CIRCULAR

Reference:	Retrospective evaluation of contribution increase assumptions for 2021
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Date:	29 October 2021

Circular 60 of 2021: Retrospective evaluation of cost increase assumptions by medical schemes for the 2021 financial year

In 2010, the Council for Medical Schemes (CMS) initiated a rigorous annual review of medical scheme contribution and cost increases to limit the transfer of inappropriate cost increases to beneficiaries. This was to ensure member protection against high contribution increases and increased transparency in the benefit design and pricing process.

This Circular evaluates the industry assumptions submitted by medical schemes for the 2021 financial year as provided in the benefit review submissions. The purpose of providing this information is to increase the transparency of the schemes' pricing decisions and increase the quality of provider negotiations.

Legislative requirements

The Medical Schemes Act outlines legislative requirements informing how the CMS conducts its work with regards to benefit content configuration as well as pricing of options:

- *Regulation 8 (1) of the Medical Schemes Act regulations requires that "any benefit option that is offered by a medical scheme must pay in full, without co-payments or use of deductibles, the diagnosis, treatment and care costs of the prescribed minimum benefit conditions."*
- *Section 24 (2) (e) state that "… medical scheme does not or will not unfairly discriminate directly or indirectly against any person on one or more arbitrary grounds including race, age, gender, marital status, ethnic or social origin, sexual orientation, pregnancy, disability and the state of health."*
- *Section 29 (l) makes it mandatory for the scheme to communicate with their members on any change in contributions, membership fees, or subscription, benefits or any other condition affecting their membership.*
- *Section 29 (2) and Section 35 of the Act which seeks to encourage financial soundness of Medical Schemes.*
- *Section 31 seeks to ensure that the scheme rules registration promotes equity in rule amendments, discourage prejudice towards the member through unlawful exclusion/limitation of benefits also promote public accountability and transparency.*
- *Section 33 (2) outlines that "approval of benefit options will be subject to provision of prescribed benefits, self-supporting in-terms of membership and financial performance, financially sound, the option should not jeopardise the financial soundness of any existing options within the medical scheme"*

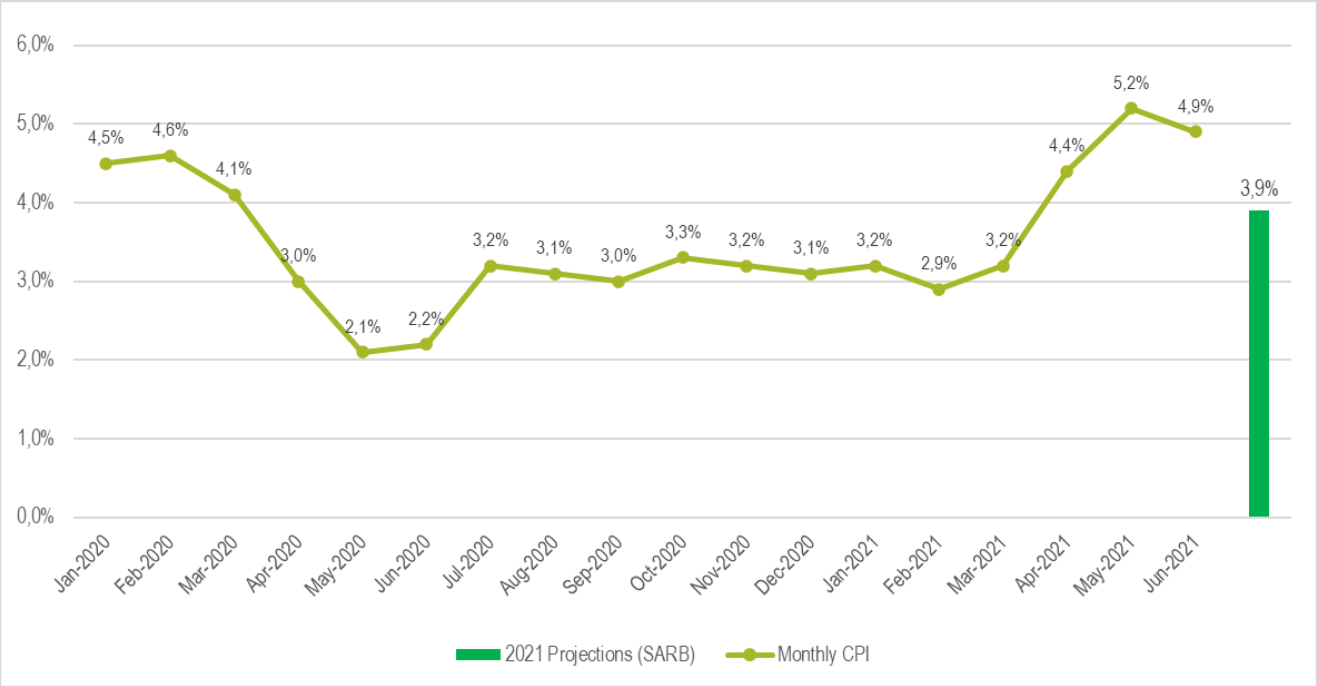
Overview

The following is a retrospective analysis of contribution increase assumptions for the 2020 financial year for standard cost items and utilisation, stratified by scheme size, scheme type, facility type, professional services, medicine costs, non-healthcare costs, ex gratia payments and other relevant cost variables.

Economic indicators trends

The CMS published Circular 52 of 2020 in July 2020, advising medical schemes that cost increase assumption for 2021 should be limited to 3.9% for each cost item. The premise was mainly based on headline inflation as measured by the Consumer Price Index (CPI). The headline inflation for May 2021 was 2.1% and 2021 annual average headline inflation is projected at 3.9% by the South African Reserve Bank.

Figure 1: Consumer Price Index changes for 2020/21



Source: CPI History: Stats SA; 2021 Projections: South African Reserve Bank Quarterly Bulletin June 2021

Industry cost assumption data

The analysis undertook a quantitative review of 2020 Annual Statutory Return data, medical schemes cost assumptions for the 2021 financial year, and a review of actuarial reports triangulated with a contextual analysis of the medical schemes market.

Table 1 below presents the Quarter 4 2020 demographic data for the industry. All 75 schemes registered at the end of 2020 submitted data and were used in the analysis. Close to 55% of the medical scheme population were reported in 18 open medical schemes, and close to 43% of all beneficiaries were in three very large open medical schemes. Around 4.07 million beneficiaries (46%) were reported in 57 restricted medical schemes, with close to 73% of those beneficiaries accounted for by three very large schemes.

Table 1: Medical Schemes size categories, Q4 2020

Scheme type	Size*	Number of schemes	Average age 2020	Dependent ratio	Members	Percentage of members	Beneficiaries	Percentage of beneficiaries
Open	Small	3	36.56	0.77	10 926	0.47%	24 679	0.51%
	Medium	3	30.36	0.61	26 498	1.14%	50 914	1.05%
	Large	9	37.75	0.66	476 242	20.44%	993 909	20.57%
	Very Large	3	34.25	0.61	1 815 882	77.95%	3 761 954	77.86%
Total open		18	34.93	0.62	2 329 548	100.00%	4 831 456	**100%**
Restricted	Small	26	34.52	0.74	83 895	4.95%	182 365	4.49%
	Medium	14	32.06	0.69	139 143	8.22%	276 719	6.81%
	Large	14	32.9	0.67	455 757	26.92%	916 782	22.55%
	Very Large	3	30.46	1.17	1 014 423	59.91%	2 689 271	66.15%
Total restricted		57	31.33	0.98	1 693 218	100.00%	4 065 137	**100%**
All Schemes	Small	29	34.71	0.74	94 821	2.36%	207 044	2.33%
	Medium	17	31.74	0.67	165 641	4.12%	327 633	3.68%
	Large	23	35.46	0.66	931 999	23.17%	1 910 691	21.48%
	Very Large	6	32.71	0.81	2 830 305	70.36%	6 451 225	72.51%
All schemes		75	33.31	0.77	4 022 766	100.00%	8 896 593	**100%**

**small: members < 6 000; medium: ≥ 6 000 but < 30 000 beneficiaries; large: > 30 000 beneficiaries; very large > 220 000 beneficiaries*

Table 2 below lists the per average beneficiary changes in expenditure over 2013 to 2019, highlighting the year-to-year changes per beneficiary for each cost item analysed as part of the contribution increase analysis (CMS Annual Report 2019/2020). Expenditure on Surgical and Medical specialists had the highest average increases of 9.98% and 9.86%, respectively. The expenditure on general practitioners remains consistently the lowest at an average of 4.48%.

