

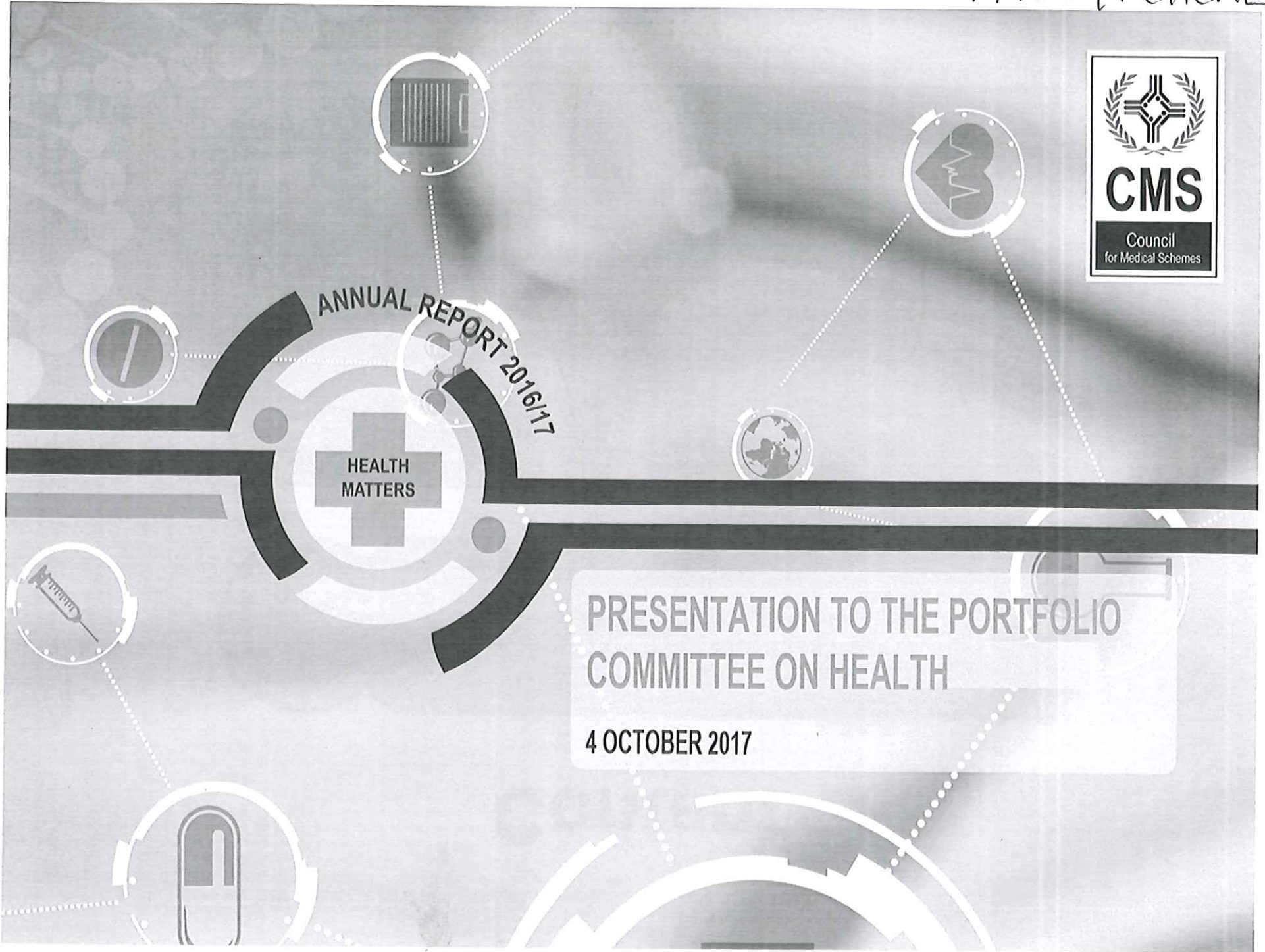
171004PCHALTH



ANNUAL REPORT 2016/17



PRESENTATION TO THE PORTFOLIO
COMMITTEE ON HEALTH
4 OCTOBER 2017



Content



