

# LA Conversations 2016



## LA Health Medical Scheme continues to offer the best benefit to members in 2016

LA Health has been very successful in attracting younger membership which, when combined with best risk management techniques, has strengthened the Scheme's financial performance, resulting in significantly lower year on year contribution increases.

### MARKET SHARE

LA Health Medical Scheme's consistent year-on-year membership growth has gained the Scheme the largest market share of the schemes accredited by the South African Local Government Bargaining Council (SALGBC). LA Health is evidently the Scheme of choice for members.



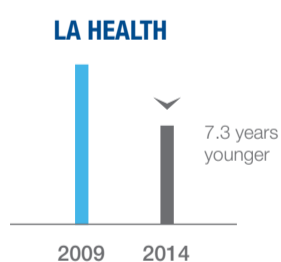
- 18.0% LA Health
- 13.8% Hosmed
- 19.3% KeyHealth
- 19.8% Samwumed
- 29.1% Bonitas



- 28.0% LA Health
- 9.0% Hosmed
- 13% KeyHealth
- 22.0% Samwumed
- 27.3% Bonitas

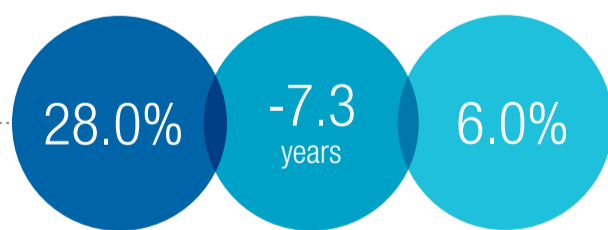
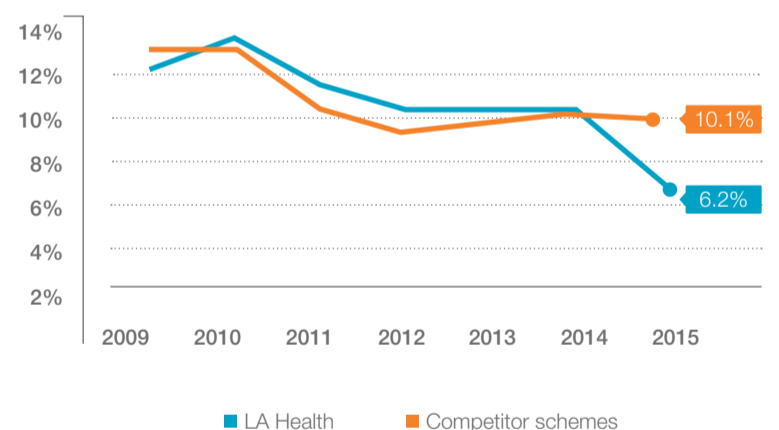
### ATTRACTING HEALTHY YOUNG MEMBERS

As competitor schemes age, LA Health Medical Scheme is attracting younger lives. Between 2009 and 2014, LA Health's average age dropped by more than 7 years while competitor schemes aged by nearly a year over the same period. This is one of the key drivers of the Scheme's sustainable financial results and consistently low contribution increases.



### LOWER THAN AVERAGE CONTRIBUTION INCREASE

The improving demographic profile and effective risk management techniques support LA Health in keeping contribution increases significantly lower than increases by competitors. In 2016, the Scheme continues to reinforce this competitive advantage in the local government market with an average contribution increase of 6% for 2016.



LA Health market share in local government

LA Health members are getting younger

Average increase for 2016

LA Health has been accredited to provide local government members with the best benefits into 2016.



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# LA Health Medical Scheme's financial performance reflects in the value given to members

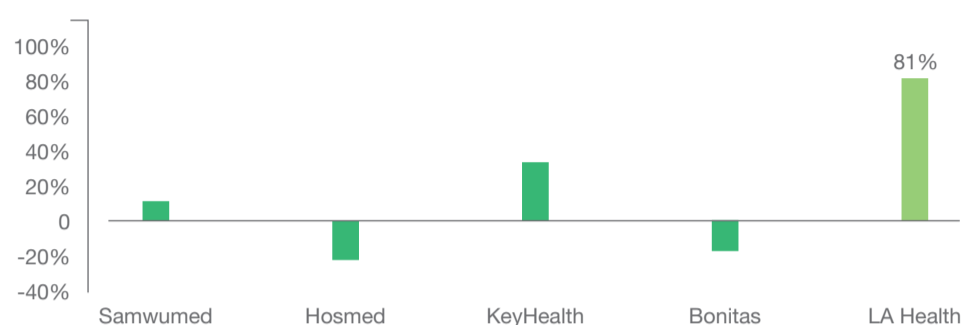
The growth of LA Health Medical Scheme over time has allowed the Scheme to capture a 28% market share within Local Government, maintain an above the required solvency level and attract younger lives.

## Growth

LA Health Medical Scheme grew by more than 38 000 principal members over the last 14 years – a growth rate of 228%. This is one of the fastest growth rates for any medical scheme in the country. LA Health now has more than 56 000 principal members.

