



COUNCIL FOR MEDICAL SCHEMES
INDUSTRY REPORT
2022

For you. For health. For life.



COUNCIL FOR MEDICAL SCHEMES

INDUSTRY REPORT

2022

Contents

The Medical Schemes Industry in 2022.....	1
Demographic Analysis	2
Demographic information	4
Distribution of beneficiaries by benefit design (excluding EDOs)	9
Member movement by scheme type and benefit design	10
State-funded schemes.....	11
Schemes with less than 6 000 members	12
Healthcare benefits	12
Member contribution increases for 2023	16
 Financial Overview of the Medical Schemes Industry in 2022.....	 17
Contributions	18
Relevant healthcare expenditure.....	19
Net relevant healthcare expenditure.....	19
Claims per average beneficiary per month.....	20
Outstanding claims provision.....	21
Accredited managed healthcare services (no transfer of risk)	23
Risk transfer arrangements	24
Relationship between the risk and savings components.....	27
Relationship between contributions and relevant healthcare expenditure	29
Non-healthcare expenditure (NHE).....	33
Trends in non-healthcare expenditure.....	34
Schemes with high non-healthcare expenditure.....	35
Administration expenditure	41
Fees paid in respect of accredited administration services and other administration services	44
Marketing and advertising expenditure.....	51
Fees paid in respect of other services provided by the external auditor	52
Governance related expenditure	53
Broker costs.....	56
Impaired receivables	57
Financial performance in real terms	58
Net healthcare results and Net results	58
Benefit options.....	61
Accumulated funds and Solvency	64
Liquidity ratios.....	68
Investments	70
Accredited administrators	72
Fees received in respect of accredited administration services and other administration services	75
Fees received in respect of accredited managed healthcare services	81

List of Annexures

Annexure A: Consolidated membership analysis | for the year ended 31 December 2022

Annexure B: Statement of comprehensive income | for the year ended 31 December 2022

Annexure C: Statement of financial position | as at 31 December 2022

Annexure D: Consolidated statement of changes in funds and reserves | for the year ended 31 December 2022

Annexure E: Statement of comprehensive income details: registered schemes for the year ended 31 December 2022

Annexure F: Statement of financial position details: registered schemes as of 31 December 2022

Annexure G: Detailed financial information: registered schemes | for the years ended 31 December 2021-2022

Annexure H: Detailed financial ratios: registered schemes | for the years ended 31 December 2021-2022

Annexure I: Operating results and solvency: registered schemes | for the years ended 31 December 2021-2022

Annexure J: Demographic profile: registered schemes | for the years ended 31 December 2021-2022

Annexure K: Seasonality of claims: registered schemes for the year ended 31 December 2022

Annexure L: Seasonality of claims: registered schemes for the year ended 31 December 2021

Annexure M: Detailed financial information per option: registered schemes | for the year ended 31 December 2022

Annexure N: Accredited managed healthcare services (no transfer of risk) per option: registered schemes | for the year ended 31 December 2022

Annexure O: Significant risk transfer arrangements (excluding commercial reinsurance) per option: registered schemes | for the year ended 31 December 2022

Annexure P: Fees paid to administrators: registered schemes | for the years ended 31 December 2021-2022

Annexure Q: Selected non-healthcare expenditure: registered schemes | for the years ended 31 December 2021-2022

Annexure R: Professional fees paid to auditors: registered schemes | for the years ended 31 December 2021-2022

Annexure S: Annexure B to Regulation 30 - asset allocation: registered schemes | for the year ended 31 December 2022

Annexure T: Administrator market share and relevant cash flows under their administration | for the years ended 31 December 2021-2022

Annexure U: Efficiency Discount Options (EDO) | for the year ended 31 December 2022

Explanatory notes | for the year ended 31 December 2022


List of accredited administrators and their accredited managed care organisations | for the year ended 31 December 2022

List of Figures

Figure 1: Number of medical schemes by scheme type (2000 -2022)	2
Figure 2: Number of schemes by size1 (2002 -2022)	2
Figure 3: Average number of options by scheme type (2002 -2022).....	3
Figure 4: Number of beneficiaries by scheme type (2000 -2022).....	4
Figure 5: Number of beneficiaries registered at the end of each month (2022)	5
Figure 6: Number of principal member and dependants (2021 -2022).....	5
Figure 7: Membership percentage changes by beneficiary type (2008 -2022)	6
Figure 8: Membership percentage changes by beneficiary type in open and restricted schemes (2008 - 2022)	6
Figure 9: Dependency ratio in schemes (2008 -2022)	6
Figure 10: Age and gender distribution of beneficiaries (2015, 2021, 2022).....	7
Figure 11: Average age of beneficiaries (2004 -2022).....	7
Figure 12: Distribution of beneficiaries by benefit design in open schemes (2022)	9
Figure 13: Distribution of beneficiaries by benefit design in restricted schemes (2022).....	9
Figure 14: Descriptive profile of schemes less than 6 000 members (2022).....	12
Figure 15: Distribution of healthcare benefits paid in 2022	12
Figure 16: Benefits paid per average beneficiary per annum.....	13
Figure 17: Claims paid in 2022 by scheme type.....	13
Figure 18: Total claims paid per average beneficiaries per annum	13
Figure 19: Total healthcare benefits paid 2015-2022 (2022 prices*)	14
Figure 20: Total healthcare benefits paid 2015-2022 (2022 prices*)	14
Figure 21: Medical scheme contribution increases and inflation: 2011-2023	16
Figure 22: Gross contributions per average beneficiary per month (2018-2022)	18
Figure 23: Gross relevant healthcare expenditure (2018-2022).....	19
Figure 24: Risk and savings contributions, and contributions pabpm (2018-2022).....	28
Figure 25: Risk and savings claims pabpm (2018-2022)	28
Figure 26: Risk claims ratio for all schemes: 2018 - 2022	29
Figure 27: Seasonality of claims for the past three years (2020-2022).....	29
Figure 28: Open schemes with a claims ratio increase greater than 5%	31
Figure 29: Distribution of non-healthcare expenditure of medical schemes (2022)	33
Figure 30: Gross non-healthcare expenditure (2018 – 2022).....	34
Figure 31: Non-healthcare expenditure pabpa (2018-2022)	34
Figure 32: Non-healthcare expenditure in open and restricted schemes (2018-2022)	35
Figure 33: Fedhealth Medical Scheme: NHE 2022	36
Figure 34: Suremed Health: NHE 2022.....	36
Figure 35: Compcare Wellness Medical Scheme: NHE 2022	37
Figure 36: Sizwe Hosmed Medical Fund: NHE 2022	37
Figure 37: Keyhealth: NHE 2022.....	38
Figure 38: Profmed: NHE 2022	39
Figure 39: CAMAF: NHE 2022	40
Figure 40: LA-Health Medical Scheme: NHE 2022	40
Figure 41: Distribution of administration expenditure: 2022	43
Figure 42: Ten schemes with highest average trustee fees	53
Figure 43: Composition of trustee remuneration for schemes who paid in excess of R500 000.00 in average fee per trustee (2022)	54
Figure 44: Ten schemes with highest remuneration of Principal Officers in 2022	55
Figure 45: Broker fees pampm compared to the statutory limit imposed (pampm).....	56
Figure 46: Schemes with broker service fees above the industry average of R101.43 pampm: 2022	57
Figure 47: Impaired receivables 2018 - 2022	57
Figure 48: Risk contributions, claims, non-healthcare expenditure (2018-2022) in 2022 prices*	58
Figure 49: Net healthcare results 2018 - 2022	59
Figure 50: Net surplus and net assets per Regulation 29	64
Figure 51: Industry solvency of 47.21%	64
Figure 52: Net healthcare results 2018 - 2022	65
Figure 53: Open scheme industry solvency ratios excluding DHMS	66
Figure 54: Restricted scheme industry solvency ratios excluding GEMS	66
Figure 55: Beneficiaries in schemes with solvency below 25% (2018 – 2022)	67
Figure 56: Current ratio: open schemes - 2022.....	68
Figure 57: Current ratio: open schemes - 2022.....	69
Figure 58: Average gross claims covered by cash and cash equivalents (2018 - 2022).....	69
Figure 59: Open scheme industry – investment breakdown (2022)	70
Figure 60: Restricted scheme industry – investment breakdown (2022).....	70
Figure 61: Administrator market share at the end of 2022	72
Figure 62: Market share of largest administrators based on average number of beneficiaries – trend*	73
Figure 63: Administrator market share at the end of 2022: Open schemes	73
Figure 64: Restricted schemes market share of largest administrators based on average number of beneficiaries - trend*	74
Figure 65: Split of total composite administration fees received (2022)	75
Figure 66: Split of total composite administration fees received (2022)	75
Figures 67 - 70: Breakdown of total composite administration fees received per administrator (2022)	76

List of Tables

Table 1: Number of EDOs and lives covered: 2017 to 2022.....	3
Table 2: Membership growth and declines (selected list of schemes).....	4
Table 3: Average age, gender, pensioner ratio and distribution (2016 -2022).....	8
Table 4: Member movement by benefit design and scheme type (2021 and 2022).....	10
Table 5: State-funded or linked medical schemes membership relative to the sector, N=10 medical schemes.....	11
Table 6: Government/State funded or linked medical schemes (2021 and 2022).....	11
Table 7: Risk transfer arrangements by scheme type and size.....	15
Table 8: Accredited managed care fees (no risk transfer) by scheme type and size.....	15
Table 9: Average gross contribution increases for 2023.....	16
Table 10: Claims incurred open: Ten open schemes with the highest net relevant healthcare expenditure incurred pabpm (2022).....	20
Table 11: Claims incurred restricted: Ten restricted schemes with the highest net relevant healthcare expenditure incurred pabpm (2022).....	20
Table 12: Open schemes with under provisions of previous year's claims (2022).....	21
Table 13: Top ten restricted schemes with highest under provisions of previous year's claims (2022).....	22
Table 14: Accredited managed healthcare service fees (no transfer of risk) for options with a claims ratio above 100% (2022).....	23
Table 15: Accredited managed healthcare services (no transfer of risk) of the 10 largest schemes (2022).....	23
Table 16: Significant risk transfer arrangements (2021 and 2022).....	24
Table 17: Schemes with the highest risk transfer arrangement losses (2022).....	24
Table 18: Options with the highest risk transfer arrangement losses (2022).....	25
Table 19: Contracts with the highest risk transfer losses (2021 and 2022).....	26
Table 20: Contributions and relevant healthcare expenditure pabpm (2018-2022).....	27
Table 21: Top 10 open schemes claims ratios (2021 and 2022).....	30
Table 22: Open scheme deviation from industry average (2021 and 2022).....	30
Table 23: Top 10 restricted schemes claims ratios (2021 and 2022).....	31
Table 24: Restricted scheme deviation from industry average (2021 and 2022).....	32
Table 25: Restricted schemes with a claims ratio increase greater than 7.5% (2021 and 2022).....	32
Table 26: Trends in claims, non-healthcare expenditure, and reserve-building as a percentage of contributions among open schemes (2022 and 2021).....	35
Table 27: Trends in claims, non-healthcare expenditure, and reserve-building as percentage of contributions among restricted schemes (2022 and 2021).....	38
Table 28: Trends in non-healthcare expenditure and membership among restricted schemes (2022 and 2021).....	39
Table 29: Gross Administration Expenditure (GAE) (2018-2022).....	41
Table 30: Ten open schemes with administration expenditure above the industry average of R182.75 pabpm (2022).....	42
Table 31: Ten restricted schemes with the highest administration expenditure above the industry average of R106.82 pabpm (2022).....	43
Table 32: Total composite fees paid to third-party administrators in respect of accredited administration services and other administration services pabpm (2021 and 2022).....	44
Table 33: Breakdown of fees paid to third-party administrators in respect of accredited administration services (2022).....	44
Table 34: Ten open schemes with the highest fees paid in respect of accredited administration services pabpm - industry average R293.65 pabpm (2022).....	45
Table 35: Ten open schemes with the highest fees paid in respect of accredited administration services pabpm - breakdown of components (2022).....	46
Table 36: Ten restricted schemes with the highest fees paid in respect of accredited administration services pabpm - industry average R149.44 pabpm (2022).....	47
Table 37: Ten restricted schemes with the highest fees paid in respect of accredited administration services pabpm - breakdown of components (2022).....	47
Table 38: Breakdown of fees paid to third-party administrators in respect of other administration services (2022).....	48
Table 39: Open schemes which paid the highest fees to accredited administrators in respect of other administration services pabpm - industry average R44.03 pabpm (2022).....	49
Table 40: Ten restricted schemes which paid the highest fees to accredited administrators in respect of other administration services pabpm - industry average R28.15 pabpm (2022).....	49
Table 41: Ten schemes which paid the highest fees to accredited administrators in respect of other administration services pabpm (2022).....	50
Table 42: Open schemes with highest marketing and advertising expenditure (2022) *.....	51
Table 43: Restricted schemes with highest marketing and advertising expenditure (2022).....	52
Table 44: Schemes with fees paid to external auditors in respect of other services rendered (2021 and 2022).....	52
Table 45: Ten schemes with the highest trustee fees (2022).....	53
Table 46: Schemes with increases in remuneration of Principal Officers exceeding 20%: 2022.....	55
Table 47: 20 schemes incurring net healthcare deficits 2021 and 2022.....	60
Table 48: Results of benefit options 2022.....	61
Table 49: Results of loss-making benefit options 2022.....	62
Table 50: Demographics of registered options at year-end: 2022.....	63
Table 51: Risk claims, non-healthcare expenditure and reserve-building as a percentage of contributions (2018 - 2022).....	65
Table 52: Prescribed solvency and number of beneficiaries 2018 - 2022.....	67
Table 53: Summary of performance of schemes below 25% solvency in 2021 and 2022.....	68
Table 54: Asset distribution of the ten largest schemes by asset base 2022.....	71
Table 55: Local and foreign asset distribution of largest 10 schemes by asset base: 2022.....	71
Table 56: Asset base and investment income: 2021 and 2022.....	72
Table 57: Administrators with total composite administration fees received (including co-administration fees) in respect of accredited administration and other administration services higher than the average for all administrators of R261.90 pabpm.....	77
Table 58: Administrator market share 2022: open schemes.....	78
Table 59: Administrator market share 2022: restricted schemes.....	78
Table 60: Total fees paid to the four largest administrators (excluding accredited managed healthcare services) - deviation from average per administrator: 2022.....	79
Table 61: Market share of administrators: including accredited managed healthcare services.....	81
Table 62: Total fees paid to administrators (including accredited managed healthcare services) - deviation from industry average: 2022.....	82



The Medical Schemes Industry in 2022

DEMOGRAPHIC ANALYSIS

TRENDS IN THE NUMBER OF MEDICAL SCHEMES

The downward trend in the total number of registered medical schemes over the past years, continued in 2022. Figure 1 shows the decline in the number of medical schemes from 144 in 2000 to 72 in 2022, with the highest decline occurring between 2007 and 2010. In 2021, Hosmed Medical Scheme merged with Sizwe Medical Fund, and Quantum Medical Aid Society merged with Discovery Health Medical Scheme, resulting in a total of 73 medical schemes. However, in 2022, the Nedgroup Medical Aid Scheme merged with Bonitas Medical Fund, reducing the number of schemes to 72. Of the 72 schemes in 2022, 17 are open, and 55 are restricted. The trend in the consolidation of medical schemes is mainly driven by voluntary amalgamations.

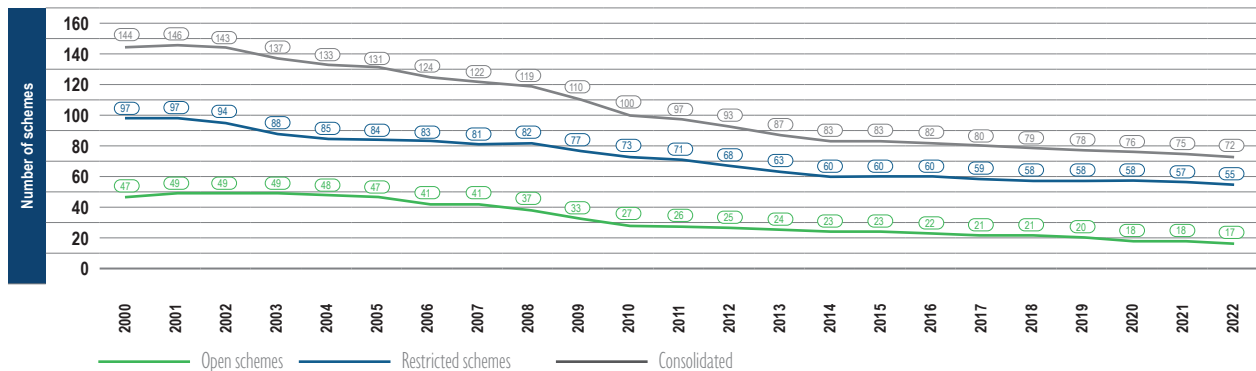


Figure 1: Number of medical schemes by scheme type (2000-2022)

* Note that there were initially 72 schemes operating in 2022. Health Squared Medical Scheme was liquidated, bringing the total number of active schemes to 71 as of December 2022.

Figure 2 shows the distribution of medical schemes by scheme size from 2002 to 2022. The sector saw a decline in the number of medical schemes, with small schemes contributing significantly to this decline. In 2022, the number of large schemes grew while the number of medium and small schemes declined.

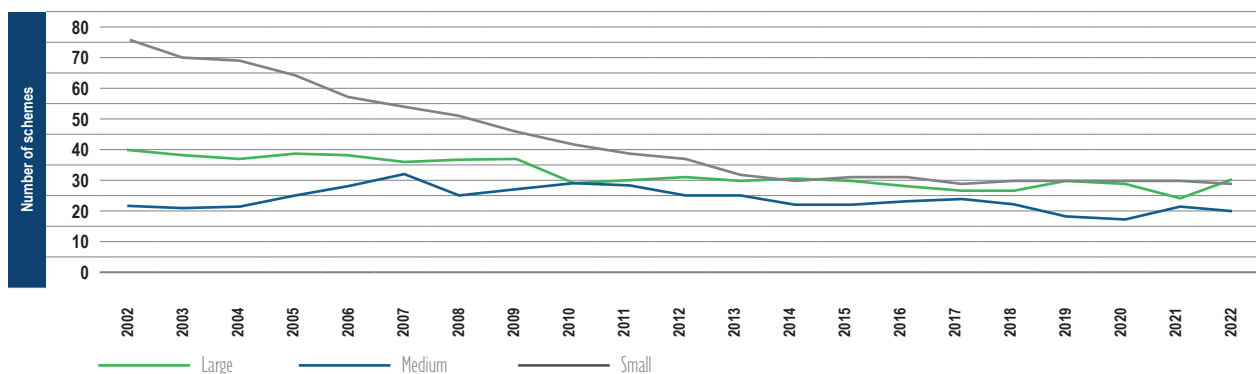


Figure 2: Number of schemes by size¹ (2002-2022)

¹ Small < 6000 members; Medium => 6000 members but < 30 000 beneficiaries; Large => 30 000 beneficiaries

BENEFIT OPTIONS

Figure 3 shows the industry's average number of benefit options by scheme type from 2002 to 2022. On average, there were four benefit options at industry level. The average number of benefit options for open schemes was three times more than in restricted schemes.

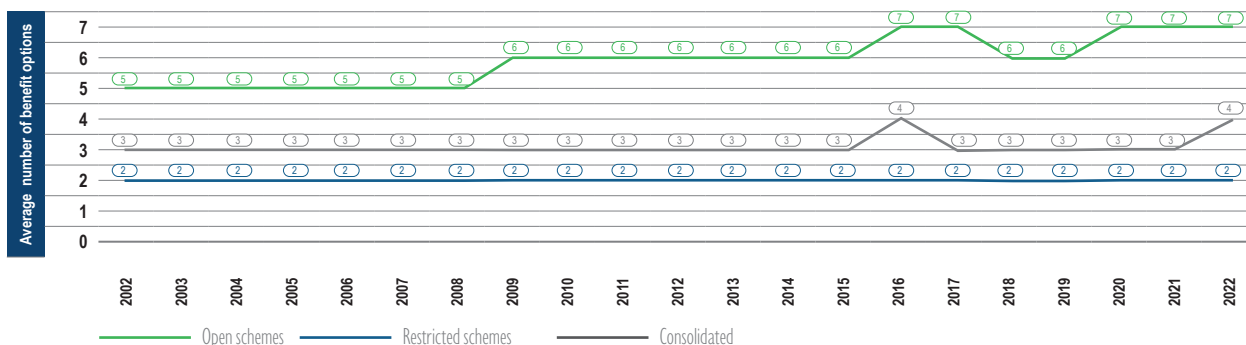


Figure 3: Average number of options by scheme type (2002-2022)

Table 1 shows the trend in the number of Efficiency Discounted Options (EDO) between 2017 and 2022. The number of EDOs increased from 50 in 2017 to 72 in 2022. Beneficiaries covered by EDOs grew from 2017 to 2020, then decreased in 2021. The number of EDO beneficiaries increased by 65% in 2022, from 980 039 in 2021 to 1.6 million in 2022. During the period under review, non-EDOs covered more lives than EDOs.

Table 1: Number of EDOs and lives covered: 2017 to 2022

	2017	2018	2019	2020	2021	2022
Number of EDO options	50	50	64	66	66	72
Number of Lives covered EDOs	758 746	792 699	976 592	1 006 142	980 039	1 619 062
Number of lives covered non-EDOs	2 961 870	2 922 085	2 883 595	3 284 792	3 253 462	2 748 081
% of lives on non-EDOs	26%	27%	34%	31%	30%	59%

DEMOGRAPHIC INFORMATION

The number of beneficiaries covered by medical schemes has remained constant over the last decade, but in 2022, it exceeded nine million. The sole notable growth in this sector occurred when Government Employees Medical Scheme (GEMS) was introduced in 2006. As of 2022, GEMS had reached 805 544 principal members and their beneficiaries had exceeded two million, totalling 2 143 249.

The proportions of beneficiaries covered by medical schemes expressed as a proportion of the population in the country, declined during the period under review from 16% in 2000 to 14.92% in 2022. The industry experienced a growth in the number of beneficiaries from 8 938 872 in 2021 to 9 039 259 in 2022, where open schemes accounted for more than half of the medical scheme population at 4 860 368 (53.8%), with restricted schemes accounting for the remainder of 4 178 891 (46.2%).

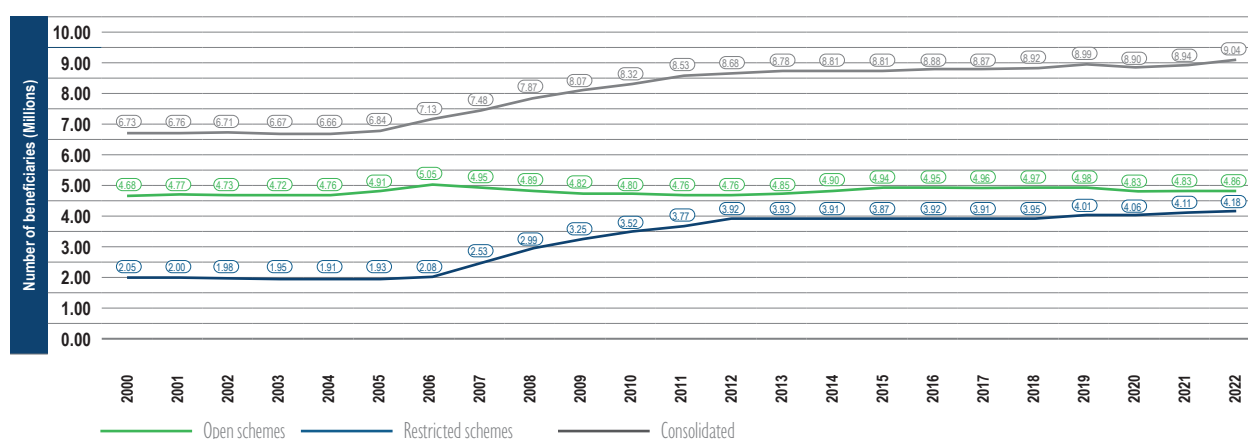


Figure 4: Number of beneficiaries by scheme type (2000 -2022)

MEMBERSHIP DATA: GROWTH AND DECLINES - SELECTED TOP 14 MEDICAL SCHEMES

Table 2 below offers an insightful overview of select list of medical schemes, shedding light on their notable performance shifts between the years 2021 and 2022. It captures a spectrum of growth and decline trends within the medical schemes environment, reflecting changes that have substantial implications for both the industry and beneficiaries.

In terms of growth, a remarkable trend emerged, with seven schemes exhibiting significant expansion by recording growth rates of 5% or more. These schemes, including Bestmed, Thebemed, Medihelp, Umvuzo, Platinum Health, Retail Medical Scheme and GEMS, all demonstrated increases in their enrolments and beneficiary numbers. Such growth often signifies an attractive value proposition and service quality that resonates with consumers or other approaches that these schemes have employed to attract membership.

On the other hand, there were schemes that experienced substantial declines, with some plunging by over 5% and a few even surpassing the 10% decrease mark. These declining schemes, as enumerated in the table below, warrant closer scrutiny to discern the factors contributing to the decline. Such a significant decline may raise questions about the competitiveness and sustainability of these schemes in the long term, particularly schemes that declined by more than ten percent.

Table 2: Membership growth and declines (selected list of schemes)

Membership change (2021-2022)		
Growth	Bestmed Medical Scheme	10%
	Thebemed	8%
	Medihelp	7%

Table 2: Membership growth and declines (selected list of schemes) (continued)

Membership change (2021-2022)		
Growth (continued)	Umvuzo Health Medical Scheme	7%
	Platinum Health	7%
	Retail Medical Scheme	5%
	Government Employees Medical Scheme (GEMS)	5%
Decline	Sisonke Health Medical Scheme	-12%
	Transmed Medical Fund	-12%
	Lonmin Medical Scheme	-9%
	BP Medical Aid Society	-8%
	Fedhealth Medical Scheme	-8%
	Motohealth Care	-8%
	Cape Medical Plan	-7%

Figure 5 shows the number of beneficiaries registered at the end of each month for the year 2022. There is an increasing trend in the number of beneficiaries from January to December. The number of beneficiaries grew by 144 455, from R8.9 million in 2021 to R9.0 million in 2022.

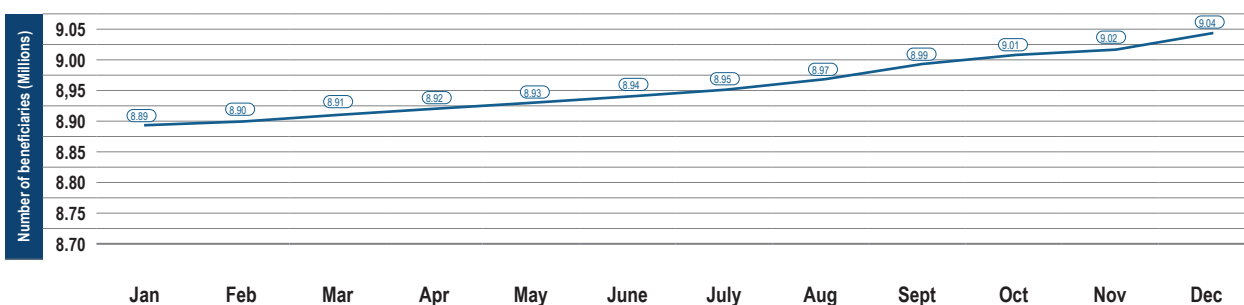


Figure 5: Number of beneficiaries registered at the end of each month (2022)

Figure 6 depicts the number of beneficiaries, broken down by principal members and dependants. The number of dependants and principal members covered by open and restricted schemes increased in 2022.



Figure 6: Number of principal member and dependants (2021-2022)

Figures 7 and 8 illustrates year-on-year growth in the number of beneficiaries between 2008 and 2022. From 2008 to 2013, the medical scheme industry had a positive increase in the number of members and dependants. The number of members increased sharply in 2008. However, the negative growth became evident in 2020 with a considerable decline of 1.47%. The number of members and dependants grew by 1.26% and 1.01% respectively in 2022.

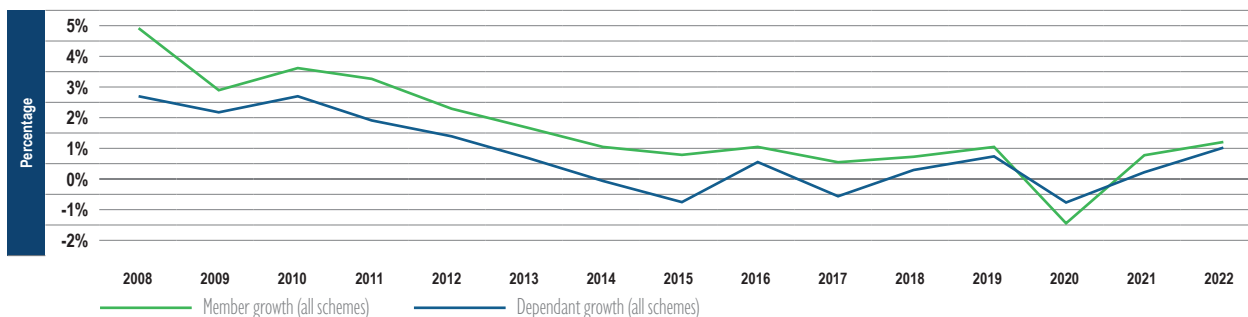


Figure 7: Membership percentage changes by beneficiary type (2008 -2022)

Figure 8 depicts the year-on-year growth in the number of beneficiaries per scheme type. There has been a consistent decline in the number of dependants in open schemes from 2008 to 2012. The number of dependants in restricted schemes showed a decline in 2014, 2015, and 2017. In 2022, the number of dependents in open schemes declined slightly by 0.07%. There has been growth in membership in both open and restricted schemes for year 2022.

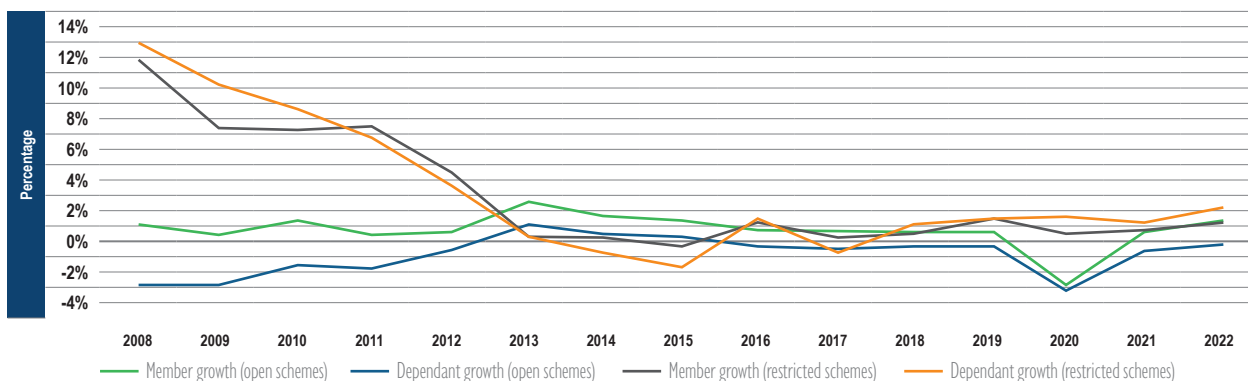


Figure 8: Membership percentage changes by beneficiary type in open and restricted schemes (2008 - 2022)

Figure 9 depicts the ratio of dependants relative to principal members in medical schemes from 2008 to 2022. In 2022, this ratio decreased slightly by 0.02 in open schemes, while it rose by 0.01 in restricted schemes.

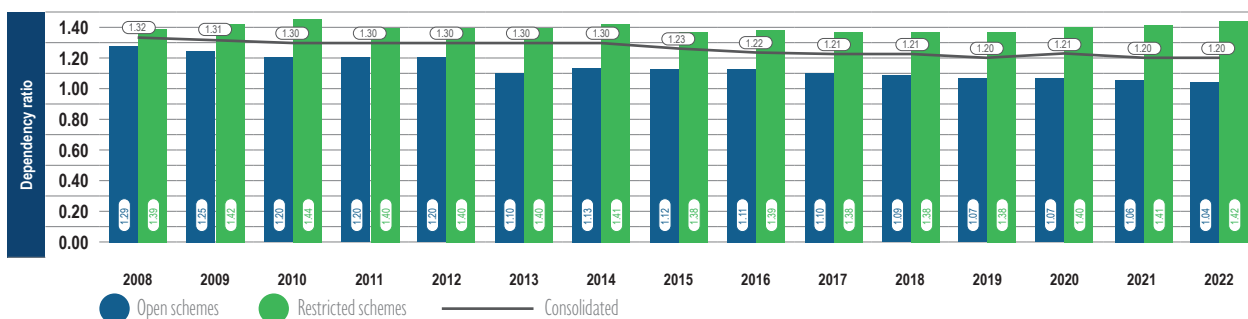


Figure 9: Dependency ratio in schemes (2008 -2022)

Figure 10 illustrates the age and gender distribution of beneficiaries of medical schemes in 2015, 2021, and 2022. A bimodal distribution is evident for both male and female beneficiaries. There were more beneficiaries between the ages of 35-39 years, and fewer beneficiaries aged 85 years and above. There was a decreasing slope between ages 10-14 years and 35-39 years, and the trend is consistent throughout the years.

