



CIRCULAR

Reference: Industry Report: Utilisation of healthcare services and benefits paid annexures
Contact person: Mr Michael Willie
Tel: (012) 431 0500
E-mail: Information@medicalschemes.co.za
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Circular 50 of 2023: Industry Report - Utilisation of Health Care Services and Benefits Paid Annexures

1.1 Background

The non-financial part of the [Industry Report](#), which outlines the utilisation of services by medical scheme members and benefits paid to medical service providers for 2021-2022, has been finalised by the CMS. An update in this regard was provided before and during the launch of the [Industry Report](#) on 13 December 2023. However, the completion of the report and respective annexures was postponed due to system-related challenges. The data on the annexures serves as a crucial benchmark for medical schemes in evaluating their performance within the medical schemes industry.

The medical scheme utilisation and benefits paid information is instrumental in evaluating utilisation and expenditure patterns, particularly concerning medical service providers, and illustrates the extent of out-of-pocket payments that medical scheme members are exposed to. It is imperative to note that the utilisation statistics were collected through a Dynamic Database Driven Annual Returns (DDDR) system rather than the financial information. Consequently, the numbers may not always be aligned. Thus, caution should be exercised during the interpretation of the data.

The CMS expresses gratitude for the cooperation from medical schemes, administrators, and, most notably, data officers who were available and adhered to stringent and tight timelines. Their commitment has been instrumental in the successful completion of this vital undertaking.

Key insights from the analysis and annexures

1.2 Demographic characteristics

The number of beneficiaries increased by 1.10% from 8,94 million in 2021 to 9,04 million in 2022. Open schemes accounted for more than half of the medical scheme population of 4,86 million beneficiaries (53.77%), with restricted schemes accounting for 4,18 million beneficiaries (46.23%) in 2022. Female beneficiaries were notably predominant, comprising 53.64% of the total beneficiaries, while male beneficiaries constituted the remaining 46.36% in 2022. This predominance was especially pronounced within the age range of 35 to 39 years, with 428,060 female beneficiaries.

