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## **Beneficiary movement analysis**

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Research and Monitoring Unit

## Table of Contents

1.	Background.....	5
2.	Introduction .....	5
3.	Data .....	5
4.	Analysis.....	6
4.1	Principal members.....	7
4.1.1	Figures and tables – Principal members.....	7
4.1.2	Summary – Principal members .....	17
4.2	Adult dependents .....	18
4.2.1	Figures and tables – Adult dependents .....	18
4.2.2	Summary – Adult dependents .....	27
4.3	Child dependents.....	28
4.3.1	Figures and tables – Child dependents .....	28
4.3.2	Summary – Child dependents .....	37
4.4	Transfers, joining and departures of members.....	38
4.4.1	Figures and tables – Transfers, joining and departures of members.....	38
4.4.2	Summary – Transfers, joining and departures of members .....	49
4.5	Summary of beneficiary movement.....	50
5.	Conclusion & Recommendations .....	53
6.	References.....	54

## List of Tables

Table 1: Summary of principal member statistics .....	7
Table 2: Number of principal members by benefit option type for 2013 and 2014 .....	8
Table 3: Summary of adult dependents' statistics .....	18
Table 4: Number of adult dependents by benefit option type for 2013 and 2014. ....	18
Table 5: Summary of child dependents .....	28
Table 6: Child dependents by benefit option type for 2013 and 2014 .....	28
Table 7: Summary of member movement in the years 2013 and 2014.....	38
Table 8: Principal members transferring from other schemes by benefit option type.....	38
Table 9: Members not transferring from other schemes by benefit option type. ....	41
Table 10: Principal members leaving by benefit option type. ....	42
Table 11: New dependents joining by benefit option type. ....	45
Table 12: Dependents leaving by benefit option type.....	47

## List of Figures

Figure 1: Principal members by benefit option type -2013.....	8
Figure 2: Principal members by benefit option type - 2014.....	9
Figure 3: New vs old principal members by benefit option type - 2013.....	10
Figure 4: New vs old principal members by benefit option type - 2014.....	10
Figure 5: Male vs female principal members by benefit option type - 2013.....	11
Figure 6: Male vs female principal members by benefit option type - 2014.....	11
Figure 7: Age profile of principal members by benefit option type - 2013.....	12
Figure 8: Age profile of principal members by benefit option type - 2014.....	12
Figure 9: Chronicity of new and old principal members by gender and age - 2013.....	13
Figure 10: Chronicity of new and old principal members by gender and age - 2013.....	13
Figure 11: Age profile of principal members by benefit option type - 2013.....	14
Figure 12: Age profile of principal members by benefit option type - 2014.....	14
Figure 13: Principal members by benefit option type and scheme type - 2013.....	15
Figure 14: Principal members by benefit option type and scheme type - 2014.....	15
Figure 15: Chronicity of principal members by benefit option type and scheme type - 2013.....	16
Figure 16: Chronicity of principal members by benefit option type and scheme type - 2014.....	16
Figure 17: Adult dependents by benefit option type -2013.....	19
Figure 18: Adult dependents by benefit option type -2014.....	19
Figure 19: New vs old adult dependents by benefit option type -2013.....	20
Figure 20: New vs old adult dependents by benefit option type -2013.....	20
Figure 21: Male vs female adult dependents by benefit option type - 2013.....	21
Figure 22: Male vs female adult dependents by benefit option type - 2014.....	21
Figure 23: Age profile of adult dependents by benefit option type - 2013.....	22
Figure 24: Age profile of adult dependents by benefit option type - 2014.....	22
Figure 25: Chronicity of new and old adult dependents by age and gender- 2013.....	23
Figure 26: Chronicity of new and old adult dependents by age and gender- 2014.....	23
Figure 27: Age profile of adult dependents by benefit option type - 2013.....	24
Figure 28: Age profile of adult dependents by benefit option type - 2014.....	24
Figure 29: Adult dependents by benefit option type and scheme type - 2013.....	25
Figure 30: Adult dependents by benefit option type and scheme type - 2014.....	25
Figure 31: Chronicity of adult dependents by benefit option type and scheme type - 2013.....	26
Figure 32: Chronicity of adult dependents by benefit option type and scheme type - 2014.....	26
Figure 33: Proportion of child dependents by benefit option type -2013.....	29
Figure 34: Proportion of child dependents by benefit option type -2014.....	29
Figure 35: New vs old child dependents by benefit option type - 2013.....	30
Figure 36: New vs old child dependents by benefit option type - 2014.....	30
Figure 37: Male vs female child dependents by benefit option type - 2013.....	31
Figure 38: Male vs female child dependents by benefit option type - 2014.....	31
Figure 39: Age profile of child dependents by benefit option type - 2013.....	32
Figure 40: Age profile of child dependents by benefit option type - 2014.....	32
Figure 41: Age profile of child dependents by benefit option type - 2013.....	33
Figure 42: Age profile of child dependents by benefit option type - 2014.....	33
Figure 43: Chronicity of new and old child dependents by gender and age - 2013.....	34

Figure 44: Chronicity of new and old child dependents by gender and age - 2014.....	34
Figure 45: Child dependents by benefit option type and scheme type - 2013 .....	35
Figure 46: Child dependents by benefit option type and scheme type - 2014 .....	35
Figure 47: Chronicity of child dependents by benefit option type and scheme type - 2013 .....	36
Figure 48: Chronicity of child dependents by benefit option type and scheme type - 2014 .....	36
Figure 49: Age profile of principal members transferring from other schemes by benefit option type - 2013.....	39
Figure 50: Age profile of principal members transferring from other schemes by benefit option type - 2014.....	40
Figure 51: Age profile of principal members not previously covered by benefit option type - 2013.....	41
Figure 52: Age profile of principal members not previously covered by benefit option type - 2014.....	42
Figure 53: Ages profile of principal members leaving by benefit option type - 2013. ....	43
Figure 54: Ages profile of principal members leaving by benefit option type - 2014. ....	44
Figure 55: Age profile of new dependents joining by benefit option type - 2013. ....	46
Figure 56: Age profile of new dependents joining by benefit option type - 2014. ....	46
Figure 57: Age profile of dependents leaving by benefit option type - 2013. ....	48
Figure 58: Age profile of dependents leaving by benefit option type - 2014. ....	48
Figure 59: Beneficiary movement by benefit option type - 2014 .....	49
Figure 60 Beneficiary movement by age band - 2014 .....	50

## 1. Background

The Council for Medical Schemes (CMS) has carried out an analysis of beneficiary movement across benefit options. Using the information provided by the medical schemes on their beneficiaries, an analysis on the movement of these beneficiaries was conducted.

There has been substantial interest in trying to understand the movement of beneficiaries. Beneficiary movement has partly been blamed for the escalating healthcare costs. Some schools of thought suggest that beneficiaries are moving across benefit options to the disadvantage of schemes. In short, healthy lives are buying down while sick people are buying up in order to access better benefits. This report is an attempt to explain the beneficiary movement to aid greater understanding of this complex matter.

The CMS is currently working on a project to establish a beneficiary registry. Once complete, it will provide more granular data that could assist in understanding beneficiary movement in more detail. In the absence of individual beneficiary data this report will make inferences based on the available data.

One of the roles of the CMS is to collect and disseminate information about private healthcare in South Africa, therefore a research project on beneficiary movement was conducted.

## 2. Introduction

Beneficiaries choose a particular benefit option for various reasons. Instinctively one would assume that there will be common trends amongst people of similar ages and genders who will choose the same options at certain points during their membership period.

The following important factors contribute to the decision of which benefit option members choose:

- Chronicity
- Gender
- Age
- Life stage – planning a family
- Affordability and
- Employment conditions

Using the information provided by medical schemes, an analysis was conducted to determine when and why people change their benefit options.

## 3. Data

This report is based on the Annual Statutory Returns (ASR) data provided by schemes to the CMS. Membership data was submitted for each benefit option as set out in the ASR technical guide. The data used was from table A1 and table A3. Further details on the data collected can be accessed from these documents, which are available on the CMS website (The Annual Statutory Return Technical Guideline for preparation of data V3.2, 2015).

The benefit option classification as set out in the Annual Report of 2015 (The Council for Medical Schemes Annual Report 2014/15, 2015: 142) was used.

#### *Data collected in table A1*

In table A1 schemes were required to give the number of beneficiaries meeting the set out criteria. This membership information/data was collected based on the following:

- Gender
- Year of birth
- Chronic registration
- Old / new beneficiary – new beneficiaries joined the option in the reporting financial year
- Type of Beneficiary – Principal member or adult dependent and child dependent

The data was collected for each benefit option of the financial years 2013 and 2014. This data allows the CMS to understand the profile of beneficiaries in each benefit option and to make inferences of beneficiaries as they move between the various benefit option types.

#### *Data collected in table A3*

Table 3 summarises data of the beneficiaries that joined and left the benefit options. This was also collected for each benefit option and covering the financial years 2013 and 2014. The data fields collected included:

- Beneficiaries leaving the option by age band (5 year age bands)
- Where new beneficiaries are coming from (transfers from other schemes or new to medical schemes)
- Type of beneficiaries – Principal members and dependents

#### *Adjustments to data*

To ensure a more objective analysis of the data, some adjustments were made to the data. These adjustments include:

- Discontinued options were not included – (only 2 400 principal members were excluded as a result of this).
- The benefit option classification of options was only done for the financial year 2014 – the CMS assumed the same benefit option classification applies in 2013.
- The data was edited to ensure that there were no existing or “old” child dependents that were less than 1 year old. These entries do not qualify as one needs to be a beneficiary of the scheme for at least one year in order to qualify as an existing beneficiary of the scheme.

## **4. Analysis**

The analysis also included a comparison of trends by restricted schemes versus open schemes.

In the analysis, new beneficiaries referred to beneficiaries who have joined the scheme within the last 12 months and old beneficiaries referred to beneficiaries who have been part of the scheme for longer than 12 months. The

analysis was divided into 4 parts with each section containing an in-depth analysis including figures and tables, and ending with a short summary at the end of each section.

## 4.1 Principal members

### 4.1.1 Figures and tables – Principal members

**Table 1: Summary of principal member statistics**

	2013	2014
<b>Principal members</b>	3 656 511 (43.73% of all beneficiaries in 2013)	3 724 742 (44.04% of all beneficiaries in 2014)
<b>Existing members</b>	3 096 804	3 265 135
<b>New members</b>	559 707	459 607
<b>Average age of new members</b>	39.26	37.28
<b>Average age of existing members</b>	45.92	46.36
<b>Male members</b>	1 956 877	1 980 983
<b>Female members</b>	1 699 634	1 743 759
<b>Members in open schemes</b>	2 205 222	2 253 730
<b>Members in restricted schemes</b>	1 453 289	1 471 012

The above table outlines the main features of principal members for the 2013 and 2014 financial years. It provides a brief overview of the membership data.

The number of members from 2013 to 2014 increased in all categories with only a decrease in the number of new principal members. This partly explains the declining growth in membership. Scheme membership is increasing at a declining rate. The only decrease was in the average age of new members, which was 1.98 years younger in 2014 compared to 2013.

The average age of new principal members is significantly lower than that of existing principal members. The average age of 37.28 years is very high. It would be more favourable if it was lower – one would expect the age to be close to 25, when most people finish studies and start working. This may indicate that the members moving between benefit option types are younger than those not moving.

**Table 2: Number of principal members by benefit option type for 2013 and 2014**

Benefit option type	2013	2014
PMB Exempt	30 443	29 317
PMBS Only	15 682	16 076
PMBs & other Chronic	229 853	230 194
Traditional & PMBS Only @ DSPs	169 224	185 520
Savings + PMBs & other Chronic @ DSP	466 070	490 628
Traditional + PMBs & other Chronic @ DSP	1 270 742	1 259 411
Savings + PMBs & other Chronic	486 783	491 493
Traditional + PMBs & other Chronic	187 516	185 264
Hybrid (EDO + primary)	800 198	836 839

There has been an increase in principal members in most benefit option types with the exception of the PMB Exempt options, Traditional + PMBs & other Chronic @ DSP and Traditional + PMBs & other Chronic benefit option types.

**Figure 1: Principal members by benefit option type -2013.**

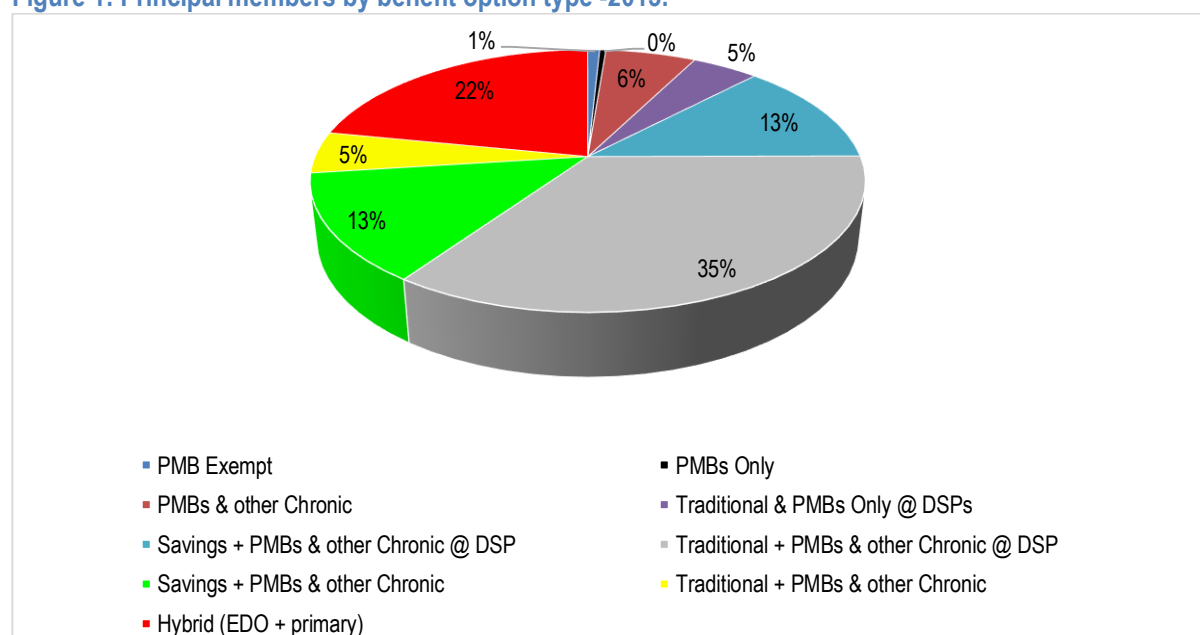
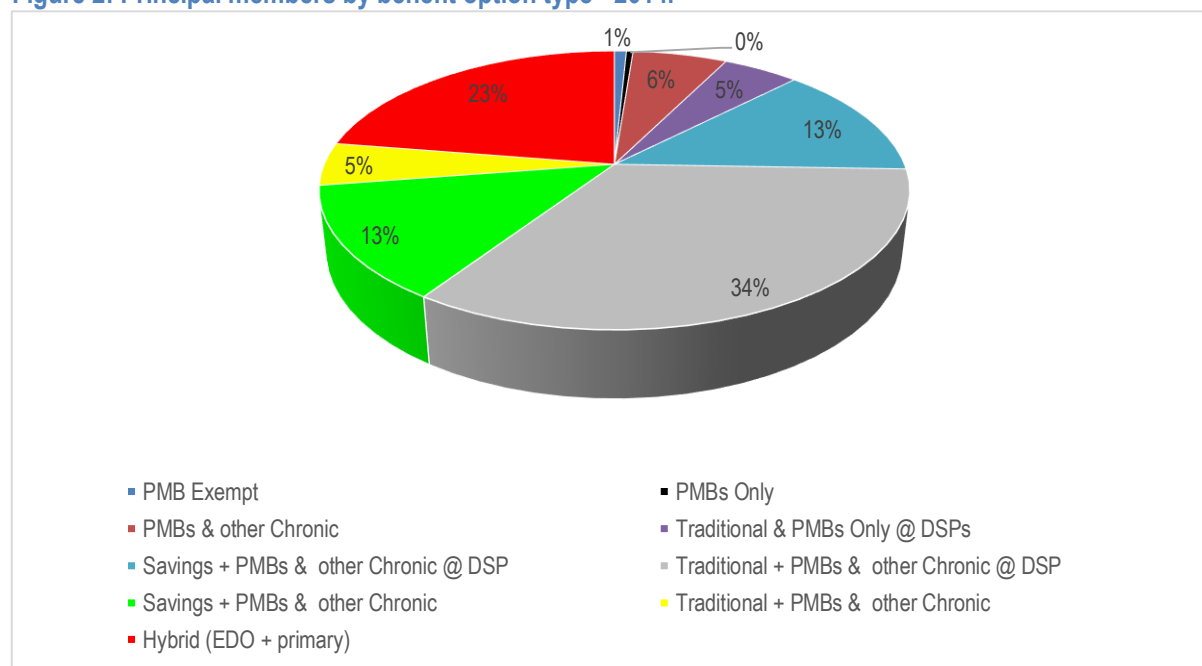




Figure 2: Principal members by benefit option type - 2014.



Figures 1 and 2 show the 2013 and 2014 financial years' proportion of principal members by benefit option type. It can be concluded that:

- The majority (57%) of the members were on the Traditional + PMBs & other Chronic @ DSP (34%) and Hybrid (EDO + primary) (23%) options.
- Very few members were on the PMB Exempt and PMBs Only options as together they only form 1% of the total principal membership.
- The two Savings options were popular and had 26% of the total principal membership.
- The difference between the 2013 financial year and the 2014 financial year is that in 2014, there was a 1% decrease in the Traditional + PMBs & other Chronic @ DSP benefit option type and a 1% proportional increase in the Hybrid (EDO + primary) benefit option type.

Figure 3: New vs old principal members by benefit option type - 2013

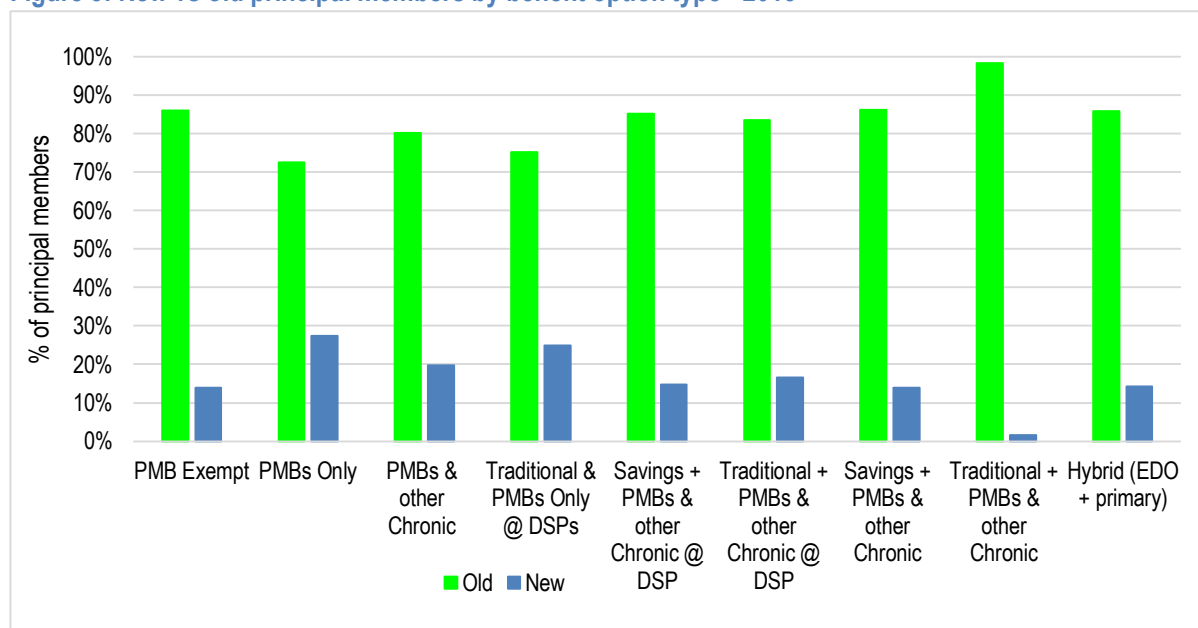
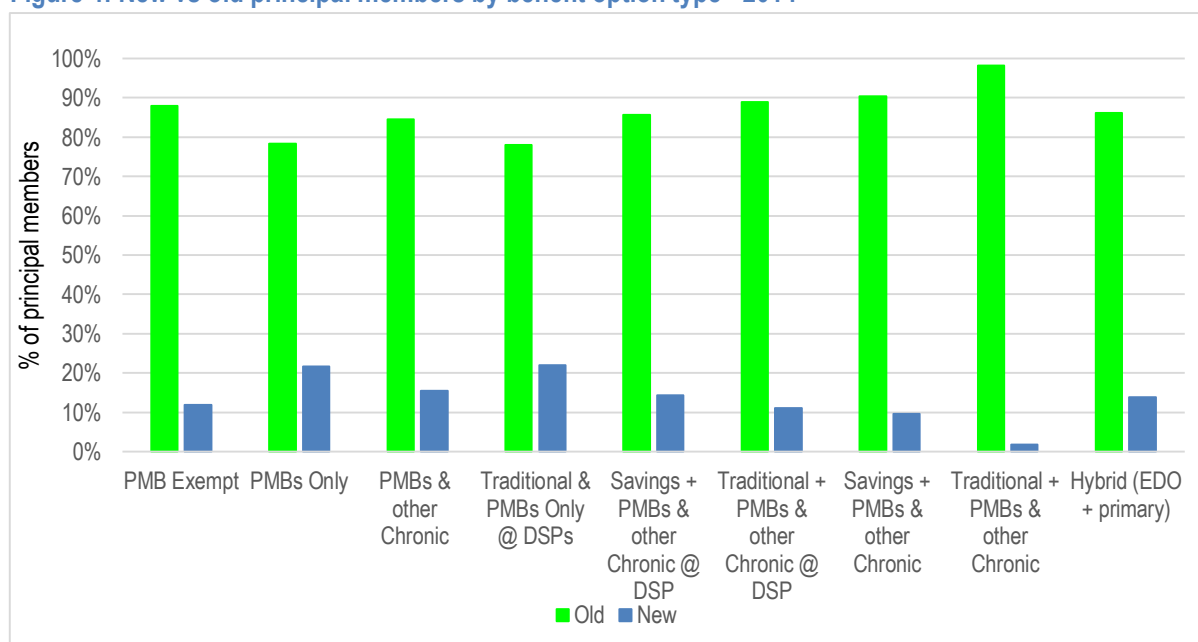


Figure 4: New vs old principal members by benefit option type - 2014

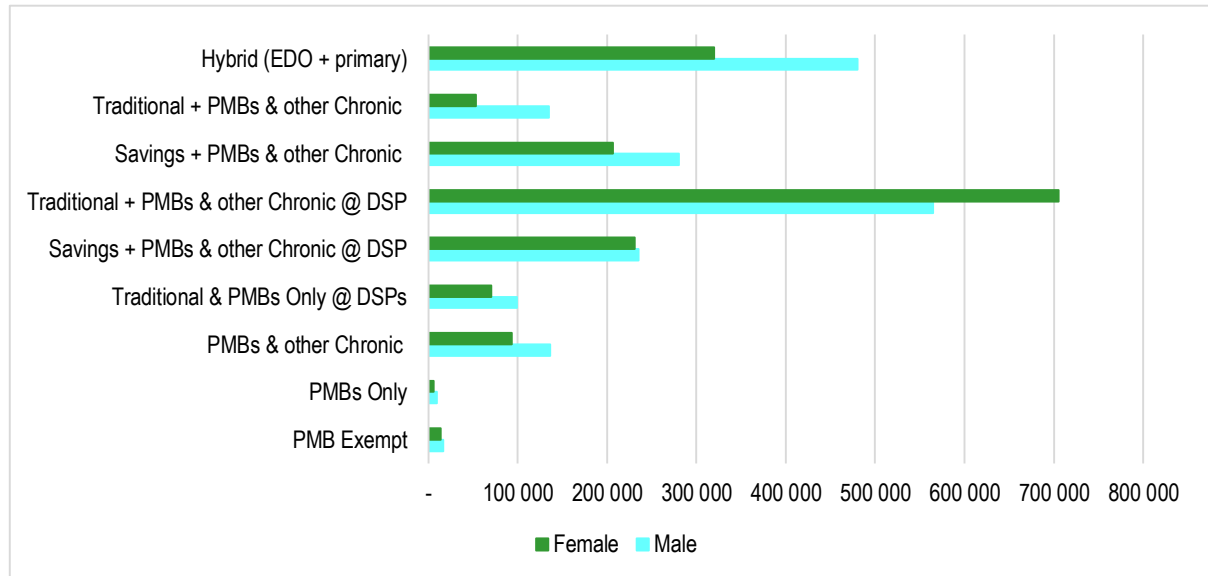


Figures 3 and 4 show the 2013 and 2014 financial years' proportion of old and new principal members split according to benefit option type.