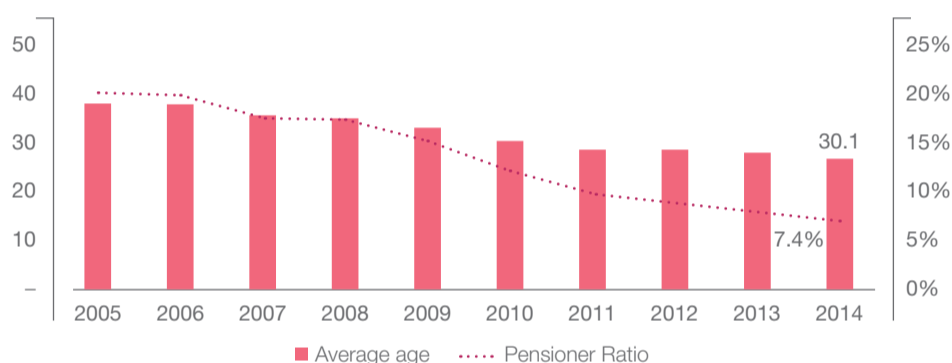


The growth rate over the last four years further illustrates the excellent growth experienced on LA Health relative to its competitors.



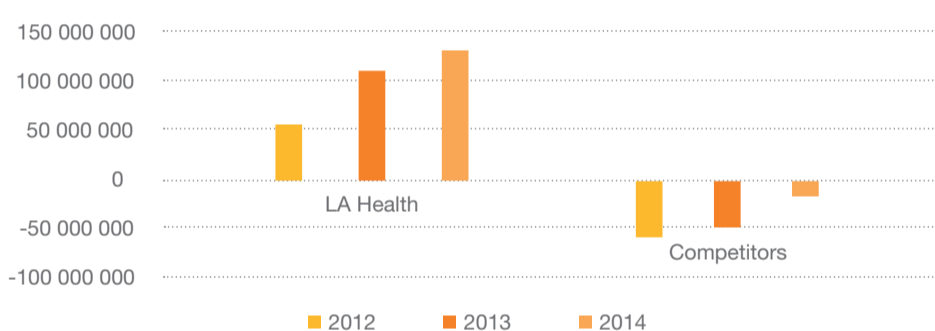
## Demographics

Without new, healthier lives entering the Scheme, the Scheme would age by a year annually. Attracting younger lives is therefore beneficial to LA Health. The average age of principal members has reduced from 43.4 years in 2005 to 30.1 years in 2014. At the end of 2014, the pensioner ratio was at 7.4% compared to the 22.9% in 2005.



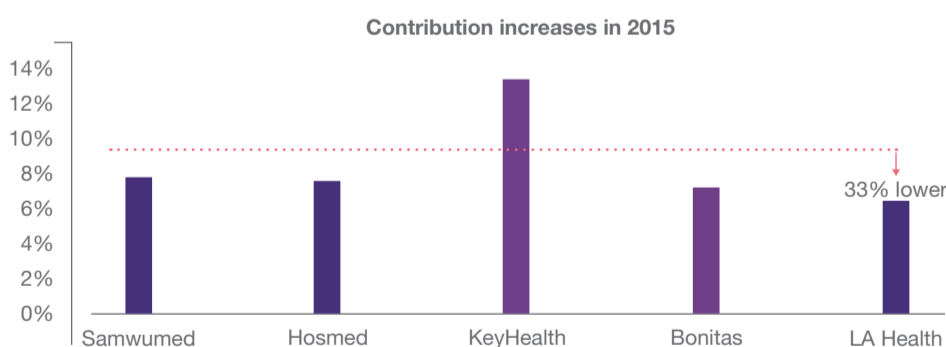
## Net healthcare result

Best risk management techniques and the improving demographics are driving the exceptional financial performance of LA Health Medical Scheme while performance of competitor schemes is deteriorating. This is evidenced in the sustained positive net healthcare results over the last three years.



## Competitive contribution increases

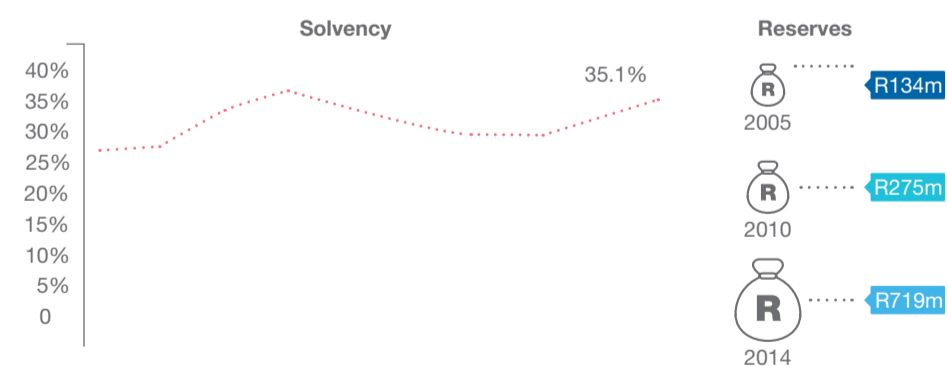
The Scheme's favourable financial position has been achieved despite the many complexities and challenges experienced within the medical scheme environment. Positive financial results has ensured contribution increases that were consistently below the market for the last few years, without affecting the long term sustainability of LA Health Medical Scheme. In 2015, the average contribution increase was 33% lower than that of competitors.