Annual Performance
Information Report 2016/17

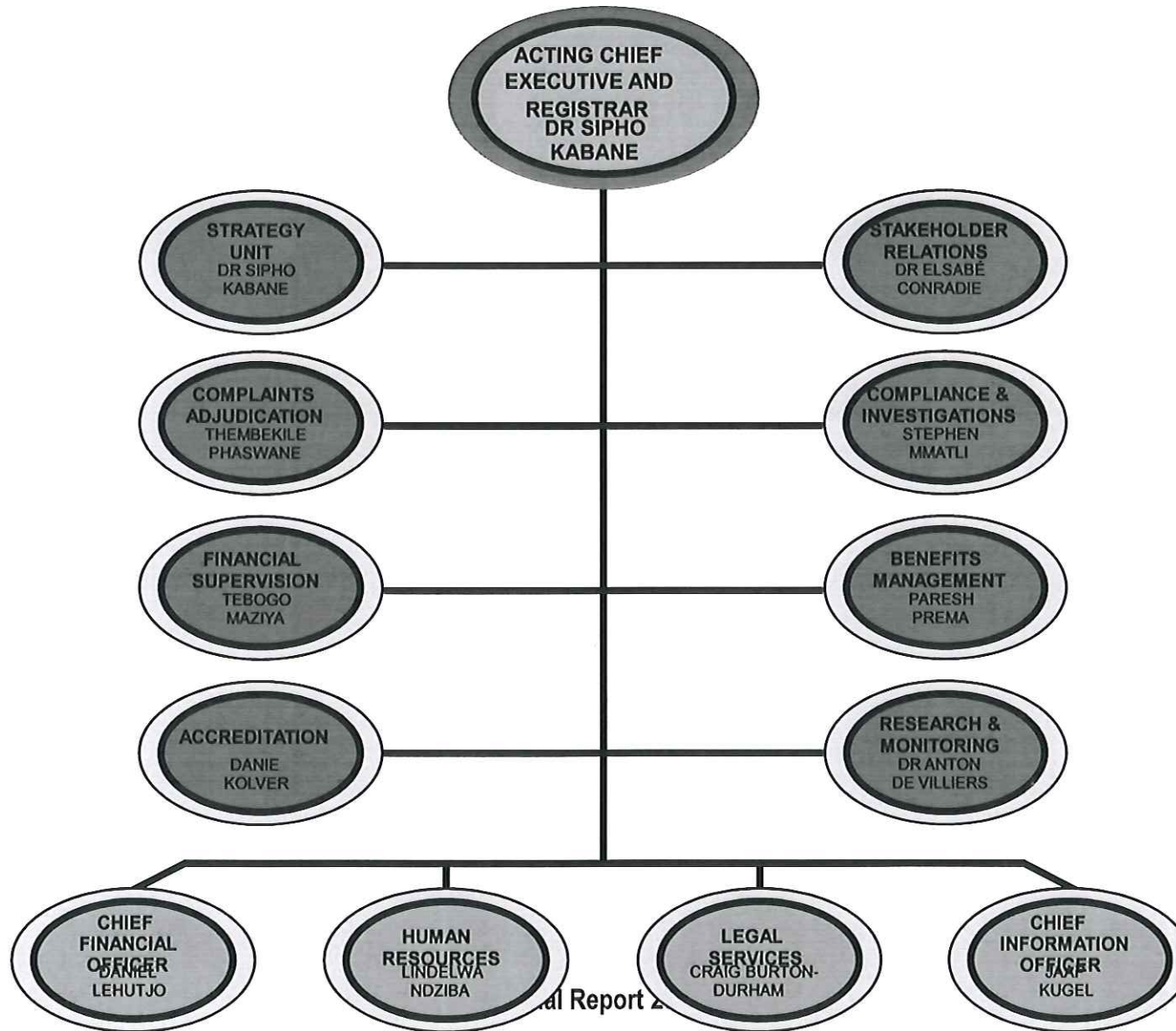


Annual Financial
Statements 2016/17

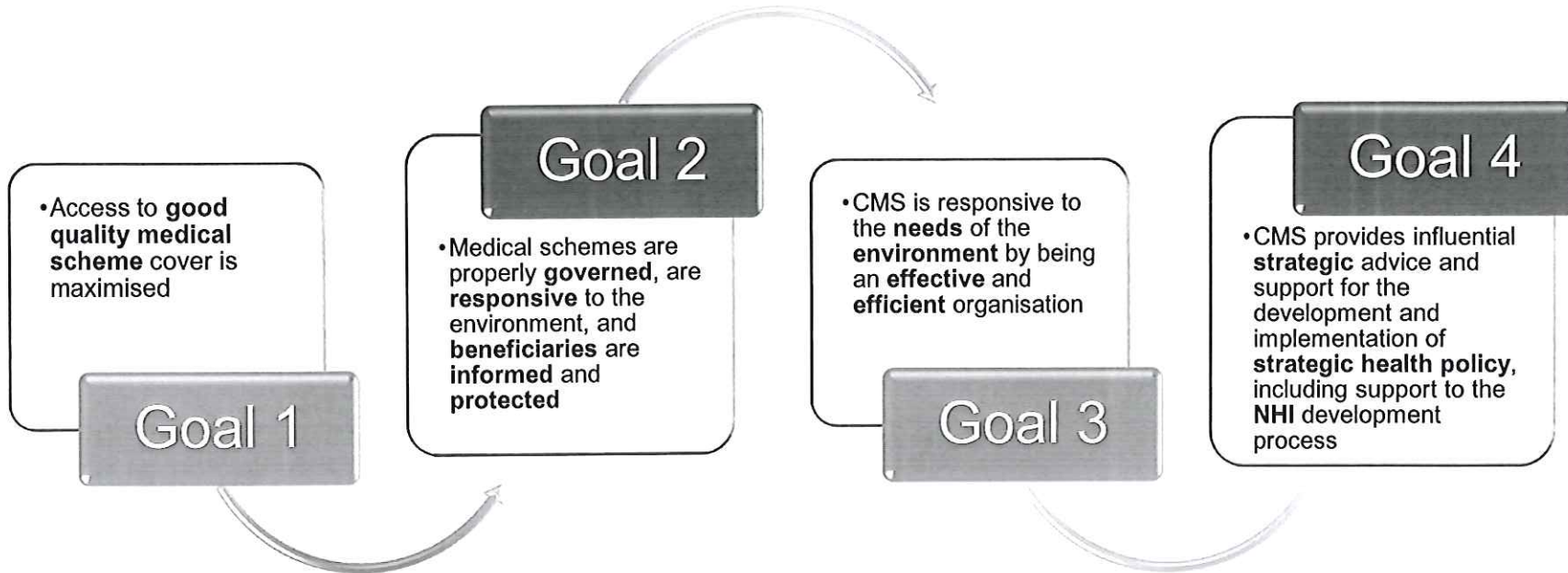


