



QUARTERLY REPORTS

for the period ended 31 December 2009

April 2010

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INTRODUCTION

This report represents the results of the analysis of the management accounts for the period ended 31 December 2009. This report reflects consolidated industry data only, as data on an individual scheme level has not been audited and could therefore not be made available to the public.

All the annexures exclude bargaining council schemes, due to the unavailability of information.

It should be noted that budget figures and average beneficiary figures have been excluded due to unavailability of data.

Monitoring the financial performance and soundness of medical schemes – a brief summary of key trends

Accumulated funds and solvency levels

- The overall industry average solvency level decreased by 10.9% from the audited solvency level of 36.6% at 31 December 2008 to 32.6% at 31 December 2009.
- On an industry level, the solvency level exceeded the required minimum level of 25%, as per Regulation 29(1) of the Medical Schemes Act, for both open and restricted schemes.
- The 16 (2008:14) open schemes that failed to meet the prescribed solvency level at 31 December 2009, represent 20.6% (2008: 22.0%) of the total open schemes' beneficiaries.
- Only 6 (2008:8) restricted schemes were below 25%.
- The net asset value (per Regulation 29) per beneficiary decreased by 0.3% from R3 441.1 at 31 December 2008 to R3 429.3 at 31 December 2009.

Membership

- The total number of principal members of registered medical schemes increased by 3.0% from 3 388 582 at 31 December 2008 to 3 490 493 at 31 December 2009.
- The number of total beneficiaries increased by 2.5% from 7 874 826 at 31 December 2008 to 8 072 180 at 31 December 2009.

Contributions and relevant healthcare expenditure

- The total gross contribution income for all medical schemes amounted to R84.9 billion for the period ended 31 December 2009.
- The gross contributions per average beneficiary per month of R889.1 was for the period ended 31 December 2009.
- The gross contributions per average beneficiary per month at 31 December 2009 of R889.1 went up by 11.0% from R800.8 at 31 December 2008.
- Total risk contributions for all medical schemes amounted to R77.0 billion for the period ended 31 December 2009. The risk contribution per average beneficiary per month for the period ended 31 December 2009 was R806.9.
- The risk contributions per beneficiary per month at 31 December 2009 of R806.9 went up by 11.1% from R726.0 at 31 December 2008.
- The relevant healthcare ratio was 89.6% at 31 December 2009. The relevant healthcare per average beneficiary per month was R723.0

for the period ended 31 December 2009. Total relevant healthcare for the period ended 31 December 2009 was R69.0 billion.

- The relevant healthcare expenditure per beneficiary per month at 31 December 2009 of R723.0 went up by 14.6% from R630.7 at 31 December 2008.

Non-health expenses

- Total gross non-health expenses for all medical schemes amounted to R10.8 billion for the period ended 31 December 2009.
- The gross non health expense per average beneficiary per month at 31 December 2009 of R113.5 went up by 7.8% from R105.3 at 31 December 2008.
- Gross non-health expenses when expressed as a percentage of gross contributions, decreased from 13.2% at 31 December 2008 to 12.8% at 31 December 2009.
- At 31 December 2009, the industry averages of the various components of non-health expenses expressed as a percentage of total gross non-health expenses were as follows:

	<u>Dec'09</u>	<u>Dec'08</u>
- Gross Administration Expenses	69.5%	69.4%
- Managed Care: Management services	17.8%	17.1%
- Broker service fees (including distribution costs)	10.9%	11.9%
- Net Impairment Losses: Trade and Other Receivables	1.6%	1.5%

Operating results

- Registered medical schemes incurred negative net healthcare results (before taking investment and other income into account) of R2 829.9 million at 31 December 2009.
- Open schemes incurred a net healthcare deficit (before taking investment and other income into account) of R1 870.9 million whereas restricted schemes incurred deficit (before taking investment and other income into account) of R959 million.
- The net healthcare deficit per average beneficiary per month at 31 December 2009 of R29.6 went up by 195.2% from R10.0 at 31 December 2008.
- The inclusion of investment and other income resulted in all registered schemes making a surplus of R655.4 million at 31 December 2009.
- The net surplus per average beneficiary per month at 31 December 2009 of R6.9 decreased by 74.0% from a net surplus per average beneficiary per month of R26.4 at 31 December 2008.