## Reserves

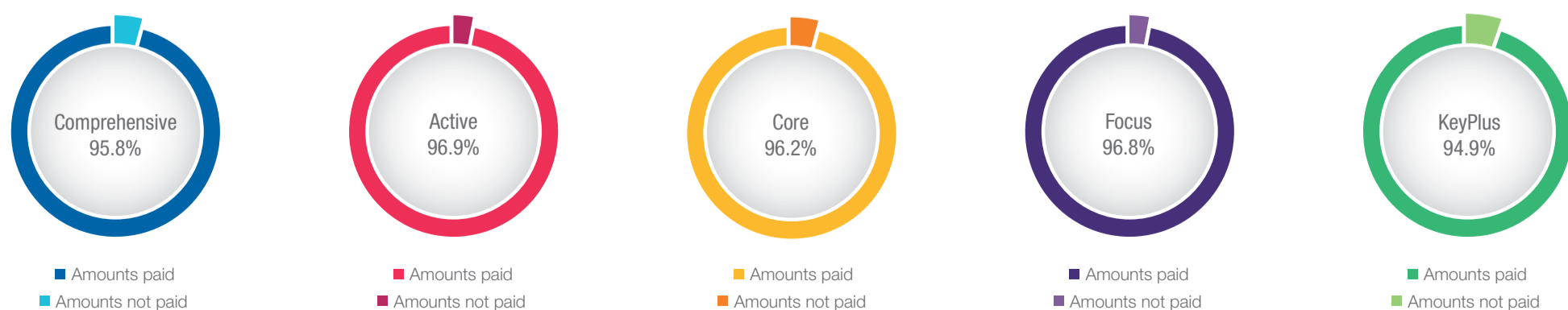
Medical schemes need to set aside 25% of annual contributions for each member as reserves to meet statutory solvency requirements.

Despite the significant growth of the LA Health Medical Scheme over recent years, the exceptional financial performance of the Scheme meant reserve levels are now in excess of R700 million, and solvency increased to 35.1%.



## Cover ratios

Apart from delivering financial strength to ensure benefit security for members, the focus of LA Health Medical Scheme remains on providing comprehensive cover when members need it most. In 2014, the Scheme's cover ratio (the proportion of claims received that are paid in full) for in-hospital claims remained in excess of 96%



# LA Health Medical Scheme 2016 Contribution Increase

## Challenge for South African medical schemes

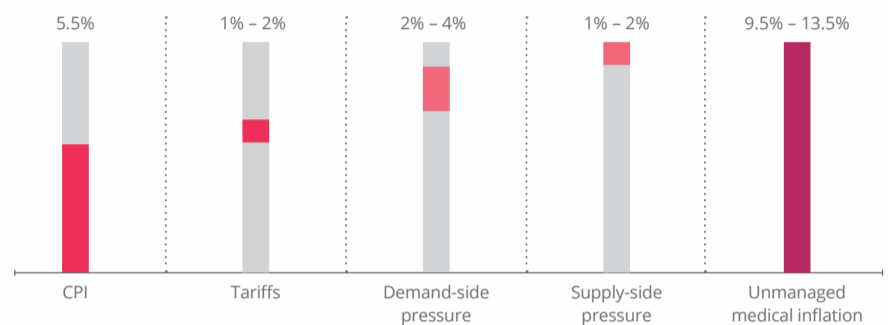
The medical scheme industry in South Africa is characterised by medical inflation that is significantly higher than general inflation. This is an industry challenge given the aging population, people only joining medical schemes when they are sicker or older, the increase in prevalence of chronic diseases linked to lifestyle and the uncoordinated delivery of healthcare. These challenges drive the unmanaged medical inflation in the industry.

### INDUSTRY CONTRIBUTION INCREASES LINKED TO HIGH MEDICAL INFLATION

#### Medical inflation in the industry is driven by three factors:

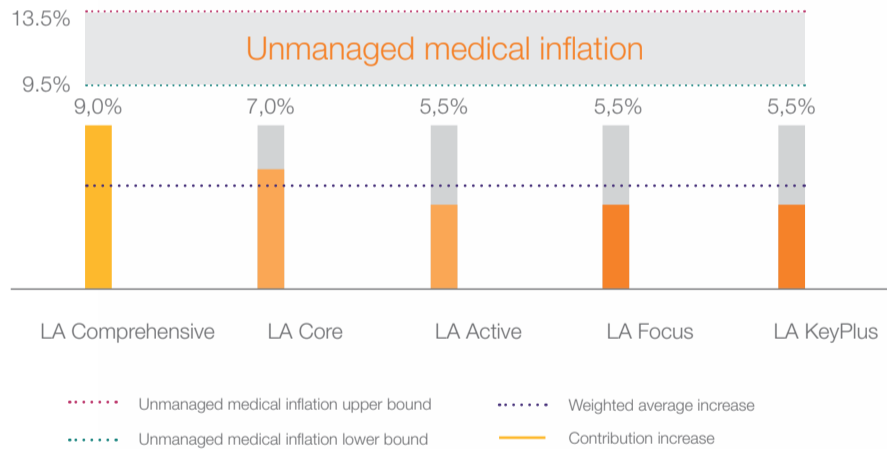
- Tariffs that are correlated with CPI
- Demand-side factors that reflect changing demographics, adverse selection and increased burden of disease
- Supply-side factors due to advances in medical technology and fragmentation of care.

#### CONTRIBUTION INCREASES LINKED TO HEALTHCARE INFLATION



## LA Health Medical Scheme maintaining very low contribution increases

LA Health contribution increases continue to be lower than that of its competitors and lower than the level of unmanaged medical inflation. The contribution increases for 2016 ensures that LA Health enhances benefits while strengthening the Scheme's competitive position, and maintaining solvency while growing membership.