Industry Report

CMS Organisational Structure



Strategic Goals



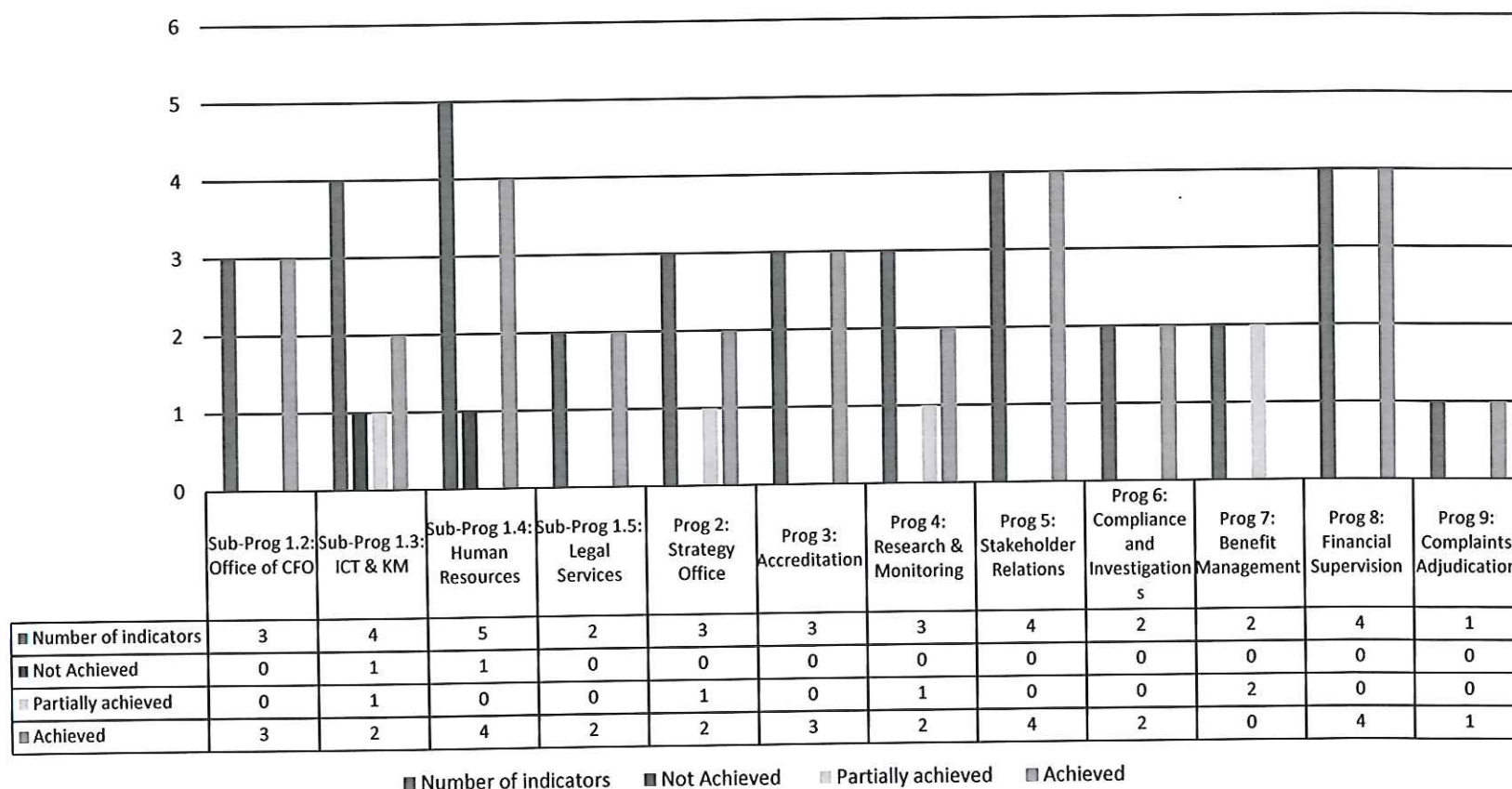
Aggregated Performance on set objectives for CMS 2016/17