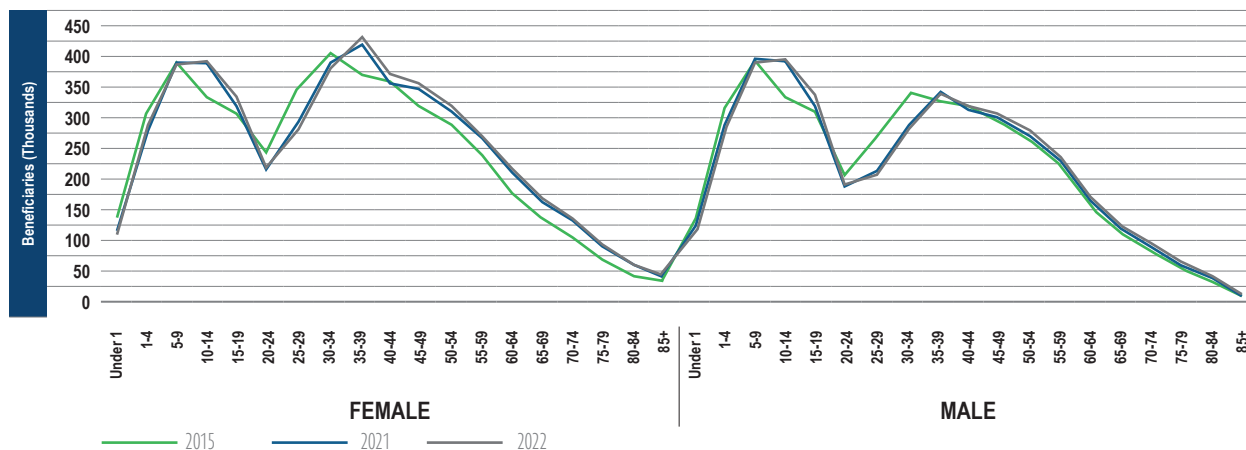


Figure 10: Age and gender distribution of beneficiaries (2015, 2021, 2022)

Figure 11 depicts the trend in the average age of beneficiaries from 2004 to 2022. The average age of beneficiaries of restricted schemes was above the industry average between 2004 and 2006; however, it fell between 2006 and 2007. Since 2006, the average age of beneficiaries in open schemes has gradually increased. The impact of the Government Medical Scheme (GEMS) and Discovery Health Medical Scheme (DHMS) on the age of medical scheme beneficiaries is evident in Figure 11. In 2022, the average age of beneficiaries in open schemes (excluding DHMS) was 36.1 years and 32.1 years in restricted scheme beneficiaries (excluding GEMS).

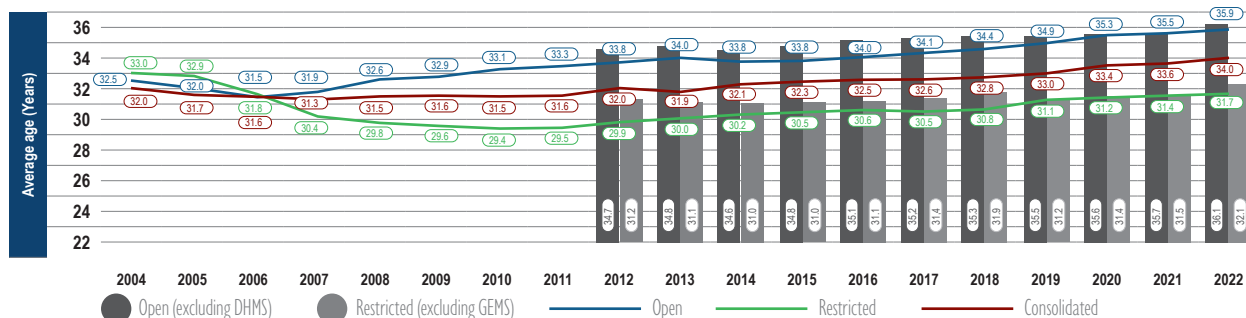


Figure 11: Average age of beneficiaries (2004-2022)

Table 3 shows the average age of beneficiaries and the percentage of pensioners by scheme type and gender from 2016 to 2022. In 2022, the industry average age of beneficiaries increased by 0.4 years. The average age of female beneficiaries was higher than that of male beneficiaries from 2016 to 2022. The percentage of pensioners (beneficiaries aged 65 and above) increased to 9.3% in 2022 from 9.0% in 2021. Over the years, the pensioner ratio and the average age of females have been higher than those of male beneficiaries. The average age of 35.9 years in open schemes was higher than the industry average of 34.0 years in 2022, while restricted schemes had a lower average age of 31.7 years.

Table 3: Average age, gender, pensioner ratio and distribution (2016 -2022)

Type of Scheme	Gender	Average age (years) and Pensioner ratio (%)	2016	2017	2018	2019	2020	2021	2022
Open Schemes	Female	Average age	34.7	34.9	35.2	35.6	36.2	36.4	36.8
		Pensioner ratio	10.1	10.9	11.6	11.3	11.8	12.0	12.5
	Male	Average age	33.2	33.3	33.5	33.8	34.3	34.5	34.8
		Pensioner ratio	8.2	8.9	9.6	9.2	9.6	9.6	10.0
	Total	Average age	34.0	34.1	34.4	34.9	35.3	35.5	35.9
		Pensioner ratio	9.2	10.0	10.7	10.3	10.7	10.9	11.3
Restricted Schemes	Female	Average age	31.9	31.8	32.1	32.2	32.7	32.8	33.2
		Pensioner ratio	7.1	7.4	7.9	7.4	7.6	7.7	7.9
	Male	Average age	29.1	28.9	29.3	29.3	29.5	29.6	29.9
		Pensioner ratio	5.2	5.4	5.8	5.3	5.5	5.5	5.7
	Total	Average age	30.6	30.5	30.8	31.1	31.2	31.4	31.7
		Pensioner ratio	6.3	6.5	6.9	6.5	6.6	6.7	6.9
All Schemes	Female	Average age	33.4	33.5	33.8	34.1	34.5	34.7	35.1
		Pensioner ratio	8.8	9.3	9.9	9.5	9.8	10.0	10.3
	Male	Average age	31.5	31.4	31.7	31.9	32.2	32.3	32.6
		Pensioner ratio	7.0	7.4	7.9	7.6	7.8	7.8	8.1
	Total	Average age	32.5	32.6	32.8	33.0	33.4	33.6	34.0
		Pensioner ratio	7.9	8.4	9.0	8.6	8.9	9.0	9.3

DISTRIBUTION OF BENEFICIARIES BY BENEFIT DESIGN (EXCLUDING EDOs)

Figures 12 and 13 below illustrate the distribution of beneficiaries categorised by scheme type and benefit design. These graphical representations vividly depict the contrasting allocation of beneficiaries across different plans within the two sectors. Open schemes exhibit a notably broader coverage, boasting higher enrolment figures in hospital plans, followed by an almost equal distribution between comprehensive plans and partial cover plans at 23% for each.

In contrast, closed schemes reveal a different pattern, with more extensive coverage in comprehensive plans and partial cover plans, collectively accounting for 95% of beneficiaries. Specifically, comprehensive plans constitute 50%, while partial cover plans represent 45% of the beneficiaries in closed schemes. Hospital plans, on the other hand, make up a relatively small 3% of beneficiaries within closed schemes.

These emerging insights shed light on the depth and diversity of coverage within closed schemes as compared to open schemes. The variation in coverage observed may be ascribed to the investments made by employers with the objective of improving productivity and providing extensive healthcare benefits to their workforce.

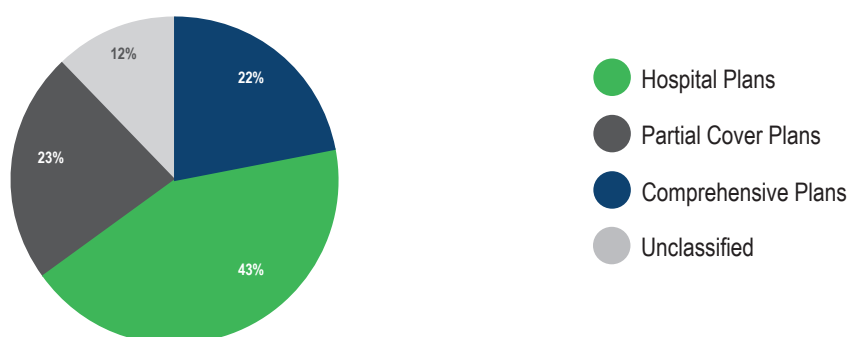


Figure 12: Distribution of beneficiaries by benefit design in open schemes (2022)

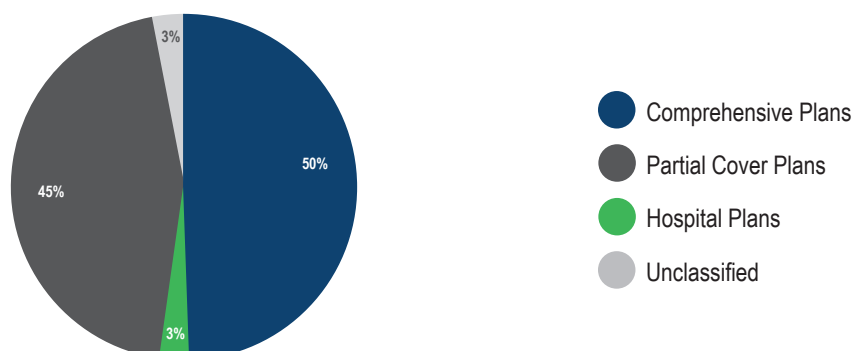


Figure 13: Distribution of beneficiaries by benefit design in restricted schemes (2022)

MEMBER MOVEMENT BY SCHEME TYPE AND BENEFIT DESIGN

The table below provides a breakdown of the number of beneficiaries based on their respective scheme types and benefit designs. Notably, the data reveals that the growth trend is more pronounced in closed schemes compared to open schemes. Closed schemes experienced a notable growth rate of 1.7%, in stark contrast to the relatively modest 0.5% increase observed in open schemes. Upon closer examination of the data, it becomes evident that there was a decline in the enrolment of comprehensive plans within both sectors. However, it is worth highlighting that hospital plans within closed schemes witnessed a significant decrease. Moreover, a noteworthy increase in membership was observed in closed schemes, particularly in the category of partial cover plans. This surge in partial cover plans underscores a significant shift in beneficiaries' preferences within the closed scheme context, highlighting evolving dynamics and priorities in the healthcare insurance landscape.

Table 4: Member movement by benefit design and scheme type (2021 and 2022)

	Beneficiaries 2021	Beneficiaries 2022	% change
Open	4 835 649	4 860 368	0.5%
Comprehensive Plans	1 111 204	1 073 581	-3.4%
Hospital Plans	2 095 602	2 107 598	0.6%
Partial Cover Plans	1 115 716	1 118 046	0.2%
Unclassified	513 127	561 143	9.4%
Restricted	4 109 404	4 178 891	1.7%
Comprehensive Plans	2 125 885	2 071 297	-2.6%
Hospital Plans	140 149	110 601	-21.1%
Partial Cover Plans	1 727 603	1 887 112	9.2%
Unclassified	115 767	109 881	-5.1%
Consolidated	8 945 053	9 039 259	1.1%

The assessment of the performance of government-linked or state-funded medical schemes is of paramount importance. During the period of evaluation, a total of ten government-linked or funded medical schemes were under consideration, constituting a substantial 72% share of all closed schemes and covering 33% of the beneficiaries within the broader healthcare insurance industry. Remarkably, these government-affiliated schemes collectively demonstrated an average growth rate of 4%. This growth trend exemplifies their capacity to adapt and expand within the dynamic healthcare insurance landscape. It underscores the significance of these schemes in serving a substantial portion of beneficiaries and highlights their potential for both sustaining and enhancing their contribution to the healthcare sector.

STATE-FUNDED SCHEMES

Table 5: State-funded or linked medical schemes membership relative to the sector, N=10 medical schemes

Government linked or funded medical scheme (Yes/No)	Open	Restricted	Consolidated
No	4 860 368	1 157 677	6 018 045
Yes	-	3 021 214	3 021 214
	4 860 368	4 178 891	9 039 259

Out of the ten schemes analysed, membership growth was observed in just four of them. Notably, GEMS, LA-Health, Rand Water Medical Scheme, and the Rhodes University Medical Scheme exhibited positive membership trends during the period in question. These schemes managed to attract and retain more beneficiaries. Conversely, the remaining six schemes within the cohort experienced declining membership. This decline was particularly pronounced in the case of Transmed, which encountered a substantial double-digit decrease of 12%. The notable membership drop in Transmed raises questions about the factors influencing this trend and calls for an in-depth examination of the scheme's strategies and competitive positioning.

Table 6: Government/State funded or linked medical schemes (2021 and 2022)

Scheme name	Beneficiaries 2021	Beneficiaries 2022	% change
Rhodes University Medical Scheme	2 416	2 436	0.8%
SAMWUMED	76 011	75 726	-0.4%
LA-Health Medical Scheme	233 085	243 829	4.6%
Rand Water Medical Scheme	9 166	9 432	2.9%
SABC Medical Aid Scheme	8 246	8 172	-0.9%
Parmed Medical Aid Scheme	4 350	4 272	-1.8%
Medipos Medical Scheme	21 932	20 521	-6.4%
South African Police Service Medical Scheme (POLMED)	492 833	490 784	-0.4%
Transmed Medical Fund	25 905	22 793	-12.0%
Government Employees Medical Scheme (GEMS)	2 036 102	2 143 249	5.3%
Total	2 910 046	3 021 214	3.8%

SCHEMES WITH LESS THAN 6 000 MEMBERS

The illustration below provides insights into the count of medical schemes with a membership size of fewer than 6 000 members. The graphical representation reveals that this count remained constant at 29 schemes. However, noteworthy shifts were observed in the number of members and the average membership size, which declined by 1.0%, from 92 823 to 91 907 members. Consequently, the average number of members per scheme settled in the vicinity of 3 000 members. The range of membership numbers varied from 994 to 5 992 in 2022, showcasing the diversity in scheme sizes. This contrasted with the range in the previous year, which spanned from 1 038 to 5 882 members.

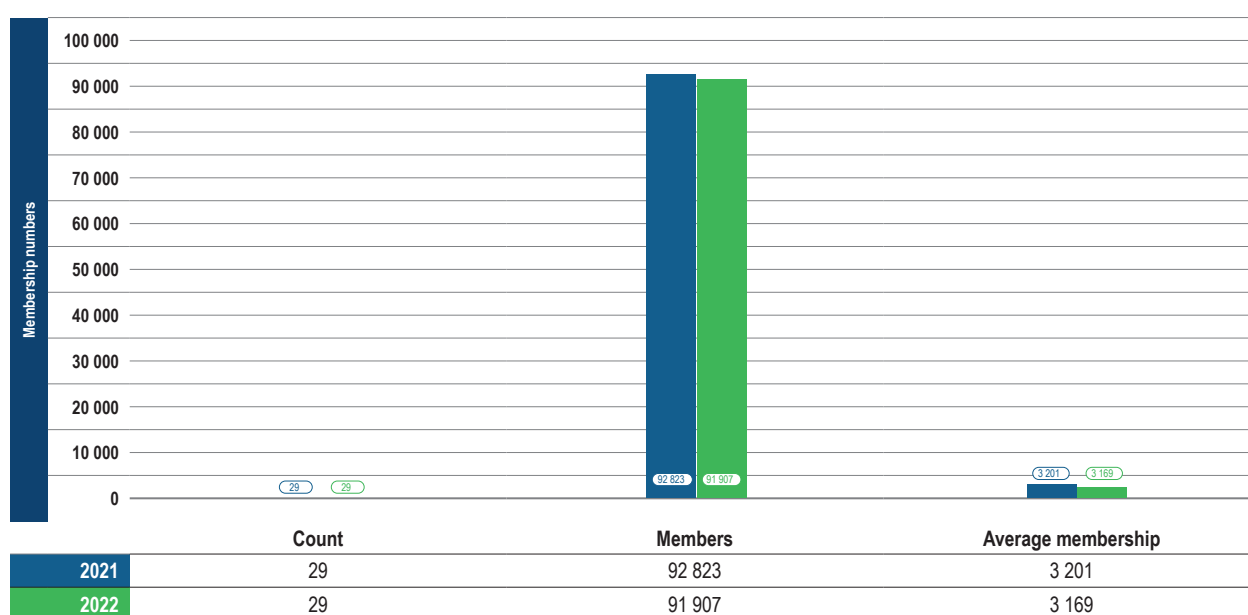


Figure 14: Descriptive profile of schemes with less than 6 000 members (2022)

HEALTHCARE BENEFITS

TOTAL HEALTHCARE BENEFITS PAID, RISK* AND SAVINGS BENEFITS PAID

Total healthcare expenditure on benefits paid in 2022 increased to R224.1 billion, up by 9.2% from the 2021 reported amount of R205.3 billion. Risk benefits paid was reported at R203.3 billion and made up 90.7% of total benefits paid with saving reported at R20.8 billion comprising 9.3% of total benefits paid. See Figure 15.

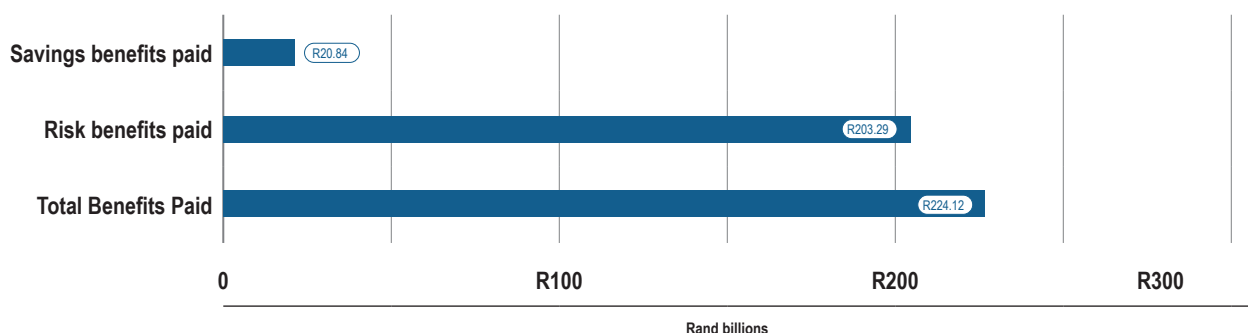


Figure 15: Distribution of healthcare benefits paid in 2022

*Risk healthcare benefits include capitation fees (R4.72 billion), whilst net relevant healthcare expenditure (page 19) includes the net result from risk transfer arrangements (net income of R323.76 million). The two figures furthermore differ as the latter includes the movement in the provision for outstanding claims (R205.65 million).

The claims paid per average beneficiary per annum (pabpa) increased by 8.5% from R23 060.79 in 2021 to R25 022.87 in 2022. Risk benefits paid per beneficiary increased by 9.1% from R20 810.38 in 2021 to R22 696.30 in 2022, and the average spent from medical savings accounts pabpa increased by 3.4% from R2 250.41 in 2021 to R2 326.57 in 2022. See Figure 16.

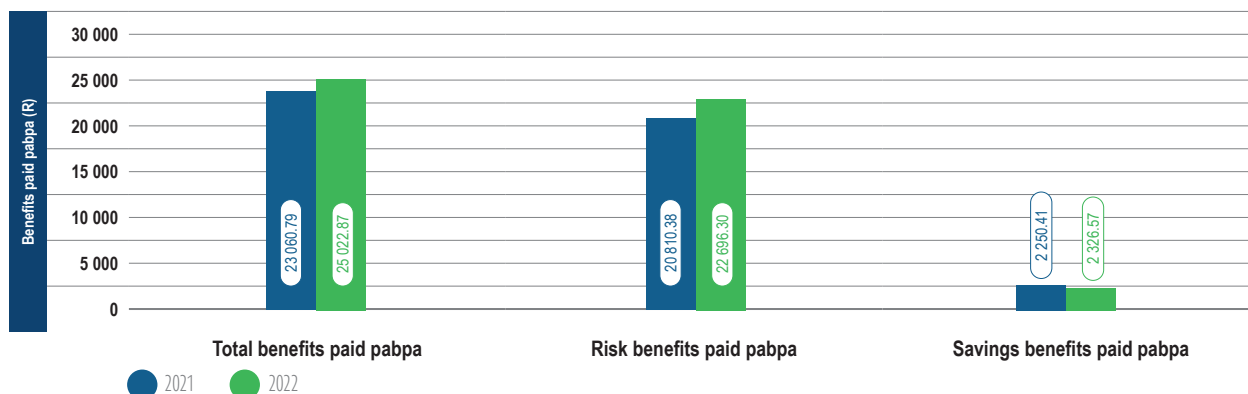


Figure 16: Benefits paid per average beneficiary per annum

TOTAL HEALTHCARE BENEFITS PAID BY SCHEME TYPE

The distribution of total benefits paid between open and restricted medical schemes vary by around 13.7%, with 57% of total benefits paid in open schemes (R121.7 billion) compared to 43% of total benefits paid in restricted schemes (R92.2 billion). See Figure 17.

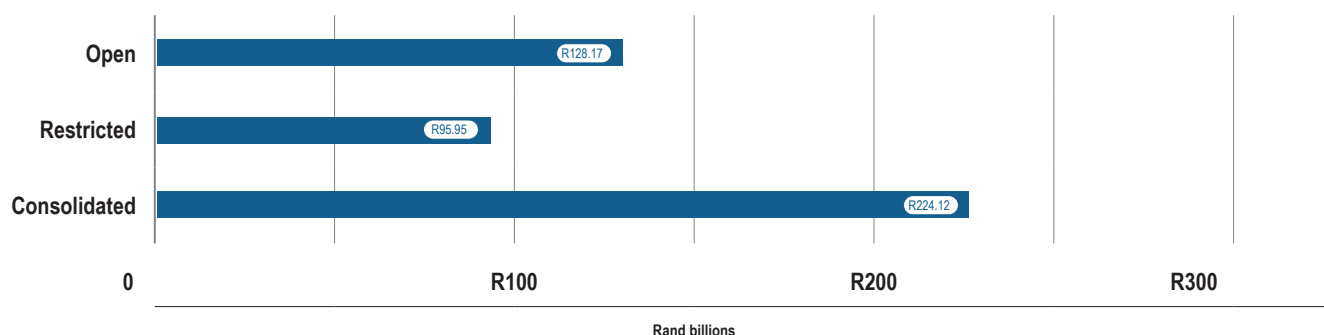


Figure 17: Claims paid in 2022 by scheme type

There was 11.6% difference between the claims pabpa in open medical schemes compared to restricted medical schemes. The claims pabpa increased by 8.5% from R23 060.79 in 2021 to R25 022.87 in 2022. The benefits paid per beneficiary in restricted schemes increased by 7.4% from R21 699.39 in 2021 to R23 307.56 in 2022, and the average spent by open medical schemes pabpa increased by 9.4% from R24 214.96 in 2021 to R26 481.79 in 2022. See Figure 18.

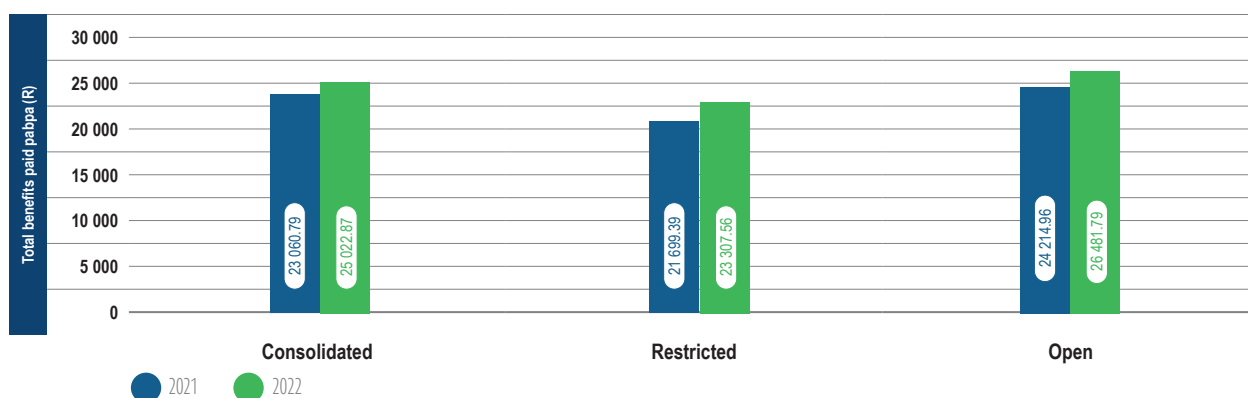


Figure 18: Total claims paid per average beneficiaries per annum

TRENDS IN TOTAL HEALTHCARE BENEFITS PAID AT CONSTANT PRICES

Figure 19 shows trends in the distribution of healthcare benefits that medical schemes have paid overtime from 2015 to 2022. These figures have been adjusted for inflation with 2022 used as the base year. The figures are reported in real (or constant) terms, implying that the historical data has been adjusted to 2022 prices.

Total benefits paid increased by 17.3% between 2015 and 2022, which translates into an annual average increase of 2.3%. In restricted schemes the increase was 22.5% for the same period and translates to an annual average increase of 2.9%. In open schemes, the increase was 13.7% and translates to an annual average increase of 1.8%. Figure 19 below depicts these trends.

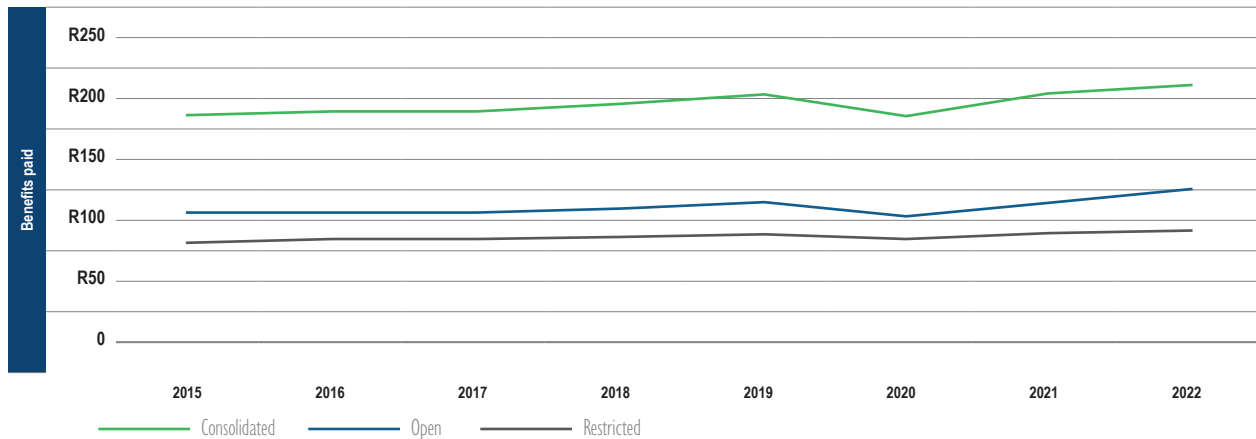


Figure 19: Total healthcare benefits paid 2015-2022 (2022 prices*)

* All values are adjusted for inflation using the Consumer Price Index (CPI) for 2022 as a base period.

** Historical values are revised when the base period changes and will not correspond to the values reported in previous Annual Reports.

HEALTHCARE BENEFITS PAID PER BENEFICIARY

Total benefits paid pabpa increased by 14.5% between 2015 and 2022, which translates into an annual average increase of 2.0%. In restricted schemes the increase was slightly lower at 14.3% for the same period and translates to an annual average increase of 1.9%. In open schemes the increase was 15.1% and translates to an annual average increase of 2.0%. Figure 20 below depicts these trends.

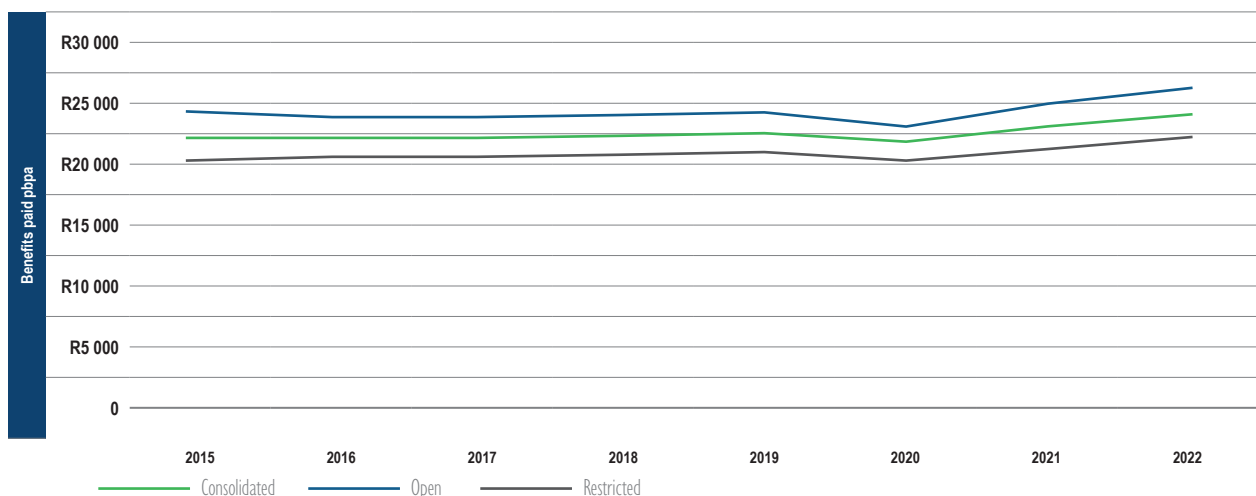


Figure 20: Total healthcare benefits paid 2015-2022 (2022 prices*)

* All values are adjusted for inflation using the Consumer Price Index (CPI) for 2022 as a base period.

** Historical values are revised when the base period changes and will not correspond to the values reported in previous Annual Reports.

ACCREDITED MANAGED CARE ARRANGEMENTS AND RISK TRANSFER ARRANGEMENTS

The overall amount paid for capitation fees decreased by 1.2% from R4.78 billion in 2021 to R4.72 billion in 2022. This is mainly due to the large decrease observed in the restricted schemes where capitation fees decreased by 9.6% from R2.02 billion in 2021 to R1.83 billion in 2022, as per Table 7 below.

Table 7: Risk transfer arrangements by scheme type and size*

Scheme type/size	2021	2022	% Change
Open schemes	2 754 770 745	2 891 072 836	4.9%
Small	22 975 244	5 121 623	-77.7%
Medium	115 740 567	124 118 882	7.2%
Large	267 029 653	303 722 532	13.7%
Very Large	2 349 025 281	2 458 109 799	4.6%
Restricted schemes	2 019 879 200	1 826 424 880	-9.6%
Small	134 693 541	65 563 240	-51.3%
Medium	382 097 925	412 251 014	7.9%
Large	529 286 158	580 217 317	9.6%
Very Large	973 801 576	768 393 309	-21.1%
Consolidated	4 774 649 945	4 717 497 716	-1.2%
Small	157 668 785	70 684 863	-55.2%
Medium	497 838 492	536 369 896	7.7%
Large	796 315 811	883 939 849	11.0%
Very Large	3 322 826 857	3 226 503 108	-2.9%

The overall amount paid for accredited managed care services increased by 5.9% from R5.23 billion in 2021 to R5.54 billion in 2022. This is mainly due to the large increase observed in the restricted schemes where accredited managed care fees increased by 5.9% from R1.90 billion in 2021 to R1.96 billion in 2022, as illustrated in Table 8 below.

Table 8: Accredited managed care fees (no risk transfer) by scheme type and size*

Scheme type/size	2021	2022	% Change
Open schemes	3 330 665 009	3 576 107 012	7.4%
Small	44 485 994	4 797 274	-89.2%
Medium	31 378 507	33 339 662	6.2%
Large	411 164 059	474 130 972	15.3%
Very Large	2 843 636 449	3 063 839 104	7.7%
Restricted schemes	1 900 221 351	1 962 196 193	3.3%
Small	119 046 751	99 324 665	-16.6%
Medium	156 338 273	157 121 608	0.5%
Large	356 039 990	365 817 793	2.7%
Very Large	1 268 796 337	1 339 932 127	5.6%
Consolidated	5 230 886 360	5 538 303 205	5.9%
Small	163 532 745	104 121 939	-36.3%
Medium	187 716 780	190 461 270	1.5%
Large	767 204 049	839 948 765	9.5%
Very Large	4 112 432 786	4 403 771 231	7.1%

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

MEMBER CONTRIBUTION INCREASES FOR 2023

AVERAGE GROSS CONTRIBUTION INCREASES FOR 2023

The average gross contribution increases for all medical schemes in 2023 was 6.8%. On average, restricted medical schemes implemented a 6.8% contribution increases, while open medical schemes increased contributions by 6.7%. The gross contribution increase is based on the actual number of principal members as well as adult and child dependants.

Table 9 reflects a summary of the average medical scheme contribution increases implemented from 1 January 2023 based on the medical scheme submission on benefit changes and contribution increases for the 2023 benefit year.

Table 9: Average gross contribution increases for 2023

	Principal	Adult	Child	Family
Open	6.5%	6.5%	8.2%	6.7%
Restricted	7.0%	7.0%	5.2%	6.8%
Industry	6.9%	6.9%	5.7%	6.8%

MEDICAL SCHEME CONTRIBUTION INCREASES RELATIVE TO CONSUMER INFLATION

The contribution rate increases depicted in Figure 21 indicate that, on average, industry contribution rates increased by 6.8% in 2023. The South African Reserve Bank projected inflation to average 5.7% in 2023, as stated in their Monetary Policy Statement (MPC) published in July 2022.