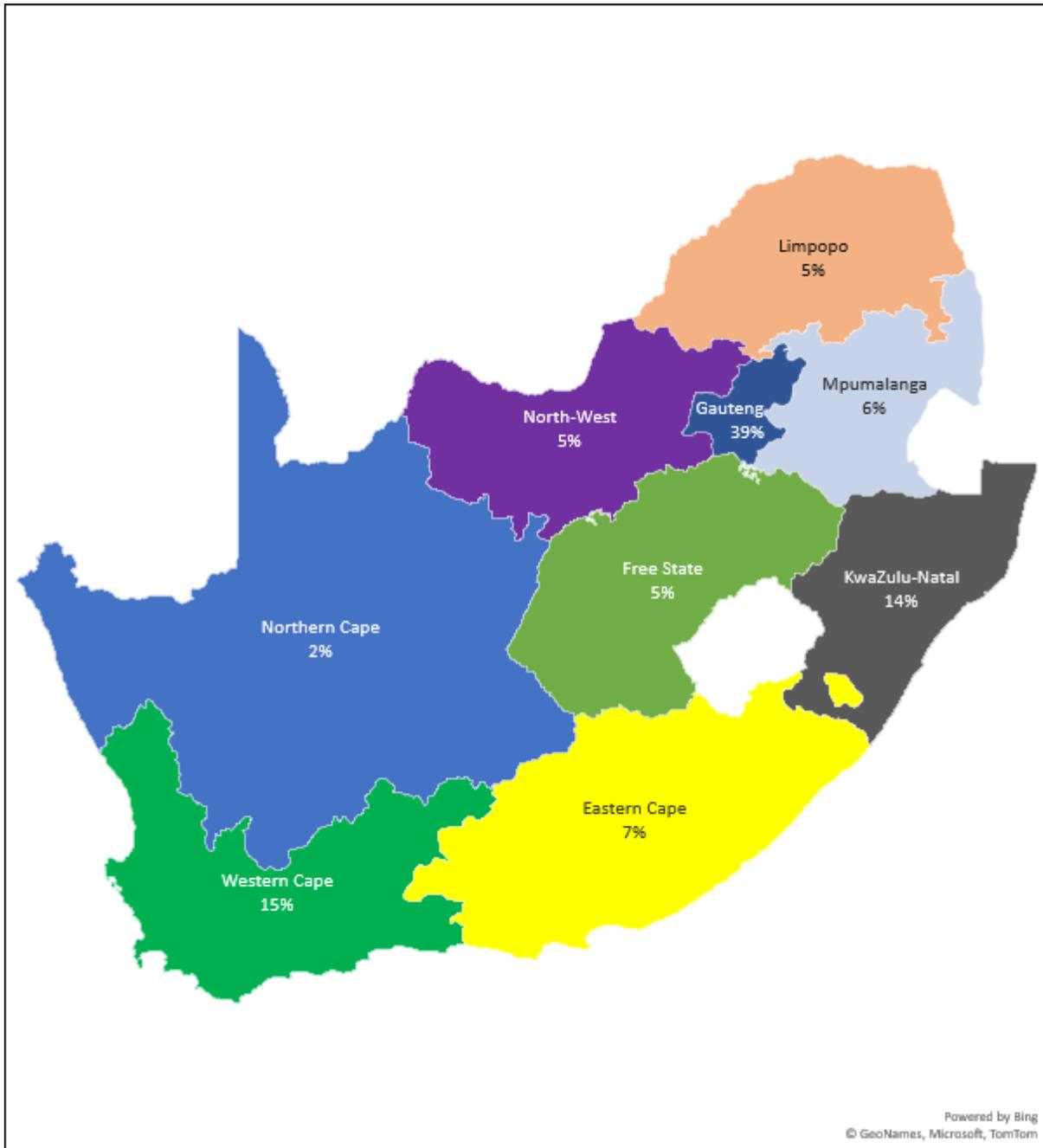
The number of beneficiaries with one or more Chronic Conditions Diseases List (CDL) increased slightly from 2,29 million in 2021 to 2,32 million in 2022. Females emerged as the dominant group with one or more CDL conditions in 2022. Table 1 illustrates the distribution of beneficiaries across provinces from 2021 to 2022. In 2022, Gauteng accounted for the highest proportion of beneficiaries at 39.01%, followed by the Western Cape at 15.49% and KwaZulu-Natal at 14.21%. There was a slight increase in the proportion for the North West province by 0.16%, followed by Limpopo (0.13%), Mpumalanga (0.05%), and Free State (0.04%).

Table 1: Distribution of beneficiaries by province (2021 and 2022)

Province	2021	2022
Gauteng	39.12%	39.01%
Western Cape	15.49%	15.49%
KwaZulu-Natal	14.25%	14.21%
Eastern Cape	7.38%	7.30%
Mpumalanga	6.22%	6.27%
North West	5.26%	5.42%
Limpopo	5.24%	5.37%
Free State	4.48%	4.52%
Northern Cape	2.16%	2.08%
Unclassified	0.36%	0.28%
Outside South Africa	0.03%	0.03%

Figure 1 illustrates the geographic dispersion of beneficiaries across provinces in 2022, primarily relying on the principal member's address. Gauteng emerged with the highest concentration, constituting 39% of the total beneficiaries, showcasing its prominence in terms of medical scheme coverage. Following closely, Western Cape accounted for 15%, establishing itself as the second-highest province in beneficiary distribution. KwaZulu-Natal held the third position with 14% of the total beneficiaries. In contrast, the Northern Cape exhibited the lowest number of beneficiaries, contributing 2% to the overall distribution.

