

15 November 2016

Dear Member

Annual Chairman’s Letter

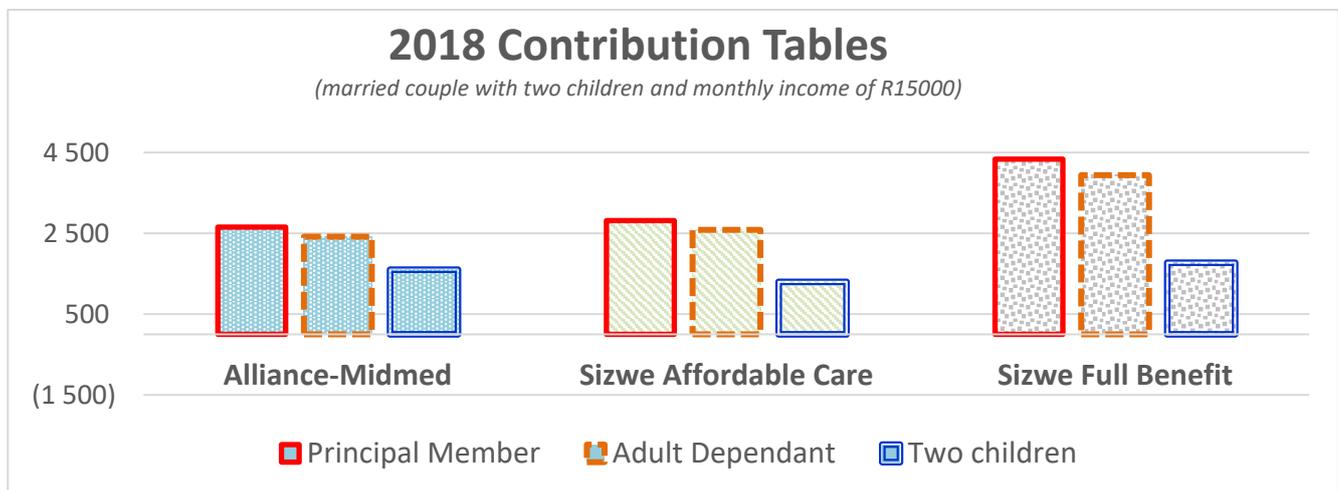
Annually, around November, I share the Scheme results and plans. In this 2017 edition, I discuss medical scheme industry changes, our 2018 benefits and financials, plans for 2018 and how we can work together to make the Scheme better, together.

In September, the Scheme had 1,857 principal members and 2,575 dependants. We have spent R96,000 per month more than the R7.25 Million that we received in income (R52 per member per month) and our reserves were 38.3% of contributions, down from the 41.33% in December 2016.

The pressure on our reserves is due to an unexpected increase in claims during the second half of 2017. We are having more unexpected admissions of very ill patients. The negative impact on our reserves is an expected deficit of about R3 Million (R1,616 per member) for the year. Therefore, we must increase contributions by 8.95% to break even by December 2018. We also increased most benefits by 5.5%. Note that the changes must still be approved by the regulator.

The new contribution table will be available, together with an updated benefit guide as soon as the Council for Medical Schemes approves the budget and Scheme Rules.

Despite this higher increase, the Scheme continues to provide excellent benefits for the lower contributions. Below is a comparison with the options that other employees use (all after the 2018 increases).



The Scheme management and administration is running optimally and the cost of administration, at 6.8% of contributions, is amongst the lowest in the industry.

Some of the notable events this year was that we appointed Mr. Carl Yssel from the company 3ONE as the new Schemes’ Actuary, attended further meetings regarding the Health Market Inquiry (investigating price-fixing in the industry) and monitored closely the National Health Insurance (NHI) Scheme developments. The NHI could well impact us in future because of government’s drive to reduce the number of Schemes and consolidate the industry.



Please note that the election of 50% of the Board of Trustees is scheduled for June 2018. Together with the three employer appointed Trustees, your elected Board members will manage the Scheme for the next three years. One of the major focus areas will be to engage industry experts to work out a strategy that will address the changes that will be brought about by the NHI developments.

We are aware that the optical changes during 2017 had a big impact on members. A review is underway, and we should be able to announce changes by February 2018. Also note that the interest on savings is allocated to the Major Risk Portion of the Scheme; this is necessary to balance the budget without a higher increase in contributions.

We are confident that with proper controls, good management and your engagement, the Scheme will continue to provide the generous benefits at a very competitive price. You can help:

- We are busy with a project to do health risk assessments FOR EVERYONE ON THE SCHEME. This will help us plan better and result in providing the right benefits, budgeting more accurately and ensuring that the right skills are available to deal with health challenges. Please respond to the calls from the Alliance-Midmed team.
- Make use of the in-rooms procedures benefits. We pay doctors an additional benefit for small procedures like removing warts, circumcision, etc., and this could save up to R13,000 on admission to the hospital.
- We will (and we request that you do too) insist more on treatment plans for longer term treatment. This will ensure cost-effective procedures and interventions. Registration on chronic medication will assist members to take medication regularly and reduce a risk of hospitalization.
- We have had many successes where members were referred for a second opinion and we request your patience and cooperation. This is not done without good cause.
- Please use the Middelburg office. The team can drastically reduce co-payments and improve the type and level of care.
- We spend too much money on fraud and over-use of the benefits. Please contact “Be Heard” confidentially at 0860-040-040 or mail@beheard.co.za to report suspicious activities. It could save up to 2% in contributions if we used our benefits wisely.
- After hours, rather than going to a hospital for smaller incident for advice, call the **Europ-Assistance helpline at 0860-255-426**. They have qualified medical staff and doctors on duty who will gladly assist, and this service is free-of-charge.
- Please register and use the Scheme smart phone app. It has a wealth of information to assist with wise health choices.
- Lastly, also refer to the website – www.alliancemidmed.co.za for information and assistance.

We have had many questions regarding reward programmes and will be looking at available options in the new year.

Please do not hesitate to contact the team at 087-740-2815 or service@alliancemidmed.co.za.

Regards,

Signed (17 Nov 2017)

Jo Mabhena

Chairman