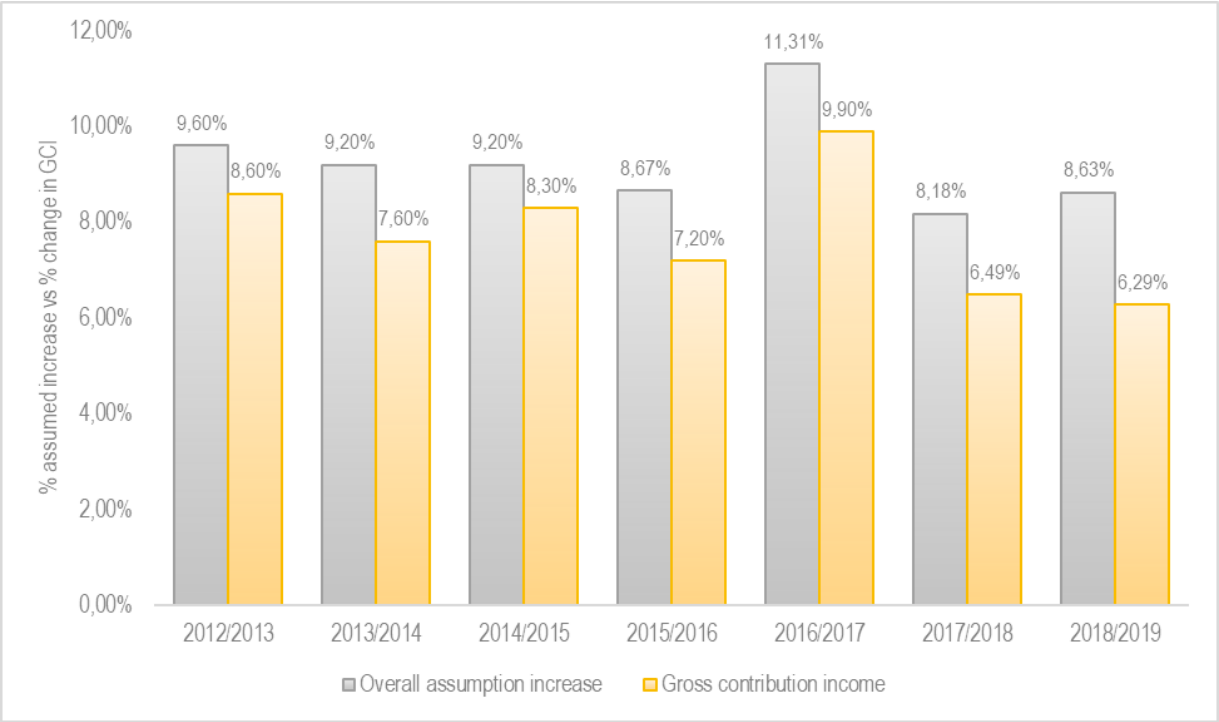
Table 2: Per average beneficiary per annum (pabpa) changes in expenditure 2013 to 2019

Cost Items	Assumed 2019	Actual expenditure						Average percentage
		2018/2019	2017/2018	2016/2017	2015/2016	2014/2015	2013/2014	
General practitioners	**9.50%**	6.58%	3.60%	1.82%	2.71%	5.52%	6.65%	4.48%
All Specialists	**9.77%**	9.97%	9.90%	5.91%	9.61%	10.94%	10.99%	9.55%
Anaesthetists	**9.90%**	9.69%	11.70%	3.02%	9.20%	10.08%	12.11%	9.30%
Pathology	**8.97%**	9.89%	8.50%	6.71%	8.63%	10.81%	10.87%	9.24%
Radiology	**9.90%**	8.80%	9.70%	4.01%	10.86%	10.57%	10.53%	9.08%
Medical Specialists	**9.91%**	10.32%	9.60%	7.22%	9.54%	11.52%	10.95%	9.86%
Surgical Specialists	**9.88%**	10.68%	11.10%	6.14%	9.83%	10.99%	11.11%	9.98%
Dentists	**9.40%**	3.29%	2.50%	5.04%	4.88%	5.48%	6.25%	4.57%
Dental Specialists	**9.52%**	4.60%	5.00%	4.27%	4.16%	6.17%	8.61%	5.47%
Supplementary and Allied Health Professionals	**9.67%**	8.26%	8.00%	7.03%	7.11%	12.69%	13.41%	9.42%
Hospitals	**9.95%**	6.93%	7.00%	4.23%	9.77%	9.29%	10.56%	7.96%
Medicines Dispensed	**9.62%**	4.97%	3.40%	7.61%	4.10%	7.13%	7.88%	5.85%
Ex gratia payments	**9.20%**	14.79%	-9.60%	11.50%	3.95%	8.36%	23.63%	8.77%
Managed care services (out of hospital)	**6.11%**	4.94%	3.90%	10.16%	3.22%	4.41%	2.20%	4.81%

Assumed increases and gross contribution increase observed 2013 – 2019

Figure 2 below highlights the disparity between the assumed increase assumptions and the actual contribution income growth ultimately experienced by schemes each subsequent year. The weighted average assumed increase per beneficiary per month (pbpm) was between 0.9 to 2.34 percentage points higher than the actual contribution increases pbpm recorded by schemes between 2012/2013 and 2018/2019. This could be attributed to the movement of beneficiaries between options either due to affordability and/or healthcare needs.

Figure 2: Assumed increase vs growth in contribution income 2013 – 2019

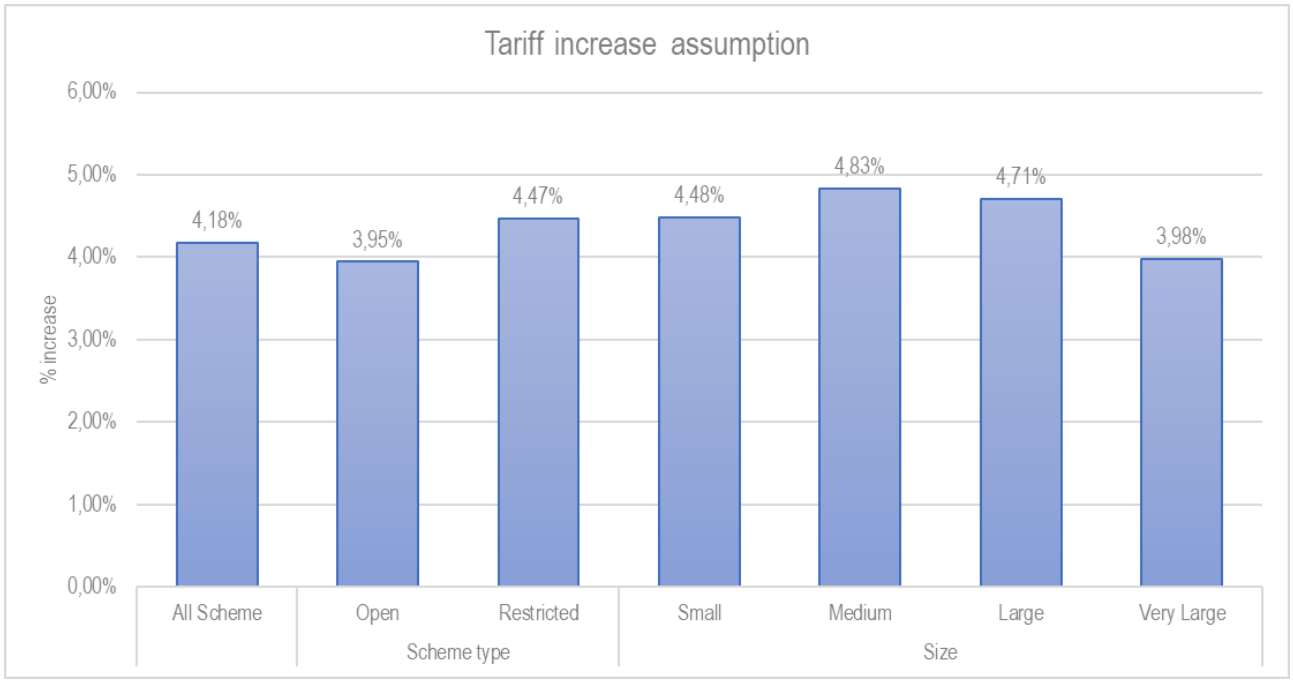


Scheme tariff increase assumptions for 2020

The overall weighted tariff increase assumption for 2020 was 4.18%, 0.94 percentage points lower than the 2019 assumption of 5.12%. The tariff increase assumption has continued to increase at a decreasing rate since 2015, with a slight deviation observed in 2018 when the tariff increase assumption was 6.2%.

Figure 3 below highlights the highest tariff increase assumption for medium and large schemes at 4.83% and 4.71%. Very large and open schemes had the lowest tariff increase assumptions at 3.98% and 3.95%, followed by small schemes with 4.48%.

Figure 3: Tariff increase assumption 2021



Non-healthcare expenditure

The overall weighted assumption increase attributed to non-healthcare expenditure was 4.20% for all schemes, but slightly higher at 4.64% for restricted schemes. Large and small-sized schemes had the highest assumed increases to 5.25% and 5.09%, respectively. Figure 4 presents the assumed increase by schemes size, and Figure 5 presents the proportion of beneficiaries impacted by these increases. Close to 75% of beneficiaries were affected by non-healthcare increases of below 5.4% and a small proportion (5.65%) by increases above 10%.