#### WEIGHTED AVERAGE CONTRIBUTION INCREASE FOR 2016

6.0%

### ANNUAL GENERAL INCREASES TO LIMITS AND THRESHOLDS

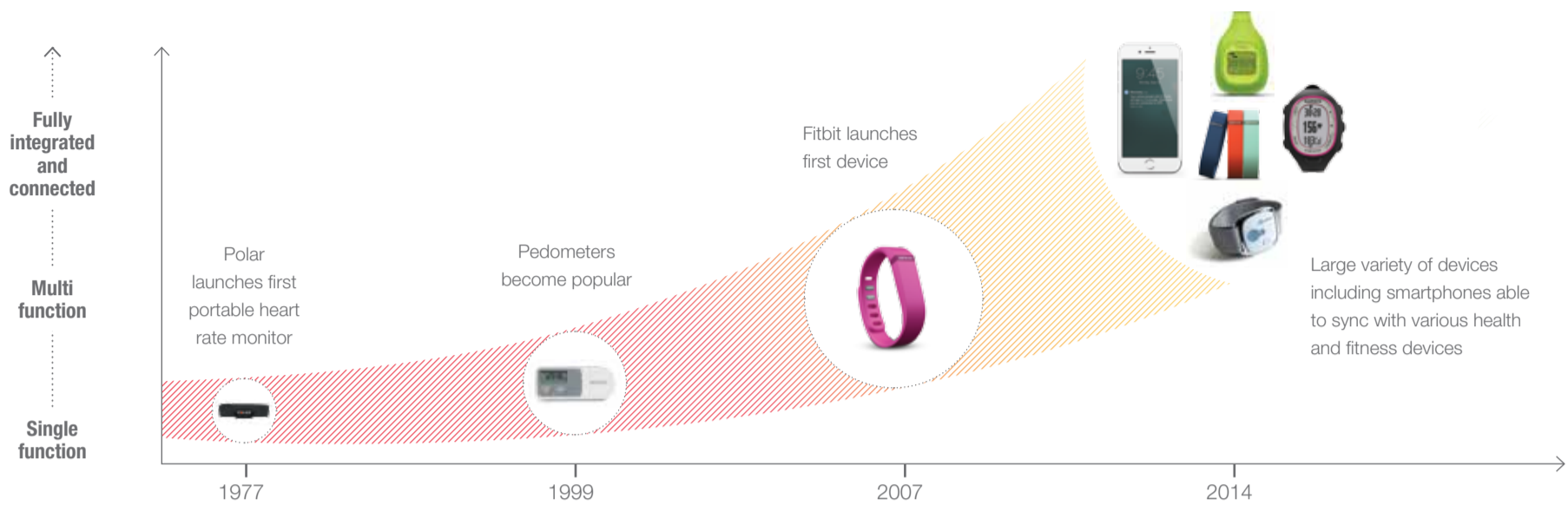
- 1 Most benefit limits have been increased by 6.0%.
- 2 The Medical Savings Account on LA Comprehensive, LA Core and LA Active have increased in line with the respective option level contribution increase.
- 3 The Medical Savings Account on the LA Focus option remains at 25%.
- 4 The Above Threshold Benefit on the LA Comprehensive option has been increased by 6.0%.
- 5 The Extended Day-to-Day Benefit available on LA Core and LA Active has been increased by 6.0%.

The income bands on LA KeyPlus have been increased by 6%



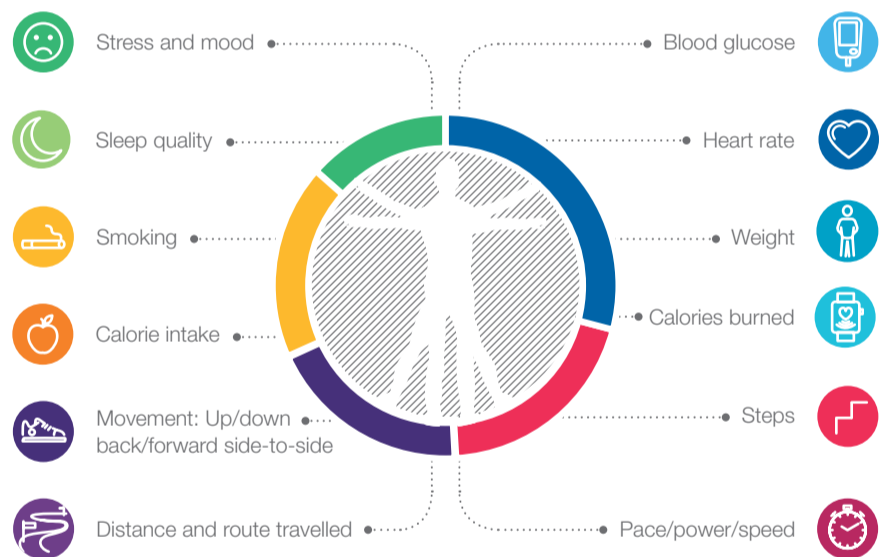
# Funding wearable health and fitness devices