Investments

- The current assets to current liabilities ratio for open schemes at 31 December 2009 is 1.9 (2008: 2.6), whereas for restricted schemes it is 2.9 (2008:3.8).
- The total assets to total liabilities ratio for open and restricted schemes is 3.3 (2008: 3.3) and 4.7 (2008: 4.6) respectively.

REGULATION 29: MINIMUM ACCUMULATED FUNDS (SOLVENCY RATIO)

Annexure A

INDUSTRY AVERAGE:

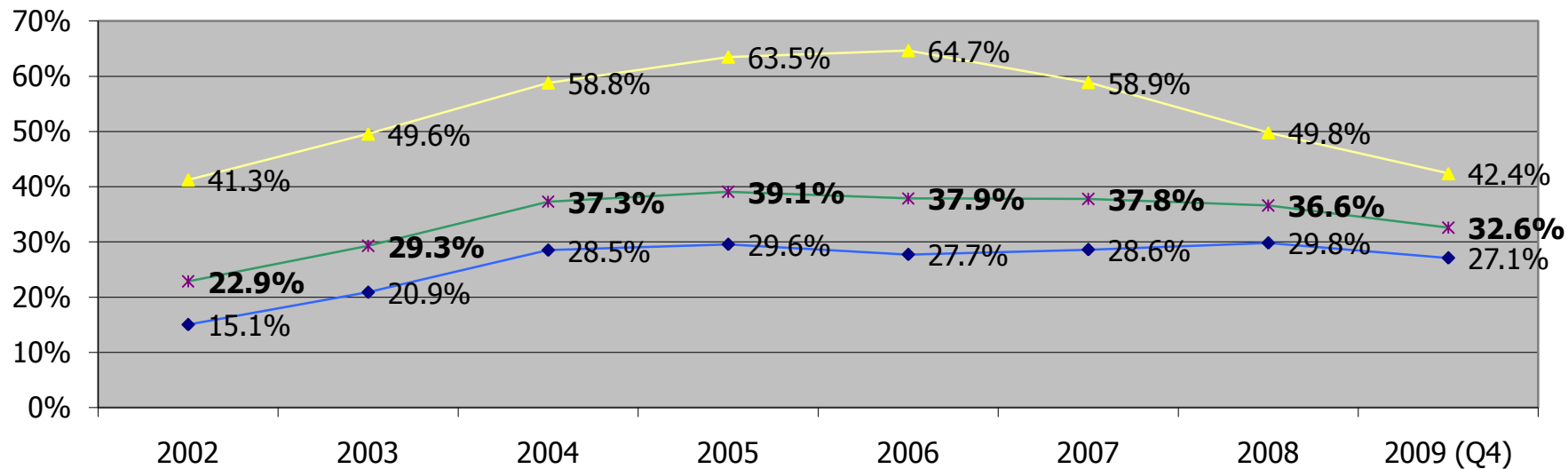
Please note that the 2003 amounts have not been restated.

	2003	2004	% Change 2004	2005	% Change 2005	2006	% Change 2006	2007	% Change 2007	2008	% Change 2008	2008 Q4 Actual	2009 Q4 Actual	% Change Q4 2009 vs 2008	% Change 2009 Q4 vs 2008 Q4
Open schemes	20.9%	28.5%	36.4%	29.6%	3.7%	27.7%	-6.2%	28.6%	3.2%	29.8%	4.2%	29.4%	27.1%	-9.1%	-7.8%
Restricted schemes	49.6%	58.8%	18.6%	63.5%	8.0%	64.7%	1.8%	58.9%	-8.9%	49.8%	-15.4%	51.6%	42.4%	-14.9%	-17.8%
All registered schemes	29.3%	37.3%	27.3%	39.1%	4.8%	37.9%	-3.1%	37.8%	-0.2%	36.6%	-3.2%	36.9%	32.6%	-10.9%	-11.7%