Figure 4: Non-healthcare tariff increase assumption by the size of the scheme

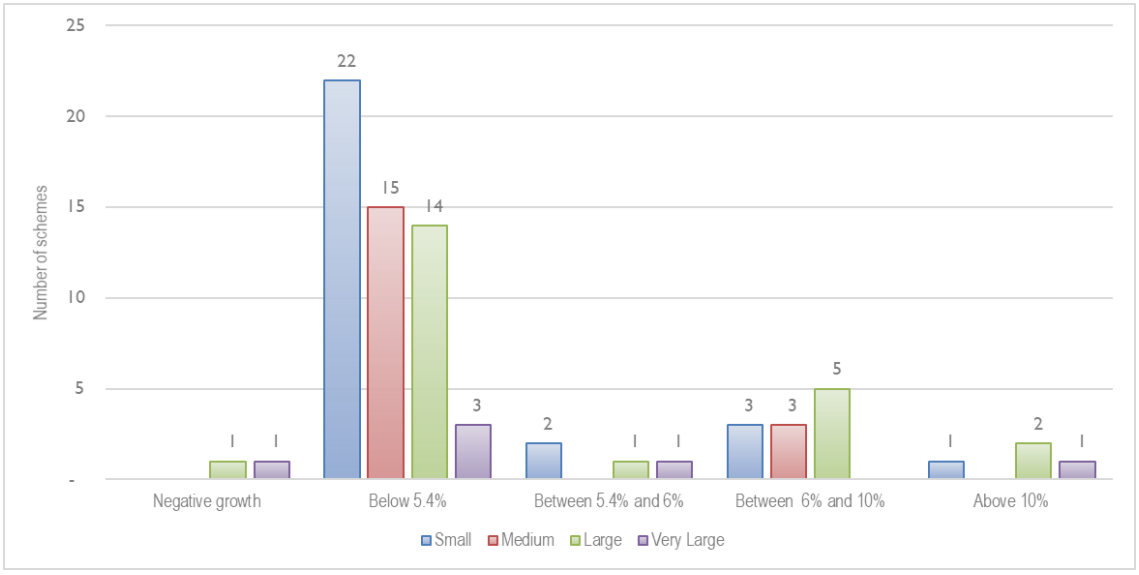
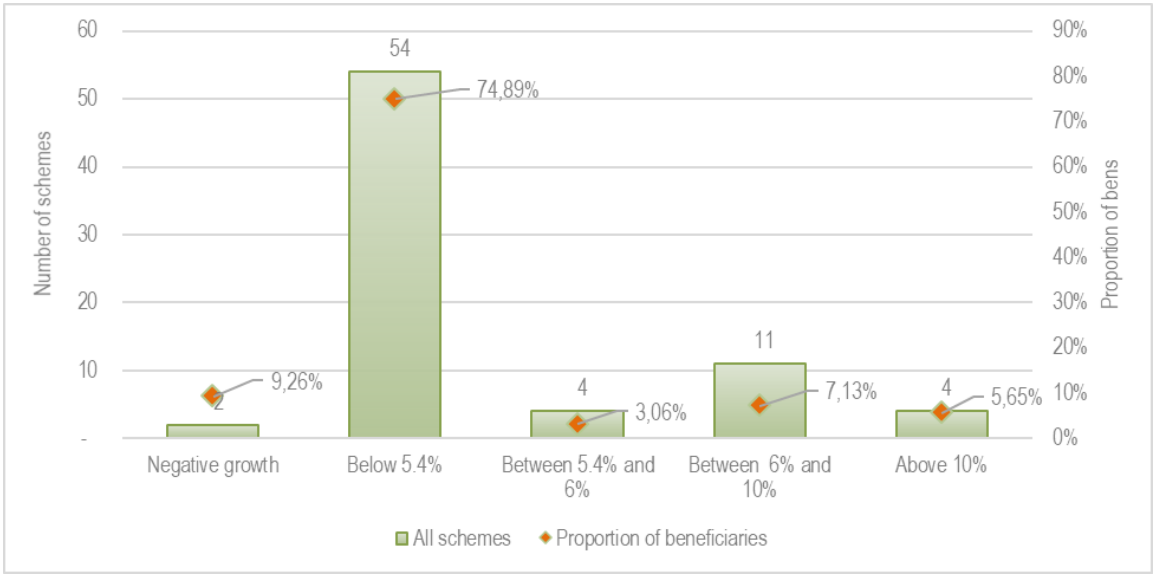


Figure 5: Non-healthcare tariff increase assumption by the proportion of beneficiaries

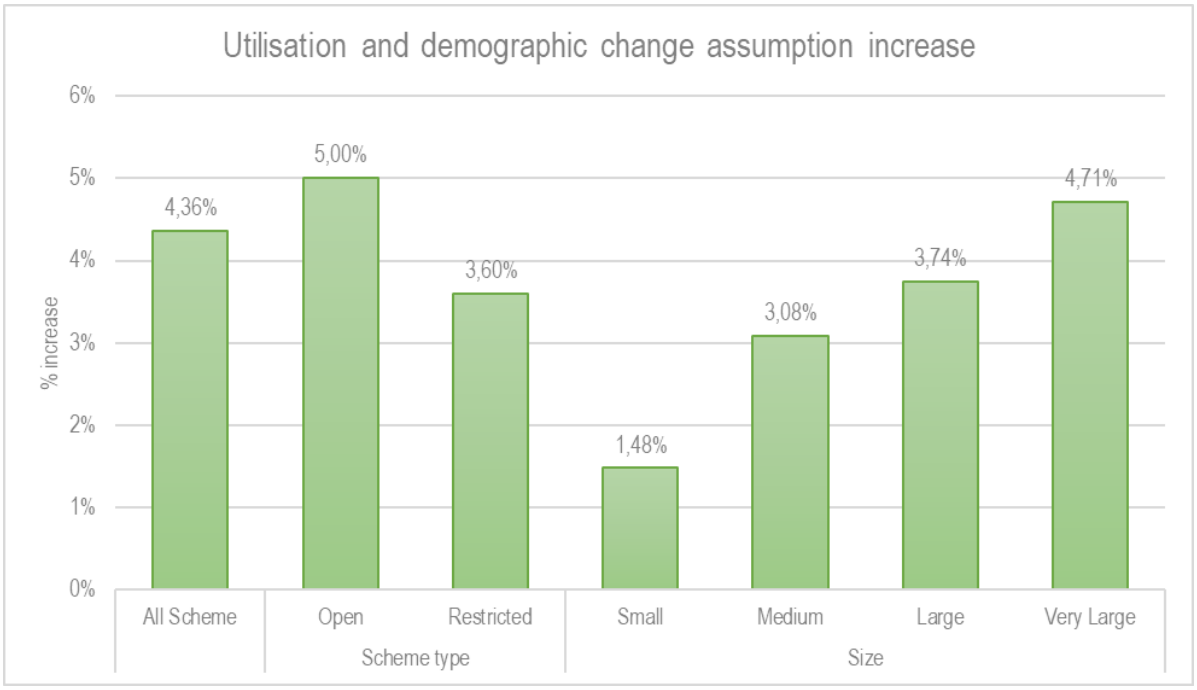


Scheme increase assumptions attributable to utilisation and demographic factors for 2021

The overall weighted increase assumption attributable to utilisation and demographic changes was 4.36%, as per Figure 6 below.

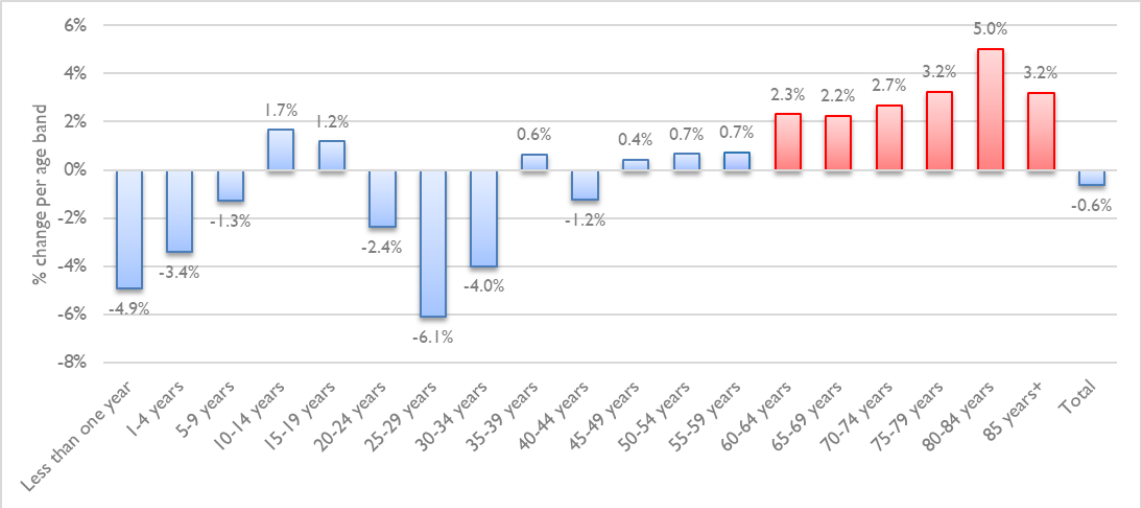
Very large schemes reported the overall increase assumptions attributable to utilisation and demographic factors of 4.71%, with the increase for hospital services estimated at 4.64%, with specialist and general practitioners estimated to increase by 4.61% and 4.28%, respectively. Open schemes reported the most significant estimated increase to average at around 4.33%, mainly due to the assumed increase in hospital services of 5.22%

Figure 6: Utilisation and demographic change factors for 2021



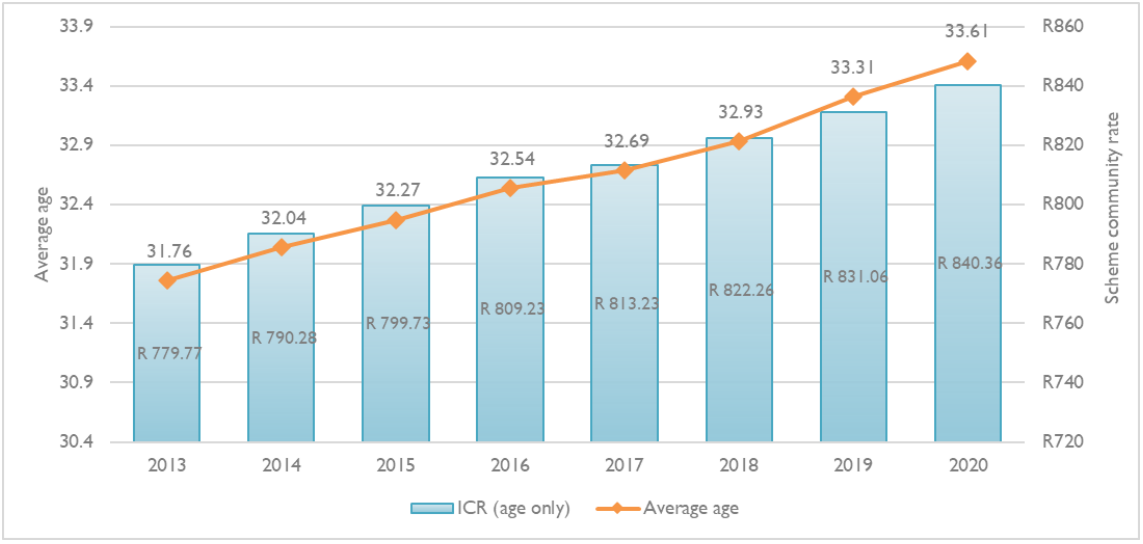
Age is highly correlated with an increase in utilisation and therefore increased healthcare expenditure. In the industry demographic profile (distribution of beneficiaries by age band) from 2019 to 2020, it was found that the medical schemes population average age increased by 0.29 years between 2019 and quarter 4 2020. The impact of this ageing becomes clearer once evaluated at an age band level, as the growth observed in the older age bands which also attract a high cost, had increases of over 15%, presented in Figure 7 below.