- The overall achievement performance for CMS in 2016/17 is 94.4%
- This is above the 80% benchmark set by the AGSA
- Sub-programmes 1.3 and 1.4 (ICT&KM ;HR) show a negative variance
- Sub-programmes 1.3 (ICT&KM); Programmes 2, 4 and 7 (Strategist, R&M and Benefit Management also demonstrate areas of partial achievement

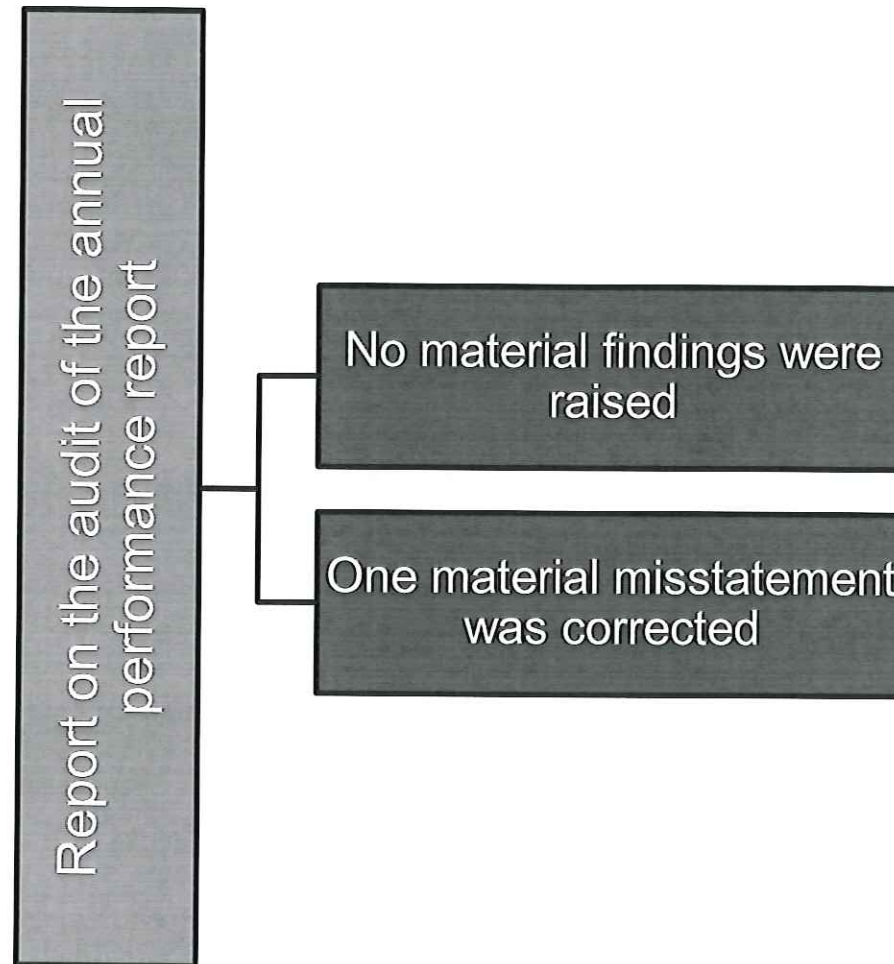
(pages 48 – 76 in the annual report)

Achievement of strategic objectives

Annual Performance Report 2016/17



Audit Report



Achievement of strategic objectives

Performance achievements during 2016/17

- **Unqualified report** by the Auditor General
- **ICT systems up-time** were maintained at over 99%
- There was an increase in **PMB definitions published**
- **Increased research outputs** to address industry challenges and contribute to policy development
- **Increased stakeholder interactions**, training and empowerment, including enhanced publicity initiatives
- **increase in the number of investigations and governance interventions** undertaken
- The **appeals process** was strengthened to reduce the backlog of appeals
- **Improvement in the resolution of complaints** during the year

Strategy to overcome areas of under-performance

In the Human Resources programme there were 5 out of 14 positions that took longer than the 90 days to fill. This was due to the fact that some positions required scarce or critical skills which are normally harder to attract. This resulted in the affected positions not being filled within the 90 days period.