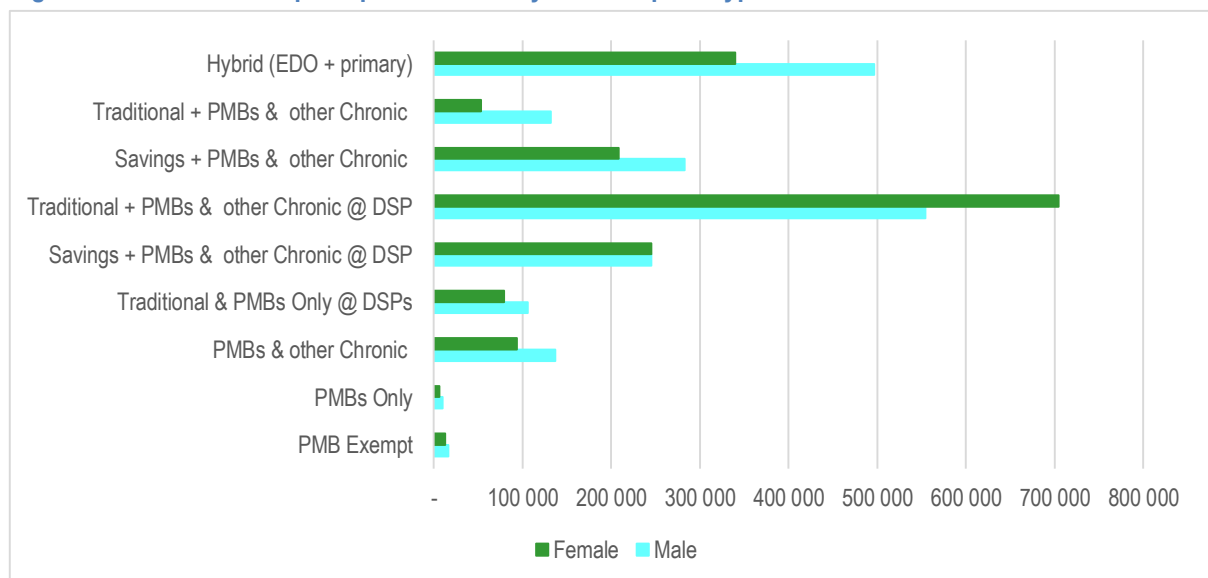
- From the figures, it is evident that there is a large proportion of existing principal members, compared to a small proportion of new principal members. The risk profile of benefit options should be relatively stable across the benefit option types.
- Most of the new principal members chose the Traditional & PMBs Only @ DSPs option and very few members chose the Traditional + PMBs & other Chronic option, which is in line with the options selected by existing members.

- In 2014, there were 5.7% more old principal members with the PMBs Only option types compared to 2013; this was the largest increase across all benefit option types.
- The other benefit option types all increased in membership from 2013 to 2014 with the exception of the Traditional + PMBs & other Chronic benefit option type, which decreased by 0.1% in terms of absolute membership.

**Figure 5: Male vs female principal members by benefit option type - 2013**



**Figure 6: Male vs female principal members by benefit option type - 2014**



Figures 5 and 6 display the 2013 and 2014 financial years' number of male and female principal members split according to benefit option type.

- There are slightly more males than female principal members, with both female and male principal members mostly selecting the Traditional + PMBs & other Chronic @ DSP option. The Traditional + PMBs & other Chronic @ DSP benefit option type has the most female principal members.

- In 2014, there were more male principal members in each of the benefit option types except the Traditional + PMBs & other Chronic @ DSP option; this is the same trend as in 2013.
- In 2014, there was a decrease in male principal members in two benefit option types, namely the Traditional + PMBs & other Chronic @ DSP and Traditional + PMBs & other Chronic benefit option types. There was a decrease in female principal members in three benefit option types, namely the PMB Exempt, PMBs & other Chronic and the Traditional + PMBs & other Chronic @ DSP benefit option types.

Figure 7: Age profile of principal members by benefit option type - 2013

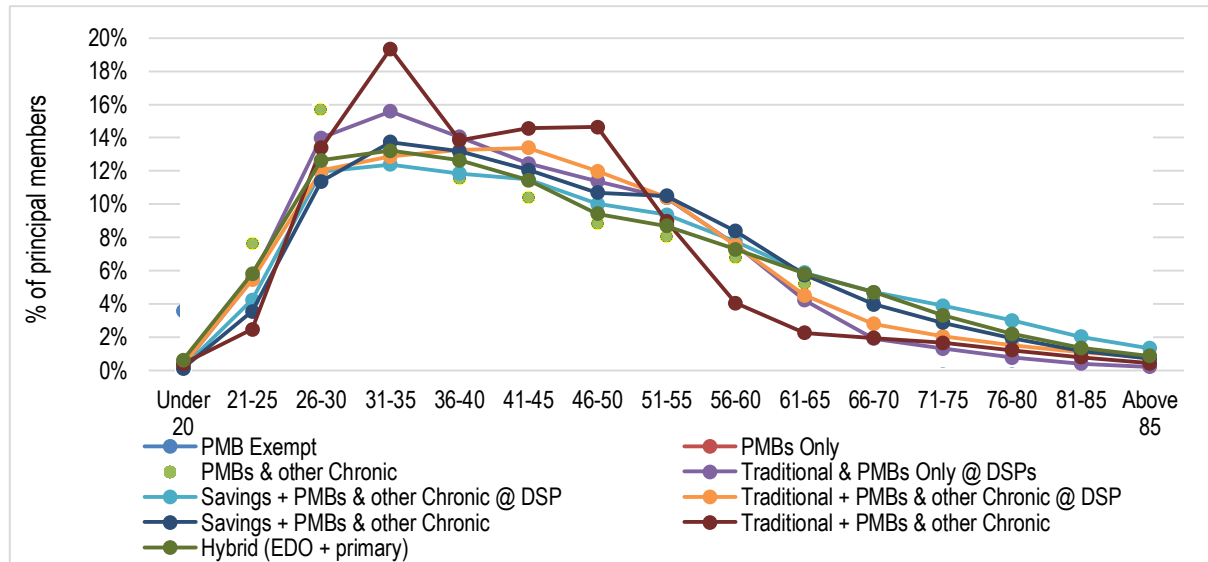


Figure 8: Age profile of principal members by benefit option type - 2014

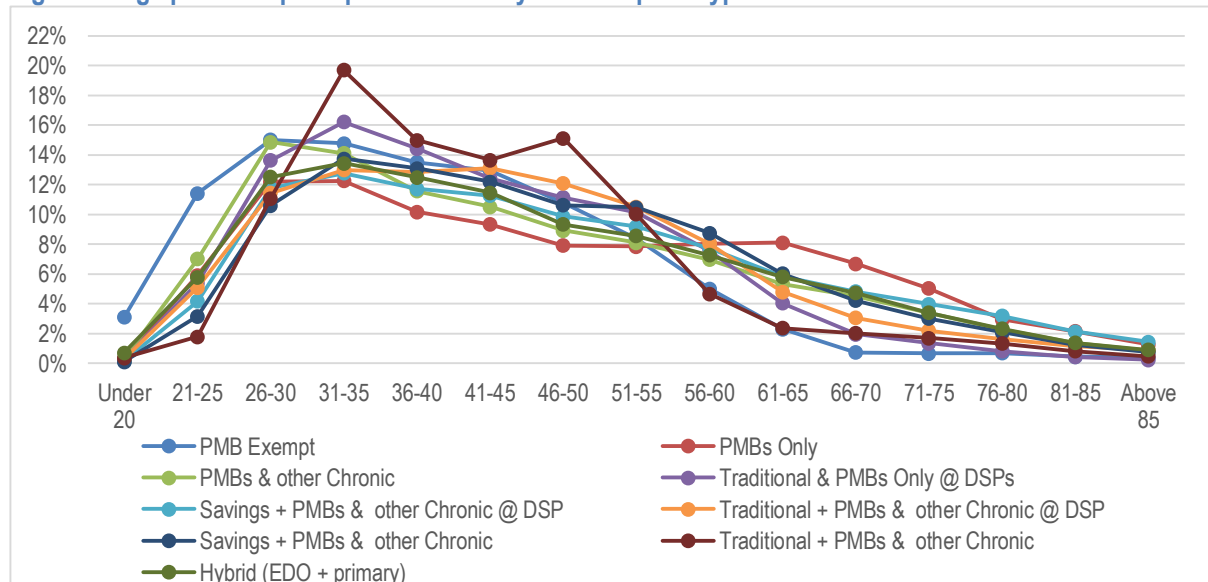
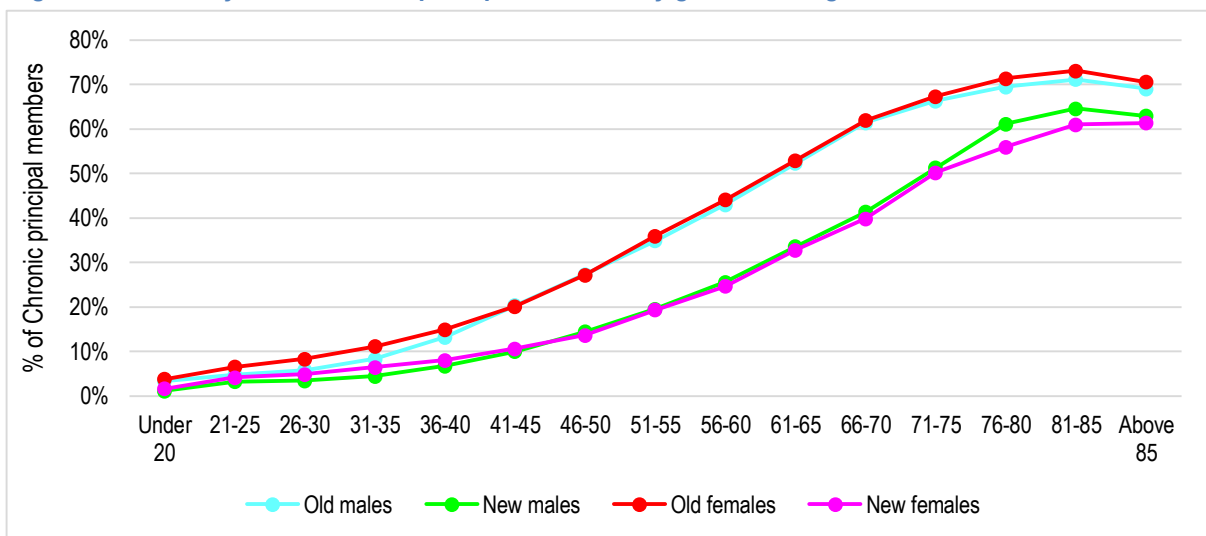


Figure 7 and Figure 8 show the 2013 and 2014 financial years' age profile of principal members by benefit option type.

- Generally, all of the benefit option types follow a similar trend over all the age bands with most benefit option types peaking at the 31-35 age band. After the peaks there is a gradual decrease until all benefit option types have a small percentage of members who are above 85.
- The PMB Exempt benefit option type has the largest proportion of members under 20 by a significant margin when compared with the other benefit option types. This is possibly due to it being a cheaper alternative to the other options.
- The Traditional + PMBs & other Chronic benefit option type has the most volatile movement with peaks at both the 31-35 and 46-50 age bands and sharp declines at the 36-40 and 51-55 age bands.
- Comparatively, the 2013 and 2014 financial years follow very similar trends with small increases and decreases in the different benefit option types, however there is no significant difference.
- The PMBs Only option appears to have a significantly worse risk profile as it has a high proportion of much older principal members.

**Figure 9: Chronicity of new and old principal members by gender and age - 2013**



**Figure 10: Chronicity of new and old principal members by gender and age - 2013**

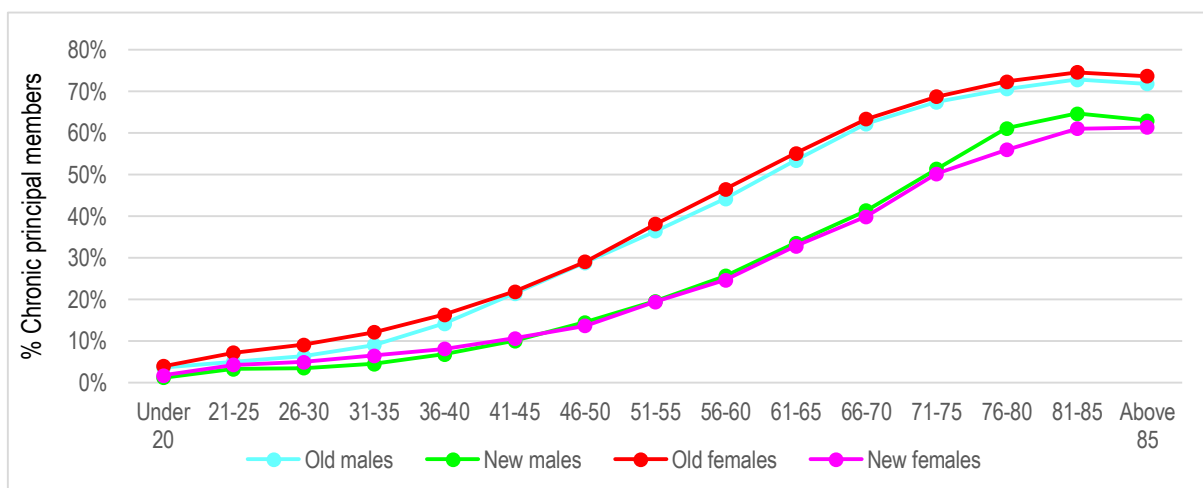


Figure 9 and Figure 10 display the 2013 and 2014 financial years' chronicity by age band of new and old principal members. This is also shown by gender.

- The figures show that for all males and females, chronicity increases with age and peaks at the 81-85 age band and decreases slightly thereafter. This is in line with expectations, since the older one becomes, the higher the risk of developing chronic conditions.
- Also noticeable in the figures is that the gap between new males and new females, compared to old males and old females, widens as age increases and starts narrowing again at the 76-80 age band.
- Old females have the highest chronicity over all age bands. For under 20s, new males have the lowest chronicity up to the 41-45 age band after which new females have the lowest chronicity.
- The 2013 and 2014 financial years' chronicity percentage amongst new males and new females of all age groups seem to follow very similar trends with a similar shape for all members at all age bands.

Figure 11: Age profile of principal members by benefit option type - 2013

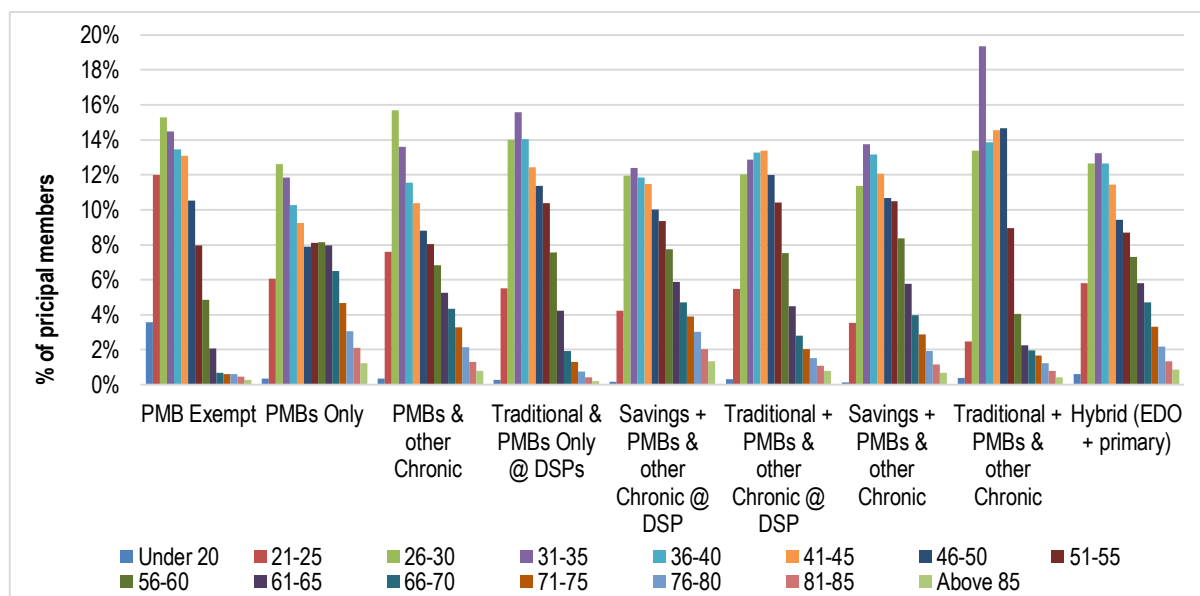
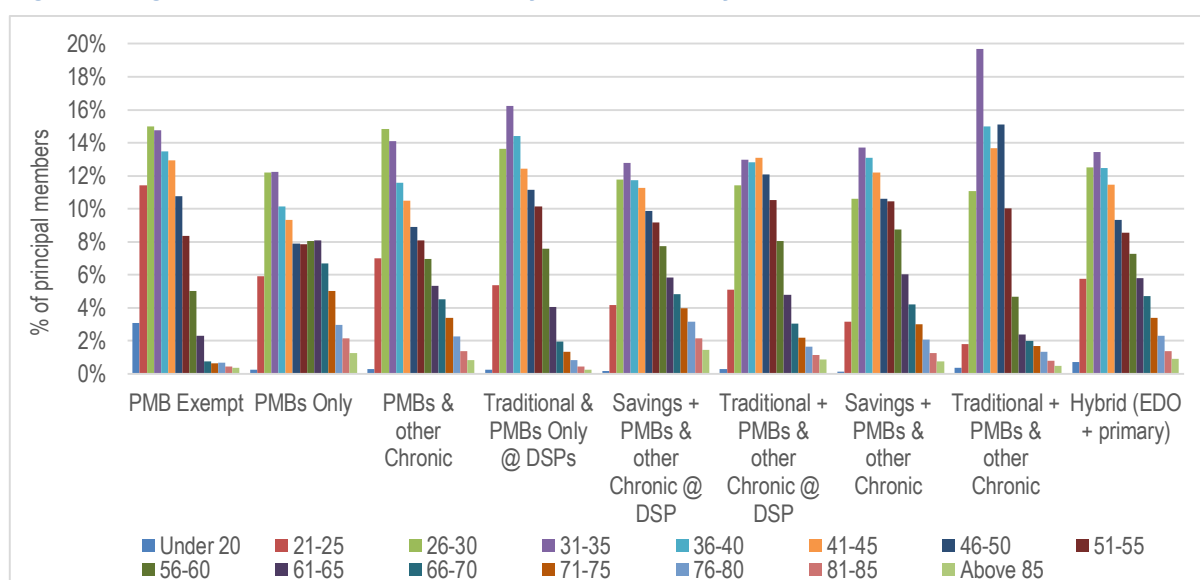


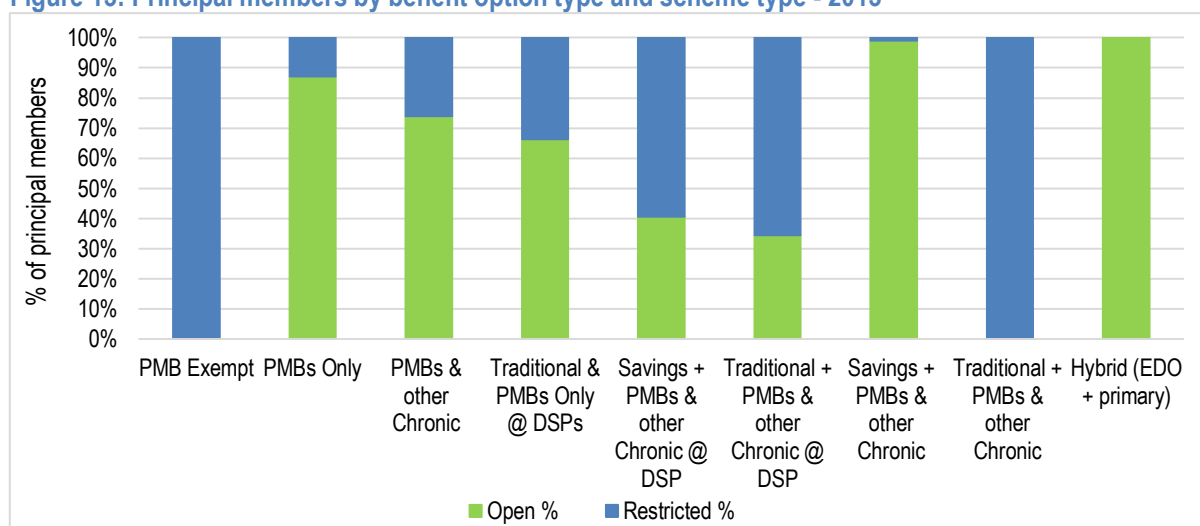
Figure 12: Age profile of principal members by benefit option type - 2014



In figures 11 and 12 the 2013 and 2014 financial years' age profile of principal members by benefit option type is depicted.

- For most benefit option types, the largest percentage of principal members is aged between 31 and 35. The majority of the principal members are aged between 26 and 40 with a few members younger than 26 and older than 40.
- A significant amount of people aged 66-70 are on the Traditional + PMBs & other Chronic benefit option type.
- The PMB Exempt benefit option type appears to have the best risk profile; this is a restricted scheme benefit option type only.
- The PMBs Only benefit option type has the worst risk profile with a significant principal membership above the age of 45.
- There were no significant differences between the 2013 and 2014 financial years. The age group which had the largest increase in members was the 31-35 age band. The largest decrease in members occurred in the 26-30 age band.