Figure 7: Changes in age of medical schemes population from 2019 to 2020



Applying the Scheme Risk Measurement (SRM) 2019 weighting table to the populations between 2013 and 2020 produces an age only industry community rate (ICR). The difference observed between these rates represents a measure for demographic change, which increased on average 0.94% from 2013 to 2020 due to ageing. The percentage change in expenditure between 2019 and 2020 due to population ageing or demographic change was estimated at 1.12%. The results are depicted in Figure 8 below.

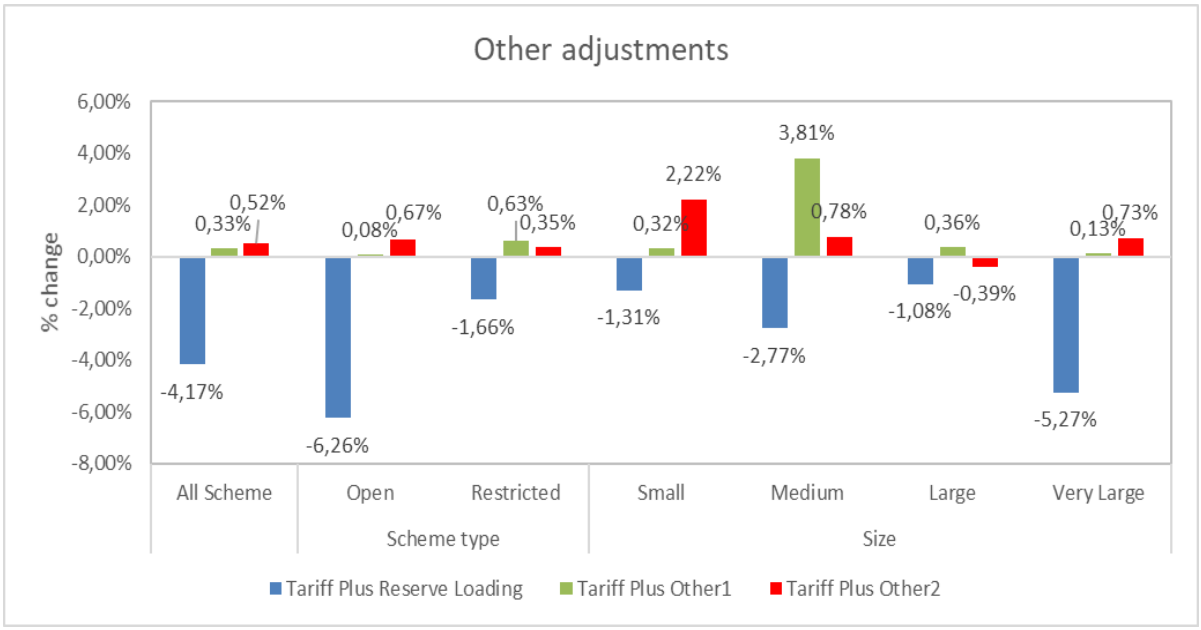
Figure 8: Percentage change in SCR due to changes in demographic profile (age only)



Medical scheme total[1] increase assumptions for 2019

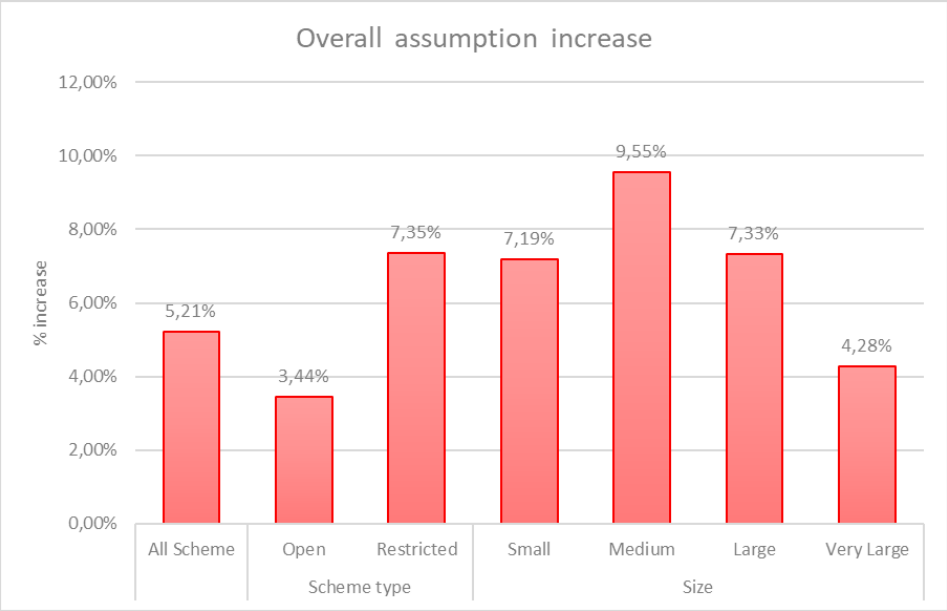
The overall weighted average increase for 2020 was 5.21%, with an allowance of -4.17% for reserve loading by medical schemes. This represents a decrease of 3.38 percentage points on the 2020 assumption of 8.59% and is 1.31 percentage points higher than the advised 3.9%, as published in Circular 52 of 2020. The highest weighted increase was 9.55% for medium schemes which were 5.27 percentage points higher than the lowest increase estimated for very large schemes, at 4.28%. Open schemes' total increase was higher than the restricted schemes increase at 7.35% and 3.44% respectively (Figure 9, many schemes opted to tap into their reserves to provide relief to members in minimising the contribution increase and the make up for estimated losses due to the impact of COVID-19. These adjustments are presented in Figure 9 below.

Figure 9: Other adjustments impacting contribution increases



[1] Due to rounding and weighting, tariff assumption increase, and utilization tariff increase may not add up to the total cost assumption increase at level beyond one decimal.

Figure 10: Overall assumption increase for 2021



One of the cost drivers that had a significant impact on the overall increase assumption was hospitals, which amounted to 9.4%, presented in Figure 11, below. open and restricted schemes had a 1.5 percentage point difference with an assumed increase of 10.0% and 8.5%. The largest assumed increase by the size of the scheme, was for very large schemes at 9.5%, which comprises of 70.36% of the medical schemes' population. Schemes apportion about 53% of the increase in contributions attributed to hospital cost, to an increase in the utilisation of 5.0%. In the analysis of the utilisation of hospital services as published in the CMS Annual Report 2019/20, the number of admissions per 1 000 lives to private hospitals, decreased by 1.09% between 2018 and 2019, and admissions per 1 000 lives to provincial hospitals decreased by 2.88%. The average length of stay decreased by 2.99% for private hospitals and decreased by 9.53% for provincial hospitals. Admissions to mental health institutions had increase of 7.11% from 2018 to 2019, with the average length of stay increasing by 3.1%. A breakdown of the assumptions by cost driver is annexed in Tables 4 to 6 below.

Figure 11: Assumed increases for Hospitals

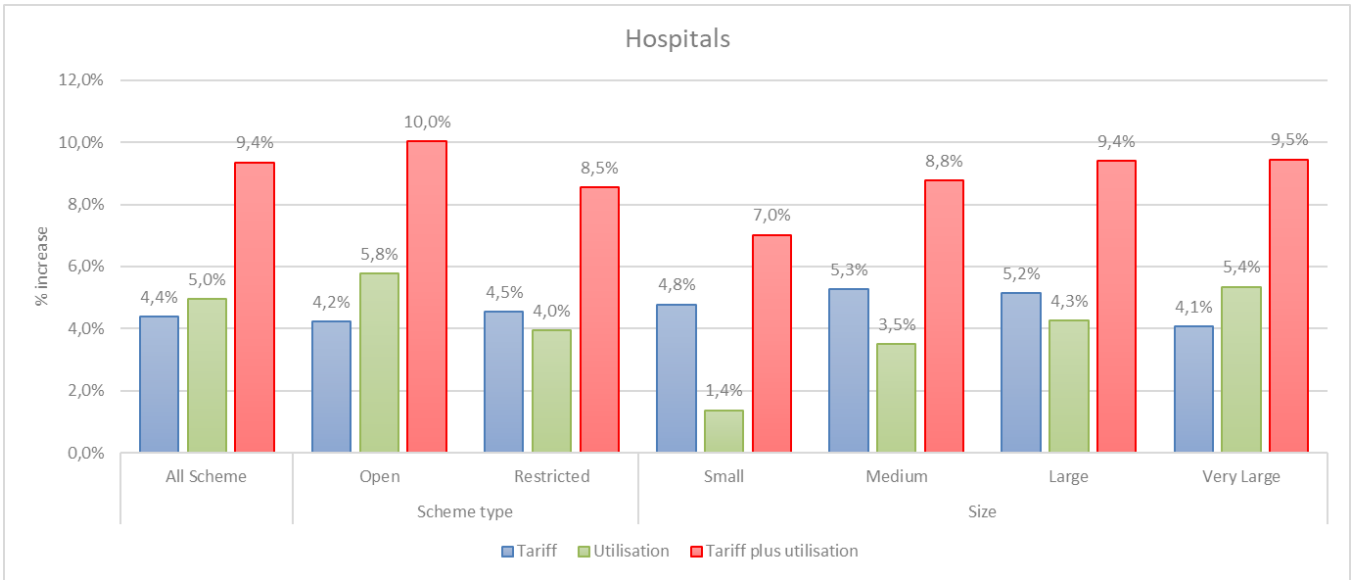


Figure 12 depicts the tariff increase assumption for medicines dispensed which was 5.28% for 2020, 0.75 percentage points above the gazetted SEP increase of 4.53 %. There was no difference in the weighted average tariff increase assumptions between restricted and open schemes, with an estimated increase of 5.2%. The weighted average utilisation increase assumption of 4.9% was mainly driven by the utilisation increase assumption for very large schemes of 10.6%. The overall contribution increase assumption for medicines dispensed was 10.1%, 4.25 percentage points higher than the actual average increase in expenditure pabpa of 5.85% for medicines dispensed between 2013 and 2021. (Table 2).