The programme has put in measures to ensure that the filling of vacancies for scarce and critical skills do not take longer than 90 days. The programme will resort to agencies and head hunting for these positions.

In the ICT&KM programme there was one security incident that occurred during the period under review. The CMS monitoring systems picked up that an unauthorised access had been gained to an Executive's mailbox. Disciplinary action followed.

Through the implementation of a new security measures put in place by the programme they were able to pick up the unauthorized access that was gained by the employee. CMS strives continuously to keep abreast with the latest security measures.

Strategy to overcome areas of partial achievement

In the ICT&KM programme there was partial achievement on the turnaround time in responding to requests for information, mainly because certain requests required a legal opinion which extended beyond the turnaround time.

Some requests will require a legal opinion before requested information can be released, the unit has taken this into account in terms of its planning for 2017/18 and reduced its target to 80%. Every effort is made however to respond to requests within 30 days.

In the Strategy office there was **partial achievement** with regard to clinical opinions. The human resource constraints experienced by the unit had a negative impact on the unit's ability to deliver on its targets of providing clinical opinions within the set timeframes.

These constraints have been remedied, turnaround strategies are now in place and the unit is better positioned for the next performance cycle.

In the Benefit Management programme the **partial achievement** relating to rule amendments was due to the complexity level of the rule amendments that were received. The activity required more than the set 14 working days to complete.

The target has been revised for 2017/18 to 80% for this indicator as it is reflective of the complexity and nature of the process.

Sub-programme 1.2: Office of the CFO

Performance Indicator	Actual achievement 2013/2014	Actual achievement 2014/2015	Actual achievement 2015/2016	Planned Target 2016/2017	Actual achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comments on deviation
Strategic Objective 1.2.3.1: Ensure effective financial management and alignment of budget allocation with strategic priorities							
An unqualified opinion issued by the Auditor-General on the annual financial statements by 31 July each year	New indicator	1	1	1	1	–	CMS received an unqualified opinion on its annual financial statements for 2015/2016.
An unqualified opinion issued by the Auditor General on the annual performance information by 31 July each year	New indicator	1	1	1	1	–	CMS received an unqualified opinion on its annual performance information report for 2015/2016.
Strategic Objective 1.2.3.2: An effective, efficient and transparent system of risk management is maintained in order to mitigate the risks exposure of the CMS							
Number of strategic risk register reports submitted to Council for monitoring, per year	New indicator	New indicator	4	4	4	–	Strategic risks were monitored during the year by Council.

Sub-programme 1.3: ICT & KM

Performance Indicator	Actual achievement 2013/2014	Actual achievement 2014/2015	Actual achievement 2015/2016	Planned Target 2016/2017	Actual achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comments on deviation
Strategic Objective 1.3.3.1: An established ICT Infrastructure that ensures information is available, accessible and protected.							
Percentage of network and server uptime, per year	New indicator	97.05%	99.5%	95%	99.7%	+4.7%	The unit exceeded its planned target mainly due to the fact that we have successfully virtualised our server environment and upgraded our core switching infrastructure, thus creating a highly redundant and stable production environment.
Percentage of IT security incidents, per year	New indicator	New indicator	New indicator	0%	1.1%	-1.1%	There was one security incident that occurred during the period under review. Our monitoring systems picked up that an unauthorised access had been gained to an executive's mailbox. Disciplinary action followed.
Strategic Objective 1.3.3.2: Provide software applications that serve both internal as well as external stakeholders, that improve business operations and performance							
Percentage of Uptime, of all installed application systems where network access exists, per year	96%	98.23%	99%	99%	99.7%	+0.7%	CMS existing software applications have matured over time and new applications are being developed using sound software development methodologies as well as rigorous pilot testing.