Figure 1: Distribution of beneficiaries by province (2022)

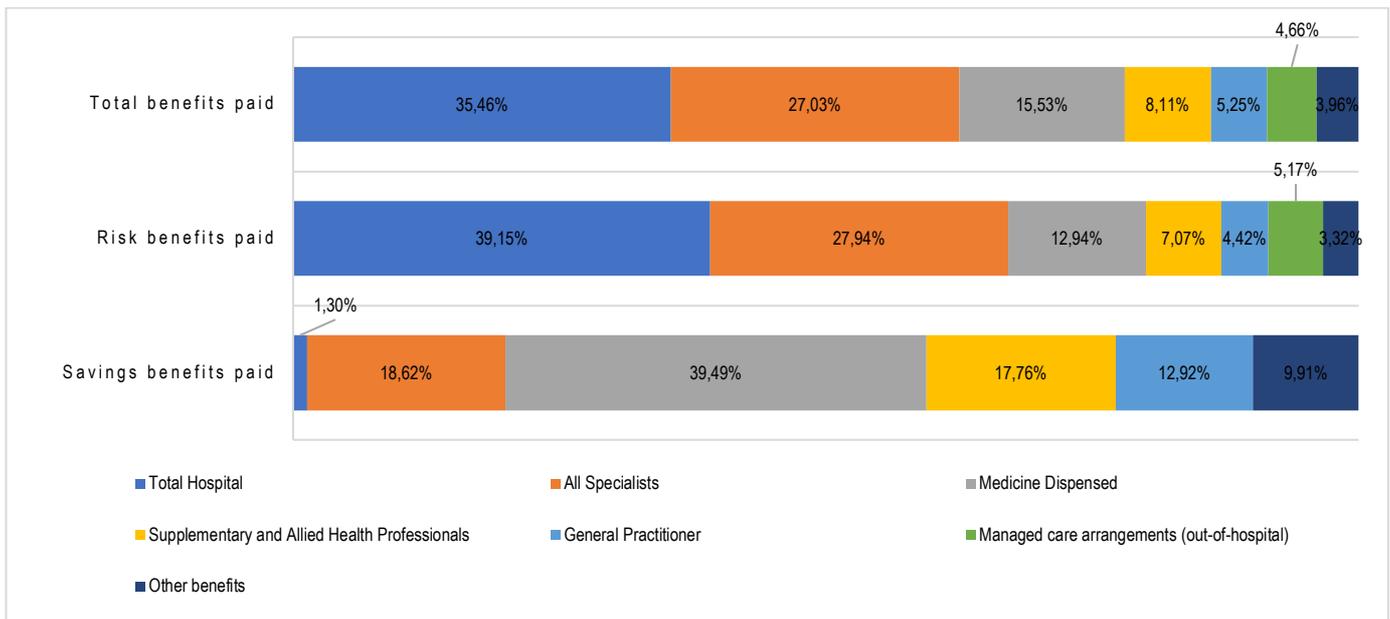


1.3 Healthcare Benefits

1.3.1 Benefits paid

Total healthcare expenditure on benefits paid in 2022 increased to R218.4 billion, an increase of 6.34% from R205.3 billion reported in 2021. Risk benefits remained 90% of total benefits paid and were reported at R197.1 billion in 2022, up by 6.37% from R185.3 billion in 2021. The total benefits paid per average beneficiary per annum (pabpa) increased by 5.78% from R23 060.79 in 2021 to R24 394.75 in 2022. Risk benefits paid per beneficiary increased by 15.8% from R20 810.39 in 2021 to R22 020.27 in 2022, and the average spent from medical savings accounts pabpa increased by 5.51% to R2 374.48. The proportion of healthcare expenditure on hospital services was 35.46%, with spending on all specialists accounting for 27.03%, followed by medicine dispensed at 15.53%, and then supplementary and allied health professionals at 8.11%. Hospital services accounted for 39.15% of risk benefits paid, with expenditure on all specialists accounting for 27.94%, followed by medicine dispensed at 12.94%, and then supplementary and allied health professionals at 7.07%. Medicines dispensed accounted for 39.49% of expenditure from medical savings accounts, followed by spending on specialists at 17.76%, supplementary and allied health professionals at 17.76%, and general practitioners at 12.92%. Expenditure from medical savings accounts toward hospital services was 1.30%. These proportions highlight how benefit options are designed and are graphically presented in Figure 2.

