



Analysis of contributions and benefits of registered medical schemes for the year 2006

May 2006

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1. INTRODUCTION

The regulatory responsibilities of the Council for Medical Schemes include securing an appropriate level of protection for beneficiaries of medical schemes. This entails conducting an assessment of proposed scheme contribution and benefit changes that usually take effect at the beginning of January of each year.

In May 2005, a directive was released to the industry intended to eliminate residual risk rating by schemes through eliminating discriminatory practices such as variable medical savings account levels and the so-called "annual routine benefits". These practices tended to undermine some of the fundamental principles of the legislation such as community rating and cross subsidisation.

In terms of section 31 of the Medical Schemes Act 131, of 1998, all medical scheme rule amendments are required to be approved by the Registrar before they are implemented. The Registrar also has to ensure that all proposed benefit options are financially viable (s33-2) and non-discriminatory in nature (s24-2e). The purpose of the assessment of benefits and contributions is to ensure that all proposed scheme rules are rigorously assessed, before they are implemented, that the objectives of the directive are met and that they are compliant with all legislative provisions.

The rationale for the evaluation of contribution and benefit changes is to ensure that these changes are fair to members and compliant with all the requirements of the Medical Schemes Act. Above all, it guarantees appropriate protection for consumers.

2. OBJECTIVE

The objective of the assessment process of scheme rules was:

- to evaluate the appropriateness of the proposed contribution and benefit changes for 2006 before they could be registered.

- to ensure that all proposed rule amendments are in compliance with the Medical Schemes Act, 131 of 1998 as amended.

3. METHODS

3.1. Study population

The study population consisted of all schemes registered with the Council in 2005 and 2006. The study population was stratified into open and restricted schemes.

3.2. Inclusion and exclusion criteria

3.2.1. Inclusion criteria

All the medical schemes that submitted proposals on contribution and benefit changes for 2006 were included in the assessment process.

3.2.2. Exclusion criteria

Bargaining Council schemes were excluded from the assessment process as they currently are not required to submit rule amendments to the Council. Also excluded from the assessment process were medical schemes that did not submit rule amendments for implementation for 2006 due to amalgamations or liquidations. Schemes that were excluded for the above reasons are listed below.

Liquidated

- Free State Medical Scheme, and
- G5
- Omnihealth

Amalgamated/in the process of amalgamation

- MEDS
- Polprised

3.3. Rules assessment process

The assessment of rule amendments regarding contribution and benefit changes was a collaborative effort between the Research and Monitoring, Financial Supervision and Benefits Management units.

3.3.1. Legislation

The assessment process was also intended to ensure that compliance with legislation was maintained throughout the rules amendment process. Typical pieces of legislation that formed the core of the assessment process included among others:

- Act – sections: 7f, 24(2)e, 29(1)n, 29(1)o, 29(1)r, 30((1)e, 31, 33(2), 35 and 42.
- Reg: 7, 8, 9A, 9B, 10, 15,
- Annexure A

3.3.2. Assessment of contributions

Contribution changes were evaluated on the basis of their compliance with the recommended level of CPIX+3% which equated to 8%. In instances where the proposed contribution change for either the option or the scheme was higher than the recommended level, a motivation was requested from the scheme. The motivation was primarily a combination of an actuarial report and a financial projection together with an impact assessment on members.

The assessment took into account the scheme's statutory solvency level, performance of the benefit options in terms of operating results, demographic data, expenses on contracted parties such as managed care and non healthcare expenditure. Business plans were required for all proposed new options.

3.3.3. Assessment of benefits

Benefits changes were evaluated on the basis of their compliance with the directive of the letter sent to Principal Officers in May 2005 on the so-called “annual routine benefits” and variable savings accounts, as well as benefit structure, benefit limits, adequacy of cover for prescribed minimum benefits, threshold limits, deductibles and the level of co-payments.

A new tool called the Benefit Analyzer was used to evaluate benefit options of all open medical schemes. This tool standardises the way in which benefit options are presented (allowing for consistent comparison of products on a cross sectional basis), but also compares and evaluates cost structures for differing demographic profiles (Appendix 1). The benefit analyser was used to analyse benefits in relation to the full cost of the community rate, risk adjustment, provider adjustment, adjustment for in and out of hospital benefits and adjustment per option.

3.3.4. Variables used in the rules assessment process

Additional variables that were taken into account in the rules assessment process included:

- Average age of scheme
- Pensioner ratio
- Dependent ratio
- Claims ratio
- Solvency level
- Consumer price index (CPIX), and
- Membership size.

3.4. Analysis of contributions and benefits

3.4.1. Data sources for the analysis

Data on contributions were transcribed into a data extraction table in MS Excel from a questionnaire appended to the rules amendments (Appendix 2). Data on benefits were manually extracted from the Benefit Analyser of CMS and transcribed onto a database. The annual and quarterly statutory returns provided data on the number of members and dependants in schemes, solvency level, operating results, claims ratio, pensioner ratio, number

of beneficiaries and pensioner ratio. The annual return data was for 2004 while the statutory return data was for the 2nd quarter of 2005. General and medical inflation data (2001-2005) was obtained from Statistics South Africa.

3.4.2. Data management and analysis

Data were collated and cleaned using MS Excel and then exported into Stata 8.1 for coding into secondary variables and for data analysis.

Descriptive analyses

Contribution changes for January 2005 were compared with those proposed for implementation in January 2006. This was accomplished through the determination of frequencies, and the calculation of means, medians and standard deviations. Student's t-tests were used to test for significant differences in means between 2005 and 2006 contribution changes and for significant differences in mean contribution changes for the different benefit designs.

Open scheme options were grouped into 9 benefit designs: traditional comprehensive; partial out-of-hospital cover; hospital plan; fully capitated; partially capitated; new generation; partial new generation cover; closed network with savings account; and major medical cover. These benefit designs are explained in more detail in Appendix 3.

Of the 9 benefit designs, the traditional comprehensive and the fully capitated designs were considered to be at opposite ends of the spectrum in terms of the level of benefits and pricing. The two designs also represented different financing mechanism with the former generally using a fee for service approach and the latter employing risk transfer to managed care entities.

Regulatory interventions on out-of-hospital benefits between 2005 and 2006 with respect to the design of medical savings accounts and the discontinuation of the so-called annual routine benefits made comparison of these benefits difficult. As a result, only changes in contributions to risk cover were assessed.

Analysis of changes in benefits

All open medical scheme options were stratified into one of the 9 benefit design types as described in Appendix 3. Due to the complexity of the data retrieval process required and associated time constraints, a 30% random sample (Stata 8.1) was drawn from each stratum for in-depth benefit change analysis.

Information on benefit entitlement including non-PMB hospitalization, out of hospital services, co-payments (co-insurance), first deductibles financed through the savings account and gap financing resulting from above threshold benefit levels) was extracted from the Benefit Analyser and used to calculate the change in i) combined annual limits, ii) hospital limits and iii) the change in out of pocket expenditure by members, for a family of four beneficiaries from 2005 to 2006.

Logistic Regression Analysis

A logistic regression analysis was conducted only on open schemes data. Selected variables were tested, on a one-to-one basis, to determine whether they could sufficiently predict proposed contribution increases above the recommended level of CPIX+3%¹. Should any of the variables have had a statistically significant relationship to the outcome variable, multivariate logistic regression, would have been used to determine possible explanatory variables for contribution increases greater than CPIX+3%. Since this was not the case multivariate regression was not conducted on this dataset.

¹Logistic regression uses the co-efficient of the explanatory variables to predict the probability of a positive outcome for a dependent binary outcome variable. Specifically, the model weights the explanatory variables and creates a score for each of them. This will then be used to determine the probability of a positive outcome.
Logit function:

$$P_j (Y=1) = 1 / 1 + \exp[-(b_0 + b_1x_1 + b_2x_2 + \dots + b_nx_n)]$$

Where:

- $P_j (Y=1)$ = Probability of greater than CPIX+3% contribution increase for scheme j
- Exp = exponential function
- b_1, b_2, \dots, b_n = slope coefficients (weights)
- x_1, x_2, \dots, x_n = explanatory variables (financial ratios)

4. RESULTS

4.1. Frequency of medical schemes and options in 2006

There were 124 medical schemes registered in 2006. The number of medical schemes assessed represented 99.2% (n=123) of all registered schemes. One scheme was excluded due to uncertainty about its continued status as a registered scheme. One open scheme failed and three merged in 2005. Two restricted schemes also merged while one was liquidated in 2005. The number of the medical schemes by type is shown in Table 1.

Table 1: Number of schemes registered in 2006

| <i>Scheme status</i> | <i>Open Schemes</i> | <i>Restricted Schemes</i> | <i>Total</i> |
|-----------------------------------------|---------------------|---------------------------|--------------|
| Schemes registered in 2005 | 46 | 84 | 130 |
| - (Liquidated in 2005) | 1 | 2 | 3 |
| - (Merged\Amalgamated in 2005) | 1 | 1 | 2 |
| Total schemes registered in 2006 | 44* | 81 | 125* |

*2 open schemes excluded due to proposed liquidation

There were a total of 401 benefit options in registered scheme in 2005. Open schemes had 237 options while restricted schemes had 164 options. Of the 237 options registered within open schemes in 2005, 192 were continued into 2006 (45 options were merged discontinued) (Table 2). Of the 164 restricted schemes options registered in 2005, 157 were continued into 2006 (7 options were discontinued or merged). The number of options overall, decreased in open schemes from 237 in 2005 to 208 in 2006 and increased in restricted schemes from 164 in 2005 to 173 in 2006.

Table 2: Number of options registered in 2006

| <i>Option status</i> | <i>Open schemes</i> | <i>Restricted schemes</i> | <i>Total</i> |
|------------------------------------------|---------------------|---------------------------|--------------|
| Pre-existing options 2005 | 237 | 164 | 401 |
| + (New options) | 16 | 16 | 32 |
| - (Discontinued) | 19 | 3 | 22 |
| - (Merged options within schemes) | 5 | 1 | 6 |
| - (Merged options between schemes) | 9 | 2 | 11 |
| - (Migrated options due to scheme merge) | 2 | 0 | 2 |
| - (Not registered) | 5 | 0 | 5 |
| - (Liquidated due to scheme liquidation) | 5 | 1 | 6 |

| | | | |
|-----------------------------------------|-----|-----|------|
| Total options registered in 2006 | 208 | 173 | 381* |
|-----------------------------------------|-----|-----|------|

*benefit options of 1 scheme excluded

4.2. Membership increases

The number of beneficiaries in open schemes increased by 1.19% between December 2004 and June 2005 (Table 3). Similarly, the number of beneficiaries in restricted schemes rose by 0.7% in this period. This resulted in an overall increase of ~1% in the number of beneficiaries. The information for 2005 is, however, based on unaudited quarterly return data. A more detailed analysis of the correlation between contribution changes and its impact on membership is necessary using concurrent data.