**Figure 13: Principal members by benefit option type and scheme type - 2013**



**Figure 14: Principal members by benefit option type and scheme type - 2014**

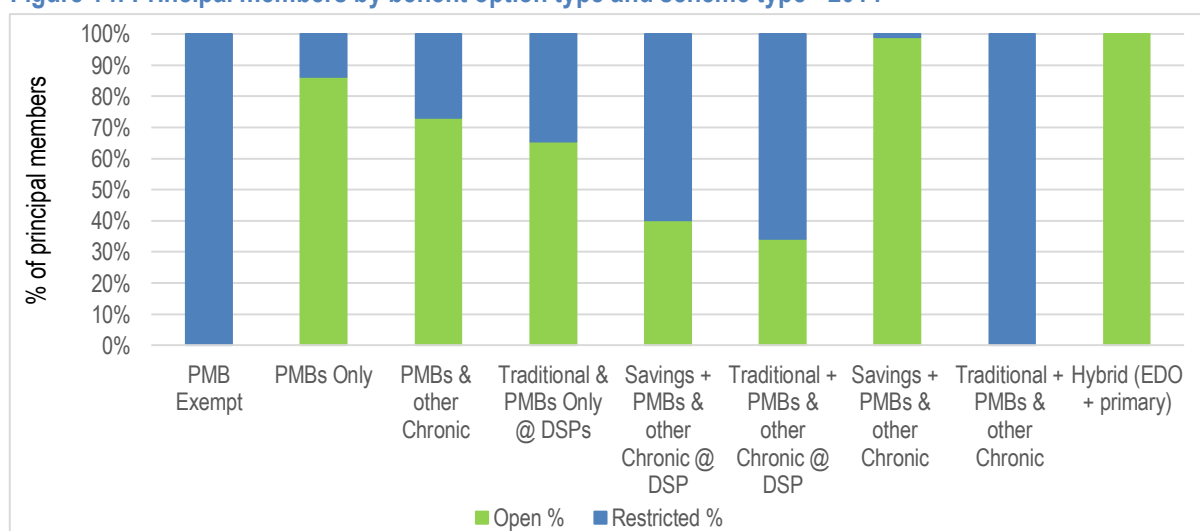
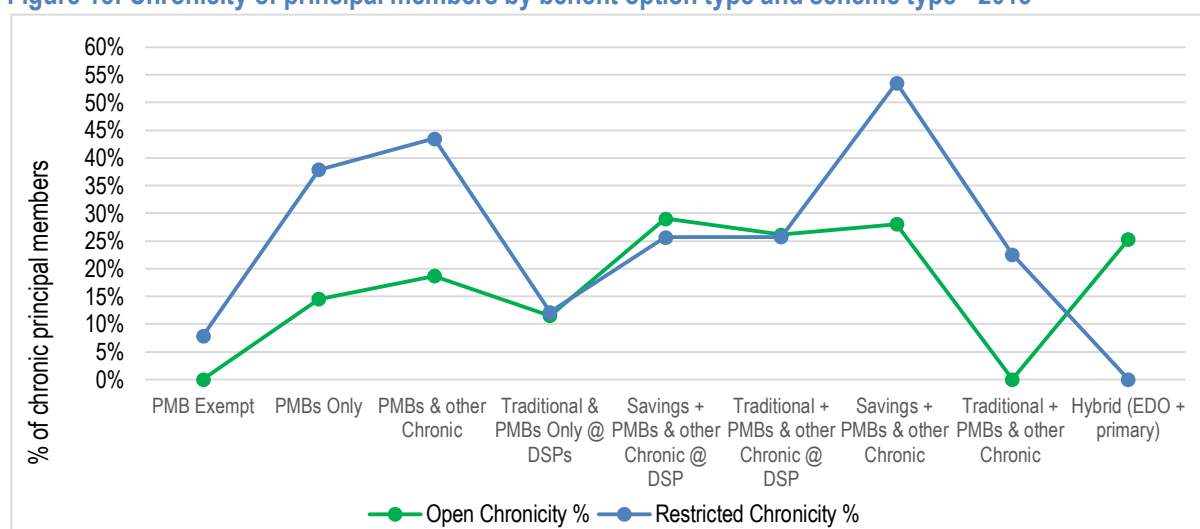


Figure 13 and Figure 14 show the 2013 and 2014 financial years proportion of principal members by scheme type and benefit option type.

- The PMB Exempt and Traditional + PMBs & other Chronic benefit option types are restricted options only, while the Hybrid (EDO + primary) benefit option type is an open option only.
- The remaining benefit option types mainly consist of members in an open scheme with the exception of the Savings + PMBs & other Chronic @ DSP and Traditional + PMBs & other Chronic @ DSP benefit option types.
- There were no significant differences when comparing the 2013 and 2014 financial years.

**Figure 15: Chronicity of principal members by benefit option type and scheme type - 2013**



**Figure 16: Chronicity of principal members by benefit option type and scheme type - 2014**

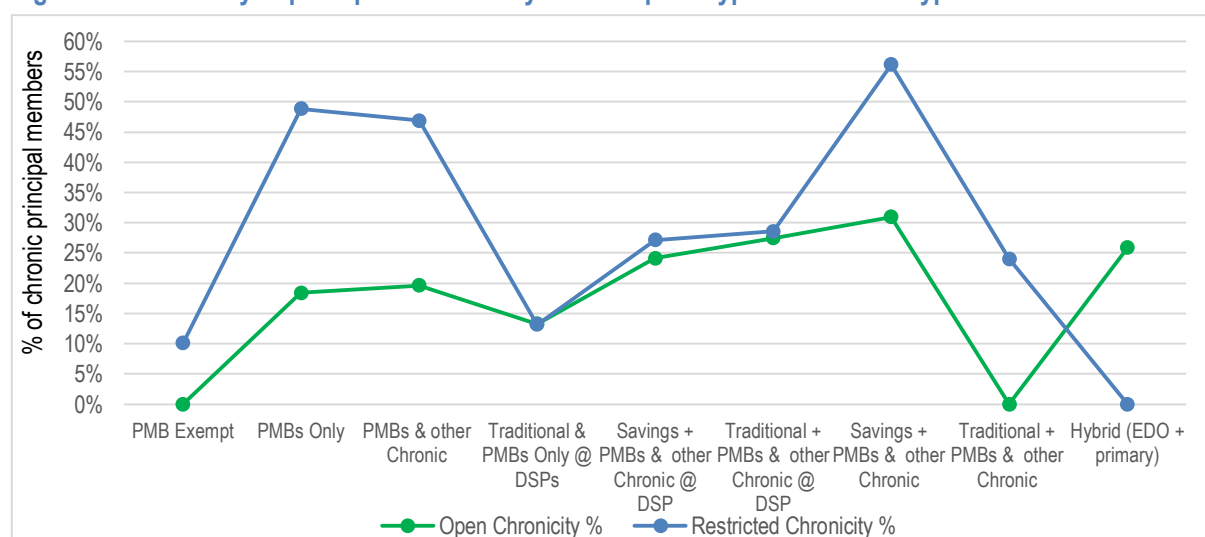


Figure 15 and Figure 16 display the 2013 and 2014 financial years' chronicity by scheme type and benefit option type.



- The points at which the chronicity are 0% implies that the benefit option type does not exist in the specific scheme type.
- In general, the restricted schemes have a higher chronicity compared to the open schemes across all benefit option types.
- The highest chronicity for both restricted and open schemes is on the Savings + PMBs & other Chronic benefit option type.
- The chronicity percentages were very similar between 2013 and 2014, except the PMBs Only benefit option, which increased by more than 10% on restricted schemes and the Savings + PMBs & other Chronic at DSP, which decreased by 4 % in open schemes.

#### 4.1.2 Summary – Principal members

The majority of principal members are in the Traditional + PMBs & other Chronic @ DSP and Hybrid (EDO + primary) benefit option types suggesting that principal members are interested in comprehensive options that cover:

- Day to day benefits;
- Comprehensive Chronic cover; and
- Hospitalisation.

Most of the principal members are on options with network arrangements.

The risk profile of new principal members is better compared to the risk profile of the old principal members. The chronicity of new principal members is lower and the average age is also lower. The proportion of new principal members on the benefit option type is low, with the highest proportion of almost 20% on the PMBs Only benefit option type. This suggests that the impact of member movement should not have a very significant impact on the risk pools.

Most of the principal members are males. Most of the benefit option types had a higher proportion of males compared to female principal members. The Traditional + PMBs & other Chronic @ DSP is the only benefit option type that had more female principal members.

Restricted schemes had a higher chronicity compared to open schemes. The benefit option types on restricted schemes that had the highest chronicity had less principal members.

## 4.2 Adult dependents

### 4.2.1 Figures and tables – Adult dependents

**Table 3: Summary of adult dependents' statistics**

	2013	2014
<b>Total Adult dependents</b>	1 716 161 (20.52% of all beneficiaries in 2013)	1 719 027 (20.33% of all beneficiaries in 2014)
<b>Existing adult dependents</b>	1 457 547	1 513 276
<b>New adult dependents</b>	258 614	205 751
<b>Average age of new dependents</b>	40.55	39.99
<b>Average age of existing dependents</b>	45.75	46.20
<b>Male dependents</b>	489 444	490 141
<b>Female dependents</b>	1 226 717	1 228 886
<b>Dependents in open schemes</b>	1 074 971	1 078 161
<b>Dependents in restricted schemes</b>	641 190	640 866

The above table outlines the main statistics for adult dependents for the 2013 and 2014 financial years. It provides a brief overview of the membership data.

The number of dependents from 2013 to 2014 increased in all categories. The only decreases in membership were in the adult dependents on restricted schemes. The average age of new members was 0.56 years younger in 2014 compared to 2013.

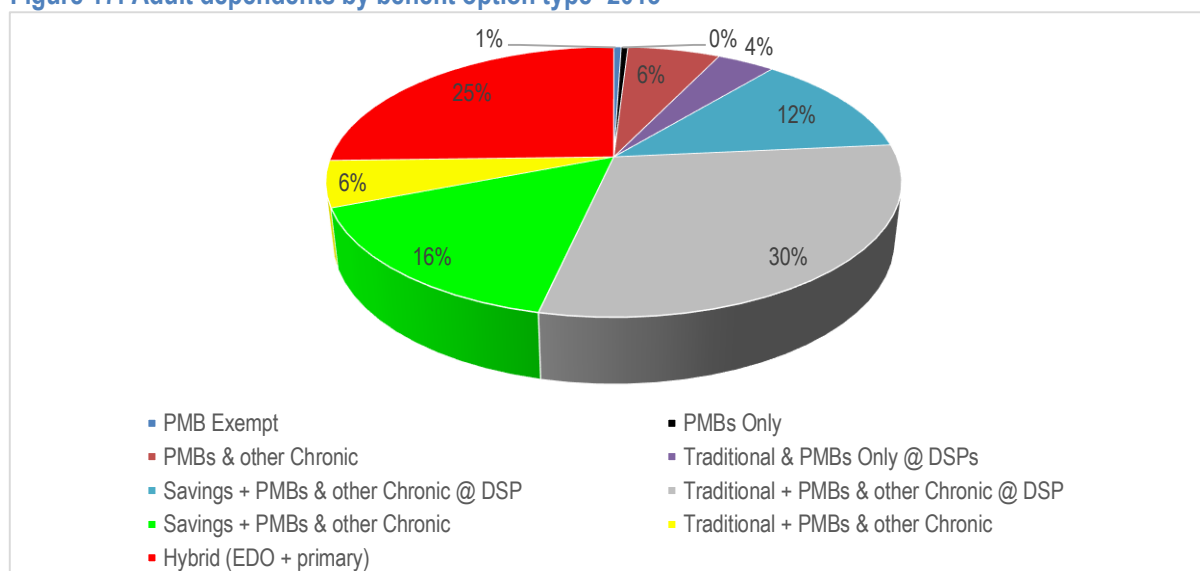
**Table 4: Number of adult dependents by benefit option type for 2013 and 2014**

Benefit option type	2013	2014
<b>PMB Exempt</b>	8 603	8 405
<b>PMBS Only</b>	7 741	7 755
<b>PMBs &amp; other Chronic</b>	106 388	104 853
<b>Traditional &amp; PMBS Only @ DSPs</b>	66 565	72 443
<b>Savings + PMBs &amp; other Chronic @ DSP</b>	214 115	220 567
<b>Traditional + PMBs &amp; other Chronic @ DSP</b>	514 640	494 456
<b>Savings + PMBs &amp; other Chronic</b>	266 945	267 782
<b>Traditional + PMBs &amp; other Chronic</b>	94 723	94 966
<b>Hybrid (EDO + primary)</b>	436 441	447 800

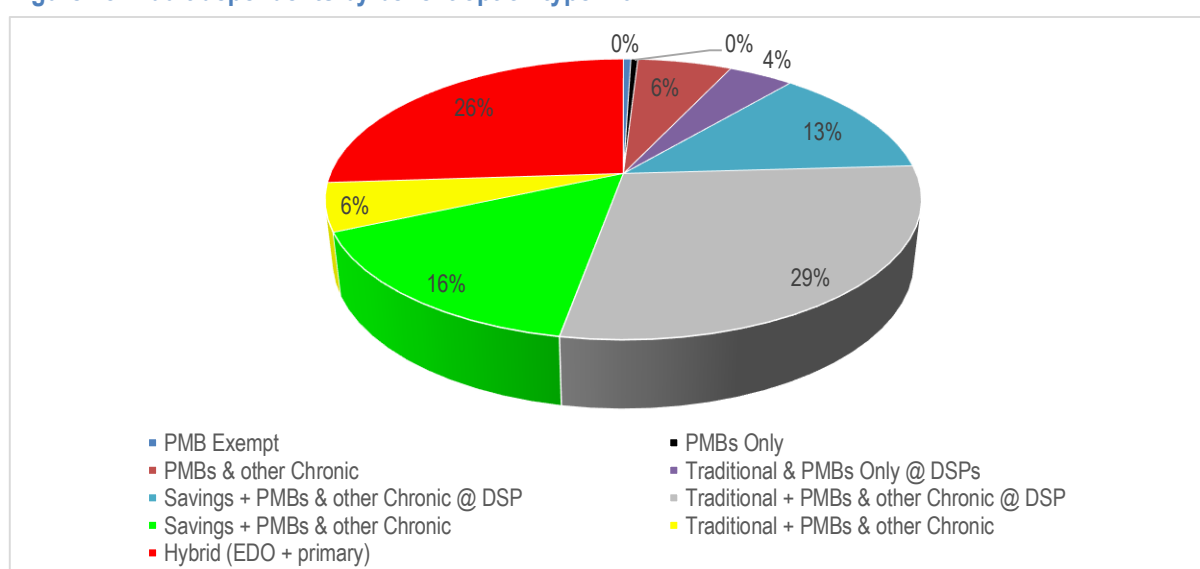
Most benefit option types had a higher number of adult dependents in 2014 compared to 2013 with the exception of the PMB Exempt, PMBs & other Chronic and Traditional + PMBs & other Chronic @ DSP benefit option types.

The adult dependents and principal members follow a similar trend in terms of benefit option choice.

**Figure 17: Adult dependents by benefit option type -2013**



**Figure 18: Adult dependents by benefit option type -2014**



Figures 17 and 18 depict the 2013 and 2014 financial years' proportion of adult dependents by benefit option type.

- The majority (55%) of the adult dependents were on the Traditional + PMBs & other Chronic @ DSP (29%) and Hybrid (EDO + primary) (26%) options.
- Very few adult dependents were on the PMB Exempt and PMBs Only options, as together they only form less than 1% of the adult dependents.
- The difference between the 2013 financial year and the 2014 financial year is that in 2014, there was a 1% decrease in the PMB Exempt and Traditional + PMBs & other Chronic @ DSP benefit option types and a 1% increase in the Hybrid (EDO + primary) and Savings + PMBs & other Chronic @ DSP benefit option types.

Figure 19: New vs old adult dependents by benefit option type -2013

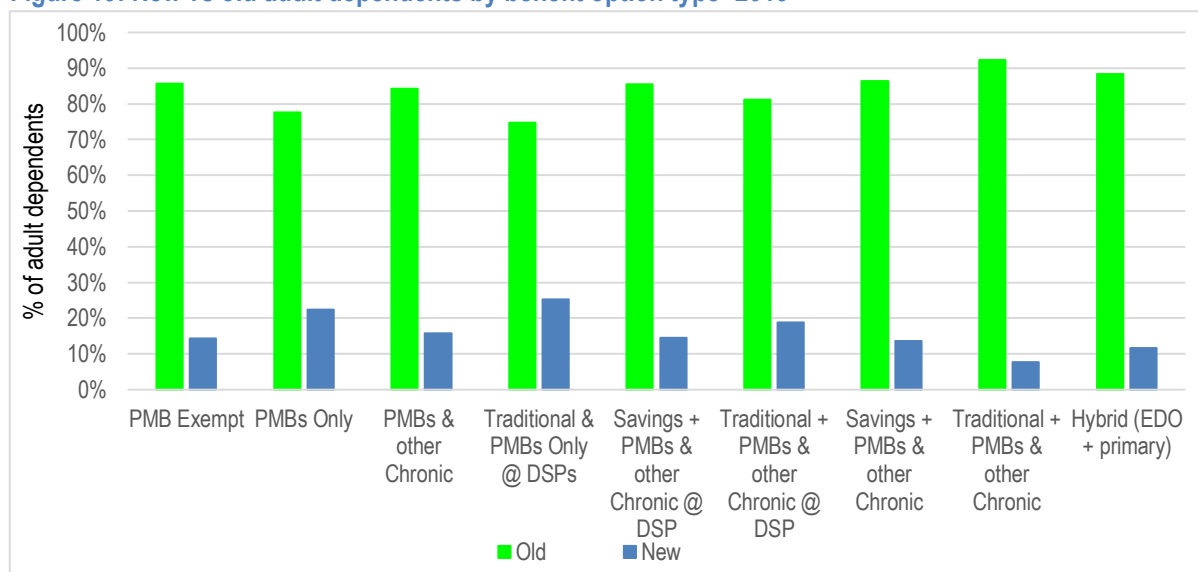


Figure 20: New vs old adult dependents by benefit option type -2013

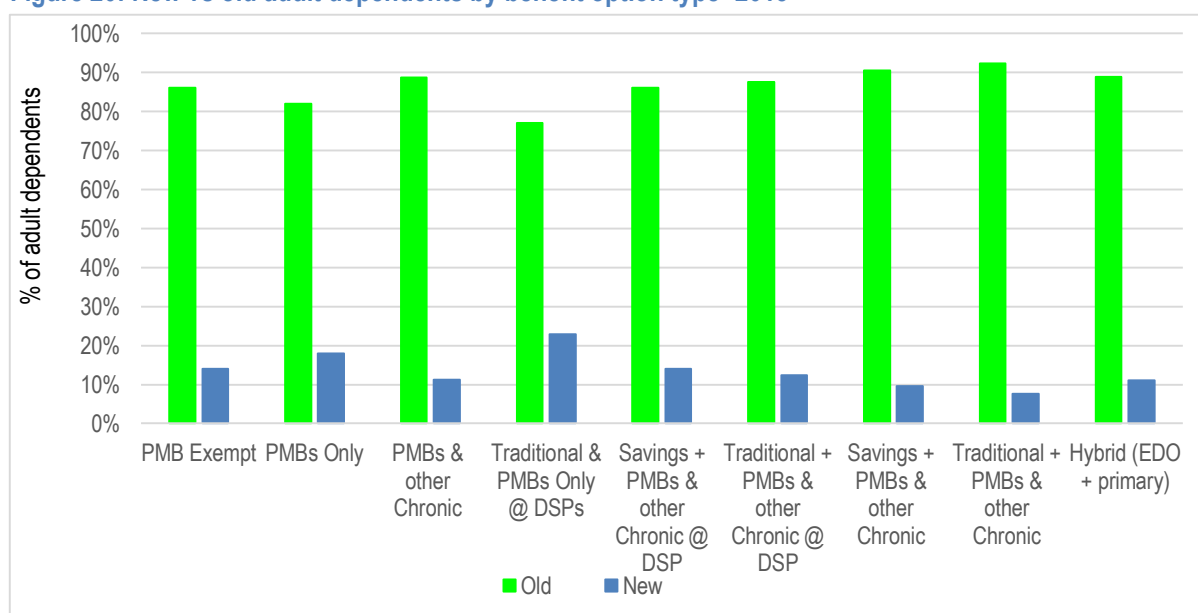
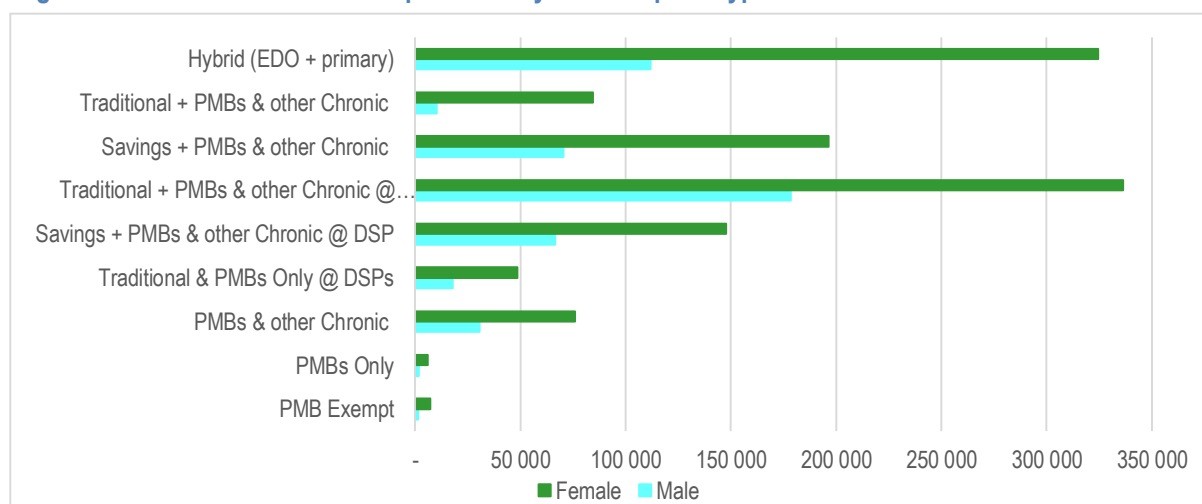


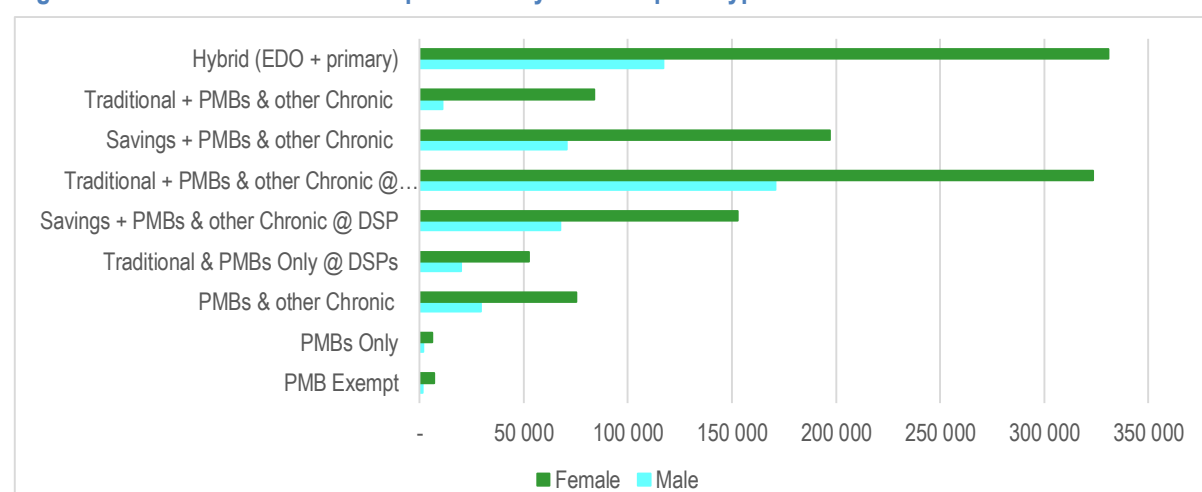
Figure 19 and Figure 20 show the 2013 and 2014 financial years' percentage of old and new adult dependents split according to benefit option type.

- From the figures, it can be deduced that there was a large proportion of existing adult dependents and only a small contribution by new adult dependents.
- Most of the new adult dependents joined the Traditional & PMBs Only @ DSPs option and very few dependents joined the Traditional + PMBs & other Chronic option, which is in line with the options of existing adult dependents.
- There are similar trends in both 2013 and 2014, however in 2014, the number of new dependents as a percentage of each benefit option type decreased from 2013.

**Figure 21: Male vs female adult dependents by benefit option type - 2013**



**Figure 22: Male vs female adult dependents by benefit option type - 2014**



Figures 21 and 22 display the 2013 and 2014 financial years' number of male and female adult dependents by benefit option type.

- There are more female than male adult dependents. This is expected as the principal members were mostly male.
- In figures 5 and 6, the Traditional + PMBs & other Chronic @ DSP benefit option type had more female principal members, yet it has more female adult dependents in the above figures. This shows that most of the female principal members do not have adult dependents.
- In 2013 and 2014, there were more female dependents on all of the benefit option types.
- In 2014, there was an increase in female dependents in four benefit option types, namely the Traditional & PMBs Only @ DSP, Savings + PMBs & other Chronic @ DSP, Savings + PMBs & other Chronic and Hybrid (EDO + primary) benefit option types.

