

Annexure E: REF price by age for the major administrators

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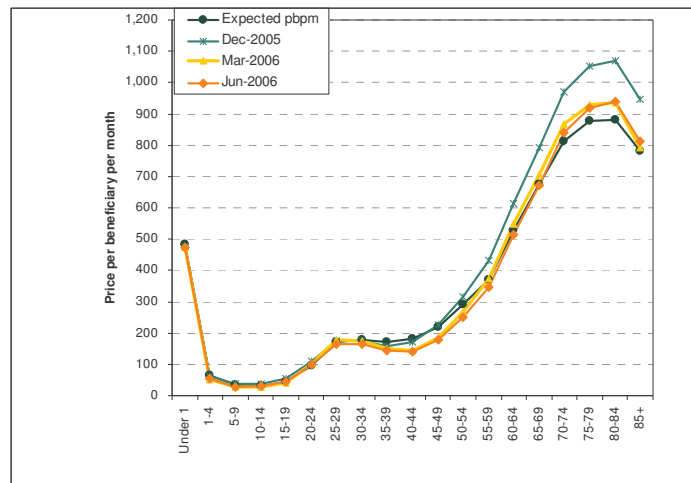
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The purpose of Annexure E is to describe the unique REF price by age patterns for the major administrators.

1 Discovery Health (Pty) Ltd

Schemes administered by Discovery Health displayed price by age that approached the expected shape in Q1 and Q2 2006. This is a major improvement when compared with 2005 results. With the introduction of the entry and verification criteria, the heavier tail of chronic conditions has dropped closer to the expected value. The number of Maternity cases reported remains on average 35% higher than expected in Q1 and Q2 2006. The number of multiple conditions reported remains erratic by up to 40% lower or higher than expected in any given Quarter in 2006.

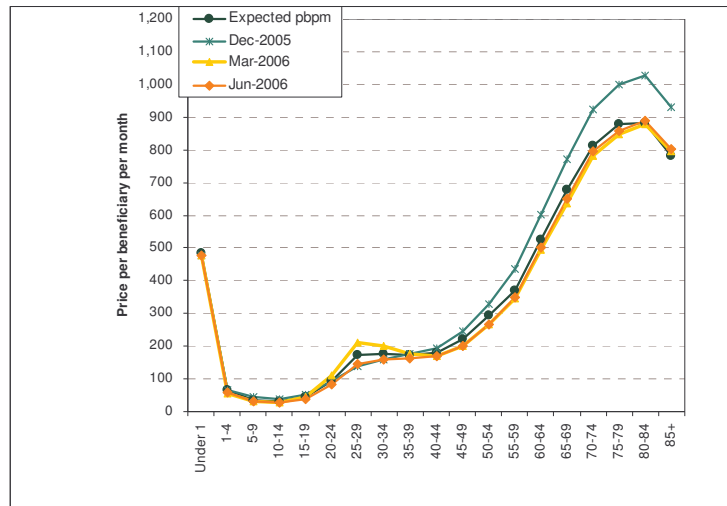
Figure 29: Discovery Health (Pty) Ltd



2 Medscheme (Pty) Ltd

Medscheme Schemes REF price by age has a very similar shape in Q1 and Q2 2006, which is a noticeable improvement on the 2005 values. The introduction the entry and verification criteria have caused the heavier tail of chronic conditions to drop significantly. The graph for March 2006 indicates a higher than expected price for age in the 20-35 year bands; this is caused by 54% higher than expected maternity cases reported.

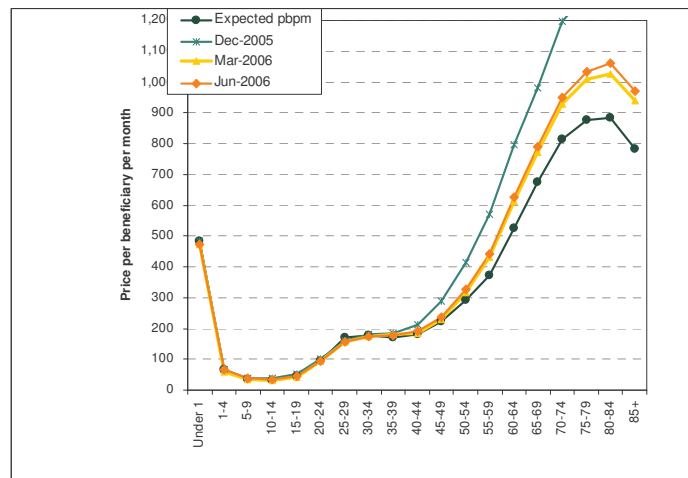
Figure 30: Medscheme (Pty) Ltd



3 Metropolitan Health Group (Pty) Ltd

MHG schemes REF price by age has much higher tail in Q4 2005 than what was reported in Q2 2006. With the application of the entry and verification criteria, the high tail has dropped much closer to the expected in Q1 and Q2 2006. The number of Total CDL and Multiple CD reported in 2006 is still 16-26% higher than expected for the industry.