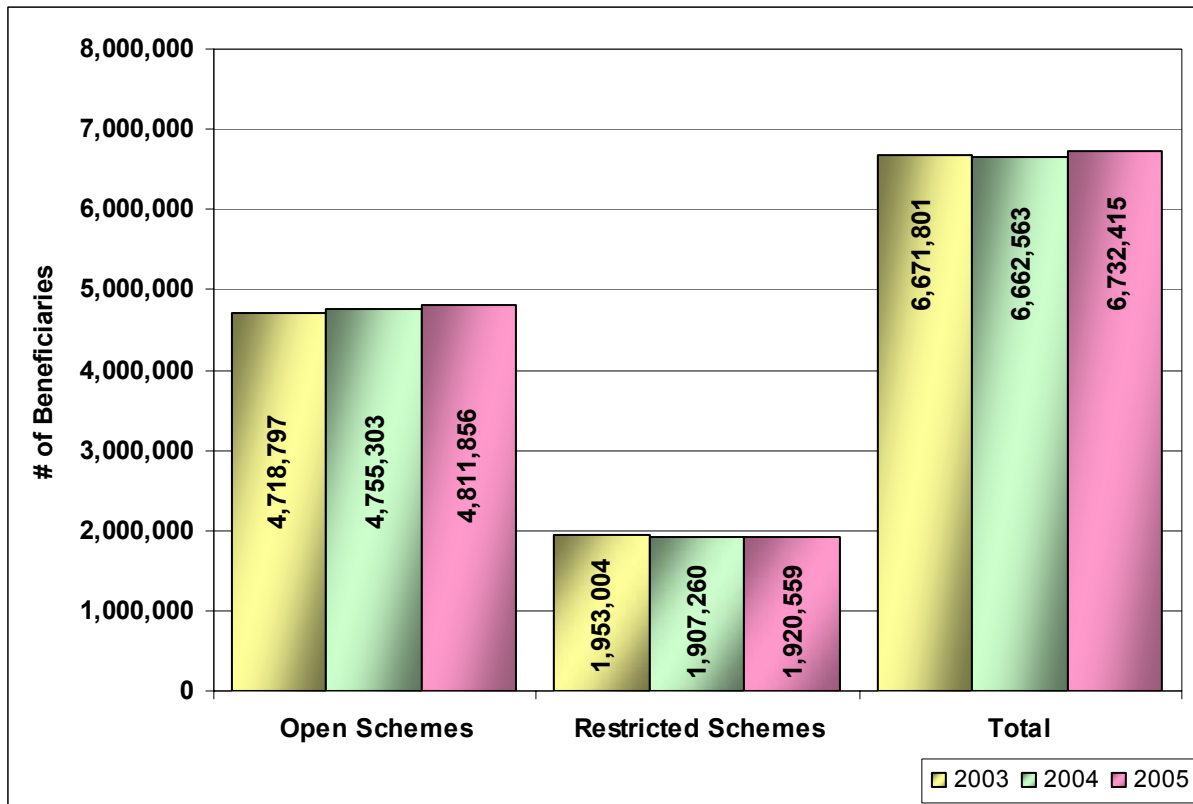
Table 3: Change in medical scheme membership from December 2004 to June 2005

| Membership | | 2004 | 2005 (Q2) | % increase (decrease) |
|---------------------------|----------------------------------------|------------------|------------------|-----------------------|
| Open Schemes | Members | 1,924,343 | 1,954,982 | 1.59 |
| | Dependents | 2,830,960 | 2,856,874 | 0.92 |
| | Total beneficiaries registered in 2005 | 4,755,303 | 4,811,856 | 1.19 |
| Restricted Schemes | Members | 791,921 | 792,682 | 0.10 |
| | Dependents | 1,115,339 | 1,127,877 | 1.12 |
| | Total beneficiaries registered in 2005 | 1,907,260 | 1,920,559 | 0.70 |
| All Schemes | Members | 2,716,264 | 2,747,664 | 1.16 |
| | Dependents | 3,946,299 | 3,984,751 | 0.97 |
| | Total beneficiaries | 6,662,563 | 6,732,415 | 1.05 |

Figure 1 shows a 3-year trend in membership changes in open and restricted schemes. Between 2003 and 2004, membership to open schemes increased slightly but the corresponding decrease in restricted schemes resulted in an overall decrease. This “trend” has however

reversed in 2005 where both open and restricted schemes saw an increase in the number of beneficiaries registered, resulting in a marginal increase in 2005 (Fig 1).

Figure 1: Number of beneficiaries in open and restricted schemes from 2003 to June 2005



4.3. Contribution increases

Overall, the average increase in contributions for all schemes for 2006 was 5.96% (Table 4). When stratified by type of scheme, the overall average contribution increase for open schemes was slightly lower (6.88%) in 2006 than in 2005 (7.45%). The increase in average contributions for restricted schemes was also lower (5.89%) in 2006 than in 2005 (5.89%). The average contribution change for open schemes was however, significantly higher (6.88%) than that of restricted schemes (4.81%).

Overall, the average contribution increase for a member was lower (6.83%) than that of a family of 4 (6.94%). A similar trend was noted for open and restricted schemes. In 2006, the level of contribution increase for a family of 4 was lower than that of a family of 3. The average contribution increase for a medical scheme member in 2006 was significantly lower (5.48%) than the average contribution increase in 2005 (6.83%). Average contribution increases in 2006 were consistently lower than in 2005, for all categories of membership in all, open and restricted schemes.

Table 4: Average contribution increase for beneficiaries of medical schemes in 2006

| <i>Medical scheme type</i> | <i>Membership</i> | <i>2005 Average (%)</i> | <i>2006 Average (%)</i> | <i>2006 Std dev¹</i> |
|----------------------------|-----------------------------------------|-------------------------|-------------------------|---------------------------------|
| All schemes | Member | 6.83* | 5.48* | 8.79 |
| | Member + 1 adult dependent | 6.83 | 5.96 | 8.46 |
| | Member + 1 adult dependent + 1 child | 6.87 | 6.18 | 8.36 |
| | Member + 1 adult dependent + 2 children | 6.94 | 6.22 | 8.28 |
| | All | 6.86 | 5.96 | 8.19 |
| Open schemes | Member | 7.49 | 6.39 | 9.27 |
| | Member + 1 adult dependent | 7.49 | 6.96 | 9.54 |
| | Member + 1 adult dependent + 1 child | 7.41 | 7.12 | 9.58 |
| | Member + 1 adult dependent + 2 children | 7.43 | 7.01 | 9.44 |
| | All | 7.45 | 6.88† | 9.23 |
| Restricted schemes | Member | 5.73 | 4.33 | 8.02 |
| | Member + 1 adult dependent | 5.74 | 4.71 | 6.71 |
| | Member + 1 adult dependent + 1 child | 5.96 | 4.98 | 6.39 |
| | Member + 1 adult dependent + 2 children | 6.13 | 5.22 | 6.46 |

| | | | |
|------------|-------------|--------------|-------------|
| All | 5.89 | 4.81‡ | 6.54 |
|------------|-------------|--------------|-------------|

¹ Std Dev = Standard deviation; Average deviation around the mean.

* Statistically significant difference between the mean contribution increase in 2005 and 2006 (Student's t-test, p<0.05).

‡ Statistically significant difference between the mean contribution increase in open vs restricted schemes (Student's t-test, p<0.05).

4.3.1. Contribution changes above the recommended level

Of the 42 open medical schemes, a third (33.33%) had average contribution increases in excess of the Council's recommended increase of CPIX + 3% (8%). Within these schemes, 42.2% of the options exceeded the 8% recommended contribution increase (Table 5). A smaller proportion of options (10.94%) and schemes (7.14%) experienced no change in contributions, while an even lesser proportion experienced a decrease in contributions.

Table 5: Contribution changes in open medical schemes and options

| | <i>Total (N)</i> | <i>Contribution Changes n (%N)</i> | | | |
|-------------------------------|------------------|------------------------------------|-----------|--------------|---------------|
| | | <i><0%</i> | <i>0%</i> | <i>1%-8%</i> | <i>>8%</i> |
| Medical Schemes | 42 | 1 (2.38) | 3 (7.14) | 24 (57.14) | 14 (33.33) |
| Medical Scheme Options | 192 | 17 (8.85) | 21(10.94) | 73 (38.02) | 81 (42.19) |

Among the restricted medical schemes, 19.75% had average contribution increases in excess of the Council's recommended increase of CPIX + 3% (8%). Within these schemes, 28.66% of the options exceeded the 8% recommended contribution increase (Table 6).

Table 6: Contribution changes in restricted medical schemes and options

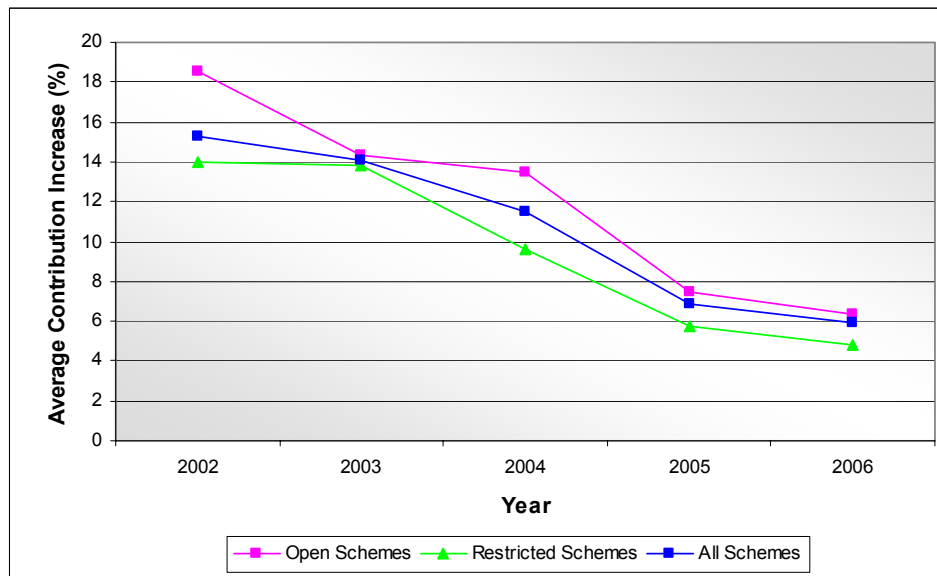
| | <i>Total (N)</i> | <i>Contribution Changes n (%N)</i> | | | |
|-------------------------------|------------------|------------------------------------|-----------|--------------|---------------|
| | | <i><0%</i> | <i>0%</i> | <i>1%-8%</i> | <i>>8%</i> |
| Medical Schemes | 81 | 7 (8.64) | 17(20.99) | 41 (50.62) | 16 (19.75) |
| Medical Scheme Options | 157 | 12 (7.64) | 26(16.56) | 74 (47.13) | 45 (28.66) |

Comparing open and restricted schemes, 8% of restricted schemes had average contribution decreases while only 2% of open schemes had a decrease. Similarly, ~20% of restricted schemes had >8% contribution increases compared to 33% of open schemes.

4.4. Trends in contribution changes

The average annual contribution increase for medical scheme beneficiaries has been declining since 2001. Figure 2 illustrates the consistently higher contribution increases applied in open schemes compared to restricted schemes, for the period 2002 to 2006.

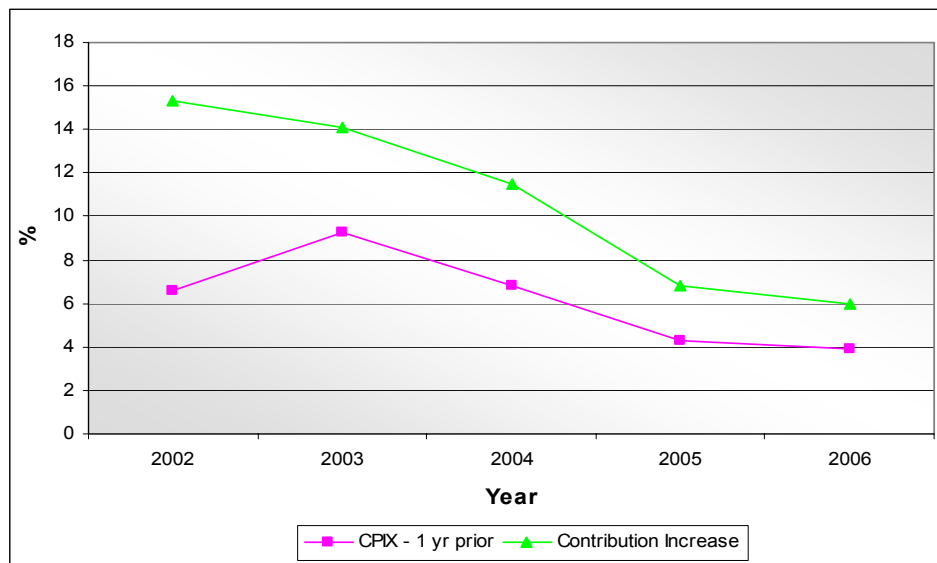
Figure 2: Trend in contribution changes from 2002 to 2006



4.5. CPIX and contribution changes

Figure 3 shows that for the period 2002 to 2006, average contribution increases proposed by medical schemes were consistently higher than the CPIX, with a continual decrease in the gap between the two measures. The decrease in the rate of change of contributions appears to be correlated with the decrease in the CPIX (Fig 3).

Figure 3: CPIX and contribution changes for 2002 – 2006



4.6. Pricing of medical scheme products in 2006

The benefit structures of medical schemes were categorised into 9 different designs in terms of what is currently offered to members by schemes (full details outlined in Appendix 3).

The table below shows the different medical scheme products and the contribution per member. The average contribution per member per month is R1,072.89. The level of contribution for adult dependants is discounted from that of the member by 21% while that of child dependant is discounted by 71%.

Fully capitated options are more affordable (R560.00 – median; R579.00 - mean), while major medical options are more expensive (R1,236.00 – median; R1,302.40 - mean). The median was used in an effort to compensate for the distribution of the data which was negatively skewed.