SOLVENCY RATIO

Annexure B

Percentage



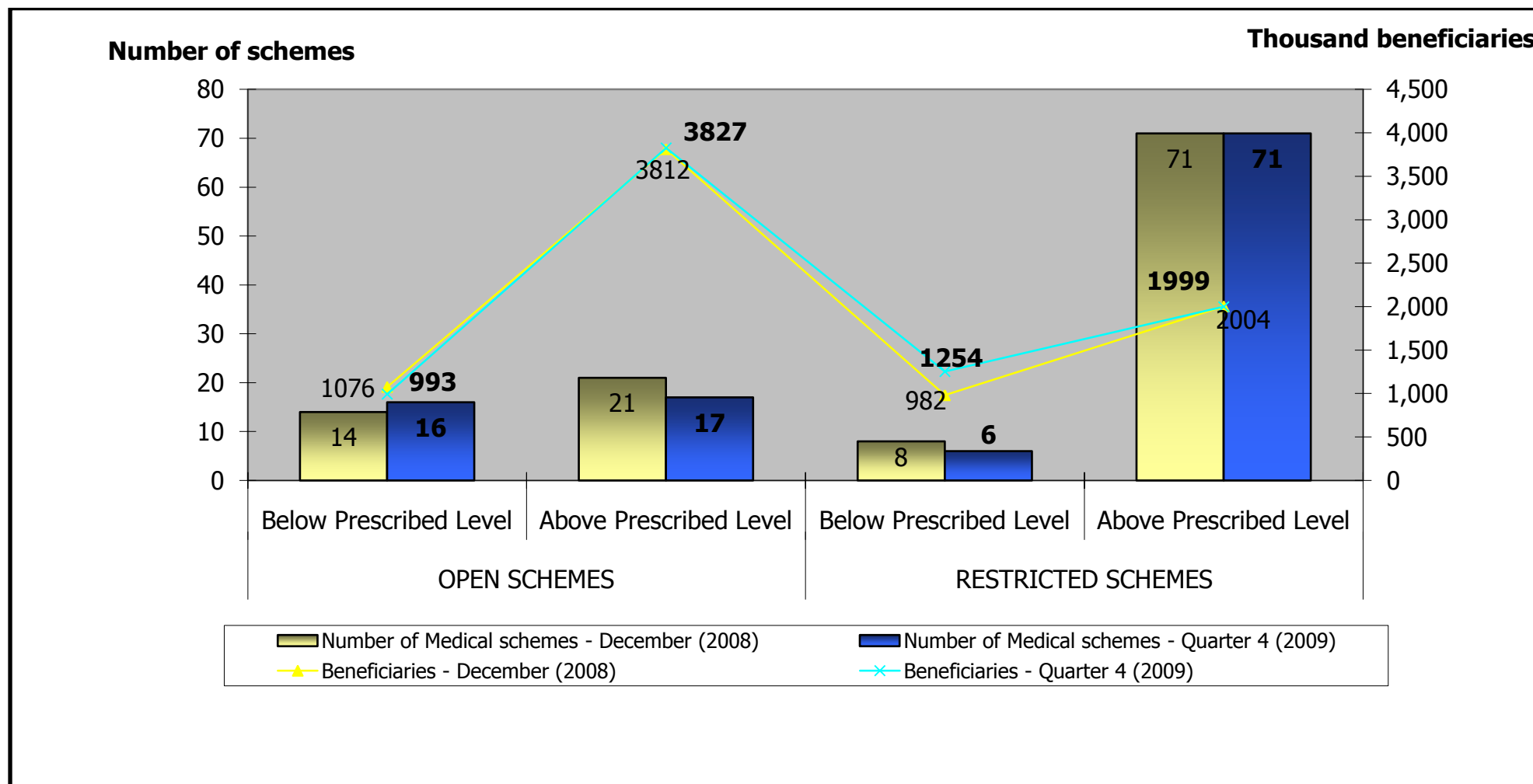
—◆— Open Schemes - Actual

—▲— Restricted Schemes - Actual

—*— All Registered Schemes - Actual

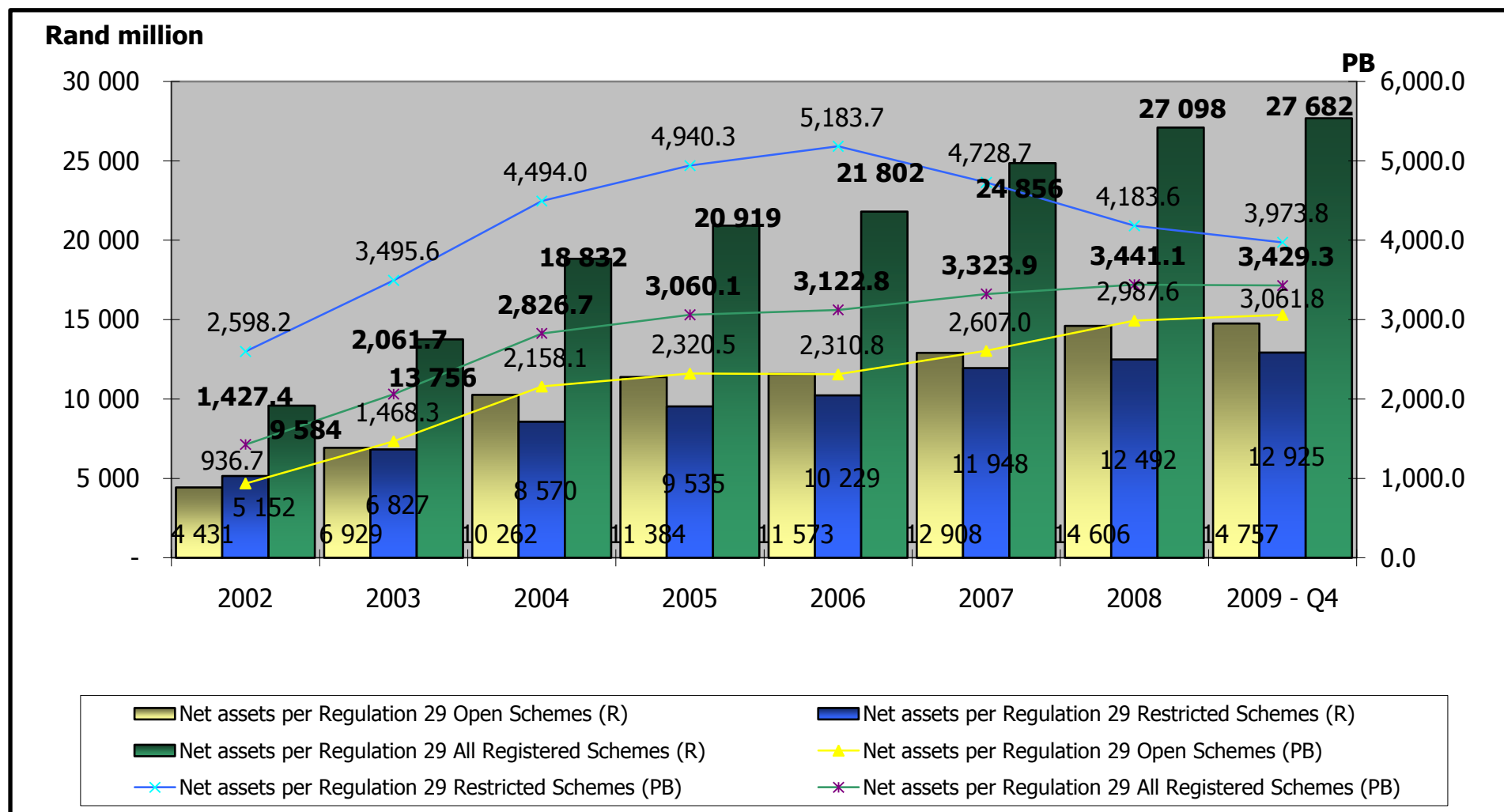
PRESCRIBED SOLVENCY LEVELS AND NUMBER OF BENEFICIARIES

Annexure C



NET ASSETS PER REGULATION 29

Annexure D



INCOME STATEMENT DETAILS

for the period ended 31 December 2009

Annexure E

		OPEN SCHEMES	RESTRICTED SCHEMES	TOTAL REGISTERED SCHEMES
Members		2 145 054	1 345 439	3 490 493
Beneficiaries		4 819 538	3 252 642	8 072 180
Gross Contributions (RISK +PMSA)	R'000	54 363 858	30 495 173	84 859 031
Net relevant healthcare expenditure incurred (incl. managed healthcare claims)		41 767 239	27 237 926	69 005 165
Gross Administration expenses (RISK +PMSA)		5 577 876	1 953 761	7 531 637
Managed Care: Management services		1 305 958	627 007	1 932 965
Broker fees (Including Distribution Costs)		1 161 562	22 687	1 184 249
Net Impairment losses: Trade and Other Receivables	R'000	126 938	43 384	175 322
Net Healthcare Results		(1 870 944)	(959 003)	(2 829 947)
Surplus/ (Deficit)		74 254	581 116	655 371