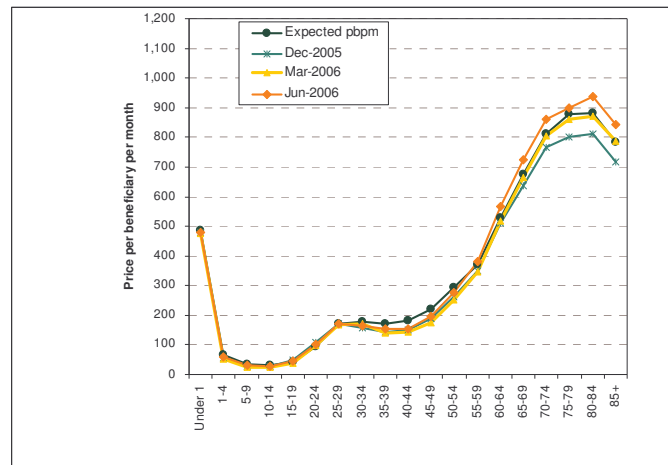
Figure 31: Metropolitan Health Group (Pty) Ltd



4 Old Mutual Healthcare (Pty) Ltd

Where Old Mutual has reported price-by-age values that were much lower than the expected values in the past, the price by age in Q1 2006 approaches expected values and now is similar to the industry. Problems noted in Q2 2006 are that Maternity is 20% higher than industry expected, REF submissions has 11000 more beneficiary when compared to the SR and Certain Chronic diseases such as ADS, CHF + CMY, CSD, and SCZ are up to three times higher than expected the expected values.

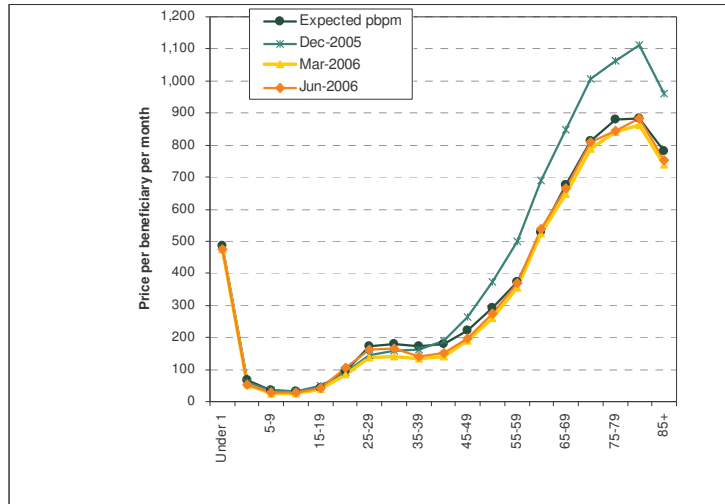
Figure 32: Old Mutual Healthcare (Pty) Ltd



5 Sovereign Health (Pty) Ltd

Sovereign Health REF price by age has a similar shape in Q4 2005 when compared to previous submissions in 2005. The tail of the REF price by age curve is higher than expected, probably due to definitional issues related to multiple chronic conditions. REF price by age for Q1 and Q2 2006 has a more realistic shape and is very close to expected values. This is probably due to the correct application of entry and verification criteria.

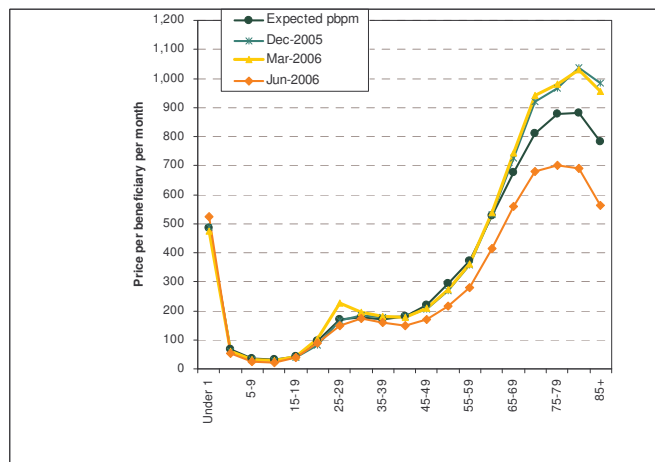
Figure 33: Sovereign Health (Pty) Ltd



6 Allcare Administrators (Pty) Ltd

Many REF submissions from Allcare-administered schemes display major deviations from expected values. In Q4 2005 three schemes submitted data with major deviations from the expected, one major scheme's data submitted had very low CDL and multiple disease counts. This pattern continued, in Q1 2006 five schemes submitted data that displayed very large deviations from the expected values. In Q2 2006, two major schemes submitted very low total CDL and multiple disease count values.