Table 7: Contributions of medical schemes products per member per month

| <i>Benefit Design</i> | <i>n</i> | <i>Member Contributions</i> | | | |
|---------------------------------------------|-----------|-----------------------------|-------------|-----------|--------------|
| | | <i>Median</i> | <i>Mean</i> | <i>SD</i> | <i>Range</i> |
| TRADITIONAL COMPREHENSIVE OPTION | 64 | 1,219.50 | 1,297.31 | 557.01 | 462-2,870 |
| PARTIAL OUT-OF-HOSPITAL COVER OPTION | 21 | 717.00 | 738.76 | 247.36 | 475-1,476 |
| HOSPITAL PLAN | 6 | 592.50 | 730.67 | 412.28 | 453-1,559 |
| FULLY CAPITATED OPTION | 19 | 560.00 | 579.00 | 218.95 | 278-1,016 |
| PARTIALLY CAPITATED OPTION | 5 | 630.00 | 698.40 | 260.83 | 485-1,130 |

| | | | | | |
|---------------------------------------------------|-------------|----------|----------|--------|------------|
| NEW GENERATION OPTION | 32 | 1,196.50 | 1,290.94 | 495.65 | 609-2,773 |
| PARTIAL NEW GENERATION COVER OPTION | 19 | 756.00 | 927.68 | 408.41 | 500-1,837 |
| CLOSED NETWORK WITH SAVINGS ACCOUNT OPTION | 4 | 1,201.50 | 1,222.25 | 158.31 | 1066-1,420 |
| MAJOR MEDICAL COVER OPTION | 5 | 1,236.00 | 1,302.40 | 227.57 | 999-1,544 |
| All | 175* | 1,000.00 | 1,072.89 | 522.68 | 278-2,870 |

*Contribution information not available for 17 options

4.7. Benefit structure in open medical schemes

A limited set of financial and demographic information was used to compare the benefit designs in open schemes (Table 8).

Table 8: Financial and demographic data of different benefit designs

| <i>Benefit Design¹</i> | <i>Variable</i> | <i>Obs</i> | <i>Mean</i> | <i>SD</i> | <i>Range</i> | |
|---------------------------------------------|-----------------------------|------------|-------------|-----------|--------------|------------|
| | | | | | <i>Min</i> | <i>Max</i> |
| TRADITIONAL COMPREHENSIVE OPTION | Average Option Increase (%) | 67 | 6.19 | 6.78 | -20.03 | 20.30 |
| | Claims Ratio (%) | 65 | 83.95 | 15.03 | 50.04 | 147.79 |
| | Underwriting Margin (%) | 65 | 16.05 | 15.03 | -47.79 | 49.96 |
| | Dependency Ratio | 66 | 2.41 | 0.50 | 1.35 | 3.92 |
| | Pensioner Ratio | 66 | 12.16† | 14.02 | 0.00 | 65.86 |
| | Average Age | 66 | 36.44† | 10.13 | 22.00 | 69.04 |
| PARTIAL OUT-OF-HOSPITAL COVER OPTION | Average Option Increase (%) | 21 | 6.57 | 3.98 | -1.88 | 14.00 |
| | Claims Ratio (%) | 21 | 79.12 | 39.47 | 13.66 | 226.51 |
| | Underwriting Margin (%) | 21 | 20.88 | 39.47 | -126.51 | 86.34 |
| | Dependency Ratio | 21 | 2.35 | 0.39 | 1.25 | 3.00 |
| | Pensioner Ratio | 21 | 6.22* | 5.68 | 0.32 | 25.09 |
| | Average Age | 21 | 32.19* | 4.90 | 25.29 | 45.44 |
| HOSPITAL PLAN | Average Option Increase (%) | 6 | 3.65 | 17.72 | -30.95 | 20.38 |
| | Claims Ratio (%) | 6 | 56.76*† | 31.65 | 0.00 | 82.22 |
| | Underwriting Margin (%) | 6 | 43.24*† | 31.65 | 17.78 | 100.00 |
| | Dependency Ratio | 6 | 2.25 | 0.56 | 1.38 | 2.98 |
| | Pensioner Ratio | 6 | 4.03 | 4.05 | 0.00 | 11.02 |
| | Average Age | 6 | 30.73 | 3.12 | 27.88 | 36.32 |

| | | | | | | |
|---------------------------------------------------|-----------------------------|----|---------|-------|--------|--------|
| FULLY CAPITATED OPTION | Average Option Increase (%) | 21 | 4.85 | 7.14 | -14.00 | 20.93 |
| | Claims Ratio (%) | 21 | 83.41 | 16.37 | 43.81 | 118.99 |
| | Underwriting Margin (%) | 21 | 16.59 | 16.37 | -18.99 | 56.19 |
| | Dependency Ratio | 21 | 2.32 | 0.63 | 1.10 | 4.06 |
| | Pensioner Ratio | 21 | 4.96* | 5.32 | 0.00 | 17.65 |
| | Average Age | 21 | 30.39* | 3.79 | 24.57 | 37.04 |
| PARTIALLY CAPITATED OPTION | Average Option Increase (%) | 5 | 16.19*‡ | 14.46 | 0.00 | 36.51 |
| | Claims Ratio (%) | 5 | 96.50 | 8.95 | 81.22 | 103.02 |
| | Underwriting Margin (%) | 5 | 3.50 | 8.95 | -3.02 | 18.78 |
| | Dependency Ratio | 5 | 2.38 | 0.35 | 2.03 | 2.95 |
| | Pensioner Ratio | 5 | 5.13 | 2.27 | 1.15 | 6.61 |
| | Average Age | 5 | 30.82 | 3.28 | 25.42 | 33.72 |
| NEW GENERATION OPTION | Average Option Increase (%) | 24 | 10.82*‡ | 6.86 | -1.27 | 26.64 |
| | Claims Ratio (%) | 23 | 85.34 | 22.81 | 45.76 | 122.65 |
| | Underwriting Margin (%) | 23 | 14.66 | 22.81 | -22.65 | 54.24 |
| | Dependency Ratio | 23 | 2.39 | 0.49 | 1.70 | 3.85 |
| | Pensioner Ratio | 23 | 12.18‡ | 8.47 | 0.17 | 28.69 |
| | Average Age | 23 | 38.04‡ | 7.75 | 25.09 | 52.14 |
| PARTIAL NEW GENERATION COVER OPTION | Average Option Increase (%) | 14 | 4.42 | 3.44 | 0.00 | 10.60 |
| | Claims Ratio (%) | 14 | 83.99 | 26.21 | 42.75 | 149.53 |
| | Underwriting Margin (%) | 14 | 16.01 | 26.21 | -49.53 | 57.25 |
| | Dependency Ratio | 14 | 2.31 | 0.30 | 1.90 | 2.95 |
| | Pensioner Ratio | 14 | 9.95 | 10.20 | 0.19 | 34.33 |
| | Average Age | 14 | 35.25 | 8.07 | 24.63 | 51.67 |
| CLOSED NETWORK WITH SAVINGS ACCOUNT OPTION | Average Option Increase (%) | 5 | 15.42*‡ | 7.77 | 8.60 | 27.75 |
| | Claims Ratio (%) | 5 | 72.43 | 25.48 | 38.73 | 98.07 |
| | Underwriting Margin (%) | 5 | 27.57 | 25.48 | 1.93 | 61.27 |
| | Dependency Ratio | 5 | 2.47 | 0.36 | 1.93 | 2.84 |
| | Pensioner Ratio | 5 | 9.71 | 4.07 | 5.34 | 14.34 |
| | Average Age | 5 | 35.10 | 5.13 | 29.50 | 39.92 |
| MAJOR MEDICAL COVER OPTION | Average Option Increase (%) | 5 | 5.99 | 1.61 | 3.93 | 8.00 |
| | Claims Ratio (%) | 5 | 78.29 | 10.63 | 60.96 | 86.91 |
| | Underwriting Margin (%) | 5 | 21.71 | 10.63 | 13.09 | 39.04 |
| | Dependency Ratio | 5 | 2.40 | 0.22 | 2.15 | 2.68 |
| | Pensioner Ratio | 5 | 10.57 | 3.62 | 6.52 | 16.32 |
| | Average Age | 5 | 38.37‡ | 2.59 | 35.64 | 41.94 |

¹ See Appendix 3 for definition of benefit design groups

* Statistically significant difference compared to Traditional comprehensive option

‡ Statistically significant difference compared to the Fully capitated option

Of a total of 169 benefit options, the most common were traditional comprehensive options which constituted 40% (n=67) of all options, followed by new generation (14.2%), partial out-of-hospital (12.4%) and fully capitated (12.4%) options.

Average option contribution changes ranged from as -30.95% for hospital plans, to 36.51% in partially capitated options. Fully capitated plans had the lowest average contribution change (4.85%), while the partially capitated options had the highest contribution change (16.19%). In terms of the claims ratio, the hospital plan had the lowest claims ratio while the partially capitated options had the highest. When compared to the fully capitated options, partially capitated, new generation and closed network options had significantly different average option increases. Options with hospital plans only had significantly different claims and underwriting ratios compared to fully capitated options. Significantly different pensioner and average age ratios were seen for the traditional comprehensive and new generation options when compared to the fully capitated options.

When compared to traditional comprehensive options, both the partial out-of-hospital cover and fully capitated options had significantly different age and pensioner ratios (see * on Table 8) and hospital plans had significantly different claims and underwriting margins. Furthermore, significant differences in the average option increase were noted between the traditional comprehensive options and the partially capitated, new generation and closed network options.

4.8. Benefit change in open medical schemes

Table 9: Percentage change in benefit limits from 2005 to 2006, by benefit design

| <i>Benefit Design</i> | <i>n</i> | <i>% Change in benefit limits from 2005 to 2006</i> | | | | | | | | |
|------------------------------------------------|-----------|-----------------------------------------------------|-------------|--------------|----------------------------------------------|-------------|--------------|-------------------------------------------|-------------|--------------|
| | | <i>Risk cover¹</i> | | | <i>Hospital cover (non-PMBs)²</i> | | | <i>Out-of-pocket expenses³</i> | | |
| | | <i>Median</i> | <i>IQR*</i> | <i>Range</i> | <i>Median</i> | <i>IQR*</i> | <i>Range</i> | <i>Median</i> | <i>IQR*</i> | <i>Range</i> |
| TRADITIONAL COMPREHENSIVE OPTION | 16 | 13.50 | 3.5-66.5 | -7-181 | 0.00 | 0-44 | 0-257 | 0.00 | 0-0 | -2-17 |
| PARTIAL OUT-OF-HOSPITAL COVER OPTION | 8 | 1.10 | 0.1-18 | -5-62 | 0.00 | 0-11 | 0-100 | 0.00 | 0-0 | 0-0 |
| HOSPITAL PLAN | 1 | 30.00 | 30-30 | 30-30 | 30.00 | 30-30 | 30-30 | 0.00 | 0-0 | 0-0 |
| FULLY CAPITATED OPTION | 6 | 36.60 | 0-100 | -23-229 | 33.50 | 0-100 | -33-233 | 0.00 | 0-0 | 0-0 |
| PARTIALLY CAPITATED OPTION | 2 | -0.10 | -0.2-0 | -0.2-0 | 0.00 | 0-0 | 0-0 | 0.00 | 0-0 | 0-0 |
| NEW GENERATION OPTION | 6 | 11.00 | 2-40 | -70-93 | 0.00 | 0-0 | 0-100 | -14.50 | -49-(-2) | -57-(-1.3) |
| PARTIAL NEW GENERATION COVER OPTION | 4 | 5.00 | 0-78 | 0-146 | 0.00 | 0-75 | 0-150 | 1.50 | -11.5-5 | -23-7 |
| CLOSED NETWORK + SAVINGS ACCOUNT OPTION | 2 | 27.50 | 7-48 | 7-48 | 0.00 | 0-0 | 0-0 | 2.50 | -1-6 | -1-6 |
| MAJOR MEDICAL COVER OPTION | 2 | -8.00 | -16-0 | -16-0 | 0.00 | 0-0 | 0-0 | 0.00 | -9-9 | -9-9 |
| All | 47 | 6.00 | 0-52 | -70-229 | 0.00 | 0-30 | -33-257 | 0 | 0-0 | -57-17 |

*IQR = Interquartile Range

¹ Risk cover – includes cover for prescribed minimum benefits (PMBs), chronic disease list (CDL) medication, supplementary CDL medication and day-to-day expenses (excluding MSA limits)

² Hospital cover – refers to hospital admissions, excluding PMBs

³ Out-of-pocket expenses - refers to MSA/first deductibles, gap funding and co-payments.

In terms of the percentage change in risk cover limits for 2006, Traditional Comprehensive Options experienced a wide scope of change in annual limits ranging from -7% to 181%, where the median percentage change was 13.5% (Table 9). This wide range of percentage change in risk cover limits may suggest a differentiation in the marketing of the products. On the other hand, Partial Out-of-Hospital Cover Options, while being a derivative of the traditional comprehensive option, had relatively lower changes in benefit limits. Fully Capitated Options revealed the largest median annual limit change (36.6%) while the Major Medical Cover (-8%) and Partially Capitated (-0.1%) Options were the only benefit design types that showed a decrease in median annual limits relative to the other benefit designs (Table 9).

