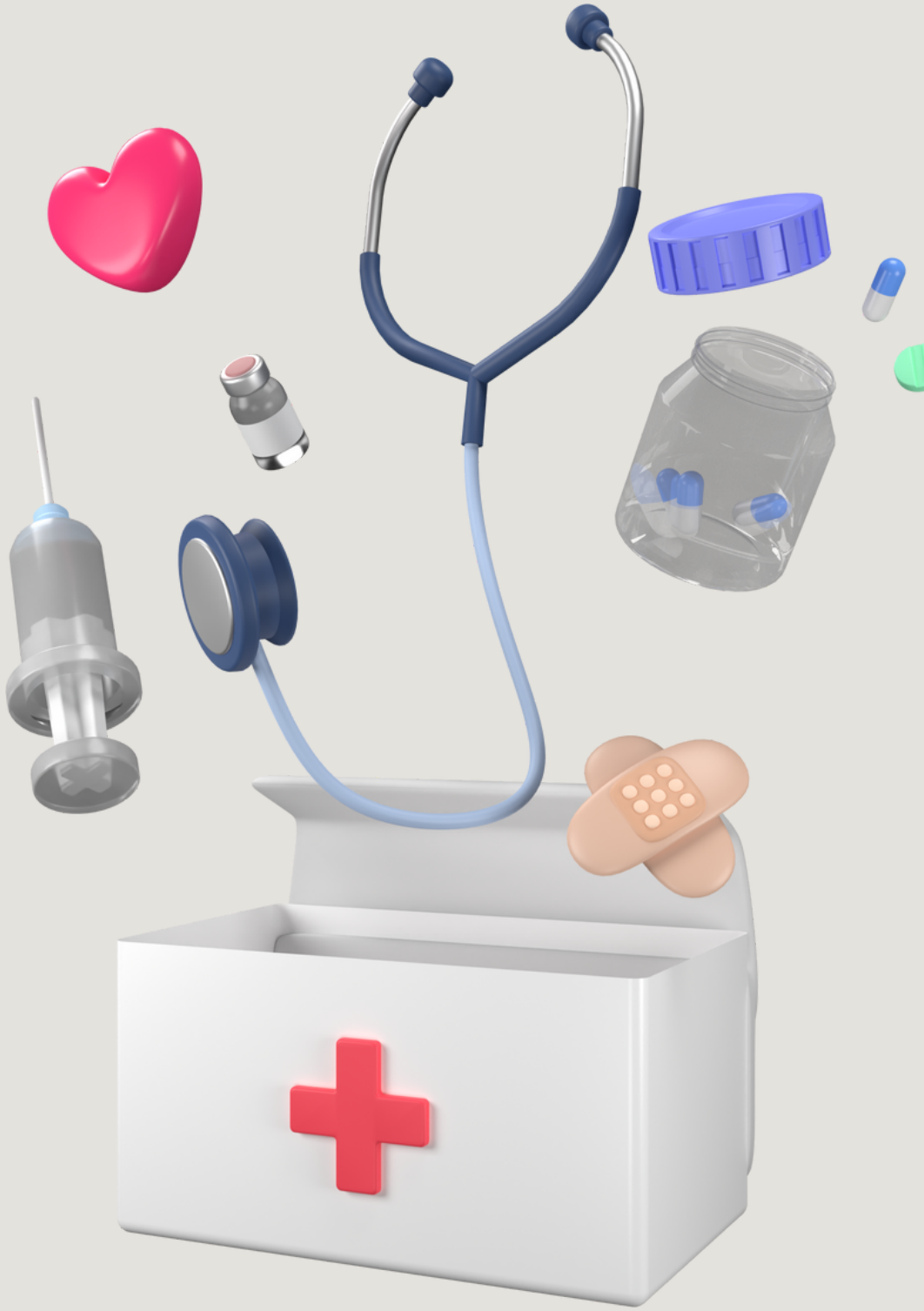
HEALTHCARE

COVER

Healthcare ebook 2023



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Medical Aid for South Africa

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"Intermediaries and financial advisors will play an increasingly key role in assisting employers in navigating the complex healthcare market."
- Mbali Khumalo, Managing Director of Simeka Health

NATIONAL HEALTH INSURANCE BILL:
WILL IT WIPE OUT MEDICAL INSURANCE?

Lenee Green, Partner, Mateen Memon, Associate & Mariam Ismail, Trainee Attorney at Webber Wentzel

The NHI Bill does not contain any clarity on how South Africa's large and complex medical schemes and insurance industry will be affected.

On 12 June 2023, the National Health Insurance Bill (the Bill) was passed by the National Assembly and is currently with the National Council of Provinces for consideration. Its laudable aim is to make primary healthcare widely accessible. The Bill has been closely scrutinised by various stakeholders in the healthcare sector. Concerns have been raised by medical schemes and insurers about the effect the Bill will have on their current businesses.

The Bill, among other things, covers:

- who will be able to access health care services;
- how these services will be funded;
- the establishment of a board and advisory committees to achieve the objectives of the Bill;
- general provisions applicable to how the fund will operate;
- complaints about and appeals of decisions made by the fund; and
- the source of income of the Fund and transitional arrangements.

Clause 33 of the Bill states that once the National Health Insurance (NHI) is fully implemented, medical schemes can only offer complementary coverage for services not reimbursed by the NHI. Clause 6(o) of the Bill allows individuals to purchase services not covered by the NHI through voluntary medical insurance schemes.

This means medical schemes cannot cover services already covered by the NHI, potentially jeopardising their existence. This approach may face constitutional challenges related to the right to access healthcare, property rights of medical schemes, and freedom of trade and profession.

Current regime

Broadly, four main categories of business will be impacted by the Bill:

- business of a medical scheme as defined in the Medical Schemes Act 131 of 1998 (MSA);
- insurers licensed to conduct insurance business pursuant to the Insurance Act 18 of 2017 (the Insurance Act);
- insurers who offer products pursuant to section 8(h) of the MSA (the Exemption Framework); and
- insurers who offer products pursuant to the regulations published under each of the Long-Term Insurance Act 52 of 1998 and the Short-Term Insurance Act 53 of 1998 (the Demarcation Regulations).

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Medical schemes

Presently, only medical schemes may carry on the "business of a medical scheme" as defined in the MSA. The "business of a medical scheme" involves undertaking liability for the provision of obtaining "relevant health services", defraying expenditure for "relevant health services" or rendering health services by the medical scheme itself or by any supplier of a "relevant health service" in return for a premium or contribution.

A "relevant health service" under the MSA is very wide. It includes "any health care treatment of any person by any person registered in terms of any law, which treatment has as its object..." The objects include a broad range of medical services, including the physical or mental examination of a person, the diagnosis, treatment or prevention of any physical or mental defect, illness, or deficiency, ambulance services and hospital or similar accommodation.

Insurers

Medical schemes must be distinguished from medical insurance provided by insurers. Insurers may provide medical insurance under, among other dispensations, the Insurance Act. Schedule 2 to the Insurance Act provides for various classes and sub-classes of insurance business for which life insurance companies and non-life insurance companies may be licensed. Schedule 2 allows insurers to provide health and disability benefits under the risk class of business for life insurance and accident and health and travel insurance under the classes for non-life insurance.