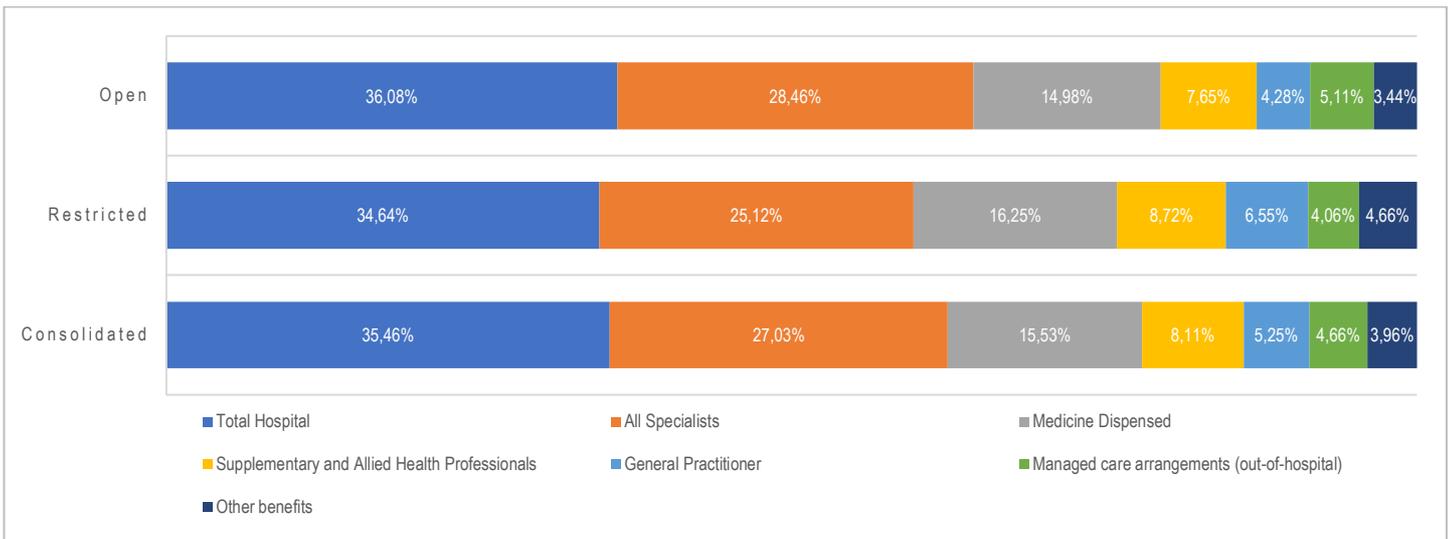
Figure 2: Distribution of healthcare benefits paid in 2022



***Other consists of other health services, dentists, dental specialists, ex-gratia payments and other unspecified benefits**

The distribution of benefits paid between open and restricted medical schemes varied only slightly, with open medical schemes having paid 1.44 percentage points more benefits toward hospital services and 3.34 percentage points toward specialists than restricted medical schemes. In contrast, restricted schemes paid more benefits toward medicines dispensed, supplementary and allied health professionals, and general practitioners. Open schemes paid 0.72% more benefits toward managed care arrangements than restricted schemes. Figure 3 illustrates these differences.