Performance Indicator	Actual achievement 2013/2014	Actual achievement 2014/2015	Actual achievement 2015/2016	Planned Target 2016/2017	Actual achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comments on deviation
Strategic Objective 1.3.3.3: Effectively provide information management services and organise and manage organisational knowledge with a view to enhance knowledge sharing							
Percentage of physical requests for information successfully responded to within 30 days, per year	279	274	350	100% (300)	98% (244/249)	-2%	There was an ongoing trend of receiving less physical requests for information than targeted, mainly due to the positive effect of our ongoing scanning of organisational records, which makes it possible for records to be easily accessible on our electronic portal, thus negating the need for making any formal physical information requests

Sub-programme 1.4: Human Resources Management

Performance indicator	Actual achievement 2013/2014	Actual achievement 2014/2015	Actual achievement 2015/2016	Planned Target 2016/2017	Actual achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comments on deviation
Strategic objective 1.4.3.1: Build competencies and retain skilled employees							
Minimise staff turnover rate to less than 5% per annum	6.12%	3.88%	9%	<5%	4.42%	–	Staff turnover rate was minimised.
Average turnaround time to fill a vacancy (Average turnaround time of 90 working days to fill a vacancy that exists during the year)	New Indicator	There were 7 out of 10 positions that took longer than the 90 days to fill	There were 3 out of 9 positions that took longer than the 90 days to fill	90 days	There were 5 out of 14 positions that took longer than the 90 days to fill		Some positions were challenging to fill within the stipulated turn-around period as they required scarce or critical skills.
CE & Registrar 01/04/2016	–	–	–	90 days	150 days	60 days	The position was approved by the Minister for re-advertising in April 2016. The position was filled on 1 November 2016.
Senior Strategist 3/11/2014	–	–	–	90 days	404 days	314 days	The position was filled with effect from 1 July 2016. Delays were due to a labour dispute with the terminated employee as well as the position requiring scarce and critical skills.
Health Economist 4/01/2016	–	–	–	90 days	102 days	12 days	Position was filled on 1 June 2016. The delay in filling the position was due to the position requiring scarce and critical skills.
Senior Manager: Clinical 12/01/2016	–	–	–	90 days	96 days	6 days	Position was filled by an internal candidate on 1 June 2016. The delays in filling the position was due to the position requiring scarce and critical skills.

Performance Indicator	Actual achievement 2013/2014	Actual achievement 2014/2015	Actual achievement 2015/2016	Planned Target 2016/2017	Actual achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comments on deviation
Accountant 1/4/2016	-	-	-	90 days	0 days	-	The position was filled within 90 days.
Communications Manager 1/04/2016	-	-	-	90 days	52 days	-	The position was filled within 90 days.
Junior Developer 1/02/2016	-	-	-	90 days	61 days	-	The position was filled within 90 days.
Medical Advisor 1/06/2016	-	-	-	90 days	106 days	16 days	Position was filled by an internal candidate on 1 November 2016. The delays in filling the position was due to the position requiring scarce and critical skills.
Senior Legal Adjudication Officer 1/3/2016	-	-	-	90 days	40 days	-	The position was filled within 90 days.
Legal Adjudication Officer 1/05/2016	-	-	-	90 days	21 days	-	The position was filled within 90 days.
Legal Adjudication Officer 1/07/2016	-	-	-	90 days	42 days	-	The position was filled within 90 days.
Clinical Analyst 1/09/2016	-	-	-	90 days	65 days	-	The position was filled within 90 days.
Executive Assistant: FSU 23/09/2016	-	-	-	90 days	49 days	-	The position was filled within 90 days.
Executive Assistant: CEO 1/11/2016	-	-	-	90 days	10 days	-	The position was filled within 90 days.
Legal Advisor 19/01/2017	-	-	-	90 days	51 days	-	The position was filled within 90 days.
Senior Compliance Officer 23/01/2017	-	-	-	90 days	49 days	n/a	Recruitment process currently underway.
Senior Analyst: BMU 23/01/2017	-	-	-	90 days	49 days	n/a	Recruitment process currently underway.
Senior Developer 22/01/2017	-	-	-	90 days	49 days	n/a	Recruitment process currently underway.
CE & Registrar 22/01/2017	-	-	-	90 days	49 days	n/a	Recruitment process currently underway.
Achievement of Employment equity targets (85% optimal in terms of Employment Equity Act), annually	New indicator	88%	94%	85%	91.45%	6.45%	Exceeded the planned target.