The only benefit design types that had a change in annual limits for non-PMB hospital cover (catastrophic cover) were the Fully Capitated (33.5%) and Hospital Plan (30%) Options. Their values ranged from -33% to 233% and 30%-30%, respectively.

The options that revealed differences in out-of-pocket expenditure were those that had savings accounts, funding gaps and co-payments. New Generation Options had the biggest changes and yielded a median change in annual limit of -14.5%, with a range of -57% to -1.3%. Partial New Generation Cover Options yielded a median of 1.5%.

4.9. Regression Analysis

Univariate logistic regression revealed no explanatory variables with a significant relationship ($p < 0.05$) to the outcome variable (contribution increases above CPIX+3%) (Table 10). As a result, multivariate logistic regression was not attempted. An investigation into other explanatory variables is suggested.

Table 10: Results of Univariate logistic regression on contribution increases above CPIX+3%

| <i>Explanatory variables</i> | <i>Coefficient</i> | <i>p-value</i> |
|---------------------------------|--------------------|----------------|
| Administrative cost | -3.62E-02 | 0.551 |
| Average age in scheme | -4.82E-02 | 0.463 |
| Claims ratio | -8.78E-03 | 0.702 |
| Dependency ratio | 4.16E-01 | 0.526 |
| Nett contribution income | 6.27E-10 | 0.242 |
| Non-health expenditure | -5.59E-02 | 0.480 |
| Number of beneficiaries | 2.96E-06 | 0.268 |
| Number of members | 6.97E-06 | 0.283 |
| Operating results | 2.79E-09 | 0.782 |
| Pensioner ratio | -2.80E-02 | 0.588 |
| Solvency | -2.79E-02 | 0.100 |
| Underwriting margin | 8.78E-03 | 0.702 |

5. DISCUSSION

The objective of the assessment of rule amendments was to evaluate the appropriateness of the proposed contribution and benefit changes for 2006, and to ensure that all proposed rule amendments were in compliance with legislation before they could be implemented.

All medical schemes that submitted rule amendments for 2006 were included in the analysis of contribution and benefit changes. Bargaining Council schemes were however, excluded as they currently are not required to submit rule amendments to Council and also, do not fully comply with the provision of the legislation.

Contributions were assessed against a recommended level of 8%. Motivations were required from schemes when contribution changes were higher than the recommended level. Typical information required included an actuarial report and a financial projection together with an impact assessment on members.

Benefits were evaluated on the basis of their compliance with the directive on variable savings levels and the so called "annual routine benefits". In addition to this, the benefit structure, benefit limits, adequacy of cover for prescribed minimum benefits threshold limits, deductibles and the level of medical savings accounts, were also assessed.

The Benefit Analyzer was used to evaluate benefit options of all open medical schemes. The benefit options of restricted schemes were however not evaluated due to time constraints. This analytical tool standardises the way in which benefit options are presented (allowing for consistent comparison of products on a cross sectional basis), and also compares and evaluates cost structures for differing demographic profiles.

The results of this evaluation exercise revealed a decline in the total number of schemes registered with the Council from 130 in 2005 to 123 in 2006. The decline could be attributed to amalgamations and liquidations and appears to have led to more consolidation of schemes as exemplified by the positive change in membership. Of the 5 schemes no longer operational, 3 were open schemes (Free State Medical Scheme, Omnihealth and MEDS) and 2 were restricted schemes (G5 and Polprised). The total number of options registered in 2006 decreased from

401 in 2005 to 382 in 2006. Some of the options that existed in 2005 were discontinued in 2006 for a variety of reasons including performance, sustainability and compliance with legislation. For 2006, a total of 32 new options were introduced by medical schemes.

Membership of medical schemes is used as a proxy measure of affordability. The membership of medical schemes increased by 1.05% between December 2004 and June 2005. The number of beneficiaries in open schemes increased by 1.19% while restricted schemes experienced a marginal increase of 0.7%. The data was however, based on unaudited quarterly returns and is not necessarily a reflection of the impact of current proposed contributions. The full impact of the current contribution and benefit changes will only be assessed after the 1st quarter result of the 2006 quarterly returns have been collected and fully analysed.

The average consolidated percentage contribution change declined from 6.86% in 2005 to 5.96% in 2006. A similar trend was noted for open schemes which saw a decline from 7.45% in 2005 to 6.88% in 2006. The decline in restricted schemes was even more pronounced from 5.89% in 2005 to 4.81 % in 2006. In general, the average contribution increase in restricted schemes was lower than in open schemes.

The difference in average contribution change between open and restricted schemes could be attributed in certain respect to a comparatively higher solvency level, better scheme management and good operating results. Furthermore, the risk in restricted schemes is predictable and may be reduced due to the healthy worker effect. This difference may also indicate the possible impact of product heterogeneity on price structures in open schemes and product homogeneity in restricted schemes. This further suggests that incomplete risk information on the part of both consumers and insurers in the open scheme sector relative to the restricted scheme sector impacts on the degree of uncertainty that each experiences hence the impact on pricing.

The increase in contributions tended to be higher for a family of 4 in both the open and restricted schemes when compared with those of members only.

A third of open schemes (33.33%) and 42.19% of options had contribution changes in excess of the recommended level of 8%. A lesser proportion of schemes (9.52%) and options

(19.79%) experienced no contribution change or had a decline in contributions. Restricted schemes on the other hand, had fewer schemes (19.75%) and options (28.66%) that were priced above the 8% recommended level. There were however, more restricted schemes (29.63%) and options (24.20%) that had no contribution changes or had a decline in contributions for 2006.

An analysis of trends in contribution changes revealed that the rate of increase has been declining since 2002. The contribution changes for 2006 were the lowest in 5 years. The decline was observed in both the restricted and open schemes. The decline appeared to be correlated to the change in the CPIX, which followed a similar pattern.

There was overall compliance by schemes with the directive by the Registrar on the discontinuation of variable savings and the so called annual routine benefits. Some medical schemes opted for a compromise savings level based on high concentration of members while others opted to eliminate MSA from options completely. There were instances when schemes chose to convert the savings provision into a risk benefit. In extreme cases, some schemes split the options into two in an effort to accommodate various savings levels. These schemes were, however, encouraged to differentiate the options substantially from each other and not merely on the basis of a medical savings account, as this contributed to risk splitting. After all, medical savings accounts are not necessarily benefits but financing mechanisms and should therefore not be used as the basis for differentiating options.

A total of 9 different types of options were identified, ranging from fee-for-service based traditional comprehensive options to fully capitated options. The differences in the types of options also reflected the differences in the pricing and affordability of the options. Traditional comprehensive and major medical options were the most expensive with median pricing at R1,219.50 and R1,236.00 per member, respectively. On the other hand, hospital plan and full capitated options were among the lowly priced at R592.50 and R560.00 per member, respectively. The differences in the options could be attributed to the differences in the degree of access to health services between the benefit structures, particularly out-of-hospital services, the impact of freedom of choice available to consumers on premiums, in terms of, the restrictions concerning use of service provider networks or the distribution channels created by schemes and the effect that tariffs, re-imburement methods, co-payments and funding gaps

may have on the loading or adjustment of an option's pure premium. For example, a capitated option allows the scheme to take less account of pricing risk attributed to the uncertainty of floating fee-for-service charges by providers (relative to pricing for fixed claims costs for capitated products).

These underlying factors could also explain the vastly different claims ratios experienced by the options relative to the traditional comprehensive option. Although not shown to be statistically different, the hospital plan paradoxically experienced a much higher average contribution increase relative to the traditional comprehensive plan. The mean claims ratio of 57% for hospital plan options suggest that these beneficiaries are low-users of services and that the options are generally overpriced for a healthy demographic profile. This suggests that hospital plans may not be contributing to an optimal community rate.

Capitated and traditional options have opposing profiles on risk and uncertainty due to the unique and distinctive nature of their benefit structuring. In contrast, however, the reasons for the statistically significant differences in the average contributions between the fully capitated options and the partially capitated, new generation and closed network options are similar to the reasons outlined in the afore-mentioned discussion on traditional comprehensive options.

The heterogeneity of options within the same benefit design type implies that competition may be occurring on the basis of factors other than efficiency of access to health. An example of these factors may be risk selection of preferred demographic profiles where a very wide average age and pensioner ratio range is seen (see traditional comprehensive option on Table 8). The vastly different measurements of combined limit and hospital limits in Fully Capitated Options also suggests that the difference in product structuring in similar benefit design types cannot be purely based on competing to deliver services at the lowest possible average costs. However, the reduction in out-of-pocket payments in New Generation Options is of particular interest to the Council. The median of the out of pocket payments decreased by 14.5% while combined limits increased by 11% between 2005 and 2006, showing the impact that the eradication of multiple savings accounts and ARBs has had on medical scheme behaviour in terms of new generation options.

The pricing of benefits for dependants were discounted by a consolidated average of 21% for adult dependants and 71% for child dependants, relative to that of members. A more detailed analysis of the fairness of such discounting is necessary.

A univariate logistic regression model revealed no explanatory variables that were strongly associated with the outcome of interest (contribution increases above CPIX+3%). This result did not permit the performance of a multivariate logistic regression model on the data.

6. CONCLUSION

The process of assessment of contribution and benefit changes for 2006 was more rigorous than in previous years. The process entailed a detailed evaluation of contribution and benefit changes taking into account legislation, demographic, financial and other scheme specific information.

The process has continued to have a positive impact in ensuring that all proposed contribution and benefits are based on a careful assessment of the circumstances of the schemes, are compliant with legislation and are approved before implementation.

There has also been a high level of compliance with the directive from the Registrar on the elimination of ARBs and variable medical savings accounts. The resultant effect has been an improved protection of the interest of members and an increased level of affordability in schemes.

In terms of contribution changes, a high degree of accountability has been brought about through requiring motivations in instances where contributions are above the recommended guideline of CPIX+3% level. Options that performed poorly and those that proved unsustainable were either advised to shut down, put on terms or encouraged to amalgamate with other options within the scheme. By the same token, schemes that were unsustainable were also advised to either amalgamate or consider liquidation.

Options that were split solely on the basis of medical savings accounts were not registered. Almost all such options were similar in terms of the underlying risk benefits and could therefore not be registered as two separate options, unless they were substantially differentiated in terms of risk benefits.

Open schemes continue to be priced higher than restricted schemes, however, ongoing interventions have ensured that the rate of increase of contributions for open schemes continue to decline. Open schemes appear to have a more heterogeneous set of benefit options while benefits of restricted schemes appear to be more homogenous.

There is a need to evaluate, in more detail, explanatory variables for the pricing of benefits. None of the variables selected for such an exercise were found to be associated with the outcome of interest (contribution increase). Further refinements to the model might be necessary in order to resolve this issue.

There is also a need to understand in more detail the differentiated pricing of benefits by type of beneficiary (member, adult dependant and child dependant). It is unclear at the moment what criteria are used by schemes to arrive at this determination.

The Benefit Analyser has proven to be a useful tool in the assessment of medical scheme benefits. Further enhancements of the tool and future assessment of the benefits of restricted schemes using this tool will improve the effectiveness of the assessment of all medical scheme benefits.

7. RECOMMENDATIONS

The following recommendations are proposed based on the findings in this report:

- a. It is recommended that the contribution and benefit assessment process initiated in 2004 be continued and further enhanced as it has proven effective in ensuring that rules are more rigorously and timeously assessed before implementation.
- b. Challenges remain in the process of submission of contributions and benefits by schemes. Some schemes choose to launch their product offering before submission to Council. This creates problems particularly in instances where such changes are not approved by the office. It is recommended that in future no scheme should be allowed to market its products before submission to Council.
- c. There is a need to incrementally improve the rule submission and assessment processes and to include them in the standard operating procedures for rule approval.
- d. There is a need to further investigate and do away with benefit options that appear to risk rate members and undermine the provisions of the legislation.
- e. A stronger stance needs to be taken on options that are unsustainable as they might not be in the best interest of members. In particular, options that continue to operate on low membership numbers (below the benchmark of 2,500 members) and low operating margins need to be reviewed.
- f. An integrated approach needs to be developed in the rule amendment process to allow for the evaluation of all aspects related to the process. These include issues such as an understanding of contracts relating to administration, managed care, and the resulting impact on contribution increases.
- g. Data related to this type of work, should be collected and collated in a manner more specific to the requirements of this report. This would reduce the amount of manual data extraction required. Furthermore, benefit design types should be consolidated to about 4 strata (as opposed to 9) to better facilitate stratification for data analysis.
- h. Emphasis should be placed on quality of assessment rather than quantity of assessment.
- i. There is a need to improve the quality of assessment and speed up the rules approval process. Therefore the automation of the rule submission process is recommended.