## WEARABLE HEALTH AND FITNESS TECHNOLOGY IS DEVELOPING AND EXPANDING RAPIDLY



### Devices can now track critical biometrics

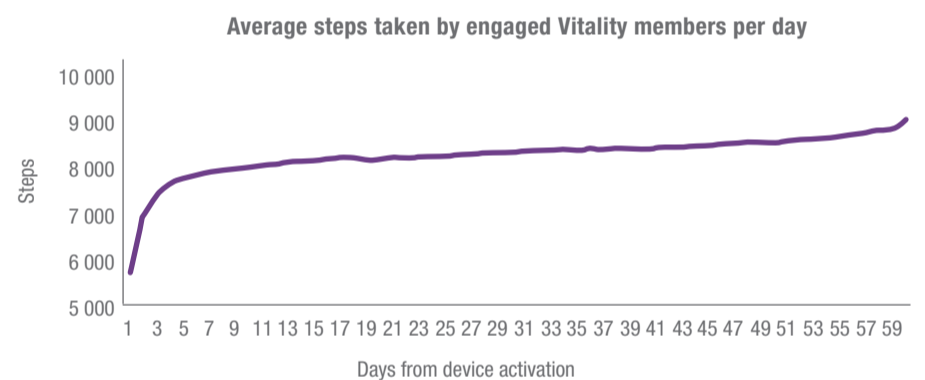
Wearable technology has given individuals access to a wealth of health and wellness metrics, and beyond this, has empowered them and enhanced their ability to manage their health on a daily basis. These devices allow individuals to measure, track, monitor and store relevant health data, and also enable them to share these with health practitioners.



### Wearable devices facilitate behaviour change

The ability of wearable devices to bring about a positive change in behaviour and increased engagement can be illustrated through Vitality members' use of wearable devices.

Members who linked their wearable devices to Vitality and used it on a regular basis, have shown a 43% increase in the number of daily steps taken in the first two weeks of use. This is then followed by a sustained increase in the number of steps taken over time, resulting in members increasing their daily number of steps by nearly 60% within two months.



# Virtual GP consultations

## CONVENIENT FAMILY DOCTOR CONSULTATIONS WHEN AND WHERE YOU NEED IT

### The use of virtual consultations is growing exponentially

Advances in digital healthcare technology are creating innovative ways of facilitating healthcare services, including the ability for family doctors to consult to their patients without the need to see the patient in person.

A recent study by Deloitte estimated that there will be 100 million virtual patient consultations globally in 2014, representing a saving of more than \$5 billion when compared to the cost of in-person doctor visits.

Patients have historically been apprehensive to use the alternatives to in-person doctor visits, however recent studies by McKinsey suggest that more than 75% of respondents would like to use digital services, as long as those services meet their needs and provide the level of quality they expect.

Sources: Deloitte, "eVisits: the 21st century housecall"; 2014 McKinsey, "Healthcare's digital future", July 2014

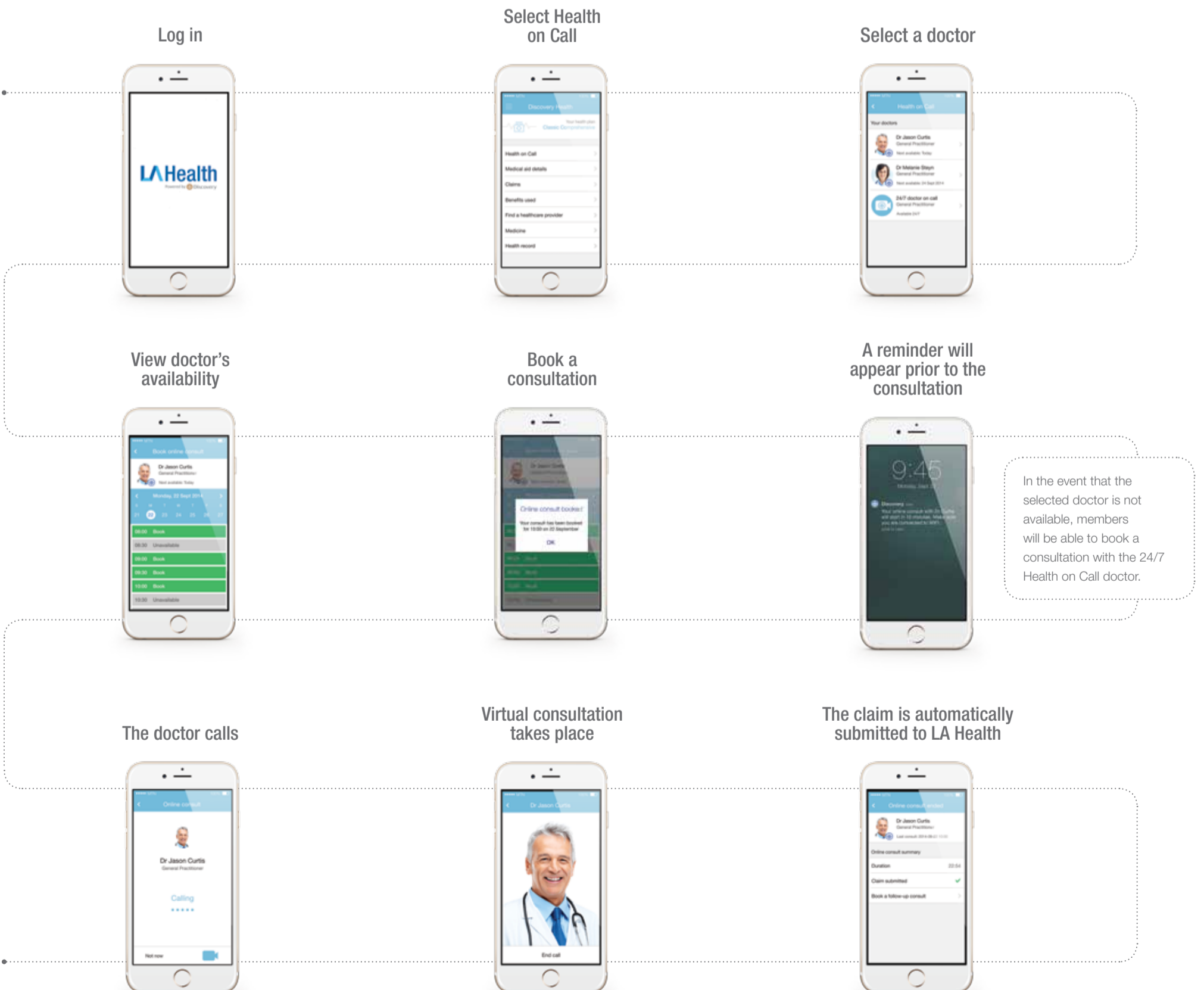
### Introducing virtual GP consultations to LA Health members