Figure 12: Assumed increases for Medicine dispensed

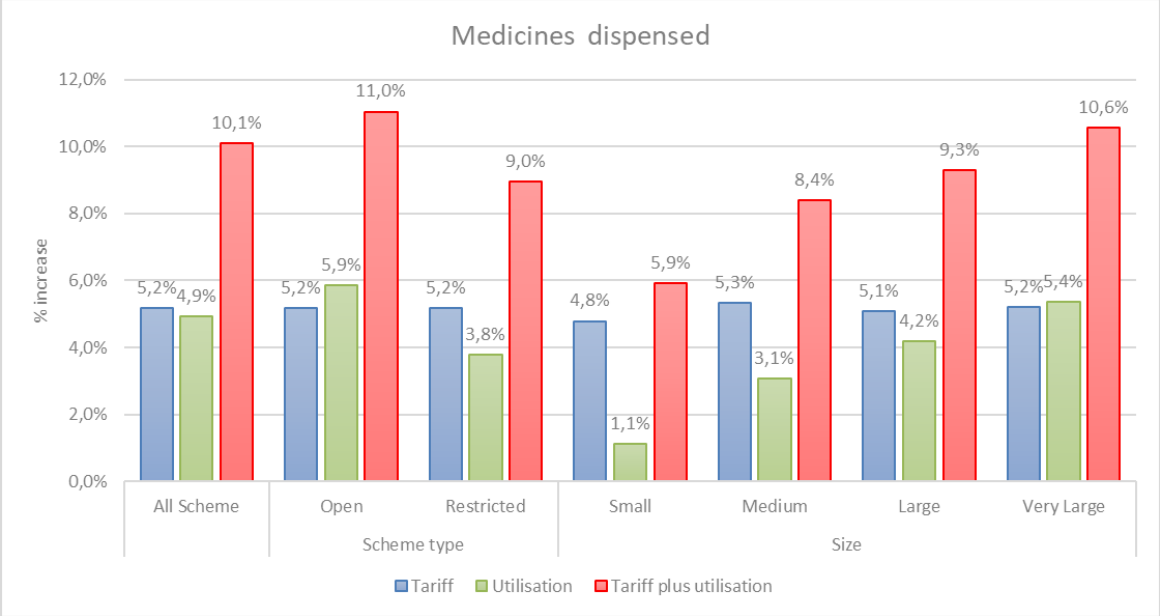
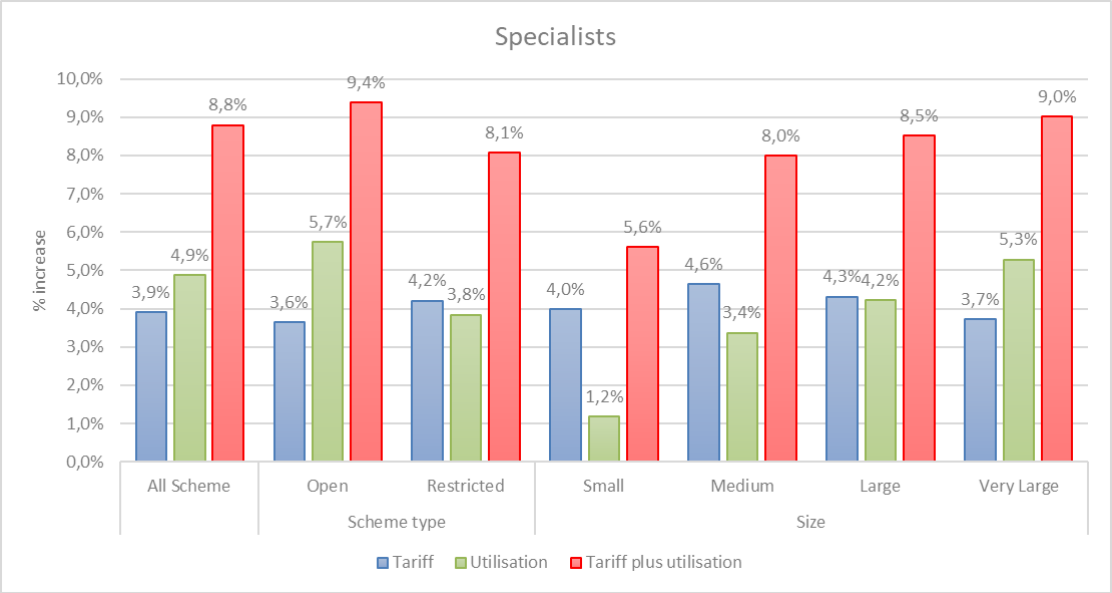


Figure 13 below depicts the weighted average tariff increase for specialists which was 5.0%, with open schemes' projections averaging at 9.4% and restricted schemes at 8.1%. Very large schemes had the lowest tariff increase assumptions at 3.7%, however, the larger assumed utilisation increase of 5.3%, diminished the lower tariff increase to push the total overall increase for very large schemes to 9.0%. Open schemes had the highest overall assumed increase for specialists at 9.4%, 1.1 percentage points higher than the assumed increase for restricted schemes at 8.1%.

The assumed weighted average increase for Anaesthetists were the highest at 8.84% (tariff at 3.92% and utilisation of 4.93%), with a higher increase assumed for open schemes at 9.4% compared to 8.16% for restricted schemes. This could be due to the observed increases in the average per event expenditure on Anaesthetists increasing by 12% and 8% between 2018 and 2019 for out-of-hospital and in-hospital events respectively. Preliminary results for 2020 showing increases over 13% per average event.

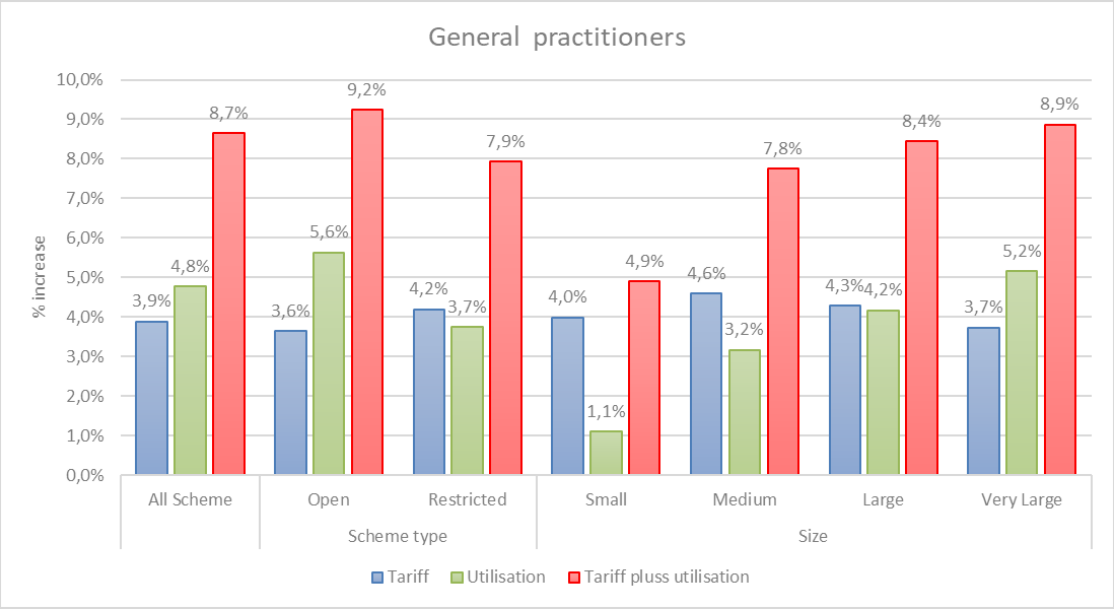
Figure 13: Assumed increase for All specialists



The assumed tariff increase for general practitioners was 3.9% which is 1.15 percentage points lower than the 5.05% estimated in 2020. The highest tariff increase assumption is attributed to very large schemes at 8.9%. The utilisation increases assumption for small (1.1%) and medium (3.2%) sized schemes were lower compared to large and very large schemes, at 8.4% and 8.9%. Open schemes had the highest overall assumed increase at 9.2%, which can be attributed to the assumed increase for very large schemes at 8.9%. Restricted schemes increase was assumed at 7.9%, these are highlighted in Figure 14. Further information is presented in Table 4 to 6 below.

The increase in actual healthcare expenditure pabpa on general practitioners between 2018 and 2019 was 6.58%, and the average increase between 2014 to 2019 was 4.48%. There was no change observed in the number of patients per 1 000 beneficiaries visiting GPs between 2018 and 2019.