Evident from the figure below is a return to the patterns that existed prior to the COVID-19 pandemic, when contribution increases consistently outpaced CPI. In 2023, the actual average contribution growth rate of 6.8% exceeds the projected average CPI of 6.1% by 0.7%. The difference between the increase in the contribution rate of medical schemes and the average increase in the CPI carries significant ramifications for the ongoing affordability of private health services.

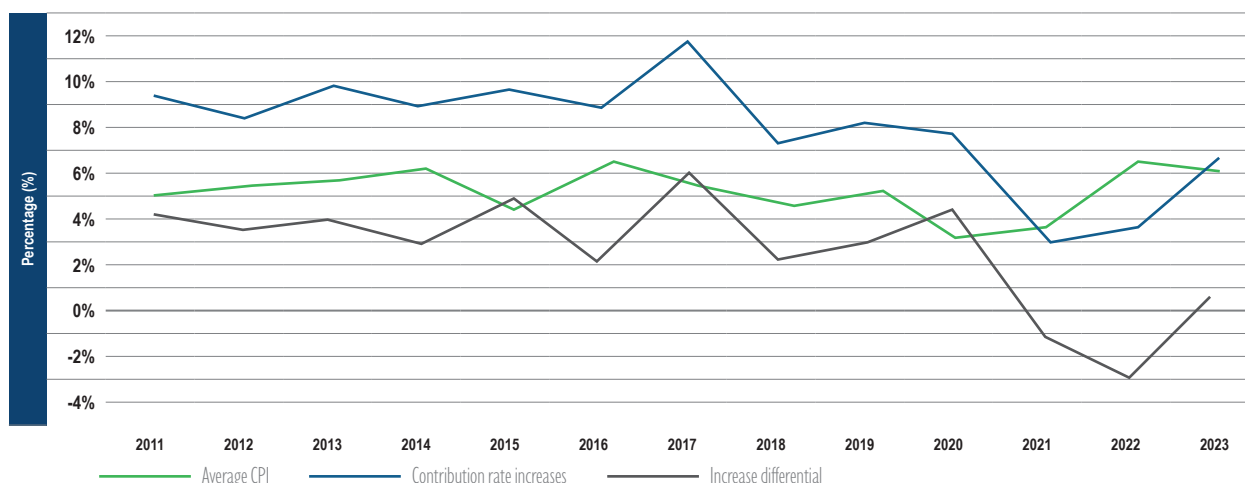


Figure 21: Medical scheme contribution increases and inflation: 2011–2023

Note: Average CPI is the average change in the Consumer Price Index year-on-year.



Financial Overview of the Medical Schemes Industry in 2022

During the 2022 financial year, medical schemes utilised their built-up reserves to fund their operations. For every R100.00 received in contributions, R2.92 of the reserves was utilised to fund the R93.96 paid in claims, and R8.96 in non-healthcare expenditure.

CONTRIBUTIONS

The gross contributions received from members of medical schemes in 2022 was R232.49 billion compared to R225.65 billion in December 2021, which is an increase of 3.03%.

Risk contributions (gross contributions excluding medical savings accounts contributions) increased by 2.96% to R210.76 billion from R204.69 billion in 2021. The comparative increase from 2020 to 2021 was 2.82%.

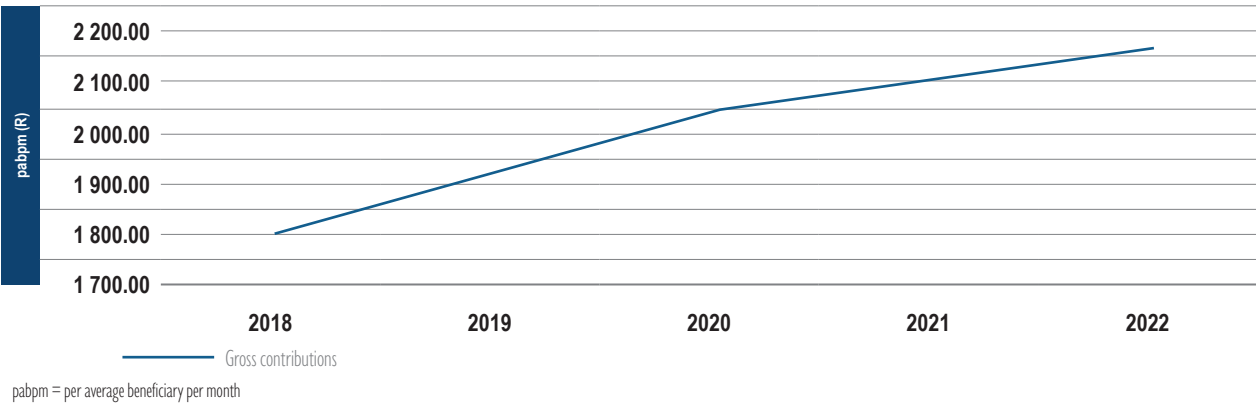


Figure 22: Gross contributions per average beneficiary per month (2018–2022)

Gross contributions adjusted for lives covered per average beneficiary per month (pabpm) increased by 19.77% between 2018 and 2022. When adjusted against the Consumer Price Index (CPI) it translates to a decrease of 0.23% over the five-year period.

Gross contributions pabpm increased by 2.63% to R2 163.06 in 2022 from R2 107.65 in 2021.

As reported in the 2020/2021 Annual Report (page 128), the 2021 year was the first time in over a decade that the industry implemented contribution increases below consumer inflation. This was the result of a collaborative effort between the CMS and the industry, aimed at providing financial relief to members during the economic downturn. Schemes were able to implement these interventions due to reserves built-up during 2020. Schemes continued to implement below inflation increases during 2022; the increase in risk contributions pabpm was 2.56%, rising from R1 911.95 in 2021 to R1 960.92 in 2022 (compared to the CPI of 6.9%).

Contributions to personal medical savings accounts increased by 3.70% to R21.73 billion in 2022 from R20.95 billion in the previous year (2021: an increase of 2.96%). When measured on a pabpm basis in respect of only those schemes which use medical savings accounts, the increase was 3.28% – from R225.60 to R233.01.

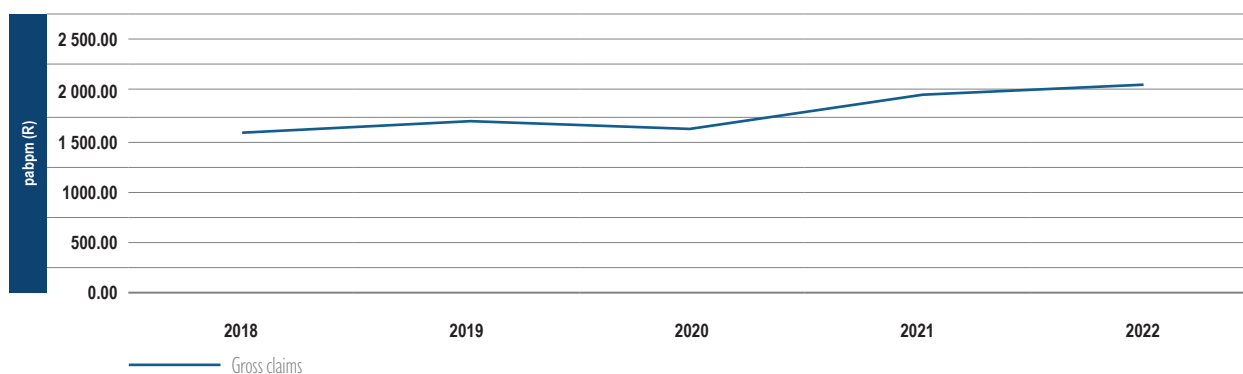
Health Squared Medical Scheme did not submit any data relating to the financial year ending 31 December 2022. Its prior year figures had been included.

Foodmed Medical Scheme's preliminary data as at 26 September 2023 was updated with the relevant trustee remuneration and incorporated in the 2022/2023 Annual Report.

RELEVANT HEALTHCARE EXPENDITURE

The total gross relevant healthcare expenditure incurred by medical schemes increased by 6.36% to R218.88 billion from R205.80 billion in 2021 (2021: an increase of 14.50%).

Risk claims increased by 6.39% to R198.04 billion from R186.15 billion in 2021 (2021: increase of 14.90%).



pabpm = per average beneficiary per month

Figure 23: Gross relevant healthcare expenditure (2018-2022)

A combination of factors have impacted the claims experience of medical schemes over time. These include changing benefit design, demographic profiles, increased utilisation of benefits and a higher number of high-cost cases. Some medical schemes were also affected by the widespread fraud and abuse of benefits, as well as wastage of resources. The change in Value Added Tax (VAT) on 1 April 2018 also had an impact on claims costs.

The utilisation of services was substantially reduced with the postponement of elective procedures in response to the COVID-19 pandemic and resulted in a decreased claims ratio in 2020.

On average, medical schemes incurred much higher claims experience in both 2021 and 2022 compared to 2020. This was mainly due to the release of pent-up demand resulting in increased utilisation.

Gross relevant healthcare expenditure pabpm increased by 24.52% from 2018 to 2022. When adjusted for inflation it translates to an increase of 3.72% (compared to the marginal decrease experienced in respect of gross contributions pabpm of 0.23%).

The total gross relevant healthcare expenditure incurred pabpm increased by 5.94% to R2 036.42 in 2022 from R1 922.25 in 2021.

Risk claims pabpm increased by 5.97% to R1 842.54 from R1 738.73.

Claims paid from medical savings accounts increased by 6.06% to R20.84 billion in 2022 from 2021's R19.65 billion (2021: an increase of 10.81%). On a pabpm basis for schemes which offer medical savings accounts, medical savings accounts claims increased by 5.63% to R223.49 from the previous year's R211.57 (2021: an increase of 10.03%).

NET RELEVANT HEALTHCARE EXPENDITURE

Net relevant healthcare expenditure is the result of:

- Net claims incurred
- Net income/(expense) on risk transfer arrangements
- Accredited managed healthcare services (no transfer of risk)

Net relevant healthcare expenditure increased by 6.38% from R101.59 billion in the open scheme industry to R108.07 billion at the end of 2022. A similar increase of 6.40% was noted in the restricted scheme industry, with the 2021 R84.56 billion increasing to R89.97 billion in 2022.

CLAIMS PER AVERAGE BENEFICIARY PER MONTH

When adjusted to lives, risk claims increased by 6.25% to R1 860.68 pabpm in the open scheme industry and by 5.64% to R1 821.21 pabpm in the restricted scheme industry.

Tables 10 and 11 depict the data of the ten schemes with the highest net relevant healthcare expenditure incurred pabpm per industry.

Table 10: Ten open schemes with the highest net relevant healthcare expenditure incurred pabpm (2022)

Ref. no.	Name of medical scheme	Average beneficiaries	Average age per beneficiary	Pensioner ratio	Net relevant healthcare expenditure incurred		Net healthcare result
		31 Dec 2022	Years	%	pabpm	As % of RCI	R'000
1087	Keyhealth	73 161	40.77	20.44	2 438.73	95.70	(130 699)
1491	Compicare Wellness Medical Scheme	28 066	41.94	20.92	2 303.86	102.69	(112 599)
1486	Sizwe Hosmed Medical Scheme	152 421	33.13	7.62	2 232.22	99.02	(450 648)
1202	Fedhealth Medical Scheme	122 943	41.89	20.69	2 137.73	93.95	(232 316)
1034	Cape Medical Plan	7 746	43.35	21.38	2 119.18	108.54	(33 519)
1464	Suremed Health	1 898	41.17	18.41	2 057.74	94.93	(3 831)
1252	Bestmed Medical Scheme	228 968	36.93	12.88	2 018.48	94.29	(173 748)
1512	Bonitas Medical Fund	729 904	34.86	10.19	1 991.02	90.91	(14 154)
1149	Medihelp	198 501	37.76	14.89	1 936.22	99.99	(488 596)
1140	Medshield Medical Scheme	145 710	37.36	13.33	1 872.00	89.16	(22 794)

pabpm = per average beneficiary per month

RCI = Risk Contribution Income

The majority of the schemes depicted in the table above have average ages and pensioner ratios which are above the open scheme industry averages of 35.81 years and 11.33%. The net healthcare expenditure incurred pabpm of these schemes is also above the open scheme industry average of R1 860.68 pabpm.

Only two schemes' (Sizwe Hosmed Medical Scheme and Bonitas Medical Fund) demographic profiles have averages younger than the industry average. Bonitas Medical Fund almost incurred a breakeven result, which seems to suggest a deliberate benefit richness. This is confirmed when comparing the scheme's preliminary community rate with that of the industry.

Table 11: Ten restricted schemes with the highest net relevant healthcare expenditure incurred pabpm (2022)

Ref. no.	Name of medical scheme	Average beneficiaries	Average age per beneficiary	Pensioner ratio	Net relevant healthcare expenditure incurred		Net healthcare result
		31 Dec 2022	Years	%	pabpm	As % of RCI	R'000
1441	Parmed Medical Aid Scheme	4 311	52.17	35.60	5 532.82	97.67	(4 512)
1068	De Beers Benefit Society	8 397	50.80	37.64	3 814.75	112.47	(68 410)
1237	BP Medical Aid Society*	2 653	50.76	37.97	3 648.42	126.00	(31 051)
1507	Barloworld Medical Scheme	9 272	33.56	11.63	2 983.88	102.92	(25 226)
1005	AECI Medical Aid Society	11 249	39.23	22.13	2 952.72	98.12	(12 802)
1544	Tiger Brands Medical Scheme	9 020	39.32	16.68	2 931.37	102.06	(21 385)
1012	Anglo Medical Scheme	17 709	41.68	24.10	2 718.36	107.06	(73 166)
1572	Engen Medical Benefit Fund	6 089	41.99	20.03	2 715.58	96.88	(5 936)
1424	SABC Medical Aid Scheme	8 215	37.86	16.67	2 649.30	96.21	(4 781)
1465	Alliance-Midmed Medical Scheme	3 685	34.51	8.34	2 471.87	97.22	(5 224)

pabpm = per average beneficiary per month

RCI = Risk Contribution Income

*BP Medical Aid Society was granted an exemption to provide a one-month contribution holiday to its members during December 2022.

All of the listed schemes' demographic profiles are higher than the industry average. These schemes also have very small risk pools, that result in claims volatility.

The net relevant healthcare expenditure incurred pabpm of all these schemes are higher than even the highest figure incurred in the open scheme environment. A number of these schemes' results are also close to break-even.

OUTSTANDING CLAIMS PROVISION

The outstanding claims provision is a provision made for the estimated cost of healthcare benefits that have been incurred before the end of the accounting period but that have not been reported to the medical scheme by that date. This provision is determined as accurately as possible by evaluating several factors, which may include previous experience in claims patterns, claims settlement patterns, changes in the nature and number of members according to gender and age, trends in claims frequency, changes in the claims processing cycle, and variations in the nature and average cost incurred per claim.

The prior year claims provision utilised determined by dividing the payments made in respect of the prior year by the provision at the beginning of the year. This percentage is indicative of how accurate and complete these factors were considered in the estimation of the outstanding claims figure. Percentages exceeding 100% might indicate a deliberate attempt to address financial soundness concerns by understating the provision.

Table 12 depict the open schemes whose prior year claims provision utilised exceeded 105%.

Table 12: Open schemes with under provisions of previous year's claims (2022)

Ref. no.	Name of medical scheme	Name of administrator	Actuary	Average beneficiaries	Average age per beneficiary	Pensioner ratio	Net relevant healthcare expenditure incurred		Prior year claims provision utilised
			2021	31 Dec 2022	Years	%	pabpm	As % of RCI	%
1486	Sizwe Hosmed Medical Scheme	3Sixty Health (Pty) Ltd	Matlotlo Group (Pty) Ltd	152 421	33.13	7.62	2 232.22	99.02	109.59
1592	Thebemed	Momentum Thebe Ya Bophelo (Pty) Ltd	Actuarial division of MMI Health	23 671	29.96	0.45	1 091.64	89.46	106.38
1491	Compicare Wellness Medical Scheme	Universal Healthcare Administrators (Pty) Ltd	Administrator's in-house actuary	28 066	41.94	20.92	2 303.86	102.69	104.99

pabpm = per average beneficiary per month

RCI = Risk Contribution Income

The above schemes are not administered by the same administrators. Only Compicare Wellness Medical Scheme's demographic profile is worse than the industry average.

Table 13 depicts the restricted schemes whose prior year claims provision utilised exceeded 109%.

Table 13: Restricted schemes with highest under provisions of previous year's claims (2022)

Ref. no.	Name of medical scheme	Name of administrator	Actuary	Average beneficiaries	Average age per beneficiary	Pensioner ratio	Net relevant healthcare expenditure incurred		Prior year claims provision utilised
			2021	31 Dec 2022	Years	%	pabpm	As % of RCI	%
1566	Horizon Medical Scheme	Medscheme Holdings (Pty) Ltd	Administrator	1 768	27.72	1.11	952.63	84.96	193.04
1591	Impala Medical Plan *	Momentum Thebe Ya Bophelo (Pty) Ltd	Administrator	27 943	30.93	2.03	676.33	97.87	143.63
1086	Foodmed Medical Scheme **	Self-administered	Ransome Russouw	18 045	30.50	2.24	91.46	57.96	117.95
1201	Rand Water Medical Scheme	Self-administered	Insight Actuaries & Consultants	9 305	31.08	5.76	2 237.83	91.85	115.37
1194	Profmed	Professional Provident Society Healthcare Administrators (Pty) Ltd	Insight Actuaries & Consultants	74 589	40.81	18.71	2 363.58	95.47	114.58
1559	Imperial and Motus Medical Aid	Momentum Health Solutions (Pty) Ltd	NMG Consultants and Actuaries (Pty) Ltd	16 254	30.55	3.92	2 020.81	91.46	111.40
1531	Sedmed	Self-administered	Alexander Forbes Consultants & Actuaries	2 294	45.09	25.44	2 258.43	99.97	109.76
1590	Building & Construction Industry Medical Aid Fund	Universal Healthcare Administrators (Pty) Ltd	Administrator's in-house actuary	10 481	28.12	2.14	1 063.93	96.63	109.51

*Impala Medical Plan is a fully capitated scheme.

** Foodmed Medical Scheme is a previous bargaining council scheme and has a PMB exemption.

pabpm = per average beneficiary per month

RCI = Risk Contribution Income

Six low impact restricted schemes were identified in the table above. Lower membership results in greater claims volatility, which would impact the prior year claims provision utilised.

ACCREDITED MANAGED HEALTHCARE SERVICES (NO TRANSFER OF RISK)

Accredited managed healthcare services increased by 5.88% to R5.54 billion in 2022 from R5.23 billion in 2021. In 2022, 8 878 385 average beneficiaries (or 99.12% of beneficiaries) were covered by these managed healthcare arrangements.

Table 14 shows the number of benefit options with claims ratios greater than 100% and their expenditure on managed healthcare services. There were 77 options in this category, which accounted for 18.23% of beneficiaries in respect of whom such expenditure was incurred (2021: 69 options, or 14.18% of beneficiaries). The rise in the number of options is mainly due to the sub-inflation contribution increases registered in the past two years as well as increased utilisation with the release of pent-up demand, and not because of the outcomes of the managed care interventions itself.

Table 14: Accredited managed healthcare service fees (no transfer of risk) for options with a claims ratio above 100% (2022)

	Accredited managed healthcare services fees (no transfer of risk)		Risk claims		Beneficiaries	Number of options
	R'000	pmpm	R'000	% of RCI		
Open schemes	829 150	126.49	31 108 200	108.22	1 005 750	36
Restricted schemes	329 245	98.65	18 938 900	111.53	626 665	41
All schemes	1 158 395	117.10	50 047 100	109.45	1 632 415	77

pmpm = per member per month

RCI = Risk Contribution Income

Table 15 depicts the ten largest schemes (by number of average beneficiaries) and shows their total expenditure on accredited managed healthcare services. The industry-accredited managed healthcare services average was 2.64% of RCI. It should be noted that the high claims ratios are a function of sub-inflation contribution increases registered in the past two years and the increased utilisation with the release of pent-up demand, rather than a reflection of the value added by these arrangements.

Table 15: Accredited managed healthcare services (no transfer of risk) of the 10 largest schemes (2022)

Ref. no.	Name of medical scheme	Type	Average beneficiaries	Claims ratio	Accredited managed healthcare services as % of RCI
1125	Discovery Health Medical Scheme	Open	2 788 312	92.90	3.23
1598	Government Employees Medical Scheme (GEMS)	Restricted	2 083 603	96.45	2.22
1512	Bonitas Medical Fund	Open	729 904	90.91	3.08
1580	South African Police Service Medical Scheme (POLMED)	Restricted	491 509	88.40	1.48
1167	Momentum Medical Scheme	Open	296 119	91.82	3.87
1145	LA-Health Medical Scheme	Restricted	240 457	86.09	2.23
1252	Bestmed Medical Scheme	Open	228 968	94.29	2.46
1279	Bankmed	Restricted	216 678	98.77	2.63
1149	Medihelp	Open	198 501	99.99	1.39
1486	Sizwe Hosmed Medical Fund	Open	152 421	99.02	4.98

RISK TRANSFER ARRANGEMENTS

In the last few years, medical schemes have increasingly undertaken risk transfer arrangements to manage their insurance risks. Table 16 reflects the main components of such arrangements:

- The capitation fees which schemes paid to third parties to manage their risks;
- The estimated costs that schemes would have incurred had they not used risk transfer arrangements; and
- The net effect thereof.

The “net income/(expense)” column reflects the value derived from the risk transfer arrangement. (Annexure O provides further details.)

Table 16: Significant risk transfer arrangements (2021 and 2022)

	Capitation fees			Estimated recoveries			Net income/(expense)*		
	2022 R'000	2021 R'000	% growth	2022 R'000	2021 R'000	% growth	2022 R'000	2021 R'000	% growth
Open schemes	2 891 072	2 754 771	4.95	3 121 299	2 953 096	5.70	230 559	202 952	13.60
Restricted schemes	1 826 427	2 019 879	-9.58	1 865 838	2 025 271	-7.87	93 198	70 862	31.52
All	4 717 499	4 774 650	-1.20	4 987 137	4 978 367	0.18	323 757	273 814	18.24

*The net income/(expense) on risk transfer arrangements includes an amount of R54.1 million in respect of profit- and loss-sharing agreements (2021: R70.1 million). These arrangements are not allowed in terms of Section 26(5).

Table 17 lists the ten schemes that incurred the greatest losses in respect of their significant risk transfer arrangements, and Table 18 details the ten benefit options that reported the greatest losses.

Table 17: Schemes with the highest risk transfer arrangement losses (2022)

Ref. no.	Name of medical scheme	Beneficiaries	Capitation fees	Estimated recoveries	Net income/(expense)	Net income/(expense) as % of capitation fees
		31 Dec 2022	R'000	R'000	R'000	%
1167	Momentum Medical Scheme	298 118	478 841	416 491	(62 350)	-13.02
1580	South African Police Service Medical Scheme (POLMED)	490 784	732 148	628 190	(47 378)	-6.47
1583	Platinum Health	104 571	13 551	9 999	(3 552)	-26.21
1506	Medimed Medical Scheme	14 654	9 943	6 770	(3 173)	-31.91
1197	Libcare Medical Scheme	11 296	882	985	(2 690)	-304.99
1271	Fishing Industry Medical Scheme (Fishmed)*	4 309	21 077	18 803	(2 274)	-10.79
1592	Thebemed	23 314	19 788	17 963	(1 825)	-9.22
1043	Chartered Accountants (SA) Medical Aid Fund (CAMAFA)	47 054	10 737	9 996	(741)	-6.90
1584	Netcare Medical Scheme	32 721	6 225	5 516	(709)	-11.39
1424	SABC Medical Aid Scheme	8 172	5 295	4 715	(580)	-10.95

*Fishmed is a previous bargaining council scheme and has a PMB exemption. It is a fully capitated scheme.

The release of pent-up demand is evident on the results of capitation arrangements. The increased utilisation resulted in fewer medical schemes (22/41.51% of those schemes had capitation agreements during the year) incurring losses on their capitation arrangements during 2022 compared to 2021 (2021: 27/48.21%).

Table 18: Options with the highest risk transfer arrangement losses (2022)

Ref. no.	Name of medical scheme	Name of benefit option	Name of contract	Beneficiaries	Average age per beneficiary	Capitation fees	Estimated recoveries	Profit/ (loss) sharing	Net income/ (expense)	Net income / (expense) as % of capitation fees
				31 Dec 2022	Years	R'000	R'000	R'000	R'000	%
1167	Momentum Medical Scheme	Ingwe	Momentum Health Solutions (Pty) Ltd Netcare Hospitals (Pty) Ltd t/a Netcare 911	58 101	27.59	171 063	130 622	-	(40 441)	-23.64
1580	South African Police Service Medical Scheme (POLMED)	Marine	Scriptpharm Risk Management (Pty) Ltd	284 060	33.06	430 451	546 163	(146 143)	(30 432)	-7.07
1580	South African Police Service Medical Scheme (POLMED)	Aquarium	Scriptpharm Risk Management (Pty) Ltd	206 724	23.31	301 697	82 027	202 724	(16 946)	-5.62
1167	Momentum Medical Scheme	Custom	Momentum Health Solutions (Pty) Ltd Netcare Hospitals (Pty) Ltd t/a Netcare 911	165 213	33.87	201 001	186 604	-	(14 397)	-7.16
1167	Momentum Medical Scheme	Incentive	Momentum Health Solutions (Pty) Ltd Netcare Hospitals (Pty) Ltd t/a Netcare 911	63 462	40.10	84 779	77 857	-	(6 922)	-8.16
1252	Bestmed Medical Scheme	Beat 2	ER 24 EMS Proprietary Limited Europ Assistance Worldwide (South Africa) Services (Pty) Ltd	89 546	31.09	17 644	11 836	-	(5 808)	-32.92
1149	Medihelp	MedAdd	Netcare 911 Preferred Provider Negotiators (Pty) Ltd Dental Risk Company (Pty) Ltd (DRC)	37 789	33.79	25 248	21 328	-	(3 920)	-15.53
1012	Anglo Medical Scheme	Value Care Plan	Kaelo Primecure (Pty) Ltd	2 397	25.90	16 357	12 573	-	(3 784)	-23.13
1583	Platinum Health	Plat-Comprehensive	Rustenburg Specialists	96 836	30.69	13 112	9 675	-	(3 437)	-26.21
1125	Discovery Health Medical Scheme	Classic Comprehensive	Diabetes Care Co-Ordination Network	212 524	44.19	29 254	25 943	-	(3 311)	-11.32

Momentum Medical Scheme and POLMED are listed in both Tables 17 and 18 as the biggest loss-makers.

Of the options that incurred, the highest risk transfer arrangement losses listed in Table 18 which are, Momentum Medical Scheme's *Ingwe* option, Bestmed Medical Scheme's *Beat 2* option, Anglo Medical Scheme's *Value Care Plan* option and Platinum Health's *PlatComprehensive* option, incurred losses in terms of the percentage of capitation fees paid in excess of 20%.

Table 19 lists the ten contracts on which schemes incurred the biggest losses in respect of their significant risk transfer arrangements, comparative with 2021 figures. Two Europ Assistance Worldwide (South Africa) Services (Pty) Ltd contracts feature on this list.

Table 19: Contracts with the highest risk transfer losses (2021 and 2022)

Ref. no.	Name of medical scheme	Contract name	2022					2021				
			Capitation fees	Estimated recoveries	Profit/(loss) sharing	Net income/(expense)	Net income / (expense) as % of capitation fees	Capitation fees	Estimated recoveries	Profit/(loss) sharing	Net income/(expense)	Net income / (expense) as % of capitation fees
			R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	R'000	%
1167	Momentum Medical Scheme	Momentum Health Solutions (Pty) Ltd	454 190	(382 585)	-	(71 605)	-15.77	423 449	(361 001)	-	(62 448)	-14.75
1580	South African Police Service Medical Scheme (POLMED)	Scriptpharm Risk Management (Pty) Ltd	732 148	(634 328)	(56 580)	(41 240)	-5.63	734 371	(646 988)	(53 124)	(34 258)	-4.66
1512	Bonitas Medical Fund	Europ Assistance Worldwide (South Africa) Services (Pty) Ltd	15 423	(5 134)	-	(10 289)	-66.71	12 309	(1 732)	-	(10 577)	-85.93
1252	Bestmed Medical Scheme	Europ Assistance Worldwide (South Africa) Services (Pty) Ltd	8 393	(1 038)	-	(7 356)	-87.64	3 382	(646)	-	(2 736)	-80.91
1125	Discovery Health Medical Scheme	Dental Risk Company (Pty) Ltd (DRC)	143 533	(136 573)	-	(6 960)	-4.85	138 042	(141 819)	-	3 778	2.74
1125	Discovery Health Medical Scheme	Diabetes Care Co-Ordination Network	100 373	(93 984)	-	(6 389)	-6.37	67 667	(73 788)	-	6 121	9.05
1580	South African Police Service Medical Scheme (POLMED)	Preferred Provider Negotiators (Pty) Ltd	-	6 138	-	(6 138)	-	211 153	(196 894)	(15 125)	866	0.41
1512	Bonitas Medical Fund	ER 24 EMS Proprietary Limited	58 072	(54 128)	-	(3 944)	-6.79	128 842	(163 751)	-	34 909	27.09
1012	Anglo Medical Scheme	Kaelo Primecure (Pty) Ltd	16 357	(12 573)	-	(3 784)	-23.13	14 814	(12 749)	-	(2 065)	-13.94
1583	Platinum Health	Rustenburg Specialists	13 551	(9 999)	-	(3 552)	-26.21	11 461	(8 586)	-	(2 876)	-25.09

RELATIONSHIP BETWEEN THE RISK AND SAVINGS COMPONENTS

Table 20 shows the different components of contributions and claims for open and restricted schemes pabpm.

Table 20: Contributions and relevant healthcare expenditure pabpm (2018-2022)

	Risk contributions		Savings contributions		Risk claims		Savings claims	
	pabpm R	% change	pasbpm R	% change	pabpm R	% change	pasbpm R	% change
OPEN SCHEMES								
2018	1 641.90		254.68		1 475.18		241.78	
2019	1 757.52	7.04	256.66	0.78	1 570.23	6.44	244.35	1.06
2020	1 899.30	8.07	274.88	7.10	1 484.90	-5.43	242.84	-0.62
2021	1 934.07	1.83	282.55	2.79	1 751.21	17.93	269.37	10.92
2022	1 998.45	3.33	295.45	4.57	1 860.68	6.25	286.77	6.46
RESTRICTED SCHEMES								
2018	1 623.63		110.88		1 472.81		98.34	
2019	1 719.55	5.91	119.91	8.14	1 584.56	7.59	105.92	7.71
2020	1 819.51	5.81	127.98	6.73	1 553.55	-1.96	105.83	-0.08
2021	1 885.80	3.64	131.31	2.60	1 723.98	10.97	115.85	9.47
2022	1 916.79	1.64	131.44	0.10	1 821.21	5.64	120.55	4.06

pabpm = per average beneficiary per month

pasbpm = pabpm in respect of schemes which had savings transactions

The drop in the utilisation of healthcare services during the COVID-19 lockdowns resulted in a decrease experienced in the claims pabpm figures in the 2020 year. The lower contributions subsequently implemented by the industry to utilise reserves in their pricing are clearly observable in the 2021 and 2022 years.

Over the five-year period of 2018 to 2022, increases in risk claims pabpm outpaced those of risk contribution pabpm increases:

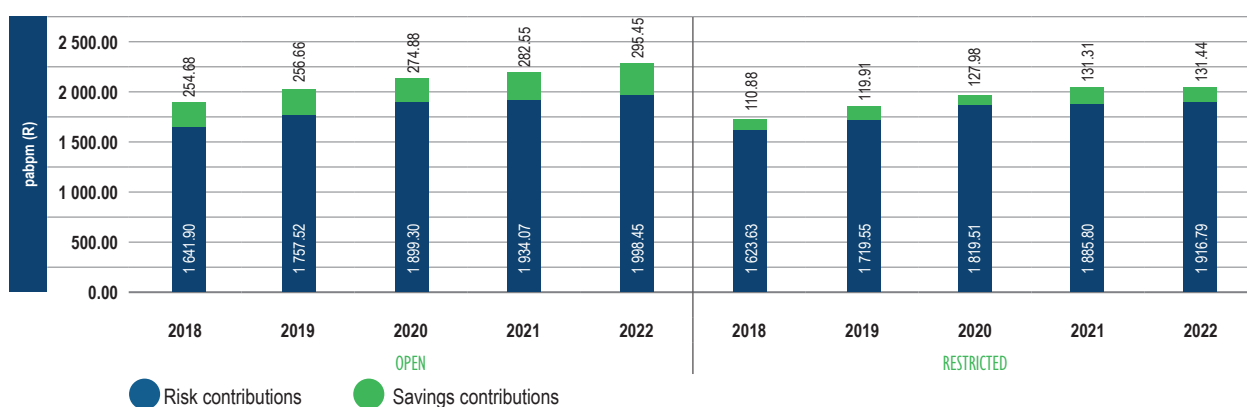
- Open schemes: 26.13% increase in claims pabpm compared to the 21.72% increase in contributions pabpm.
- Restricted schemes: 23.66% increase in claims pabpm compared to the 18.06% increase in contributions pabpm.

For open schemes, the proportion of claims paid from medical savings accounts increased from 13.33% in 2021 to 13.35% in 2022. The medical savings accounts claims ratio increased to 97.06% from 95.34% in 2021. For restricted schemes, the proportion of claims paid from medical savings accounts decreased from 6.30% in 2021 to 6.21% in 2022. The medical savings accounts claims ratio increased to 91.71% from 88.23% in 2021.

The risk claims ratio increased in both open and restricted schemes from 2021 to 2022, however, it increased to 93.11% for open schemes and 95.01% for restricted schemes.