Health insurance is provided upon the happening of a health event. A health event is defined in the Insurance Act as one that relates to the health, mind or body of a person or an unborn, other than a disability event. The disability event is defined and includes circumstances where a person loses a limb or becomes physically or mentally impaired. It is apparent that there is an overlap of products provided for in the Insurance Act and offered under the MSA. he Demarcation Regulations provide for the demarcation between insurance business and medical schemes business.

The regulations provide that a benefit that would otherwise have been a medical scheme benefit, but meets the exact requirements (definitions) set out in the tables in the Demarcation Regulations, is classified as an insurance product. In March 2017, the Counsel for Medical Schemes (CMS) issued an exemption framework for insurers as a transitional arrangement while the development of a low-cost benefit option (LCBO) for medical schemes was developed (Exemption Framework).

To the extent that an exemption was granted to an insurer in terms of section 8(h) of the MSA, and subject to the conditions of the exemption, the insurer was permitted to continue to underwrite those products until the expiry of the exemption. On 25 January 2022, the CMS granted insurers that had previously been granted an exemption in terms of the Exemption Framework an extension of a further two years.

The background to the LCBO is that a ministerial task team on social health insurance launched the low-income medical scheme consultative process in 2005. In 2015, the CMS issued a circular that considered introducing a guideline to allow medical schemes to introduce LCBOs in response to the growing number of working South Africans who did not have medical scheme coverage because they could not afford it.

Following various engagement processes, the LCBO Framework Advisory Committee issued a Report in May 2022 (the Report). The Report states that LCBOs still have the potential to “alleviate pressure in the public healthcare system and allow resources to be redirected to the poor”. This process has progressed quite slowly, and it remains to be seen what comes of it if anything.

While the Bill is a piece of framework legislation, it does not provide clarity on what will become of insurance under the current regime. The fate of medical schemes is dealt with in a very cursory manner, without considering the nuances of the current regime.

The LCBO could have been a path to make healthcare more accessible, but the process has become stifled, and it may never come to fruition. What is left in the wake of the Bill is a great deal of uncertainty. Industry participants and stakeholders will have to keep abreast of the process and ensure that their comments are taken into account as the system evolves.

DON’T MAKE RASH DECISIONS WHEN IT COMES TO CUTTING YOUR MEDICAL COVER IN TOUGH ECONOMIC TIMES

Reo Botes, Managing Executive, Essential Employee Benefits

In these extremely challenging economic times, many South Africans are forced to reassess their budgets and cut back on non-essential items due to inflation, reduced income and the need to prioritise essential needs. As financial priorities shift, certain 'high ticket' items such as healthcare might seem to be unnecessary expenses, especially for young, healthy individuals. However, the truth is that health should never be a sacrifice, and unforeseen accidents or illnesses can wreak havoc on your financial stability. Ignoring medical cover is a risk we cannot afford to take. Fortunately, there are alternatives that allow you to manage your health cover without straining your finances, and they come with a vital component: customised and affordable cover.

Look at all your options

Customised health insurance plans are designed to cater to the specific needs of businesses and their employees. These plans simplify the complex world of insurance, making it easier for you to understand and choose cover that aligns with your lifestyle. They provide expert and personalised guidance through a team of specialists ready to assist you through the insurance process, answering questions and helping you make informed decisions. Furthermore, your cover is carefully crafted to support you during critical situations, offering financial relief and assistance when you need it most. Amid economic uncertainties, medical cover may seem like an unnecessary expense, but health is priceless. Falling ill or suffering an injury without access to proper treatment can have far-reaching consequences, impacting your work and personal life, reducing earnings, and causing unnecessary suffering.

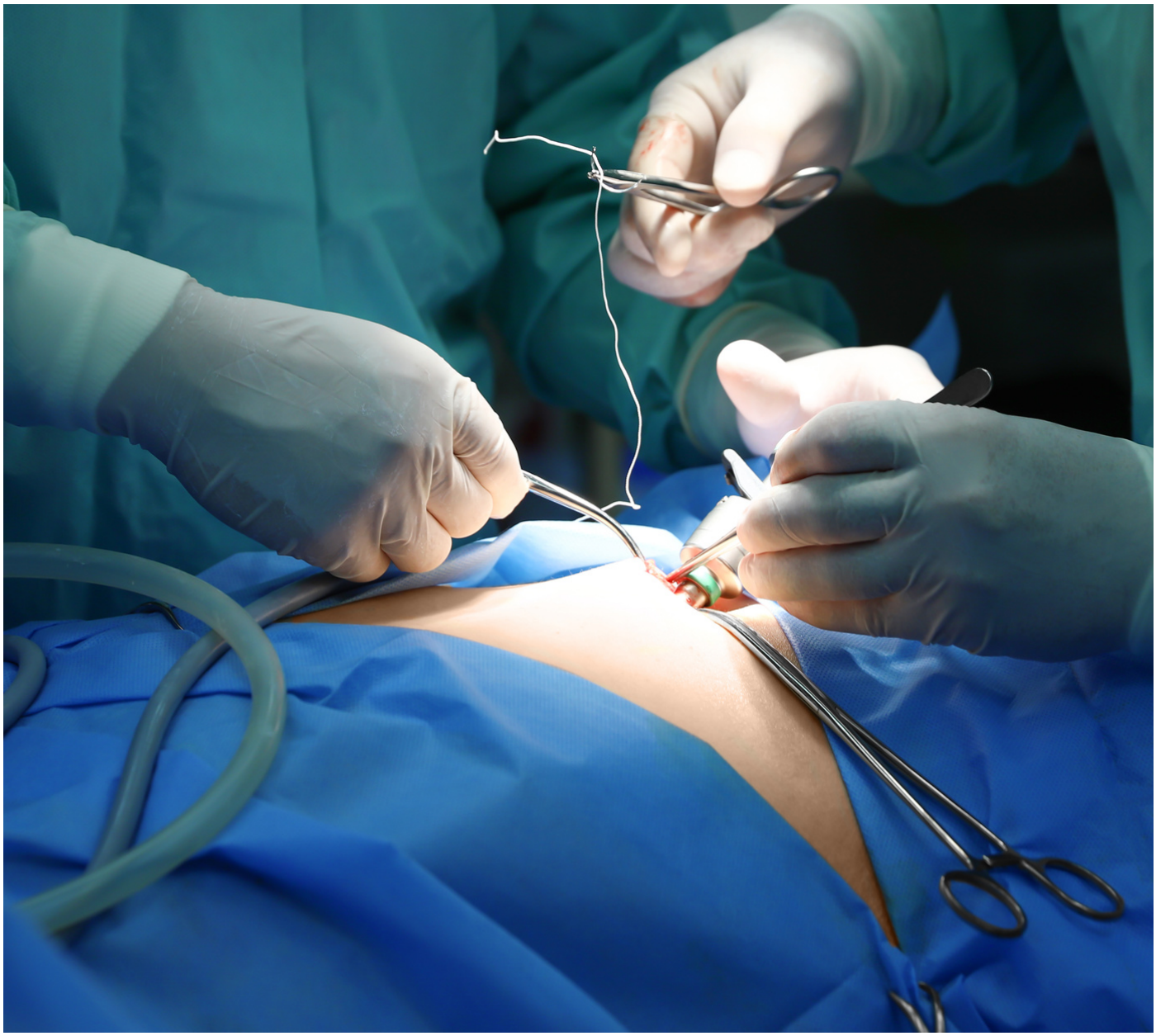
Accidents, emergencies, and chronic illnesses can strike at any moment, and paying for private treatment out of pocket can result in significant financial setbacks. Customised health insurance plans ensure that you have suitable cover, preserving your health and financial well-being. Navigating the intricacies of medical aids, hospital plans, and health insurance can be confusing, given their varying levels of cover, limits and costs. It is a crucial decision that could shape your future, necessitating careful consideration. For employers, partnering with a provider that offers rich benefits at a cost-effective price point is not just a wise choice; it's an essential one. Such partnerships make private healthcare, accessible, ensuring that quality medical care is available to all. Tailor-made health insurance solutions empower employees with comprehensive cover that addresses their individual health requirements.