Figure 14: Assumed increases for General practitioners



There was a downward trend in the assumed increases for 2021 compared to 2020, except for pathology and medicines dispensed, which was higher by 0.08 percentage points. However, 78.6% of cost drivers was projected to increase by over 9%, over five percentage points higher than the projected CPI for 2020. Table 3 below highlights the trend in contribution increase assumptions from 2013 to 2020. Some items were not collected in previous years.

Table 3: Differences between the total contribution increase assumptions made in 2020 and 2021 for the different cost drivers

Cost item	Weighted average									Percentage points difference 2020 - 2021
	2021	2020	2019	2018	2017	2016	2015	2014	2013	
General practitioners	8.65%	9.24%	9.50%	9.28%	10.44%	9.02%	9.61%	9.3%	8.7%	-6.39%
All Specialists	8.79%	9.39%	9.77%	9.51%	10.54%		9.68%	9.1%	9.2%	-6.39%
Anaesthetists	8.84%	9.56%	9.90%	9.57%	10.74%					-7.53%
Pathology	8.75%	9.05%	8.97%	9.26%	10.18%					-3.31%
Radiology	8.62%	8.98%	9.90%	9.41%	10.46%					-4.01%
Medical Specialists	8.78%	9.51%	9.91%	9.64%	10.63%					-7.68%
Surgical Specialists	8.79%	9.53%	9.88%	9.52%	10.64%					-7.76%
Dentists	8.33%	9.05%	9.40%	9.12%	10.36%	8.64%	9.51%	8.8%	8,7%	-7.96%
Dental Specialists	8.29%	9.15%	9.52%	9.29%	10.58%	6.77%				-9.40%
Supplementary and Allied Health Professionals	8.76%	9.45%	9.67%	9.36%	10.34%	8.73%	9.93%	9.2%	9.3%	-7.30%
Medical Technology	8.54%	9.08%	9.47%	9.17%	10.33%					-5.95%
Hospitals	9.36%	9.74%	9.95%	9.83%	10.80%					-3.90%
Provincial Hospitals (056)	9.24%	9.64%	9.86%	9.85%	10.46%					-4.15%
Private Hospitals ('B' - Status) (058)	9.36%	9.74%	9.95%	9.85%	10.80%					-3.90%
Private Hospitals ('A' - Status) (057)	9.34%	9.74%	9.95%	9.81%	10.80%					-4.11%
Approved U O T U / Day clinics (077)	9.34%	9.74%	9.95%	9.85%	10.64%					-4.11%
Mental Health Institutions (055)	9.31%	9.72%	9.92%	9.79%	10.73%					-4.22%
Sub-Acute Facilities (049)	9.32%	9.74%	9.95%	9.81%	10.67%					-4.31%
Private Rehab Hospital (Acute) (059)	9.33%	9.74%	9.95%	9.77%	10.65%					-4.21%
Drug & Alcohol Rehab (047)	9.31%	9.72%	9.91%	9.75%	10.64%					-4.22%
Hospices (079)	9.32%	9.71%	9.92%	9.78%	10.54%					-4.02%
Unattached operating theatres / Day clinics (076)	9.30%	9.70%	9.89%	9.78%	10.60%					-4.12%
Other Health Services	7.09%	7.52%	7.82%	9.79%	10.36%					-5.72%
Medicines Dispensed	10.09%	9.70%	9.62%	8.94%	11.63%	9.6%	10.11%	10.4%	9.0%	4.02%
Ex gratia payments	8.22%	8.87%	9.20%	9.03%	9.63%	7.92%	8.19%	8.0%	7.8%	-7.33%
Managed care services (out of hospital)	5.28%	5.09%	6.11%	4.87%	8.16%	8.09%	8.95%	7.8%	5.2%	3.73%
Accredited managed healthcare services	4.67%	5.34%	5.73%	5.57%						-12.55%
Non-healthcare expenditure	4.20%	5.36%	5.61%	5.60%	5.67%	8.71%	6.74%	6.1%	5.9%	-21.64%
Reserve Loading	-4.17%%	-0.29%	-0.31%	0.01%	1.53%	-0.15%	-0.05	0.0%	0.9%	1337.93%
Overall assumption increase	**5.21%**	**8.53%**	**8.63%**	**8.18%**	**11.31%**	**8.76%**	**9.20%**	**9.20%**	**9.6%**	**-38.92%**

Contribution changes in options by beneficiary type

Due to the variations observed in the actual contribution increase compared to the weighted average increases in cost drivers it is proposed that the evaluation should be done at option level and not the scheme level evaluation presented above. This will require schemes to submit an appendix D as required for contribution changes for each option and not the aggregated submission as has been the practice. The section below aims to highlight the contribution increases by beneficiary type for the last 3 years, 2019 to 2021.

Figure 15 presents the distribution of options by percentage contribution change for members from 2019 to 2021. The largest proportion of members faced increases between 8% and 10% for 2019 and 2020, with just over 40 options increasing by less than 1%. In 2021 most options contributions for members increased between 0% and 5% with just over 40 options increasing by less than 1% and 26 options with negative changes in contributions.

Figure 15: Number of options by percentage contribution change for members

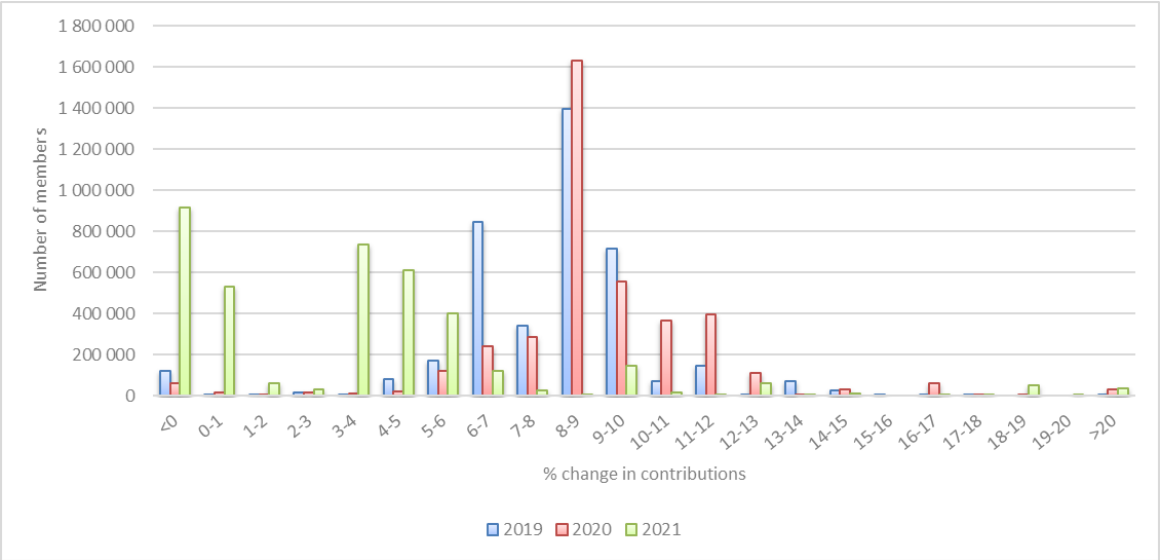


Figure 16 presents the distribution of options by percentage contribution change for adult dependents from 2019 to 2021. The largest proportion of adult dependents faced increases of between 8% and 9% for 2019 and increases between 6 and 10% for 2020, with just over 40 options increasing by less than 1%. In 2021 46% (n=837 035) adult dependents faced increases in contributions between <0% and 1% with 25 options having negative contribution changes for adult dependents.

Figure 16: Number of options by percentage contribution change for adult dependents