Figure 23: Age profile of adult dependents by benefit option type - 2013

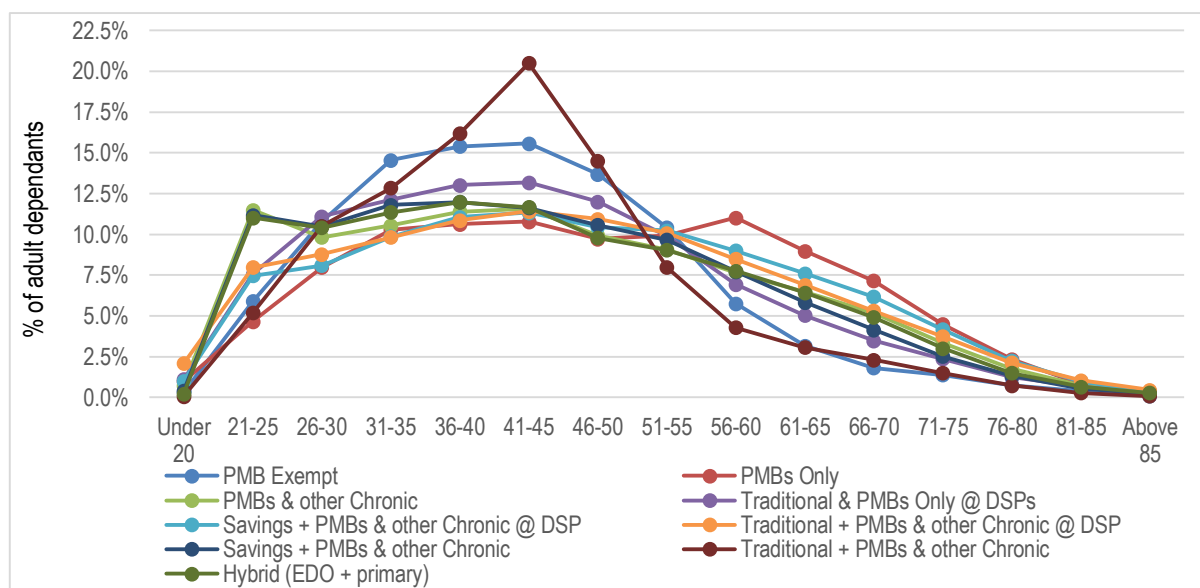


Figure 24: Age profile of adult dependents by benefit option type - 2014

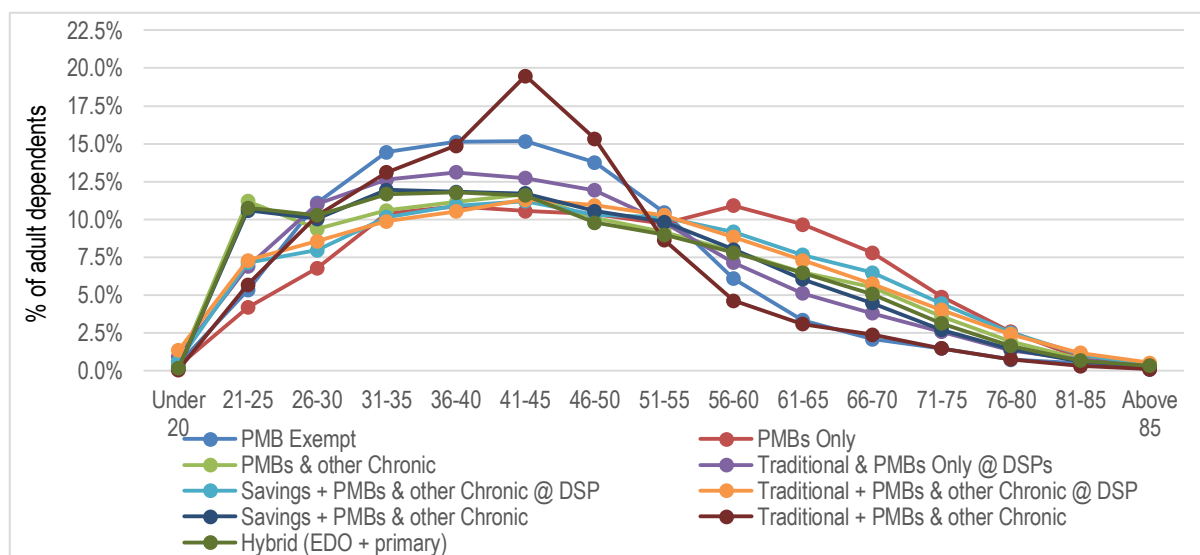
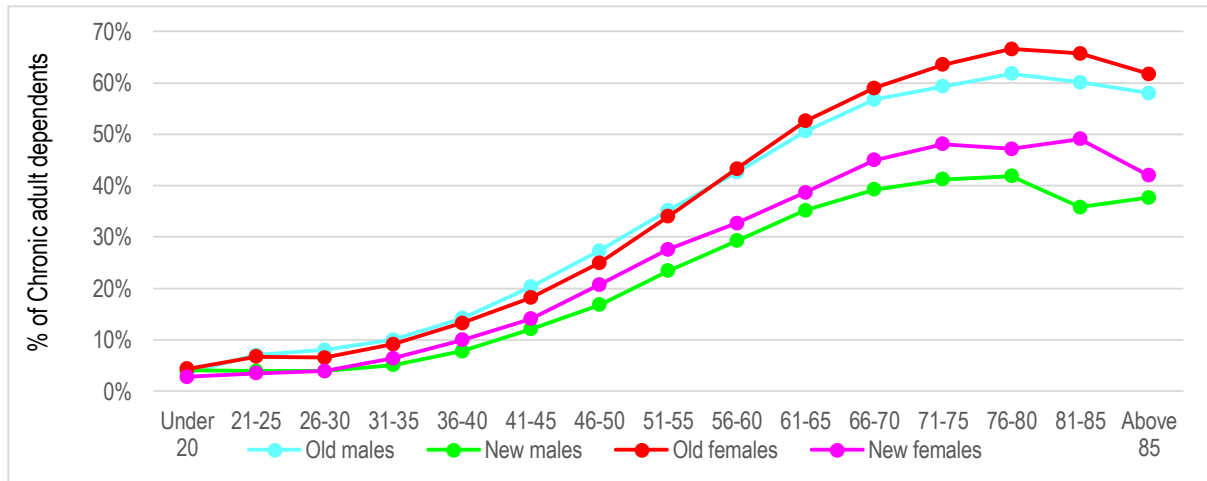


Figure 23 and Figure 24 display the 2013 and 2014 financial years' age profile of adult dependents by benefit option type.

- Generally, all of the benefit option types follow a similar trend over all the age bands with most benefit option types peaking in the 31-45 age range. After the peaks it gradually decreases until all benefit option types have a small percentage of adult dependents that are above 85.
- The sharp increase in adult dependents from the under 20 to the 26-30 age band may be due to changes in life circumstances such as marriage.
- The Hybrid (EDO + primary) and PMBs & other Chronic benefit option types have the largest proportion of dependents in the 21-25 age band by a significant margin when compared to the other benefit option types.

- The Traditional + PMBs & other Chronic benefit option type has the highest peak at almost 20% in 2014 for the age band 41-45, while the PMBs Only benefit option type has the most volatile movement between the age bands.
- Comparing 2013 and 2014 financial years, one notices very similar trends with small increases and decreases in the different benefit option types, however it is not significant as no difference is larger than 1.5% in either direction.

**Figure 25: Chronicity of new and old adult dependents by age and gender- 2013**



**Figure 26: Chronicity of new and old adult dependents by age and gender- 2014**

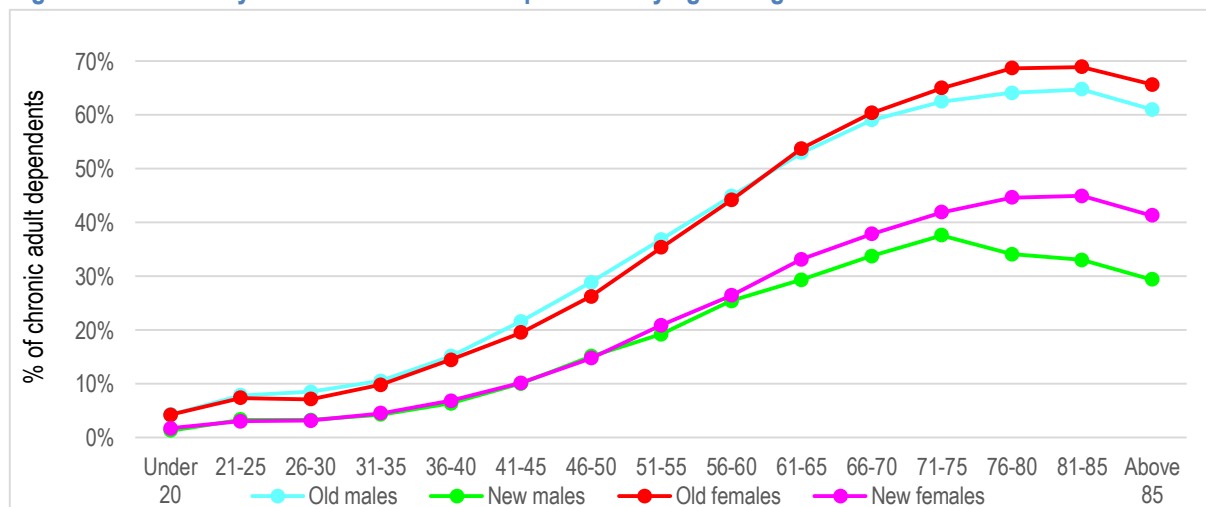


Figure 25 and Figure 26 show the 2013 and 2014 financial years' chronicity by age band of new and old adult dependents by gender.

- The figures display that for both males and females, chronicity increases with age and peaks around the 76-80 and 81-85 age bands and decreases slightly thereafter. The same was observed for principal members.
- The gap between new males and new females compared to old males and old females widens as age increases and starts narrowing again at the 76-80 age band.

- Old female adult dependents had the highest chronicity over the older age bands while old male adult dependents had the highest chronicity over the younger age bands. New male dependents had the lowest chronicity over all age bands.
- In 2014, the chronicity for new males starts to decrease from the 71-75 age band.
- In 2013, the new males' chronicity first decreases between the age band 76-80 and then increases above 85, which is different to what is expected.

Figure 27: Age profile of adult dependents by benefit option type - 2013

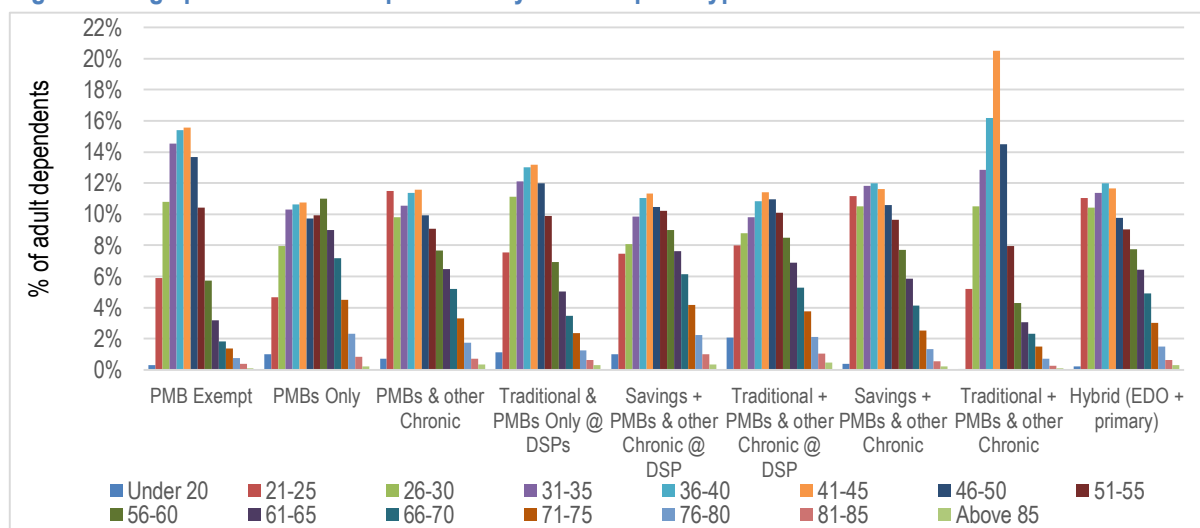


Figure 28: Age profile of adult dependents by benefit option type - 2014

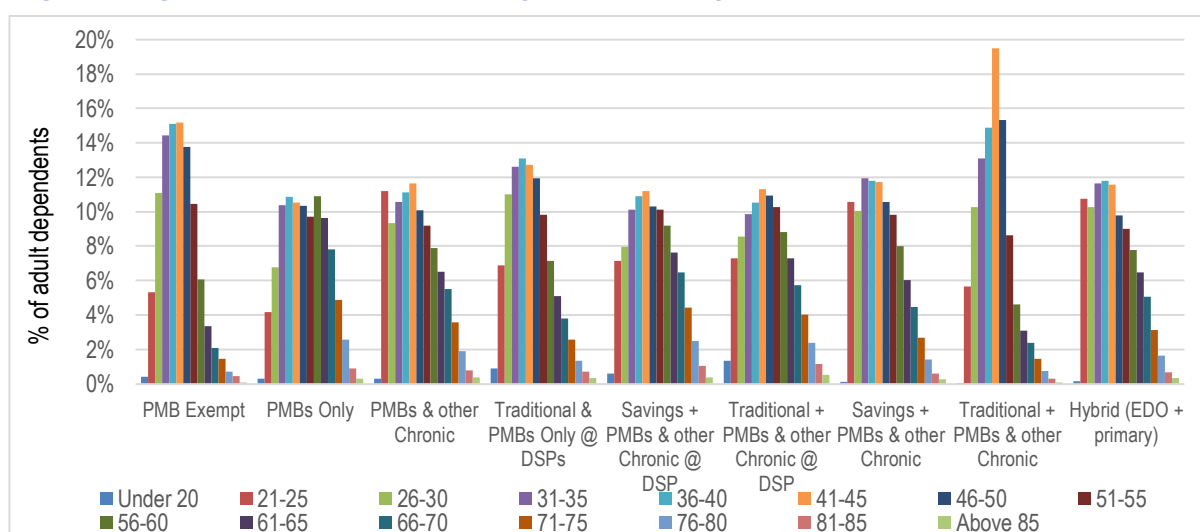


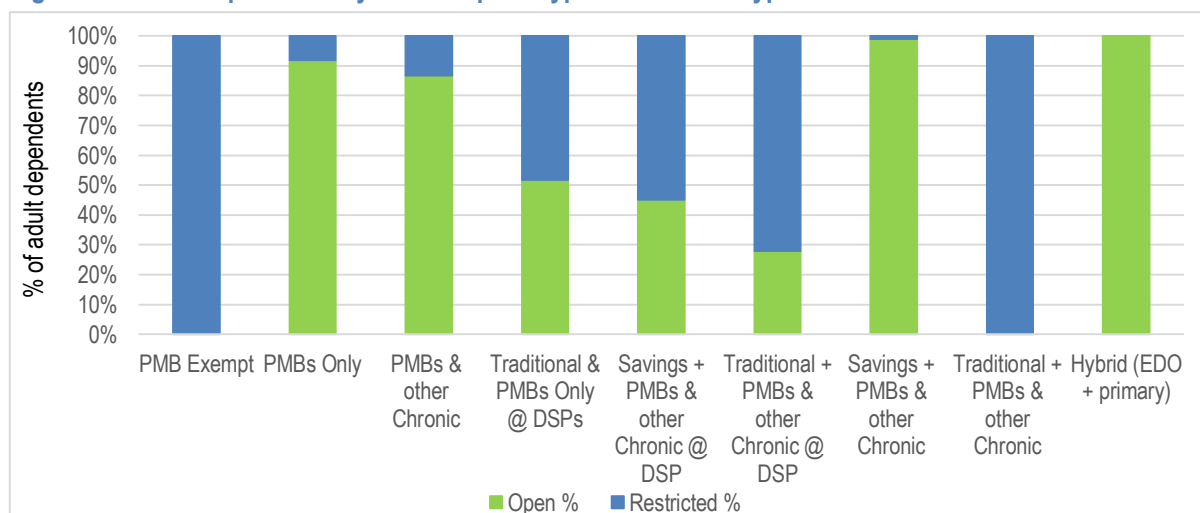
Figure 27 and Figure 28 depict the 2013 and 2014 financial years' proportion of adult dependents by age group and benefit option type.

- For most benefit option types, the largest percentage of adult dependents was aged between 31 and 45.
- A significant portion of all adult dependents aged 41-45 were on the Traditional + PMBs & other Chronic benefit option type.



- The general trend on all the benefit option types is that there were a few adult dependents aged less than 20, the bulk of the dependents are between 31 and 50, and thereafter there was a decrease in adult dependents from age 51 onwards.
- There was no significant difference between the 2013 and 2014 financial years. The age group, which had the largest increase in adult dependents is the 36-40 age band and the largest decrease in adult dependents occurred in the 41-45 age band.
- The PMBs Only benefit option type had the worst risk profile with a significant portion of adult dependents over 45 years of age.

**Figure 29: Adult dependents by benefit option type and scheme type - 2013**



**Figure 30: Adult dependents by benefit option type and scheme type - 2014**

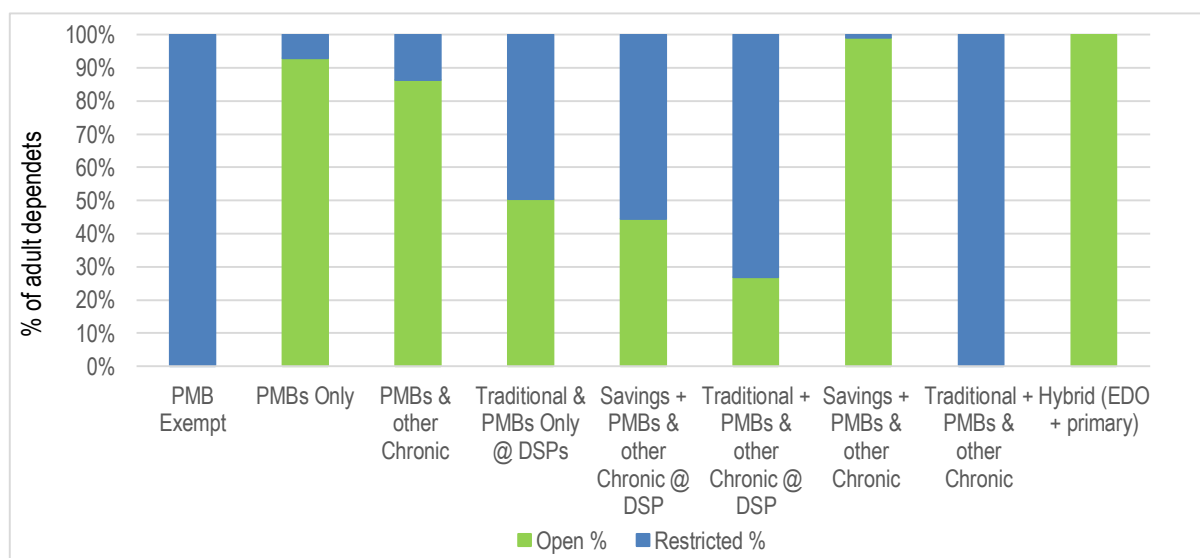
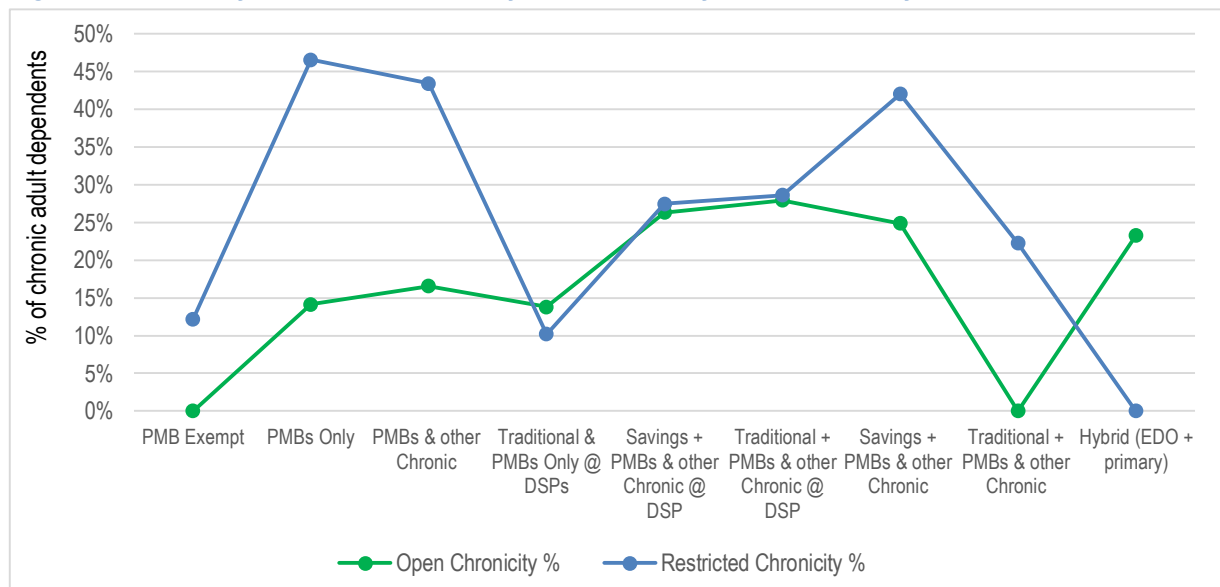


Figure 29 and Figure 30 show the 2013 and 2014 financial years' proportion of adult dependents in open and restricted schemes by benefit option type.

- The distribution of adult dependents is similar to the distribution of principal members as expected.

- There were no significant differences when comparing the 2013 and 2014 financial years, since none of the benefit option types increased or decreased by more than 1.5%.

**Figure 31: Chronicity of adult dependents by benefit option type and scheme type - 2013**



**Figure 32: Chronicity of adult dependents by benefit option type and scheme type - 2014**

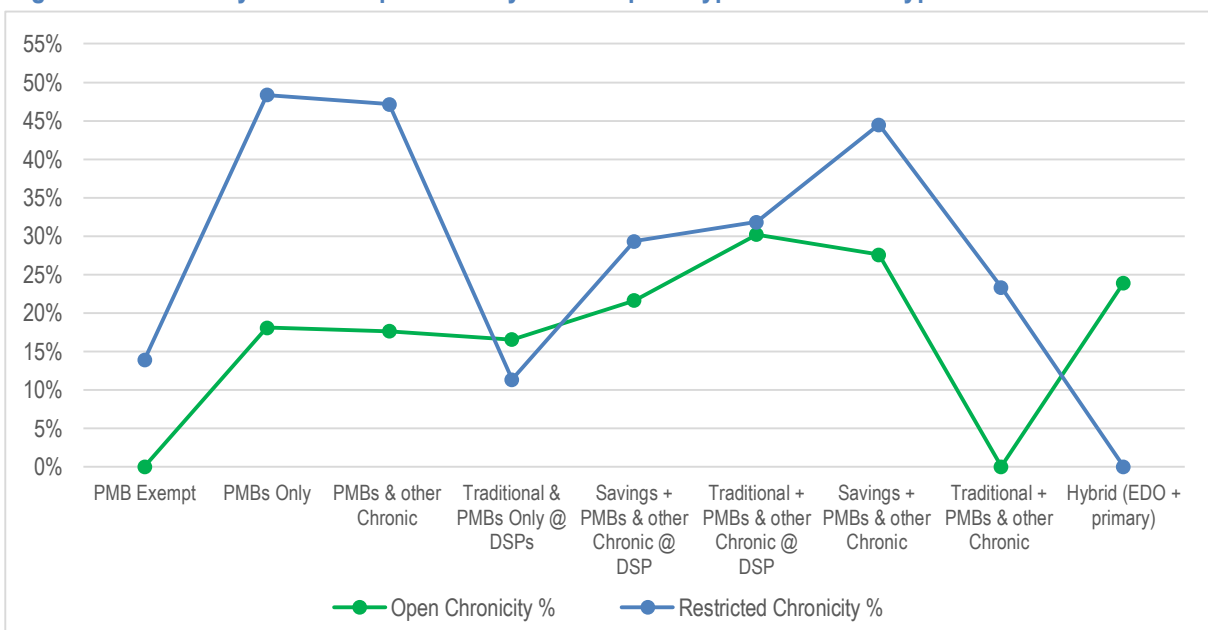


Figure 31 and Figure 32 display the 2013 and 2014 financial years' chronicity of adult dependents by scheme type and benefit option type.

