

# Medical scheme costs are set to skyrocket next year

## New health insurance scheme and spiralling claims cited as reasons

LYSE COMINS

**M**EDICAL scheme members will have to dig deep to pay double-digit contribution increases next year as schemes factor in higher health costs and spiralling claims by many sickly and ageing members.

Medical schemes put rising prices and claims down to a pool of ageing and sickly members, with one scheme suspecting that a flood of anxious members were hastily seeking medical treatment before the government's proposed national health insurance (NHI) system is implemented next year.

The main medical schemes have announced increases of between 4 percent and 19 percent. They said claims had continued to outstrip contribution increases.

Dr Jonathan Broomberg, the deputy CEO of Discovery Health, the largest scheme, said the scheme's contributions would rise by 9.8 percent.

"The Discovery approach to setting premiums is to create a level of predictability for members, and we have said medical contributions will be two to three percentage points above CPI (consumer price index).

"There isn't a public or private health system in the world where costs don't go up above

inflation," Broomberg said.

"The medical scheme population is ageing, the prevalence of chronic diseases is increasing, and doctors are identifying chronic diseases earlier and are aggressively treating them.

"I'm not saying it's a bad thing, because it prevents complications later on. Our cancer spending has doubled over the last four years," he said.

Peter Jordaan, the principal officer of Fedhealth, the fourth largest scheme, said there had been a surge in claims in the past year.

"We have looked at a weighted increase of 15.9 percent, so it is fairly high, but responsible in making sure we stay around. We have surmised that, with the proposed NHI, members are now going to get the procedures done that they have put off... they are concerned that they might not have that private benefit in future.

"People are also concerned that they might be retrenched and are having medical procedures done that they have put

off for years. Because of the recession, people are looking to see how they can get value out of their benefits," Jordaan said.

He said Fedhealth supported the NHI, but was lobbying for the survival of medical schemes.

### INCREASES

<b>Discovery:</b>	9.8 percent
<b>Bonitas:</b>	15,9 percent
<b>Medihelp:</b>	13,62 percent
<b>Fedhealth:</b>	15,9 percent
<b>Spectramed:</b>	4 to 19 percent
<b>Medshield:</b>	15 percent
<b>Momentum:</b>	7.3 to 16.1 percent

"We have seen the leaked document... and it proposes a single payment system. The Board of Healthcare Funders has suggested medical schemes can

provide a top-up benefit... (but) even the rich people will not be able to buy up under this model from a tax point of view. It's not a good thing to destroy something that is working well."

Spectramed spokeswoman Hanlie Morgan said increases averaged 12.86 percent, ranging from 4 percent for a hospital plan to 19 percent for the executive option.

"The main reasons for these increases are medical inflation - the increased cost of medicines and hospital costs, and technological advances made in private healthcare. New procedures and medicines are

more expensive. The membership base is getting sicker rather than healthier, which leads to increased claims."

Morgan said the implementation of the NHI could negatively affect private hospitals: "It could have an impact on availability of services... there is very little spare capacity in the private sector to provide medical services and care to an influx of patients."

Matseleng Mfeka, the spokeswoman for Bonitas, the second largest scheme, said increases started at 15.9 percent. "As growth in the number of claims continues to outstrip the increase in contributions and as the overall membership pool remains steady at around 7 million, management of risk is a real and immediate issue."

Anton Rijnen, the principal officer and CEO of Medihelp, the third largest scheme, said the average increase of 13.62 percent was in line with the industry. He said factors that had an impact were member age profiles, solvency ratios, frequency of claims and strategic forecasts.

Oxygen contracts and risk executive Mark Dawson said the scheme had been granted an extension until October 31 to submit contribution changes to the Council for Medical Schemes and could not publicise these yet.