* PMSA = Personal Medical Savings Account

BALANCE SHEET DETAILS at 31 December 2009

Annexure F

		OPEN SCHEMES	RESTRICTED SCHEMES	TOTAL REGISTERED SCHEMES
Members at 31 December 2009		2 145 054	1 345 439	3 490 493
Dependants at 31 December 2009		2 674 484	1 907 203	4 581 687
Beneficiaries at 31 December 2009		4 819 538	3 252 642	8 072 180
Non-current Assets	R'000	5 878 581	7 297 516	13 176 097
Current Assets		7 540 768	11 315 847	18 856 615
Total Assets		13 419 349	18 613 363	32 032 713
Non-current Liabilities		60 245	49 709	109 954
Current Liabilities		3 985 014	3 944 168	7 929 182
Total liabilities	R'000	4 045 259	3 993 877	8 039 136

BALANCE SHEET DETAILS at 31 December 2009

Annexure F

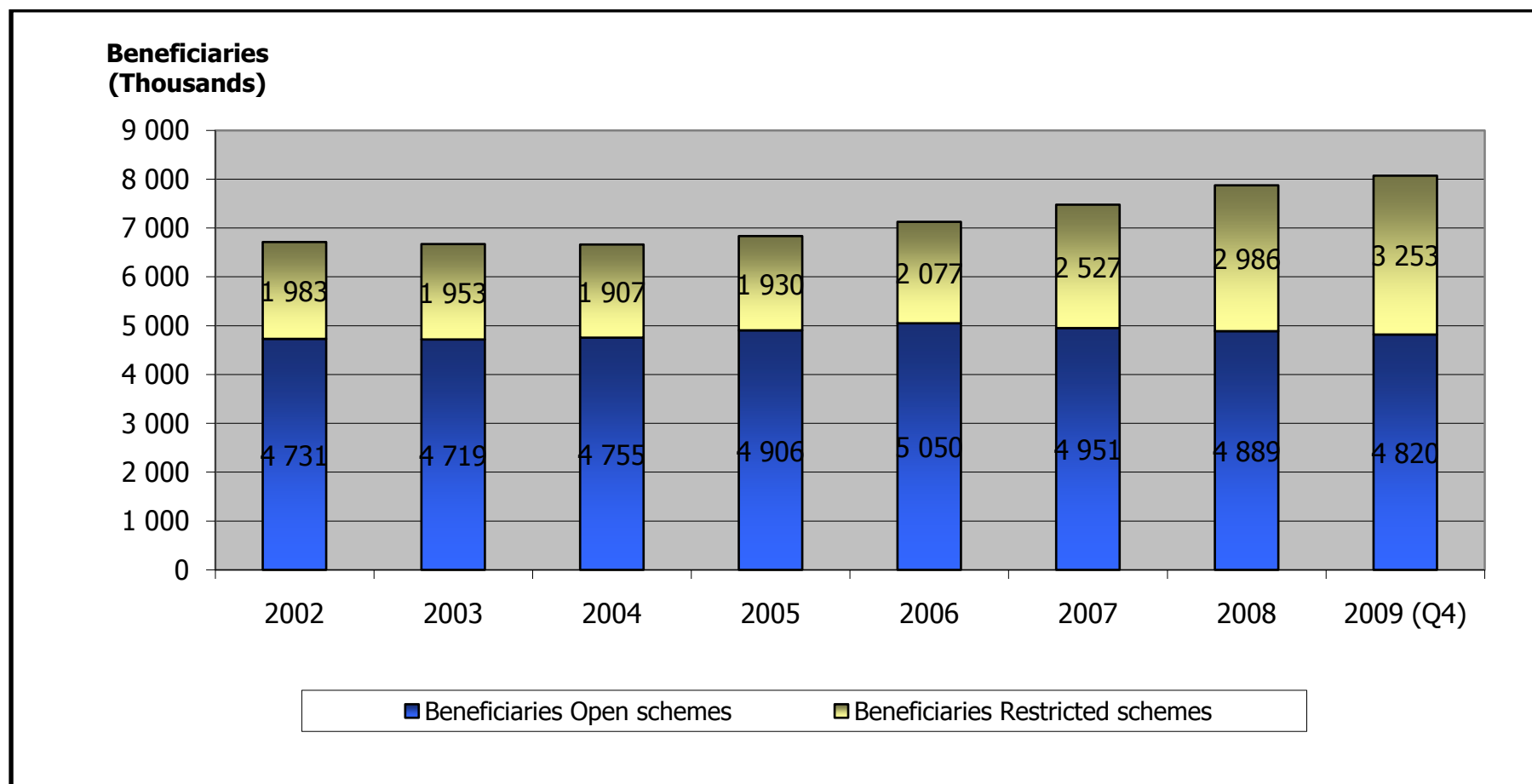
		OPEN SCHEMES	RESTRICTED SCHEMES	TOTAL REGISTERED SCHEMES
Total Assets: Total Liabilities		3,3	4,7	4,0
Current Assets: Current Liabilities		1,9	2,9	2,4
Net Assets Per Regulation 29	R'000	14 756 595	12 925 396	27 681 991
Solvency Ratio	%	27,1	42,4	32,6