LA Health Medical Scheme is uniquely placed to offer convenient virtual family doctor consultations to members through the member's app, and informed by HealthID.

Virtual consultations are available to all members and are paid from the member's available day-to-day benefits.



### How to access health on call

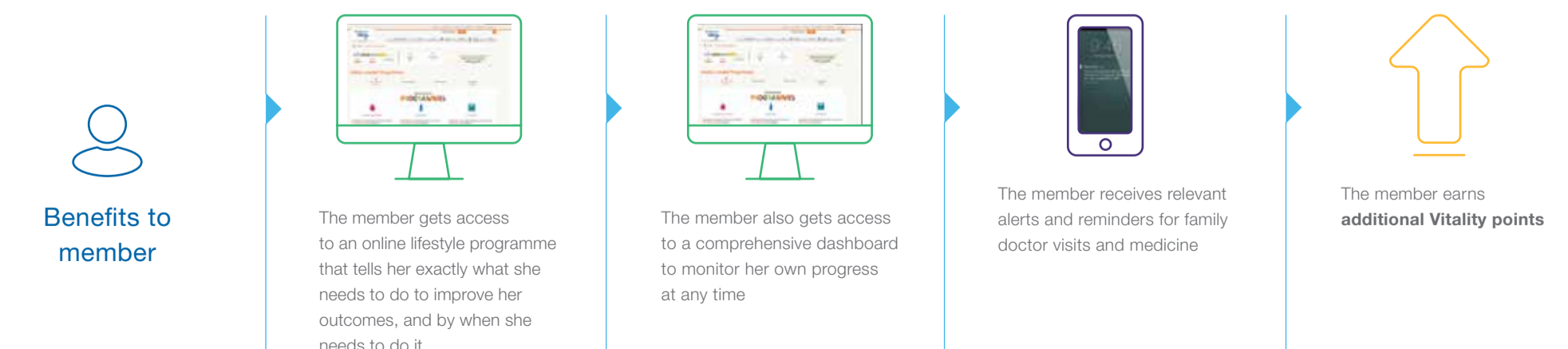
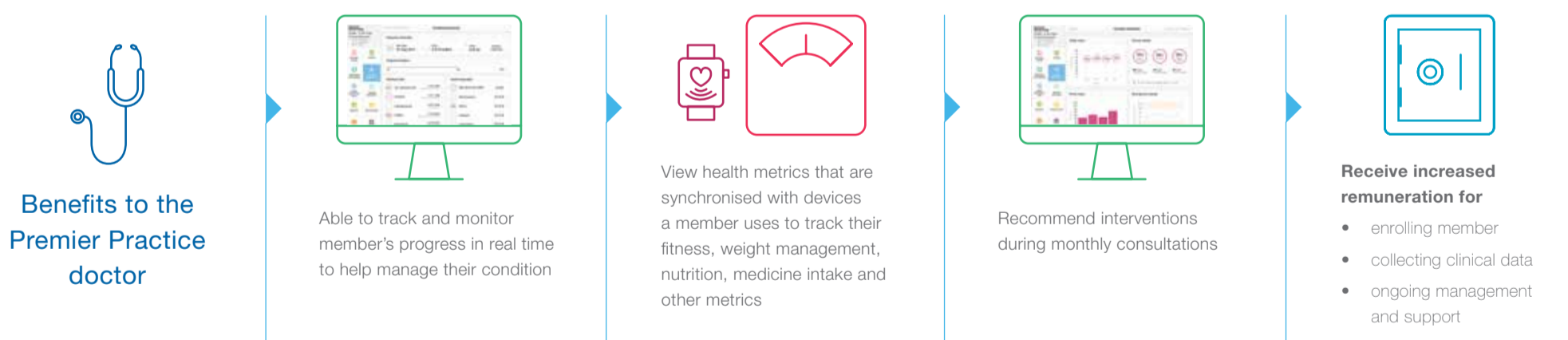
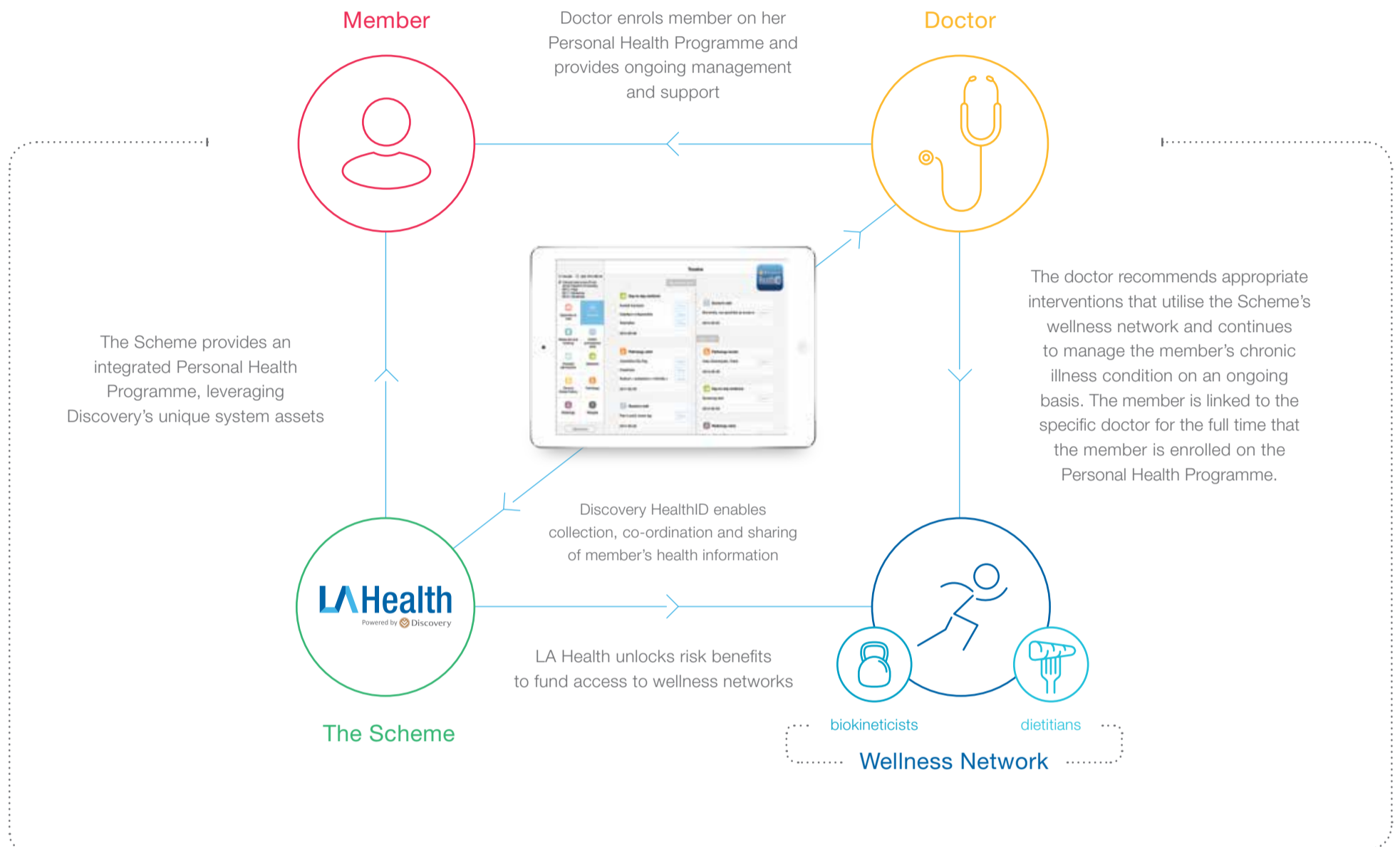