So, what does health insurance cover?

For day-to-day primary healthcare, health insurance (also called medical insurance) is an affordable option that will give you access to private healthcare for doctors' visits, medication, dentistry, and optometry. Health insurance offers great protection, allowing you to make use of private healthcare, which will reduce your risk of long-term health challenges. You can also add on a hospital plan which will cover accidents and emergencies.

While health insurance is a great, value-for-money choice for a wide range of benefits, it is also important to understand that it does not cover as many chronic and dread diseases, as well as medical procedures that are considered elective (that is, not an emergency). If you want to be able to make use of a private facility for this, medical aid cover is still important, albeit that many medical aids also do not cover elective procedures.

When it comes to your health, both medical aid and health insurance have their place; they can also work together, so you need to compare the right things for the right purpose and think through any major decisions carefully. Recognising the unique needs of employees is an essential element of comprehensive health insurance, a provider that tailor solutions to their specific requirements not only safeguards their health but also contributes to a healthier, more engaged workforce overall.



Making the best decision for you

There is no right or wrong answer when it comes to medical cover – it is all driven by suitability and affordability. Nevertheless, it's crucial to keep in mind that there could be consequences if you decide to discontinue your medical cover while on medical aid and later decide to enrol again. Making a knee-jerk decision can be detrimental to your health and the health of your family, and you need to always have the best cover you can afford according to your risk profile. Selecting your medical cover type is a significant decision that requires thorough investigation. Innovation in health insurance products is the driving force behind exceptional value for money.

It's not merely about affordability; it's about optimising the utility of every healthcare rand spent. These innovative offerings allow businesses to enhance employee benefits without straining their budgets, fostering a culture of well-being and security within the workplace. When choosing a provider, scrutinise how they offer cover, understand the limits, and learn how they work. Reach out to advisors and insurance brokers to help you make an informed choice, understanding the long-term implications, so you can make the right choice.

BONITAS BALANCING INCREASES WITH VALUE AND SUSTAINABILITY

Lee Callakoppen, Principal Officer, Bonitas Medical

South Africans are struggling with an economic backdrop of market volatility, rising unemployment and declining incomes. Add to that, spiraling utility costs, load shedding and fuel increases which make things even tighter, financially, for everyone. When income is stretched, decisions on where to spend and save become critical, including whether to spend hard-earned income on private healthcare. Medical aids need to be innovative and nimble with our healthcare offerings.

Our plans - from traditional through to hospital, savings, networks, Edge (virtual) and income based – are simple and easy to understand. These are structured to meet a diverse range of quality healthcare options that are easier on the pocket. 2024 will be no different, balancing valuable benefit enhancements, with a focus on keeping contributions affordable. We have a responsibility to educate members and non-members about making the correct choice when it comes to their health and to be proactive in guiding them towards living a healthier lifestyle. This includes our comprehensive Care programmes as well as preventative screening, wellness checks and additional benefits.

Creating caring

The reality is that the prevalence of non-communicable diseases such as diabetes and hypertension have increased year-on-year. This is further compounded by the increased burden of mental health which is a risk factor for non-communicable diseases and vice versa. To provide support to our members with non-communicable diseases we have enhanced our range of Care programmes to cover: Audiology, HIV/AIDS, cancer, diabetes, mental health, back and neck, hip and knee replacements and hospital-at-home. A disease-specific approach has been created for these conditions, with a network of doctors that are experts in treating these conditions, to improve clinical outcomes.

be better benefit

To address the decline of preventative screening, including wellness checks and health risks assessments, we have intensified our drive to increase screening uptake, while ensuring our members have access to appropriate screening tests for all life stages. The ‘Be Better Benefit’ is funded completely from risk and provides a range of tests and benefits to ensure that members get access to the necessary screenings, to allow for early detection.

This innovative benefit provides access to a wide range of tests, depending on the plan selected, such as:

- An annual wellness screening per beneficiary to check blood pressure, blood glucose, BMI and cholesterol
- Flu vaccines, HIV tests, lipograms, mammograms, pap smears, prostate screening, pneumococcal vaccines, whooping cough boosters, HPV vaccines, stool tests for colon cancer, dental fissure sealants, free online hearing screenings and access to contraceptives up to R1 950.

Benefit Booster gets a boost

For 2024, we have enhanced our Benefit Booster. It is the only benefit in the market which provides members with access to an additional amount to use for out-of-hospital expenses, effectively giving savings and day-to-day benefits a healthy boost. Members can choose how to use their Benefit Booster, as it covers everything from additional GP consultations to acute medicines. Accessing these benefits is easy. Depending on the member’s selected plan, they simply need to complete an online wellness questionnaire on the Bonitas website and/or a wellness screening at a Bonitas wellness day or at a participating network pharmacy. Wellness screenings can also be done at a GP as part of an annual check-up.

Valuable advice

Navigating the medical aid environment can be tricky, which is why independent advisors are invaluable. Bonitas brokers are independent and unwavering in supporting our commitment to provide care of the highest quality are key, guiding clients when choosing a medical aid. We have renewed our forward-thinking focus on outcome-based healthcare, always striving to introduce new distribution models and channels that keep us current and sustainable. Our strategy is to be agile and to play our part in reshaping the healthcare ecosystem - walking the wellness path alongside our clients.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Medical Aid for South Africa

AN END TO END HEALTHCARE OFFERING IS BECOMING A BUSINESS AND BROKER GAME CHANGER

Neil Kinsley, Head of Distribution and New Business Development at Unu Health

In today's competitive business landscape, maintaining a productive and healthy workforce is crucial for long-term success. Yet in South Africa, 2.25 million members of the workforce are on sick leave today. Let that sink in. That is 15% of the country's workforce who are not at work. To put that in perspective, average global absenteeism is 3.75 days per working year with South African numbers being more than triple at between 8 to 15 days per working year. The impact of lost productivity on the bottom line of business across the board is staggering. Close to 85% of the population do not have access to private healthcare, leaving more than 50+ million South Africans to rely on State healthcare resources. Without access to quality primary healthcare early in the health cycle, our workforce will continue to fall behind.

