the maximum permissible level of 25 percent. This out-of-hospital flexibility, says healthcare actuary and MD of 3ONE Consulting Actuaries, Carl Yssel, has seen the option grow significantly since inception, while maintaining a positive financial performance.
"UniSave provides value in excess of its contribution point. Our research has shown while the industry average richness fluctuates between 80 percent and 100 percent, UniSave is positioned well above the average of 103.3 percent. Combined with a low price point, this is a highly competitive option."