The contributions and expenditure on savings in open schemes were more than double than that of restricted schemes. This is the result of different benefit designs in the two industries. Restricted schemes generally have more traditional and richer options.

Figures 24 and 25 show the relationship between the risk and savings pools for contributions and claims respectively.

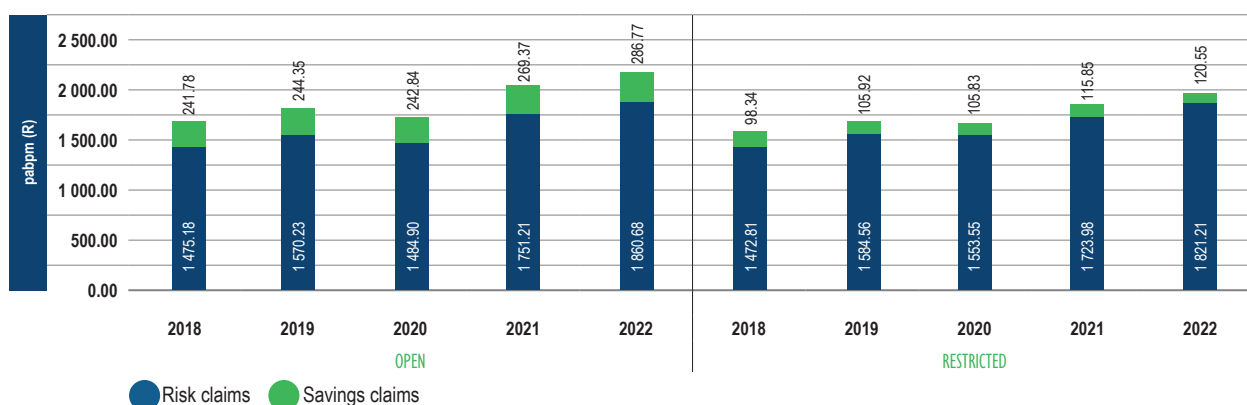


pabpm = per average beneficiary per month

Figure 24: Risk and savings contributions, and contributions pabpm (2018-2022)

The proportion of savings contributions to risk contributions in the open schemes industry decreased by 4.09%, whilst it remained stable within the restricted environment over the past five years. At the end of 2022, savings contributions represented 12.9% of the gross contributions in the open scheme environment, and 6.4% of the gross contributions in the restricted scheme industry.

At the end of 2022, savings contributions represented 10.62% of gross contributions (compared to 11.05% at the end of 2018).



pabpm = per average beneficiary per month

Figure 25: Risk and savings claims pabpm (2018-2022)

The proportion of savings claims to risk claims in the open schemes industry decreased by 5.17%, whilst it remained fairly stable within the restricted environment over the past five years.

At the end of 2022, savings claims represented 10.82% of gross healthcare expenditure (compared to 11.43% at the end of 2018).

RELATIONSHIP BETWEEN CONTRIBUTIONS AND RELEVANT HEALTHCARE EXPENDITURE

Figure 26 shows the relationship between risk contributions and claims paid over the last five years.

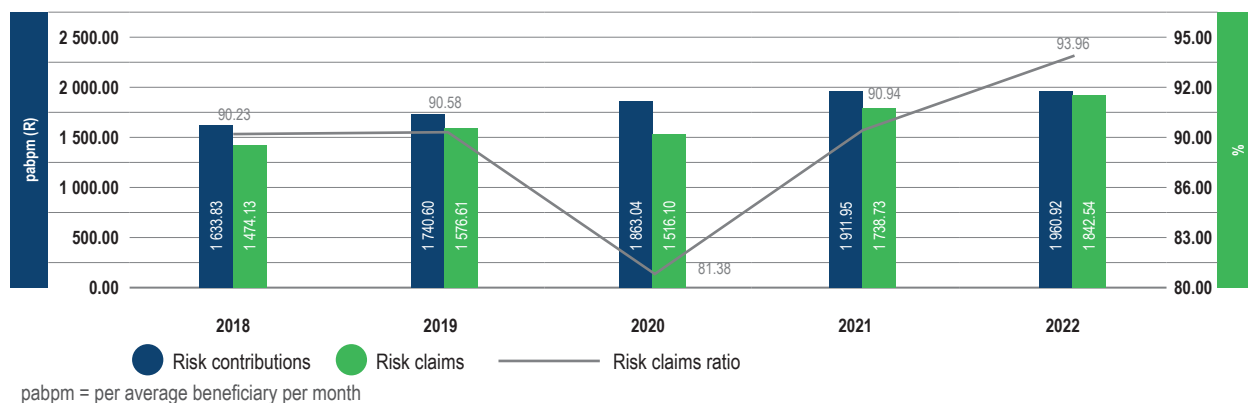


Figure 26: Risk claims ratio for all schemes: 2018 - 2022

During the year 2020, the utilisation of services was substantially reduced with the postponement of elective procedures in response to the COVID-19 pandemic; some of the pent-up demand was released during the last quarter of the year (refer to Figure 27 below). The claims ratio therefore decreased significantly from 2019's 90.58% to 2020's 81.38%. Further release in pent-up demand as well as COVID-19 expenditure in 2021 and 2022, together with lower contribution increases to aid members during the economic downturn, resulted in an increased claims ratio of 90.94% and 93.96% respectively.

Figure 27 clearly illustrates the effect of lockdown in the season of the 2020 year's claims when compared to the 2021 and 2022 experience. The combined effect of lower contribution increases, and higher utilisation is observable in the 2021 and 2022 trends.

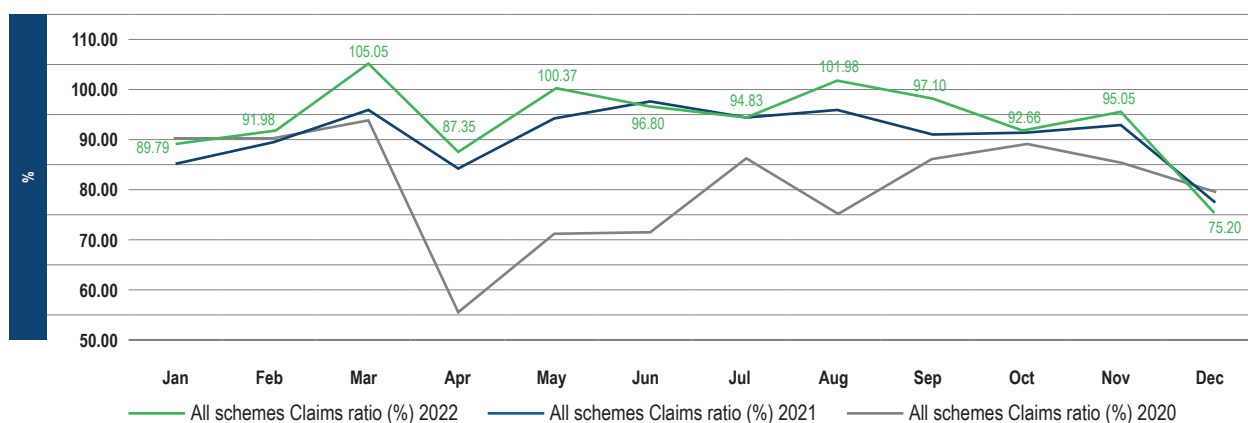


Figure 27: Seasonality of claims for the past three years (2020-2022)

Both open and restricted schemes follow the same general trend: an increase in claims in the first quarter of the year as members gain access to new benefits, increases in claims over the winter months, and a downward trend in the last quarter of the year.

The top ten schemes with the highest claims ratios for both open and restricted schemes in 2022 are shown in Tables 21 and 23.

Table 21: Top 10 open schemes claims ratios (2021 and 2022)

Ref. no.	Name of medical scheme	Claims ratio		Average age per beneficiary		Solvency	
		2022	2021	2022	2021	2022	2021
	Industry average	93.11	90.55	35.81	35.51	38.00	39.71
1034	Cape Medical Plan	108.54	99.84	43.35	42.24	80.43	95.80
1491	Compicare Wellness Medical Scheme	102.69	98.25	41.94	42.17	31.99	43.11
1149	Medihelp	99.99	92.01	37.76	37.55	33.79	39.85
1486	Sizwe Hosmed Medical Fund	99.02	95.28	33.13	32.64	25.45	49.42
1087	Keyhealth	95.70	89.47	40.77	41.20	49.37	54.77
1464	Suremed Health	94.93	96.78	41.17	40.98	117.57	115.60
1252	Bestmed Medical Scheme	94.29	90.69	36.93	37.28	41.73	45.68
1202	Fedhealth Medical Scheme	93.95	96.85	41.89	40.86	43.39	42.76
1125	Discovery Health Medical Scheme	92.90	90.09	35.64	35.25	35.11	38.01
1506	Medimed Medical Scheme	92.70	89.53	31.75	31.61	98.01	101.07

Cape Medical Plan, Compicare Wellness Medical Scheme, Suremed Health and Fedhealth Medical Scheme experienced losses in their average membership during the year. Compicare Wellness Medical Scheme's profile improved with the growth experienced in September 2023.

It is interesting to note that of the eight schemes whose claims ratio exceeds the open scheme industry average of 93.11%, only Sizwe Hosmed Medical Funds' average age is younger than that of the industry (33.13 years compared to 35.81 years). This scheme also has a lower solvency than the remainder of the industry (25.45% compared to 38%).

The majority of the schemes listed in the table are high impact schemes, with two schemes (Cape Medical Plan and Compicare Wellness Medical Scheme) being classified as medium impact schemes, and one scheme (Medimed Medical Scheme) is considered to be a low impact scheme.

Table 22 shows the percentage deviation from the industry average of 90.55% and 93.11% for 2021 and 2022 respectively, of the open schemes that experienced increases in their claims ratios in excess of 5% from 2021 to 2022.

Table 22: Open scheme deviation from industry average (2021 and 2022)

Ref. no.	Name of medical scheme	% change in claims ratio	% deviation from average claims ratio of 93.11	% deviation from average claims ratio of 90.55
			2022	2021
1034	Cape Medical Plan	8.71	16.57%	10.26%
1149	Medihelp	8.67	7.39%	1.61%
1592	Thebemed	8.55	-3.92%	-8.99%
1087	Keyhealth	6.96	2.78%	-1.19%
1167	Momentum Medical Scheme	5.11	-1.39%	-3.52%

Three of the five schemes listed in Table 22 also feature on the list of the schemes with the highest claims ratios (see Table 21).

All the schemes whose claims ratios increased in excess of 5% during 2022 have solvency ratios that are above the minimum required statutory level of 25%.

Figure 28 illustrates the average age and solvency variances for these schemes in comparison to the industry averages.

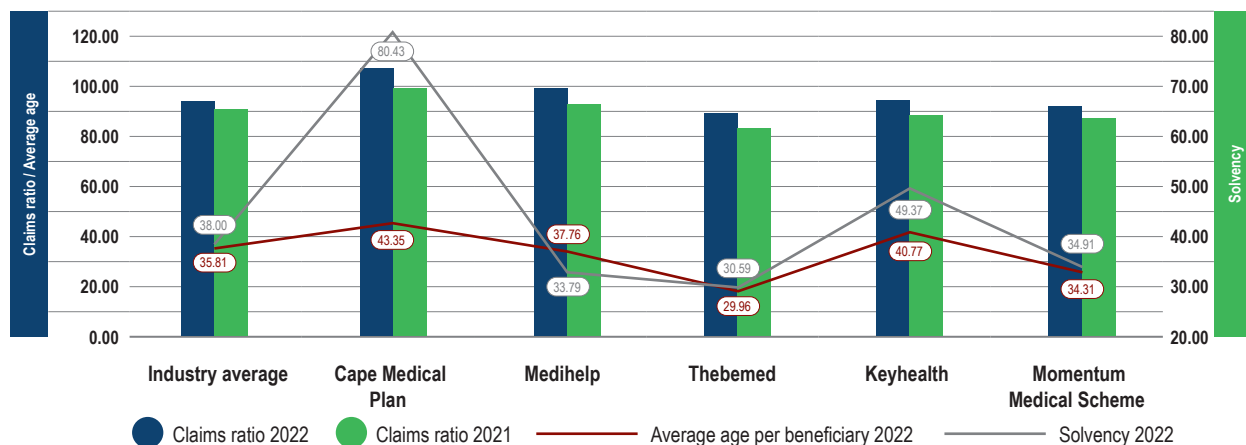


Figure 28: Open schemes with a claims ratio increase greater than 5%

Table 23: Top 10 restricted schemes claims ratios (2021 and 2022)

Ref. no.	Name of medical scheme	Claims ratio		Average age per beneficiary		Solvency	
		2022	2021	2022	2021	2022	2021
	Industry average	95.01	91.42	31.69	31.58	59.53	56.10
1237	BP Medical Aid Society *	126.00	120.11	50.76	49.31	185.91	159.18
1270	Golden Arrow Employees' Medical Benefit Fund **	119.82	125.98	35.72	35.14	397.74	354.38
1068	De Beers Benefit Society	112.47	104.09	50.80	49.87	183.09	187.09
1012	Anglo Medical Scheme	107.06	108.10	41.68	42.31	461.69	467.40
1571	Anglovaal Group Medical Scheme	105.76	95.70	40.61	40.71	75.70	81.74
1563	Pick n Pay Medical Scheme	105.40	92.54	31.69	31.26	131.22	131.03
1234	Sasolmed	105.17	104.16	31.44	31.48	43.51	49.16
1038	SAMWUMed	103.42	100.26	33.17	32.86	82.36	94.04
1507	Barloworld Medical Scheme	102.92	96.24	33.56	33.70	89.48	90.04
1214	Old Mutual Staff Medical Aid Fund	102.40	97.30	35.74	35.35	49.71	52.15

* BP Medical Aid Society was granted an exemption to provide a one-month contribution holiday to its members during 2022.

**Golden Arrow Employees' Medical Benefit Fund is a previous bargaining council scheme, and it has a PMB exemption.

BP Medical Aid Society experienced an almost 10% membership loss during the year, which resulted in a deterioration of their demographic profile.

Table 24 shows the percentage deviation from the industry average of 91.42% and 95.01% for 2021 and 2022 respectively, for restricted schemes, that experienced increases in excess of 7.5% in their claims ratios from 2021 to 2022.

Table 24: Restricted scheme deviation from industry average (2021 and 2022)

Ref. no.	Name of medical scheme	% change in claims ratio	% deviation from average claims ratio of 95.01 2022	% deviation from average claims ratio of 91.42 2021
1579	Tsogo Sun Group Medical Scheme	22.41	0.03	-15.07
1566	Horizon Medical Scheme	19.65	-10.58	-22.33
1013	Rhodes University Medical Scheme	17.66	-6.59	-17.49
1544	Tiger Brands Medical Scheme	15.53	7.42	-3.37
1599	Lonmin Medical Scheme	13.92	-4.32	-12.71
1563	Pick n Pay Medical Scheme	13.90	10.94	1.23
1571	Anglovaal Group Medical Scheme	10.51	11.31	4.68
1600	Motohealth Care **	8.98	4.83	-0.03
1441	Parmed Medical Aid Scheme	8.62	2.80	-1.64
1068	De Beers Benefit Society	8.05	18.38	13.86
1271	Fishing Industry Medical Scheme (Fishmed) *	8.01	-7.27	-10.77

* Fishmed is a previous bargaining council scheme and has a PMB exemption. It is a fully capitated scheme.

** Motohealth Care is a previous bargaining council scheme, and it has a PMB exemption.

When compared with open schemes, a greater number of restricted schemes experienced increases in their claims ratios.

Only three of the 11 schemes listed in Table 24 (Pick n Pay Medical Scheme, Anglovaal Group Medical Scheme and De Beers Benefit Society) also feature on the list of the schemes with the highest claims ratios (see Table 23).

Table 25 provides comparative information in respect of the schemes highlighted in Table 24.

Table 25: Restricted schemes with a claims ratio increase greater than 7.5% (2021 and 2022)

Ref. no.	Name of medical scheme	Claims ratio		Average age per beneficiary		Solvency	
		2022	2021	2022	2021	2022	2021
1579	Tsogo Sun Group Medical Scheme	95.04	77.64	29.17	28.55	55.77	57.65
1566	Horizon Medical Scheme	84.96	71.01	27.72	27.45	201.78	195.50
1013	Rhodes University Medical Scheme	88.75	75.43	41.42	40.86	165.41	157.53
1544	Tiger Brands Medical Scheme	102.06	88.34	39.32	39.71	53.66	60.41
1599	Lonmin Medical Scheme	90.91	79.80	39.23	38.63	77.49	66.53
1563	Pick n Pay Medical Scheme	105.40	92.54	31.69	31.26	131.22	131.03

Table 25: Restricted schemes with a claims ratio increase greater than 7.5% (2021 and 2022) (continued)

Ref. no.	Name of medical scheme	Claims ratio		Average age per beneficiary		Solvency	
		2022	2021	2022	2021	2022	2021
1571	Anglovaal Group Medical Scheme	105.76	95.70	40.61	40.71	75.70	81.74
1600	Motohealth Care **	99.60	91.39	37.34	36.74	64.70	63.91
1441	Parmed Medical Aid Scheme	97.67	89.92	52.17	51.48	95.28	89.06
1068	De Beers Benefit Society	112.47	104.09	50.80	49.87	183.09	187.09
1271	Fishing Industry Medical Scheme (Fishmed) *	88.10	81.57	27.54	27.07	79.54	82.52

* Fishmed is a previous bargaining council scheme and has a PMB exemption. It is a fully capitated scheme.

** Motohealth Care is a previous bargaining council scheme, and it has a PMB exemption.

Four of the schemes listed had claims ratios in excess of 100%; Tiger Brands Medical Scheme, Pick n Pay Medical Scheme, Anglovaal Group Medical Scheme and De Beers Benefit Society. These schemes' average ages exceeded the industry average of 31.69 years.

Seven schemes' 2022 claims ratios exceeded the restricted scheme industry average of 95.01%

All the schemes whose claims ratios increased by more than 7.5% during 2022 have solvency ratios that are above the minimum required statutory level of 25%.

NON-HEALTHCARE EXPENDITURE (NHE)

Non-healthcare expenditure consists of commercial reinsurance agreements, administration expenditure, broker costs and impaired receivables.

The non-healthcare expenditure for all medical schemes at the end of 2022 was reported at R18.88 billion, an increase of 6.51% from R17.72 billion in 2022.

The non-healthcare ratio (as a percentage of RCI) increased from 8.66% in 2021 to 8.96% in 2022. The increase is due to the lower than CPI contribution increases registered for the 2022 year.



Figure 29: Distribution of non-healthcare expenditure of medical schemes (2022)

Administration expenditure is the largest component of non-healthcare expenditure (NHE) (84.18%), followed by broker fees and other distribution costs (14.54%) and impaired receivables (1.28%).

TRENDS IN NON-HEALTHCARE EXPENDITURE

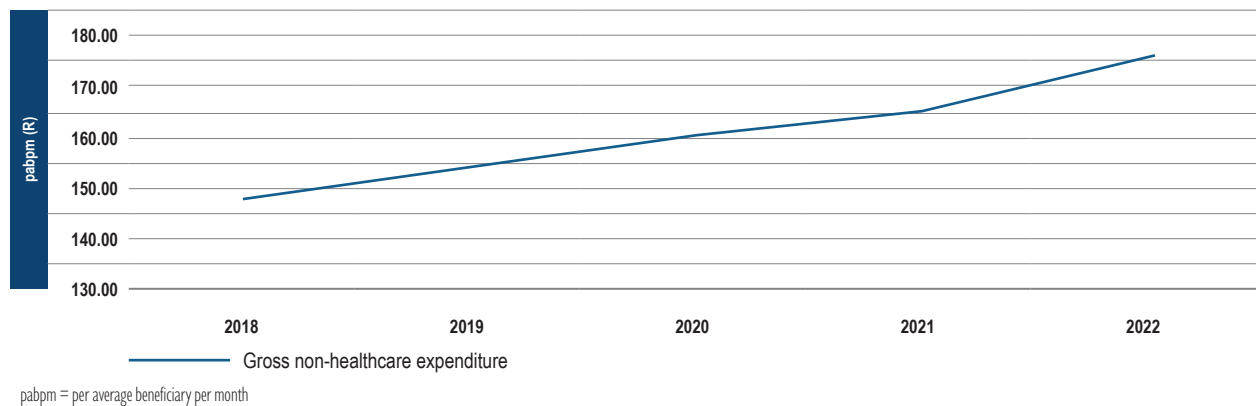


Figure 30: Gross non-healthcare expenditure (2018 – 2022)

Gross non-healthcare expenditure pabpm increased by 18.42% since 2018. In the interests of member protection, it is important that such expenditure be associated with a discernible value proposition.

As mentioned in the Contributions section on page 18 of this report, in 2021 and 2022 schemes endeavoured to restrict their contribution increases in an attempt to aid members during the economic recession.

Circular 52 of 2020 requested schemes to engage their business partners to forego any increase in relation to administration and managed care fees for the 2021 year. A year-on-year increase of 3.22% in non-healthcare expenditure pabpm was experienced, which in real terms represents a decrease of 1.23%. As part of the 2021 pricing negotiations, schemes were able to limit non-healthcare expenditure tariff increases.

Similar concessions were noted in respect of the 2022 year. The 2022 figure of R175.64 pabpm represents a 6.09% increase from the 2021 year's figure (compared to the year's CPI of 6.9%).

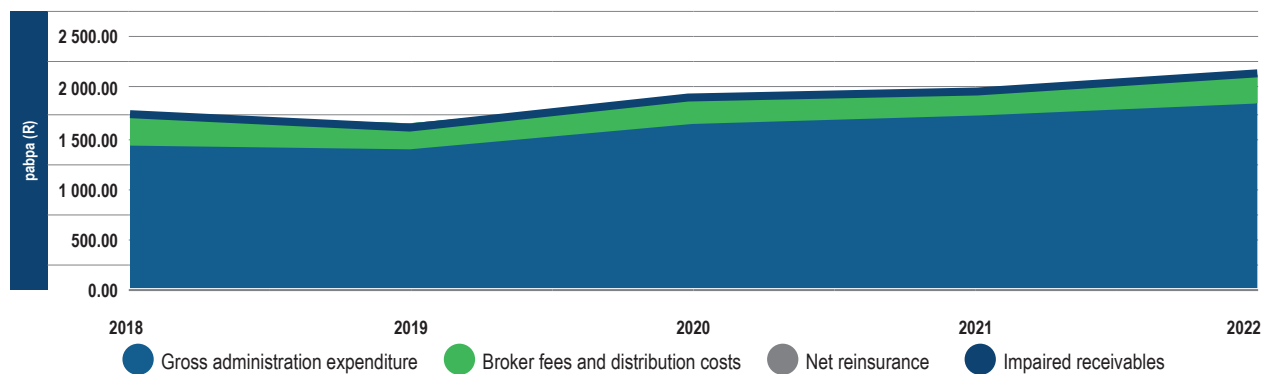


Figure 31: Non-healthcare expenditure pabpa (2018-2022)

No discernible changes were noted in the composition of non-healthcare expenditure over the past five years.

Based on Figure 32, which shows a comparison of non-healthcare expenditure between open and restricted schemes, it is evident that expenditure in restricted schemes is much lower than in open schemes on a pabpm basis. This is partly because restricted schemes do not incur the same level of marketing (including advertising) expenditure and broker fees as the open scheme industry.

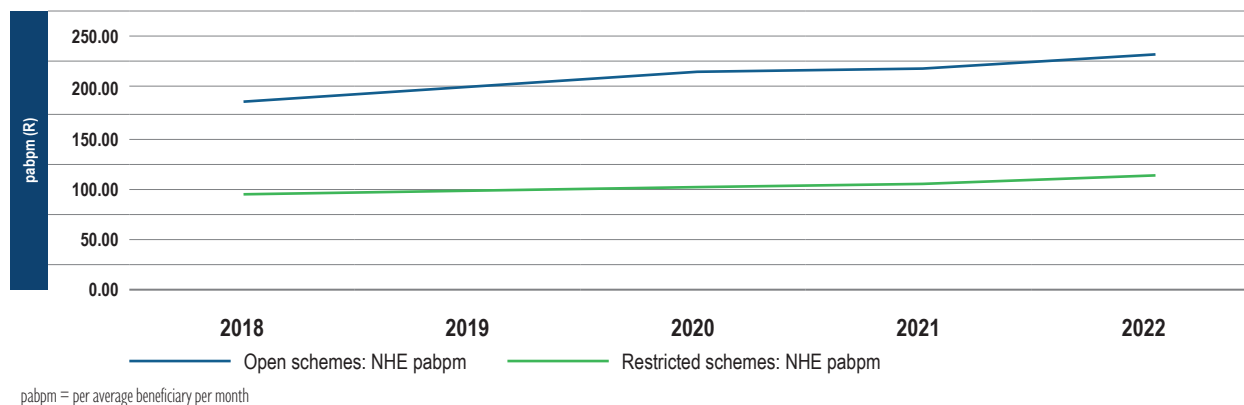


Figure 32: Non-healthcare expenditure in open and restricted schemes (2018-2022)

SCHEMES WITH HIGH NON-HEALTHCARE EXPENDITURE

Table 26 shows the eight open schemes with non-healthcare expenditure greater than the industry average of R229.60 pabpm.

Table 26: Trends in claims, non-healthcare expenditure, and reserve-building as a percentage of contributions among open schemes (2022 and 2021)

Ref. no.	Name of medical scheme	Net non-healthcare expenditure		Net claims incurred		Net non-healthcare expenditure		Reserve-building		
		2022	2021	2022	2021	2022	2021	2022	2021	%
		pabpm	pabpm	As % of RCI	As % of RCI	As % of RCI	As % of RCI	As % of RCI	As % of RCI	change
1202	Fedhealth Medical Scheme	295.10	264.28	93.95	96.85	12.97	12.15	-6.92	-9.00	23.11
1464	Suremed Health	278.01	260.95	94.93	96.78	12.83	12.62	-7.76	-9.41	17.53
1491	Compicare Wellness Medical Scheme	274.04	275.28	102.69	98.25	12.21	12.72	-14.90	-10.96	-35.95
1486	Sizwe Hosmed Medical Fund	268.57	242.11	99.02	95.28	11.91	12.11	-10.93	-7.39	-47.90
1087	Keyhealth	258.33	252.47	95.70	89.47	10.14	9.85	-5.84	0.68	-958.82
1140	Medshield Medical Scheme	240.65	218.22	89.16	88.74	11.46	10.81	-0.62	0.46	-234.78
1125	Discovery Health Medical Scheme	237.30	221.63	92.90	90.09	12.10	11.77	-5.00	-1.87	-167.38
1167	Momentum Medical Scheme	232.75	220.60	91.82	87.36	15.40	14.74	-7.22	-2.10	-243.81
Industry average - open schemes		229.60	215.59	93.11	90.55	11.49	11.15	-4.60	-1.69	-172.19

pabpm = per average beneficiary per month

RCI = Risk Contribution Income

The five schemes who incurred the highest expenditure composition of non-healthcare expenditure is reflected below:



Figure 33: Fedhealth Medical Scheme: NHE 2022

Fedhealth Medical Scheme's administration expenditure represents 80.68% of its non-healthcare expenditure, followed by broker fees and distribution costs at 15.39%.

When adjusted for lives, the administration expenditure of R238.08 pabpm exceeded the open scheme industry average of R182.75.

The scheme's fee paid to Medscheme Holdings (Pty) Ltd in respect of accredited administration services on a pabpm basis is lower than the open scheme industry average of R293.65 pabpm. The fee paid to the accredited administrator in respect of other administration services of R50.72 exceeded the industry average of R44.03 pabpm. This fee consists of:

- 36.41% distribution services;
- 29.51% marketing services;
- 15.18% other services;
- 14.73% governance and compliance services rendered; and
- 4.17% broker services (accredited brokers and in-house sales and marketing services).

When comparing its marketing and advertising expenditure, the R79.02 pabpm exceeded the industry spend of R32.40 pabpm.

The scheme's average fee paid per trustee of R500 000.00 exceeds the industry average of R398 000.00.

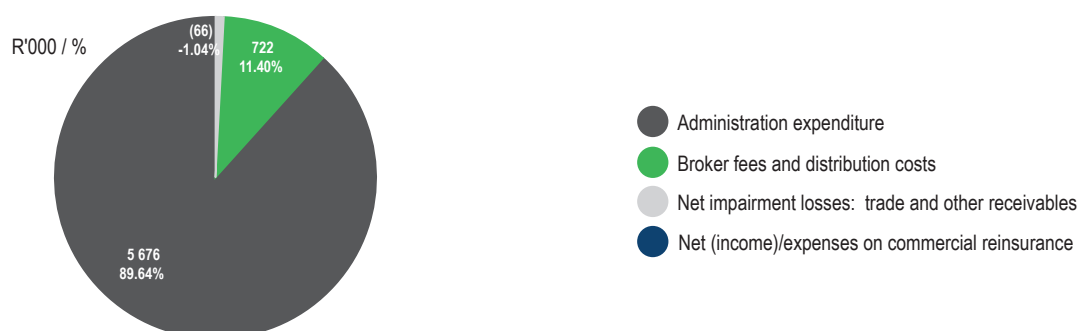


Figure 34: Suremed Health: NHE 2022

Suremed Health's administration expenditure represents 89.64% of its non-healthcare expenditure. When adjusted for lives the administration expenditure of R249.21 pabpm exceeded the open scheme industry average of R182.75.

The high cost per life covered is the function of the low average number of beneficiaries (1 898). Schemes need to operate with a certain number of lives for the average operational costs to be lower and ensure that the scheme is sustainable in the long run.



Figure 35: Compicare Wellness Medical Scheme: NHE 2022

Compicare Wellness Medical Scheme's administration expenditure represents 90.44% of its non-healthcare expenditure. When adjusted for lives the administration expenditure of R247.84 pabpm exceeded the open scheme industry average of R182.75.

The scheme's fee paid to Universal Healthcare Administrators (Pty) Ltd in respect of accredited administration services on a pabpm basis of R318.20 exceeds the open scheme industry average of R293.65 pabpm. The fee can be broken down as follows:

- 11.39% member record management;
- 17.60% contribution management;
- 13.15% claims management;
- 5.36% financial management;
- 12.51% information management and data control;
- 3.17% broker remuneration management; and
- 36.83% customer management.

The scheme does not incur any other fees to its accredited administrator.



Figure 36: Sizwe Hosmed Medical Fund: NHE 2022

Sizwe Hosmed Medical Fund's administration expenditure represents 84.08% of its non-healthcare expenditure. When adjusted for lives the administration expenditure of R225.81 pabpm exceeded the open scheme industry average of R182.75.

The scheme's fee paid to the accredited administrator in respect of accredited administration services on a pabpm basis is lower than the open scheme industry average of R293.65 pabpm. The scheme does not incur any other fees to its accredited administrator.

The scheme's average fee paid per trustee of R658 000.00 exceeds the industry average of R398 000.00.

When comparing its marketing and advertising expenditure, the R120.84 pabpm exceeded the industry spend of R32.40 pabpm.



Figure 37: Keyhealth: NHE 2022

Keyhealth's administration expenditure represents 91.59% of its non-healthcare expenditure. When adjusted for lives the administration expenditure of R236.60 pabpm exceeded the open scheme industry average of R182.75.

The scheme's fee paid to the accredited administrator in respect of accredited administration services on a pabpm basis is lower than the open scheme industry average of R293.65 pabpm. The scheme does not incur any other fees to its accredited administrator.

Table 27 shows the ten restricted schemes with the highest non-healthcare expenditure pabpm. These schemes' non-healthcare expenditure exceeded the industry average of R112.20 pabpm.

Table 27: Trends in claims, non-healthcare expenditure, and reserve-building as percentage of contributions among restricted schemes (2022 and 2021)

Ref. no.	Name of medical scheme	Net non-healthcare expenditure		Net claims incurred		Net non-healthcare expenditure		Reserve-building		
		2022	2021	2022	2021	2022	2021	2022	2021	%
		pabpm	pabpm	As % of RCI	As % of RCI	As % of RCI	As % of RCI	As % of RCI	As % of RCI	change
1194	Profmed	260.09	254.69	95.47	94.50	10.51	10.93	-5.98	-5.43	-10.13
1068	De Beers Benefit Society	255.87	227.51	112.47	104.09	7.54	7.12	-20.02	-11.21	-78.59
1566	Horizon Medical Scheme	246.09	247.65	84.96	71.01	21.95	23.03	-6.91	5.96	-215.94
1237	BP Medical Aid Society *	222.55	173.96	126.00	120.11	7.69	6.15	-33.68	-26.26	-28.26
1441	Parmed Medical Aid Scheme	219.46	220.08	97.67	89.92	3.87	3.96	-1.54	6.11	-125.20
1526	BMW Employees Medical Aid Society	201.97	97.75	92.36	93.37	9.51	4.75	-1.87	1.88	-199.47
1465	Alliance-Midmed Medical Scheme	188.76	160.78	97.22	94.87	7.42	6.64	-4.65	-1.51	-207.95
1043	Chartered Accountants (SA) Medical Aid Fund (CMAF)	188.06	189.58	95.93	93.94	7.69	8.03	-3.62	-1.97	-83.76
1145	LA-Health Medical Scheme	187.26	178.50	86.09	81.70	11.98	11.63	1.93	6.66	-71.02
1582	Transmed Medical Fund	181.13	166.68	94.53	99.62	9.69	9.82	-4.23	-9.44	55.19
Industry average – restricted schemes		112.20	106.39	95.01	91.42	5.85	5.64	-0.87	2.94	-129.59

pabpm = per average beneficiary per month

RCI = Risk Contribution Income

*BP Medical Aid Society was granted an exemption to provide a one-month contribution holiday to its members in December 2022.