8. APPENDICES

8.1. Appendix 1 – Appendix to Rule Amendments

Note: These forms were submitted for both 2005 and 2006 with the rule amendments

Name of Medical Scheme: _____ Name of Option: _____

| Rand Amount | | | | | | |
|-----------------------------------|------------------------------|--------------------------------------------------|----------------------------------------------------------------------|-----------------------------------------------------------------------|---------------------------|---------------------------|
| Year: | Risk Contribution | | | | Medical Savings Account | |
| | | | | | minimum savings allowable | maximum savings allowable |
| <i>Income Category per month*</i> | <i>Principal Member Only</i> | <i>Principal Member plus one Adult Dependand</i> | <i>Principal Member, one Adult Dependand and one child dependant</i> | <i>Principal Member, one Adult Dependand and two child dependants</i> | | |
| <3200 | | | | | | |
| ≥3200 to <4500 | | | | | | |
| >4500 to <6000 | | | | | | |
| ≥6000 | | | | | | |

* Please note that all income groups or flat rates are monthly amounts

| Percentage change * | | | | | | |
|----------------------------------|------------------------------|--------------------------------------------------|----------------------------------------------------------------------|-----------------------------------------------------------------------|---------------------------|---------------------------|
| Year: | Risk Contribution | | | | Medical Savings Account | |
| | | | | | minimum savings allowable | maximum savings allowable |
| <i>Income Category per month</i> | <i>Principal Member Only</i> | <i>Principal Member plus one Adult Dependand</i> | <i>Principal Member, one Adult Dependand and one child dependant</i> | <i>Principal Member, one Adult Dependand and two child dependants</i> | | |
| <3200 | | | | | | |
| >3200 to <4500 | | | | | | |
| >4500 to <6000 | | | | | | |
| ≥6000 | | | | | | |

* Difference between 2006 and 2005 contributions, divided by 2005 contributions, multiplied by 100

Name of Medical Scheme: _____ Name of Option: _____

| Rand Amount | | | | | | |
|-----------------------------------|------------------------------|-------------------------------------------------|---------------------------------------------------------------------|----------------------------------------------------------------------|---------------------------|---------------------------|
| 2005 | Risk Contribution | | | | Medical Savings Account | |
| | | | | | minimum savings allowable | maximum savings allowable |
| <i>Income Category per month*</i> | <i>Principal Member Only</i> | <i>Principal Member plus one Adult Dependat</i> | <i>Principal Member, one Adult Dependat and one child dependant</i> | <i>Principal Member, one Adult Dependat and two child dependants</i> | | |
| Flat rate | | | | | | |

*Please note that all income groups or flat rates are monthly amounts

| Percentage change * | | | | | | |
|----------------------------------|------------------------------|-------------------------------------------------|---------------------------------------------------------------------|----------------------------------------------------------------------|---------------------------|---------------------------|
| 2005 | Risk Contribution | | | | Medical Savings Account | |
| | | | | | minimum savings allowable | maximum savings allowable |
| <i>Income Category per month</i> | <i>Principal Member Only</i> | <i>Principal Member plus one Adult Dependat</i> | <i>Principal Member, one Adult Dependat and one child dependant</i> | <i>Principal Member, one Adult Dependat and two child dependants</i> | | |
| Flat rate | | | | | | |

* Difference between 2006 and 2005 contributions, divided by 2005 contributions, multiplied by 100

8.2. Appendix 2: Benefit Analyser

| Variable | Option Name | | | | | | | |
|----------------------------------|-------------|-----------------|-----------------|-------------------|-------------|-----|-----------|---------|
| | In-Hospital | Out-of-hospital | | | | | | |
| | | Medicines | Chronic: CDL | Chronic: other | Specialists | GPs | Dentistry | General |
| Threshold (Rands)/Co-pay (%) | | | | | | | | |
| Principal Member | | | | | | | | |
| Adult dependant | | | | | | | | |
| Child dependant | | | | | | | | |
| Offset against threshold | | | | | | | | |
| Above threshold benefit | | | | | | | | |
| Benefit ceiling/limits (Rands) | | | | | | | | |
| Prescribed Minimum Benefits | | | | | | | | |
| Nature of designation | | | | | | | | |
| Designated service provider | | | | | | | | |
| Nature of cover | | | | | | | | |
| Tariff: in network | | | | | | | | |
| Tariff: out-of-network | | | | | | | | |
| Medical savings account (% risk) | | | | | | | | |

8.3. Appendix 3: Definition of Benefit Design groups

| <i>Benefit Design</i> | <i>Definition</i> |
|---------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------|
| TRADITIONAL COMPREHENSIVE OPTION | fee-for-service and full risk |
| PARTIAL OUT-OF-HOSPITAL COVER OPTION | fee-for-service and partial out-of-hospital cover |
| HOSPITAL PLAN | fee-for-service and no out-of hospital benefits |
| FULLY CAPITATED OPTION | full risk and capitated benefit |
| PARTIALLY CAPITATED OPTION | partial out-of-hospital cover on capitation contract |
| NEW GENERATION OPTION | fee-for-service and full risk and MSA |
| PARTIAL NEW GENERATION COVER OPTION | fee-for-service and partial out-of-hospital cover and MSA |
| CLOSED NETWORK WITH SAVINGS ACCOUNT OPTION | fee-for-service and full risk and MSA - not including structure of service delivery for CDL and supplementary chronic medicine |
| MAJOR MEDICAL COVER OPTION | fee-for-service and partial out-of-hospital cover and co-payments |

8.4. Appendix 4: Contributions to medical schemes products per month

8.4.1. Contributions per member per month

| <i>Benefit Design</i> | <i>n</i> | Member | | | |
|--------------------------------------------|----------|---------|----------|--------|-----------|
| | | Median | Mean | SD | Range |
| TRADITIONAL COMPREHENSIVE OPTION | 64 | 1219.50 | 1297.31 | 557.01 | 462-2870 |
| PARTIAL OUT-OF-HOSPITAL COVER OPTION | 21 | 717.00 | 738.76 | 247.36 | 475-1476 |
| HOSPITAL PLAN | 6 | 592.5 | 730.67 | 412.28 | 453-1559 |
| FULLY CAPITATED OPTION | 19 | 560.00 | 579.00 | 218.95 | 278-1016 |
| PARTIALLY CAPITATED OPTION | 5 | 630.00 | 698.40 | 260.83 | 485-1130 |
| NEW GENERATION OPTION | 32 | 1196.50 | 1290.94 | 495.65 | 609-2773 |
| PARTIAL NEW GENERATION COVER OPTION | 19 | 756.00 | 927.68 | 408.41 | 500-1837 |
| CLOSED NETWORK WITH SAVINGS ACCOUNT OPTION | 4 | 1201.50 | 1222.25 | 158.31 | 1066-1420 |
| MAJOR MEDICAL COVER OPTION | 5 | 1236.00 | 1302.40 | 227.57 | 999-1544 |
| All | 175* | 1000.00 | 1,072.89 | 522.68 | 278-2870 |

*Contribution information not available for 17 options

8.4.2. Contributions per adult dependent per month

| <i>Benefit Design</i> | <i>n</i> | Adult Dependent | | | |
|--------------------------------------------|----------|-----------------|---------|--------|----------|
| | | Median | Mean | SD | Range |
| TRADITIONAL COMPREHENSIVE OPTION | 64 | 870.50 | 1006.67 | 472.38 | 252-2628 |
| PARTIAL OUT-OF-HOSPITAL COVER OPTION | 21 | 530.00 | 560.67 | 249.18 | 221-1304 |
| HOSPITAL PLAN | 6 | 527.50 | 635.17 | 343.99 | 408-1326 |
| FULLY CAPITATED OPTION | 19 | 455.00 | 494.79 | 200.26 | 204-912 |
| PARTIALLY CAPITATED OPTION | 5 | 467.00 | 486.60 | 89.74 | 387-622 |
| NEW GENERATION OPTION | 32 | 927.00 | 1010.88 | 459.25 | 217-2098 |
| PARTIAL NEW GENERATION COVER OPTION | 19 | 543.00 | 756.42 | 434.46 | 323-1700 |
| CLOSED NETWORK WITH SAVINGS ACCOUNT OPTION | 4 | 1005.00 | 1024.00 | 151.10 | 893-1193 |
| MAJOR MEDICAL COVER OPTION | 5 | 963.00 | 998.80 | 195.07 | 720-1218 |
| All | 175* | 750.00 | 843.75 | 446.47 | 204-2628 |

*Contribution information not available for 17 options

8.4.3. Contributions per child dependent per month

| <i>Benefit Design</i> | <i>n</i> | Child Dependent | | | |
|---------------------------------------------------|-------------|-----------------|--------|--------|---------|
| | | Median | Mean | SD | Range |
| TRADITIONAL COMPREHENSIVE OPTION | 64 | 297.00 | 314.69 | 137.88 | 62-778 |
| PARTIAL OUT-OF-HOSPITAL COVER OPTION | 21 | 205.00 | 195.81 | 68.95 | 75-330 |
| HOSPITAL PLAN | 6 | 175.50 | 233.83 | 130.59 | 129-468 |
| FULLY CAPITATED OPTION | 19 | 190.00 | 207.58 | 117.26 | 96-655 |
| PARTIALLY CAPITATED OPTION | 5 | 277.00 | 248.80 | 78.14 | 146-339 |
| NEW GENERATION OPTION | 32 | 406.00 | 412.81 | 157.07 | 126-813 |
| PARTIAL NEW GENERATION COVER OPTION | 19 | 271.00 | 264.89 | 75.38 | 144-402 |
| CLOSED NETWORK WITH SAVINGS ACCOUNT OPTION | 4 | 394.00 | 394.75 | 153.43 | 225-566 |
| MAJOR MEDICAL COVER OPTION | 5 | 360.00 | 342.40 | 78.09 | 249-444 |
| All | 175* | 274.00 | 299.30 | 142.45 | 62-813 |

*Contribution information not available for 17 options

8.5. Appendix 5: Equations used for the calculation of financial data

- Claims Ratio = $\frac{\text{Nett Claims}}{\text{Nett contributions}} \times 100$
- Underwriting Margin = $1 - \text{Claims ratio}$
- Pensioner Ratio = $\frac{\# \text{ Beneficiaries}}{\# \text{ Members}}$

8.6. Appendix 6: Benefit Change calculation tables

| As stated in rules per member family of M+3 for 2005 | | | | | | | | | | |
|-------------------------------------------------------|--------------|-------------------|------------------------|----------------|--------------------------------|-----------------------------|-----------------------------|-----------------------|-----------------------|--------------------------|
| Name of Scheme: | | | | | | | | | | |
| Name of Option: | | | | | | | | | | |
| Design Code: | | | | | | | | | | |
| 2005 | Co-insurance | Annual Deductable | Annual Savings account | Re-imbursement | Type of Negotiated Contract | Combined limit/annual limit | Residual O.O.P./Funding Gap | Savings account level | Value of co-insurance | Cost-sharing coefficient |
| | % | R | R | State terms | E.g. capitated/fee-for-service | R | R | % | R | Proportion |
| G.P. consultations | | | | | | | | | | |
| Pharmaceutical and dispensed drugs | | | | | | | | | | |
| Basic/conservative dental care | | | | | | | | | | |
| Specialist consultations | | | | | | | | | | |
| Admission to general and specialized hospitals | | | | | | | | | | |
| Chronic disease list medication | | | | | | | | | | |
| Supplementary chronic condition medicine | | | | | | | | | | |
| PMB Hospitalization | | | | | | | | | | |
| Average annual/combined limit and cost sharing | | | | | | | | | | |
| Cost sharing as a percentage: | | | | | | | | | | |

| As stated in rules per member family of M+3 for 2006 | | | | | | | | | | |
|------------------------------------------------------|--------------|-------------------|------------------------|----------------|--------------------------------|-----------------------------|-----------------------------|-----------------------|-----------------------|--------------------------|
| Name of Scheme: | | | | | | | | | | |
| Name of Option: | | | | | | | | | | |
| Design Code: | | | | | | | | | | |
| 2006 | Co-insurance | Annual Deductable | Annual Savings account | Re-imbursement | Type of Negotiated Contract | Combined limit/annual limit | Residual O.O.P./Funding Gap | Savings account level | Value of co-insurance | Cost-sharing coefficient |
| | % | R | R | State terms | E.g. capitated/fee-for-service | R | R | % | R | Proportion |
| G.P. consultations | | | | | | | | | | |

| Pharmaceutical and dispensed drugs | | | | | | | | | | |
|-------------------------------------------------------|--------------|-------------------|------------------------|--|--|-----------------------------|-----------------------------|-----------------------|-----------------------|--------------------------|
| Basic/conservative dental care | | | | | | | | | | |
| Specialist consultations | | | | | | | | | | |
| Admission to general and specialized hospitals | | | | | | | | | | |
| Chronic disease list medication | | | | | | | | | | |
| Supplementary chronic condition medicine | | | | | | | | | | |
| PMB Hospitalization | | | | | | | | | | |
| Average annual/combined limit and cost sharing | | | | | | | | | | |
| Cost sharing as a percentage: | | | | | | | | | | |
| | | | | | | | | | | |
| Description of data for 2005/6 | Co-insurance | Annual Deductible | Annual Savings account | | | Combined limit/annual limit | Residual O.O.P./Funding Gap | Savings Account Level | Value of co-insurance | Cost-sharing coefficient |
| Percentage change in funding mechanisms | | | | | | | | | | |
| Percentage change in cost sharing | | | | | | | | | | |
| HOSPITALISATION | | | | | | | | | | |

