

MEDI BRIEF

DECEMBER 2017

Chairman's year-end message

2017 seems to have flown by. Once again, it's been a challenging year on many fronts, but I am pleased to say that the Scheme, its management team, our administrators and providers have continued to deliver a highly professional service to our members. We have a strong, extremely capable Board of Trustees, who are unwaveringly committed to serving the best interests of our members and ensuring the sustainability of the Scheme – keeping it well positioned to meet the challenges of our changing industry.

The Scheme has performed in line with the long-term-funding forecasts as members continue to receive generous benefits at reasonable contribution rates. This has not gone unnoticed: members have indicated their satisfaction with both their benefits and the services provided by all our service providers.

November projections indicate that we will end the year slightly under budget, largely as a result of fewer members having been hospitalised. This is good news, as hospitals receive almost half the total benefit payments made. The cost of specialist services continues to significantly outstrip inflation, resulting in high out-of-pocket expenses. We are continuously exploring networks to source additional value to ensure our members' benefits are stretched as far as possible.

The investment markets remain challenging and volatile in these uncertain times. The Scheme's investment returns have not kept pace with our targets, however, the reserves remain robust, currently at 483%.



Looking ahead, 2018 will be a year of challenge and opportunity. The Trustees are always mindful of cost pressures on our members and factor this into their decisions relating to benefits and contributions. 2018 contributions have been increased in line with the market and benefits have been maintained or improved.

The Trustees are pursuing opportunities emerging in the digital environment. We believe we are well placed in the Discovery stable to implement future tools to ultimately offer a more efficient and cost-effective health delivery system.

In closing, I am, as your Chairman, honoured and proud to report that the Anglo Medical Scheme will reach its fiftieth anniversary in 2018. I can confidently say that AMS has grown from strength to strength and is currently a very healthy and attractive medical scheme, with its members at the heart of its business. Very best wishes to you all for a safe, happy holiday period and a healthy 2018.

Colleen Elliott
Chairman

Gap cover insurance

As health care costs increase, members experience higher out-of-pocket expenses. Over the last two years, 68% of surveyed AMS members reported that they had significant out-of-pocket expenses for in-hospital events and 64% experienced shortfalls for out-of-hospital services.

The insurance market has reacted to member needs and developed short-term insurance products to help fund their shortfalls, known as 'gap cover'. These products are not medical schemes or medical scheme alternatives. Gap cover products are

regulated in terms of either the Short-term or Long-term Insurance Acts. Unlike medical schemes, which are regulated under the Medical Schemes Act, insurance companies are for profit, have shareholders and are allowed to apply underwriting rules.

The most common gap products are medical expense shortfall policies (gap cover plans), which cover the shortfall between scheme benefits and the rates charged by providers.

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Non-medical-expense-cover policies (hospital cash plans) pay out a stated benefit upon hospitalisation – usually a set daily amount. This amount is not related to the actual cost of any medical service and aims to cover incidental costs such as loss of income or any shortfall that may be experienced.

Up until 1 April 2017, primary healthcare insurance policies were offered providing limited medical service benefits. The laws published last year now require all new policies to comply with the Medical Schemes Act and by April 2018 non-compliant policies will be discontinued.

How does it work?

AMS pays providers 100% of the Scheme Reimbursement Rate (SRR) if you are a Standard Care Plan member. Members on Managed Care Plan have a Top-Up rate of up to 230% for certain in-hospital services (previously called GAP, but now called 'Top-Up rate' to avoid confusion with the insurance products). Your health care provider may charge a rate that satisfies his or her business needs, sometimes as high as 500% or more than the SRR, leaving you with out-of-pocket expenses.

Gap cover products also have limits

Gap cover products usually cover the shortfall up to 200% or 500% of your SRR depending on the product. It might reduce your out-of-pocket expense, but can't guarantee that you will never have a shortfall. Additionally, since the new laws gap cover policies are now limited to pay out a maximum of only R150 000 per client per year. Gap products do not usually pay for costs that you would expect

like medication, home nursing, out-of-hospital dental treatments, and routine medical examinations.



What do other AMS members experience?

Our surveyed members indicated that they paid from R150 up to R2 700 per family per month for gap cover. 43% had not yet used their gap cover, while 83% of those who did found it valuable. About 25% of the surveyed members indicated that they had gap cover, whereas 58% of members would not consider buying it because they didn't think it was necessary (benefits were considered to be adequate or members considered themselves healthy enough) or because it was unaffordable.

Read the fine print before deciding

There are many aspects to gap insurance products. We recommend you understand your Scheme benefits first, then read the gap product's fine print very carefully and seek advice from a financial advisor.

While the Scheme is continuously evaluating new cost-saving measures to protect and benefit members, you can take your own measures to avoid co-payments. Always negotiate with your health care provider, get advice from the Call Centre when receiving quotations, use generic medicine and use network health care providers where available.

Do you know your Trustees?

This month we would like to introduce you to Campbell Mckie Thomson and Gavin Preston. The full list of Trustees is available on www.angloms.co.za > My Scheme > People behind the Scheme.



Campbell Mckie Thomson **Member elected, Gauteng**

B.Com at UCT
Campbell was Haggie's Group Company Secretary and a member of the Haggie Executive Committee. When Scaw acquired Haggie in 1999, he moved to Scaw as their Administration Manager and

was later also appointed as Scaw's Company Secretary. Campbell has been continuously involved in medical aid management in the Anglo/Scaw/Haggie environment since 1973 as both an employer-appointed and a member-elected Trustee of various schemes operated by these companies. He became a member-elected Trustee of Anglo Medical Scheme in May 2011, prior to which he was a member-elected Alternate Trustee of the Scheme for several years. Campbell chairs the Regional Committee and is a member of the Management and Ex Gratia Committees.



Gavin Preston **Member elected, Kwa-Zulu Natal**

Gavin joined Mondi in management training before moving into Human Resources as the Divisional HR Manager for Mondi Recycling. He moved to Merebank in 1996 and over 14 years became more involved in employee

benefit issues, serving as a Trustee or Alternate Trustee on the Mondi Provident Fund, Mondi Medical Fund and Mondi Pension Fund. Following his retirement in 2010, Gavin was appointed as Principal Officer of the Mondi Mpack Group Fund Pension and Provident sections. Over the years he has also been either a Trustee or Alternate Trustee on AMS and was the chairman of the Scheme's Eastern Regional Committee, a member of the Communications Committee and is currently a member of the Ex Gratia Committee.

Visit www.angloms.co.za to learn more about your Scheme and benefits.

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Member Queries:

Value Care Plan: 0861 665 665, anglo@primecure.co.za

Standard and Managed Care Plan: 0860 222 633, member@angloms.co.za

Claims: claims@angloms.co.za