This pattern is set to perpetuate because lack of access to quality healthcare has a significant knock on impact as people are left with little choice but to travel far distances to clinics and stand in long queues to receive often unaffordable healthcare. To do this requires an entire day off work while also resulting in a higher disease burden that costs upward of 4.2% of the country's GDP. If there is a hope of South Africa achieving sustainable economic growth, quality primary healthcare must be made more accessible and affordable for all. This begins with businesses investing in comprehensive healthcare benefits, promoting preventative care programmes, and educating their workforce about the importance of maintaining good health.

Healthcare disparities in employee benefits

Traditionally, employee benefit programs have primarily catered to upper-income employees. These programmes typically include comprehensive health insurance plans, wellness perks, and various other benefits that are out of reach for lower-income workers. This disparity in benefits not only affects the overall well-being of the workforce but also contributes to income inequality and employee turnover. One of the core issues is the limited options available for lower-income employees. They often have to settle for basic health insurance plans with high deductibles and limited coverage. This can result in financial strain, reduced access to medical services, and increased stress. Such disparities in access to healthcare can lead to a less motivated, less healthy, and less productive workforce.

Digitally driven healthcare services

The opportunity to forever change the way the vast majority of the population access healthcare and take control of their health and wellness journey is being driven by digital innovation. An explosion in mobile technology is connecting smart phone users to an array of digital services, including healthcare platforms. A prime platform for healthcare technologies to showcase their innovation, application and integration into the existing healthcare infrastructure is now available.

In a South African context, where people have had to rely on ineffective systems for so long, advancements such as these are a game-changer set to become very much part of the future of healthcare. Experiences can now be tailored to the individual with palm-of-the-hand access that is always available, affordable, and most importantly quality driven, offering care when it is most crucial in the fight to combat NCDs – early in the health cycle.

Unu Health is one such technology platform that connects people to the healthcare they need to live healthier and more balanced lives. Users are empowered with access, information and expertise so that they can confidently take control of their own health and wellbeing.

The critical role of the broker in bridging the accessibility gap

Any employee benefit broker who has consulted to a company has probably had to exclude a large portion of employees because typically there is a gap for those earning less than R30 000 as they cannot afford private medical schemes. Now that the technology exists, brokers and Intermediaries play a pivotal role in bridging the gap within the healthcare ecosystem. Not only is there a need, but there is also an opportunity for brokers and Intermediaries to become part of the solution to unlock access to equitable healthcare solutions for a sustainable economy – and a holistically healthier workforce.

For the first time in the healthcare landscape, an opportunity exists for brokers to offer their clients a complete end-to-end solution via the Unu Health app. Cutting edge technology does not exclude a single member of the client's workforce – no matter what their income. The value add and client relationship building opportunities are undeniable as brokers now have the ability to offer a corporate solution that addresses business risk and employee wellbeing.

Currently there is no other platform that offers brokers this type of end-to-end employee healthcare solution. Clients are asking for it, Unu health's technology platform is delivering it, so there is no reason why brokers should not be including it in their offering.

Your clients' day-day-savings are at risk of being poached

Most medical schemes have now announced their increases for next year... But not the fact that they're on a mission to poach your clients' day-to-day savings by cutting back significantly!

Your clients will be paying more, but getting less. They'll have to pay for GP and dentist visits, medication at the pharmacy, glasses, and other day-to-day expenses much sooner, or skip them if they don't have the cash.

Conserve your clients' cash by switching them to Fedhealth

At Fedhealth, we don't cut benefits, and we don't use day-to-day savings to make our increase lower. We offer uniquely structured medical aid that our members create according to their needs and budgets.

- **Members choose their own day-to-day structure** to ensure they have enough to last them through the year.
- **Members choose how to pay for those day-to-day savings** – fixed monthly amounts or as and when they use them.
- Your clients can **customise their cover even further with optional discounts.**
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LIMITING MEDICAL AID INCREASES ISN'T THE ANSWER TO OUR HEALTHCARE WOES

Gary Feldman, Executive Head of Healthcare Consulting at NMG Benefits

Earlier this month, the Council for Medical Schemes (CMS) recommended that medical aid schemes cap their contribution increases for 2023 at 5.7%. On the face of it, limiting medical aid increases looks like a prudent cost-cutting measure. In reality, it could affect the sustainability of the entire healthcare ecosystem, which includes patients, healthcare providers and funders alike.

The bigger challenge is that private healthcare is not sustainable in its current format. There is clear overservicing in many areas. That's why both the private and public healthcare systems need to be reviewed to come up with a system that affords all South Africans access to decent healthcare.

In the meantime, the healthcare industry is trying to balance affordability and sustainability. It's essential that the industry finds ways to manage rising healthcare costs. But restricting contributions to medical aid schemes is a blunt response to a complex and nuanced situation.

The harsh reality is that few, if any, medical aid schemes will adhere to the 5.7% contribution cap being proposed by the CMS. During the Covid years, some schemes put through low, and even negative, increases. We saw medical schemes changing the way they implemented fee increases, including deferring increases, dipping into reserves, and announcing delayed increases.

None of those measures are sustainable in the long term. That's because claims have gone back to pre-Covid levels, so schemes will come under severe financial pressure if they don't make more realistic increases now.

What type of increases can we expect? In general, medical inflation is around 3% higher than the consumer price index (CPI). What that means is that we can expect to see increases of at least CPI plus 3%, if not more. In fact, we will potentially see several medical aids putting through double-digit contributions in the coming months to stay abreast of rising costs and claim levels.

Some schemes will justify contribution increases above inflation due to some industry-specific cost factors. We're already seeing hospitals increasing their prices by 10% or more, for example. It doesn't help that providers hike their rates by 10%, but funders can only increase their contributions by 5.7%. That's simply not sustainable. To ensure the sustainability of schemes, we anticipate increases of between 7% and 10%.

Of course, the bigger question is what steps need to be taken to create a more sustainable and equitable healthcare system. At the moment, there are about 4.5 million registered members of different medical schemes, serving a total of around 9 million beneficiaries. That leaves 51 million South Africans who rely on the public health system.

And here, the elephant in the room is the National Health Insurance (NHI). Make no mistake, an NHI is necessary, because everybody in the country has the right to access decent healthcare.

As we know all too well, there are several challenges to NHI. Perhaps the biggest of those challenges is that there's low to zero trust in the ability of government to manage what will effectively be a medical scheme that's 20 times bigger than Discovery. Then there's the funding of the NHI, which remains a well-kept secret.

Throw into the mix the chronic shortage of doctors, nurses and facilities in our country, and you’re starting to get an idea of the mountain facing NHI. Medical schools are still generating the same number of doctors they did 30 years ago, and our population has doubled since then.

At the same time, the brain drain is robbing us of the highly trained medical professionals our healthcare system is crying out for. The bottom line? NHI may not be fully implemented in our lifetime. That’s not particularly comforting to the average medical aid member, whose main concern at this stage is that any increases in medical aid contributions are kept as low as possible. We’re already seeing many members downgrading their plans and options,

and any further increases will only put more pressure on consumer wallets that are already under immense strain. Most of the larger medical aid schemes have introduced network options in an effort to maintain affordability. Other than that, their options are limited in the current healthcare set-up. The best thing medical aid members can do at this stage is to speak to an informed broker to ensure they get the best coverage for their family’s needs at a price point they can afford.