It should be noted that the figures are not always comparable to the industry average due to the lower number of lives on some restricted schemes. Fixed costs are shared by the smaller membership base. The lower membership base would at a certain point become unsustainable.

When excluding Government Employees Medical Scheme (GEMS) from the restricted scheme industry average, non-healthcare expenditure increases to R125.11 pabpm.

Table 28 depicts the membership of the ten restricted schemes highlighted in Table 27 above.

Table 28: Trends in non-healthcare expenditure and membership among restricted schemes (2022 and 2021)

Ref. no.	Name of medical scheme	Net non-healthcare expenditure		Average beneficiaries	
		2022	2021	2022	2021
		pabpm	pabpm		
1194	Profmed	260.09	254.69	74 589	75 336
1068	De Beers Benefit Society	255.87	227.51	8 397	8 765
1566	Horizon Medical Scheme	246.09	247.65	1 768	1 805
1237	BP Medical Aid Society	222.55	173.96	2 653	2 936
1441	Parmed Medical Aid Scheme	219.46	220.08	4 311	4 448
1526	BMW Employees Medical Aid Society	201.97	97.75	7 935	7 619
1465	Alliance-Midmed Medical Scheme	188.76	160.78	3 685	3 627
1043	Chartered Accountants (SA) Medical Aid Fund (CAMAF)	188.06	189.58	47 005	47 042
1145	LA-Health Medical Scheme	187.26	178.50	240 457	231 415
1582	Transmed Medical Fund	181.13	166.68	24 117	27 967

pabpm = per average beneficiary per month

The three schemes with the highest membership' composition of non-healthcare expenditure is reflected below:

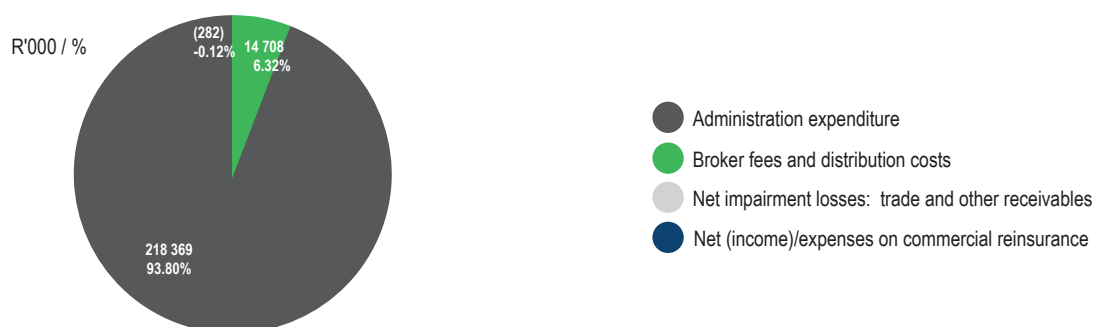


Figure 38: Profmed: NHE 2022

Profmed's administration expenditure represents 93.80% of its non-healthcare expenditure.

When adjusted for lives, the administration expenditure of R243.97 pabpm exceeded the restricted scheme industry average of R106.82. When considering the scheme's eligibility criteria, it should be noted that the types of costs incurred are more appropriately compared to the open scheme industry. The scheme's expenditure still exceeds the open scheme industry average of R182.75 pabpm.

The scheme's fee paid to Professional Provident Society Healthcare Administrators (Pty) Ltd in respect of accredited administration services of R289.06 pabpm exceeds the restricted scheme industry average of R149.44 pabpm. The fee can be broken down as follows:

- 9.30% member record management;
- 10.46% contribution management;
- 22.09% claims management;
- 6.98% financial management;

- 27.19% information management and data control;
- 1.16% broker remuneration management; and
- 22.81% customer management.

The fee is however slightly lower than the open scheme industry average of R293.65 pabpm.

The fee paid to the accredited administrator in respect of other administration services is lower than the industry average of R28.15 pabpm.

The scheme does incur broker fees due to the nature of its eligibility criteria. The fee is however lower than the open scheme industry average for broker costs of R103.17 pabpm.

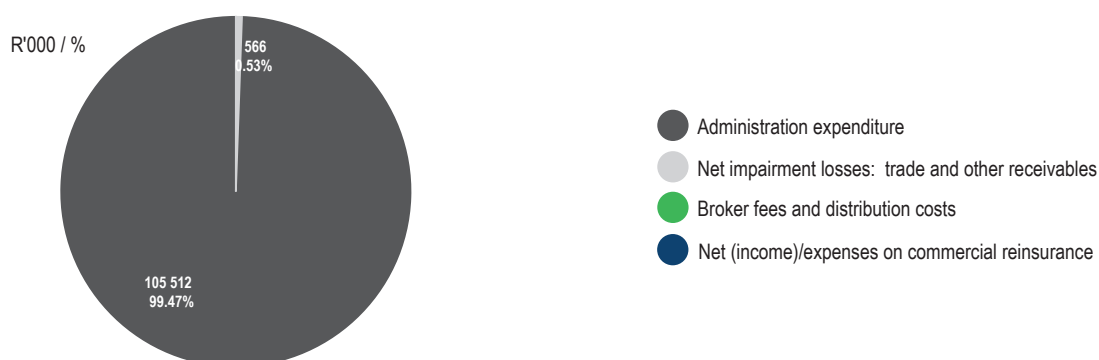


Figure 39: CAMAF: NHE 2022

Chartered Accountants (SA) Medical Aid Fund (CAMAF) is a self-administered restricted scheme. When considering the scheme's eligibility criteria, it should be noted that the types of costs incurred is more appropriately compared to the open scheme industry. The scheme's gross administration expenditure of R187.06 pabpm is only marginally higher than the open scheme industry average of R182.75 pabpm.

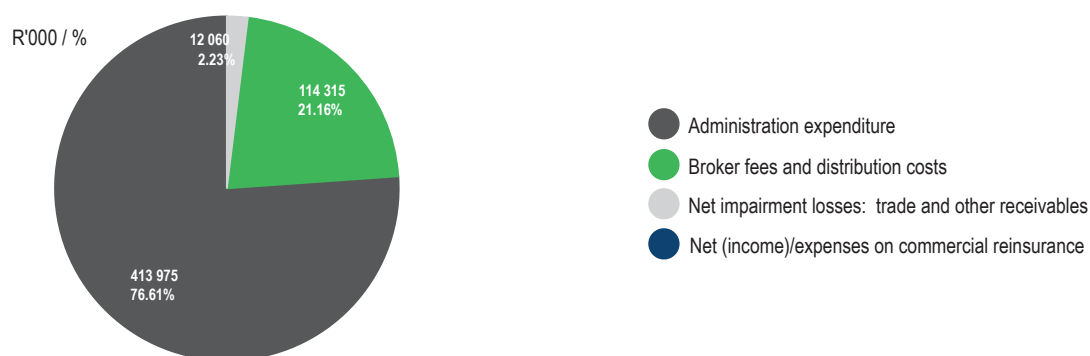


Figure 40: LA-Health Medical Scheme: NHE 2022

LA-Health Medical Scheme's administration expenditure represents 76.61% of its non-healthcare expenditure, followed by broker fees and distribution costs at 21.16%.

When adjusted for lives, the administration expenditure of R143.47 pabpm exceeded the restricted scheme industry average of R106.82. When considering the scheme's eligibility criteria, it should be noted that the types of costs incurred are more appropriately compared to the open scheme industry. The scheme's expenditure compares favourably to the open scheme industry average of R182.75 pabpm.

The scheme does incur broker fees due to the nature of its eligibility criteria. The fee of R111.21 pabpm exceeds the open scheme industry average for broker costs of R103.17 pabpm.

ADMINISTRATION EXPENDITURE

Administration expenditure, being the largest component of non-healthcare expenditure in all medical schemes, grew by 6.22% to R15.89 billion in 2022 from R14.96 billion in 2021.

Open schemes increased their administration expenditure by 6.16% to R10.61 billion from R10.00 billion in 2021. Restricted schemes increased their administration expenditure by 6.35% from R4.96 billion in 2021 to R5.28 billion in 2022.

Table 29 shows administration expenditure by type of scheme administration.

Table 29: Gross Administration Expenditure (GAE) (2018-2022)

	Open schemes				Restricted schemes			
	Self-administered		Third party		Self-administered		Third party	
	pabpm R	% change	pabpm R	% change	pabpm R	% change	pabpm R	% change
2018	139.29		152.18		108.47		89.68	
2019	143.96	3.35	159.46	4.78	117.46	8.29	91.68	2.23
2020	150.21	4.34	167.50	5.04	121.50	3.44	94.96	3.58
2021	155.86	3.76	174.98	4.47	121.90	0.33	99.11	4.37
2022	167.62	7.55	184.89	5.66	131.74	8.07	104.30	5.24

pabpm = per average beneficiary per month

OPEN SCHEMES

During the year 2022, there were five self-administered open schemes (2021: 5), representing 599 805 average beneficiaries or 12.39% (2021: 579 416), and 11 third-party-administered open schemes (2021: 13), for 4 240 285 average beneficiaries or 87.61% (2021: 4 254 905).

Third-party-administered schemes' administration expenditure grew by a larger margin over the five year period than that of self-administered schemes (21.49% and 20.34% respectively). The costs incurred by third-party administered schemes exceeded that of self-administered schemes by 10.30%.

RESTRICTED SCHEMES

During the year 2022, there were ten self-administered restricted schemes (2021: 10), representing 367 584 average beneficiaries of 9.16% (2021: 367 584), and 46 third-party administered restricted schemes (2021: 47), for 3 739 690 average beneficiaries or 90.84% (2021: 3 717 355).

An inverse trend was noted in the restricted scheme environment where the growth of the administration expenditure incurred by self-administered schemes outpaced that of third-party-administered schemes (21.45% compared to 16.30%). The costs incurred by third-party-administered schemes fell short of that of self-administered schemes by 20.83%.

The GAE pabpm in the open scheme industry is significantly higher than that of the restricted scheme industry. The same trend is noted when comparing the costs incurred in respect of third party administered and self-administered schemes respectively between the two industries. This is partly because restricted schemes do not incur the same level of marketing (including advertising) expenditure and broker fees as the open scheme industry.

Table 30 depicts the ten open schemes with the highest administration expenditure pabpm. A high cost per life covered is sometimes the function of a low average number of beneficiaries rather than high absolute administration costs. Schemes need to operate with a certain number of lives for average operational costs to be lower and make the business more profitable and sustainable into the long term.

Table 30: Ten open schemes with administration expenditure above the industry average of R182.75 pabpm (2022)

Ref. no.	Name of medical scheme	Name of administrator	Average beneficiaries	Administration expenditure		
				R'000	pabpm R	% of GCI
1464	Suremed Health	Momentum Thebe Ya Bophelo (Pty) Ltd	1 898	5 676	249.21	10.63
1491	Compicare Wellness Medical Scheme	Universal Healthcare Administrators (Pty) Ltd	28 066	83 469	247.84	9.78
1202	Fedhealth Medical Scheme	Medscheme Holdings (Pty) Ltd	122 943	351 247	238.08	10.22
1087	Keyhealth	Professional Provident Society Healthcare Administrators (Pty) Ltd	73 161	207 723	236.60	8.69
1486	Sizwe Hosmed Medical Scheme	3Sixty Health (Pty) Ltd	152 421	413 023	225.81	9.97
1140	Medshield Medical Scheme	Self-administered	145 710	342 498	195.88	9.14
1167	Momentum Medical Scheme	Momentum Health Solutions (Pty) Ltd	296 119	694 926	195.56	12.34
1034	Cape Medical Plan	Self-administered	7 746	17 990	193.54	9.08
1554	Genesis Medical Scheme	Self-administered	18 880	43 116	190.31	12.13
1125	Discovery Health Medical Scheme	Discovery Health (Pty) Ltd	2 788 312	6 219 239	185.87	7.82

GCI = Gross Contribution Income

pabpm = per average beneficiary per month

Table 31 shows the ten restricted schemes with the highest administration expenditure pabpm.

Table 31: Ten restricted schemes with the highest administration expenditure above the industry average of R106.82 pabpm (2022)

Ref. no.	Name of medical scheme	Name of administrator	Average beneficiaries	Administration expenditure		
				R'000	pabpm R	% of GCI
1068	De Beers Benefit Society	Self-administered	8 397	25 801	256.05	7.55
1566	Horizon Medical Scheme	Medscheme Holdings (Pty) Ltd	1 768	5 212	245.66	21.66
1194	Profmed	Professional Provident Society Healthcare Administrators (Pty) Ltd	74 589	218 369	243.97	9.85
1237	BP Medical Aid Society	Momentum Health Solutions (Pty) Ltd	2 653	6 923	217.46	7.51
1441	Parmed Medical Aid Scheme	Medscheme Holdings (Pty) Ltd	4 311	10 811	208.98	3.69
1465	Alliance-Midmed Medical Scheme	Self-administered	3 685	8 358	189.01	7.06
1043	Chartered Accountants (SA) Medical Aid Fund (CMAF)	Self-administered	47 005	105 512	187.06	7.04
1582	Transmed Medical Fund	Momentum Health Solutions (Pty) Ltd	24 117	52 168	180.26	9.65
1571	Anglovaal Group Medical Scheme	Discovery Health (Pty) Ltd	4 655	9 394	168.17	6.45

GCI = Gross Contribution Income

pabpm = per average beneficiary per month

Figure 41 depicts the main components of administration expenditure.

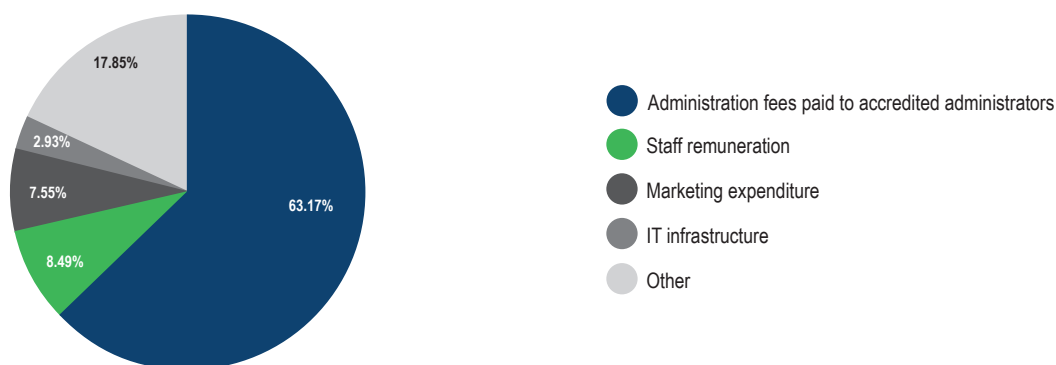


Figure 41: Distribution of administration expenditure: 2022

Fees paid to the accredited administrator in respect of accredited services is the largest component of administration expenditure (63.17%), followed by staff remuneration (8.49%), marketing expenditure (7.55%) and IT infrastructure (2.93%). The IT infrastructure expense item mostly related to software expenditure (including licencing).

FEES PAID IN RESPECT OF ACCREDITED ADMINISTRATION SERVICES AND OTHER ADMINISTRATION SERVICES

Fees paid in respect of accredited administration services (and co-administration) to third-party administrators is the main component of GAE. The R10.04 billion incurred in 2022 represented 71.03% of GAE of schemes which incurred this expenditure.

Fees paid to accredited administrators in respect of other services (such as marketing expenditure, forensic investigations and recoveries and internal audit services) were valued at R1.26 billion in 2022 and represented 15% of GAE of schemes which incurred this expenditure in 2022.

Table 32 shows the total composite fees paid to third-party administrators in respect of accredited administration services and other administration services.

Table 32: Total composite fees paid to third-party administrators in respect of accredited administration services and other administration services pabpm (2021 and 2022)

Name of medical scheme	Open schemes			Restricted schemes		
	2022	2021	% variance	2022	2021	% variance
	pabpm R	pabpm R		pabpm R	pabpm R	
Third party						
Administrator	164.13	152.95	7.31	63.03	59.87	5.28
Co-administrator	-	-	-	4.52	7.05	-35.89
Total	164.13	152.95	7.31	65.55	63.65	2.99

pabpm = per average beneficiary per month

Kindly refer to the Administrator market section on page 72 of this report for more information relating to third-party administrators.

On average, third-party administered open schemes spent 150.39% more per beneficiary on accredited administration fees than third-party administered restricted schemes (2021: 140.30%).

Table 33 depicts the breakdown of the total fee paid in respect of accredited administration services.

Table 33: Breakdown of fees paid to third-party administrators in respect of accredited administration services (2022)

Component of accredited administration service	Open schemes	Restricted schemes
	% of total fee	% of total fee
Member record management	10.71	8.06
Contribution management	8.75	7.75
Claims management	14.52	22.81
Financial management	1.66	3.16
Information management and data control	16.27	15.84
Broker remuneration management	2.73	0.24
Customer services	45.37	42.15

The majority of the fees paid in respect of accredited administration services relates to customer services in both the open and restricted scheme environments. Annexure P provides the detailed breakdown of the accredited administration services provided per scheme.

Tables 34 and 35 show the ten schemes with the highest fees paid in respect of accredited administration services to their administrators (pampm). Tables 34 details and 35 details the depict breakdown of the fees.

Table 34: Ten open schemes with the highest fees paid in respect of accredited administration services pampm - industry average R293.65 pampm (2022)

Ref. no.	Name of medical scheme	Name of administrator	Average members	Fee paid in respect of accredited administration services pampm R
1125	Discovery Health Medical Scheme	Discovery Health (Pty) Ltd	1 360 045	331.44
1491	Compicare Wellness Medical Scheme	Universal Healthcare Administrators (Pty) Ltd	17 615	318.20
1202	Fedhealth Medical Scheme	Medscheme Holdings (Pty) Ltd	65 217	284.28
1087	Keyhealth	Professional Provident Society Healthcare Administrators (Pty) Ltd	34 736	249.54
1464	Suremed Health	Momentum Thebe Ya Bophelo (Pty) Ltd	1 003	223.08
1486	Sizwe Hosmed Medical Scheme	3Sixty Health (Pty) Ltd	63 577	218.57
1506	Medimed Medical Scheme	Momentum Thebe Ya Bophelo (Pty) Ltd	6 080	216.94
1512	Bonitas Medical Fund	Medscheme Holdings (Pty) Ltd	353 905	215.37
1167	Momentum Medical Scheme	Momentum Health Solutions (Pty) Ltd	156 044	206.94
1592	Thebemed	Momentum Thebe Ya Bophelo (Pty) Ltd	12 472	142.79

pampm = per average member per month

Only two schemes, Discovery Health Medical Scheme and Compicare Wellness Medical Schemes' administration fees exceeded the open scheme industry average of R293.65 pampm (R331.44 and R318.20 respectively).

Compicare Wellness Medical Scheme does not pay any fees relating to other administration services to Universal Healthcare Administrators (Pty) Ltd, whilst Discovery Health Medical Scheme pays R37.25 pampm (compared to the open scheme industry average of R44.03 pampm) to Discovery Health (Pty) Ltd in respect of actuarial services (1.53%), benefit management services (1.07%), internal audit services (2.69%), distribution services (6.78%), marketing services (46.24%), forensic investigations and recoveries (5.60%), governance (1.33%), and other (34.76%).

Although the services provided by the various administrators of schemes as well as the benefit option design may vary, there does not seem to be a correlation between the scheme size and the administration fees charged in the open scheme environment. No correlation between schemes administrated by the same accredited administrator was noted.

Table 35: Ten open schemes with the highest fees paid in respect of accredited administration services pampm - breakdown of components (2022)

Ref. no.	Name of medical scheme	Average members	Fee paid in respect of accredited administration services pampm R	Member record management %	Contribution management %	Claims management %	Financial management %	Information management and data control %	Broker remuneration %	Customer services %
1125	Discovery Health Medical Scheme	1 360 045	331.44	10.16	8.93	11.24	0.36	18.22	1.45	49.64
1491	Compcare Wellness Medical Scheme	17 615	318.20	11.39	17.60	13.15	5.36	12.51	3.17	36.83
1202	Fedhealth Medical Scheme	65 217	284.28	10.59	10.59	16.50	6.68	5.27	0.72	49.64
1087	Keyhealth	34 736	249.54	6.57	16.03	18.63	1.96	22.09	-	34.73
1464	Suremed Health	1 003	223.08	7.05	7.94	20.73	13.90	26.54	0.87	22.98
1486	Sizwe Hosmed Medical Scheme	63 577	218.57	16.09	13.21	24.71	12.52	-	3.80	29.67
1506	Medimed Medical Scheme	6 080	216.94	6.38	7.25	22.09	14.00	25.51	0.29	24.49
1512	Bonitas Medical Fund	353 905	215.37	13.94	5.36	23.89	4.29	15.00	10.72	26.80
1167	Momentum Medical Scheme	156 044	206.94	9.80	7.49	31.34	3.84	3.14	3.24	41.16
1592	Thebemed	12 472	142.79	6.38	7.25	22.09	13.21	25.51	1.07	24.49

The relationship between the various accredited administration services provided by Momentum Thebe Ya Bophelo (Pty) Ltd for the schemes under their administration is similar. This observation does not apply the respect of the open schemes' administered by Medscheme Holdings (Pty) Ltd, which suggests that the schemes negotiated their contracts separately.

There does not seem to be a correlation between the scheme size and the relationship between the various components of administration fees.

Table 36: Ten restricted schemes with the highest fees paid in respect of accredited administration services pampm - industry average R149.44 pampm (2022)

Ref. no.	Name of medical scheme	Name of administrator	Average members	Fee paid in respect of accredited administration services pampm R
1194	Profmed	Professional Provident Society Healthcare Administrators (Pty) Ltd	36 227	289.06
1590	Building & Construction Industry Medical Aid Fund	Universal Healthcare Administrators (Pty) Ltd	3 787	281.20
1145	LA-Health Medical Scheme	Discovery Health (Pty) Ltd	94 697	271.43
1571	Anglovaal Group Medical Scheme	Discovery Health (Pty) Ltd	2 334	265.17
1520	University of Kwa-Zulu Natal Medical Scheme	Discovery Health (Pty) Ltd	3 373	259.64
1241	Multichoice Medical Aid Scheme	Discovery Health (Pty) Ltd	3 506	249.55
1578	TFG Medical Aid Scheme	Discovery Health (Pty) Ltd	3 141	248.51
1572	Engen Medical Benefit Fund	Discovery Health (Pty) Ltd	3 133	248.43
1441	Parmed Medical Aid Scheme	Medscheme Holdings (Pty) Ltd	2 385	245.46
1013	Rhodes University Medical Scheme	Momentum Thebe Ya Bophelo (Pty) Ltd	1 210	238.71

pampm = per average member per month

It was noted that six schemes from the Discovery Health (Pty) Ltd-administrator stable are included in the list above, with fees ranging from R248.43 to R271.43 pampm.

Although the services provided by the various administrators of schemes as well as the benefit option design may vary, there does not seem to be a correlation between the scheme size and the administration fees charged in the restricted scheme environment.

Table 37: Ten restricted schemes with the highest fees paid in respect of accredited administration services pampm - breakdown of components (2022)

Ref. no.	Name of medical scheme	Average members	Fee paid in respect of accredited administration services pampm R	Member record management %	Contribution management %	Claims management %	Financial management %	Information management and data control %	Broker remuneration management %	Customer services %
1194	Profmed	36 227	289.06	9.30	10.46	22.09	6.98	27.19	1.16	22.81
1590	Building & Construction Industry Medical Aid Fund	3 787	281.20	7.79	11.24	19.65	6.25	19.00	-	36.07
1145	LA-Health Medical Scheme	94 697	271.43	10.16	8.93	11.24	0.36	18.22	1.45	49.64
1571	Anglovaal Group Medical Scheme	2 334	265.17	10.51	9.24	9.66	0.38	18.86	-	51.35

Table 37: Ten restricted schemes with the highest fees paid in respect of accredited administration services pampm - breakdown of components (2022) (continued)

Ref. no.	Name of medical scheme	Average members	Fee paid in respect of accredited administration services pampm R	Member record management %	Contribution management %	Claims management %	Financial management %	Information management and data control %	Broker remuneration management %	Customer services %
1520	University of Kwa-Zulu Natal Medical Scheme	3 373	259.64	10.31	9.06	11.41	0.37	18.49	-	50.36
1241	Multichoice Medical Aid Scheme	3 506	249.55	10.31	9.06	11.41	0.37	18.49	-	50.37
1578	TFG Medical Aid Scheme	3 141	248.51	10.31	9.06	11.40	0.37	18.49	-	50.38
1572	Engen Medical Benefit Fund	3 133	248.43	10.67	9.02	11.36	0.37	18.42	-	50.16
1441	Parmed Medical Aid Scheme	2 385	245.46	9.28	13.06	16.80	13.44	2.83	-	44.58
1013	Rhodes University Medical Scheme	1 210	238.71	6.38	7.25	22.09	14.29	25.51	-	24.49

The relationship between the various accredited administration services provided by Discovery Health (Pty) Ltd for the schemes under their administration is similar, suggesting a boiler plate agreement.

The smaller schemes seem to spend almost half of the accredited administration fees on customer services, followed by information management and data control, and claims management.

Table 38 depicts the breakdown of the total fee paid in respect of other administration services.

Table 38: Breakdown of fees paid to third-party administrators in respect of other administration services (2022)

Component of accredited administration service	Open schemes	Restricted schemes
	% of total fee	% of total fee
Actuarial services	2.15	1.53
Benefit management services	0.63	6.42
Internal audit services	4.84	11.12
Distribution services	5.39	1.05
Broker services (accredited brokers and in-house sales and marketing services)	0.16	0.26
Marketing services	43.17	33.73
Third party claim recovery services	0.61	2.3
Forensic investigations and recoveries	6.77	18.08
Governance and compliance services rendered	5.24	10.04
Other	31.03	15.46

The majority of the fees paid in respect of other administration services relates to marketing services in both the open and restricted scheme environments. Annexure P provides the detailed breakdown of the other administration services provided per scheme.

Tables 39 and 40 show the schemes with the highest fees paid in respect of other administration services to its administrators (pampm).

Table 39: Open schemes which paid the highest fees to accredited administrators in respect of other administration services pampm - industry average R44.03 pampm (2022)

Ref. no.	Name of medical scheme	Name of administrator	Average members	Fee paid in respect of accredited administration services pampm R
1167	Momentum Medical Scheme	Momentum Health Solutions (Pty) Ltd	156 044	151.11
1202	Fedhealth Medical Scheme	Medscheme Holdings (Pty) Ltd	65 217	50.72
1125	Discovery Health Medical Scheme	Discovery Health (Pty) Ltd	1 360 045	37.25
1512	Bonitas Medical Fund	Medscheme Holdings (Pty) Ltd	353 905	23.97

pampm = per average member per month

More than half of the fees paid by Momentum Medical Scheme, Fedhealth Medical Scheme and Discovery Health Medical Scheme relate to a combination of distribution services and marketing services (54.10%, 65.92% and 53.02%, respectively).

Bonitas Medical Fund's fees were almost evenly split between internal audit services, forensic investigations and recoveries, and governance and compliance services rendered.

Table 40: Ten restricted schemes which paid the highest fees to accredited administrators in respect of other administration services pampm - industry average R28.15 pampm (2022)

Ref. no.	Name of medical scheme	Name of administrator	Average members	Fee paid in respect of accredited administration services pampm R
1145	LA-Health Medical Scheme	Discovery Health (Pty) Ltd	94 697	71.99
1600	Motohealth Care	Momentum Health Solutions (Pty) Ltd	15 954	65.05
1563	Pick n Pay Medical Scheme	Momentum Health Solutions (Pty) Ltd	6 915	50.29
1186	PG Group Medical Scheme	Momentum Health Solutions (Pty) Ltd	1 320	38.26
1005	AECI Medical Aid Society	Medscheme Holdings (Pty) Ltd	5 464	35.70
1293	Wooltru Healthcare Fund	Momentum Health Solutions (Pty) Ltd	9 472	35.60
1559	Imperial and Motus Medical Aid	Momentum Health Solutions (Pty) Ltd	7 166	29.84
1039	MBMed Medical Aid Fund	Medscheme Holdings (Pty) Ltd	4 399	28.26
1441	Parmed Medical Aid Scheme	Medscheme Holdings (Pty) Ltd	2 385	28.16
1571	Anglovaal Group Medical Scheme	Discovery Health (Pty) Ltd	2 334	25.99

pampm = per average member per month

Both LA-Health Medical Scheme and Motohealth Care's fees related mostly to marketing services (68.59% and 58.70% respectively). The remainder of the schemes listed above are restricted to specific employer groups, and therefore have no need for marketing services.

The Momentum Health Solutions (Pty) Ltd administered schemes' fees (except for Motohealth Care) were mainly in relation to the governance and compliance services rendered, followed by forensic investigations and recoveries.

The Medscheme Holdings (Pty) Ltd administered schemes' fees related to internal audit services and governance and compliance services rendered (albeit the split between the services were different).

Table 41: Ten schemes which paid the highest fees to accredited administrators in respect of other administration services pampm (2022)

Ref. no.	Name of medical scheme	Name of administrator	Average beneficiaries	Fee paid in respect of accredited administration services	Fee paid to the accredited administrator in respect of other administration services	Other fees as % of accredited administration services fees
				pampm R	pampm R	%
1167	Momentum Medical Scheme	Momentum Health Solutions (Pty) Ltd	156 044	206.94	151.11	73.02
1145	LA-Health Medical Scheme	Discovery Health (Pty) Ltd	94 697	271.43	71.99	26.52
1600	Motohealth Care	Momentum Health Solutions (Pty) Ltd	15 954	154.61	65.05	42.07
1202	Fedhealth Medical Scheme	Medscheme Holdings (Pty) Ltd	65 217	284.28	50.72	17.84
1563	Pick n Pay Medical Scheme	Momentum Health Solutions (Pty) Ltd	6 915	189.27	50.29	26.57
1186	PG Group Medical Scheme	Momentum Health Solutions (Pty) Ltd	1 320	207.26	38.26	18.46
1125	Discovery Health Medical Scheme	Discovery Health (Pty) Ltd	1 360 045	331.44	37.25	11.24
1005	AECI Medical Aid Society	Medscheme Holdings (Pty) Ltd	5 464	199.76	35.70	17.87
1293	Wooltru Healthcare Fund	Momentum Health Solutions (Pty) Ltd	9 472	186.73	35.60	19.06
1559	Imperial and Motus Medical Aid	Momentum Health Solutions (Pty) Ltd	7 166	160.56	29.84	18.58

pampm = per average member per month

Six schemes' fees paid to their accredited administrators in respect of other administration services represented less than 20% of the fee paid in relation to accredited administration services.

Momentum Medical Scheme's fee paid in respect of other administration services represented more than half of its fee in relation to accredited administration services. It was also more than double the next highest fee paid by LA-Health Medical Scheme. Although the services provided by the various administrators of schemes may vary, there does not seem to be a correlation between the scheme size and the fees charged in the open scheme environment.

MARKETING AND ADVERTISING EXPENDITURE

Marketing and advertising expenditure increased marginally by 0.39% to R1.20 billion in 2022. When adjusted for lives, this translated to R26.21 pampm.

Tables 42 and 43 show open and restricted schemes with the highest marketing and advertising expenditure in excess of the respective industry averages and provides details of the individual contracts entered into.

Table 42: Open schemes with highest marketing and advertising expenditure (2022) *

Ref. no.	Name of medical scheme	Marketing expenditure (including advertising)			Average members			Name of main advertising and marketing provider(s)	Expenditure per provider	
		2022 pampm	2021 pampm	% change	2022	2021	% change		R'000	% of total fees
1486	Sizwe Hosmed Medical Fund	120.84	112.94	6.99	63 577	47 321	34.35	Ad-hoc expenditure	50 311	54.57%
								3Sixty Marketing Pty Ltd	41 883	45.43%
1167	Momentum Medical Scheme	81.74	76.08	7.44	156 044	156 841	-0.51	Ad-hoc expenditure	-	0.00%
								Momentum Health Solutions (Pty) Ltd	153 069	100.00%
1202	Fedhealth Medical Scheme	79.02	63.34	24.76	65 217	74 613	-12.59	Ad-hoc expenditure	-	0.00%
								The Cheese Has Moved (Pty) Ltd	61 845	100.00%
1512	Bonitas Medical Fund	48.21	49.67	-2.94	353 905	336 651	5.13	Ad-hoc expenditure	17 786	8.69%
								Afrocentric Distribution Services (Pty) Ltd	122 302	59.73%
								Meta Media Pty Ltd	28 635	13.98%
								Adclick Africa Pty Ltd	19 122	9.34%
								Paed-IQ Pty Ltd	10 634	5.19%
								Hippo Comparative Services (PTY) Ltd	3 710	1.81%
								Medquote Pty Ltd	2 438	1.19%
								Sanlam Healthcare Distribution Services (Pty) Ltd	134	0.07%
1087	Keyhealth	47.85	64.46	-25.77	34 736	32 450	7.04	Ad-hoc expenditure	3 359	16.84%
								Brand ET AL	9 539	47.82%
								I Lead ET AL	5 858	29.37%
								Vanabi Communications	603	3.02%
								My IT Manager	298	1.49%
								MIP Holdings	290	1.45%
								Discovery Health (Pty) Ltd	281 070	100.00%
Open scheme industry average*		32.40	31.86	1.69	2 358 996	2 332 784	1.12			

pampm = per average member per month

* The industry averages are based only on those schemes which incurred the specific type of expenditure.