- In general, the restricted schemes have a higher chronicity compared to open schemes with the exception of the Traditional & PMBs @ DSP.
- The highest chronicity for restricted schemes is on the PMBs Only benefit option type and the highest chronicity for open schemes is on the Traditional + PMBs & other Chronic @ DSP benefit option type.

- The chronicity percentages were very similar between 2013 and 2014, the only exception being the Savings + PMBs & other Chronic @ DSP benefit option type which decreased by almost 5% in open schemes.

## 4.2.2 Summary – Adult dependents

The majority of adult dependents are on the Traditional + PMBs & other Chronic @ DSP and Hybrid (EDO + primary) benefit option types, suggesting that adult dependents are interested in comprehensive options, which cover:

- Day to day benefits;
- Comprehensive Chronic cover; and
- Hospitalisation

Most of the adult dependents are females – this is expected as most principal members are male. All of the benefit option types had a higher proportion of female adult dependents compared to male adult dependents. The Traditional + PMBs & other Chronic @ DSP was the only benefit option type that had more female principal members, yet it still has a higher proportion of female adult dependents.

The risk profile of new adult dependents is better compared to the risk profile of the old adult dependents. The chronicity of new adult dependents is lower and the average age is also lower. The proportion of new adult dependents on the benefit option type is low, with the highest proportion of almost 25% on the Traditional + PMBs Only @ DSP benefit option type. This supports the suggestion that the impact of beneficiary movement should not have a very significant impact on the risk pools.

Restricted schemes had a higher chronicity compared to open schemes. The benefit option types on restricted schemes that had the highest chronicity had less adult dependents in absolute terms.

## 4.3 Child dependents

### 4.3.1 Figures and tables – Child dependents

**Table 5: Summary of child dependents**

	2013	2014
<b>Child dependents</b>	2 984 705 (35.68% of all beneficiaries in 2013)	3 007 692 (35.56% of all beneficiaries in 2014)
<b>Existing dependents</b>	2 456 829	2 551 984
<b>New dependents</b>	527 876	455 708
<b>Average age of new dependents</b>	7.11	6.59
<b>Average age of existing dependents</b>	10.65	10.68
<b>Male dependents</b>	1 505 833	1 517 679
<b>Female dependents</b>	1 478 872	1 490 013
<b>Dependents in open schemes</b>	1 470 742	1 492 772
<b>Dependents in restricted schemes</b>	1 513 963	1 514 920

The above table outlines the main statistics for child dependents for the 2013 and 2014 financial years. It provides a brief overview of the child dependents' data.

The number of child dependents from 2013 to 2014 increased in all categories. The average age of new child dependents decreased, it was 0.12 years lower in 2014 compared to 2013.

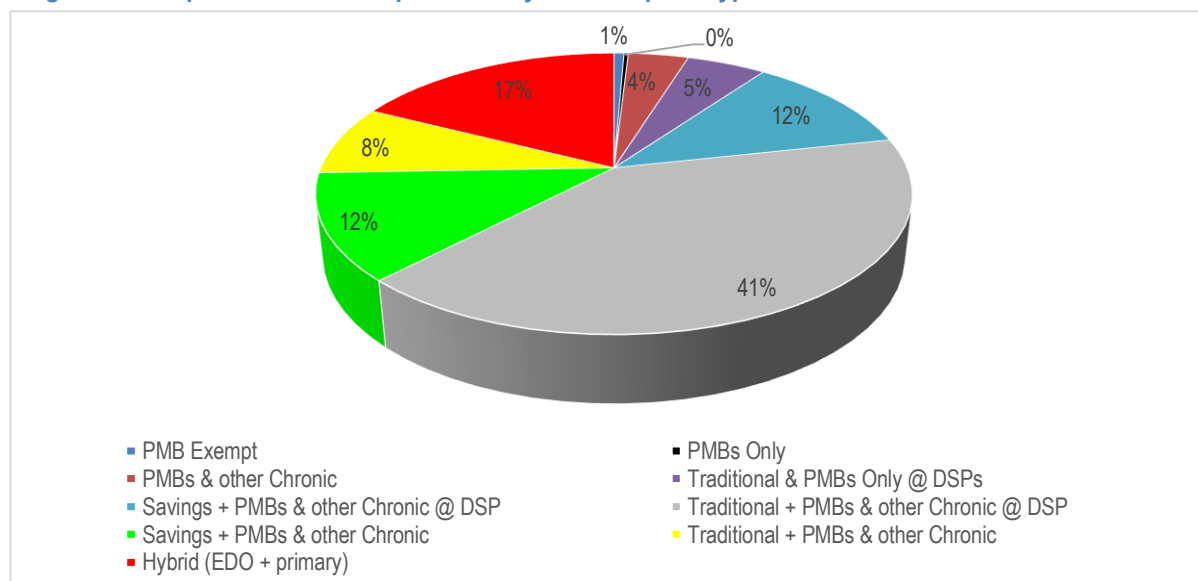
**Table 6: Child dependents by benefit option type for 2013 and 2014**

Benefit option type	2013	2014
<b>PMB Exempt</b>	19 313	18 742
<b>PMBS Only</b>	8 246	8 550
<b>PMBs &amp; other Chronic</b>	127 022	126 714
<b>Traditional &amp; PMBS Only @ DSPs</b>	152 667	168 620
<b>Savings + PMBs &amp; other Chronic @ DSP</b>	345 643	364 644
<b>Traditional + PMBs &amp; other Chronic @ DSP</b>	1 207 593	1 175 243
<b>Savings + PMBs &amp; other Chronic</b>	364 175	365 855
<b>Traditional + PMBs &amp; other Chronic</b>	238 426	239 840
<b>Hybrid (EDO + primary)</b>	521 620	539 484

The number of child dependents has increased from 2013 to 2014 on most benefit option types, except the PMB Exempt, PMBs & other Chronic and Traditional + PMBs & other Chronic @ DSP benefit option types.

The benefit option types which were popular amongst principal members and adult dependents were also popular amongst child dependents. The reason for this is that principal members and their dependents have to be on the same option.

**Figure 33: Proportion of child dependents by benefit option type -2013**



**Figure 34: Proportion of child dependents by benefit option type -2014**

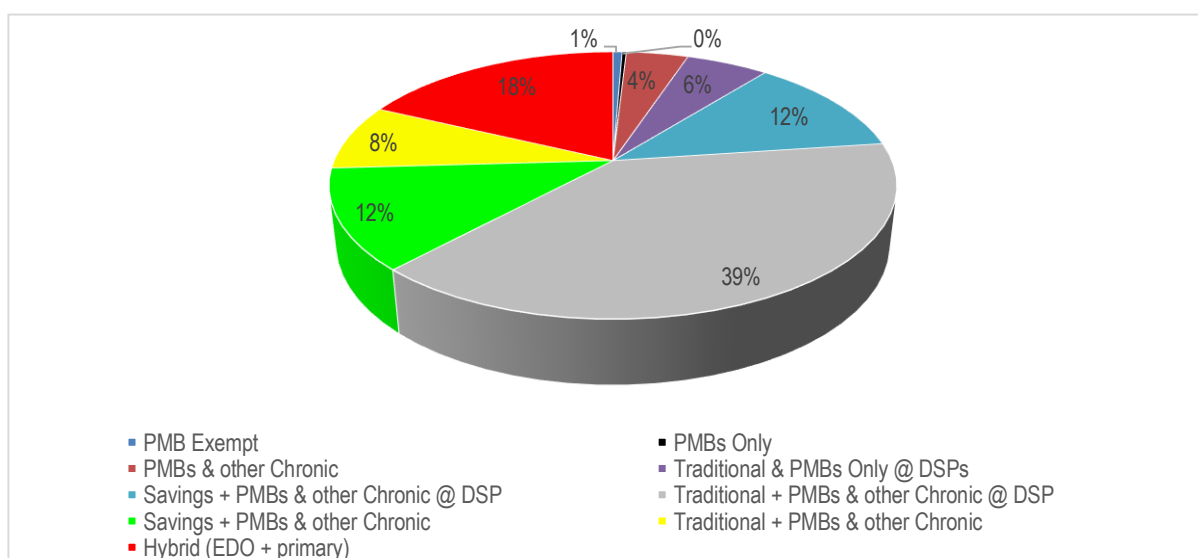


Figure 33 and 34 show the 2013 and 2014 financial years' proportion of child dependents by benefit option type.

- The majority (57%) of the child dependents are on the Traditional + PMBs & other Chronic @ DSP (39%) and Hybrid (EDO + primary) (18%) benefit option types.
- Very few child dependents are on the PMB Exempt and PMBs Only options as together they only form 1% of the child dependents.
- The two Savings options had 24% of the child dependents.

- The difference between the 2013 financial year and the 2014 financial year is that in 2014, there was a 1% decrease in the Traditional + PMBs & other Chronic @ DSP benefit option type and a 1% increase in the Traditional & PMBs Only @ DSPs benefit option type.

Figure 35: New vs old child dependents by benefit option type - 2013

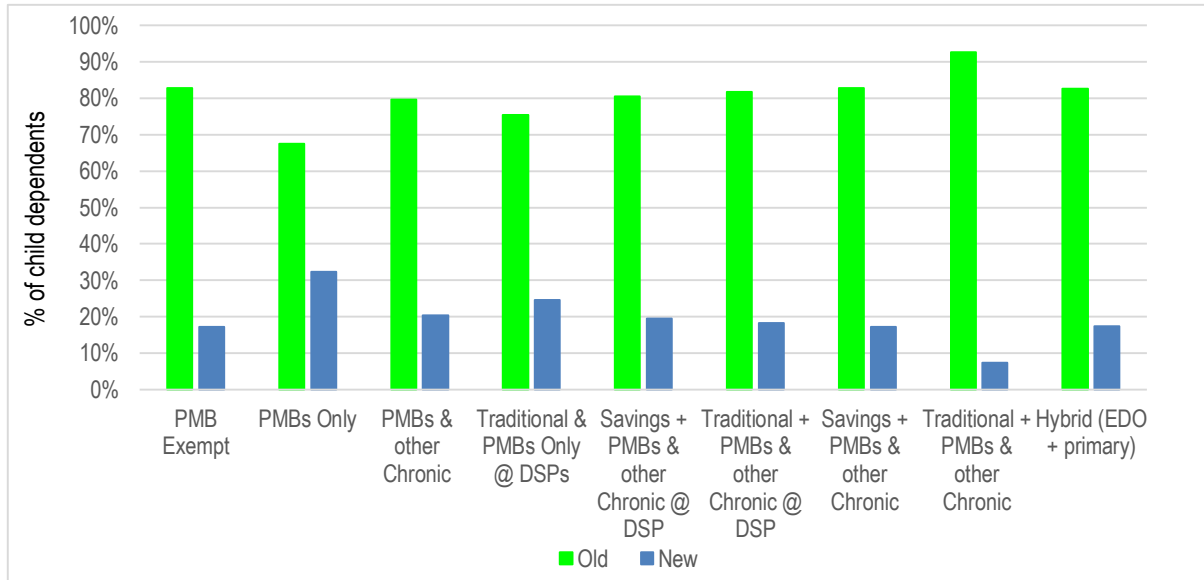


Figure 36: New vs old child dependents by benefit option type - 2014

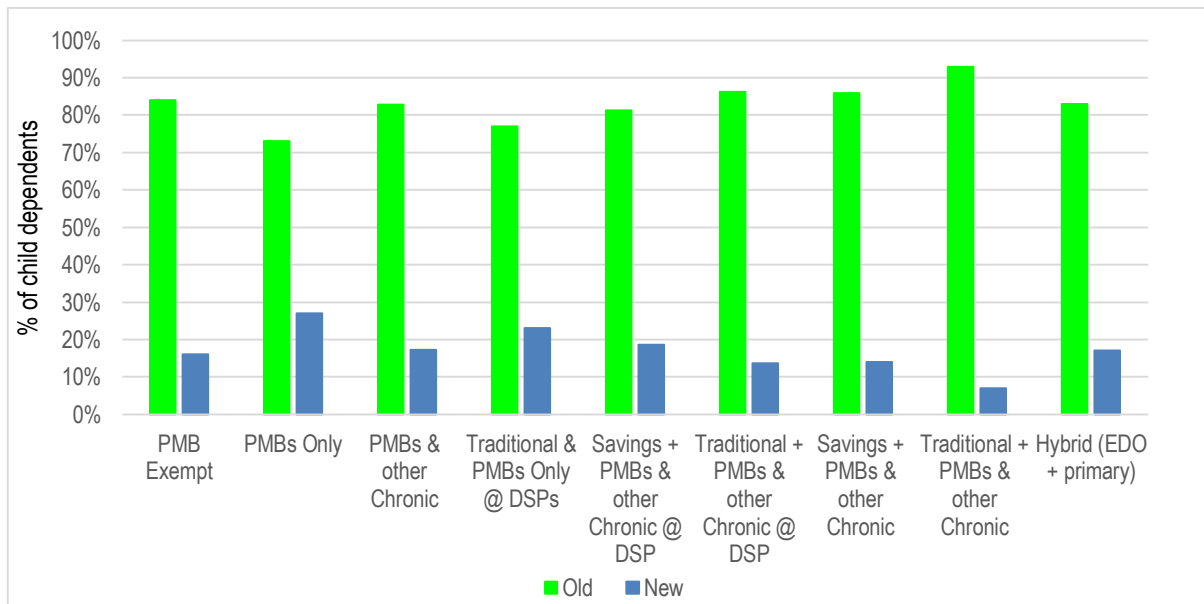
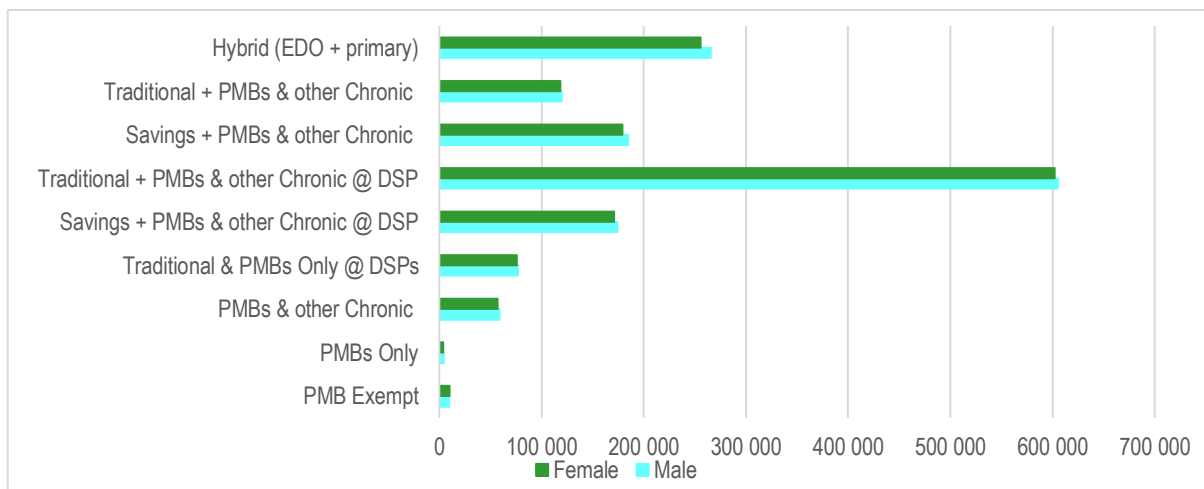


Figure 35 and Figure 36 depict the 2013 and 2014 financial years' proportion of old and new child dependents by benefit option type.

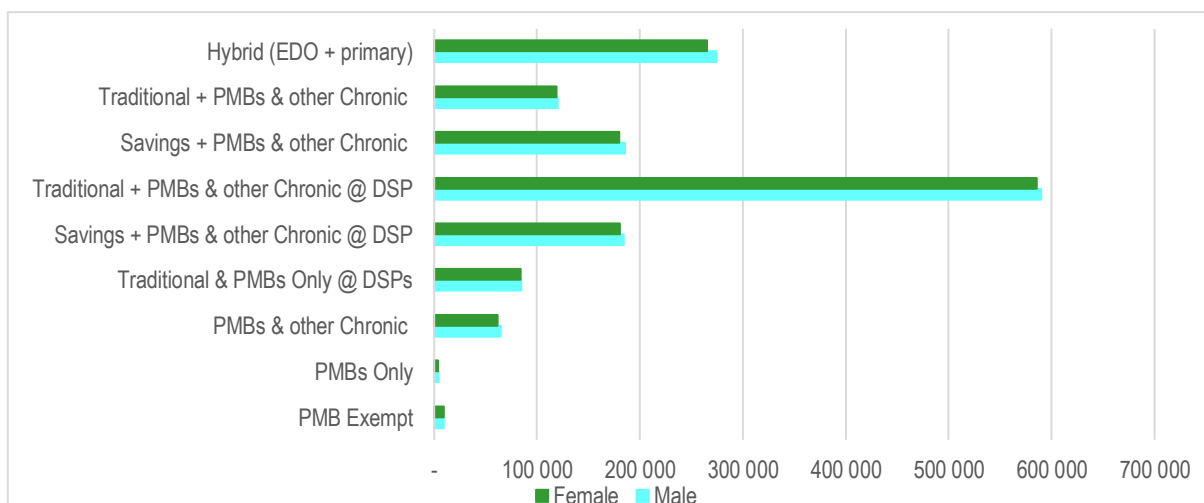
- The PMBs Only option had the highest proportion of new child dependents followed by the Traditional + PMBs & other Chronic @ DSP option type.
- In 2014, there were 5.4% more existing child dependents on the PMBs Only option type compared to 2013, this was the largest increase compared to other benefit option types.

- The other benefit option types all increased from 2013 to 2014 with the exception of the Hybrid (EDO + primary) benefit option type, which decreased by 0.3%.

**Figure 37: Male vs female child dependents by benefit option type - 2013**



**Figure 38: Male vs female child dependents by benefit option type - 2014**



Figures 37 and 38 show the 2013 and 2014 financial years' number of male and female child dependents by benefit option type.

- There is not much variation by gender across all benefit option types – this is quite different from what was observed on the principal members and adult dependents.
- A significant majority of the child dependents are on options that offer day to day benefits.

Figure 39: Age profile of child dependents by benefit option type - 2013

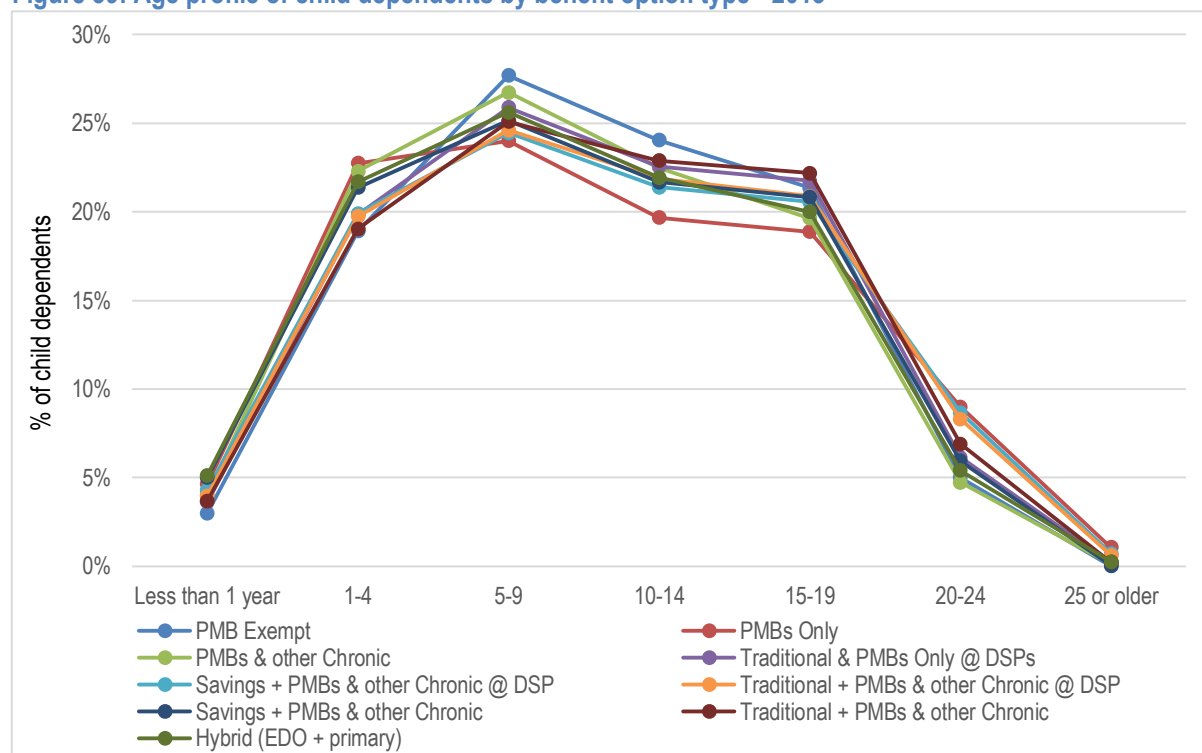


Figure 40: Age profile of child dependents by benefit option type - 2014

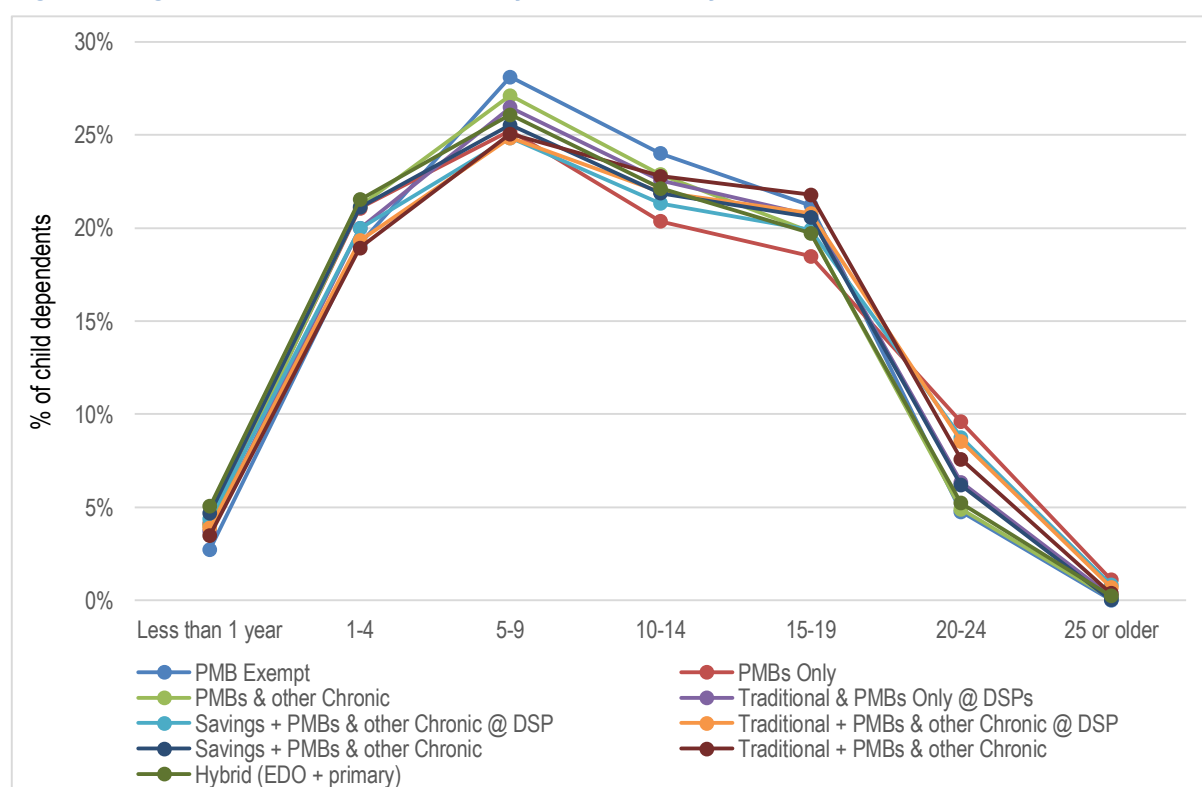


Figure 39 and Figure 40 display the 2013 and 2014 financial years' age profile of child dependents by benefit option type and age band.