Ultimately, balancing affordability with the provision of quality healthcare requires a holistic approach that recognises the complex relationships between the various stakeholders in the system. Until then, we’re not going to reduce healthcare costs, let alone ensure a robust and sustainable healthcare ecosystem for all.

THE RIGHT ADVICE IS KEY IN SELECTING MEDICAL AID AND GAP COVER TO SUIT YOUR NEEDS


James White, Director of Sales and Marketing at Turnberry Management Risk Solutions

Medical aid is a must in South Africa for anyone looking to make use of private healthcare, as the cost for those who are not members of medical schemes is simply out of reach for most people.

However, co-payments, sub-limits and medical expense shortfalls have become increasingly common, leaving people out of pocket even when they do have medical aid.

As a result, gap cover has become an essential part of a comprehensive healthcare portfolio, but selecting the right product can be daunting. When it comes to choosing medical aid as well as gap cover to suit your needs, your life stage and your budget, the right advice is critical.

Step 1: Choosing a medical aid option

Selecting a medical aid scheme and plan option is a personal exercise, as there are many different offerings available from multiple providers and everyone's circumstances are unique. The right plan depends on your individual circumstances, such as your age and your life stage, as well as your own health. It also depends on affordability and budget factors, as the cost of medical aid can be a significant expense. It is also important to consider any limitations, additional expenses, exclusions or waiting periods that could apply, which again depends on personal circumstances.

For example, a single, healthy 26-year-old with no children will have very different needs from someone in their mid-fifties with a chronic condition like blood pressure or diabetes, and a basic hospital plan might be sufficient for them, while the person with the chronic condition will need a more comprehensive solution. At the same time, a 26-year-old who is planning to start a family or who has children will also have different requirements from their medical aid. Sifting through the many different options to find the right one for you can be a challenging task, which is why brokers and financial advisors are available to provide advice.

Filling the gap

There are essentially three core components of gap cover, with the most important one typically being hospital expense medical shortfall cover, as this is where most out-of-pocket expenses originate. The other two essential components are co-payments and sub-limits. It is once again important to also look at exclusions, limitations and waiting periods imposed by the gap cover provider. Once a medical scheme option has been selected, the 'holes' in your cover can be plugged with an affordable gap cover policy that will supplement the medical aid option you have chosen in terms of these three areas.

If your chosen medical aid option includes large co-payments then it is critical for your chosen gap cover to have substantial co-payment cover, for example. All medical aid schemes and options differ when it comes to these elements, so it is vital to find a gap policy that fits well to supplement your cover. There are also a range of value-added extras that gap cover providers may offer, including a casualty benefit to cover the expenses of a visit to the emergency room, counselling benefits and premium waivers. Again, the advice of a broker or financial advisor can be invaluable in helping you select the right gap cover policy to suit your needs as well as your chosen medical scheme plan and option.

One size does not fit all

The reality is that there is no single solution that will meet everyone's circumstances, lifestyle, life stage, age, budget, and other needs. Everyone is different, and to effectively protect your financial future, it is essential to get the right fit. Expert advice can go a long way in making sure you have the best medical aid cover you can afford – and the services of a broker are included as part of medical schemes, so there are no additional fees for making use of this service. Your broker can also help you to find the most appropriate gap cover to fit your unique individual needs.

About Turnberry Management Risk Solutions

Founded in 2001, Turnberry is a registered financial services provider (FSP no. 36571) that specialises in Accident and Health Insurance, Travel Insurance, and Funeral Cover. With extensive experience across healthcare and insurance industries in South Africa, Turnberry offers unsurpassed service to Brokers and clients. Turnberry's gap cover products are available to clients on all medical aid schemes, as they are independently provided and are therefore transferable in the event of a change in the client's medical aid scheme.

Turnberry is well represented nationally, with its Head Office based in Bedfordview, Johannesburg with Business Development Managers in Cape Town and Durban. The Turnberry Team's focus on outstanding client service comes from having extensive knowledge and experience in the financial services sector and is underwritten by Lombard Insurance Company Limited. Lombard Insurance Company Limited is an Authorised Financial Services Provider (FSP 1596) and Insurer conducting non-life insurance business.

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MEDICAL AID SCHEMES MUST INNOVATE OR PAY THE PRICE

Medical aid annual contribution increases among South African medical schemes are announced each September, and this year many consumers had a rude awakening as some schemes played catch up after the smaller increases announced during the pandemic. Not only that though: some medical schemes chose to slash members' savings in 2024 while also increasing their contributions, effectively decreasing the value consumers are getting out of their medical aid cover overall. The net effect of this is a heightened sensitivity to healthcare costs in South Africa and huge pressure on consumers' finances in general.

I believe that if schemes don't provide new solutions to address these issues, then they risk losing existing and potential members fast – especially those within the younger generation. According to an international study performed by market research firm Gen HQ, 71% of Gen Z thinks that healthcare should be free or low cost to everyone. While this may be an international study, it's likely that this sentiment is shared by many young South Africans today. But up until now, young people just starting out in their careers have faced a challenge: they couldn't afford to be without medical aid, but they couldn't afford to pay for it either.

Under 35s are also used to running their lives online, and they crave something different to the medical aid their parents had. While the medical aid of yesteryear may be comforting and necessary for certain age groups, we knew there was also an urgent need for an affordable hospital plan that offered a fun and future-focused alternative for the under-35 digital natives. With these needs in mind, we designed Fedhealth's new flexiFEDSavvy option, which launched in January of this year. Our flexiFEDSavvy plan gives under-35 members full medical aid (not medical insurance) for under R1 000 per month.

With this plan, they don't only get comprehensive private hospital cover at an extensive network – they also benefit from unlimited virtual GP visits and three face-to-face consults at a network GP (paid from Risk), as well as screenings and other benefits. The mental health crisis facing our youth is also a huge cause for concern. According to the latest UNICEF South Africa U-Report poll published in 2022, 73% of children and youth felt they needed mental health support over the past year, of which 38% – more than half – actively sought help.

For this reason we've placed mental health at the centre of our offerings, with our free resources like the Panda app offered to all Fedhealth members on all plan options. The app gives members virtual access to educational material, mental health assessments and connects them with mental health experts for support. To further complement the affordability aspect of our medical aid offerings, we're providing two integrated products that can complement our Savvy option. Our NexGen Gap cover, designed by Sanlam, takes care of any 'excess' co-payments in case of planned hospital procedures at non-network hospitals, and starts from just R64.90 per month for individual members.

Sanlam Primary Care, on the other hand, provides young people with some day-to-day benefits in case they need them, from only R423p/m for individual members and R317p/m for corporate members. By combining a hospital plan with a much more affordable primary care insurance plan, young members get all the cover they need in an innovative package that suits their lifestyle and needs. We see these new offerings as a vital addition to the medical aid industry in terms of attracting younger members as well as meeting new healthcare demands in a rapidly changing world.

Want to provide your under-35 clients with smarter ways to make their money (and health) go further? Visit fedhealth.co.za or speak to a Fedhealth Broker Consultant today.