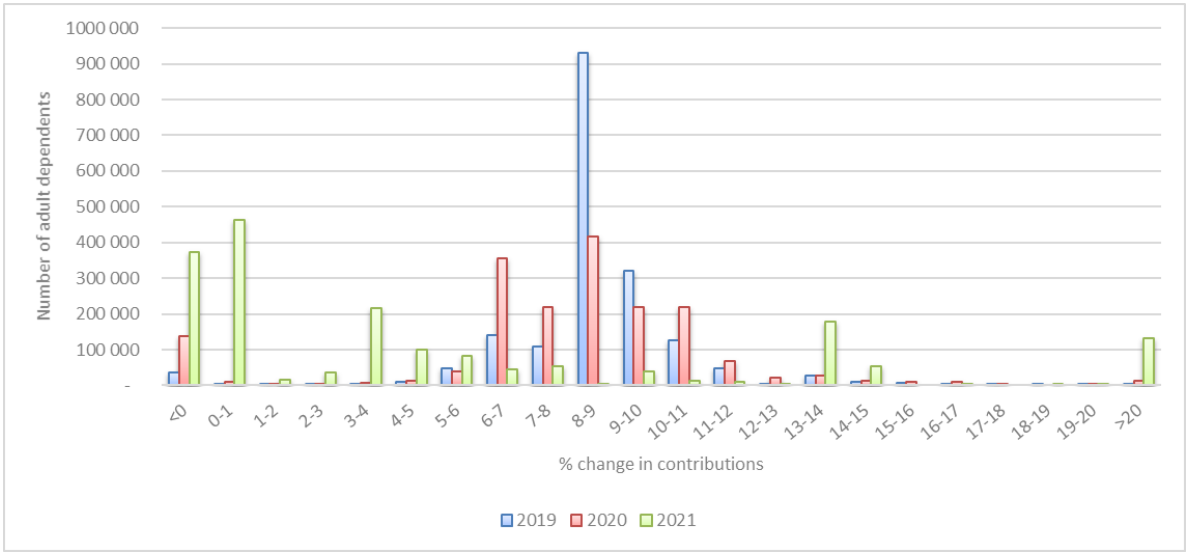
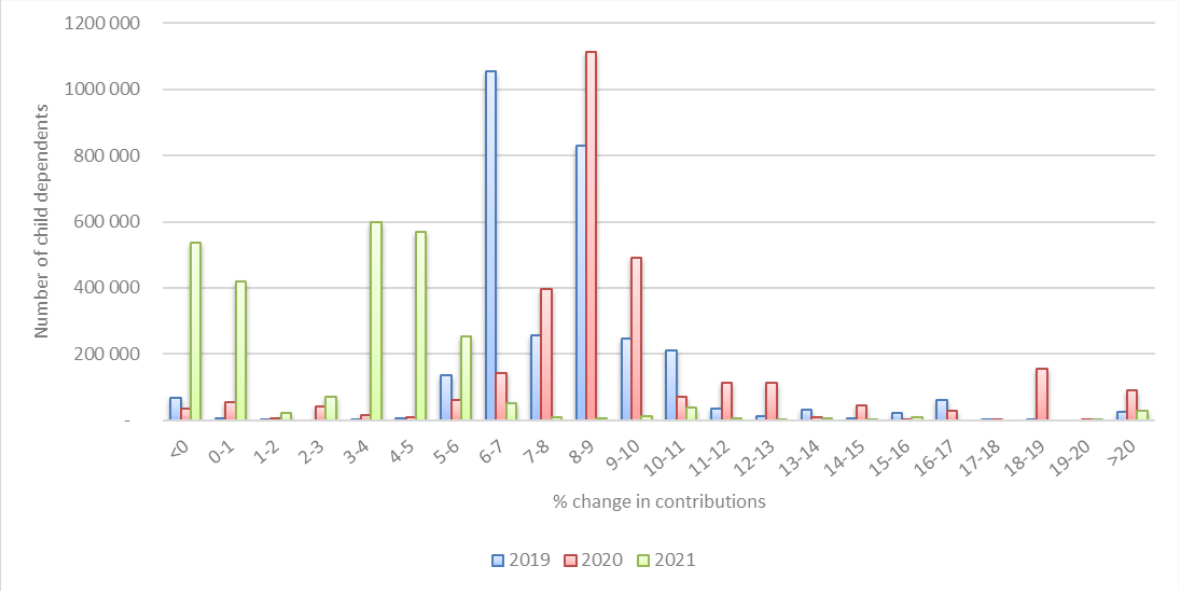


Figure 17 presents the distribution of options by percentage contribution change for child dependents from 2019 to 2021. The largest proportion of child dependents faced increases of between 6% and 9% for 2019 and increases between 8% and 9%

for 2020. In 2021 36% (n=536 745) child dependents faced increases in contributions between <0% and 1% with 26 options having negative contribution changes for child dependents.

Figure 17: Number of options by percentage contribution change for child dependents



The CMS is concerned by the cost assumptions submitted by medical schemes:

The overall increase assumption of hospitals cost was 9.74%, with the tariff increase assumption at 5.3% and 4.39% apportioned to utilisation and demographic changes. Much of the gains made in tariff negotiation by large and very large schemes is diminished by the above-average increase attributed to utilisation. Expenditure on hospitals make up the most significant part of healthcare benefits paid, just over 37.17% in the 2019 financial year, and increased on average at 7.96% from 2013 to 2019.

The overall increase assumption for medicines dispensed was 10.1%, with the tariff increase assumption at 5.18% and 4.9% for utilisation. This differs from the average increase in expenditure on medicines dispensed in previous years of around 6.02% pabpa. Furthermore, the increase assumption is 5.57 percentage points above the SEP increase of 4.53%.

Expenditure on specialists makes up almost 26% of total healthcare expenditure. The cost increase assumption of 8.8% (tariff increase of 3.9%; utilisation component of 4.9%) for specialists is 0.59 percentage points lower than the 9.39% estimated for 2020. Close to 85% of beneficiaries were affected by an average increase of between 6% and 10% due to specialist fees.

The overall assumed weighted average increases for out-of-hospital managed care services and accredited managed healthcare services were 5.28% and 4.67%, respectively.

Assumed increases in non-healthcare costs varied between 3.80% to 5.84% with an average cost assumption increase of 5.36% compared to the average cost assumption increase of 5.60% in 2018. A large proportion of beneficiaries (6.0%) faced increases in contributions due to non-healthcare expenditure that were estimated to increase above 10.0%.

Conclusion

This retrospective analysis looked at increase assumptions for the 2021 financial year, which results in an overall contribution increase assumption of 5.21%, lower by 3.32 percentage point from the 8.53% in 2020. Increases due to tariffs varied between 3.62% to 5.18% and averaged at 4.18%.

The overall assumed increases have been the lowest in over a decade and is predominantly attributed to schemes' efforts to provide some relief to members and adhere to the recommended increase of 3.9%. The assumed increase in contributions attributed to utilisation and demographic changes has outweighed the increase due to tariffs and remains a concern in some schemes. Schemes must ensure that the projections are in line with observed changes in demographic and disease risk profiles. Efforts will be made to ensure that the appendix D data collection of cost assumption information is submitted at an option level.

Many schemes have opted to implement negative changes in reserve loading which would lead to lower reserves in subsequent years. These are attributed to providing relief to members in minimising contribution increases and the make up for estimated losses due to COVID-19.

Yours sincerely,

Dr Sipho Kabane
Chief Executive & Registrar
Council for Medical Schemes

Annexures

Table 4: Summary of tariff contribution increase assumptions for the 2021 financial year

Cost item	Weighted average: All schemes	Scheme type		Size				Percentile		
		Open	Restricted	Small	Medium	Large	Very large	25th	50th	75th
General practitioners	3,89%	3,63%	4,20%	3,99%	4,60%	4,28%	3,73%	3,50%	4,30%	4,30%
Specialists	3,90%	3,64%	4,20%	3,99%	4,63%	4,31%	3,73%	3,50%	4,30%	4,30%
Anaesthetists	3,92%	3,68%	4,22%	3,99%	4,67%	4,32%	3,77%	3,50%	4,30%	4,30%
Pathology	3,92%	3,69%	4,21%	4,09%	4,63%	4,29%	3,77%	3,90%	4,30%	4,30%
Radiology	3,79%	3,46%	4,21%	4,07%	4,60%	4,28%	3,60%	3,90%	4,30%	4,30%
Medical Specialists	3,91%	3,68%	4,19%	4,03%	4,63%	4,32%	3,75%	3,90%	4,30%	4,30%
Surgical Specialists	3,91%	3,68%	4,19%	4,03%	4,65%	4,31%	3,75%	3,90%	4,30%	4,30%
Dentists	3,78%	3,47%	4,15%	3,98%	4,60%	3,85%	3,71%	3,50%	4,30%	4,30%
Dental Specialists	3,89%	3,68%	4,16%	3,98%	4,60%	4,25%	3,75%	3,50%	4,30%	4,30%
Allied Health Professionals	3,87%	3,63%	4,15%	3,97%	4,60%	4,25%	3,71%	3,50%	4,00%	4,00%
Medical Technology	3,87%	3,64%	4,15%	4,03%	4,56%	4,27%	3,71%	3,50%	4,20%	4,20%
Hospitals	4,37%	4,24%	4,54%	4,78%	5,26%	5,15%	4,08%	4,20%	5,00%	5,00%
Provincial Hospitals	4,36%	4,24%	4,50%	4,77%	5,21%	5,15%	4,06%	4,20%	5,00%	5,00%
B Status	4,37%	4,24%	4,54%	4,78%	5,26%	5,15%	4,08%	4,20%	5,00%	5,00%
A Status	4,38%	4,24%	4,54%	4,78%	5,27%	5,15%	4,08%	4,20%	5,00%	5,00%
Approved UOTU	4,37%	4,24%	4,54%	4,78%	5,27%	5,15%	4,08%	4,20%	5,00%	5,00%
Mental Health Institutions	4,37%	4,23%	4,54%	4,78%	5,21%	5,13%	4,08%	4,20%	5,00%	5,00%
Sub-Acute Facilities	4,37%	4,24%	4,54%	4,78%	5,22%	5,15%	4,08%	4,20%	5,00%	5,00%
Private Rehab Hospitals	4,37%	4,24%	4,54%	4,78%	5,26%	5,15%	4,08%	4,20%	5,00%	5,00%
Drug Alcohol Rehab	4,37%	4,24%	4,53%	4,71%	5,23%	5,15%	4,08%	4,20%	5,00%	5,00%
Hospices	4,37%	4,24%	4,54%	4,78%	5,23%	5,15%	4,08%	4,20%	5,00%	5,00%
Unattached operating theatres	4,36%	4,24%	4,50%	4,78%	5,27%	5,07%	4,08%	4,20%	5,00%	5,00%
Other	3,99%	3,71%	4,34%	4,30%	4,71%	4,65%	3,75%	3,64%	4,30%	4,30%
Medicines Dispensed	5,18%	5,18%	5,17%	4,79%	5,33%	5,09%	5,21%	4,30%	4,90%	4,90%
Ex gratia payments	3,79%	3,59%	4,04%	3,30%	4,62%	3,57%	3,84%	3,50%	3,90%	3,90%
Managed care Out of hospital	4,26%	4,21%	4,32%	5,12%	3,52%	3,14%	4,61%	3,80%	4,00%	4,00%
Non healthcare expenditure	3,62%	2,83%	4,59%	4,82%	4,06%	4,77%	3,22%	3,80%	4,00%	4,00%
Accredited managed healthcare	3,70%	3,30%	4,20%	3,75%	3,82%	4,26%	3,54%	3,50%	4,00%	4,00%
Total tariff	**4,18%**	**3,95%**	**4,47%**	**4,48%**	**4,83%**	**4,71%**	**3,98%**	**3,90%**	**4,65%**	**4,65%**