- All of the benefit option types follow a similar trend over all the age bands with all benefit option types peaking at the 5-9 age band. After the peaks they gradually decrease until there are a small percentage of members who are 25 or older.
- The PMB Exempt benefit option type has the highest peak, which occurs at the 5-9 age band.
- Comparing the 2013 and 2014 financial years; these follow very similar trends with small increases and decreases in the different benefit option types, however there is no significant difference.

Figure 41: Age profile of child dependents by benefit option type - 2013

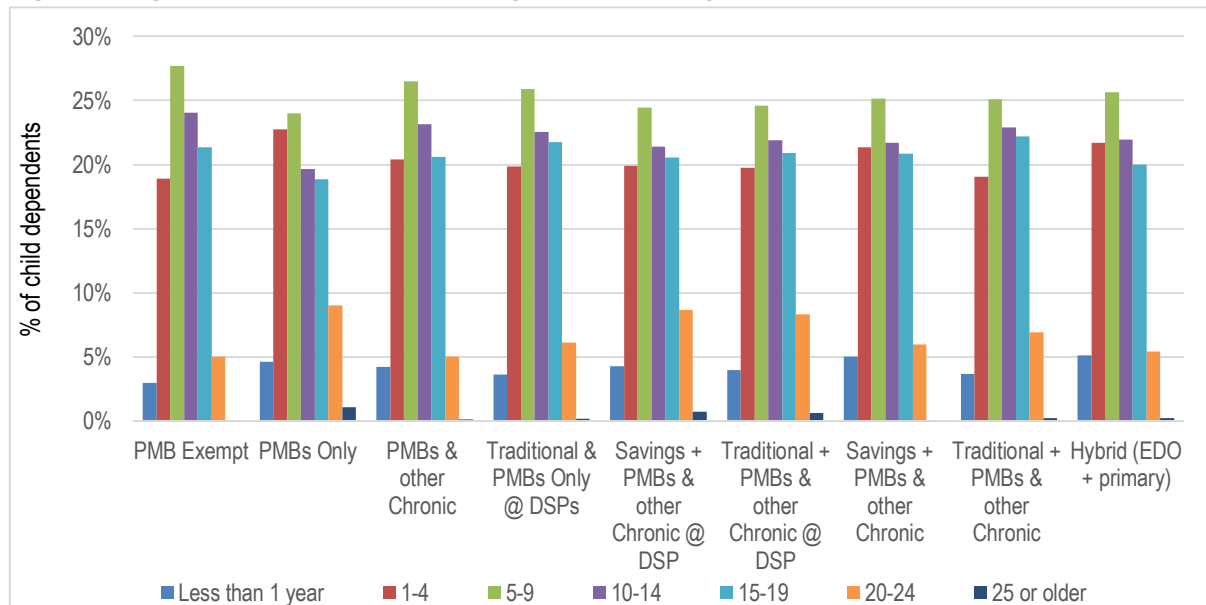


Figure 42: Age profile of child dependents by benefit option type - 2014

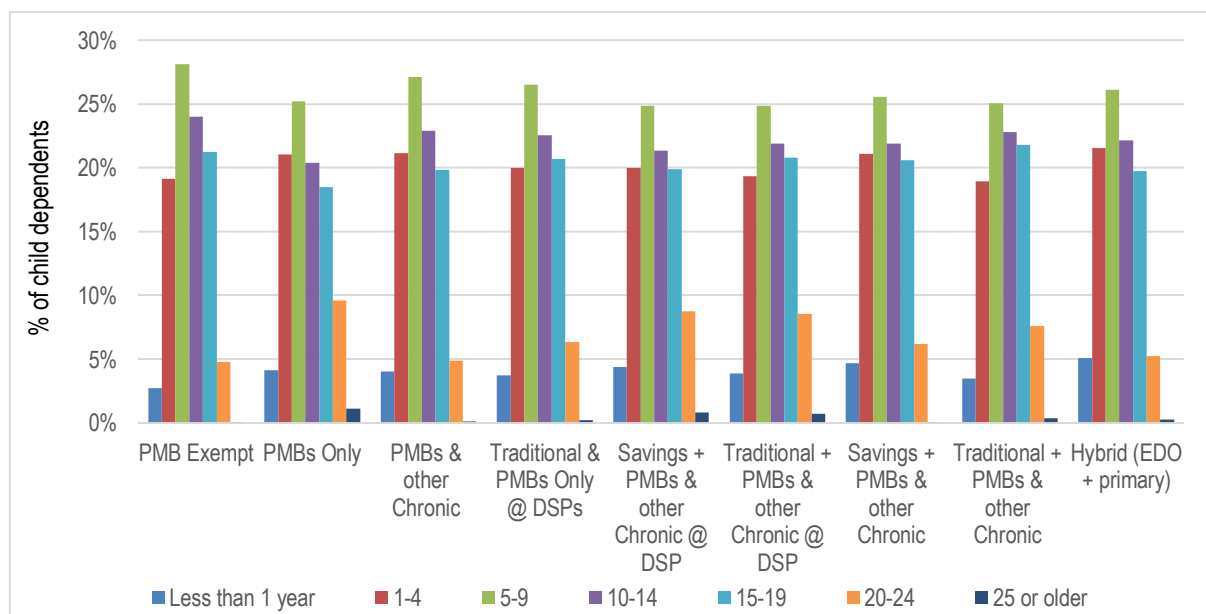
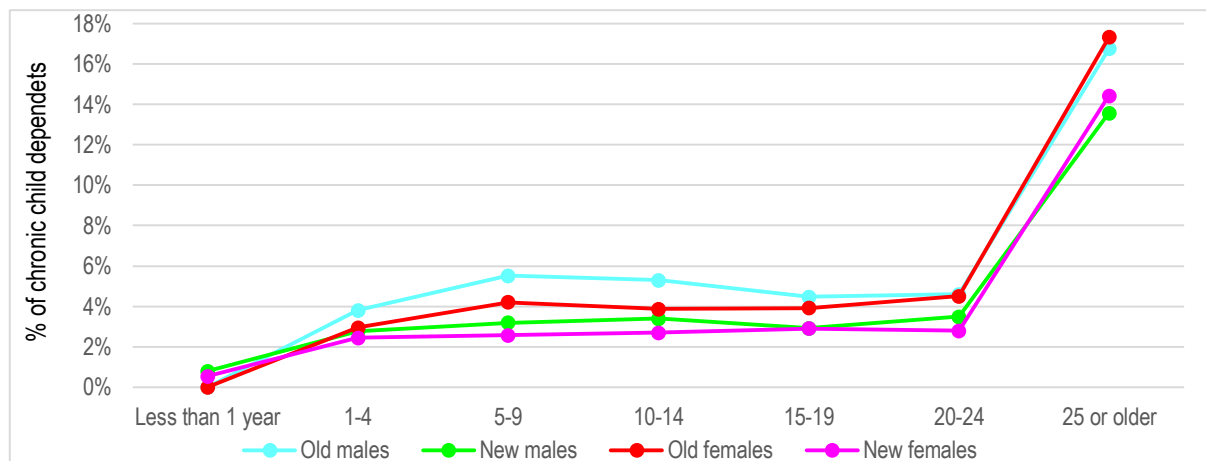


Figure 41 and Figure 42 show the 2013 and 2014 financial years' age profile of child dependents by benefit option type.

- For all benefit option types, the largest percentage of child dependents is between 5 and 9 years of age.

- The majority of the child dependents are aged between 5 and 14 with a few child dependents younger than 1 and older than 25.
- The PMBs Only option type has a higher proportion of dependents above 20 years of age.
- There were no significant differences between the 2013 and 2014 financial years.
- Across all benefit option types, membership starts falling from age 10.

**Figure 43: Chronicity of new and old child dependents by gender and age - 2013**



**Figure 44: Chronicity of new and old child dependents by gender and age - 2014**

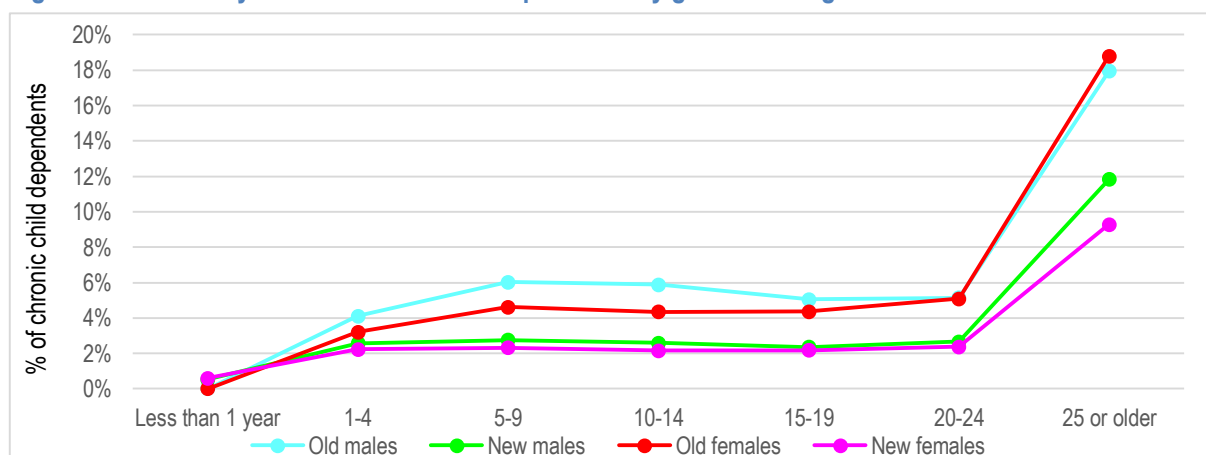
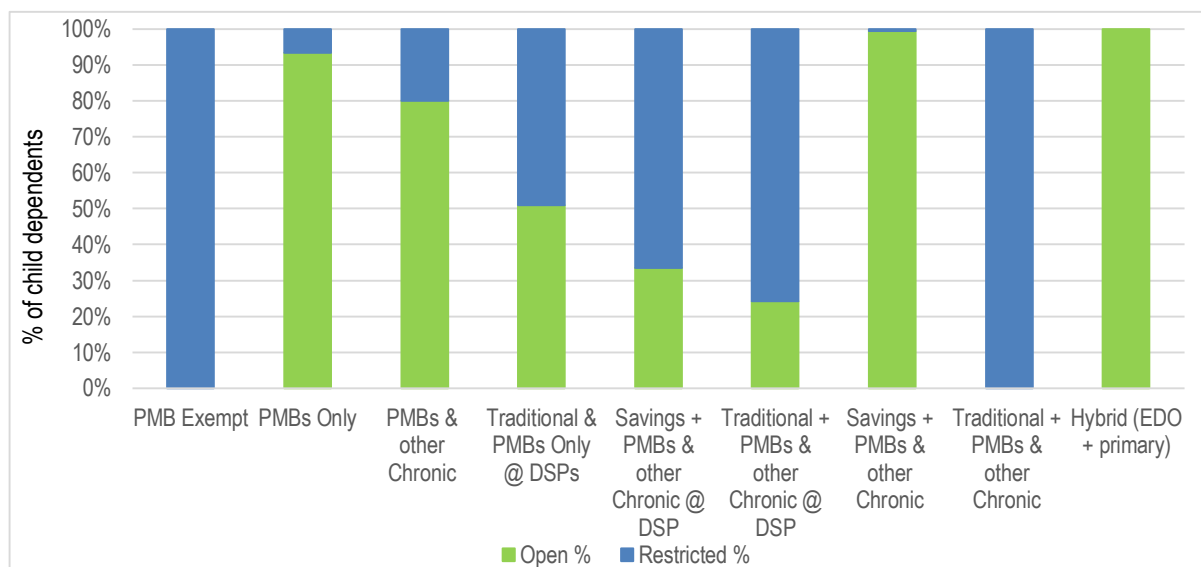


Figure 43 and Figure 44 show the 2013 and 2014 financial years' chronicity by age band, gender and period of membership.

- The figures display that for all children, chronicity is relatively uniform at the younger ages. Chronicity peaks at the 25 or older age band. This may be largely due to anti-selection.
- Between the ages 20-24 there is the greatest loss in membership among child dependents. Child dependents that chose to stay on the scheme are those who need to probably because they are not healthy and are likely in need of healthcare benefits.
- Old males have the highest chronicity over all age bands until the 20-24 age band, after which old females have the highest chronicity.
- The 2013 and 2014 financial years' chronicity amongst the child dependents of all age groups follows similar trends.

**Figure 45: Child dependents by benefit option type and scheme type - 2013**



**Figure 46: Child dependents by benefit option type and scheme type - 2014**

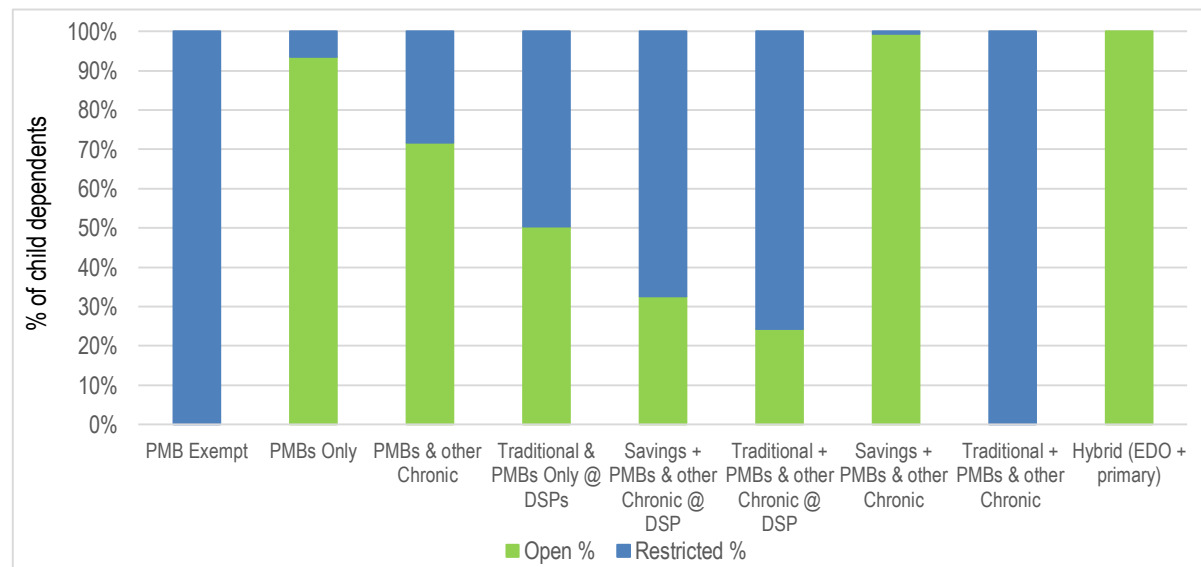
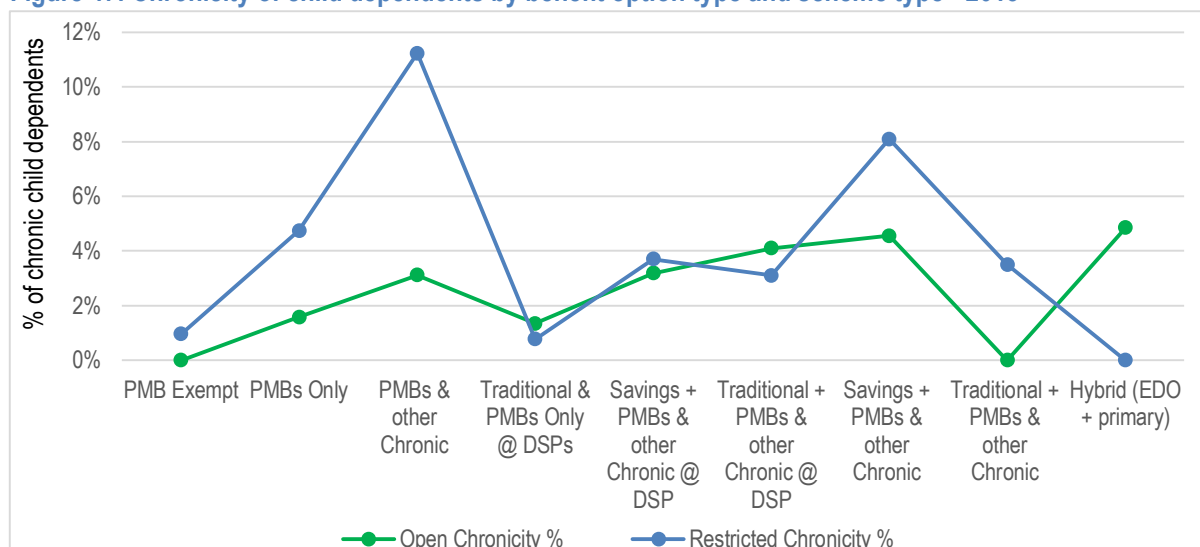


Figure 45 and Figure 46 show the 2013 and 2014 financial years' proportion of child dependents by scheme type and benefit option type.

- The PMB Exempt and Traditional + PMBs & other Chronic benefit option types are found in restricted schemes only. The Hybrid (EDO + primary) benefit option type is found in open schemes only.
- The remaining benefit option types are split evenly between open and restricted schemes with more child dependents in open schemes in the PMBs Only, PMBs & other Chronic and Savings + PMBs & other Chronic benefit option types.
- There were no significant differences when comparing the 2013 and 2014 financial years.

**Figure 47: Chronicity of child dependents by benefit option type and scheme type - 2013**



**Figure 48: Chronicity of child dependents by benefit option type and scheme type - 2014**

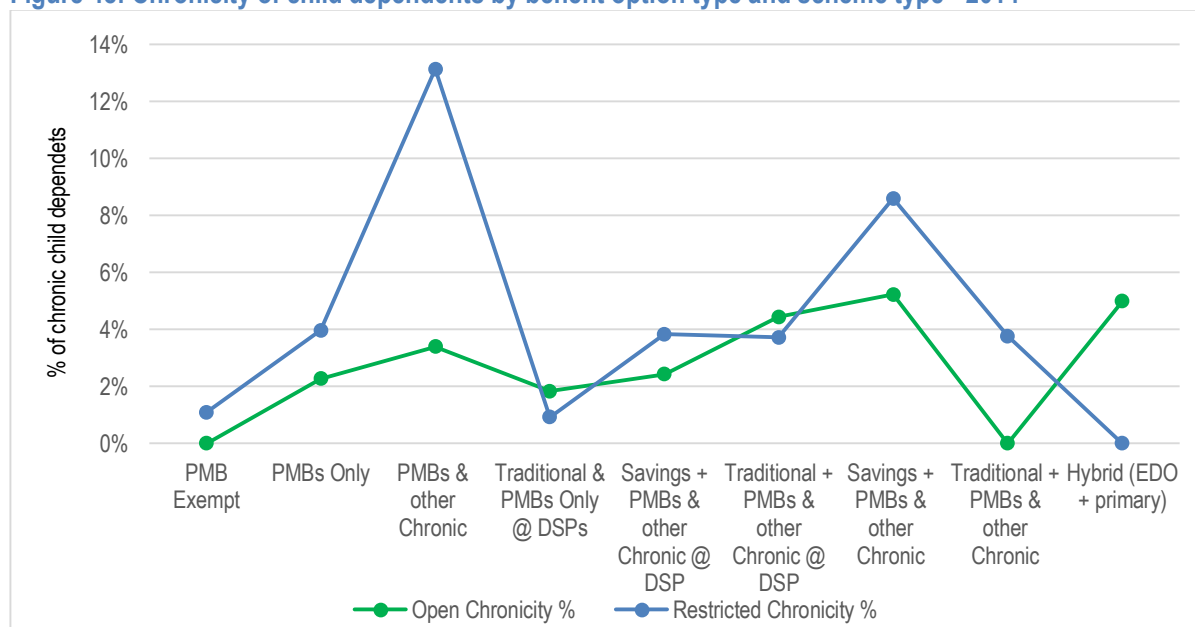


Figure 47 and Figure 48 show the 2013 and 2014 financial years' chronicity by scheme and benefit option type.

- In general, the restricted schemes have a higher chronicity compared to open schemes with the exception of the Traditional + PMBs & other Chronic @ DSPs and Traditional & PMBs Only @ DSPs benefit option types.
- The highest chronicity for open schemes is on the Savings + PMBs & other Chronic benefit option type and the highest chronicity for restricted schemes occurs in the PMBs & other Chronic benefit option type.
- The chronicity percentages were very similar between 2013 and 2014, except the Savings + PMBs & other Chronic @ DSP benefit option type in open schemes, which decreased by almost 2%.

### 4.3.2 Summary – Child dependents

The majority of child dependents were on the Traditional + PMBs & other Chronic @ DSP and Hybrid (EDO + primary) benefit option types. The proportion of child dependents with access to day to day benefits is approximately 95%. This suggests that principal members with families prefer more comprehensive health benefits. These offer:

- Day to day benefits;
- Comprehensive Chronic cover; and
- Hospitalisation

Unlike other beneficiary categories, the gender representation of children is balanced on all benefit option types.

The same trend on chronicity is observed; the new child dependents have lower chronicity levels than existing child dependents. Restricted schemes have higher chronicity compared to open schemes. As expected, the average age of new child dependents is lower than that of existing beneficiaries.

There is some evidence of anti-selection, the chronicity of child dependents increases significantly in the age band 20-25. This is the same age band where there is the greatest loss of child dependents as well. This suggests that the child dependents that chose to maintain their membership are those who are sick while the healthy discontinue their membership.

## 4.4 Transfers, joining and departures of members

### 4.4.1 Figures and tables – Transfers, joining and departures of members

**Table 7: Summary of member movement in the years 2013 and 2014**

	Restricted Schemes		Open Schemes	
	2013	2014	2013	2014
Principal members transferring from other schemes	71 288	56 334	288 277	265 521
Principal members not previously covered	170 516	184 978	157 543	121 256
Principal members leaving	121 192	140 662	307 780	289 943
New dependents joining	308 986	221 099	429 927	293 413
Dependents leaving	276 558	294 623	360 199	324 830

The above table outlines the main statistics for the movement of beneficiaries in the years 2013 and 2014. It provides a brief overview of the membership data.

The number of principal members transferring from other schemes decreased from 359 565 in 2013 to 321 855 in 2014. The number of new dependents joining has also decreased from 738 913 in 2013 to 514 512 in 2014.

The number of principal members and dependents leaving was on the increase. These increases were slight and not very significant.

