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CMS Annual Report 2008-09 launched today

The Council for Medical Schemes (CMS) launched its Annual Report for the 2008-09 financial year earlier today.

The Acting Registrar and Chief Executive Mr Patrick Matshidze covered a wide range of topics in his presentation to members of the media, including the following important indicators of medical schemes performance during 2008:

- There were 119 registered medical schemes in 2008, down from 122 in 2007.
- The number of principal members increased by 4.8% to 3 388 582 and that of dependants increased by 2.6% to 4 486 244, resulting in the total number of beneficiaries increasing by 3.5% to 7 874 826 at the end of December 2008.
- Gross contribution income increased by 13.2% to R74.0 billion. Of this amount, R64.9 billion was paid out in benefits. This was an increase of 13.6% on the R57.1 billion paid out in the previous year.
- Expenditure on hospital services accounted for R24.0 billion or 37.0% of the total benefits paid to healthcare providers. Private hospitals expenditure accounted for R23.7 billion, an increase of 17.4% from 2007. Public hospitals were paid R225.6 million by medical schemes.
- Payments to medical specialists accounted for R14.0 billion or 21.7% of benefits paid in 2008, reflecting a year-on-year increase of 13.7%. General practitioners received R5.2 billion (8.1%) of total benefits paid. This was an increase of 18.5% compared with 2007.
- Expenditure on medicines dispensed by pharmacists and providers other than hospitals increased by 18.2% to R11.2 billion. This accounted for 17.3% of scheme benefits in 2008.
- Expenditure on dental specialists accounted for 0.8% of benefits paid while benefits paid to dentists accounted for R1.9 billion. Supplementary and allied health professionals accounted for R4.9 billion of the total expenditure paid by medical schemes to providers.
- Administration expenditure in all medical schemes rose by 6.5% to R6.8 billion at the end of December 2008, from R6.4 billion in 2007. Expenditure on managing benefits (managed healthcare fees) grew by 9.4% to R1.7 billion. Brokers were paid an additional 11.6%, raising these fees to R1.2 billion from R1.0 billion in 2007. Total impaired receivables (previously known as bad debts) increased by 54.3% to R144.8 million compared to R93.8 million at the end of 2007.
- Total non-healthcare expenditure (i.e. administration fees, fees paid for managed care, broker fees, impairments, and reinsurance) rose by approximately 8.1% to R9.7 billion in 2008 from R9.0 billion in 2007.

A statutory body established in terms of the
Medical Schemes Act, 1998 (Act 131 of 1998)

Chairperson: Prof. W Pick Acting Registrar & CEO: P Matshidze



- The net operating deficit of all medical schemes was R929.4 million in 2008. This was a substantial decrease from 2007. Investment income amounted to R2.4 billion while income from other sources added another R1.0 billion – just like in 2007. These additional sources of income helped schemes to convert the operating deficit into a final surplus for the year of R2.4 billion, which was a 138.1% increase on the 2007 surplus.
- Net assets or members' funds, defined as total assets less total liabilities, rose by 5.8% to R28.8 billion from R26.8 billion in 2007. The resultant industry average solvency therefore decreased by 3.7% to 36.6% as at December 2008 from 37.8% in 2007. This level was still higher than the prescribed solvency level of 25.0%. The solvency ratio of open schemes was 29.8% while that of restricted schemes was 49.8%.

Operations of the CMS during its 2008-09 financial year were also discussed.

To download the PDF version of the Report, please visit our website at www.medicalschemes.com.

Regards

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