Sizwe Hosmed Medical Fund's marketing and advertising expenditure of R120.84 pampm exceeds the industry average by 273% and is almost 50% more than the expenditure incurred of the next highest scheme.

Momentum Medical Scheme and Fedhealth Medical Scheme's expenditure pampm are more than double the industry average (of R32.40 pampm).

Table 43: Restricted schemes with highest marketing and advertising expenditure (2022)

Ref. no.	Name of medical scheme	Marketing expenditure (including advertising)			Average members			Name of main advertising and marketing provider(s)	Expenditure per provider	
		2022 pampm	2021 pampm	% change	2022	2021	% change		R'000	% of total fees
1597	Umvuzo Health Medical Scheme	56.61	62.01	-8.71	47 888	39 422	21.48	Ad-hoc expenditure	-	0.00%
								Rain Catchers	32 529	100.00%
1194	Profmed	53.68	58.45	-8.16	36 227	34 344	5.48	Ad-hoc expenditure	935	4.01%
								Faith and Fear	19 819	84.93%
								Baby Yum Yum	1 495	6.41%
								MSL	872	3.74%
								Novus Group	80	0.34%
1145	LA-Health Medical Scheme	49.70	53.21	-6.60	94 697	81 753	15.83	Ad-hoc expenditure	369	0.65%
								Discovery Health (Pty) Ltd	56 108	99.35%
1600	Motohealth Care	39.68	32.98	20.32	15 954	20 030	-20.35	Ad hoc expenditure	288	3.79%
								Momentum Health Solutions (Pty) Ltd	7 310	96.21%
1590	Building & Construction Industry Medical Aid Fund	30.98	17.12	80.96	3 787	4 836	-21.69	Ad-hoc expenditure	1 408	100.00%
1568	Sisonke Health Medical Scheme	18.03	32.14	-43.90	12 855	16 131	-20.31	Ad-hoc expenditure	2 781	100.00%
Restricted scheme industry average*		16.19	17.47	-7.33	1 455 640	1 446 440	0.64			

pampm = per average member per month

*The industry averages are based only in respect of those schemes which incurred the specific expenditure.

FEES PAID IN RESPECT OF OTHER SERVICES PROVIDED BY THE EXTERNAL AUDITOR

The extent of fees paid to schemes' external auditors in respect of services other than the external assurance function are indicative of possible independence concerns. Schemes' audit committees must evaluate the appropriateness of the services to be provided, and the fee relative to the audit fee, to ensure that the provision of such services does not impair the external auditor's independence or objectivity.

Table 44: Schemes with fees paid to external auditors in respect of other services rendered (2021 and 2022)

Ref. no.	Name of medical scheme	Name of audit firm	External auditor: fees paid in respect of other services			
			2022 R'000	% of audit fee	2021 R'000	% of audit fee
1598	Government Employees Medical Scheme (GEMS)	Deloitte & Touche	3 837	90.56	-	0.00
1194	Profmed	PricewaterhouseCoopers Inc	277	16.35	69	2.78
1145	LA-Health Medical Scheme	KPMG Inc	28	3.05	26	3.12
1486	Sizwe Hosmed Medical Fund	PricewaterhouseCoopers Inc	46	1.01	-	0.00
1252	Bestmed Medical Scheme	Deloitte & Touche	-	0.00	257	13.45

GOVERNANCE RELATED EXPENDITURE

During the past few years governance related expenditure incurred by medical schemes has come under scrutiny.

Remuneration and other considerations of trustees accounted for 0.66% of GAE. Table 45 and Figure 42 show the ten schemes with the highest average trustee fees. Figure 42 shows the breakdown of trustee remuneration for the ten schemes with the highest remuneration. Further details are contained in Annexure Q.

Table 45: Ten schemes with the highest trustee fees (2022)

Ref. no.	Name of medical scheme	Type	Trustee remuneration & other considerations		No. of trustees		Average fee per trustee	
			2022 R'000	2021 R'000	2022	2021	2022 R'000	2021 R'000
1598	Government Employees Medical Scheme (GEMS)	Restricted	16 145	11 163	12	15	1 345	744
1486	Sizwe Hosmed Medical Fund	Open	11 849	6 346	18	22	658	288
1125	Discovery Health Medical Scheme	Open	10 230	9 433	10	8	1 023	1 179
1512	Bonitas Medical Fund	Open	6 590	6 067	12	11	549	552
1580	South African Police Service Medical Scheme (POLMED)	Restricted	6 367	7 659	17	18	375	426
1202	Fedhealth Medical Scheme	Open	4 503	4 355	9	12	500	363
1140	Medshield Medical Scheme	Open	4 366	4 298	7	9	624	478
1194	Profmed	Restricted	3 780	3 559	11	9	344	395
1149	Medihelp	Open	3 659	2 474	6	6	610	412
1145	LA-Health Medical Scheme	Restricted	3 414	2 636	16	20	213	132

When evaluating the fees incurred, the percentage of the schemes' Regulation 29 reserves the following schemes' fees ranged between 0.04% - 0.08%: GEMS, Discovery Health Medical Scheme, Bonitas Medical Fund and POLMED.

Sizwe Hosmed Medical Fund's fees represented an outlier at 1.12%. The scheme's fees increased significantly on a year-on-year basis (128.47% increase in the average fee per trustee).

Schemes need to consider the most appropriate size for Boards to still be effective and efficient in discharging its duties and responsibilities.

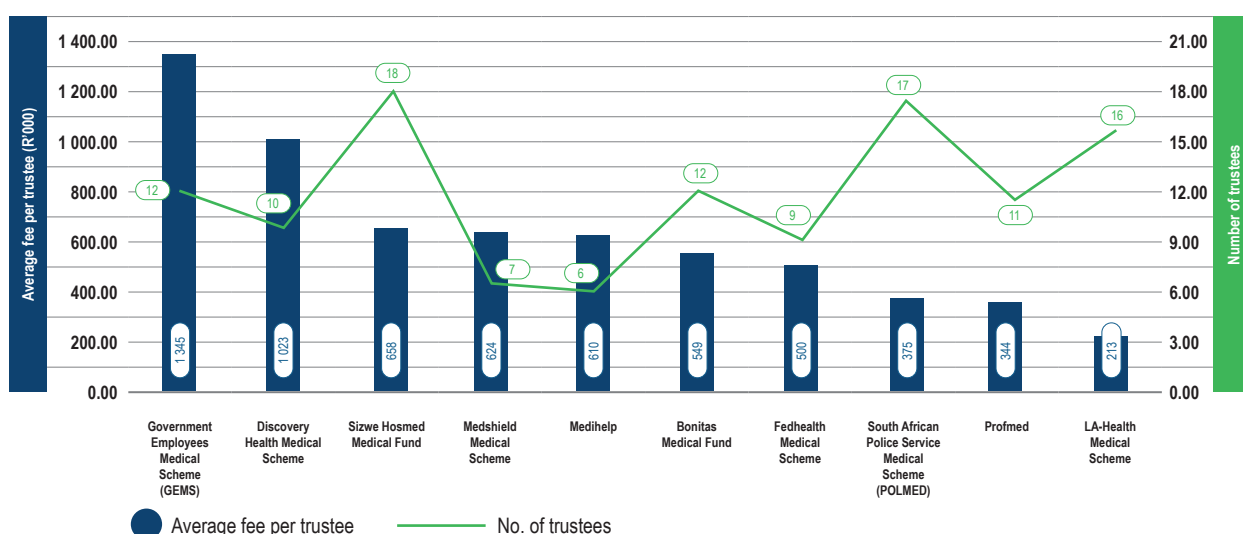


Figure 42: Ten schemes with highest average trustee fees

The following figures compare the distribution of the various fees paid to trustees per scheme that paid more than R500 000.00 in average fee per trustee.

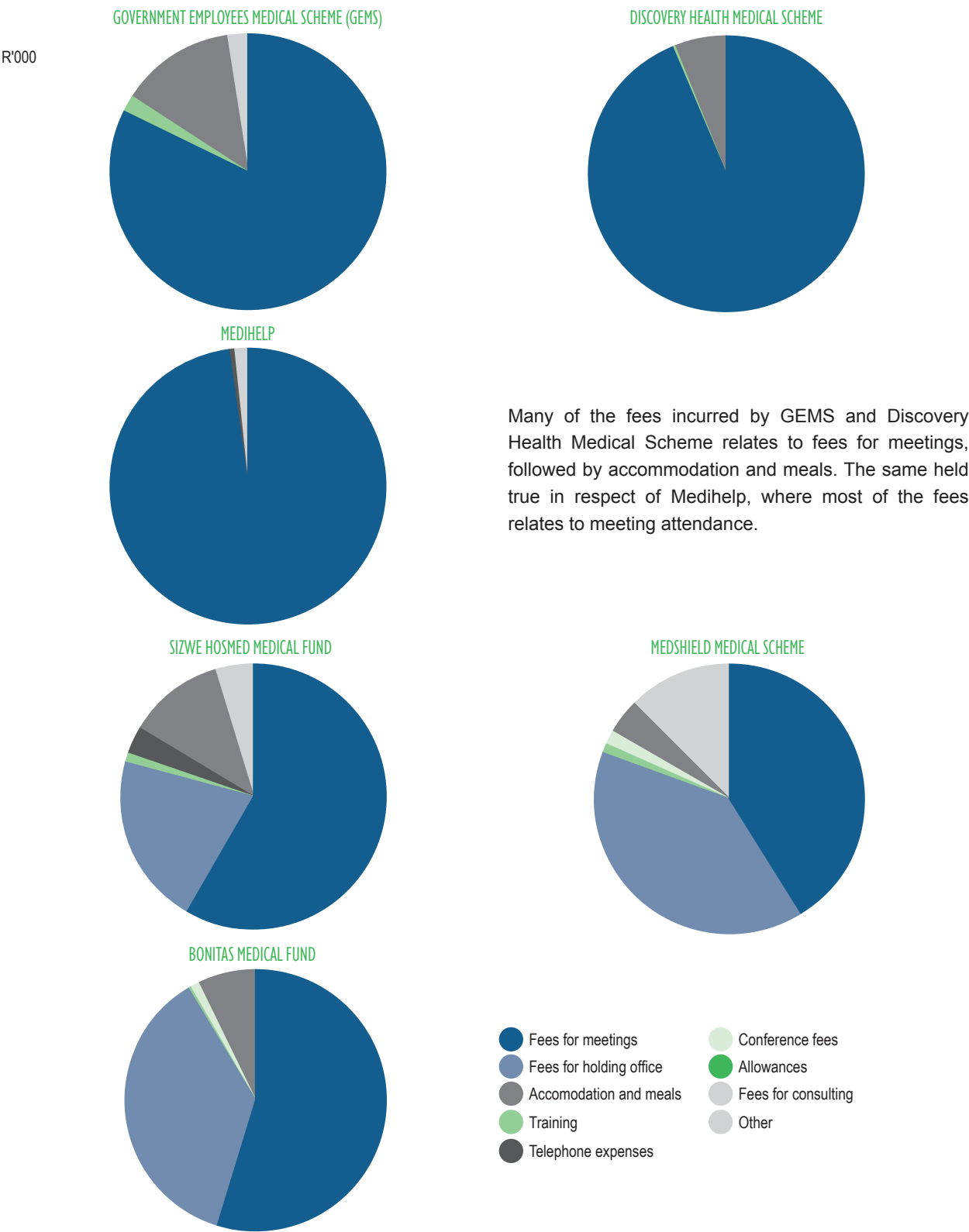


Figure 43: Composition of trustee remuneration for schemes who paid in excess of R500 000.00 in average fee per trustee (2022)

The distribution of fees paid by Sizwe Hosmed Medical Scheme, Medshield Medical Scheme and Bonitas Medical Fund represent a change from the above in that although the fees paid for meetings still represents more than half of the fees, these schemes also paid trustees for holding their office.

The remuneration of principal officers of medical schemes amounted to 0.88% of GAE in 2022. The fees of Principal Officers amounted to 0.53% of GAE in open schemes (2021: 0.59%) and 1.58% in restricted schemes in 2022 (2021: 1.65%).

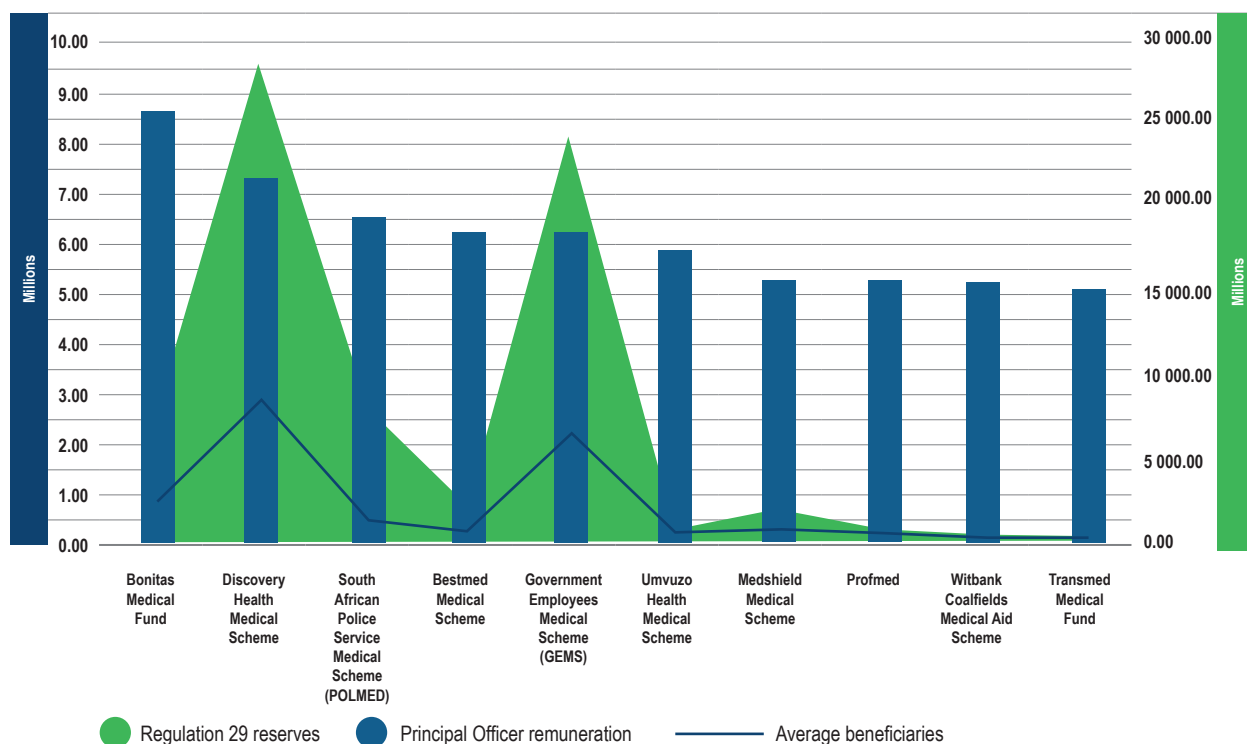


Figure 44: Ten schemes with highest remuneration of Principal Officers in 2022

A correlation between the average number of beneficiaries, the Regulation 29 reserves at the end of 2022 and the principal remuneration were noted between Discovery Health Medical Schemes and GEMS. No such correlations were observed in respect of the other schemes depicted.

Table 46 depicts the schemes which experienced increases in excess of 20% on a year-on-year basis in their Principal Officer remuneration.

Table 46: Schemes with increases in remuneration of Principal Officers exceeding 20%: 2022

Ref. no.	Name of medical scheme	Average beneficiaries	Principal Officer remuneration		
			2022 R'000	2021 R'000	% change
1086	Foodmed Medical Scheme	18 045	1 197	491	143.79
1039	MBMed Medical Aid Fund	10 707	464	-	100.00
1005	AECI Medical Aid Society	11 249	1 501	856	75.35
1559	Imperial and Motus Medical Aid	16 254	445	287	55.05
1087	Keyhealth*	73 161	4 442	2 880	54.24
1512	Bonitas Medical Fund	729 904	8 618	6 699	28.65
1598	Government Employees Medical Scheme (GEMS)	2 083 603	6 166	5 069	21.64
1486	Sizwe Hosmed Medical Fund	152 421	4 106	3 415	20.23

*Principal Officer remuneration includes curator fees.

BROKER COSTS

The broker costs includes all broker service fees (or broker commissions) and other distribution costs.

Broker costs represented 14.54% of total non-healthcare expenditure in 2022, while accounting for 14.23% in 2021. Broker costs increased by 8.89% from R2.52 billion in 2021 to R2.75 billion in 2022 (2021: decrease of 0.70%).

Broker service fees as a percentage of GCI increased slightly from 1.12% in 2021 to 1.18% in 2022.

87.81% average members in open schemes were covered by broker arrangements during 2022, compared to the 10.63% in the restricted scheme industry.

For schemes that pay broker service fees, the amounts paid on a pampm basis was R101.43 pampm; R103.17 pampm in respect of open schemes and R81.56 pampm relating to restricted schemes.

Previously the data was limited to the extent that it was based on full scheme membership (and not restricted to members who incurred this expenditure), relative to the statutory limit imposed. The Council for Medical Schemes had started collecting the data relating to the membership covered by broker arrangements in the 2022 year. A trend analysis would therefore be misrepresentative due to the significant change in the denominator. It should however be noted that where schemes did not provide adequate information in the annual statutory return, the scheme's average membership was used.



Figure 45: Broker fees pampm compared to the statutory limit imposed (pampm)

The fees paid to brokers represented 86.54% of the statutory limit of R117.20 pampm imposed by the Government Gazette, Notice No. 881 dated 1 March 2022.

Figure 46 shows the schemes that had broker service fees higher than the industry average of R101.43 pampm during 2022. These seven schemes represented 82.10% of total membership that paid for broker service fees, and 86.66% of total broker service fees paid.

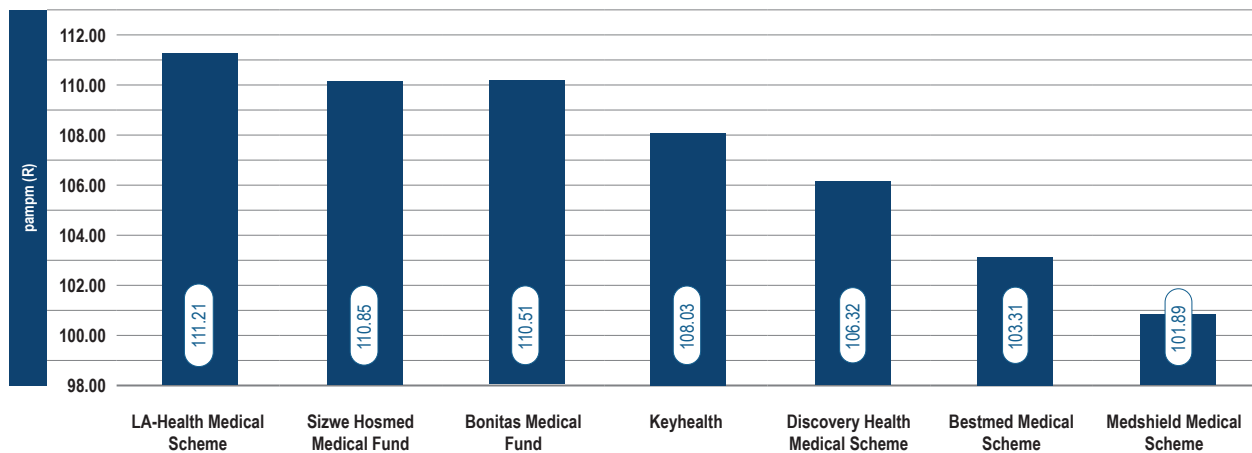


Figure 46: Schemes with broker service fees above the industry average of R101.43 pampm: 2022

IMPAIRED RECEIVABLES

Impaired receivables decreased by 0.55% to R241.52 million for the year under review from R242.85 million in 2021. This represents 1.28% of total non-healthcare expenditure (1.37% in 2021).

It took schemes an average of 10.32 days to collect debts (contributions from their members) in 2021, a deterioration of 3.20% from 10 days in 2021. This collection period falls well outside the legal provisions which require that members pay all contributions to their medical scheme not later than three days after the payment is due. The associated risks of not paying and collecting contributions timeously are the possible impairment of the debtor and paying claims when contributions have not been received.

Figure 47 shows the trend in impaired receivables over the past 5 years.

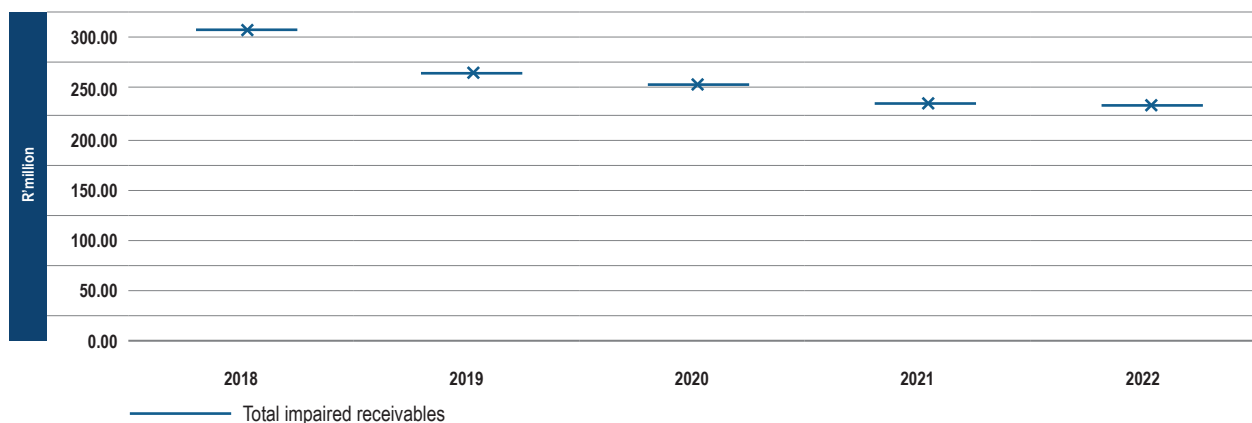


Figure 47: Impaired receivables 2018 - 2022

A downward trend had been observed from 2018 to 2020 which had then stabilised over the past two years.

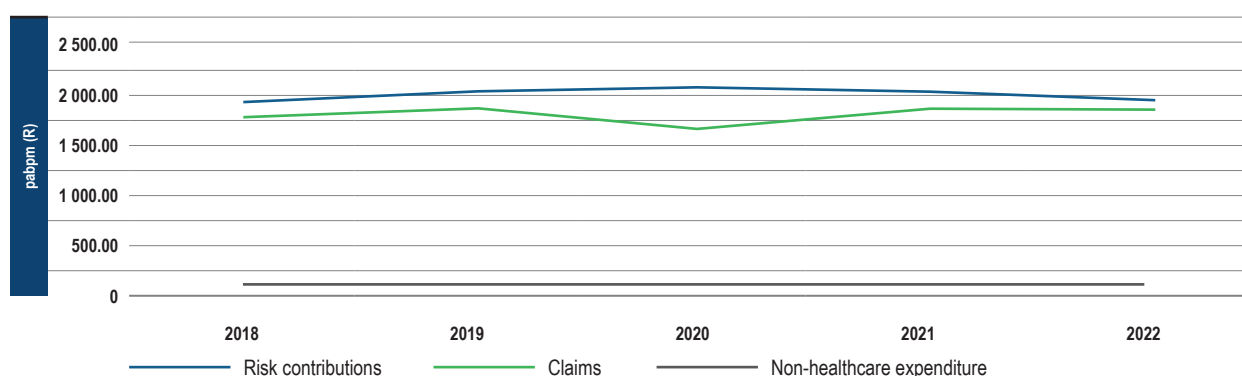
International Financial Reporting Standard (IFRS) 9 Financial instruments was implemented on 1 January 2018. Schemes could elect to postpone implementation until IFRS17 Insurance contracts, which will be implemented on 1 January 2023. More than half of all schemes elected to implement IFRS 9 in 2018. Many schemes applied the simplified approach allowed in terms of IFRS 9.

The overall approach within the standard is to replace the 'incurred loss' model required by International Accounting Standard (IAS) 39 Financial instruments: recognition and measurement with an 'expected loss' model – in effect, moving from a position of provisioning only when a loss has occurred to one which considers forward-looking information to calculate expected credit losses, regardless of whether there has been an impairment trigger.

Under the simplified approach, at initial recognition of each accounts receivable balance and throughout its life, a lifetime expected credit loss should be recognised to arrive at the appropriate impairment under IFRS 9. There is no need to monitor for significant increases in the credit risk.

FINANCIAL PERFORMANCE IN REAL TERMS

Figure 48 depicts information on contributions, relevant healthcare expenditure and non-healthcare expenditure pabpm in real terms over the five-year period (i.e. adjusted for CPI).



*Values for 2018 – 2021 were adjusted for CPI.

Figure 48: Risk contributions, claims, non-healthcare expenditure (2018-2022) in 2022 prices*

Risk contributions pabpm decreased by 0.02% over the five-year period, whilst claims pabpm increased by 4.12%.

The increased utilisation from an ageing population and tariff price negotiations as highlighted by the Health Market Inquiry Report remains a concern.

Non-healthcare expenditure pabpm was stable over the five-year period, a marginal decrease of 1.35% was observed. The decrease in non-healthcare expenditure outpaced that of contributions, which means that less of the healthcare Rand is spent in relation to non-healthcare expenditure.

NET HEALTHCARE RESULTS AND NET RESULTS

The net healthcare result of a medical scheme indicates its position after relevant healthcare expenditure and non-healthcare expenditure are deducted from contribution income.

The net healthcare result for all medical schemes combined reflected a deficit of R6.16 billion in 2022 (2021: R820.52 million). Open schemes incurred a net healthcare deficit of R5.33 billion (2021: R1.90 billion deficit), and restricted schemes generated a combined net healthcare deficit of R0.82 billion (2021: R2.72 billion surplus). The worsened performance is due to the combination of lower than CPI contribution increases and the higher utilisation of benefits during 2022.

Inflation rates increased rapidly during 2022. This resulted in a sharp and severe drop in most asset classes. As medical schemes generally have a high cash asset allocation, the decrease in investment income was to some extent limited. The investment income positively contributed towards a net surplus of R2.57 billion in 2022 (2021: net surplus of R12.19 billion).

Open schemes made a R1.79 billion deficit (2021: R4.07 billion surplus) and restricted schemes had a surplus of R4.37 billion (2021: R8.12 billion).

The net healthcare and net results of all schemes since 2018 are reflected in Figure 49.

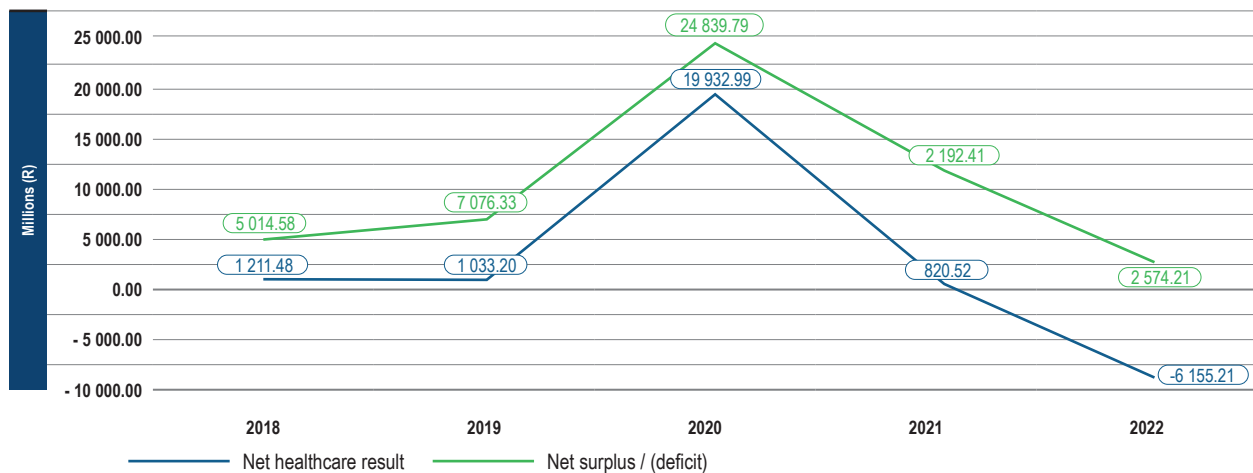


Figure 49: Net healthcare results 2018 - 2022

A total of 88.24% (15 of 17) of open schemes and 65.45% (36 of 55) of restricted schemes showed net healthcare deficits during the year.

Table 47 shows the 20 schemes which incurred the highest net healthcare deficits during 2022; they represent 84.89% of all beneficiaries of schemes that suffered operating deficits. (Annexure I has more details on this.) Investment income has generally boosted the performance of schemes.

Table 47: 20 schemes incurring net healthcare deficits 2021 and 2022

Ref. no.	Name of medical scheme	Type	Net healthcare result			Solvency ratio	
			2022 R'000	2021 R'000	% growth	2022 %	2021 %
1125	Discovery Health Medical Scheme	Open	(3 280 689)	(1 165 639)	-181.45	35.11	38.01
1598	Government Employees Medical Scheme (GEMS)	Restricted	(798 391)	2 446 640	-132.63	48.34	46.44
1149	Medihelp	Open	(488 596)	(60 885)	-702.49	33.79	39.85
1486	Sizwe Hosmed Medical Fund	Open	(450 648)	(210 472)	-114.11	25.45	49.42
1167	Momentum Medical Scheme	Open	(387 690)	(110 962)	-249.39	34.91	38.23
1202	Fedhealth Medical Scheme	Open	(232 316)	(318 854)	27.14	43.39	42.76
1279	Bankmed	Restricted	(230 111)	(3 780)	-5 987.59	53.51	49.24
1038	SAMWUMed	Restricted	(178 629)	(107 953)	-65.47	82.36	94.04
1252	Bestmed Medical Scheme	Open	(173 748)	51 962	-434.38	41.73	45.68
1234	Sasolmed	Restricted	(158 425)	(147 518)	-7.39	43.51	49.16
1194	Profmed	Restricted	(132 476)	(114 474)	-15.73	36.67	41.43
1087	Keyhealth	Open	(130 699)	14 753	-985.91	49.37	54.77
1491	Compicare Wellness Medical Scheme	Open	(112 599)	(83 718)	-34.50	31.99	43.11
1012	Anglo Medical Scheme	Restricted	(73 166)	(75 748)	3.41	461.69	467.40
1068	De Beers Benefit Society	Restricted	(68 410)	(37 691)	-81.50	183.09	187.09
1600	Motohealth Care	Restricted	(55 713)	4 266	-1 405.98	64.70	63.91
1043	Chartered Accountants (SA) Medical Aid Fund (CAMAf)	Restricted	(49 969)	(26 275)	-90.18	53.30	55.50
1214	Old Mutual Staff Medical Aid Fund	Restricted	(47 822)	(15 475)	-209.03	49.71	52.15
1291	Witbank Coalfields Medical Aid Scheme	Restricted	(45 086)	(14 359)	-213.99	90.68	96.99
1563	Pick n Pay Medical Scheme	Restricted	(40 989)	(4 236)	-867.63	131.22	131.03

All the schemes listed in Table 47 had a solvency level above the minimum statutory requirement of 25%.

The significant drop in solvency experienced by Sizwe Hosmed Medical Fund is explained in part by the previous year's amalgamation with Hosmed Medical Aid Scheme, which resulted in the annualised contributions for 2022 (representing the denominator in the solvency calculation) increasing significantly. It is however of concern that the scheme incurred the fourth highest operating deficit, given its low solvency level. This seems to suggest that the scheme has experienced much worse claims than anticipated at its pricing for its 2022 benefits.

BENEFIT OPTIONS

Table 48: Results of benefit options 2022

	Open schemes	% representing	Restricted schemes	% representing	Total
ALL OPTIONS					
Number of options	111	46.44	128	53.56	239
Members represented	2 381 337	57.98	1 725 892	42.02	4 107 229
Number of schemes	16	22.54	55	77.46	71
Net healthcare result (R'000)	(5 333 809)		(821 402)		(6 155 211)
Gross non-healthcare as % of GCI	10.02		5.58		8.12
Gross claims ratio (%)	93.61		94.86		94.15
Gross claims incurred pbpm	2 136.84		1 879.43		2 017.84
GCI pbpm	2 282.62		1 981.29		2 143.32
OPTIONS WITH MEMBERS >= 2 500					
Number of options	73	47.71	80	52.29	153
Members represented	2 337 529	58.25	1 675 109	41.75	4 012 638
Net healthcare result (R'000)	(5 162 980)		(715 481)		(5 878 461)
Gross non-healthcare as % of GCI	10.06		5.55		8.14
Gross claims ratio (%)	93.54		94.81		94.11
Gross claims incurred pbpm	2 119.65		1 867.98		2 010.87
GCI pbpm	2 266.09		1 970.27		2 136.67
OPTIONS WITH MEMBERS < 2 500					
Number of options	38	44.19	48	55.81	86
Members represented	43 808	46.31	50 783	53.69	94 591
Net healthcare result (R'000)	(170 917)		(105 923)		(276 840)
Gross non-healthcare as % of GCI	8.08		6.61		7.37
Gross claims ratio (%)	96.70		96.52		96.62
Gross claims incurred pbpm	3 146.92		2 343.83		2 704.62
GCI pbpm	3 254.36		2 428.24		2 799.32

GCI = Gross Contribution Income

pbpm = per beneficiary per month

Table 49: Results of loss-making benefit options 2022

	Open schemes	% representing	Restricted schemes	% representing	Total
TOTAL LOSS-MAKING OPTIONS					
% of total options	69.37		53.13		60.67
Number of options	77	53.10	68	46.90	145
Members represented	1 325 556	59.08	918 162	40.92	2 243 718
Net healthcare result (R'000)	(7 119 937)		(4 195 091)		(11 315 028)
Gross non-healthcare as % of GCI	9.77		5.06		7.71
Gross claims ratio (%)	99.41		102.07		100.58
Gross claims incurred pbpm	2 321.48		2 309.65		2 316.21
GCI pbpm	2 335.17		2 262.82		2 302.95
LOSS MAKING OPTIONS WITH MEMBERS >= 2 500					
Number of options	52	55.91	41	44.09	93
Members represented	1 295 342	59.27	890 279	40.73	2 185 621
Net healthcare result (R'000)	(6 856 833)		(3 959 057)		(10 815 890)
Gross non-healthcare as % of GCI	9.83		5.02		7.73
Gross claims ratio (%)	99.30		101.95		100.46
Gross claims incurred pbpm	2 298.66		2 288.65		2 294.22
GCI pbpm	2 314.81		2 244.87		2 283.74
LOSS MAKING OPTIONS WITH MEMBERS < 2 500					
Number of options	25	48.08	27	51.92	52
Members represented	30 214	52.01	27 883	47.99	58 097
Net healthcare result (R'000)	(263 104)		(236 034)		(499 138)
Gross non-healthcare as % of GCI	7.88		6.22		7.11
Gross claims ratio (%)	103.02		105.56		104.19
Gross claims incurred pbpm	3 358.90		3 114.18		3 239.76
GCI pbpm	3 260.53		2 950.28		3 109.48

GCI = Gross Contribution Income

pbpm = per beneficiary per month

During the year 2022 there were 247 registered benefit options (2021: 255) operating in 72 medical schemes (2021: 75). Upon excluding the Health Squared Medical Scheme options, the number decreased to 239 options.