**Table 8: Principal members transferring from other schemes by benefit option type**

Benefit option type	Restricted Schemes		Open Schemes	
	2013	2014	2013	2014
PMB Exempt	3 504	2 743	-	-
PMBS Only	125	101	3 053	2 386
PMBs & other Chronic	9 712	7 411	16 666	14 726
Traditional & PMBS Only @ DSPs	769	800	35 149	27 557
Savings + PMBs & other Chronic @ DSP	20 223	19 937	7 672	12 240
Traditional + PMBs & other Chronic @ DSP	36 661	25 119	50 376	50 330
Savings + PMBs & other Chronic	61	51	60 336	39 387
Traditional + PMBs & other Chronic	233	172	-	-
Hybrid (EDO + primary)	-	-	115 025	118 895

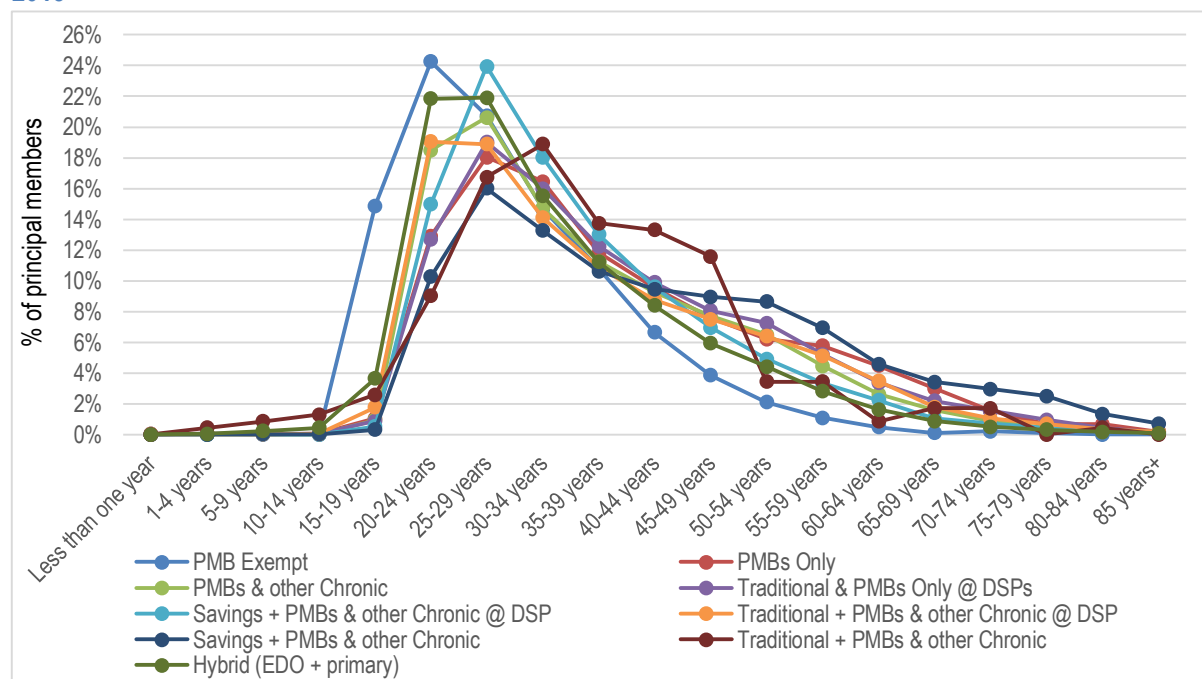
The general trend was for principal members to transfer to open schemes. Only the Savings + PMBs & other Chronic @ DSP benefit option type had more members transferring to restricted schemes compared to open

schemes. The number of members that transferred from other schemes in 2013 is greater than the number of principal members who transferred from other schemes in 2014.

The most popular benefit option type on restricted schemes that principal members transferred to was the Traditional + PMBs & other Chronic @ DSP benefit option type, while the most popular benefit option type in open schemes that principal members transferred to was the Hybrid (EDO + primary) benefit option type.

This suggests that the majority of principal members are transferring to options, which offer day to day benefits, chronic cover and hospitalisation.

**Figure 49: Age profile of principal members transferring from other schemes by benefit option type - 2013**



**Figure 50: Age profile of principal members transferring from other schemes by benefit option type - 2014**

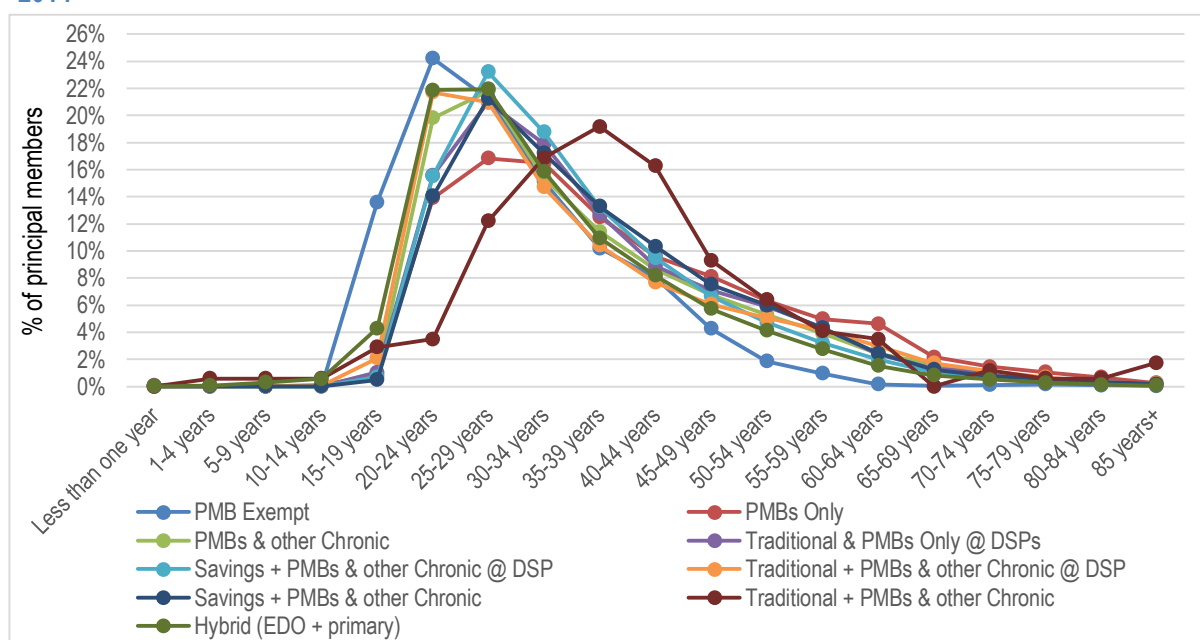


Figure 49 and Figure 50 display the 2013 and 2014 financial years' proportion of members transferring from other schemes by benefit option type and age band.

- All benefit option types peak between the 20-24 and 25-29 age bands with the exception of the Traditional + PMBs & other Chronic benefit option type, which peaks at the 35-39 age band. The reason for the peaks could be changes in circumstances, such as moving from a child dependent to principal member or changes in employment.
- The underlying movement of all benefit option types follows the same trend across all ages. A very small percentage of principal members transfer from other schemes until the age of 19, thereafter the bulk of the members transfer between 20 and 40 years of age. Finally, there is a gradual decrease from the peak ages until the lives are aged above 85.
- The PMB Exempt option graph indicates that members transfer to this option type at earlier ages. There is a sharp increase in the 15-19 age band and a sharp decrease after the peak ages, which declines faster than all other benefit option types.
- The Traditional + PMBs & other Chronic benefit option type seems to have the most noticeable trend with a late peak and a slow decline after the peak ages. This option also has a considerably higher percentage of people above 85 transferring from other schemes to this option. The reason for this may be that elderly people want a more comprehensive option that has better chronic cover.
- The main difference between the two financial years is that in 2014, the benefit option types seem to follow very similar trends with a small range. In 2013, the trends were not as close and had a wider range amongst the benefit option types.



**Table 9: Members not transferring from other schemes by benefit option type**

Benefit option type	Restricted Schemes		Open Schemes	
	2013	2014	2013	2014
PMB Exempt	16 503	14 149	-	-
PMBS Only	50	30	-	-
PMBs & other Chronic	23 471	26 268	17 938	12 748
Traditional & PMBS Only @ DSPs	9 967	12 074	1 831	1 834
Savings + PMBs & other Chronic @ DSP	35 217	42 200	32 995	17 087
Traditional + PMBs & other Chronic @ DSP	80 602	85 547	71 831	59 146
Savings + PMBs & other Chronic	34	32	7 694	5 800
Traditional + PMBs & other Chronic	4 672	4 678	-	-
Hybrid (EDO + primary)	-	-	25 254	24 641

Restricted schemes managed to attract more new principal members compared to open schemes, which were attracting members from other schemes. Only the Savings + PMBs & other Chronic benefit option type has more new principal members in open schemes compared to restricted schemes. The number of new principal members in 2013 is larger than the number of new principal members in 2014.

The most popular benefit option type that the new principal members chose is the Traditional + PMBs & other Chronic @ DSP.

**Figure 51: Age profile of principal members not previously covered by benefit option type - 2013**

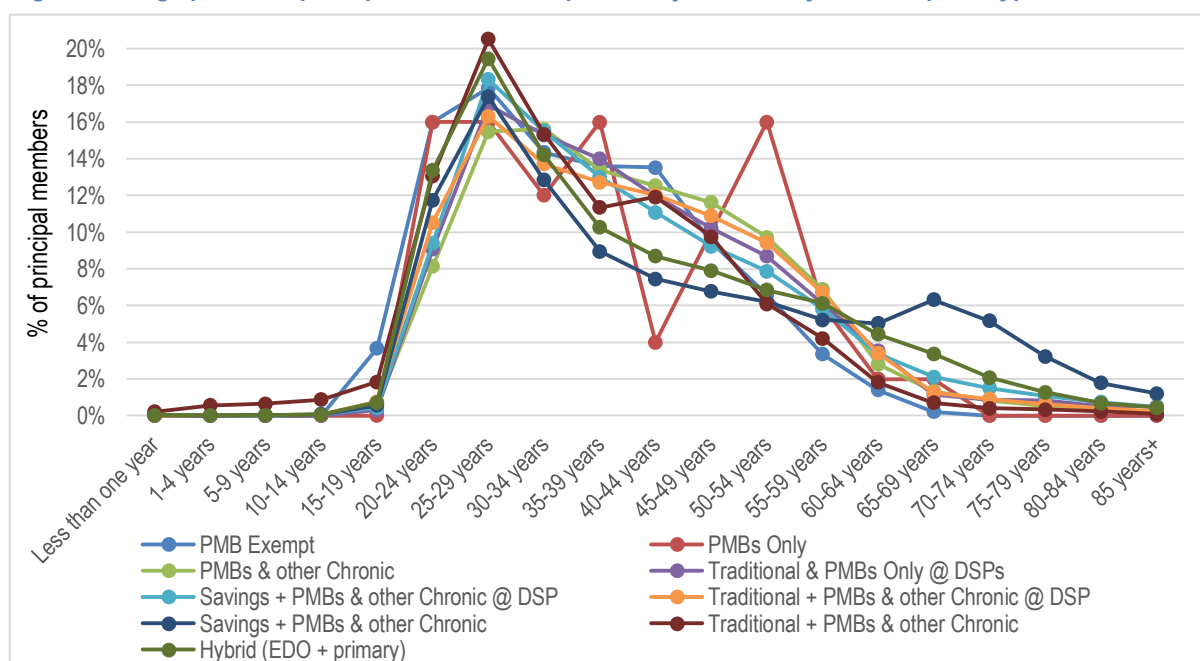


Figure 52: Age profile of principal members not previously covered by benefit option type - 2014

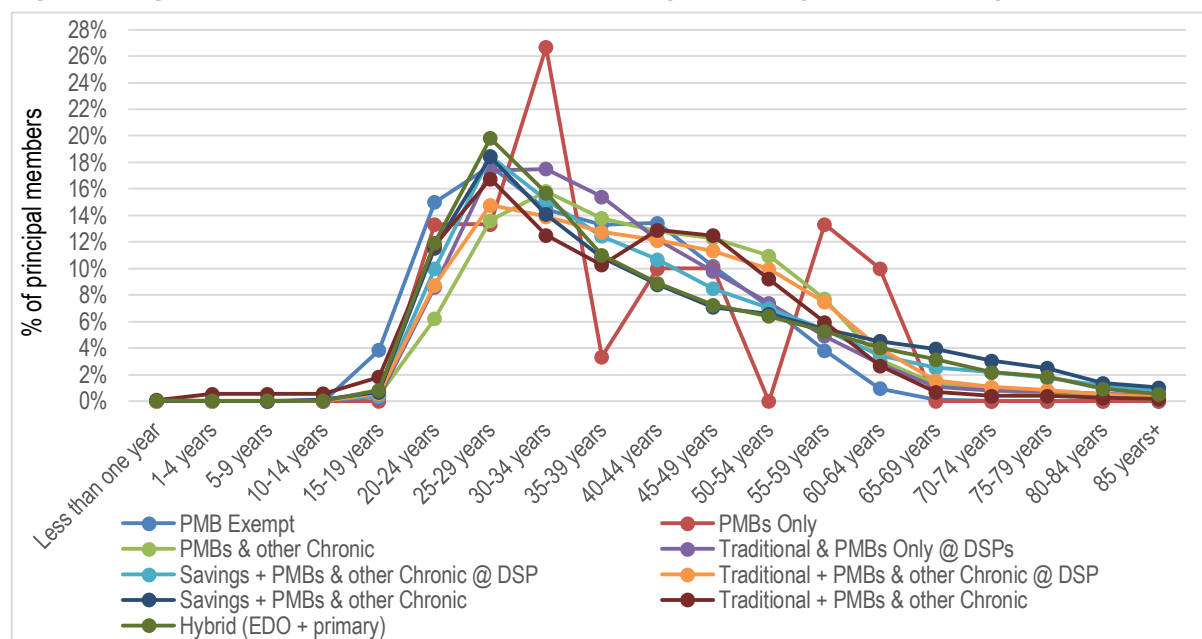


Figure 51 and Figure 52 show the 2013 and 2014 financial years' age profile of principal members not previously covered by benefit option type.

- The 25-29 age band is the peak across all benefit option types with the exception of the PMBs Only benefit option type, which peaks in the 30-34 age band.
- The age profile of these principal members is similar across all benefit option types, except the PMBs Only benefit option type.
- The PMBs Only option type has very few members joining, hence the uncharacteristic shape is observed.

Table 10: Principal members leaving by benefit option type

Benefit option type	Restricted Schemes		Open Schemes	
	2013	2014	2013	2014
PMB Exempt	6 404	4 695	-	-
PMBS Only	509	571	2 253	2 243
PMBs & other Chronic	8 895	9 103	24 029	22 412
Traditional & PMBS Only @ DSPs	4 986	5 593	25 375	21 181
Savings + PMBs & other Chronic @ DSP	29 874	33 161	25 136	20 246
Traditional + PMBs & other Chronic @ DSP	64 093	80 099	81 398	74 078
Savings + PMBs & other Chronic	231	250	43 440	40 872
Traditional + PMBs & other Chronic	6 200	7 190	-	-
Hybrid (EDO + primary)	-	-	106 149	108 911

Open schemes had more members leaving; however these schemes also received plenty principal members transferring from other schemes. This implies that there is substantial movement among the principal members of open schemes. The number of principal members that left in 2014 is slightly larger than the number of principal members who left in 2013.

Traditional + PMBs & other Chronic @ DSP benefit option type in restricted schemes had the most principal members leaving, while the Hybrid (EDO + primary) benefit option type in open schemes had the most principal members leaving.

**Figure 53: Ages profile of principal members leaving by benefit option type - 2013**

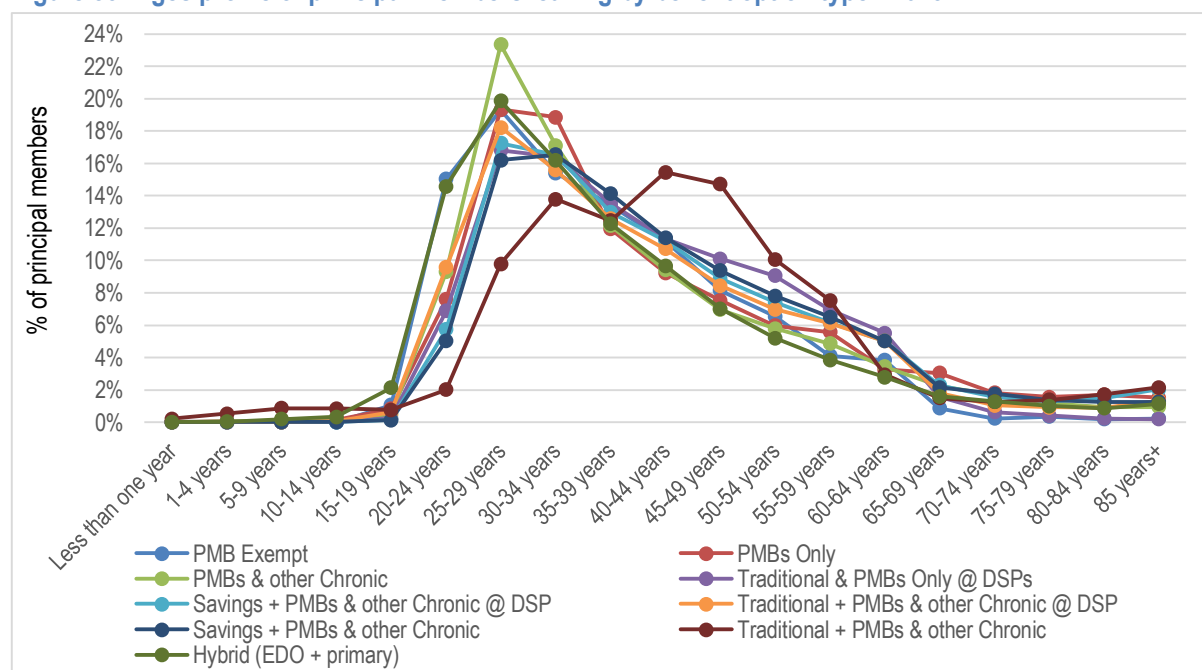


Figure 54: Ages profile of principal members leaving by benefit option type - 2014

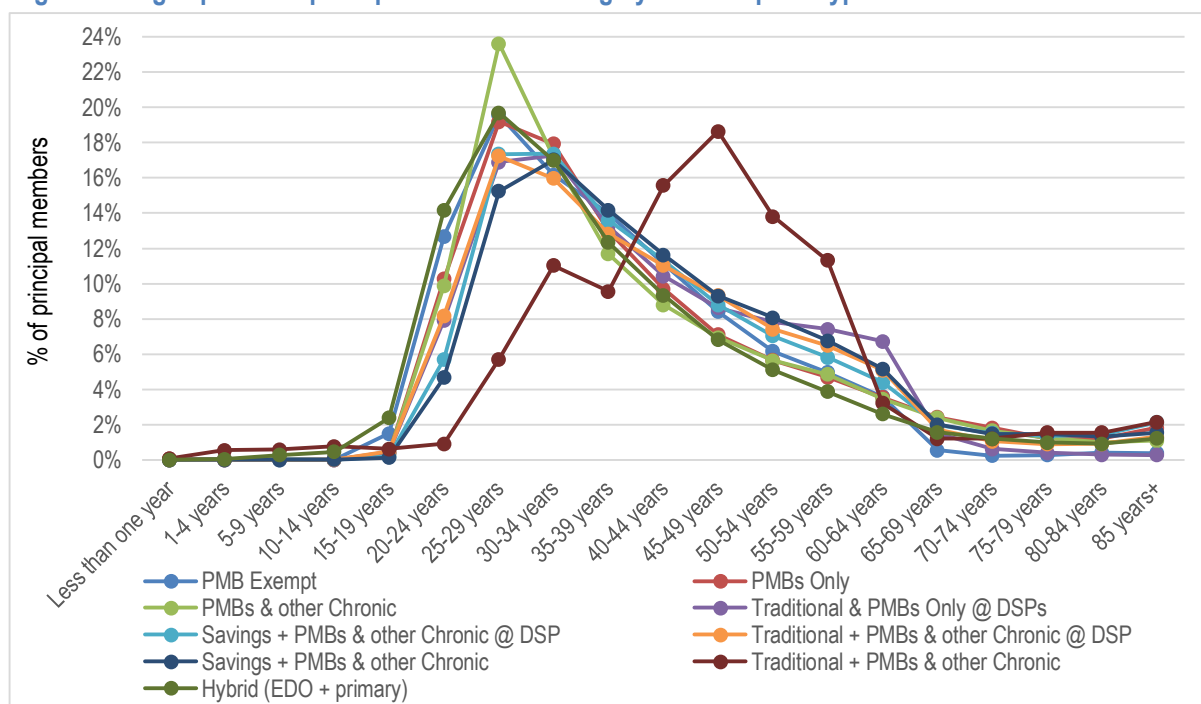


Figure 53 and Figure 54 show the 2013 and 2014 financial years' proportion of principal members leaving by benefit option type and age band.

- Most of the benefit option types have a peak in membership leaving in the 25-29 age band.
- The exceptions are the Savings + PMBs & other Chronic benefit option type, which peaks in the 30-34 age band and the Traditional + PMBs & other Chronic benefit option type which peaks in the 45-49 age band. These two options offer substantially richer benefits.
- The general trend is that a small percentage of members leave before 20, followed by the bulk of the members leaving between ages 20 and 49. Finally there is a gradual decrease until a small increase in the above 85 age band.
- The Traditional + PMBs & other Chronic benefit option type does not follow the same trend as the other benefit option types. People choose to leave this option at a much later stage compared to other benefit option types.
- The comparison between 2013 and 2014 show that the age profile across all benefit option types remained the same.

**Table 11: New dependents joining by benefit option type**

Benefit option type	Restricted Schemes		Open Schemes	
	2013	2014	2013	2014
PMB Exempt	5 282	4 004	-	-
PMBS Only	438	330	2 961	2 150
PMBs & other Chronic	13 449	8 416	29 733	18 564
Traditional & PMBS Only @ DSPs	20 793	21 353	27 520	19 296
Savings + PMBs & other Chronic @ DSP	58 875	50 702	46 219	29 018
Traditional + PMBs & other Chronic @ DSP	178 662	116 574	79 140	56 063
Savings + PMBs & other Chronic	268	165	86 825	48 125
Traditional + PMBs & other Chronic	31 219	19 555	-	-
Hybrid (EDO + primary)	-	-	157 529	120 197

There are more dependents joining open schemes compared to restricted schemes. Only the Savings + PMBs & other Chronic @ DSP and Traditional + PMBs & other Chronic @ DSP benefit option types have more dependents joining restricted schemes as opposed to open schemes. The number of dependents who joined in 2013 is larger than the number of dependents who joined in 2014.

The most popular benefit option type in restricted schemes that dependents join is the Traditional + PMBs & other Chronic @ DSP benefit option type, while the most popular benefit option type in open schemes that dependents join is the Hybrid (EDO + primary) benefit option type. The same was observed for principal members.

