

11 June 2019

**To: Alliance-Midmed Medical Scheme Members**

Dear Member,

## **2019 CHAIRPERSON'S REPORT**

In this report, my first as the Scheme's Chairperson, there is so much to report. I will spend some time on the 2018 financial year but focus more on 2019.

Some high-level information, based on the 2018 Annual Financial Statements that were made available, include:

| Contribution Income                            | Net Investment Income | Healthcare Expenses | Administration Expenses | Assets             | Membership         |
|------------------------------------------------|-----------------------|---------------------|-------------------------|--------------------|--------------------|
| • R90.82m (4.3%) ↑<br>• (R98.64m incl savings) | • R3.03m (-36.6%) ↓   | • R91.39m (6.8%) ↑  | • R5.57m (0.9%) ↓       | • R84.3m (-0.5%) ↓ | • 1 748 (-5.86%) ↓ |

Membership and reserves have reduced consistently over the last three years, and as such the Board had to make the tough decision to increase contributions by 10.7% for 2019. During 2018 the Scheme reserves dropped by 2.25% to 37.89% at year end. Although this remains 51.6% above the legislated 25% reserve level the trustees have determined R44 million to be a more sufficient level. The losses incurred in 2018 were mainly due to a number of very sick patients and significant lower returns on our investments. The poor investment returns were well reported with the JSE losing 11% in 2018.

Several of our initiatives to contain costs, without negatively impacting on the quality and access to care are rendering results. Staff regularly visit patients in the hospital to ensure proper care is being provided and perform home visits to sick patients to assist with their care and treatment. We focus on guidance and counselling to enable patients, and their families, to understand and manage their health risks better. Our clinical team assist patients, and their doctors, with access to care, specialist referrals and co-payment reductions (which amounted to more than R350, 000 in 2018.) The team also meets with the hospital management staff on a regular basis to assist them in delivering an improved quality and consistency of care. The combination of these initiatives enables us to ensure a better quality of care all-round.

As always, we will continue to focus on lifestyle-related costs, technology, overuse, abuse, fraud and prevention; all of which continue to escalate costs. We estimate that up to 5% of claims could be prevented. Although the team continues to make good progress in managing these we need your help to contain the effect. Please call the team at 087 740 2815 to ensure benefits are optimally used or call the fraud tipoff line anonymously at 0860 040 040.

The Scheme benefits from early detection and optimal treatment of medical events. Prevention remains more cost-effective than treatment – notably for illnesses like diabetes, high blood pressure and cholesterol. When Sr Katie and her 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 not share your personal information without your consent. *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. The cost impact is severe – in 2018, we estimate up to R2, 543 per member was wasted because of overuse and fraud. Please contact the PO or call **0860 040 040** anonymously.
- Make use of generic medicines. Please note the SMS that is sent when you are at the pharmacy. The pharmacist also receives the message, which makes it easier to discuss the alternatives.
- Note the comprehensive life-stages benefit (i.e. immunization, etc.) and the in-room procedures benefit - ask our nursing team if you are unsure. An in-room procedure can save approximately R11, 000 per event.

With regards to governance, we successfully concluded the appointment and training of the new Board of Trustees, reconstituted the Audit Committee to include risk and compliance, and completed the King IV governance assessment. During the next three to four years, we aim to comply with the relevant requirements. Your new Board of Trustees are:

|                           | <b>Member Elected Trustees</b> | <b>Appointed Trustees</b>  |
|---------------------------|--------------------------------|----------------------------|
| <b>Trustees</b>           | Charmain Kritzing              | Mariaan Janse Van Rensburg |
|                           | Dave Martin                    | Jo Mabhena                 |
|                           | Sharon Muller (Chairperson)    | Riaan Van Coller           |
| <b>Alternate Trustees</b> | Nicolene Harris                | Hampie Fourie              |
|                           | Jubee Tharakan                 |                            |

We appointed BDO as auditors after Deloitte submitted a demand for an almost 100% increase in fees. BDO performed a thorough audit and again affirmed our governance and financial control measures declaring the Scheme as a healthy going concern.

For 2019, as of end April, we are doing better than budget by R3.09 million. The improved results are, however, a usual pattern and with winter still ahead of us, we urge you to please access benefits only when necessary.

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

A sincere word of thanks to the Board of Trustees, members of the Audit Committee as well as the administrator, Private Health Administrators, Sr Katie and her team, Mediscor, Europ Assist and all the service providers for their diligence in handling Scheme matters and their dedication to try and improve our health.

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 – contact us at [www.alliancemidmed.co.za/](http://www.alliancemidmed.co.za/) or [service@alliancemidmed.co.za](mailto:service@alliancemidmed.co.za). You can also contact us at the Middelburg office on 087-740-2815.*