Open schemes accounted for 46.44% or 111 of the registered benefit options during 2022 (2021: 46.27% or 118 options). On average, open schemes had 6.94 options per scheme (2021: 6.56) and an average of 21 453 members per option at year-end (2021: 19 932).

Restricted schemes had 128 options during the year, representing 53.56% of all options (2021: 137 options or 53.73%). Restricted schemes had an average of 2.33 options per scheme (2021: 2.40), with an average of 13 484 members per option as of 31 December 2022 (2021: 12 465).

Of the 239 benefit options registered and operating during 2022 (2021: 255), 145 (60.67%) incurred net healthcare losses. In 2021, 137 options (53.73%) incurred net healthcare losses.

In the year under review, 77 options (2021: 72), representing 53.10% of loss-making options (2021: 52.55%) were in open schemes and 68 (2021: 65), representing 46.90% of loss-making options (2021: 47.45%), were in restricted schemes.

The Council for Medical Schemes considers 2 500 members to be the lowest number of members at which an option is still sustainable. Of the 239 benefit options during the year, 86 (35.98%) had fewer than 2 500 members per option (2021: 97 or 38.04%). Of these 86 options, 52 (60.47%) incurred net healthcare losses in 2022, compared with 54 of these options (55.67%) incurring losses in 2021.

- At the end of 2022, there were 38 options in open schemes with fewer than 2 500 members (2021: 43). They had an average of 1 152.84 members per option (2021: 1 192.44) and represented 34.23% (2021: 36.44%) of all open scheme options.
- Restricted schemes had 48 options with fewer than 2 500 members (2021: 54). The average number of members per option was 1 057.98 (2021: 1 020.74) and these options represented 37.50% (2021: 39.42%) of all restricted scheme options.

The remaining 153 options (2021: 158) had more than 2 500 members per option. Of these, 60.78% or 93 options incurred net healthcare losses (2021: 52.53% or 83 options). Cognisance should be taken of the deliberate underpricing of benefits that occurred during the 2021 and 2022 benefit years.

Net healthcare losses pbpm in options with fewer than 2 500 members were 4.88 times greater than those for options with more than 2 500 members – an average of R-928.39 pbpm compared with R-190.42 pbpm.

Table 50 shows option results by demographics.

Table 50: Demographics of registered options at year-end: 2022

	Open	Restricted	Total
Average age pb	35.81	31.69	
Net healthcare result pb	-91.45	-16.38	
Number of options with average age greater than or equal to the industry average	64	73	137
Number of options incurring net healthcare results better or equal to the industry average	19	23	42
Number of options incurring net healthcare results worse than the industry average	45	50	95
Number of options with average age below the industry average	47	55	102
Number of options incurring net healthcare results better or equal to the industry average	32	42	74
Number of options incurring net healthcare results worse than the industry average	15	13	28

pb = per beneficiary

There were 64 options with an average age above the 35.81 years for options in open schemes, and 47 benefit options with beneficiaries younger than the average in open schemes.

In the restricted schemes market, 73 benefit options had beneficiaries with an average age higher than the 31.69 years for all options in restricted schemes. A total of 55 options had younger beneficiaries.

As expected, options covering older and sicker lives are more likely to incur worse net healthcare results than the rest of the industry.

ACCUMULATED FUNDS AND SOLVENCY

RESERVES OF MEDICAL SCHEMES

The reserves of medical schemes serve to protect member's interests and to guarantee the continued operation of schemes. They also serve as a buffer against unforeseen, large-scale health events such as the COVID-19 pandemic.

Schemes provided various financial relief measures to members during the COVID-19 pandemic, such as utilising personal medical savings accounts to offset contributions, the relaxation of credit policies, contribution holidays and lower future contribution increases.

REGULATION 29 RESERVES

Figure 50 below shows that all medical schemes incurred a surplus of R2.57 billion compared with R12.19 billion in 2021, representing a decrease of 78.89%.

The net assets in terms of Regulation 29 of the Medical Schemes Act increased by 3.84% from R105.71 billion in 2021 to a reported R109.76 billion in 2022.

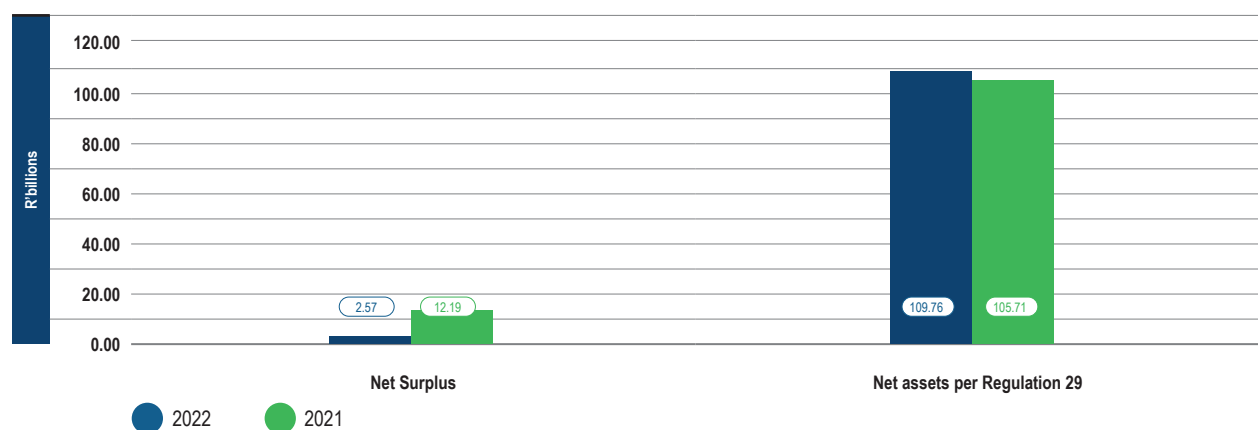


Figure 50: Net surplus and net assets per Regulation 29

SOLVENCY

The 2022 industry solvency ratio of 47.21% exceeds the minimum required Regulation 29 ratio of 25% (2021: 46.73%).

The solvency ratio of open schemes decreased by 4.31% to 38.00% in 2022 (2021: 39.71%). Restricted schemes experienced an increase of 6.11% in their solvency ratio, 56.53% from 56.10% in 2021.

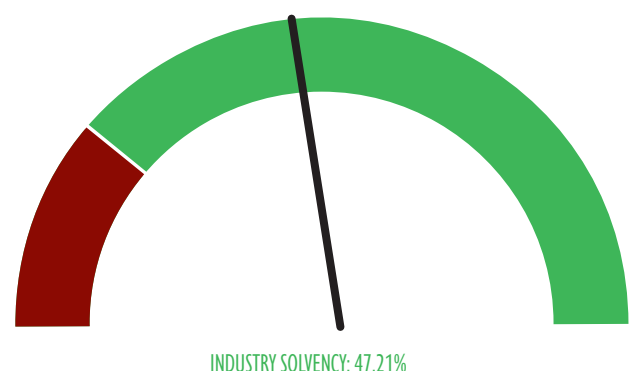


Figure 51: Industry solvency of 47.21%

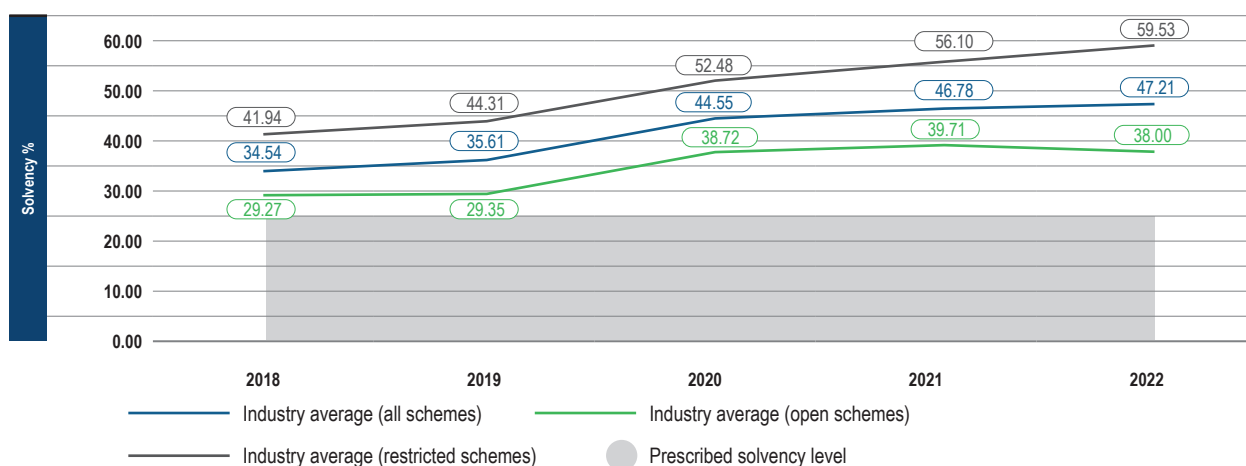


Figure 52: Net healthcare results 2018 - 2022

The 2020 solvency levels increased significantly in both industries due to the higher net surpluses incurred as a result of the decreased utilisation of benefits brought on by the various lockdowns. Although the industry saw a significant decline in net healthcare results in 2022, from a R820.52 million surplus to a R6.16 billion deficit, overall solvency levels increased due to investment income (refer to page 59).

RESERVE BUILDING

Table 51: Risk claims, non-healthcare expenditure and reserve-building as a percentage of contributions (2018 - 2022)

	Risk claims	Non-healthcare expenditure	Reserve-building
	% of RCI	% of RCI	% of RCI
2018	90.23	9.08	0.70
2019	90.58	8.87	0.55
2020	81.38	8.61	10.01
2021	90.94	8.66	0.40
2022	93.96	8.96	-2.92

RCI = Risk Contribution Income

Table 51 above illustrates the relationship between risk claims, non-healthcare expenditure and reserve building. Risk claims have a greater impact on reserve building than non-healthcare expenditure: during periods of high claims the industry experienced a reduction in reserves, while in periods with lower claims the reserves increased.

Refer to page 29 for more detailed analysis on the trend experienced.

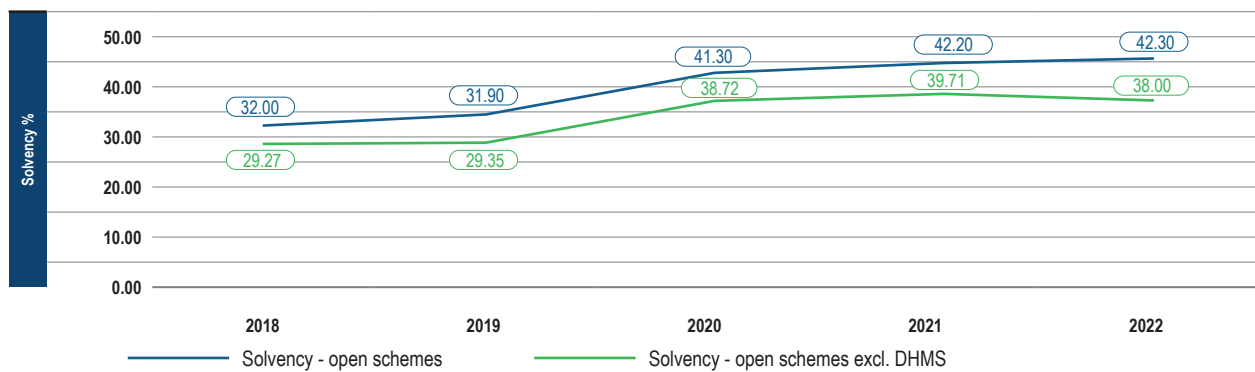


Figure 53: Open scheme industry solvency ratios excluding DHMS

The solvency of the open scheme industry is positively correlated to the movement in the solvency of the biggest medical scheme: Discovery Health Medical Scheme. The scheme's solvency decreased from 38.01% in 2021 to 35.11% in 2022; similarly, a decrease was noted in the industry average.

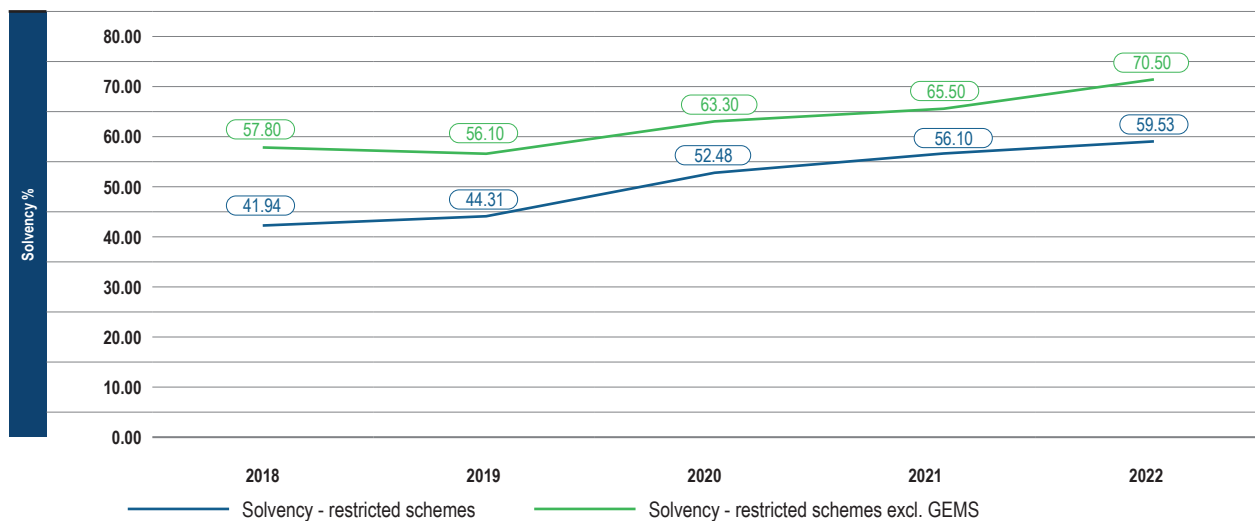


Figure 54: Restricted scheme industry solvency ratios excluding GEMS

The solvency of the restricted scheme industry is positively correlated to the movement in the solvency of the biggest medical scheme, GEMS. The scheme's solvency increased from 46.44% in 2021 to 48.34% in 2022; similarly, an increase was noted in the industry average.

BENEFICIARIES OF SCHEMES WHICH FAILED TO REACH 25% SOLVENCY

Table 52 and Figure 55 show both the number of medical schemes that have yet to attain the prescribed solvency ratio of 25% and the number of beneficiaries in those schemes.

Table 52: Prescribed solvency and number of beneficiaries 2018 - 2022

Year	Number of open schemes		Number of restricted schemes	
	Below prescribed level	Above prescribed level	Below prescribed level	Above prescribed level
2018	4	17	3	55
2019	3	15	1	57
2020	2	16	1	56
2021	1	16	1	55
2022	-	16	1	54

Year	Number of beneficiaries in open schemes		Number of beneficiaries in restricted schemes	
	Below prescribed level		Below prescribed level	
	At end	%	At end	%
2018	365 535	7.36	4 604 086	48.16
2019	786 919	15.94	34 703	0.86
2020	52 056	1.08	30 211	0.74
2021	28 255	0.58	25 905	0.63
2022	-	-	22 793	0.55

OPEN SCHEMES

A total of 0.58% of beneficiaries in open schemes was covered by the one open scheme which failed to meet the prescribed solvency level in 2021. The remaining beneficiaries belonged to the other 16 open schemes which had attained the prescribed solvency level of 25%. Health Squared Medical Scheme was placed under provisional curatorship on 8 September 2022, and subsequently liquidated on 17 February 2023. The scheme did not submit any data for the 2022 year.

RESTRICTED SCHEMES

GEMS was registered in 2006 and was able to meet 25% during 2019, which resulted in a significant decrease in the number of beneficiaries in schemes below the prescribed minimum solvency level: from 48.16% of the restricted scheme membership in 2018, to only 0.86% in 2019.

Of the 55 restricted schemes at the end of 2022, only one had a solvency ratio below 25%. Transmed Medical Fund accounted for only 0.55% of all beneficiaries in restricted schemes.

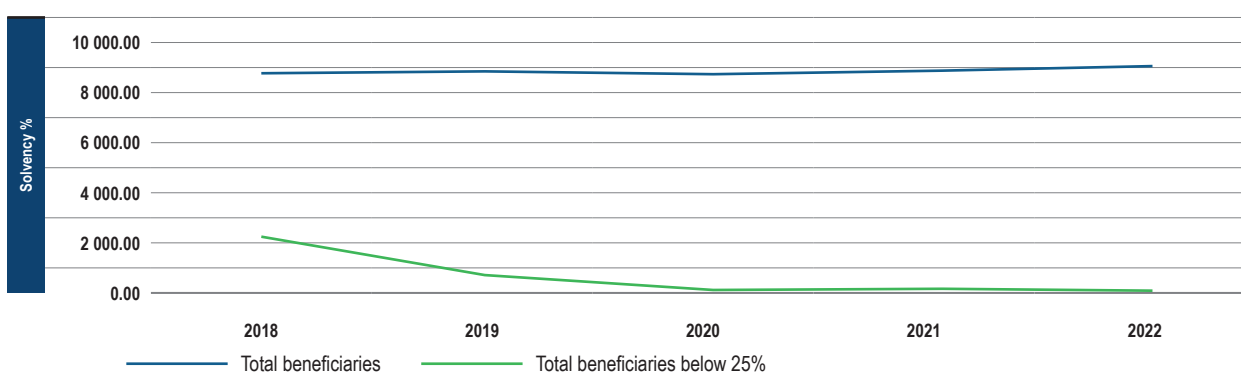


Figure 55: Beneficiaries in schemes with solvency below 25% (2018 – 2022)

Table 53 provides a summary of performance of schemes that were below the required statutory minimum solvency of 25% as of 31 December 2022.

The CMS closely monitors schemes below the 25% solvency ratio by having regular meetings with them to assess their performance against their business plans.

Table 53: Summary of performance of schemes below 25% solvency in 2021 and 2022

Ref. no.	Name of medical scheme	Average beneficiaries	Average age pb	Pensioner ratio	Net claims ratio		Net healthcare result		Solvency ratio	
		2022	2022	2022	2022	2021	2022	2021	2022	2021
		2022	years	%	%	%	R'000	R'000	%	%
1582	Transmed Medical Fund	24 117	57.28	49.44	94.53	99.62	(22 853)	(53 772)	17.96	19.72

pb = per beneficiary

Health Squared Medical Scheme was placed under provisional curatorship on 8 September 2022, and subsequently liquidated on 17 February 2023. The scheme did not submit any data for the 2022 year and was subsequently excluded from the table above.

Transmed Medical Fund has a worse demographic profile than the industry averages (restricted schemes industry average age of 31.69 years, pensioner ratio of 6.90%).

Schemes with higher demographic profiles are at particular risk of the so-called “death spiral”, where adjustments to price appropriately for the profile of its members might result in the unaffordability of contributions and the subsequent loss of its younger members, therefore exacerbating the effect.

The employer group provides specific funding for the scheme’s Guardian option, which had a pensioner ratio of 94.36% and a claims ratio of 102.30% at the end of 2022. The remainder of the options broke even or incurred net healthcare surpluses in 2022.

More information as to the results of this scheme is available in Annexure G.

LIQUIDITY RATIOS

The principle of matching assets with liabilities is particularly important in the context of sufficient liquidity to cover liabilities as and when they arise. The scheme’s outstanding claims liability is a provision based intrinsically on the provision of Regulation 6(1) of the Medical Schemes Act, No. 131 of 1998, in which all accounts must be submitted within four months. Section 59(2) requires all claims be settled within 30 days of being received. Medical scheme liabilities are accordingly short-term in nature.

The liquidity of medical schemes is further assured by the minimum requirement imposed by Explanatory Note 2 of Annexure B – where 20% of a scheme’s Regulation 30 reserves the need to be invested in cash and cash equivalents. The norm for current assets to current liabilities is 1:1. A current ratio of between 1.5 and 3 is considered to be healthy.

The norm for total assets to total liabilities is 2:1.

The current-assets-to-current-liabilities ratio in open schemes was 1.68:1 in 2022 (1.75: 1 in 2021).

The total-asset-to-total-liability ratios for open schemes in 2022 was 3.92:1 (2021: 4.01: 1).

Both these ratios are indicative of the industry being financially sound.

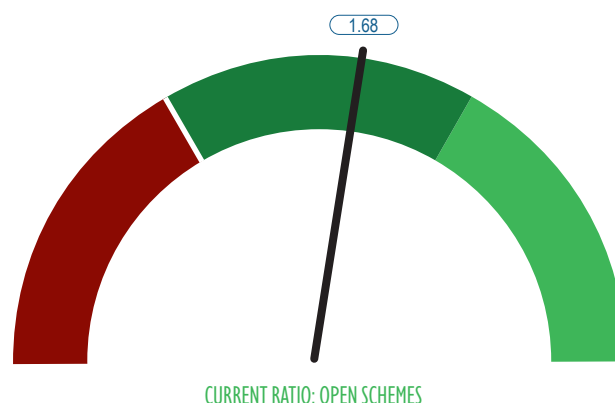


Figure 56: Current ratio: open schemes - 2022

The current-assets-to-current-liabilities ratio in restricted schemes was 3.02:1 in 2022 (3.39: 1 in 2021).

The total-asset-to-total-liability ratios for restricted schemes in 2022 was 6.18:1 (2021: 6.27: 1).

Both these ratios are indicative of the industry being financially sound.

The financial soundness of a medical scheme is also measured by its ability to pay claims from cash and cash equivalents.

Figure 58 depicts the claims-paying ability of schemes measured in months of cover, which is the number of months for which the scheme can pay claims from its existing cash and cash equivalents.

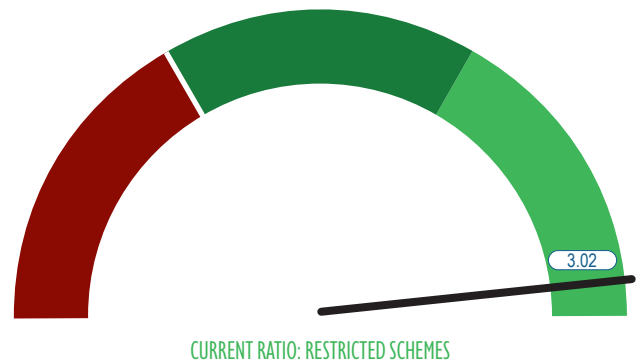


Figure 57: Current ratio: restricted schemes - 2022

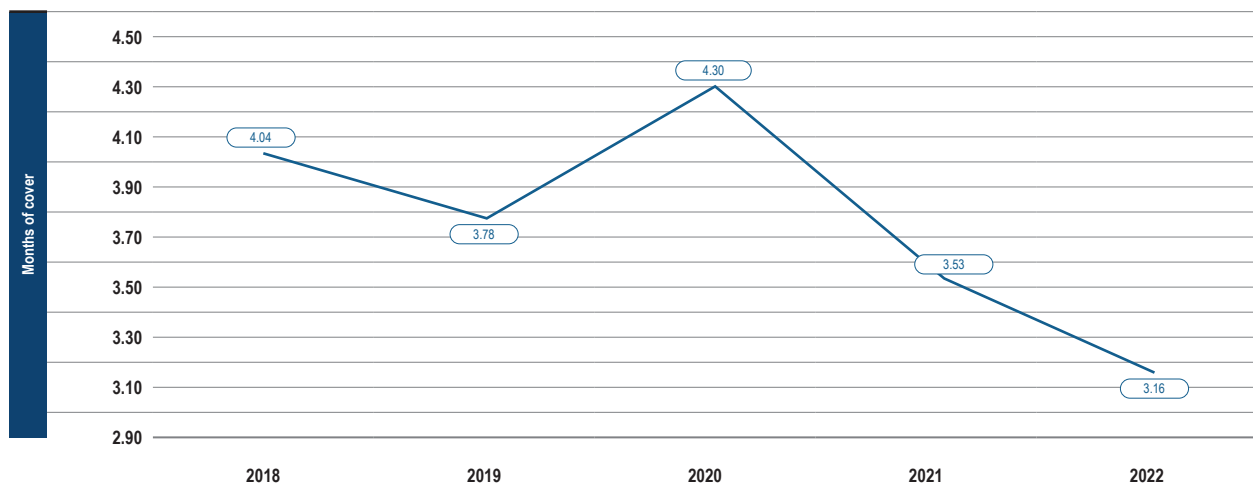


Figure 58: Average gross claims covered by cash and cash equivalents (2018 - 2022)

The length of cash coverage decreased from 3.53 months in December 2021 to 3.16 months in December 2022.

Payment cycles of medical schemes in 2022 were an average of 12.66 days compared with the 11.88 days in 2021.

INVESTMENTS

Figures 59 and 60 provide information on the detailed breakdown of the investments of medical schemes as at the end of 2022 (investments in policies of insurance were broken down into its underlying assets).

Only 7.43% of open scheme investments were in policies of insurances (2021: 6.72%). 10.58% of the restricted scheme industry assets were invested in policies of insurance (2021: 10.09%).

Medical schemes had investable assets* to the value of R136.79 billion. 96.21% of these assets are invested in local assets, whilst 3.80% is invested in foreign assets (2021: 96.20% in local assets; 3.80% in foreign assets).

**Investable assets comprise total assets excluding trade and other receivables, personal medical savings account trust investments, International Framework of Reporting Standards (IFRS) 16 right of use assets, intangible assets and encumbered assets.*

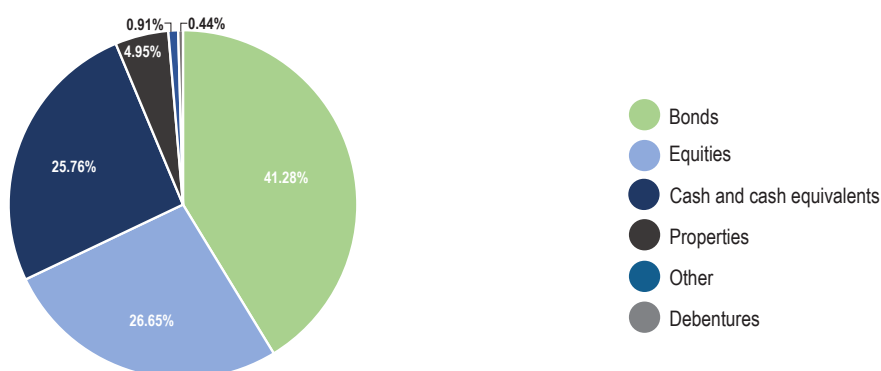


Figure 59: Open scheme industry – investment breakdown (2022)

Open schemes invested assets to the value of R66.06 billion (2021: R68.10 billion). 95.72% of these assets are invested in local assets, whilst 4.29% is invested in foreign assets (2021: 95.70% in local assets; 4.32% in foreign assets).

The majority of the investments in open schemes were in category 2 assets (bonds) – 41.28% (2021: 46.26%), followed by category 1 assets (cash and cash equivalents) – 25.76% (2021: 25.16%) and category 4 assets (equities) – 25.65% (2021: 22.28%). 4.95% of assets were invested in category 3 (property) (2021: 5.53%).

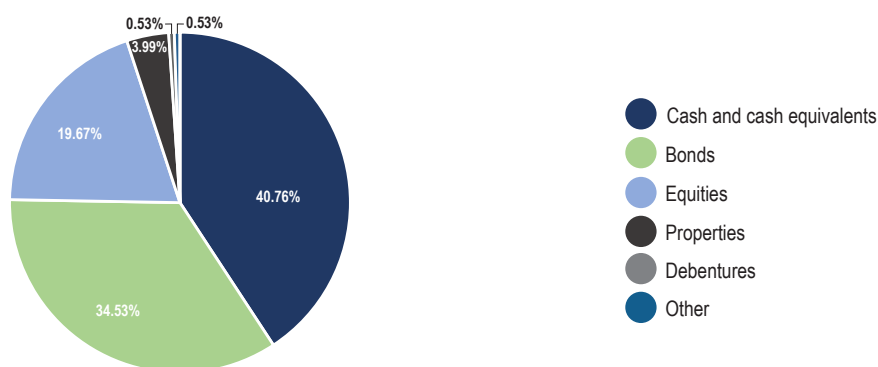


Figure 60: Restricted scheme industry – investment breakdown (2022)

Restricted schemes invested assets to the value of R70.74 billion (2021: R66.52 billion). The majority of these assets (96.66%) are invested in local assets, whilst 3.34% is invested in foreign assets (2021: 96.72% in local assets; 3.28% in foreign assets).

Restricted schemes held a large proportion of their investments (40.76%) in cash or cash equivalents (2021: 45.91%). Their bonds accounted for 34.53% (2021: 32.25%) and equities for 19.67% (2021: 17.49%). 3.99% of these assets were invested in category 3 (property) (2021: 3.51%).

The following tables list the asset distribution of the ten largest schemes by asset base per asset category listed under Annexure B of the Regulations, as well split by local and foreign, and investment income:

Table 54: Asset distribution of the ten largest schemes by asset base 2022

Ref. no.	Name of medical scheme	Average beneficiaries	Total investable assets R'millions	Category**						
				1	2	3	4	5	6*	7
				%	%	%	%	%	%	%
1125	Discovery Health Medical Scheme	2 788 312	36 846.21	23.32	46.19	5.37	23.51	0.66	3.83	0.95
1598	Government Employees Medical Scheme (GEMS)	2 083 603	28 324.98	41.07	36.99	5.64	15.20	0.74	0.00	0.35
1512	Bonitas Medical Fund	729 904	10 622.10	23.28	32.95	6.48	36.89	0.33	4.13	0.07
1580	South African Police Service Medical Scheme (POLMED)	491 509	9 458.42	26.55	45.69	4.50	22.04	0.60	0.00	0.62
1279	Bankmed	216 678	4 468.92	26.17	37.15	3.61	29.11	1.40	14.17	2.55
1252	Bestmed Medical Scheme	228 968	3 621.50	27.21	40.90	4.43	24.22	0.00	26.61	3.24
1012	Anglo Medical Scheme	17 709	3 581.59	21.96	38.81	0.83	37.02	0.00	16.77	1.38
1145	LA-Health Medical Scheme	240 457	3 039.91	99.63	0.24	0.13	0.00	0.00	0.00	0.00
1140	Medshield Medical Scheme	145 710	2 992.94	23.89	41.16	2.48	31.84	0.00	22.30	0.70
1167	Momentum Medical Scheme	296 119	2 764.81	12.14	54.32	3.53	30.05	0.00	0.00	-0.04

*Category 6 investments' underlying assets were also included in the relevant categories.

** Categories are referred to in Annexure B of the Act, read in conjunction with Regulation 30.

The primary obligation of a medical scheme is to ensure that it has sufficient assets to pay benefits to its members when those benefits fall due. The management of its assets must therefore be structured to cope with the demands, nature, and timing of its expected liabilities.

The liabilities of a medical scheme are short-term, and from the Table 54 it can be observed that majority of the allocation are in liquid investments.

An important risk management strategy is the diversification of investments. The schemes listed above (except for LA-Health Medical Scheme) have increased allocations towards equity and property investments, which are generally considered to be longer term investments.

Table 55: Local and foreign asset distribution of largest 10 schemes by asset base: 2022

Ref. no.	Name of medical scheme	Average beneficiaries	Total investable assets	Local*	Foreign*
			R'millions	%	%
1125	Discovery Health Medical Scheme	2 788 312	36 846.21	94.19	5.81
1598	Government Employees Medical Scheme (GEMS)	2 083 603	28 324.98	96.33	3.67
1512	Bonitas Medical Fund	729 904	10 622.10	99.94	0.06
1580	South African Police Service Medical Scheme (POLMED)	491 509	9 458.42	99.82	0.18
1279	Bankmed	216 678	4 468.92	95.92	4.08
1252	Bestmed Medical Scheme	228 968	3 621.50	96.38	3.62

Table 55: Local and foreign asset distribution of largest 10 schemes by asset base: 2022 (continued)

Ref. no.	Name of medical scheme	Average beneficiaries	Total investable assets	Local*	Foreign*
			R'millions	%	%
1012	Anglo Medical Scheme	17 709	3 581.59	87.81	12.19
1145	LA-Health Medical Scheme	240 457	3 039.91	100.00	0.00
1140	Medshield Medical Scheme	145 710	2 992.94	93.41	6.65
1167	Momentum Medical Scheme	296 119	2 764.81	89.58	10.42

* The definitions of local and foreign assets refer to investments made within the Republic and outside the Republic as referred to in Annexure B of the Act, read in conjunction with Regulation 30.