TAKING A HYBRID APPROACH TO HEALTHCARE FINANCIAL PLANNING

Paul Cox, Managing Director at the Essential Group of Companies including health insurance provider, EssentialMED

As consumers balance increasingly tough financial constraints, the planning and affordability of their private healthcare strategy has become a household emergency. For many families, healthcare funding is one of their biggest costs – anywhere up to 30% of their household expenditure - but it's also one of the most important as no one wants to lose their access to private quality healthcare in a health crisis given the perilous state of public health care facilities.

The trend of medical scheme members moving to lower benefit and cost options has been consistent for some years now, and the primary driver of this comes down to affordability and perceived value of benefits versus premium paid. Recent announcements by medical schemes show that most scheme members are facing weighted average increases to their medical scheme premiums in 2024 of anywhere between 7%-12%, and in some instances a decrease in their funding to medical savings accounts to cover day-to-day primary care needs.

In virtually all instances, scheme members are paying a lot more for less benefits and face a growing burden of out-of-pocket healthcare costs which they need to self-fund – a trend that has been consistent for years now. Secondly, for many members there is a disjoin between the premium paid, versus the perceived value they receive, and this is especially notable in the younger market. Minimal utilisation members typically the young and healthy - feel aggrieved at paying the same as high utilisation members, for benefits that they don't currently use – so are buying down to core hospital plans or opting out completely.

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Another driver of private healthcare costs is that healthcare provider costs have also been rising well above inflation for years, and there is currently no pricing regulation as to what they can charge, like in the pharmaceutical sector. Health care providers, notably specialists who are in short supply in South Africa, also face no meaningful market competition dynamics which would rein in unfettered price increases. In the current market, demand for specialist services way outpaces supply, driving up costs. The costs of medicines and advanced medical treatments, notably in the oncology space, are also rising.

The bottom line is, regardless of these market pressures and dynamics, maintaining access to private healthcare, especially for hospitalisation, remains high on the list of consumer priorities, given the dysfunctional state of many public healthcare facilities. There is a definite approach by healthcare financial advisors to prioritise healthcare funding in a hybrid model, leveraging the synergies between core medical scheme benefits for hospitalisation needs, gap cover for any tariff shortfalls, and health insurance for primary care needs, in a cohesive and complimentary approach.

EssentialMED provides a snapshot of the key trends playing out:

- **Moving to a core 'Hospital' Plan:** While members may be prepared to forego the costs of medical scheme cover for their day-to-day and primary healthcare needs, having a solid hospital plan with their medical scheme is non-negotiable. When you consider that the hospital bill for a health crisis like cancer, heart surgery, car accident or extended stay in ICU can easily run into six-digit numbers, a hospital plan provides the peace of mind and absolute necessity that the big ticket, hospitalisation private healthcare costs are sorted.

- **Gap cover for shortfalls on hospitalisation bills:** Gap insurance covers the difference that arises from the rate that healthcare specialists charge for in-hospital procedures versus what your medical schemes benefit pays to providers – the difference can be upwards of 400% and more of medical scheme tariff, particularly on core 'hospital' benefit options. If your medical scheme option only pays out at 100% of tariff, you will then be liable to pay the shortfall of the other 200% to 400% charged by your healthcare provider as an "out of pocket" expense if you do not have gap cover in place.

- **Health insurance for day-to-day and primary care needs:** when opting for a core hospital plan with a medical scheme, you are covered for in-hospital treatment only, subject to the terms and conditions of your benefit option. Cover for day-to-day and primary health care such as GP visits, optometry, dentistry, specialist consultations, preventative healthcare, acute medication and the like are not covered. Taking out a health insurance benefit for day-to-day primary care is a very affordable way to mitigate and manage these primary healthcare expenses separately, protecting you from onerous out-of-pocket expenses. Many consumers mistakenly believe that it is an 'either or' between medial aid and health insurance, which is not the case at all. An option like EssentialMED's day-to-day benefit gives you access to private primary healthcare at an affordable rate, with unlimited managed visits to network doctors and dentists, unlimited access to acute and chronic formulary medication, radiology, pathology, optometry and even cover for specialists on a managed basis when referred by a network GP.

By coupling a core hospital medical scheme benefit, gap cover and day-to-day health insurance plan, you get a complimentary and affordable hybrid solution, ensuring that you retain access to quality private healthcare – for in and out of hospital - when you need it most. Your hospital plan ensures access to care in a private hospital. You mitigate against the potential for onerous and unbudgeted out-of-pocket expenses for hospitalisation tariff shortfalls with your gap cover and your day-to-day health insurance plan provides access to essential primary and preventative healthcare that you and your family will require throughout the year.

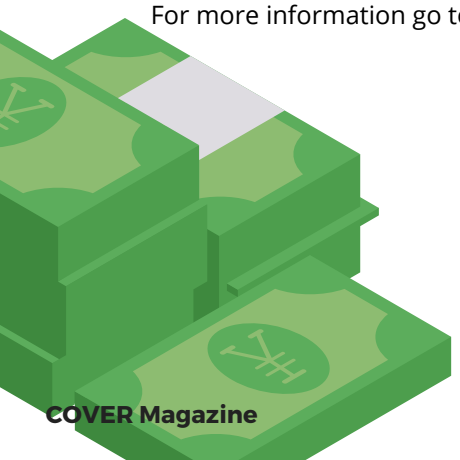
Consider the following example:

Based on a family of four - 2 adult dependants and 2 children younger than 20			
	Comprehensive Medical Scheme option	**Core Hospital plan/gap cover/day-to-day health insurance combination**	
Comprehensive Medical scheme benefit - per month	R 17 555	R 6650	**Core Hospital Plan – per month**
Comprehensive Gap Cover – per month	R 530	R 530	**Comprehensive Gap Cover – per month**
		R 595	**EssentialMED Day-to-Day health insurance benefit – per month**
Total monthly premiums	R18 085.00	R 7 775	**Total monthly premiums**

(Premiums are based on a leading open medical scheme's comprehensive benefit and a core hospital plan benefit with premiums valid as at 1 March 2023 as published on their website. Gap cover premium based on a comprehensive gap option and EssentialMED's day-to-day health insurance benefit, both as at 1 March 2023).

In assessing a hybrid healthcare funding model that caters for all the interconnected variables and your unique current health circumstances, as well as all the unknowns, its crucial to engage with a professional and accredited healthcare broker who will guide you through the process, explain the role of the different options between medical scheme benefits, gap cover and health insurance, and ensure that you have the best solution for your circumstances and budget. Healthcare funding options tend to be complex as there are so many benefit options and solutions to consider, and all vary widely in terms of offering, regulatory framework and benefits – making like-for-like comparisons near impossible.