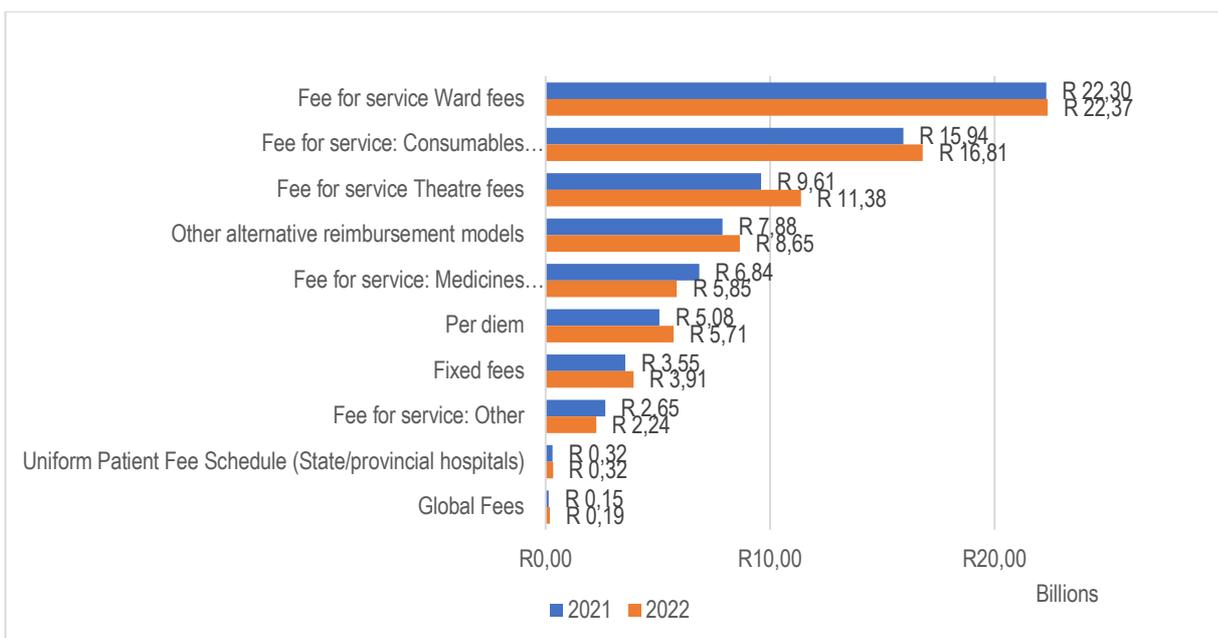
Figure 3: Distribution of healthcare benefits paid in 2022 by scheme type



***Other consists of other health services, dentists, dental specialists, ex-gratia payments and other unspecified benefits**

Total hospital expenditure increased by 4.20% between 2021 and 2022, from R74.3 billion to R77.4 billion. A more significant percentage of benefits paid towards hospital services was spent in open schemes at 58.24% compared to 41.76% in restricted schemes. The average amount paid per beneficiary for hospital services increased by 3.65% to R8 651.24 from R8 346.40. Close to 91% of total expenditure toward hospitals was paid to private hospitals. Spending on hospital services paid on a Fee-For-Service (FFS) basis amounted to R58.7 billion in 2021, an increase of 2.30% from R57.34 billion in 2020. Close to 65.29% of this expenditure is attributed to hospital ward fees, theatre fees, and consumables, with spending on medicines amounting to only 7.65% at R5.86 billion. These values are presented in Figure 4.