Performance Indicator	Actual achievement 2013/2014	Actual achievement 2014/2015	Actual achievement 2015/2016	Planned Target 2016/2017	Actual achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comments on deviation
Strategic Objective 1.4.3.2: Maximise performance to improve organisational efficiency and maintain high performance culture							
100% of employee performance agreements are signed by no later than 31 May of each year	New indicator	New indicator	New indicator	100%	100%	-	
Percentage of employee performance assessment concluded, bi annually	New indicator	New indicator	New indicator	100%	100%	-	

Sub-programme 1.5: Legal Services Unit

Performance Indicator	Actual achievement	Actual achievement	Actual achievement	Planned Target	Actual achievement	Deviation from planned target to Actual Achievement	Comments on deviation
	2013/2014	2014/2015	2015/2016	2016/2017	2016/2017	for 2016/2017	
Strategic Objective 1.5.3.1: Legal advisory service for effective regulation of the industry and operations of the office							
Percentage of written and verbal legal opinions generated internally to internal and external stakeholders, per year	New indicator	New indicator	205	85% (180)	100% (175)	+15%	All opinions received were attended to within the time frames set by the unit.
Strategic Objective 1.5.3.2: Support CMS mandate by defending decisions of Council and the Registrar							
Percentage of court and tribunal appearances in legal matters received and handled by the unit, per year	17	24	21	100% (23)	100% (25)	-	All legal matters were attended to by the unit.

Programme 2: Strategy Office

Performance Indicator	Actual achievement 2013/2014	Actual achievement 2014/2015	Actual achievement 2015/2016	Planned Target 2016/2017	Actual achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comments on deviation
Strategic Objective 2.1.1: Formulate Prescribed Minimum Benefits definitions to ensure members are adequately protected							
The number of benefit definitions and CMS scripts published, per year	New indicator	11	12	14 (10 CMScripts 4 PMB	10 CMScripts 7 PMB definitions	3 PMB definitions	The unit was able to publish 3 more benefit definitions during the year than was initially
Strategic Objective 2.2.1: Provide clinical opinions to resolve complaints and enquiries							
Percentage of clinical opinions reviewed within 30 days of receipt from Complaints Adjudication	839	623	938	90%	40%	-50%	The human resource constraints experienced by the unit played a major role in the backlog on poor performance on this indicator. The unit has since implemented a turnaround strategy to address this, and this has begun to produce results.
Percentage of clinical enquiries received via e-mail or telephone reviewed within 7 days	New indicator	New indicator	New indicator	90%	99%	+9%	The timeous resolution of enquiries is ongoing and targets were exceeded.

Programme 3: Accreditation unit

Performance Indicator	Actual achievement 2013/2014	Actual achievement 2014/2015	Actual achievement 2015/2016	Planned Target 2016/2017	Actual achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comments on deviation
Strategic Objective 3.2.1: Accredit brokers based on their compliance with the requirements for accreditation in order to provide broker services							
Number of brokers and broker organisations that comply with the accreditation requirements accredited within 21 working days of receipt of complete applications	5 564	5 027	5 634	3 980	4 854	874	There were more applications received than anticipated.

Programme 3: Accreditation unit continues

Strategic Objective 3.2.2: Accredit Managed Care Organisations (MCOs) based on their compliance with the accreditation requirements in order to provide managed care services as defined

Number of managed care organisation applications accredited within 3 months of receipt of all relevant information	14	26	16	26	21	5	Two renewal applications which were scheduled to be finalised in the first quarter of 2016/2017 were finalised in the last quarter of 2015/2016. Two MCOs elected not to renew their accreditation. One renewal application was moved to the first quarter of 2017/18 due to a rescheduling of an EXCO meeting.
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Strategic Objective 3.2.3: Accredit administrators and issue Compliance Certificates to self-administered schemes based on their compliance with the accreditation requirements in order to provide administration services

Number of applications by administrators and self-administered schemes accredited within 3 months of receipt of all relevant information	16	9	13	15	14	1	One self-administered scheme's application was approved by Council in last quarter of 2015/2016, earlier than expected.
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Programme 4: Research and Monitoring unit

Performance Indicator	Actual achievement 2013/2014	Actual achievement 2014/2015	Actual achievement 2015/2016	Planned Target 2016/2017	Actual achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comments on deviation
Strategic Objective 4.2.1: To ensure that a Practice Code Numbering system is administered by an approved entity in order to facilitate claims payment and resource planning							
Number of quarterly reports received from the PCNS service provider reflecting active practice code numbers, per year	4	4	4	4	3	1	The quarterly report January to March 2017 was still outstanding.
Strategic Objective 4.4.1: Conduct research to inform appropriate policy interventions							
Number of research projects and support projects finalised, per year	13	11	10	8	10	2	The unit received additional ad-hoc research project requests from Council.
Strategic Objective 4.4.2: Monitoring trends to improve regulatory policy and practice							
Non-financial report submitted for inclusion in the annual report, per year	1	1	1	1	1	–	A non-financial report was submitted for inclusion into the annual report.

