

Private Primary Healthcare Insurance in South Africa



QUANTIFYING RISK, ENABLING OPPORTUNITY

Vernon Chorn
FSA, FFA, FASSA

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THE NEED FOR PRIMARY CARE



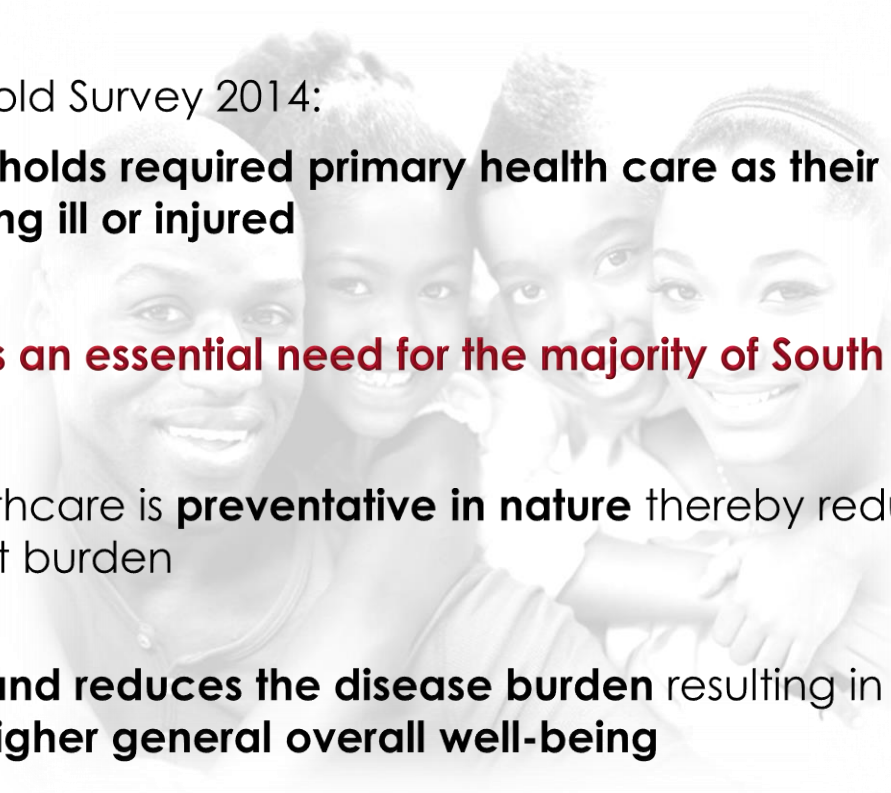
Primary healthcare covers the essential needs of the majority of South Africans and includes, inter-alia:

- GP consultations
- Acute & chronic medication
- Basic & emergency dentistry
- Basic radiology & pathology
- Optometry
- Maternity

Hospitalisation benefits in the event of an **accident or an emergency** are usually also included

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THE NEED FOR PRIMARY CARE



- The General Household Survey 2014:
85% of households required primary health care as their first consultation after becoming ill or injured
- **Primary healthcare is an essential need for the majority of South Africans**
- Private primary healthcare is **preventative in nature** thereby reducing the long-term healthcare cost burden
- **Improves longevity and reduces the disease burden** resulting in increased productivity and a **higher general overall well-being**

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THE NEED FOR PRIMARY CARE

- **Public health care sector** is **under-resourced** and under pressure to deliver services to about 80% of the population
- Provides partial relief to the overwhelming burden that large patient numbers place on public hospitals
- Allows the public hospitals to focus on in-patient care and emergency treatment

“Waiting for people to get ill and then receive them in hospitals for treatment is not a correct model of health delivery.” - Motsoaledi



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MEDICAL SCHEMES

Medical schemes have the following legislative requirements:

1. **PMBs**: Provide a minimum benefit package known as the prescribed minimum benefits
2. **Open enrolment**: Anyone can join
3. **Community rating**: Contributions need to be set on a community rated basis per benefit option

