

Bonitas and Liberty looking to merge

 By [Nicci Botha](#)

22 Mar 2016

Bonitas Medical Fund and Liberty Medical Scheme (LMS), are in discussions to amalgamate to create an even stronger and more sustainable medical scheme that will provide enhanced cover and benefits to their respective members.

Given the tumultuous nature of the healthcare industry at the moment, we posed a few questions to Dr Bobby Ramasia, principal executive officer: Bonitas, on what this means...



© alexskopje [123RF.com](#)

■ ***Bonitas is in good shape financially, has such a big membership base and a firm footprint in the market, why would you merge?***

Ramasia: The medical scheme industry has been experiencing challenges to achieve organic membership growth for various reasons, amongst others, the current economic climate as well as high unemployment. In the past eight years, players in the medical aid industry have consolidated through amalgamations. For example in the 2013 and 2014 period, Discovery Medical Scheme amalgamated with six schemes and in the same period Bestmed with two.

The current trend of consolidation of schemes is expected to continue in future and an amalgamation will be in line with this trend. It is generally accepted that in the longer term the medical scheme market will consist of fewer, but larger schemes than is currently the case.

Bonitas is the second largest open medical scheme in the South African market. An amalgamation of the two schemes would also further enhance Bonitas' position. LMS, on the other hand, is a medium-sized open scheme and a strong brand in the broader financial services market.

This larger scheme should be in a position to negotiate more efficiently with various providers, which will assist in containing risk and costs. From an investment assets perspective, there is an opportunity for more effective management of asset allocation and diversification, potentially resulting in lower fees, higher service levels and better returns over the long term.

The amalgamated scheme may, in future, offer more benefit options according to members' needs. The pooling of benefits with greater numbers of members per benefit option, we believe will result in the risk pools being larger, which should translate into more sustainable benefit options.

■ ***What are the memberships of both schemes and how would this look against the current membership of the Discovery and Momentum?***

Ramasia: Bonitas has 295,344 principal members and LMS has 56,270 principal members as at the end of December 2015. The amalgamated scheme would have 351,000 principal members and 766 440 beneficiaries.

The unaudited 2015 figures for Discovery are 1,269,775 and 129,996 for Momentum Health.

■ ***Does this give Bonitas and Liberty critical mass against these two?***

Ramasia: While Bonitas and LMS currently exist as efficient, competitive medical schemes independently, the proposed amalgamated medical scheme will allow for economies and efficiencies of scale to be achieved, especially in respect of fixed costs. This will assist in relieving pressure on future contribution increases.

■ ***This is quite a bold move given the Competition Commission inquiry and how the outcome may affect the industry. What is Bonitas' take on this?***

Ramasia: Bonitas remains in full support of the Competition Commissions' Health Market Inquiry and welcomes any outcomes which will improve healthcare for all South Africans.

The LMS and Bonitas boards of trustees commissioned preliminary investigations into a possible amalgamation between the two schemes and the positive outcomes of the feasibility studies provided sufficient motivation for both to move forward with an amalgamation process.

The amalgamation has the best interests of all members at heart and both believe the venture will benefit members from both medical schemes. Bonitas and LMS have offered complete transparency to members and are committed to ensuring they are supported through the process as much as possible and updated as developments unfold.

Until such time as all legal requirements are met, the schemes continue to operate independently.

ABOUT NICCI BOTHA

Nicci Botha has been wordsmithing for more than 20 years, covering just about every subject under the sun and then some. She's strung together words on sustainable development, maritime matters, mining, marketing, medical, lifestyle... and that elixir of life - chocolate. Nicci has worked for local and international media houses including Primedia, Caxton, Lloyd's and Reuters. Her new passion is digital media.

■ #BehindtheMask: Dr Nadia Swart, flight doctor, Netcare 911 - 16 Mar 2021

■ One year on: #Covid-19 by the numbers - 5 Mar 2021

■ #2020AfricaBrandSummit: Winning hearts and minds in the midst of a pandemic - 9 Oct 2020

■ #WomensMonth: Covid-19 taught Lizeth Kruger to adapt to change - 27 Aug 2020

■ #SurvivorStories: I had a spiritual conversation with my body to fight, Shorn Khumalo - 3 Aug 2020

[View my profile and articles...](#)

For more, visit: <https://www.bizcommunity.com>