8.7. Appendix 7: League Table

8.7.1. Open Schemes (excluding new and restructured options)

| SCHEME | OPTIONS | % CONTRIBUTION INCREASE | | | |
|---------------------------------------|--------------------------|-------------------------|-------|-------|-------|
| | | MEMBER (M) | M + 1 | M + 2 | M + 3 |
| BAYMED | COASTAL | 15.00 | 15.00 | 15.00 | 15.00 |
| BESTMED MEDICAL SCHEME | BONUS PLUS | 3.66 | 3.66 | 3.52 | 3.63 |
| | MILLENNIUM STANDARD | 4.90 | 4.89 | 4.93 | 4.95 |
| | MILLENNIUM COMPREHENSIVE | 14.99 | 14.97 | 14.98 | 14.99 |
| | MILLENNIUM BASIC | 10.02 | 9.90 | 9.76 | 9.67 |
| | TOPCARE | 3.94 | 3.95 | 3.93 | 3.91 |
| BONITAS MEDICAL AID FUND | ELITE | 10.00 | 10.00 | 10.00 | 10.00 |
| | PRIMARY | 3.80 | 6.10 | 5.90 | 5.70 |
| | STANDARD | 0.00 | 0.00 | 0.00 | 0.00 |
| | BONSAVE | 0.00 | 0.00 | 0.00 | 0.00 |
| CIMAS WELLNESS MEDICAL AID SCHEME | BUDGET 100% PLAN | 5.00 | 5.00 | 5.00 | 5.00 |
| | 75% PLAN | 5.00 | 5.00 | 5.00 | 5.00 |
| | DYNAMIX | 7.72 | 7.72 | 7.51 | 7.54 |
| COMMUNITY MEDICAL AID SCHEME (COMMED) | DELUXE | 6.72 | 6.73 | 6.76 | 6.46 |
| | STANDARD | 3.24 | 3.18 | 3.29 | 3.33 |
| | CORE | 2.49 | 2.49 | 2.49 | 2.49 |
| COMPCARE MEDICAL SCHEME | MANAGEMED LOW | 0.00 | 0.00 | 0.00 | 0.00 |
| | MOSMED | 0.00 | 0.00 | 0.00 | 0.00 |

| | | | | | |
|---------------------------------|--------------------------|-------|-------|-------|-------|
| | STATUS 100 | 6.95 | 2.78 | 3.25 | 4.73 |
| | EXCESS DIRECT | 0.00 | 0.00 | 0.00 | 0.00 |
| | MANAGEMED STANDARD | 0.00 | 0.00 | 0.00 | 0.00 |
| | MAJOR MEDICAL EXPENSES | 4.89 | 4.46 | 4.51 | 4.54 |
| | EXCESS | 0.00 | 0.00 | 0.00 | 0.00 |
| | MODMED | 0.00 | 0.00 | 0.00 | 0.00 |
| DISCOVERY HEALTH MEDICAL SCHEME | FOUNDATION CORE | 9.60 | 12.60 | 10.90 | 9.80 |
| | ESSENTIAL COMPREHENSIVE | 10.90 | 21.70 | 14.40 | 9.00 |
| | CLASSIC CORE | 8.20 | 11.00 | 7.60 | 5.30 |
| | COASTAL CORE | 6.70 | 9.90 | 8.30 | 7.20 |
| | ESSENTIAL PRIORITY | 8.30 | 11.10 | 7.80 | 5.60 |
| | ESSENTIAL CORE | 6.50 | 9.90 | 8.30 | 7.20 |
| | CLASSIC PRIORITY | 7.20 | 10.10 | 6.70 | 4.50 |
| | KEYCARE CORE | 8.20 | 10.45 | 7.25 | 4.80 |
| | KEYCARE PLUS | 8.40 | 9.50 | 6.90 | 5.05 |
| | CLASSIC COMPREHENSIVE | 11.40 | 20.60 | 11.90 | 5.50 |
| ECLIPSE MEDICAL SCHEME | MOON | 7.15 | 6.90 | 2.05 | 1.10 |
| | SUN | 18.20 | 22.60 | 32.80 | 10.10 |
| FEDHEALTH | ULTIMA 300 DONALD GORDON | 11.31 | 11.34 | 11.33 | 11.33 |
| | MAXIMA PLUS | 1.36 | 11.33 | 8.79 | 6.95 |
| | MAXIMA STANDARD | 13.00 | 13.03 | 10.45 | 8.58 |
| | ULTIMA 200 DONALD GORDON | 11.18 | 11.13 | 11.39 | 11.39 |

| | | | | | |
|----------------------------------------|---------------------------------------|--------|-------|-------|-------|
| | ULTIMA 300 WITH OHEB DONALD GORDON | 11.20 | 11.18 | 11.17 | 11.17 |
| | ULTIMA 300 | 11.31 | 11.34 | 11.33 | 11.33 |
| | MAXIMA CORE | 8.75 | 8.68 | 8.77 | 8.83 |
| | ULTIMAX A | 11.22 | 11.23 | 11.23 | 11.24 |
| | ULTIMA 200 WITH OHEB | 11.21 | 11.17 | 11.15 | 11.14 |
| | ULTIMA 200 WITH OHEB DONALD GORDON | 11.22 | 11.28 | 11.23 | 11.19 |
| | ULTIMA 200 | 11.12 | 11.07 | 11.43 | 11.43 |
| | ULTIMA 300 WITH OHEB | 11.15 | 11.20 | 11.19 | 11.19 |
| GEN-HEALTH MEDICAL SCHEME ¹ | COVER PLUS PLAN | 9.00 | 9.00 | 9.00 | 9.00 |
| | BASIC COVER PLAN | 3.00 | 3.00 | 3.00 | 3.00 |
| GENESIS MEDICAL SCHEME | PLAN A | 4.50 | 15.60 | 30.70 | 30.70 |
| GLOBAL HEALTH ² | DECISION | 33.84 | 34.38 | 37.85 | 40.00 |
| | PROGLO | 6.12 | 6.03 | 6.04 | 5.57 |
| | GOLD | 8.98 | 8.03 | 8.51 | 8.89 |
| | SILVER | 4.16 | 4.45 | 5.39 | 6.16 |
| | PLATINUM | 8.85 | 7.67 | 7.59 | 7.50 |
| GOOD HOPE MEDICAL AID SOCIETY | MAKOTI COMPREHENSIVE | 5.31 | 5.26 | 5.26 | 5.26 |
| | MAKOTI PRIMARY | 5.31 | 5.26 | 5.26 | 5.26 |
| | BUDGET 100 | 5.08 | 5.29 | 5.26 | 5.25 |
| | SUPER 100 | 4.92 | 4.98 | 5.18 | 5.31 |
| | RANSAVER | 5.19 | 5.02 | 5.01 | 5.01 |
| HOSMED MEDICAL AID SCHEME | VALUE | -11.58 | 10.55 | 19.73 | 19.73 |

| | | | | | |
|-----------------------------------|--------------------------------------|--------|--------|--------|--------|
| | PLUS | -18.47 | -3.71 | 8.32 | 8.28 |
| INGWE HEALTH PLAN | CLASSIC | 9.20 | 9.10 | 9.10 | 9.10 |
| | CARE PLUS | -19.20 | -19.70 | -20.40 | -20.80 |
| | HOSPITAL PLUS | 5.80 | 5.70 | 4.20 | 3.20 |
| KWA-ZULU NATAL MEDICAL AID SCHEME | KWA-ZULU NATAL MEDICAL SCHEME OPTION | 4.50 | 5.80 | 6.08 | 6.18 |
| LIBERTY MEDICAL SCHEME | PLATINUM COMPLETE | 5.00 | 5.00 | 5.00 | 5.00 |
| | SILVER FOCUS | -29.90 | -31.40 | -31.30 | -31.20 |
| | GOLD COMPLETE | 4.60 | 4.60 | 4.60 | 4.60 |
| | PLATINUM X-TREME | 23.80 | 23.80 | 23.80 | 23.80 |
| | GOLD FOCUS | 7.70 | 5.70 | 7.50 | 8.90 |
| | PLATINUM FOCUS | 7.70 | 7.80 | 7.70 | 7.70 |
| LIFEMED MEDICAL SCHEME | SELECT OPTION | 0.00 | 0.00 | 0.00 | 0.00 |
| | CORE PLAN PACKAGE | 0.00 | 0.00 | 0.00 | 0.00 |
| | BUDGET 100 | 0.00 | 0.00 | 0.00 | 0.00 |
| | COMPREHENSIVE PACKAGE | 3.23 | 3.10 | 3.18 | 3.18 |
| MEDICOVER 2000 | TITAN | 0.24 | -3.68 | -0.74 | -0.88 |
| | BONA | -7.30 | -1.00 | 0.00 | 0.80 |
| MEDIHELP | MEDIHELP PLUS | 14.59 | 14.59 | 13.32 | 12.32 |
| | NECESSE | 5.33 | 4.41 | 4.76 | 5.00 |
| | DIMENSION ELITE | 7.18 | 7.18 | 6.97 | 6.81 |
| MEDIMED MEDICAL SCHEME | MANAGED CARE | 4.52 | 4.52 | 4.70 | 4.68 |
| | MEDISAVE - STANDARD | 4.20 | 4.20 | 4.53 | 4.48 |

| | | | | | |
|--------------------------------------------------|-----------------|-----------------|--------|--------|--------|
| | ALPHA | 5.26 | 5.26 | 5.05 | 4.88 |
| | MEDISAVE - MAX | 4.19 | 4.19 | 4.26 | 4.32 |
| MEDSHIELD MEDICAL SCHEME | MEDIBASE | 14.30 | 14.20 | 14.40 | 14.50 |
| | MEDIPLUS | 20.30 | 20.20 | 20.30 | 20.40 |
| | MEDIBONUS | 20.20 | 20.20 | 20.30 | 20.40 |
| | MEDIVALUE | 14.60 | 14.70 | 14.90 | 15.00 |
| | MEDIELITE | 20.10 | 20.10 | 20.10 | 20.10 |
| | ACCESS | 7.00 | 7.10 | 7.00 | 7.00 |
| | MERIDIAN HEALTH | NU GEN HI COVER | 0.00 | 0.00 | 0.00 |
| NU GEN VALUE | | 0.00 | 0.00 | 0.00 | 0.00 |
| NU GEN CORE | | 0.00 | 0.00 | 0.00 | 0.00 |
| CARECROSS | | 0.00 | 0.00 | 0.00 | 0.00 |
| MOMENTUM HEALTH | SUMMIT | -7.00 | -19.00 | -19.00 | -19.00 |
| MUNIMED | ALPHA | 9.40 | 8.30 | 8.76 | 8.70 |
| | OMEGA | 8.50 | 8.50 | 8.50 | 8.50 |
| | SIGMA | 3.26 | 3.30 | 3.30 | 3.30 |
| NATIONAL INDEPENDENT MEDICAL AID SOCIETY (NIMAS) | MEDICROSS | 25.00 | 25.00 | 25.00 | 25.00 |
| | QUANTUM | 6.00 | 6.00 | 6.00 | 6.00 |
| | OPTIMUM PLUS | 7.00 | 7.00 | 7.00 | 7.00 |
| | PREMIUM | 5.00 | 5.00 | 5.00 | 5.00 |
| | QUANTUM PLUS | 8.50 | 8.50 | 8.50 | 8.50 |
| | OPTIMUM | 10.60 | 10.60 | 10.60 | 10.60 |