Larger medical schemes also seek to diversify their investments by increasing their foreign exposure.

The following table illustrates the total net investment income of the industry split between open and restricted scheme:

Table 56: Asset base and investment income: 2021 and 2022

	Total investable assets			Net investment income*			Net investment income as % of total investable assets		
	2022		% growth	2022		% growth	2022		% growth
	R'millions	R'millions		R'millions	R'millions		R'millions	R'millions	
Open schemes	66 056.42	68 096.08	-3.00	3 936.36	6 311.65	-37.63	5.96	9.27	-35.71
Restricted schemes	70 735.70	66 514.51	6.35	4 028.50	5 227.64	-22.94	5.70	7.86	-27.48
All schemes	136 792.12	134 610.59	1.62	7 964.86	11 539.29	-30.98	5.82	8.57	-32.09

*Net investment income represents investment income after considering asset management fees.

As mentioned in paragraph Net healthcare results and Net results the financial markets experienced a sharp and severe drop in most asset classes during 2022, whereafter it seemed to recover again. The JSE All-Share Index contracted marginally with 0.90% during the 2022 year (compared to the 24.07% growth of 2021).

ACCREDITED ADMINISTRATORS

MARKET SHARE

Figure 61 shows the market share of medical scheme administrators and self-administered medical schemes based on the average number of beneficiaries administered at the end of 2022².

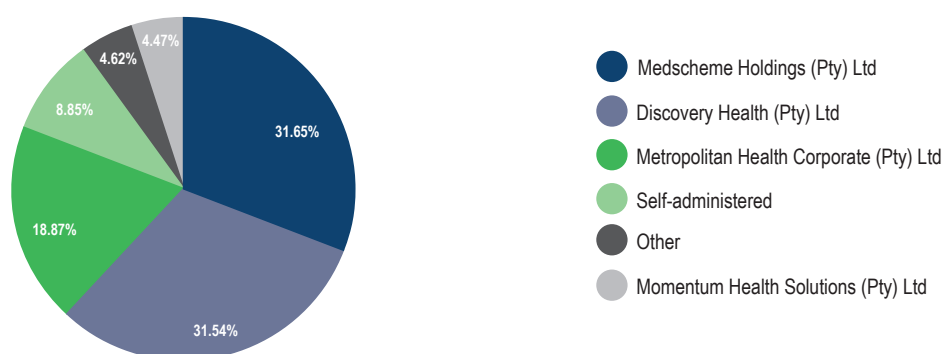


Figure 61: Administrator market share at the end of 2022

2 The data that is presented here differs from Annexure T which is based on the average membership administered during the year.

Four third-party administrators continued to dominate the market in 2022, namely (in order of market share):

- Medscheme Holdings (Pty) Ltd;
- Discovery Health (Pty) Ltd;
- Metropolitan Health Corporate (Pty) Ltd; and
- Momentum Health Solutions (Pty) Ltd.

Collectively these companies administer 86.53% of the market (excluding self-administered medical schemes).

The Government Employees Medical Scheme (GEMS) had a joint administration contract in place since 2012. Medscheme Holdings (Pty) Ltd was responsible for its contribution and debt management as well as correspondence services, and Metropolitan Health Corporate (Pty) Ltd was responsible for member and claims management services as well as the provision of financial and operational information. The membership was included for both administrators.

Figure 62 depicts the changes in market share of all medical schemes over the last 5 years, based on the average number of beneficiaries administered by the various parties at the end of each year.

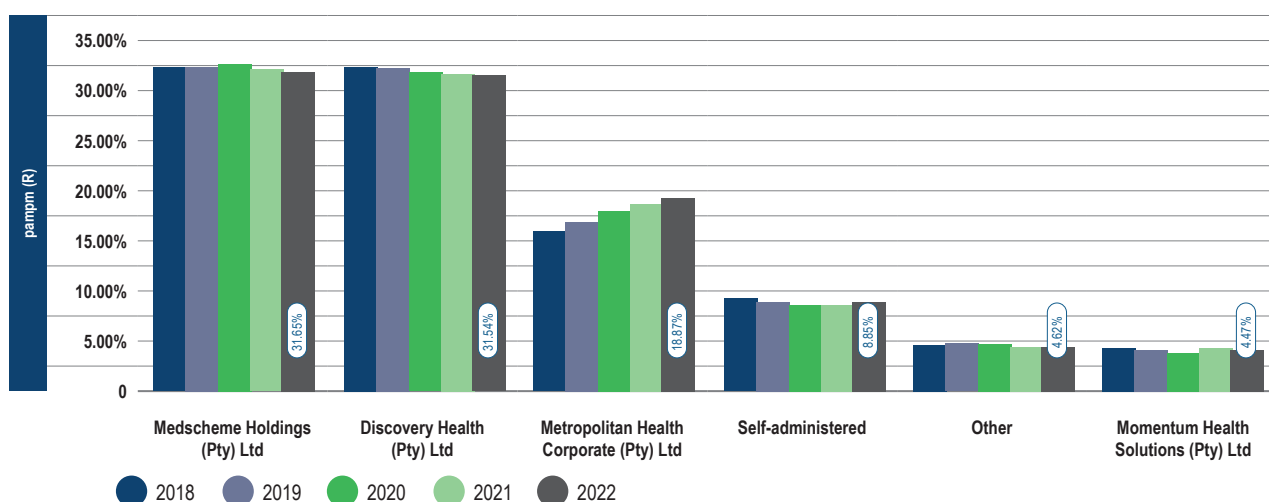


Figure 62: Market share of largest administrators based on average number of beneficiaries – trend*

* The membership is based on the medical schemes administered at the end of the period and was not adjusted to reflect changes in administrators during the year (as per Annexure T).

The market share of the four third-party administrators seems to be stable.

Figure 63 indicates the market share for open schemes. Marginal changes based on membership changes within the individual schemes were observed over the last five years for open medical schemes.

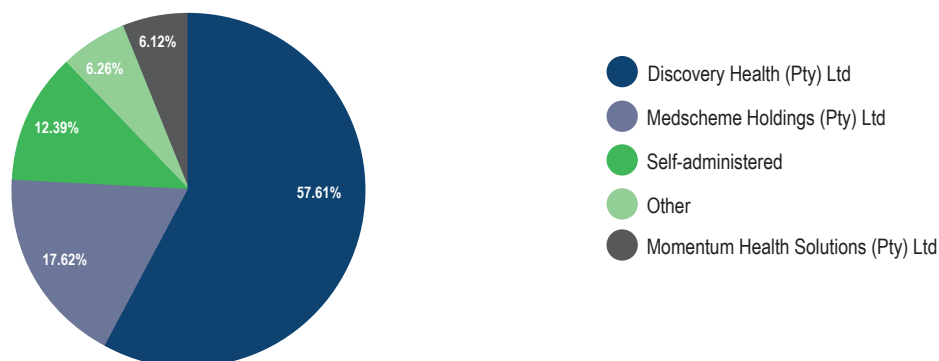


Figure 63: Administrator market share at the end of 2022: Open schemes

* The membership is based on the medical schemes administered at the end of the period and was not adjusted to reflect changes in administrators during the year (as per Annexure T).

Discovery Health (Pty) Ltd has the larger market share (57.61%) in the open schemes environment, followed by Medscheme Holdings (Pty) Ltd with a market share of 17.62%.

Figure 64 indicates the changes in administrator market share over the last five years for restricted medical schemes.

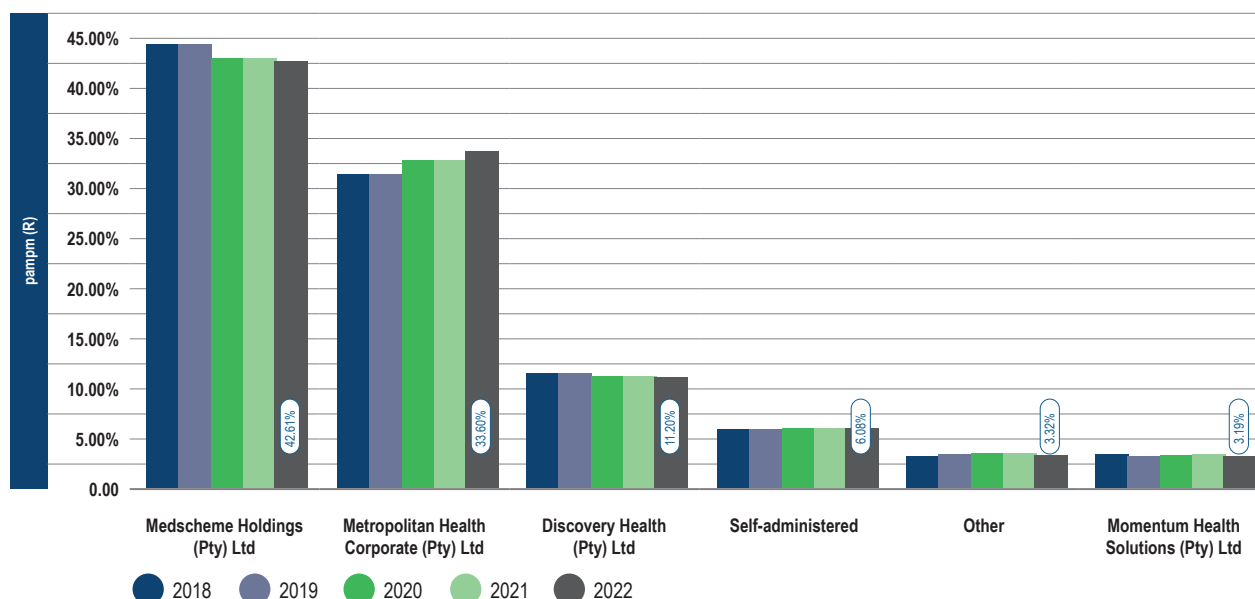


Figure 64: Restricted schemes market share of largest administrators based on average number of beneficiaries - trend*

* The membership is based on the medical schemes administered at the end of the period and was not adjusted to reflect changes in administrators during the year (as per Annexure T).

Medscheme Holdings (Pty) Ltd has the biggest share in the restricted schemes administration market at 42.61% (2018: 44.21%). Medscheme Holdings (Pty) Ltd has been responsible for GEMS's contribution and debt management as well as correspondence services since 1 January 2012.

Metropolitan Health Corporate (Pty) Ltd has the second largest share of the restricted schemes market at 33.60% (2018: 31.64%) This administrator had seen a significant increase in market share with the registration of GEMS, which had subsequently been shared with Medscheme Holdings (Pty) Ltd as a co-administrator.

On average, between one to two schemes change between administrators per annum:

- Engen Medical Benefit Fund changed its administrator from Momentum Health Solutions (Pty) Ltd to Discovery Health (Pty) Ltd on 1 July 2018.
- Old Mutual Staff Medical Aid Fund changed its administrator from Medscheme Holdings (Pty) Ltd to Universal Healthcare Administrators (Pty) Ltd on 1 July 2019. (The change to Universal Healthcare Administrators (Pty) Ltd was phased from 1 July 2018).
- Alliance-Midmed Medical Scheme became self-administered on 1 January 2020. (The scheme was previously administered by Private Health Administrators (Pty) Ltd).
- Medipos Medical Scheme changed its administrator from Momentum Health Solutions (Pty) Ltd to Medscheme Holdings (Pty) Ltd on 1 January 2020, and was sub-contracted to Private Health Administrators (Pty) Ltd (a fellow subsidiary) from the same date.
- Sasolmed changed its administrator from Medscheme Holdings (Pty) Ltd to Momentum Health Solutions (Pty) Ltd on 1 January 2021.
- Chartered Accountants (SA) Medical Aid Fund (CAMAF) became self-administered on 1 February 2019. (The scheme was previously administered by Sanlam Health Administrators (Pty) Ltd).

FEES RECEIVED IN RESPECT OF ACCREDITED ADMINISTRATION SERVICES AND OTHER ADMINISTRATION SERVICES

Circular 77 of 2019 (with effective date 1 January 2021) was issued to standardise the contracting and reporting of accredited administration services and other administration services; thereby ensuring transparency which would allow for more efficient monitoring and comparability across the industry of the individual services contracted.

Accredited administrators received R10.04 billion in fees for accredited administration services, and R1.26 billion for other administration services.

Figure 65 illustrates the split of the total fees received by the administrators in respect of accredited administration services and other administration services.



Figure 65: Split of total composite administration fees received (2022)

*In respect of accredited administration services and other administration services.

The majority of the fees received by accredited administrators related to the provision of accredited administration services (88.88%), with the remainder (11.11%) relating to the provision of other administration services such as forensic investigations and recoveries, governance and compliance services, internal audit services and marketing expenditure.

Tables 58 and 59, as well as Table 60 on page 78, depict the breakdown of the fees paid in respect of accredited administration services as well as other administration services per industry, respectively.

Figure 66 provides a breakdown of the composite fee received from the provision of both accredited administration services as well as other administration services.



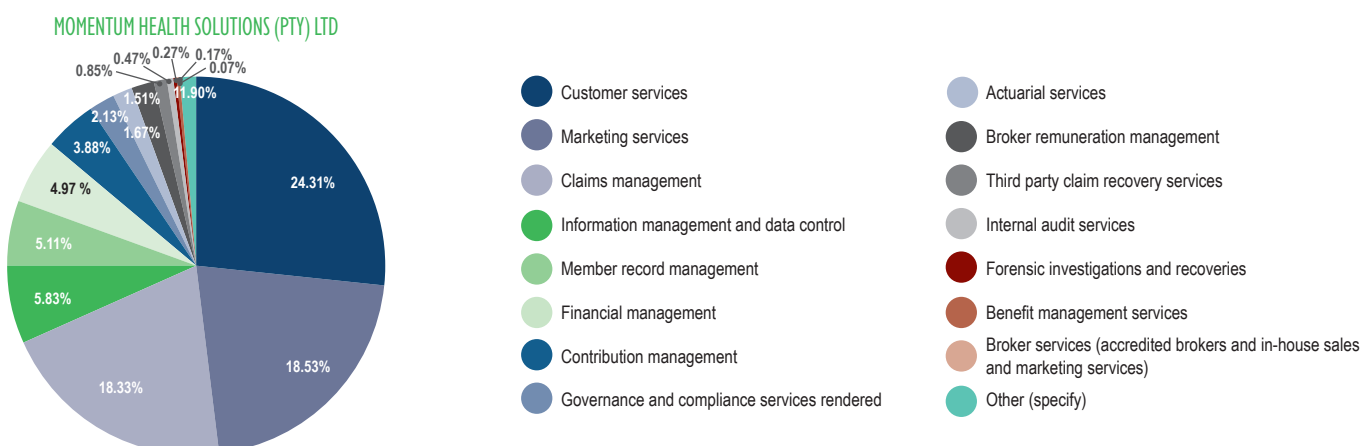
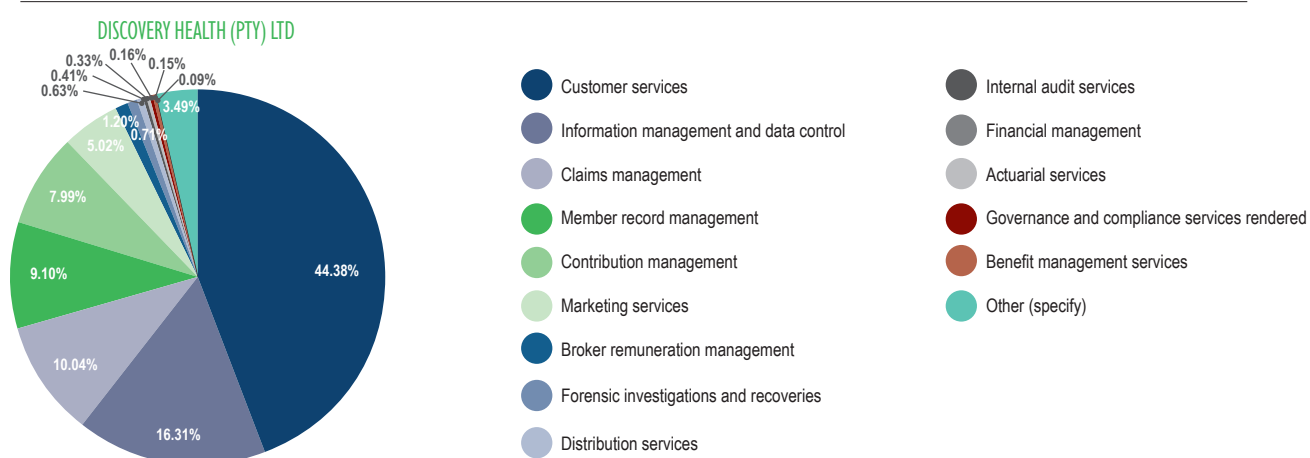
Figure 66: Split of total composite administration fees received (2022)

The majority of the composite fees received related to the provision of accredited administration services: customer services (39.55%), followed by information management and data control (14.36%) and claims management (14.90%).

Marketing services constituted the largest component from the other administration services provided, at 4.61% of the total composite fee received.

For the breakdown of the various services provided by each administrator, reference can be made to Annexure T.

Figures 67 – 70 depicts the breakdown of the composite fees received for each of the largest four accredited administrators.



Figures 67 - 70: Breakdown of total composite administration fees received per administrator (2022)

The majority of the fees paid to both Medscheme Holdings (Pty) Ltd and Discovery Health (Pty) Ltd related to the accredited administration services component of their product offering (i.e. in excess of 88%). Customer services represented the biggest component at 29.40% and 44.38% for the two administrators respectively, followed by claims management, contribution management, information management and data control and member record management (albeit not following the same sequence for the two administrators).

It should be noted that the GEMS joint administration contract skews the proportion of services provided in relation to Medscheme Holdings (Pty) Ltd's contribution management and member record management.

Metropolitan Health Corporate (Pty) Ltd only provides accredited administration services to its medical scheme client, GEMS. As noted above, due the GEMS joint administration contract in place, no contribution management services are provided. The main components are therefore customer services (42.99%) and claims management (34.26%).

Momentum Health Solutions (Pty) Ltd's other administration services fee represents a greater component of its composite administration fee received (36.06%) than what was observed in respect of the other accredited administrators. Marketing services represented the highest component of these other services (at 18.53% of the total composite fee received). Information management and data control represented a lesser component of its accredited administration services offering than what was noted in the other three accredited administrators (5.83% compared to the other administrators between 10% - 16%).

Table 66 lists the administrators whose total composite administration fees received (including co-administration fees) in respect of administration and other services exceeds the industry average of R261.90 pampm. It is important to note that the composite administration fee includes such other services such as forensic investigations and recoveries, governance and compliance services, internal audit services and marketing expenditure (where applicable). It is therefore not directly comparable with administrators who do not provide these services. For the breakdown of the various services provided by each administrator, reference can be made to Annexure T.

Table 57: Administrators with total composite administration fees received (including co-administration fees) in respect of accredited administration and other administration services higher than the average for all administrators of R261.90 pampm

Administrator	No. of medical schemes	Average members	Average beneficiaries	Market share	Total composite administration fees received (including co-administration fees) in respect of accredited administration and other administration services
				%	pampm
Discovery Health (Pty) Ltd	18	1 673 843	3 482 552	31.54	344.81
Momentum Health Solutions (Pty) Ltd	11	248 105	493 666	4.47	292.01
Professional Provident Society Healthcare Administrators (Pty) Ltd	2	70 963	147 750	1.34	275.61

pampm = per average member per month

Tables 67 and 68 indicates the administrator market share based on the average number of beneficiaries to whom services are being delivered by third-party administrators and medical schemes under self-administration. The tables also show the average cost of administration. Gross administration costs are costs charged to both risk pools and savings accounts. (Details per individual administrator are outlined in Annexure T.)

Table 58: Administrator market share 2022: open schemes

Name of administrator	No. of schemes	Beneficiaries	Gross administration expenditure		Total composite administration fees received (including co-administration fees) in respect of accredited administration and other administration services		Gross contributions	Risk claims ratio
		Market share %	pabpm R	As % of GCI	pabpm R	As % of GCI	pabpm R	%
3Sixty Health (Pty) Ltd	1	3.15	225.81	9.97	91.17	4.03	2 264.89	99.02
Discovery Health (Pty) Ltd	1	57.61	185.87	7.82	179.83	7.56	2 377.27	92.90
Medscheme Holdings (Pty) Ltd	2	17.62	168.25	7.34	124.94	5.45	2 292.82	91.36
Momentum Health Solutions (Pty) Ltd	1	6.12	195.56	12.34	109.05	11.91	1 584.19	91.82
Momentum Thebe Ya Bophelo (Pty) Ltd	3	0.83	118.98	8.40	83.54	5.90	1 416.33	91.04
Professional Provident Society Healthcare Administrators (Pty) Ltd	1	1.51	236.61	8.69	118.48	4.35	2 721.39	95.70
Self-Administered	5	12.39	167.62	7.39	-	-	2 268.28	94.74
Universal Healthcare Administrators (Pty) Ltd	2	0.77	209.72	9.82	165.92	7.77	2 135.97	101.10
Average	16	100.00	182.75	7.97	143.79	6.27	2 292.19	93.11

pabpm = per average beneficiary per month

GCI = Gross Contribution Income

Table 59: Administrator market share 2022: restricted schemes

Name of administrator	No. of schemes	Beneficiaries	Gross administration expenditure		Total composite administration fees received (including co-administration fees) in respect of accredited administration and other administration services		Gross contributions	Risk claims ratio
		Market share %	pabpm R	As % of GCI	pabpm R	As % of GCI	pabpm R	%
Discovery Health (Pty) Ltd	17	11.20	126.26	5.98	109.09	5.17	2 111.68	93.54
Discovery Administration Services (Pty) Ltd	1	0.19	150.38	5.67	117.53	4.43	2 653.82	98.86
Medscheme Holdings (Pty) Ltd**	9	42.61	20.98	1.05	72.03	0.76	2 006.09	94.82
Metropolitan Health Corporate (Pty) Ltd***	1	33.60	92.92	4.71	44.50	2.26	1 971.07	96.45
Momentum Health Solutions (Pty) Ltd	10	3.19	112.74	5.43	83.92	4.04	2 077.07	101.18
Momentum Thebe Ya Bophelo (Pty) Ltd	3	0.87	66.78	4.97	36.59	2.69	1 343.14	93.40
Professional Provident Society Healthcare Administrators (Pty) Ltd	1	1.20	243.97	9.85	146.00	5.90	2 475.66	95.47
Self-Administered	10	6.08	131.74	7.24	0.40	0.02	1 819.30	94.56
Universal Healthcare Administrators (Pty) Ltd	4	1.07	114.55	5.82	86.04	4.37	1 966.98	100.86
Average	56	100.00	106.82	5.31	39.56	2.96	2 011.24	95.01

pabpm = per average beneficiary per month

GCI = Gross Contribution Income

**The GEMS co-administration fee was included in the cash flows under administration; the GEMS average beneficiaries were included.

***The GEMS administration fee was included in the cash flows under administration; the GEMS GCI was included.

Table 60 indicates the total fees paid to the top four administrators in terms of market share for all schemes, as well as the schemes falling under their administration.

Table 60: Total fees paid to the four largest administrators (excluding accredited managed healthcare services) - deviation from average per administrator: 2022

Ref. no.	Name of medical scheme	Name of administrator	Average members	Fee paid in respect of accredited administration services		Fee paid to accredited administrator in respect of other administration services		Average per administrator pampm R	Deviation from average per administrator %
				pampm R	As % of GAE	pampm R	As % of GAE		
1125	Discovery Health Medical Scheme	Discovery Health (Pty) Ltd	1 360 045	331.44	86.98	37.25	9.77	344.81	6.93
1145	LA-Health Medical Scheme		94 697	271.43	74.51	71.99	19.76		-0.40
1571	Anglovaal Group Medical Scheme		2 334	265.17	79.06	25.99	7.75		-15.56
1520	University of Kwa-Zulu Natal Medical Scheme		3 373	259.64	81.35	22.61	7.08		-18.14
1241	Multichoice Medical Aid Scheme		3 506	249.55	79.84	19.18	6.14		-22.06
1578	TFG Medical Aid Scheme		3 141	248.51	74.91	19.10	5.76		-22.39
1572	Engen Medical Benefit Fund		3 133	248.43	77.69	19.02	5.95		-22.44
1579	Tsogo Sun Group Medical Scheme		3 918	231.58	73.69	17.78	5.66		-27.68
1430	Remedi Medical Aid Scheme		20 365	224.29	85.11	19.21	7.29		-29.38
1176	Retail Medical Scheme		13 637	222.52	88.55	17.09	6.80		-30.51
1547	Malcor Medical Scheme		4 441	202.34	68.41	22.55	7.63		-34.78
1209	South African Breweries Medical Aid Scheme (SABMAS)		10 528	201.96	66.86	15.51	5.14		-36.93
1526	BMW Employees Medical Aid Society		3 130	200.56	80.58	21.35	8.58		-35.64
1012	Anglo Medical Scheme		8 672	192.31	56.68	16.32	4.81		-39.49
1253	Glencore Medical Scheme		7 493	175.59	86.04	15.25	7.47		-44.65
1584	Netcare Medical Scheme	Medscheme Holdings (Pty) Ltd	16 296	168.98	83.79	14.45	7.16		-46.80
1279	Bankmed		104 728	158.54	68.62	20.55	8.89		-48.06
1599	Lonmin Medical Scheme		10 406	69.11	79.26	6.80	7.80		-77.98
1202	Fedhealth Medical Scheme		65 217	284.28	63.34	50.72	11.30	103.62	223.30
1441	Parmed Medical Aid Scheme		2 385	245.46	64.98	28.16	7.46		164.06
1507	Barloworld Medical Scheme		4 039	236.09	71.80	24.39	7.42		151.38
1424	SABC Medical Aid Scheme		3 910	217.18	64.65	25.53	7.60		134.23
1512	Bonitas Medical Fund		353 905	215.37	66.73	23.97	7.43		130.98
1039	MBMed Medical Aid Fund		4 399	201.05	67.92	28.26	9.55		121.30
1005	AECI Medical Aid Society		5 464	199.76	64.73	35.70	11.57		127.23
1566	Horizon Medical Scheme		1 395	187.99	60.38	20.37	6.54		101.08
1548	Medipos Medical Scheme		11 016	168.11	64.61	-	-		62.24
1580	South African Police Service Medical Scheme (POLMED)		177 166	111.24	54.47	22.54	11.04		29.11
1598	Government Employees Medical Scheme (GEMS)		787 480	11.96	4.64	-	-		-88.46
1598	Government Employees Medical Scheme (GEMS)	Metropolitan Health Corporate (Pty) Ltd	787 480	117.74	45.67	-	-	117.74	-

Table 60: Total fees paid to the four largest administrators (excluding accredited managed healthcare services) - deviation from average per administrator: 2022 (continued)

Ref. no.	Name of medical scheme	Name of administrator	Average members	Fee paid in respect of accredited administration services		Fee paid to accredited administrator in respect of other administration services		Average per administrator pampm R	Deviation from average per administrator %
				pampm R	As % of GAE	pampm R	As % of GAE		
1186	PG Group Medical Scheme	Momentum Health Solutions (Pty) Ltd	1 320	207.26	65.44	38.26	12.08	292.01	-15.92
1167	Momentum Medical Scheme		156 044	206.94	55.76	151.11	40.72		22.62
1563	Pick n Pay Medical Scheme		6 915	189.27	61.61	50.29	16.37		-17.96
1293	Wooltru Healthcare Fund		9 472	186.73	67.56	35.60	12.88		-23.86
1559	Imperial and Motus Medical Aid		7 166	160.56	50.69	29.84	9.42		-34.80
1582	Transmed Medical Fund		16 142	159.64	59.28	20.27	7.53		-38.39
1270	Golden Arrow Employees' Medical Benefit Fund		2 591	157.63	77.79	24.19	11.94		-37.74
1237	BP Medical Aid Society		1 378	157.47	37.61	23.89	5.71		-37.89
1600	Motohealth Care		15 954	154.61	54.31	65.05	22.85		-24.78
1234	Sasolmed		29 274	126.60	81.53	3.67	2.36		-55.39
1271	Fishing Industry Medical Scheme (Fishmed)		1 849	84.32	51.32	15.59	9.49		-65.79

GAE = Gross Administration Expenditure

pampm = per average member per month

*The GEMS co-administration fee was included. Medscheme Holdings (Pty) Ltd was responsible for contribution and debt management as well as correspondence services, whilst Metropolitan Health Corporate (Pty) Ltd was responsible for member and claims management services as well as the provision of financial and operational information.

FEES RECEIVED IN RESPECT OF ACCREDITED MANAGED HEALTHCARE SERVICES

Accredited administrators received R4.88 billion in respect of accredited managed healthcare services (no transfer of risk) and R768.76 million in relation to accredited managed healthcare services (risk transfer arrangements).

Table 61 shows the market share of administrators including accredited managed healthcare services.

Table 61: Market share of administrators: including accredited managed healthcare services

Name of administrator	No. of schemes	Beneficiaries Market share %	Total composite administration fees received (including co-administration fees) in respect of administration and other services	Net relevant healthcare expenditure incurred	Accredited managed healthcare services (no transfer of risk) received	Accredited managed healthcare services (risk transfer arrangement): capitation fee received	Total fees received
			pabpm R	pabpm R	pabpm R	pabpm R	pabpm R
3Sixty Health (Pty) Ltd	1	1.38	91.17	2 232.22	105.15	-	196.32
Discovery Health (Pty) Ltd	18	31.54	165.73	1 799.66	59.47	27.40	229.25
Discovery Administration Services (Pty) Ltd	1	0.11	117.52	2 204.47	52.10	-	169.62
Medscheme Holdings (Pty) Ltd**	11	31.65	42.00	1 968.20	37.71	-	79.71
Metropolitan Health Corporate (Pty) Ltd	1	18.87	44.50	1 841.00	-	-	44.50
Momentum Health Solutions (Pty) Ltd	11	4.47	146.76	1 635.83	42.95	136.68	290.51
Momentum Thebe Ya Bophelo (Pty) Ltd	6	0.85	56.67	1 211.57	27.42	-	75.94
Professional Provident Society Healthcare Administrators (Pty) Ltd	2	1.34	132.37	2 400.79	57.10	-	189.47
Self-Administered	15	8.85	0.15	1 831.18	29.33	-	15.36
Universal Healthcare Administrators (Pty) Ltd	6	0.94	114.84	1 858.19	49.74	-	160.17
Average	72	100.00	117.59	1 842.54	48.12	72.75	127.86

pabpm = per average beneficiary per month

The above table reflect market share based on the number of beneficiaries administered during the year (i.e. includes mid-year administrator changes)

**Only the GEMS co-administration fee was included in the cash flows under administration; the GEMS average beneficiaries were included.

The fee paid to 3Sixty Health (Pty) Ltd related to active disease management services (26.43%), hospital benefit management services (36.63%), managed care network management services (2.04%) and risk management and pharmacy benefit management services (34.90%). The administrator provided these services on all Sizwe Hosmed Medical Fund's benefit options. More information pertaining the performance of these benefit options can be found in Annexure N. It should however be noted that the scheme also had contracts with three other service providers to provide accredited managed healthcare services (Centre for Diabetes and Endocrinology (Pty) Ltd, Dental Risk Company (Pty) Ltd (DRC) and Enabledmed (Pty) Ltd (on the Copper Essential Plan only); the options' performance should therefore be evaluated bearing this in mind.

Momentum Health Solutions (Pty) Ltd provided the following accredited managed care services (risk transfer arrangements) to schemes: health care services (risk transfer) (66.73%), hospital benefit management services (3.52%), managed care network management services and risk management (27.29%) and other services (2.47%). Discovery Health (Pty) Ltd provided either active disease risk management services or health care services (risk transfer) to schemes under its administration.

Table 62 shows the six administrators who had the highest deviation from the 2022 industry average of R127.86 pabpm in respect of total fees received by administrators. More details on the fees received by each administrator can be found in Annexure T.

Table 62: Total fees paid to administrators (including accredited managed healthcare services) - deviation from industry average: 2022

Name of administrator	Total composite administration fees received (including co-administration fees) in respect of administration and other services	Accredited managed healthcare services (no transfer of risk) received	Accredited managed healthcare services (risk transfer arrangement): capitation fee received	Total fees received
	%	%	%	%
Momentum Health Solutions (Pty) Ltd	24.81	-10.74	87.88	127.21
Discovery Health (Pty) Ltd	40.94	23.59	-62.34	79.30
3Sixty Health (Pty) Ltd	-22.47	118.52	-100.00	53.54
Professional Provident Society Healthcare Administrators (Pty) Ltd	12.57	18.66	-100.00	48.19
Discovery Administration Services (Pty) Ltd	-0.06	8.27	-100.00	32.66
Universal Healthcare Administrators (Pty) Ltd	-2.34	3.37	-100.00	25.27

[illegible]



*Council for Medical Schemes
Private Bag X34
Hatfield 0028*

*Tel: 021 431 0500
Fax 0862 068 260*

*E-mail information@medicalschemes.co.za
www.medicalschemes.co.za*