NOTES:

* We do not express an opinion on the accuracy of the split between current and non-current assets, and current and non-current liabilities

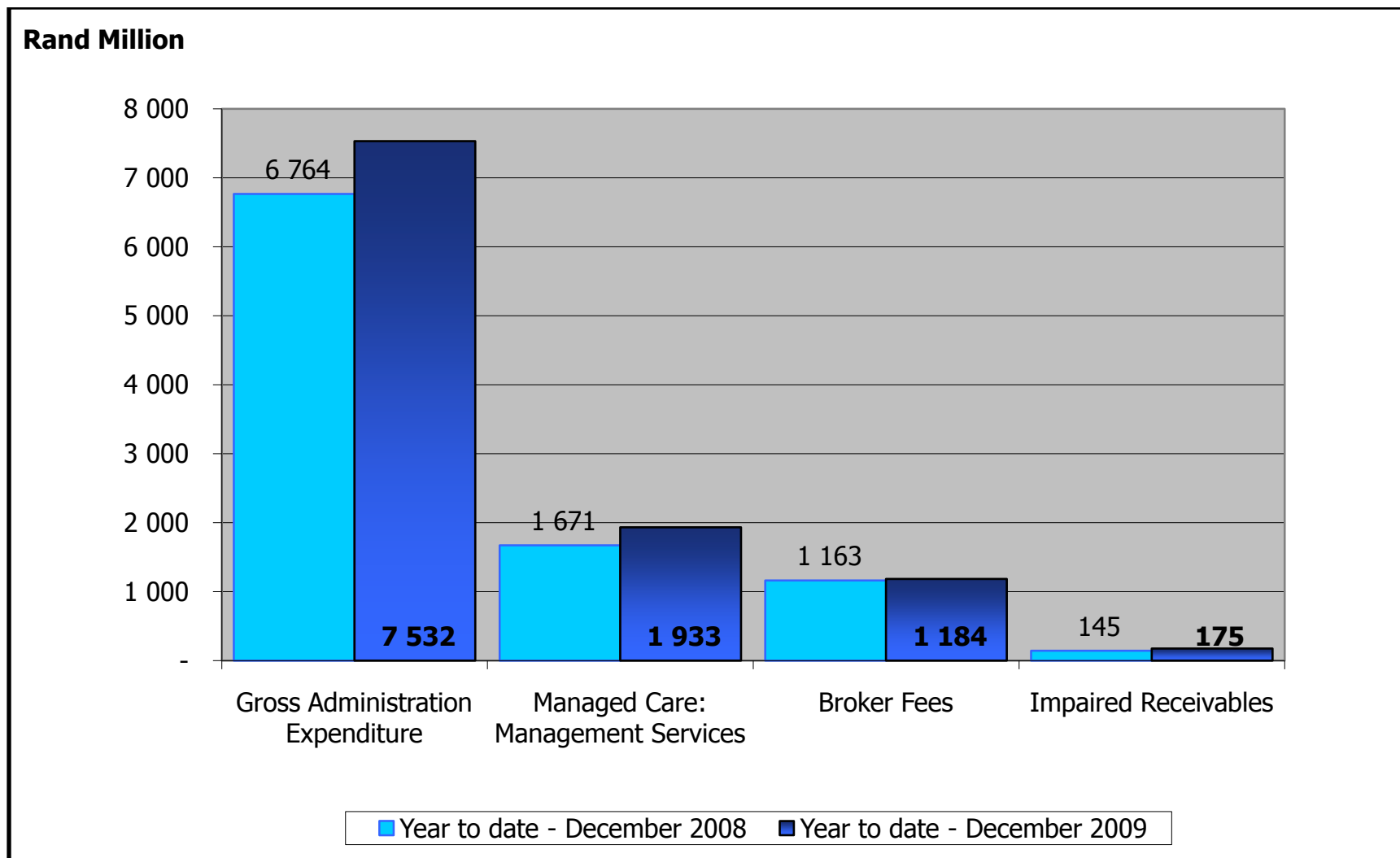
NUMBER OF BENEFICIARIES