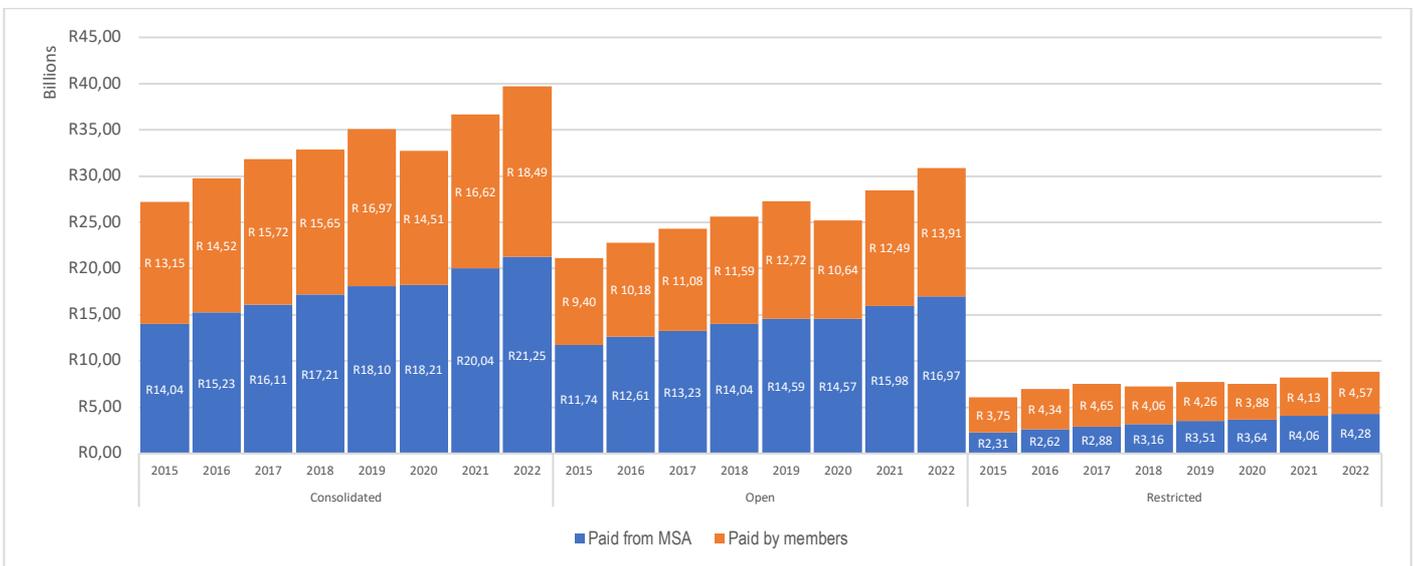
Figure 4: Reimbursement methods for hospital services in 2021–2022



1.4 Out-of-Pocket Payment Trends

The components of total OOPs included PMSA, and the proxy measure of Out-of-Pocket payments (OOPs) benefits paid by the member. The OOP proxy measures the member's payments, computed as the difference between the claimed amount and the amount paid from the medical scheme risk. This is an understatement of the true OOPs that members incur, as it is likely that medical schemes do not fully capture and submit all costs associated with seeking healthcare. Out-of-pocket payments increased from R27.2 billion in 2015 to R39.7 billion in 2022, translating into an average annual increase of 5.57% per year. Members in open schemes face a higher proportion of OOP than restricted scheme members. In 2022, Out-of-Pocket payments were reported at R39.7 billion, an increase of 8.43% from R36.7 billion in 2021. PMSA accounted for more than half of the total OOP, accounting for 53.5% (R21.25 billion), while OOP paid by the member accounted for 46.5% (R18.49 billion) of total OOP. These changes are depicted in Figure 5 below. It is important to note that the total OOP is possibly understated as members do not always report a portion of OOP.

Figure 5: Out-of-pocket payment by scheme type in 2015 - 2022



Note that, total benefits paid, which encompasses benefits paid from the risk pool and savings, as reported in the utilisation section of this report, may exhibit slight variations from the total benefits paid reported in the Industry Report as part of financial and statutory returns. It is essential to note that all values in this section are expressed in nominal terms unless explicitly stated otherwise.

1.5 Utilisation of healthcare services

1.5.1 Mental health, maternal and childcare

This section focuses on key findings related to Sustainable Development Goal (SDG) indicators, primarily emphasising mental health and child and maternal care. Regarding mental health indicators, specifically, the number of beneficiaries experiencing depression per 1000 beneficiaries increased by 3.91% from 2021 to 2022.

Open schemes reported higher levels of depression than closed schemes, with a more pronounced increase in open schemes, rising from 89.05 to 93.90 per 1000 beneficiaries, reflecting a 5.44% increase. In comparison, closed schemes increased from 75.45 to 76.90 per 1000 beneficiaries, indicating a 1.92% increase.

The data revealed a general decline in immunisation coverage from 2021 to 2022, suggesting an urgent need to reprioritize this crucial aspect of primary health care, both from a funding and health promotion perspective. On a positive note, there was an improvement in the number of mammograms paid for (per 1000 female beneficiaries aged 50-69 years). This positive trend was observed in both open and closed schemes, with rates increasing from 307.77 in 2021 to 350.72 in 2022 for open schemes and from 193.70 in 2021 to 218.35 in 2022 for closed schemes.