# Accessing the Premier Practice Benefit

## Personal health programmes provide an intuitive journey for members in which their premier practice family doctor will coordinate the management of their care

The Personal Health Programmes are available to LA Health Medical Scheme members registered on the chronic illness benefit for diabetes, hypertension, hyperlipidaemia and ischaemic heart conditions.

Eligible members can be enrolled for the Diabetes or Healthy Heart programmes through their Premier Practice family doctor. Self-enrolment is also available on [www.lahealth.co.za](http://www.lahealth.co.za), where the member must still link to a particular GP (family doctor).



# Discovery HomeCare – taking healthcare to our members

From 2016, LA Health Medical Scheme members have access to Discovery HomeCare, a unique home-based healthcare service that offers members quality care in the comfort of their own homes. By facilitating homecare, members can have an improved healthcare experience and better health outcomes out of hospital.



## DISCOVERY HOMECARE WILL PROVIDE QUALITY NURSING AND CARE WORKER SUPPORT FOR THESE THERAPEUTIC AREAS:



- Post-natal care
- Palliative care in partnership with the Hospice Palliative Care Association of South Africa
- Home IV infusions of antimicrobials, biologics, IV iron and immunoglobulins for stable patients
- Wound care of venous ulcers, diabetic foot ulcers, pressure sores and other moderate to severe wounds for stable patients.

Respite care will be for the members' own account, as these services are not covered by the Scheme.

Respite care is short-term care services that offer temporary relief for caregivers looking after the healthcare needs of beneficiaries.

These healthcare services will be covered from the member's relevant benefits, including day-to-day benefits, risk benefits with approval, or the terminal care benefit.