| | | | | | |
|----------------------------|----------------------|--------|--------|--------|--------|
| NBC MEDICAL SCHEME | NBC SAVEMED | 13.59 | 13.59 | 13.84 | 14.08 |
| | NBC IMPILO | 2.80 | 2.70 | 2.93 | 3.28 |
| | NBC OZONE | -2.08 | 6.82 | 8.82 | 10.35 |
| | NBC FAMPLUS | 6.29 | 6.51 | 6.67 | 6.80 |
| | NBC TOPCARE | 7.49 | 7.51 | 7.49 | 7.47 |
| OPENPLAN MEDICAL SCHEME | PREMIER SELECT | 12.10 | 12.10 | 12.20 | 12.20 |
| | PREMIER ELITE | 12.00 | 12.10 | 12.10 | 12.10 |
| | PREMIER CLASSIC | 11.00 | 11.20 | 11.10 | 11.10 |
| | PRINCIPAL CLASSIC | 8.08 | 8.03 | 8.10 | 8.10 |
| | PRINCIPAL ELITE | 10.00 | 10.00 | 10.00 | 10.00 |
| | PRIMARY CLASSIC | 7.07 | 7.07 | 7.23 | 7.23 |
| OXYGEN MEDICAL SCHEME | STANDARD | 19.00 | 18.00 | 18.00 | 18.00 |
| | ADVANCED | 25.00 | 24.00 | 25.00 | 25.00 |
| | STANDARD PLUS | 27.00 | 28.00 | 28.00 | 28.00 |
| | CORE PLUS | 9.00 | 9.00 | 11.00 | 11.00 |
| PRO SANO MEDICAL SCHEME | PROVIDER | 6.75 | 6.50 | 6.25 | 6.75 |
| | PROCLASSIC | 5.40 | 5.40 | 5.40 | 5.40 |
| | PROVISION | -14.00 | -14.00 | -14.00 | -14.00 |
| | PROCEDURE | 5.00 | 5.00 | 5.00 | 5.00 |
| PROTEA MEDICAL AID SOCIETY | ACCUMULATOR STANDARD | 5.21 | 4.36 | 4.40 | 6.33 |
| | ACCUMULATOR EXTENDED | 9.57 | 9.64 | 9.52 | 13.58 |
| | ESSENTIAL-STUDENT | 7.27 | 7.27 | 10.07 | 11.90 |

| | | | | | |
|-----------------------------------|----------------------------------|------|------|------|-------|
| | EXCESS | 7.30 | 6.96 | 7.30 | 17.12 |
| RENAISSANCE HEALTH MEDICAL SCHEME | ELECTCARE PRIMECURE AND FARANANI | 8.57 | 8.40 | 8.28 | 8.19 |
| | ELECTCARE MEDICROSS | 8.25 | 8.82 | 8.22 | 7.84 |
| | WHOLE LIFE MED | 8.39 | 8.46 | 8.17 | 7.95 |
| | CRYSTAL CARE | 1.06 | 1.06 | 0.66 | 0.38 |
| RESOLUTION HEALTH MEDICAL SCHEME | HOSPITAL | 6.23 | 5.97 | 5.59 | 5.30 |
| | FUNDAMENTAL | 6.73 | 6.09 | 6.06 | 6.04 |
| | PROGRESSIVE | 7.57 | 6.79 | 6.30 | 5.91 |
| | PMB | 7.35 | 6.98 | 6.83 | 6.72 |
| SELFMED MEDICAL SCHEME | SELFMED 80 % | 5.50 | 5.50 | 5.50 | 5.60 |
| | SELSURE | 9.10 | 9.10 | 9.10 | 9.10 |
| | MEDXXI CHRONIC | 9.00 | 9.00 | 9.00 | 9.00 |
| | MEDXXI | 9.10 | 9.10 | 9.20 | 9.20 |
| | MEDXXI COMPREHENSIVE | 9.10 | 9.10 | 9.10 | 9.10 |
| SIZWE MEDICAL SCHEME | SIZWE ELITE | 0.00 | 0.00 | 0.00 | 0.00 |
| | SIZWE PRIMARY | 0.00 | 0.00 | 0.00 | 0.00 |
| | SIZWE AFFORDABLE | 0.00 | 0.00 | 0.00 | 0.00 |
| | SIZWE AFFORDABLE NETWORK | 0.00 | 0.00 | 0.00 | 0.00 |
| | SIZWE FULL BENEFIT | 0.00 | 0.00 | 0.00 | 0.00 |
| | SIZWE PRIMARY NETWORK | 0.00 | 0.00 | 0.00 | 0.00 |
| SPECTRAMED | CHOICE | 9.73 | 9.77 | 9.77 | 9.77 |
| | ALLIANCE | 9.77 | 9.73 | 9.73 | 9.73 |

| | | | | | |
|-----------------------|--------------------------------|-------|-------|-------|-------|
| | ELITE | 9.77 | 9.70 | 9.67 | 9.67 |
| | PLUS | 12.50 | 23.55 | 24.70 | 16.95 |
| | HOSPITAL | 9.70 | 9.70 | 9.70 | 9.70 |
| SUREMED HEALTH | CHALLENGER | 12.10 | 12.60 | 14.60 | 14.60 |
| | NAVIGATOR | 6.46 | 6.48 | 6.73 | 6.73 |
| TELEMED ² | BRONZE | -4.90 | -2.03 | -5.00 | -7.10 |
| | PLATINUM | 8.00 | 8.00 | 8.00 | 8.00 |
| | SILVER | 18.56 | 26.16 | 29.56 | 32.26 |
| | GOLD | 6.00 | 6.00 | 6.00 | 6.00 |
| THEBEMED | UNIVERSAL | 2.00 | 1.90 | 1.90 | 1.90 |
| | FRONTIER | 3.20 | 3.20 | 3.20 | 3.20 |
| TOPMED MEDICAL SCHEME | TOPMED LIMITED 100% | 9.00 | 9.00 | 9.00 | 9.00 |
| | TOPMED INCENTIVE SAVINGS | 6.00 | 6.00 | 6.00 | 6.00 |
| | TOPMED 80% | 8.00 | 8.00 | 8.00 | 8.00 |
| | TOPMED INCENTIVE COMPREHENSIVE | 8.00 | 8.00 | 8.00 | 8.00 |
| | TOPMED EXECUTIVE | 6.00 | 6.00 | 6.00 | 6.00 |
| | TOPMED BOPHELO | -8.02 | -4.91 | -2.75 | -2.75 |
| | TOPMED BOPHELO NETWORK | 12.00 | 12.00 | 12.00 | 12.00 |
| | TOPMED 100% | 12.00 | 12.00 | 12.00 | 12.00 |

8.7.2. Restricted Schemes (excluding new and restructured options)

| SCHEME | OPTIONS | % CONTRIBUTION INCREASE | | | |
|----------------------------------------------------|--------------------------------|-------------------------|-------|-------|-------|
| | | MEMBER (M) | M + 1 | M + 2 | M + 3 |
| AECI MEDICAL AID SOCIETY | BASIC | 5.04 | 5.18 | 5.40 | 5.58 |
| | COMPREHENSIVE | 5.05 | 5.05 | 5.05 | 5.05 |
| AFROX MEDICAL AID SOCIETY | BASE PLAN | -34.13 | -3.64 | 10.23 | 23.13 |
| | DIAMOND PLAN | 8.84 | 8.84 | 8.84 | 8.84 |
| ALLIANCE MIDMED MEDICAL SCHEME | ALLIANCE MIDMED POLICY 120 | 0.00 | 0.00 | 0.00 | 0.00 |
| ALTRON MEDICAL AID SCHEME | OPTION A | 0.00 | 0.00 | 0.00 | 0.00 |
| | OPTION B | 0.00 | 0.00 | 0.00 | 0.00 |
| ANGLO AMERICAN CORPORATION MEDICAL SCHEME (AACMED) | MANAGED CARE PLAN | 6.99 | 6.99 | 7.96 | 8.79 |
| | PRIMECURE PLAN | 4.62 | 4.62 | 5.28 | 5.83 |
| | STANDARD CARE PLAN | 6.82 | 6.82 | 8.27 | 9.49 |
| ANGLOVAAL GROUP MEDICAL SCHEME | ANGLOVAAL GROUP MEDICAL SCHEME | 0.03 | 0.03 | 0.03 | 0.03 |
| ARANDA MEDICAL SCHEME | TEMS | 2.78 | 2.78 | 2.89 | 3.00 |
| BANKMED | BANKMED COMPREHENSIVE | 7.00 | 7.00 | 7.00 | 7.00 |
| | BANKMED CORE | 0.00 | 0.00 | 0.00 | 0.00 |
| | BANKMED PLUS | 9.00 | 9.00 | 9.00 | 9.00 |
| BARLOWORLD MEDICAL SCHEME | BARLOWORLD MEDICAL SCHEME | 2.00 | 2.00 | 2.00 | 2.00 |
| BHP BILLITON SA MEDICAL SCHEME | BHP BILLITON SA MEDICAL SCHEME | 0.00 | 0.00 | 0.00 | 0.00 |

| | | | | | |
|-----------------------------------------------------|-----------------------------|-------|-------|-------|-------|
| BIZ HEALTH MEDICAL SCHEME | PREMIERMED 100% | 9.00 | 9.00 | 9.00 | 9.00 |
| | PREMIERMED DSP | 9.00 | 9.00 | 9.00 | 9.00 |
| | SAVEMED | 9.00 | 9.00 | 9.00 | 9.00 |
| | SAVEMED DSP | 9.00 | 9.00 | 9.00 | 9.00 |
| | VALUEMED 80% | 9.00 | 9.00 | 9.00 | 9.00 |
| | VALUEMED DSP | 9.00 | 9.00 | 9.00 | 9.00 |
| BMW EMPLOYEES MEDICAL AID SOCIETY | BMW OPTION 119 | 0.00 | 0.00 | 0.00 | 0.00 |
| BPSA MEDICAL SCHEME | BPSA MEDICAL SOCIETY | 12.00 | 12.00 | 12.00 | 12.00 |
| BUILDING & CONSTRUCTION INDUSTRY MEDICAL AID FUND | BASIC OPTION | 0.00 | 0.00 | 0.00 | 0.00 |
| BUILT ENVIRONMENT PROFESSIONAL ASSOCIATIONS | PRO-BASIC | 4.00 | 4.00 | 4.00 | 4.00 |
| | PRO-CORE | 8.00 | 8.00 | 8.00 | 8.00 |
| | PRO-ELITE | 9.00 | 9.00 | 9.00 | 9.00 |
| CAWMED MEDICAL SCHEME | CAWMED | 4.72 | 4.88 | 4.92 | 4.95 |
| CHARTERED ACCOUNTANTS (SA) MEDICAL AID FUND (CAMAF) | CA-ALLIANCE | 9.40 | 9.40 | 10.00 | 10.40 |
| | CA-DOUBLE PLUS | 9.00 | 9.00 | 9.00 | 9.10 |
| | CA-FIRST CHOICE | 3.70 | 3.70 | 3.68 | 3.66 |
| | CA-SECURE | 0.00 | 0.00 | 0.00 | 0.00 |
| | CA-VITAL | 7.60 | 7.60 | 7.60 | 7.60 |
| CLICKS GROUP MEDICAL SCHEME | CLICKS GROUP MEDICAL SCHEME | 6.00 | 6.00 | 6.00 | 6.00 |
| CSIR MEDICAL SCHEME | ESSENTIAL CORE PLUS | 0.00 | 0.00 | 0.00 | 0.00 |

| | | | | | |
|----------------------------------------------|------------------------------------|--------|--------|--------|--------|
| DCMED MEDICAL AID FUND | PLAN A | 4.01 | 4.00 | 3.99 | 3.98 |
| | PLAN B | 3.98 | 3.98 | 3.98 | 3.99 |
| DE BEERS BENEFIT SOCIETY | DE BEERS BENEFIT SOCIETY | 3.90 | 3.90 | 3.90 | 3.90 |
| EDCON MEDICAL AID SCHEME | ESSENTIAL COMPREHENSIVE | 4.99 | 7.00 | 6.99 | 6.99 |
| | ESSENTIAL CORE | -20.00 | -20.00 | -20.00 | -20.00 |
| | ESSENTIAL LIMITED | 2.50 | 2.50 | 2.50 | 2.50 |
| ELLERINES HOLDINGS MEDICAL AID SOCIETY | ELLERINE OPTION 121 | 4.00 | 4.00 | 4.00 | 4.00 |
| ENGEN MEDICAL BENEFIT FUND | ENGEN MEDICAL BENEFIT FUND | 1.50 | 1.50 | 1.50 | 1.50 |
| EYETHUMED MEDICAL SCHEME | OPTION 508 | 0.00 | 0.00 | 0.00 | 0.00 |
| FISHING INDUSTRY MEDICAL SCHEME | PRIMARY | 6.80 | 6.80 | 7.00 | 7.20 |
| | STANDARD | 7.20 | 7.20 | 7.20 | 7.30 |
| FOOD WORKERS MEDICAL BENEFIT FUND | FOOD WORKERS' MEDICAL BENEFIT FUND | 0.00 | 0.00 | 0.00 | 0.00 |
| FOSCHINI GROUP MEDICAL AID SCHEME | PLAN A | 2.27 | 2.19 | 2.20 | 2.19 |
| | PLAN B | 3.05 | 3.03 | 3.01 | 3.02 |
| GOLDEN ARROWS EMPLOYEES MEDICAL BENEFIT FUND | ADVANCE | 4.51 | 4.52 | 4.58 | 4.64 |
| | PRIMARY | 4.41 | 4.33 | 4.27 | 4.23 |
| | STANDARD | 4.41 | 4.39 | 4.42 | 4.54 |
| GRINTEK ELECTRONICS MEDICAL AID SCHEME | OPTION 1 | 0.00 | 0.00 | 0.00 | 0.00 |
| HOLCIM SOUTH AFRICA MEDICAL SCHEME | HOLCIM BUDGET | 9.10 | 9.04 | 9.03 | 9.00 |
| | HOLCIM DELUXE | 12.01 | 12.01 | 12.05 | 12.02 |