The respective increases for open and closed schemes were 13.95% and 12.3%. The number of pap smears paid for (per 1000 female beneficiaries aged 15-69 years) also showed an increase of 3.89% between 2021 and 2022. This increase underscores a commendable dedication to preventive healthcare measures, focusing on early detection and intervention in the case of cervical health. The rise in the number of pap smears paid for indicates a collective emphasis on promoting women's health and well-being within the specified age group.

Lastly, the analysis indicated a decline in postnatal visits by mothers within six weeks after delivery (per 1000 birth admissions), showing a decrease of 4.46% from 183.66 to 175.40 per 1000 birth admissions. These findings underscore a critical gap that could impact child and maternal care significantly. Regular postnatal visits play a pivotal role in promoting the well-being of both mothers and infants, ensuring a smooth transition into parenthood, and providing essential support for addressing physical, emotional, and social aspects of postpartum recovery.

1.5.2 Utilisation of healthcare services (practitioners)

Table 2 below shows the healthcare services on selected disciplines for in- and out-of-hospital settings by scheme type. Overall, the proportion of medical scheme beneficiaries visiting a practitioner at least once a year increased except for visits to support specialists, which declined by 2.50% in 2022.

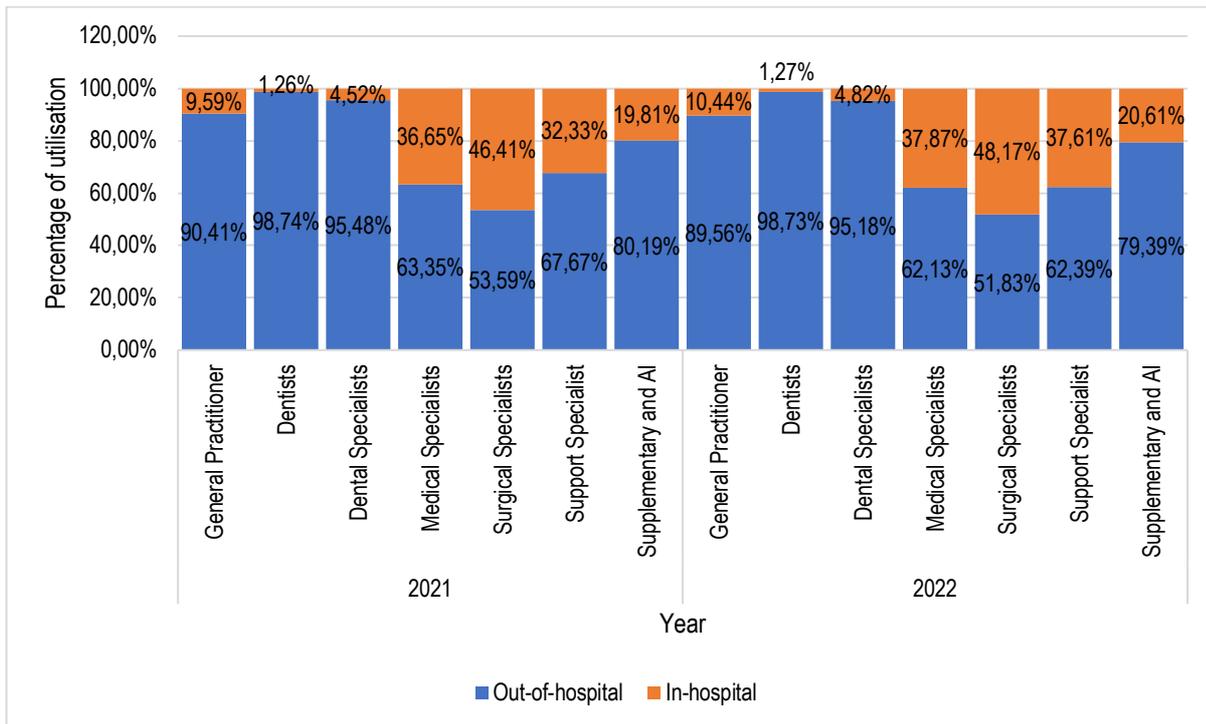
The proportion of medical scheme beneficiaries visiting surgical specialists at least once a year increased significantly relative to other practitioners, with an increase of 13.06%. The increase was mainly in open schemes close to restricted schemes. Among other things, this rise may be related to the resumption of elective surgery.