## MEMBERS WILL BE ABLE TO ACCESS THE BENEFIT BY:



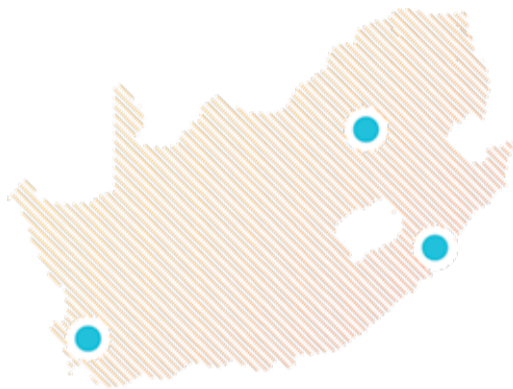
Discussing their treatment options with their doctor



Speaking to a qualified HomeCare consultant



Registering for the HomeCare service on [www.lahealth.co.za](http://www.lahealth.co.za)



### Technical details

- These services will be available to members in Gauteng, Cape Town and Kwa-Zulu Natal
- These benefits will be available for clinically stable patients only
- The benefit for post-natal care is available to healthy mothers and babies who agree to be discharged earlier from hospital.

## LA KeyPlus changes for 2016

### 1. Introducing a preauthorisation threshold for KeyCare GP consultations from 2016

Members on LA KeyPlus have cover for unlimited KeyCare Network GP consultations. From 2016, after 15 visits by a member, preauthorisation will be required to access further benefits.

### 2. Enhancing cover for out-of-network GP visits

The current benefit structure provides for one out-of-network GP visit a person each year. This will increase to four visits per person per year from 2016.

### 3. Cover for treatment and surgery related to knees and shoulders

All non-Prescribed Minimum Benefit surgery and treatment related to knees and shoulders will not be covered on LA KeyPlus from 2016.

## International second opinion services

Discovery Health has been facilitating second opinions through the member's treating specialist from the world-renowned Cleveland Clinic in the USA since 2013, adding significantly to the quality of treatment for members with particularly complex medical needs.

From 1 January 2016, LA Health Medical Scheme will fund 50% of the opinion fee with Cleveland Clinic where a second opinion was requested by the member's treating specialist. This benefit is subject to authorisation.



## Pneumococcal vaccine cover


Members that meet the following criteria (high risk members) will have access to one pneumococcal vaccine per lifetime paid from the major medical benefit.

- Members that are registered for any of the below chronic conditions and that have had one or more pneumonia admissions in the past three years:
  - Asthma
  - Bronchiectasis
  - Chronic Obstructive Pulmonary Disease (COPD)
  - Chronic Renal Disease
  - Coronary Artery Disease
  - Diabetes Mellitus (Type 1 and 2)
- Members between 5 and 14 years old with two or more pneumonia admissions in the past three years
- Members over the age of 65 years with one or more pneumonia admissions in the past three years.

## Spinal devices benefit

Members will have full cover for spinal devices obtained from a designated service provider (DSP). Devices at any other provider will be covered up to R25 500 per level, to a maximum of R51 000. Only 2 levels per procedure and one procedure per year will be authorised. This benefit is not available to LA KeyPlus members.

# Contributions 2016

 INCOME	 MEMBER	 ADULT	 CHILD DEPENDENT	 MAXIMUM 3 CHILD DEPENDENTS
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## LA KEYPLUS

	R0 – R7 300	R 903	R 789	R 331	R 993
TOTAL MONTHLY CONTRIBUTIONS	R7 301 – R10 000	R 954	R 833	R 348	R1 044
	R10 001+	R1 434	R1 277	R 536	R1 608

## LA FOCUS

TOTAL MONTHLY CONTRIBUTIONS		R1 888	R1 220	R 556	R1 668
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## LA ACTIVE

TOTAL MONTHLY CONTRIBUTIONS		R2 259	R1 519	R 749	R2 247
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## LA CORE











TOTAL MONTHLY CONTRIBUTIONS		R4 035	R3 643	R1 206	R3 618
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## LA COMPREHENSIVE

TOTAL MONTHLY CONTRIBUTIONS		R5 406	R4 128	R1 310	R3 930
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**PLEASE NOTE:** All contributions quoted are the total amounts due to the Scheme. If the member is entitled to a subsidy, the portion he will have to pay will be lower after the employer's portion is subtracted. For illustrative purposes only, the tables below reflect the portion of the total contribution the member would have to pay if he receives a 60% subsidy. This was determined by taking into consideration the SALGBC maximum capping of **R3 871** that will be effective until **30 June 2016**. You will need to calculate the member's contribution if his subsidy is different, taking into consideration the maximum capping.

## 40% IN-SERVICE MEMBER'S PORTION OF CONTRIBUTIONS IF A 60% SUBSIDY APPLIES MAXIMUM SUBSIDY OF R3 871

	LA KEYPLUS	LA FOCUS	LA ACTIVE	LA CORE	LA COMPREHENSIVE		
Income Category	R0 - R7 300	R7301 - R10 000	R10 001+				
	R 362	R 382	R 574	 R 756	 R 904	 R1 614	 R2 163
	R 677	R 715	R1 085	 R1 244	 R1 512	 R3 807	 R5 663
	R 810	R 854	R1 299	 R1 466	 R1 811	 R5 013	 R6 973
	R 942	R 994	R1 514	 R1 688	 R2 111	 R6 219	 R8 283
	R1 074	R1 133	R1 728	 R1 911	 R2 410	 R7 425	 R9 593
	R 494	R 521	R 788	 R 978	 R1 204	 R2 097	 R2 845
	R 626	R 660	R1 003	 R1 200	 R1 503	 R2 579	 R4 155
	R 759	R 800	R1 217	 R1 423	 R1 803	 R3 782	 R5 465