Annexure G



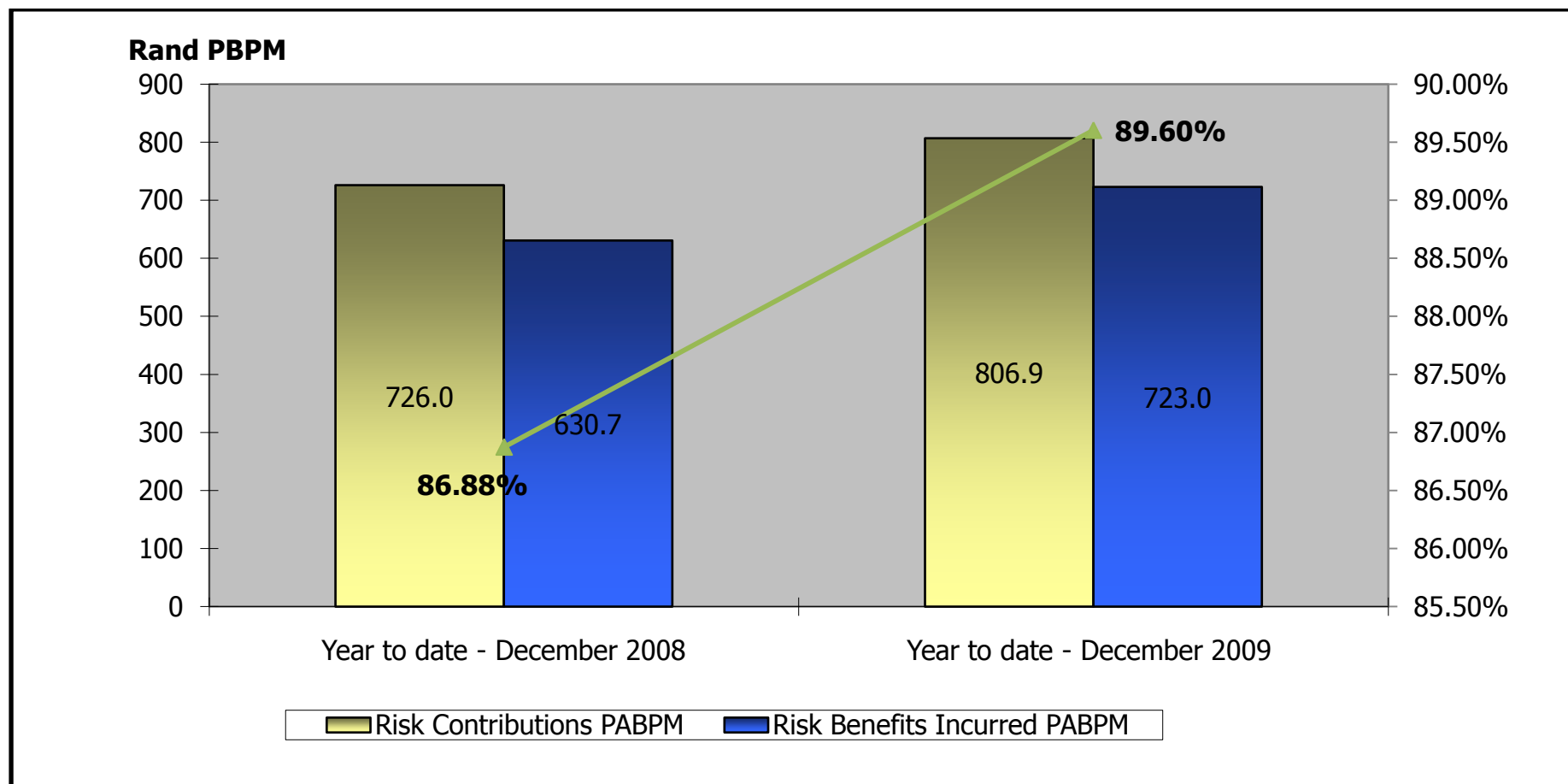
TOTAL NON HEALTH EXPENDITURE

Annexure H



NET RELEVANT HEALTHCARE EXPENDITURE RATIO: RISK BENEFITS GRAPH

Annexure I



* PABPM = per average beneficiary per month