| | | | | | |
|-------------------------------|-------------------------------|-------|-------|-------|-------|
| | HOLCIM STANDARD | 12.05 | 12.01 | 12.02 | 11.99 |
| IBM (SA) MEDICAL AID SOCIETY | ESSENTIAL COMPREHENSIVE | 12.00 | 12.00 | 12.00 | 12.00 |
| IMPALA MEDICAL PLAN | IMPALA MEDICAL PLAN | 10.00 | 10.00 | 10.00 | 10.00 |
| IMPERIAL GROUP MEDICAL SCHEME | IMPERIAL GROUP MEDICAL SCHEME | 0.00 | 0.00 | 0.00 | 0.00 |
| LA-HEALTH MEDICAL SCHEME | LA ACTIVE | 17.53 | 18.67 | 19.79 | 20.62 |
| | LA COMPREHENSIVE | 3.07 | 6.79 | 4.98 | 3.81 |
| | LA CORE | 11.32 | 6.14 | 8.27 | 9.97 |
| | LA FOCUS | 5.12 | 5.13 | 5.14 | 5.15 |
| | LA KEYPLUS | 8.03 | 8.07 | 8.06 | 8.06 |
| LIBCARE MEDICAL SCHEME | LIBCARE | 0.00 | 0.00 | 0.00 | 0.00 |
| MALCOR MEDICAL SCHEME | PLAN A | 5.10 | 7.90 | 7.94 | 7.89 |
| | PLAN B | 6.23 | 6.35 | 6.25 | 6.25 |
| | PLAN C | 0.00 | 4.14 | 3.87 | 4.15 |
| MASCOM MEDICAL SCHEME | MASCOM | 5.50 | 5.30 | 5.30 | 5.30 |
| MASSMART HEALTH PLAN | MASSMART HEALTH PLAN | 4.20 | 4.20 | 4.20 | 4.30 |
| MEDCOR | OPTION 1 | 3.95 | -0.43 | 1.73 | 3.78 |
| | OPTION 2 | 22.38 | 7.25 | 10.15 | 12.90 |
| MEDIPOS MEDICAL SCHEME | OPTION A | 8.00 | 8.00 | 8.00 | 8.00 |
| | OPTION B | 8.00 | 8.00 | 8.00 | 8.00 |
| | OPTION C | 6.00 | 6.00 | 6.00 | 6.00 |

| | | | | | |
|-----------------------------------|-------------------------------------|--------|--------|--------|--------|
| MEDISENSE MEDICAL SCHEME | CORECARE | -7.50 | -7.50 | -6.20 | -5.30 |
| | TOTALCARE | -3.40 | -3.40 | -3.00 | -2.70 |
| METROCARE | METROCARE PLAN 211 | 0.00 | 0.00 | 0.00 | 0.00 |
| METROPOLITAN MEDICAL SCHEME | CLASSIC | 0.00 | 0.00 | 0.00 | 0.00 |
| | PREMIER | 0.00 | 0.00 | 0.00 | 0.00 |
| MINEMED MEDICAL SCHEME | AFFORDABLE OPTION | 9.38 | 9.38 | 8.75 | 8.33 |
| | DOCTOR NETWORK | 4.30 | 4.30 | 4.31 | 4.31 |
| | HOSPITAL CHRONIC | 4.55 | 4.55 | 4.92 | 5.22 |
| | MEDICAL CENTRE | 12.34 | 12.34 | 13.04 | 13.61 |
| MOREMED MEDICAL SCHEME | HOSPITAL | 11.00 | 10.99 | 11.00 | 11.00 |
| | MAJOR MEDICAL | 8.90 | 8.90 | 8.90 | 8.90 |
| | MAJOR MEDICAL PLUS CARECROSS | 10.10 | 10.10 | 10.10 | 10.00 |
| MUTUAL & FEDERAL MEDICAL AID FUND | MUTUAL AND FEDERAL MEDICAL AID FUND | -24.10 | -6.60 | 3.40 | 12.90 |
| NAMPAK SA MEDICAL SCHEME | EXTENDED OPTION | 15.22 | 15.18 | 15.15 | 15.20 |
| | STANDARD OPTION | 0.53 | 3.17 | 3.82 | 4.23 |
| NASPERS MEDICAL FUND | M-MED OPSIE | 0.00 | 0.00 | 0.00 | 0.00 |
| | N OPTION BASIC | 0.00 | 0.00 | 0.00 | 0.00 |
| | N OPTION PLUS | 0.00 | 0.00 | 0.00 | 0.00 |
| NEDCOR MEDICAL AID SCHEME | FLEXIBLE | -11.67 | -13.67 | -14.67 | -14.67 |
| | TRADITIONAL | 12.50 | 12.50 | 12.50 | 12.50 |

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|-------------------------------------|---------------------------|--------|--------|--------|--------|
| | ZERO | 8.17 | 8.33 | 8.67 | 8.66 |
| NETCARE MEDICAL SCHEME | NETCARE SAVINGS OPTION | 2.08 | 2.90 | 3.09 | 3.24 |
| OLD MUTUAL STAFF MEDICAL AID SCHEME | NETWORK PLAN | -10.40 | -10.40 | -10.40 | -10.40 |
| | SELECT PLAN | -12.50 | -12.50 | -12.50 | -12.50 |
| PARMED MEDICAL AID SCHEME | PLAN – 007 | 2.00 | 2.00 | 2.00 | 2.00 |
| PG BISON MEDICAL AID SOCIETY | PG BISON | 4.45 | 4.45 | 4.45 | 4.45 |
| PG GROUP MEDICAL SCHEME | PG GROUP MEDICAL SCHEME | -0.60 | -0.60 | -0.62 | -0.63 |
| PICK & PAY MEDICAL SCHEME | PICK N PAY MEDICAL SCHEME | 2.58 | 4.79 | 5.23 | 5.60 |
| PLATINUM HEALTH | BASIC OPTION | 5.00 | 8.00 | 5.23 | 5.39 |
| | ENHANCED OPTION | 5.21 | 5.21 | 5.19 | 5.19 |
| PROFMED | PRO ACTIVE | 3.66 | 1.99 | 2.48 | 2.80 |
| | PRO ACTIVE PLUS | 3.01 | -1.86 | -0.85 | -0.17 |
| | PRO PINNACLE | 3.79 | -1.26 | -0.40 | -0.20 |
| | PRO SECURE | 3.12 | 0.58 | 1.07 | 1.41 |
| | PRO SECURE PLUS | 3.02 | -1.93 | -1.00 | -0.35 |
| QUANTUM MEDICAL AID SOCIETY | ESSENTIAL COMPREHENSIVE | 13.00 | 19.00 | 16.20 | 14.00 |
| | ESSENTIAL CORE | 2.67 | 1.47 | 2.71 | 3.69 |
| | KEYCARE PLUS | 8.42 | 9.50 | 6.93 | 5.04 |
| RAND WATER MEDICAL SCHEME | OPTION A | 0.00 | 0.00 | 0.00 | 0.00 |
| | OPTION B | 6.67 | 6.67 | 6.67 | 6.67 |

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| REMEDI MEDICAL AID SCHEME | COMPREHENSIVE | 0.90 | 2.00 | 2.34 | 2.65 |
| | STANDARD | 9.58 | 9.61 | 9.59 | 9.59 |
| RETAIL MEDICAL SCHEME | ESSENTIAL COMPREHENSIVE OPTION | 10.36 | 11.80 | 13.06 | 14.00 |
| | ESSENTIAL OPTION | 2.31 | 3.67 | 4.21 | 4.64 |
| | ESSENTIAL PLUS OPTION | 8.30 | 7.42 | 8.18 | 8.82 |
| S A BREWERIES MEDICAL AID SOCIETY | CASTELLION OPTION | 3.00 | 3.00 | 3.00 | 3.00 |
| | SAB OPTION | 3.00 | 3.00 | 3.00 | 3.00 |
| SABC MEDICAL AID SCHEME | SABC PLAN 009 | 14.30 | 14.30 | 14.30 | 14.30 |
| SAMWUMED | OPTION A | 0.00 | 0.00 | 0.00 | 0.00 |
| | OPTION B | 0.00 | 0.00 | 0.00 | 0.00 |
| SAPPI MEDICAL AID SCHEME | SAPPI MEDICAL AID SCHEME | 6.10 | 6.10 | 6.10 | 6.10 |
| SASOLMED | SASOLMED | 3.50 | 3.50 | 3.50 | 3.50 |
| SEDMED | SEDMED | 10.39 | 10.59 | 10.75 | 10.89 |
| SIEMENS MEDICAL SCHEME | SIEMENS MEDICAL SCHEME | 4.80 | 4.80 | 4.80 | 4.80 |
| SOUTH AFRICAN POLICE SERVICE MEDICAL SCHEME (POLMED) | HIGHER PLAN | -10.97 | 0.62 | 4.48 | 7.62 |
| | LOWER PLAN | -25.45 | -16.15 | -12.76 | -10.35 |
| STOCKSMED | STOCKSMED | 4.00 | 4.00 | 4.00 | 4.00 |
| TIGER BRANDS MEDICAL SCHEME | OPTION 1 | 4.50 | 4.30 | 4.50 | 4.60 |
| TRANSMED MEDICAL FUND | ESSENTIAL | 2.00 | 2.00 | 2.00 | 2.00 |
| | PRIVATE COVER PLUS OWN CHOICE | 0.00 | 0.00 | 0.00 | 0.00 |

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|---------------------------------------------------|-----------------------------------------------|-------|-------|-------|-------|
| | PRIVATE COVER PLUS SAVINGS | 10.00 | 10.00 | 10.00 | 10.00 |
| | PRIVATE COVER PLUS THRESHOLD | 12.00 | 12.00 | 12.00 | 12.00 |
| | STANDARD | 2.00 | 2.00 | 2.00 | 2.00 |
| | STANDARD TOP UP | 10.00 | 10.00 | 10.00 | 10.00 |
| | STATE PLUS NETWORK | 7.00 | 7.00 | 7.00 | 7.00 |
| | STATE PLUS OWN CHOICE | 10.00 | 10.00 | 10.00 | 10.00 |
| | UBUNTU | 10.00 | 10.00 | 10.00 | 10.00 |
| TSOGO SUN GROUP MEDICAL SCHEME | CLASSIC COMPREHENSIVE | 11.65 | 16.03 | 17.50 | 17.50 |
| | CLASSIC CORE | 10.80 | 11.95 | 11.40 | 11.40 |
| UMED | OPTION 1 | 4.86 | 4.26 | 4.51 | 4.74 |
| | OPTION 2 | 4.76 | 4.50 | 4.71 | 4.89 |
| UMVUZU HEALTH MEDICAL SCHEME | STANDARD | 8.10 | 8.16 | 8.19 | 8.21 |
| | ULTRA AFFORDABLE | 12.24 | 12.24 | 12.30 | 12.33 |
| UNIVERSITY OF KWAZULU-NATAL MEDICAL SCHEME | UNIVERSITY OF KWAZULU-NATAL MEDICAL SCHEME | -1.10 | 0.14 | 0.73 | -2.16 |
| UNIVERSITY OF THE WITWATERSRAND STAFF MEDICAL AID | UNIVERSITY OF WITWATERSRAND STAFF MEDICAL AID | 0.00 | 0.00 | 0.00 | 0.00 |
| WITBANK COALFIELDS MEDICAL AID SCHEME | COMPREHENSIVE OPTION | 6.00 | 6.00 | 6.00 | 6.00 |
| WOOLTRU HEALTHCARE FUND | CORE OPTION | 6.20 | 6.20 | 6.20 | 6.20 |
| | EXTENDED OPTION | 2.60 | 6.10 | 6.50 | 6.90 |
| | PLUS OPTION | 7.10 | 7.10 | 7.10 | 7.10 |

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| XSTRATA MEDICAL AID SCHEME | XSTRATA OPTION 107 | 0.00 | 0.00 | 0.00 | 0.00 |
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1 – Propsoed contribution and benefits amendments unregistered

2 – Contributions income based. Lower income groups experienced >8% contribution change