Table 2: Utilisation of healthcare services in respect of selected discipline (practitioners)

Discipline	Open			Restricted			Consolidated		
	2021	2022	% Change	2021	2022	% Change	2021	2022	% Change
General Practitioner	3,412,335	3,592,922	5.29%	3,469,369	3,649,118	5.18%	6,881,704	7,242,040	5.24%
Dentists	859,463	895,321	4.17%	928,148	997,982	7.52%	1,787,611	1,893,303	5.91%
Dental Specialists	147,092	157,272	6.92%	220,859	234,575	6.21%	367,951	391,847	6.49%
Medical Specialists	1,662,933	1,814,536	9.12%	1,307,430	1,360,058	4.03%	2,970,363	3,174,594	6.88%
Surgical Specialists	1,019,246	1,181,505	15.92%	743,437	811,373	9.14%	1,762,683	1,992,878	13.06%
Support Specialist	4,434,202	4,360,705	-1.66%	3,440,950	3,317,300	-3.59%	7,875,152	7,678,005	-2.50%
Supplementary and Allied Health Professionals	2,476,766	2,622,148	5.87%	2,216,987	2,491,803	12.40%	4,693,753	5,113,951	8.95%

Figure 6 below shows the utilisation of GP health services for in- and out-of-hospital settings. For both 2021 and 2022, the data demonstrates that a substantial share of consultations happened outside of hospitals as opposed to in hospitals. In 2022, the proportion of patients seeking medical attention in a hospital environment increased slightly. A large increase in in-hospital consultations occurred for surgical consultations, which increased from 32.33% in 2021 to 37.61% in 2022.

Figure 6: Proportion of utilisation of health services that occurred in-hospital and out-of-hospital (2021 and 2022)



1.5.3 Analysis of admissions to hospitals

More beneficiaries were admitted to hospital facilities in 2022 than in 2021. In comparison to other healthcare institutions, private hospitals (A&B-Status) had a higher number of admissions. The number of admissions to private hospitals was 2.0 million in 2021 and 2.2 million in 2022. Provincial hospital admissions climbed dramatically, from 205 804 in 2021 to 271 035 in 2022. The growth was notable in open medical schemes, whereas restricted medical schemes showed a decline. On average, there was a decrease in the average length of stay in all hospital facilities in 2022 ranging from a 3.13% decline to 48.09%. The average length of stay in private rehab hospital declined from 26.56 days in 2021 to 25.11 in 2022. For private hospitals (A&B-Status), the number of admissions per 1000 increased by 4.91% from 233.05 per 1000 in 2021 to 244.49 per 1000 in 2022. Private hospitals (A&B-Status) presented a high volume of patients per 1000 beneficiaries compared to other hospital facilities.

Conversely, Provincial hospitals increased from 23.35 in 2021 to 30.10 admissions per 1000 beneficiaries in 2022. The average number of admissions per patient to private hospitals (A&B-Status), rehabilitation hospitals, and provincial hospitals increased slightly between 2021 and 2022. Day clinic admissions (077) increased from 20.86 per 1000 beneficiaries in 2021 to 24.22 per 1000 beneficiaries in 2022, while other facilities had less than 10 admissions per 1000 beneficiaries. The increase in day clinic admissions was mainly related to increased admissions for patients enrolled in open medical schemes. In 2022, mental health institutions placed second in admissions, with 7.33 admissions per 1000 beneficiaries. In 2022, all institutions experienced a minor decrease in the average duration of stay, with a slight increase in admissions per patient.

Access the Annexures [here](#).

Yours sincerely,



Dr Siphon Kabane
Chief Executive & Registrar
Council for Medical Schemes