

21 July 2021

To: Alliance-Midmed Medical Scheme Members

Dear Member,

2021 CHAIRPERSON'S REPORT

My annual report to you, our members, is usually an easy task. In the report we highlight our goals and objectives and report on the Scheme's performance against those objectives, while we continue work hard to maintain, and improve, your access to medical care.

2020/2021 Is different. The COVID-19 pandemic impacted our lives, our health, and our finances in many ways. In some instances, such as the way we manage vaccinations and consultations with selected professionals will not be the same again. During the past 18-months there have been major changes in how members used their benefits, with members using less of their available benefits. This has resulted in the Scheme's reserves increasing to a healthy 53.7% at December 2020 (58.1% in May 2021). The financial highlights are as follows:

Contribution income	Investment Income	Healthcare Expenses	Administration Expenses	Assets (2021 YTD)	Membership (2021 YTD)
R43.62m (1.1%)	R5.63m	R36.59m (11%)	R2.91m (14%)	R118.76m (10.3%)	1 548 (2%)

We are in discussion with the Scheme's actuary to decide on the way forward, focusing on the benefits and contributions so as to ensure we make the best use of the reserves. This is especially important as we have seen member use of benefits increase to pre-pandemic levels.

Some of the changes we have experienced in this time include reductions in elective care (50.7%) - care that can be planned and booked at a future date - psychiatric treatment (24%), and motor vehicle accidents (650%). The use of stepdown facilities increased by 27% and we are concerned about the reduction in chronic medical condition management costs.

Our communications, which were a challenge at the beginning of 2020, have stabilised. 97% of calls to 0860 002 101 are answered within four minutes, 98% of emails to service@alliancemidmed.co.za are answered on the same day, and requests to our "please call me" number (060 019 3942) are all answered within three days.

From May 2020 we experienced delayed processing and payment of claims. At that time we had to send staff to work from home due to the COVID-19 lockdown restrictions. The issues were resolved in November 2020 and we have maintained an excellent claims payment cycle with 94% of claims assessed and paid within 30 days.



The Scheme has also made some changes to the way we do some things. During 2020 and 2021, we purchased and arranged flu vaccines for our high-risk dependants, as well as those members at risk of serious illness or high cost events. Another initiative was to protect our vulnerable patients through home visits by professional nurses. We also actively manage referrals for members where the quality of care is challenging or where additional benefits are requested. These changes have provided great benefit to our members.

The pandemic severely interrupted the livelihood of many health professionals. Most deal with this professionally, however, some are aggressively over-servicing and billing. This is wasteful and the Scheme manages it on a case-by-case basis.

We have implemented a referral process for COVID-19 via the Scheme website (www.alliancemidmed.co.za). Once you complete the questionnaire, your feedback is immediately assessed and allocated to the most appropriate professional to respond to it. If you may have been potentially exposed to COVID-19 or have symptoms that you think may be COVID-19 related, please complete the questionnaire for a quick answer. It is free and should not take longer than four minutes to complete.

Our clinical team continue to assist patients and their doctors with access to care, referrals to specialists and to reduce co-payments (more than R35,000 in 2020). The combination of these initiatives helps to ensure a better quality of care all-round. We are in constant contact with hospital management, reviewing treatment to improve the quality and consistency of care.

Some of the current challenges include:

1. The constantly changing nature of the COVID-19 causing virus and the knowledge and response of health professionals
2. Members – chronic condition monitoring
3. The slow roll out of vaccines
4. Biological drugs and expensive procedures
5. Requests for non-elective treatment

Where to from here:

1. COVID-19 – Visit our website – www.alliancemidmed.co.za regularly for the latest updates. Please use the WhatsApp number on the website to get automated responses to general COVID-19 questions – and send us your suggestion if your question is not addressed. You can also help by remembering the 3 Cs – avoid crowded places, Close contact settings and Confined spaces; sanitise or wash your hands frequently and cover your nose and mouth when in public. Please assist vulnerable persons where possible, such as high-risk members shopping because there is no one to help.
2. Scheme affairs – We are concerned about dependants not using their chronic medication. We are experimenting with virtual doctor consultations, delivery services to get medications to members and have a travelling nurse to look after our most-at-risk members. Lifestyle and exercising has become essential and we will continue to promote exercise as a great defence.

Overuse, fraud and abuse remains high on our watch list and there does appear to be some opportunistic behaviour. The fraud claims lodged with Be Heard are all investigated. If you see or

Proudly Self-Administered

E-Mail Address: service@alliancemidmed.co.za Client Services: 0860 002 101



experience over servicing please contact the fraud tipoff line via speakout@beheard.co.za or WhatsApp 063 033 1313.

We all benefit from the early detection and optimal treatment of medical events – notably for illnesses like diabetes, high blood pressure and cholesterol. When the team make contact to help you **“KNOW AND MANAGE YOUR NUMBERS”**, please respond. We are mindful of the sensitivities and assure members of their confidentiality - the Scheme will only share your personal information with your consent and for very good reason. *Remember that our efforts are aimed at our slogan - “BECAUSE YOUR HEALTH MATTERS”.*

How can you preserve your benefits and reduce higher increases?

- Use your benefits with care, consult our nurses and call the Europ Assist line (confidential and free).
- Report fraud and abuse. We risk the message being ignored because we raise it every year. The cost impact is severe – in 2018, we estimate that up to R2,543 per member was wasted because of overuse and fraud. Please contact the PO or WhatsApp 063 033 1313 anonymously.
- In many cases, we incur unnecessary costs by using brand name medicines instead of generics. Please note the SMS that is sent when you are at the pharmacy. The pharmacist receives the same message, which makes it easier to discuss the alternatives.
- The Scheme also has a comprehensive life-stages benefit (immunisations, etc.) and the extended in-room procedure's benefits - ask our nursing team if you are unsure.

On the governance front, we are busy finalising Scheme self-administration policies, implementing the Protection of Personal Information legislative requirements and finalising Board elections.

We appointed BDO in 2020 as our Scheme Auditors and we will propose their re-appointment for 2021.

For 2021 we are performing much better than budget and this will have a very positive impact with lower contribution increase for 2022.

We are continuing discussions regarding the impact of the planned National Health Insurance (NHI) Scheme and will inform you of significant events or changes.

A sincere word of thanks to the Board of Trustees, members of the Audit Committee as well as the specialist partners, Sr Katie and the team, who continue to help improve our health and diligently handle Scheme matters.

In conclusion, I would like to thank you, the Scheme members for your continued support.

Yours in health,

Sharon Muller
Chairperson

We would love to hear from you – visit our website www.alliancemidmed.co.za, email us at service@alliancemidmed.co.za. You can also contact us at the Middelburg office.

Proudly Self-Administered

E-Mail Address: service@alliancemidmed.co.za Client Services: 0860 002 101