Figure 34: Allcare Administrators (Pty) Ltd

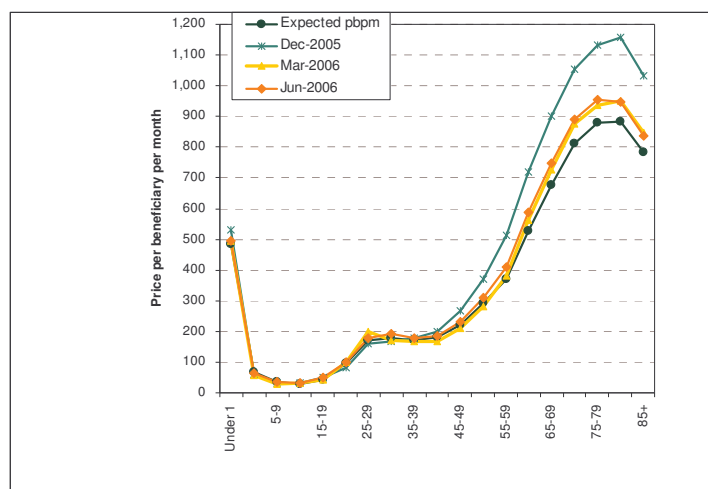


7 Self-Administered Schemes

The schemes in this group show patterns in Q4 2005 very similar to the previous first three quarters in 2005. There has however been a major improvement to the REF price in 2006. It does however appear that the entry and verification criteria have been implemented inconsistently in these schemes. Specific schemes that draw attention are mentioned below:

- Medihelp has submitted 32% higher maternity cases than expected in Q1 and Q2 2006, the number of CHF+CMY cases is 39% higher than expected, and some conditions such as SCZ and TDH are as much as 200% higher than expected.
- Medicovert has submitted up to 60% higher maternity cases than expected, HIV is up to 89% higher than expected, and CHF+CMY is 120% higher than expected in Q2 2006.
- Bestmed has reported 46% higher than expected values for multiple CDL conditions, and more than 200% on BMD, IHD, and MSS.
- Telemed has submitted over 500% higher than expected on CHF+CMY, over 200% on CSD, IHD, SCZ, and SLE, Telemed is consistently reporting very high number of multiple CDL and total CDL.
- Platinum Health continues to report up to 900% higher than expected on CHF+CMY, and over 900% than expected on RHA and SLE, Platinum Health also consistently reporting high number of multiple CDL and total CDL.

Figure 35: Self-Administered Schemes



8 Other Administrators

Rowan Angel REF price by age is closer to the expected in Q2 2006 with the exception that this administrator is not reporting maternity cases up to 200% higher than expected.

Exclusive Health REF price by age is much closer to the expected in Q1 and Q2 2006, it appears that the entry and verification were applied.

Multimed REF price by age has moved further away from expected in Q1 and Q2 2006, CDL and Multiple CDL values up to 50% higher than expected has been reported.

Sizwe Medical Services REF price by age is closer to expected in Q2 when compared to Q1 2006. Multiple CDL's are however reported as up to 50% higher than expected with total CDLs up to and 30% higher than expected.

Mx Health REF price by age has moved much closer to expect in Q1 and Q2 2006, this administrator is reporting double the expected values for CHF+CMY. Reported maternity varies from none submitted to more than over double the expected number.

Sigma Health Fund Managers REF price by age has moved closer to expected values in Q1 and Q2 2006, however it seems that the entry and verification criteria have not been implemented fully, Up to 50% higher than expected on numbers are reported for total CDL and multiple CDLs.

Resolution Administrators REF price by age has a very unusual shape in Q2 2006; this is due to 26% higher than expected maternity cases, and 43% higher than expected reported cases on CHF+CMY.

African Health REF price by age has a similar shape to expected, some issues noted are; CHF+CMY is higher than expected by 20% in Q2 2006, and cases reported on SCZ remains double than what was expected.

Status Medical Aid Administrators REF price by age has increased in Q1 and Q2 2006 compared to 2005. This is due to higher number of cases submitted on CHF+CMY and multiple CDL. The difference in shape within age band 20-40 is due to lower than expected maternity cases reported in Q1 and Q2 2006.

Eternity Private Health Fund Administrators REF price by age has much sharper tail in Q1 and Q2 2006 compared to 2005. This is due to 64% higher than expected case reported on Total CDL and multiple CDL.

Providence Healthcare Risk Managers REF price by age curve has no similarity compared to expected, data submitted by this administrator contains very high CDL and multiple disease cases.

Definiti Medical Fund Managers REF price by age is much lower than expected; this is due to lower than expected CDL and multiple disease cases submitted.

Other administrators (Pharos Medical Plan & Selfmed Medical Plan) REF price by age much lower than expected, this is due to lower than expected CDL and multiple disease cases submitted.

Other small administrators:

The administrators in this group include:

- Baymed
- Eclipse Medical Scheme
- Kwa-Zulu Natal Medical Aid Scheme
- Medimed Medical Scheme
- Medisense Medical Scheme
- Renaissance Health Medical Scheme
- Rhodes University Medical Scheme
- Suremed Health
- Thebemed
- Witbank Coalfields Medical Aid Scheme

Many of these schemes provided data that appears unrealistic, ranging from lower than expected CDLs and multiple disease data reported to data that were clearly incomplete.