

## 5 signs of a responsible medical scheme

The medical aid industry has evolved tremendously over the last two to three decades. Several factors have made it difficult for medical schemes to survive: regulatory oversight, South Africa's socioeconomic landscape, the deteriorating public healthcare sector, the absence of a national tariff structure, the advent of medical insurance and the Covid-19 pandemic, to name a few.

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The impact of these factors is evident in the numbers. In 2000, there were 144 medical schemes in South Africa. This number reduced to 76 in 2020, and now only 71 remain.

“In this context, it’s easy to conclude that if you’re still around after more than a century, you most definitely have been acting responsibly,” says Johan Viljoen, acting principal officer of Medihelp. “If you have been in the business for 118 years, it doesn’t necessarily mean that you have done everything right, but I do believe it means you’ve done most things right.

“In this day and age, fake news, dubious businesses, and overall bad client service mean that medical schemes have to increase their focus on excellence, while making responsible decisions to remain both relevant and competitive.”

To gauge whether a medical aid is a viable choice for the long term, always acting in the best interests of its members, there are five main questions you should ask.

### 1. Does the scheme offer what consumers need and want?

Firstly, no scheme can be all things to all people. A responsive medical aid should have a clear sense of its identity, its offerings, and its desired target market.

For example, benefits such as chronic medication, knee and hip replacements, and hearing aids are traditionally important for older members. But these aren’t what most young people want.

So, if a scheme wants to attract people fresh out of varsity, the benefit design and service offering must speak to their needs. And marketing and communication must match their target market, engaging with them through digital channels, social media platforms, apps, and online chat facilities.

### 2. Do they have a growth strategy?

The age-old proverb that there’s safety in numbers is aptly applied to medical schemes. It’s a known industry fact that the people who need less cover subsidise those who need more cover. And for that, you need members in large numbers.

But as much as growth ambition is an important factor to consider, a growth-at-all-costs strategy may cost a scheme dearly in the long run. If a medical scheme grows with healthy members who claim less than they contribute, it’s in a much better position to stay sustainable into the future.

### 3. Do they manage their funds responsibly?

Providing sufficient cover to its members for access to quality medical care, making this cover as affordable as possible, ensuring the long-term financial stability of the medical scheme is a continuous, delicate balancing act. No explanation is needed why a scheme must manage its expenses effectively so that, above all, it can protect its solvency ratio and ability to pay claims.

#### 4. Do they manage their risks effectively?

The biggest cost driver for a scheme in respect of healthcare expenditure is hospital costs. To remain sustainable, a scheme must manage its risks by implementing managed care initiatives and negotiating tariffs. By successfully keeping its members healthy and out of the hospital, it can reduce healthcare expenditure significantly. The resulting effect is the ability to keep annual contribution increases low, which in turn leads to robust membership growth, which ultimately contributes to long-term sustainability.

#### 5. What are their service standards?

A responsible scheme makes sure that their service levels are always excellent. They know how their members and all other stakeholders want to engage with them and make this happen. And they employ client care consultants that are knowledgeable and helpful.

“A responsible, sustainable scheme is thus one that provides products that offer quality healthcare solutions to contribute to the overall well-being of members, are affordable, and drive member growth and retention, whilst at the same time effectively managing its risks to reduce costs. And, they deliver a service that wins industry awards,” Viljoen concludes.

Note: Medihelp’s service was rated as the best in the medical aid category of the 2023/2024 Ask Afrika Orange Index.

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