The best approach is to get the expertise of a healthcare broker who is adept at building the right strategy for your needs based on benefit design, contributions, affordability and practicality – aligned to your specific needs analysis and those of your dependants. The emphasis must be on balancing your cover and finding economies where they are to be found, managing your expectations as to what is and is not covered in the varying scenarios, and understanding the inherent role that risk management and your responsibility to that process plays in building your healthcare funding strategy.
For more information go to www.essentialmed.co.za



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INNOVATING PERSONALISED HEALTHCARE FUNDING

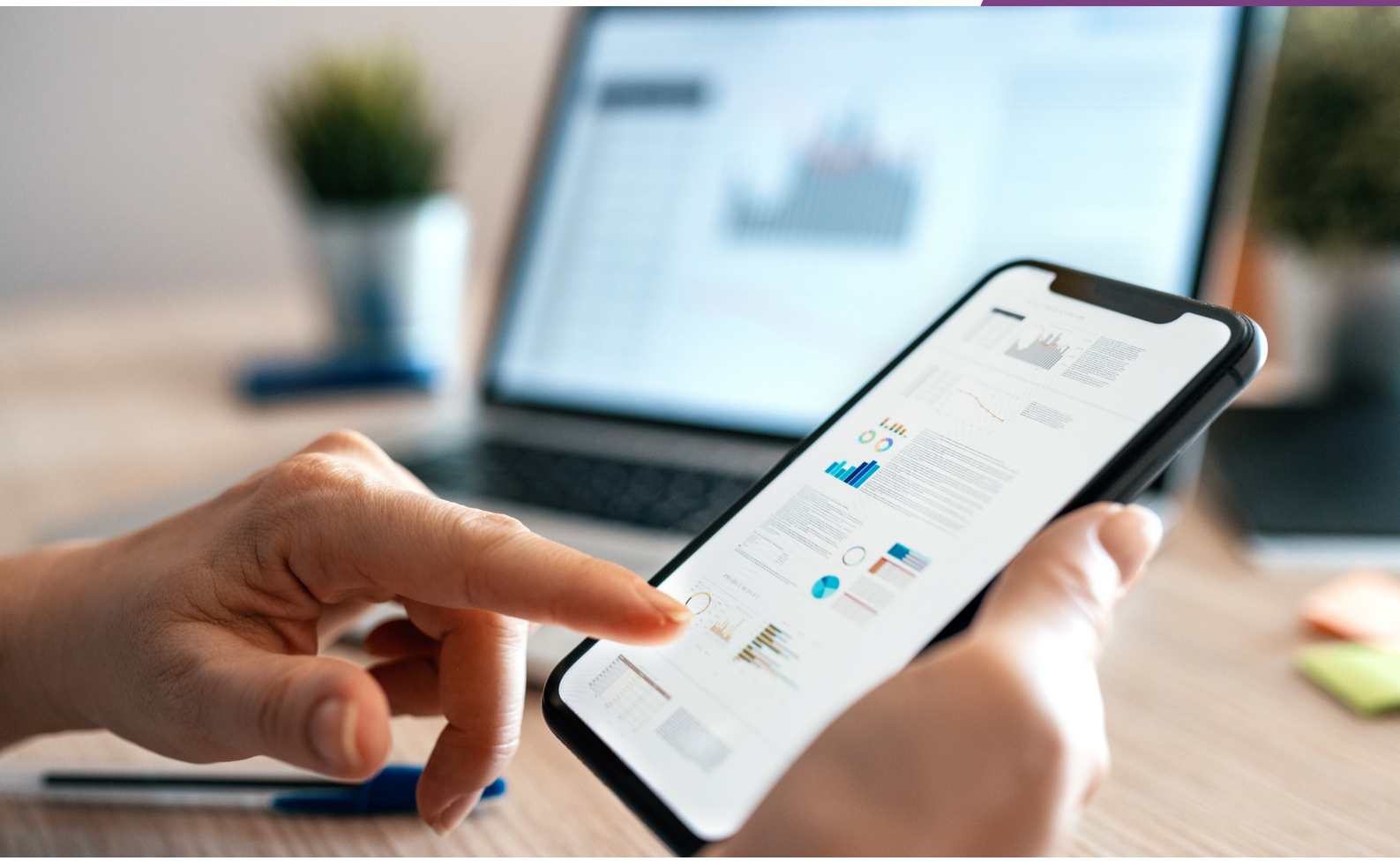
Dr. Ryan Noach, CEO of Discovery Health

Medical aid is a must in South Africa for anyone looking to make use of private healthcare, as the cost for those who are not members of medical schemes is simply out of reach for most people.

The Discovery Health App, introduced on the 25th of October is poised to become a personalised gateway to the healthcare system for all Discovery Health customers, offering end-to-end healthcare support and navigation. This groundbreaking digital platform introduces several first-in-South Africa innovations designed to enhance the health and well-being of its users.

The CEO of Discovery Health, Dr. Ryan Noach, expressed his enthusiasm for the app, stating, "The new Discovery Health App is the digital front door to the health system for our customers, providing a single access point through which health consumers can meet all their digital healthcare needs." With the integration of cutting-edge digital healthcare technology and services, this app consolidates all aspects of an individual's health in one convenient location, offering a myriad of benefits.

One of the standout features of the app is its personalised approach. The "Just For You" section provides tailored health and lifestyle recommendations, allowing users to make informed decisions about their well-being and care. This approach supports Discovery Health's drive to deliver healthcare solutions that align with each individual's unique needs.



In addition to these personalised features, the Discovery Health App introduces three pioneering services that are firsts in South Africa:

- Speak to a Doctor Now: This on-demand service enables users to speak to a doctor 24/7, providing immediate access to healthcare professionals. The app also includes an emergency feature that can pinpoint a user's location and summon medical assistance when needed. In non-urgent situations, users can book appointments with healthcare professionals.

- Virtual Physical Therapy: In partnership with Genie Health, this feature offers users support for musculoskeletal rehabilitation. Users can access in-app support for prescribed physical therapy exercises, with the app tracking their movements through their device's camera. This innovative technology ensures that exercises are performed correctly, increasing the chances of a successful rehabilitation.

- Digital Therapeutics for Mental Health: With a focus on treating depression, this feature provides internet-based Cognitive Behavioral Therapy (iCBT). Considering the rising global rates of mental illness, it addresses a critical need. Users can undertake a mental wellbeing assessment, and those diagnosed with symptoms of depression can access iCBT to support their treatment. This service is provided in partnership with SilverCloud® by Amwell®, a globally digital behavioral health and wellbeing platform.
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Dr. Noach emphasised the importance of mental health care, noting that an increasing number of individuals worldwide experience mental disorders, particularly depression. In South Africa, the prevalence of mental illness has grown significantly, with depression being the most diagnosed condition.

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The Discovery Health App is segmented into four main categories:

- Just For You: Offers personalised recommendations and "next best actions" based on individual needs.
- My Health: Provides access to relevant information and programs, including health checks and mental wellbeing assessments.
- My Cover: Allows users to manage their medical aid plan, view accounts, track benefits, and manage claims.
- Get Care: Facilitates access to immediate care in the healthcare system, including the "Speak To a Doctor Now" feature.

The app is seamlessly integrated into the broader Discovery digital ecosystem, enabling users to navigate between the Discovery Health App, Discovery Bank, and Discovery Corporate apps. Dr. Noach stressed that this app aligns with the growing global trend of digital healthcare adoption, accelerated by the structural health system pressures during the COVID-19 pandemic.

Investment in digital healthcare technologies, including AI, cloud platforms, wearables, and telehealth services, has skyrocketed, and user demand for these technologies is on the rise. Discovery Health aims to meet this demand by providing innovative tools that enhance access to healthcare and contribute to the health and well-being of their customers. The launch of the Health App will assist Discovery in their mission to make healthcare more accessible, personalised, and convenient for its members.