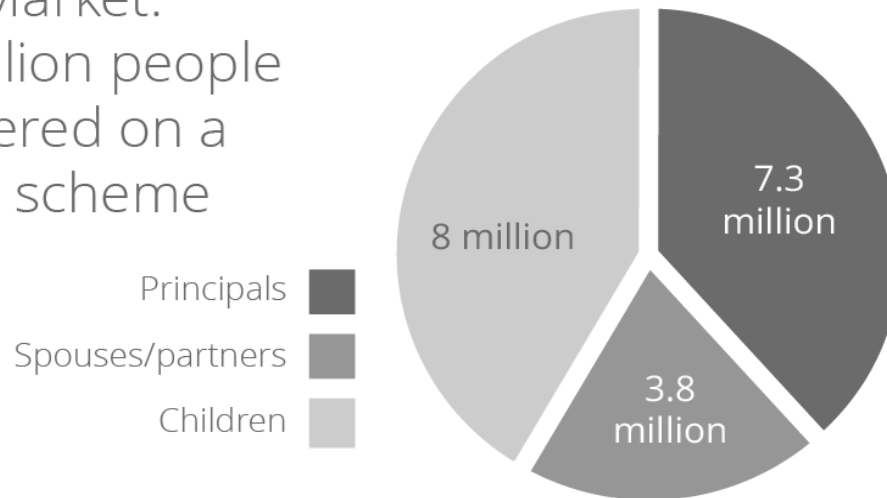
The PMBs and open enrolment largely resulted in Medical schemes contributions being **unaffordable to majority of South Africans**

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TARGET MARKET

- Currently only 18.1% or about **8.8 million people on medical schemes**
- There are **approximately 19 million people who do not have medical scheme coverage** but have at least one member of the family that has an income

Target Market:
19.1 million people
not covered on a
medical scheme



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SOCIO ECONOMIC BENEFITS

Expanding private healthcare insurance coverage to the target market would result in:

- Significant **increase in employment** (crude est. 400K-600K new jobs)
- **Increase in GDP** and **tax revenues**
- **Reduce the public sector healthcare budget** requirement and allow a reduction in government spending
- If the public healthcare sector is efficient they can in fact service private primary healthcare patients and generate income; resulting in a surplus created to the State, as opposed to an existing R135Bn public healthcare sector budget requirement

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SOCIO ECONOMIC BENEFITS

- Level of satisfaction with public and private healthcare facilities, 2014:

Level of satisfaction with the healthcare institution	Very satisfied
Public healthcare	57.5%
Private healthcare	92.9%

- Individuals would enjoy **better quality of care in a private setting** and experience better health and well being
- Allows **immediate access to care** (as opposed to waiting in long queues in the public sector)
- Reduces absenteeism and improves productivity** in the workplace which feeds through as an increase in overall GDP, job creation and tax revenues

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UTILISATION TRENDS

- Utilisation tends to be **relatively flatter over the age range** compared to hospital utilisation
- **GP utilisation** is about **90% of overall utilisation**
- **Female utilisation** at least **50% greater than males**
- **Child utilisation** about **60% of adult utilisation**

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DEMARCATIION REGULATIONS

- Aims to **outlaw** or **significantly restrict** most health **insurance** products in order to **protect medical schemes** and the medical scheme risk pool
- Products that are allowed, are **subject to community rating** on a group basis
- Requires that **details of all products** be provided to the **Registrar** of Medical Schemes, who in turn **may request** the Registrar of Insurers **not to permit** particular products

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DEMARCATATION REGULATIONS

- Primary Care originally considered as part of the demarcation regulations
- After the release of the **low cost benefit option (LCBO) guidelines** by the CMS to include primary care options within medical schemes, **primary care was no longer considered part of the demarcation regulations**
- However the **LCBO guidelines were withdrawn** towards the end of last year after the **demarcation regulations were finalised for ministerial sign-off**
- National Treasury to **incorporate an exemption process** for primary healthcare insurance

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THANK YOU