Figure 55: Age profile of new dependents joining by benefit option type - 2013

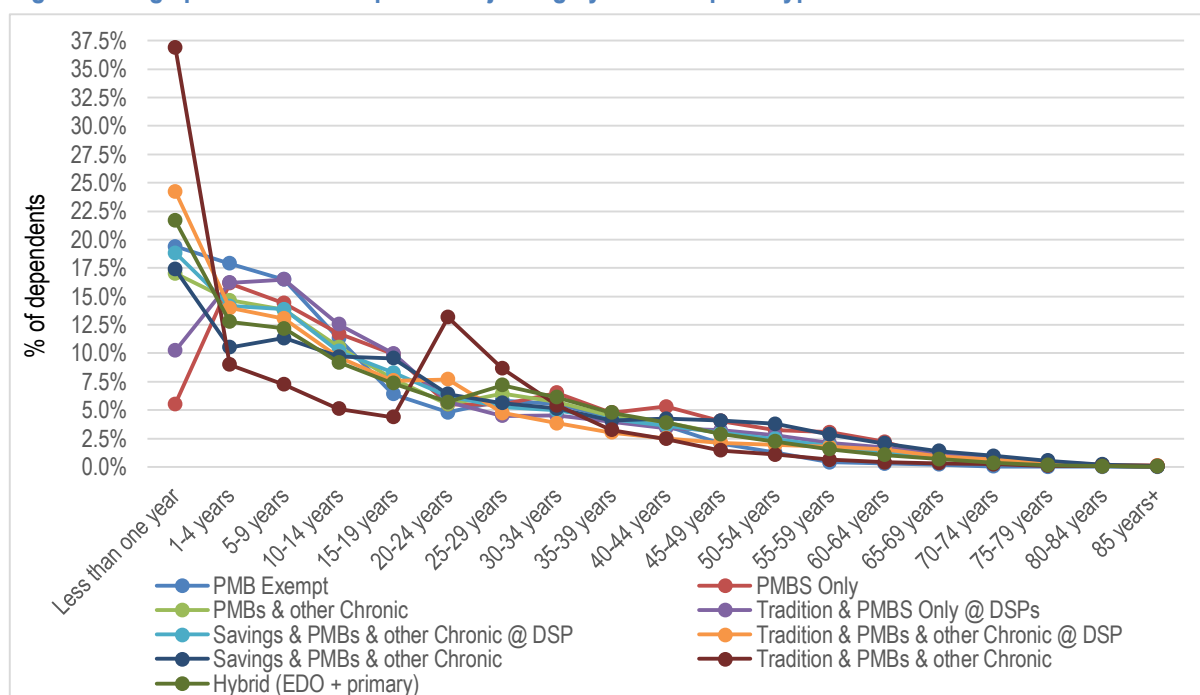


Figure 56: Age profile of new dependents joining by benefit option type - 2014

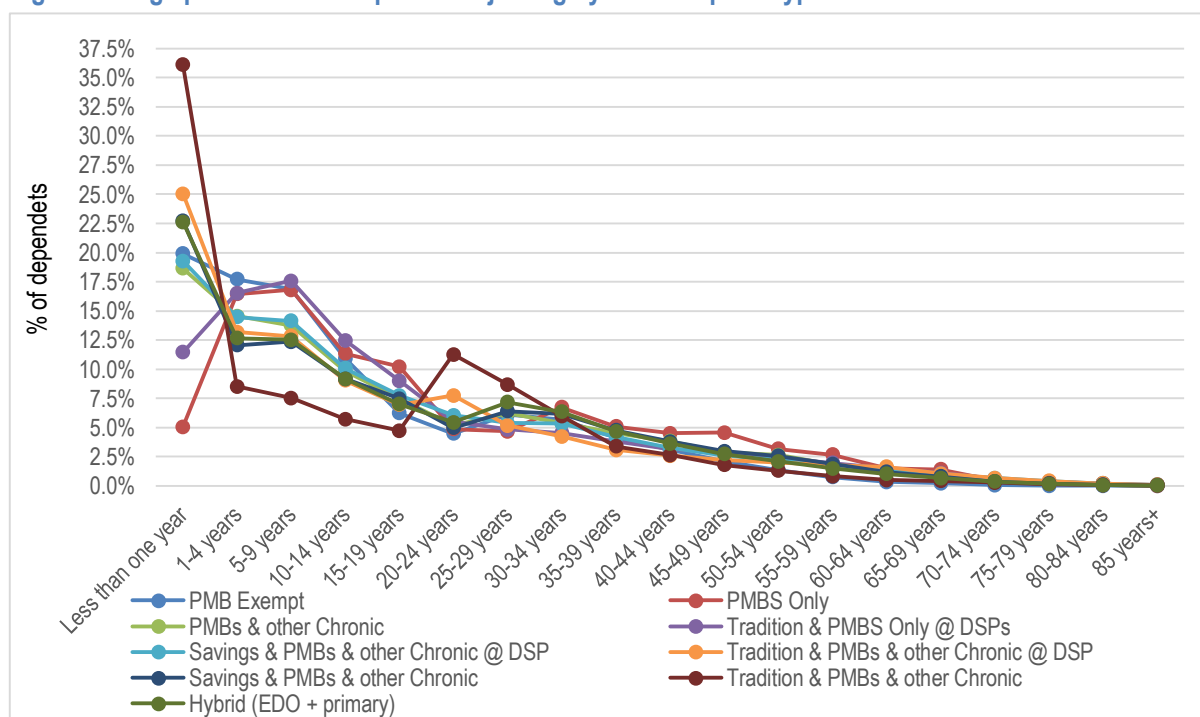


Figure 55 and Figure 56 depict the 2013 and 2014 financial years' age profile of dependents joining by benefit option type.

- Most benefit option types with the exception of the PMBs Only and Traditional & PMBs Only @ DSPs benefit option types followed a similar trend with a peak in membership in the less than one year age

band. After the peak there was a gradual decline with the smallest number of dependents joining in the above 85 age band.

- The PMBs Only and Traditional & PMBs Only @ DSPs benefit option types peak at the 5-9 age band after which they decline gradually like the other benefit option types.
- The Traditional + PMBs & other Chronic benefit option type had the highest peak at over 36% in the under one year of age profile. This is followed by a sharp decline before a second peak at the 20-24 age band after which it declines gradually like the other benefit option types.
- The age profile between 2013 and 2014 were very similar. The main difference is the wider spread in the benefit option type trends across 2013. In 2014 the age profiles across benefit option types are much closer.

**Table 12: Dependents leaving by benefit option type**

Benefit option type	Restricted Schemes		Open Schemes	
	2013	2014	2013	2014
PMB Exempt	5 456	5 378	-	-
PMBS Only	357	333	2 273	2 149
PMBs & other Chronic	7 684	7 942	26 851	24 112
Traditional & PMBS Only @ DSPs	14 433	15 144	16 554	14 776
Savings + PMBs & other Chronic @ DSP	48 935	51 298	35 855	30 750
Traditional + PMBs & other Chronic @ DSP	171 255	185 171	92 478	79 023
Savings + PMBs & other Chronic	506	462	61 532	54 871
Traditional + PMBs & other Chronic	27 932	28 895	-	-
Hybrid (EDO + primary)	-	-	124 656	119 149

There were more dependents leaving from open schemes. Only the Savings + PMBs & other Chronic @ DSP and Traditional + PMBs & other Chronic @ DSP benefit option types had more dependents who left from restricted schemes. The number of dependents that left in 2013 was slightly higher than the number of dependents who left in 2014.

The Traditional + PMBs & other Chronic @ DSP benefit option type in restricted schemes lost the most dependents while the Hybrid (EDO + primary) benefit option type in open schemes lost the most dependents.

Figure 57: Age profile of dependents leaving by benefit option type - 2013

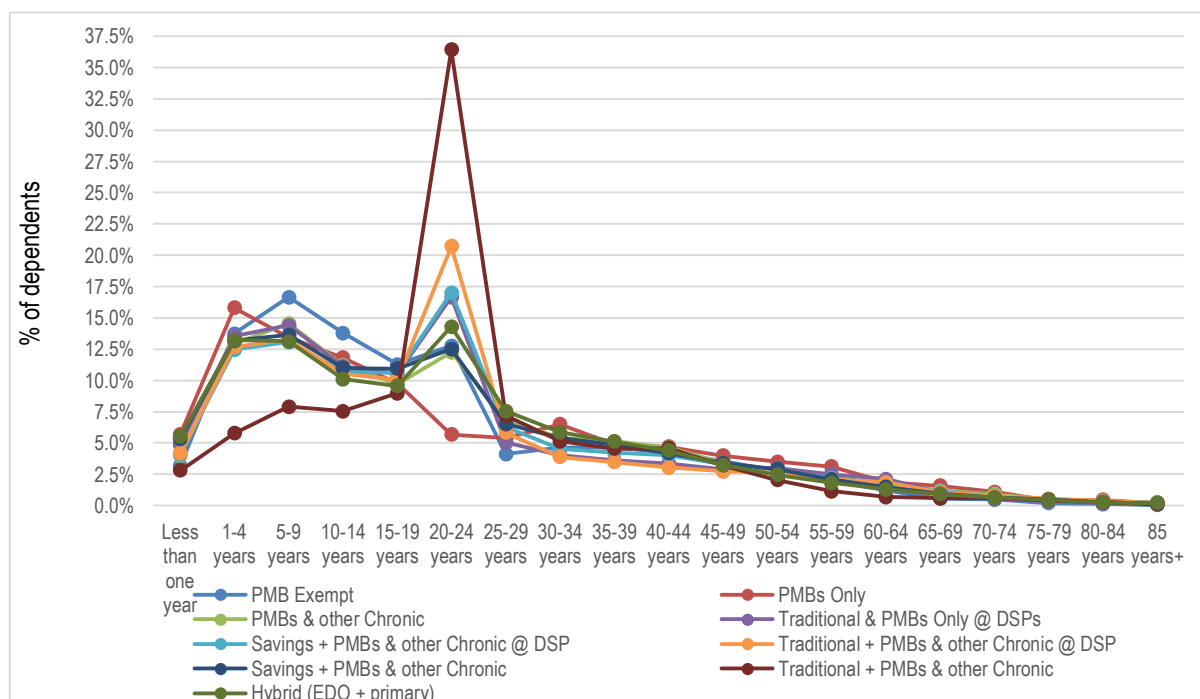


Figure 58: Age profile of dependents leaving by benefit option type - 2014

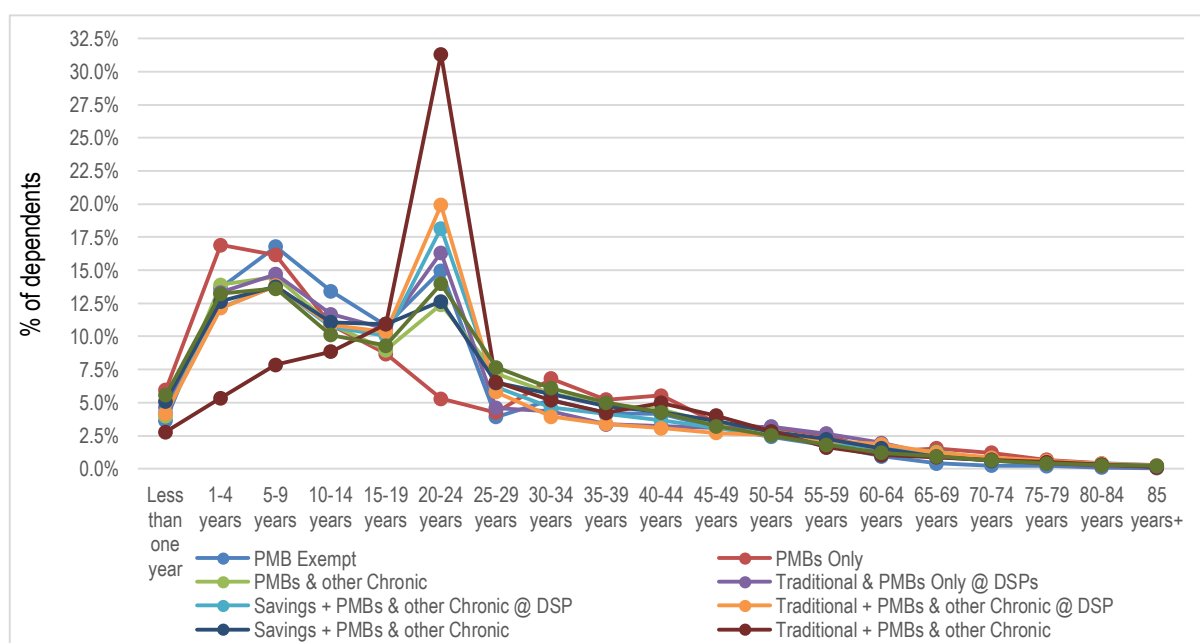


Figure 57 and Figure 58 show the 2013 and 2014 financial years' age profile of dependents leaving by benefit option type.

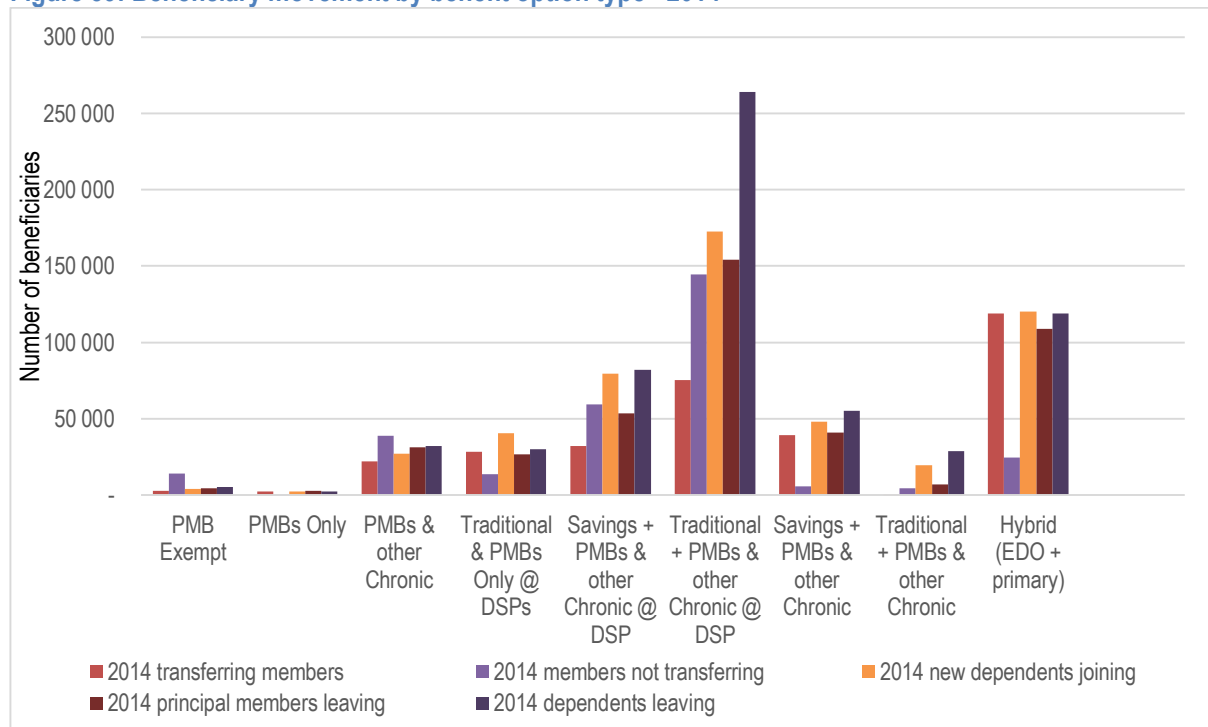
- Most benefit option types had age bands that peaked with the larger of the two occurring at the 20-24 age band.
- The reason for the loss in membership could be due to child dependents discontinuing membership from parents' medical aid while studying or looking for employment.



- The Traditional + PMBs & other Chronic benefit option type had a different age profile, with a gradual increase in dependents with age and a peak at the 20-24 age band after which it declines and behaves like the other benefit option types. This is a very comprehensive benefit option type which is often very expensive.
- The PMBs Only benefit option type experienced the greatest loss in dependents over the age range 1-4 years.
- The 2013 and 2014 trends are very similar across all ages and benefit option types with the main difference being that the peaks in 2013 were larger than those in 2014.

#### 4.4.2 Summary – Transfers, joining and departures of members

Figure 59: Beneficiary movement by benefit option type - 2014



**Figure 60 Beneficiary movement by age band - 2014**

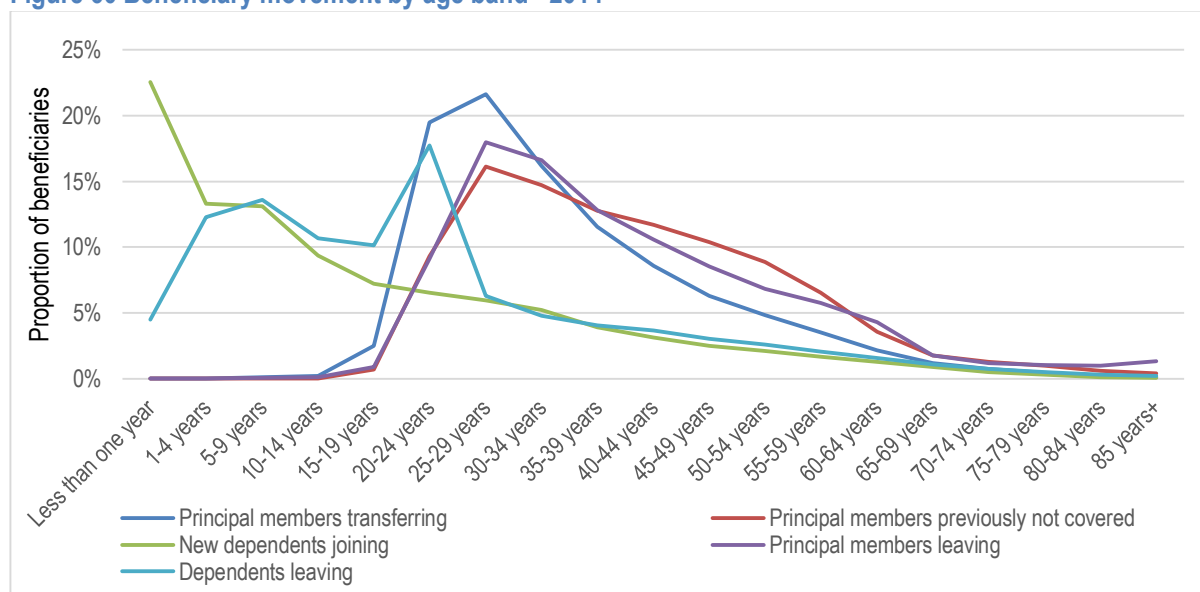


Figure 59, summarises the movement of beneficiaries by benefit option type in 2014. It shows the option types that had the most significant movement by actual number of beneficiaries. Figure 60, summarises the movement of beneficiaries by age in 2014.

There is a large number of principal members that transferred from other schemes. The bulk of the beneficiaries transferring from other schemes are in the age band 20-39 years. Most of these principal members transfer to open schemes. During the 2014 financial year there were 4 amalgamations; these amalgamations were with open schemes and this partly explains this observation.

Principal members previously not covered, mostly joined the restricted schemes. The most common age range of these principal members was 25-54 years.

The number of the principal members who left the schemes is similar to the number of the principals who transferred from other schemes, with significant differences in 20-29 year age bands. The open schemes also lost more members. This suggests that there is significant movement of beneficiaries across schemes, especially in the open schemes.

The age profile of new dependents suggests some form of anti-selection. The more comprehensive options have a large number of beneficiaries under the age of one. In the subsequent age groups these options have lower membership, while the less comprehensive option gain membership. This suggests that principal members move to more comprehensive options just before or during pregnancy. Once the baby is born, they buy-down to less comprehensive options. There is also an increase in membership around the ages 20-29 on the more comprehensive options to support this view.

## 4.5 Summary of beneficiary movement

This analysis provides a useful insight into the similarities and differences of movement amongst principal members, adult dependents and child dependents, and in particular a review of those transferring, joining and departing medical schemes.

The financial years, 2013 and 2014 showed very similar trends and there was no significant difference between the two years in terms of beneficiary movement. Small differences were observed in a few sections.

There are more male principal members and more female adult dependents with child dependents having slightly more males. There are more male principal members as there is a larger number of male' breadwinners. There are more female adult dependents as they are likely to be on their spouse's medical scheme.

#### Distribution of beneficiaries across options

The most popular benefit option types among beneficiaries to either join or transfer to, were the Traditional + PMBs & other Chronic @ DSP and Hybrid (EDO + primary) benefit option types. These benefit options provide day to day benefits, comprehensive chronic benefits and hospitalisation.

There was a significantly higher proportion of child dependents who were on options offering day to day benefits (funded from either savings accounts or risk). This shows that principal members with children prefer day to day cover.

The less comprehensive benefit options have very few beneficiaries.

The number of beneficiaries on options with no day to day benefits was very low – less than 7%. These options had the least number of child dependents. They also had a much larger proportion of older beneficiaries, particularly the PMBs Only benefit option.

The number of beneficiaries moving across benefit options combined with completely new beneficiaries was about 13% across all beneficiaries. This shows that the quantum of movement across benefit options is not very significant. The 13% includes beneficiaries who are completely new to a benefit option, new births and new principal members and other dependents.

#### Risk profile of beneficiaries moving across options

It was noted above that the number of beneficiaries that were new on benefit options was about 13%, implying the number of beneficiaries either buying up or buying down was less than this number. The risk profile of the new beneficiaries was significantly better than that of the existing beneficiaries. In short, the chronicity of new beneficiaries was lower than the chronicity of existing beneficiaries. The average age of new beneficiaries was also lower than the average age of existing beneficiaries.

The average age of principal members that left the benefit options was relatively young. The age band with the highest loss in principal members was 25-34 years for most benefit options. This has an effect of increasing the average age of the existing risk pool if not adequately balanced by the gain in younger membership.

#### Chronicity of open schemes vs restricted schemes

In 2014, the chronicity of restricted schemes was higher than the chronicity of open schemes. This observation is rather surprising as you would expect open schemes to be more susceptible to anti-selection by beneficiaries. This may suggest cherry picking of risks by the open schemes. Some benefit option types in restricted schemes have very bad risk as shown by the chronicity of such benefit option types. These risk pools in question consist of relatively small options among the restricted schemes.

#### Transfers from other schemes

The number of principal members transferring from other schemes was about 321 855, while the number of principal members not previously covered was approximately 306 234. Most of the transferring principal members went to open schemes, while most of the new principal members were on restricted schemes. The amalgamations during 2014 also contributed to the number of principal members transferring from other schemes. The open schemes did not attract as many new principal members, but grew by attracting members from other schemes.

#### *Movement of dependents*

The new dependents on benefit options show a very interesting trend. The under one year olds constitute the highest proportion of new dependents in the more comprehensive benefit options. The proportion of under ones is very low on the less comprehensive options.

The proportion of dependents aged 1-4 years, is lower than under ones on the more comprehensive option. It is expected that this is 3 times higher than the under ones, as this age band is 3 times larger. The proportion of the beneficiaries aged 1-4 years is significantly higher for less comprehensive options.

It suggests that beneficiaries prefer to be on higher options to cover pregnancy and downgrade thereafter. This can be further confirmed by the higher proportion of dependents in the age bands 20 – 34 years.

## 5. Conclusion & Recommendations

In conclusion; there are some pockets of anti-selection within medical schemes. This was noted in the instances of child dependents aged 20-24 years, comprehensive options having the highest proportion of pregnancies and the much older risk profiles in the less comprehensive options offering PMB cover.

The overall impact of such anti-selective behaviour is not expected to have a huge impact as the options showing this have a very low proportion of beneficiaries covered by them – about 13%. The risk profiles in most options are not showing drastic changes as the options are gaining younger members with lower chronicity. The new beneficiaries constitute at most 20% of the total membership on the benefit option types.

The lower chronicity in open schemes for 2014 is a surprising observation. A higher chronicity is expected in open schemes as they are more prone to anti-selection. It is important to understand why this chronicity is lower, a possible reason could be cherry picking of risks by open schemes, which is contrary to the open enrolment principal prescribed by the Medical Schemes Act, 131 of 1998.

Beneficiary movement is complex and there are many factors affecting membership movement. This report has described the movement of beneficiaries observed. There are a few conclusions that may be drawn, although further research and analysis would be required to fully understand beneficiary movement.

Once the beneficiary registry is in place, there would be more data available to analyse beneficiary movement. In the meantime the CMS will continue to report on movement of beneficiaries. Future reports could incorporate the financial impact of such movement by comparing claims ratios on the benefit option types.

A more objective analysis of member movement would be obtained if the chronicity of members leaving benefit options are also collected from schemes. It would help answer the questions: what is the risk profile of members leaving the schemes? Are schemes and benefit options losing healthy lives? These questions may be incorporated in the future statutory return data collection process.

## 6. References

Council for Medical Schemes. 2015. *Annual Statutory Returns Utilisation System*. Available from: <http://www.medicalschemes.com>

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