MIND YOUR GAP COVER

Times are challenging, and with medical costs on the rise, it's not surprising that gap cover is becoming an even more important part of the mix.

One of the significant consequences of the COVID-19 pandemic is that consumers have become very aware of the importance of having adequate medical cover in place. And given that medical aid costs are likely to continue rising, and the fact that consumer inflation seems to be in an upward trend, consumers are looking at ways how to fund the cover they want.

For those with medical aid, gap cover is an increasingly important way to help finance health care. Basically speaking, gap cover insures medical scheme members against discrepancies between what the medical scheme pays and what the medical service provider charges for in-hospital procedures and defined out-patient procedures. For example, the surgeon and anaesthetist might charge considerably more than the medical scheme's rate for a specific surgical procedure; this shortfall would be covered by the gap cover.

An individual without gap cover would be liable for that shortfall. The same scenario would play out in the case of co-payments (a co-payment occurs when a medical scheme stipulates that the contributor has to pay a proportion of the fee for certain designated procedures).

Gap cover complements medical aid cover because it saves medical scheme members from liability for significant extra expenses when shortfalls or co-payments occur. Despite its important role, it is relatively inexpensive. It is important to note, however, that gap cover is not a medical aid and cannot be used as a substitute for medical scheme cover.

Michael Emery, Marketing Executive at Ambledown Financial Services

Marketplace trends

It is concerning to note that many of those who have access to medical scheme cover as part of their employee benefits are often unaware of the need for gap cover – they simply assume they are "covered". Alternatively, many employees do not realise that their company medical benefit may actually already includes gap cover. Employees on a company medical scheme must take the time to engage with the consultants appointed by the company to unpack exactly what their benefits are, and what they are covered against . If they are not appropriately covered, then they should seek advice on how to the right level of gap cover.

The same goes for private members of medical schemes. Enlisting the help of a reputable broker will pay huge dividends in helping them to understand exactly what benefits are required, and what level of gap cover is needed. According to current figures from Statista Research, only 16% of the South African population is covered by medical aidi, with the vast majority dependent on the state health care system. An emerging trend is that the cost-of-living crisis is forcing many people to reconsider and downgrade their medical scheme membership.

It's going to be a bumpy year in all sorts of ways. Making sure you have the most appropriate cover for your circumstances is a great way to smooth your path to financial freedom by eliminating one major potential bump. **Ambledown Financial Services is authorised Financial Services Provider No.10287**

Mbali Khumalo, Managing Director of Simeka Health

THE CHANGING LANDSCAPE OF HEALTHCARE FUNDING

The COVID-19 pandemic brought to the forefront the critical importance of healthcare, further emphasising the need for accessible and affordable medical services. In a recent interview with Mbali Khumalo, Managing Director of Simeka Health, we explore the impact of the past two years on how individuals perceive and prioritise healthcare, the financial challenges they face, and innovative ways financial advisors can help clients prepare for healthcare expenses. We also delve into the emerging trends and changes in the healthcare industry in response to an increased focus on healthcare funding and discuss the future of healthcare funding in addressing current financial pressures.

Reevaluating Healthcare Priorities

The past two years have seen a significant shift in how individuals perceive and prioritise access to quality healthcare. The uncertainties surrounding health, particularly during the COVID-19 pandemic, underscored the necessity of healthcare for all. Many households faced economic pressures, yet statistics show that most retained their healthcare cover. The importance of mental health support also became evident, leading to the development of virtual mental health solutions, primarily offered to employer groups. This saw an increased demand for Employee Assistance Programs, which provide mental health and other support to employees. Access to mental health support, particularly during times of crisis, became a critical aspect of healthcare.

Affordability and Balancing Act

Financial challenges have become a key concern for consumers when it comes to healthcare funding. Balancing the need for healthcare with financial constraints can be a daunting task. Healthcare expenditure competes with essential needs such as food, clothing, and shelter. While healthcare remains a high priority for young people, their spending patterns often do not align. Many argue that their chances of making claims are lower, preferring to allocate funds to other immediate needs. It is advisable to at least have accident, emergency, and catastrophic cover, with a hospital plan often providing such protection. Neglecting primary and preventative care can lead to higher risks of catastrophic health events and chronic conditions. Late Joiner Penalties are another financial impact for individuals who delay joining healthcare schemes, sometimes reaching up to 75% of the risk contribution.

Innovative Approaches for Financial Advisors

Financial advisors play a crucial role in helping clients prepare for healthcare expenses, such as Medical Aid, Hospital Plans, and Gap Cover. Advisors should prioritise the health and well-being of their clients, emphasising that being healthy and able to work should be a top priority. Employers also play a significant role in providing access to quality healthcare offerings, ensuring that employees have coverage without waiting periods, exclusions, or Late Joiner Penalties. Tax credits can help alleviate financial pressures through immediate relief when medical scheme contributions are deducted via payroll or during the tax return filing process.

Accredited consultants are essential for guiding members to tailor their healthcare cover to suit their needs. They can recommend a combination of products, such as Medical Aid, Hospital Plans, and Gap Cover, to find the best solution for clients. Additionally, advisors should highlight the potential hidden risks for scheme members, such as co-payments, tariff shortfalls, and benefit limits being exceeded. Gap cover can provide valuable protection at a reasonable cost in such situations.

Emerging Trends in the Healthcare Industry
The past two years have brought about several significant trends and changes in the healthcare industry:

- Relaxation of Compulsory Membership: Employers have relaxed their compulsory membership policies, allowing lower-earning employees to choose from a range of healthcare options. This approach offers more flexibility and affordability.
- Employee Assistance Programs and Primary Health Insurance: Employer Assistance Programs and primary health insurance products have gained popularity as solutions for healthcare needs. These programs provide accessible and affordable healthcare options for employees.
- Cost Containment: Both medical schemes and primary health insurance products have focused on cost containment by offering nurse visits or virtual GP (General Practitioner) consultations as primary care gatekeepers. Additionally, medical schemes have introduced more networks to control costs, with members accepting restricted choices to keep contributions affordable.

The Future of Healthcare Funding

The future of healthcare funding is expected to see the introduction of new players and innovative solutions to address current financial pressures faced by consumers. Hospital groups are offering Gap products, while pharmacy chains are providing primary care products. There is a growing trend of bundled holistic healthcare offerings from major players like Sanlam, Momentum, and Discovery, which offer comprehensive reporting and a clearer understanding of employees' health status. Intermediaries and financial advisors will play an increasingly key role in assisting employers in navigating the complex healthcare market. Proper, accredited advice is essential to guide employers in offering their employees the best possible solutions, including medical schemes, primary care, Employee Assistance Programs, Gap cover, and other health initiatives like preventative care and on-site clinic solutions where applicable.

The past two years have reshaped the way individuals perceive and prioritise healthcare, and the financial challenges they face have prompted the healthcare industry to adapt and innovate. As we move forward, the healthcare funding landscape is expected to continue evolving to provide more accessible, affordable, and comprehensive solutions for consumers, with the guidance of accredited consultants and financial advisors playing a pivotal role in helping individuals and employers make informed decisions about their healthcare coverage.

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