Table 5: Weighted average contribution increases assumptions attributable to utilisation and demographic factors for 2021

Cost item	Weighted average: All schemes	Scheme type		Size				Percentile		
		Open	Restricted	Small	Medium	Large	Very large	25th	50th	75th
General practitioners	4,78%	5,63%	3,74%	1,11%	3,17%	4,17%	5,16%	1,50%	2,75%	4,41%
Specialists	4,88%	5,74%	3,84%	1,18%	3,37%	4,21%	5,28%	1,71%	2,77%	4,50%
Anaesthetists	4,93%	5,74%	3,94%	1,26%	3,50%	4,25%	5,32%	1,83%	2,99%	4,53%
Pathology	4,82%	5,65%	3,81%	1,19%	3,33%	4,21%	5,20%	1,50%	2,77%	4,19%
Radiology	4,82%	5,65%	3,81%	1,11%	3,32%	4,20%	5,20%	1,50%	2,73%	4,19%
Medical Specialists	4,88%	5,74%	3,83%	1,17%	3,37%	4,21%	5,27%	1,61%	2,77%	4,50%
Surgical Specialists	4,89%	5,74%	3,86%	1,21%	3,44%	4,21%	5,29%	1,80%	2,76%	4,50%
Dentists	4,57%	5,29%	3,70%	0,97%	2,93%	4,17%	4,89%	1,33%	2,72%	4,19%
Dental Specialists	4,39%	4,96%	3,71%	1,00%	2,98%	4,18%	4,64%	1,33%	2,72%	4,16%
Allied Health Professionals	4,88%	5,65%	3,95%	3,47%	4,01%	4,20%	5,18%	1,50%	2,80%	4,60%
Medical Technology	4,67%	5,49%	3,68%	1,03%	3,01%	4,18%	5,02%	1,31%	2,77%	4,19%
Hospitals	4,95%	5,78%	3,95%	1,37%	3,51%	4,26%	5,35%	2,00%	2,99%	4,60%
Provincial Hospitals	4,87%	5,78%	3,77%	1,33%	3,37%	4,26%	5,25%	1,80%	2,80%	4,60%
B Status	4,95%	5,79%	3,95%	1,41%	3,51%	4,26%	5,35%	2,00%	2,99%	4,60%
A Status	4,95%	5,79%	3,95%	1,41%	3,51%	4,26%	5,35%	2,00%	2,99%	4,60%
Approved UOTU	4,95%	5,78%	3,95%	1,37%	3,51%	4,26%	5,35%	2,00%	2,99%	4,60%
Mental Health Institutions	4,94%	5,78%	3,91%	1,37%	3,41%	4,20%	5,35%	1,83%	2,87%	4,50%
Sub-Acute Facilities	4,94%	5,78%	3,91%	1,37%	3,41%	4,20%	5,35%	1,83%	2,87%	4,50%
Private Rehab Hospitals	4,95%	5,78%	3,95%	1,37%	3,49%	4,26%	5,35%	2,00%	2,99%	4,60%
Drug Alcohol Rehab	4,94%	5,78%	3,91%	1,33%	3,41%	4,20%	5,35%	1,83%	2,87%	4,50%
Hospices	4,94%	5,78%	3,91%	1,37%	3,41%	4,20%	5,35%	1,83%	2,87%	4,50%
Unattached operating theatres	4,94%	5,78%	3,91%	1,37%	3,51%	4,18%	5,35%	2,00%	2,87%	4,50%
Other	3,10%	2,59%	3,71%	1,00%	3,15%	4,20%	2,83%	1,33%	2,72%	4,02%
Medicines Dispensed	4,92%	5,85%	3,79%	1,13%	3,07%	4,19%	5,36%	1,50%	2,72%	4,00%
Ex gratia payments	4,44%	5,33%	3,36%	1,92%	2,40%	2,30%	5,27%	0,00%	1,50%	3,66%
Managed care Out of hospital	1,02%	1,07%	0,96%	0,73%	1,06%	1,26%	0,95%	0,00%	0,00%	2,10%
Non healthcare expenditure	0,56%	0,99%	0,04%	0,13%	0,19%	0,48%	0,62%	0,00%	0,00%	0,00%
Accredited managed healthcare	0,96%	1,07%	0,83%	0,42%	0,57%	1,11%	0,95%	0,00%	0,00%	0,00%
Total utilisation	**4,36%**	**5,00%**	**3,60%**	**1,48%**	**3,08%**	**3,74%**	**4,71%**	**1,65%**	**2,67%**	**3,93%**

Table 6: Summary of overall contribution increase assumptions attributable to a tariff, utilisation, and demographic factors for 2021

Cost item	Weighted average: All schemes	Scheme type		Size				Percentile		
		Open	Restricted	Small	Medium	Large	Very large	25th	50th	75th
General practitioners	8,65%	9,24%	7,93%	4,91%	7,76%	8,44%	8,87%	5,70%	6,70%	8,60%
Specialists	8,79%	9,38%	8,07%	5,60%	8,00%	8,52%	9,01%	6,00%	7,00%	8,60%
Anaesthetists	8,84%	9,40%	8,16%	5,08%	8,16%	8,56%	9,08%	6,00%	7,10%	8,60%
Pathology	8,75%	9,36%	8,02%	5,16%	7,95%	8,49%	8,98%	5,90%	7,00%	8,00%
Radiology	8,62%	9,12%	8,01%	5,08%	7,91%	8,48%	8,81%	5,90%	6,80%	8,00%
Medical Specialists	8,78%	9,41%	8,02%	5,17%	7,99%	8,53%	9,01%	6,00%	7,10%	8,10%
Surgical Specialists	8,79%	9,40%	8,05%	5,19%	8,08%	8,51%	9,02%	6,10%	7,00%	8,30%
Dentists	8,33%	8,73%	7,84%	4,75%	7,53%	8,01%	8,58%	5,60%	6,80%	8,00%
Dental Specialists	8,29%	8,65%	7,85%	4,76%	7,57%	8,42%	8,40%	5,60%	6,80%	8,00%
Allied Health Professionals	8,76%	9,30%	8,10%	7,37%	8,60%	8,44%	8,90%	5,70%	6,80%	8,70%
Medical Technology	8,54%	9,14%	7,82%	4,83%	7,57%	8,43%	8,75%	5,70%	6,80%	8,00%
Hospitals	9,36%	10,04%	8,54%	7,02%	8,77%	9,41%	9,45%	7,00%	8,00%	9,00%
Provincial Hospitals	9,24%	10,04%	8,27%	5,85%	8,57%	9,41%	9,33%	6,70%	7,80%	8,90%
B Status	9,36%	10,05%	8,53%	6,92%	8,76%	9,41%	9,45%	7,00%	8,00%	9,00%
A Status	9,34%	10,05%	8,49%	6,01%	8,78%	9,41%	9,45%	6,80%	8,00%	8,90%
Approved UOTU	9,34%	10,04%	8,48%	5,94%	8,77%	9,41%	9,45%	6,80%	8,00%	8,90%
Mental Health Institutions	9,31%	10,04%	8,44%	5,92%	8,61%	9,33%	9,45%	6,70%	7,90%	8,90%
Sub-Acute Facilities	9,32%	10,04%	8,44%	5,93%	8,62%	9,34%	9,45%	6,70%	7,90%	8,90%
Private Rehab Hospitals	9,33%	10,04%	8,48%	5,91%	8,75%	9,41%	9,45%	6,80%	8,00%	8,90%
Drug Alcohol Rehab	9,31%	10,04%	8,43%	5,79%	8,63%	9,34%	9,45%	6,70%	7,90%	8,90%
Hospices	9,32%	10,04%	8,44%	5,91%	8,63%	9,34%	9,45%	6,70%	7,90%	8,90%
Unattached operating theatres	9,30%	10,04%	8,40%	5,91%	8,77%	9,24%	9,45%	6,80%	7,90%	8,90%
Other	7,09%	6,29%	8,05%	5,12%	7,88%	8,85%	6,58%	5,70%	7,00%	8,30%
Medicines Dispensed	10,09%	11,04%	8,96%	5,93%	8,40%	9,28%	10,56%	6,00%	8,00%	9,60%
Ex gratia payments	8,22%	8,91%	7,40%	5,10%	7,02%	5,86%	9,09%	4,30%	5,60%	8,00%
Managed care Out of hospital	5,28%	5,28%	5,28%	5,74%	4,57%	4,41%	5,57%	3,90%	4,60%	6,90%
Non healthcare expenditure	4,20%	3,83%	4,64%	5,09%	4,33%	5,25%	3,85%	3,90%	4,10%	5,50%
Accredited managed healthcare	4,67%	4,37%	5,03%	4,06%	4,48%	5,36%	4,49%	3,50%	4,30%	5,70%
Total increase	8,52%	8,94%	8,03%	5,96%	7,66%	8,44%	8,68%	6,00%	7,10%	8,40%
Reserve Loading	-4,17%	-6,26%	-1,66%	-1,31%	-2,77%	-1,08%	-5,27%	-2,40%	0,00%	0,00%
Other1	0,33%	0,08%	0,63%	0,32%	3,81%	0,36%	0,13%	0,00%	0,00%	0,30%
Other2	0,52%	0,67%	0,35%	2,22%	0,78%	-0,39%	0,73%	0,00%	0,00%	0,50%
Total increase plus other	**5,21%**	**3,44%**	**7,35%**	**7,19%**	**9,55%**	**7,33%**	**4,28%**	**4,30%**	**6,10%**	**8,90%**