Programme 5: Stakeholder Relations unit

Performance Indicator	Actual achievement 2013/2014	Actual achievement 2014/2015	Actual achievement 2015/2016	Planned Target 2016/2017	Actual achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comments on deviation
Strategic Objective 5.2.1: Create awareness and provide training in order to enhance the visibility and reputation of CMS							
Percentage of member awareness of CMS resulted from survey	New indicator	New indicator	New indicator	30%	40.3%	+10.3%	The survey results indicated a higher percentage of members being aware of the CMS than expected.
Number of stakeholder training and awareness sessions, per year	New indicator	New indicator	46	18	55	+37	The unit held additional training and awareness sessions during the year
Strategic Objective 5.2.2: Communication and engagement to inform and empower stakeholders							
Publication of CMS Annual Report by 31 August	1	1	1	1	1		– A pending court case about COMMED's financial statements caused the publication of the annual report to be postponed to 14 October 2016.
Percentage of positive or neutral feedback received on CMS reputation through a media monitoring tool, per year	New indicator	72.9%	94%	75%	97%	+22%	The initiatives taken by the unit led to an increase in the positive or neutral feedback on the CMS reputation.

Programme 6: Compliance and Investigation Unit

Performance indicator	Actual achievement 2013/2014	Actual achievement 2014/205	Actual achievement 2015/2016	Planned Target 2016/2017	Actual achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comments on deviation
Strategic Objective 6.2.1: Regulated entities comply with Legislation							
Percentage of non-compliance cases against regulated entities undertaken, per year	New indicator	52	82	100% (40)	100% (39)	–	The Compliance and Investigations unit attended to all matters that related to non-compliance against regulated entities.
Strategic Objective 6.2.2: Strengthen and monitor governance systems							
Percentage of governance interventions implemented, per year	New indicator	88	55	100% (75)	100% (105)	–	The Compliance and Investigations unit attended to all the matters that required enforcement of governance systems.

Programme 7: Benefit Management unit

Performance indicator	Actual achievement 2013/2014	Actual achievement 2014/2015	Actual achievement 2015/2016	Planned Target 2016/2017	Actual achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comments on deviation
Strategic Objectives 7.2.1: To ensure that rules of the schemes are fair and compliant with the Medical Schemes Act							
Percentage interim rule amendments processed within 14 days of receipt of all information, per year	New indicator	New indicator	New indicator	100% (129)	87% (88 out of 101)	13%	The deviation was due to the complexity of some of the amendments received.
Percentage of annual rule amendments processed before 31 December of each year	New indicator	New indicator	New indicator	100% (83)	98.9% (90)	1.1%	The deviation was due to one amendment that was processed in January 2017 due to it being a replacement page received on 15 December 2016. As the finalisation of processing was priority, this rule was prioritised for January 2017.

Programme 8: Financial Supervision Unit

Performance Indicator	Actual achievement 2013/2014	Actual achievement 2014/2015	Actual achievement 2015/2016	Planned Target 2016/2017	Actual achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comments on deviation
Strategic Objective 8.2.1: Monitor and promote the financial soundness of medical schemes							
Recommendations in respect of Regulation 29 (schemes below solvency) for 100% of business plan received, per year	100%	100%	100%	100%	100%	–	Recommendations were done for all business plans received from schemes in respect of Regulation 29.
Recommendations on action plans for schemes with rapidly reducing solvency (but above statutory minimum) for 100% of schemes identified, per year	New indicator	New indicator	100%	100%	–	–	No schemes were identified with rapidly reducing solvency during the period under review.
Number of Quarterly financial return reports published (excluding quarter 4), per year	3	3	3	3	3	–	Quarter 1 and 2 financial returns reports were published in November 2016. The quarter 1 report was delayed due to the late publication of Annual report.
Number of financial sections prepared for the Annual	1	1	1	1	1	–	Financial sections were prepared for the annual report.

Programme 9: Complaints Adjudication Unit

Performance Indicator	Actual achievement 2013/2014	Actual achievement 2014/2015	Actual achievement 2015/2016	Planned Target 2016/2017	Actual achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comments on deviation
Strategic Objective 9.2.1: Resolve complaints with the aim of protecting beneficiaries of medical schemes							
Percentage of complaints adjudicated within 120 working days and in accordance with complaints procedure, per year	63%	73%	75.31%	76%	84%	+8%	The positive deviation was as a result of the services of the Complaints Administrator who assisted in resolving non-complex complaints.

Annual Financial Statements 2016/2017

(Pages 96 – 126 in the annual report)

Outline

- Audit report
- Statement of financial position
- Statement of financial performance
- Irregular expenditure

Audit Report

- Report on the financial statements:
financial year end 31 March 2017
 - Unqualified Audit Opinion
- Report on audit of compliance with
legislation, other information and internal
control deficiencies
 - Did not identify any findings

Statement of financial position

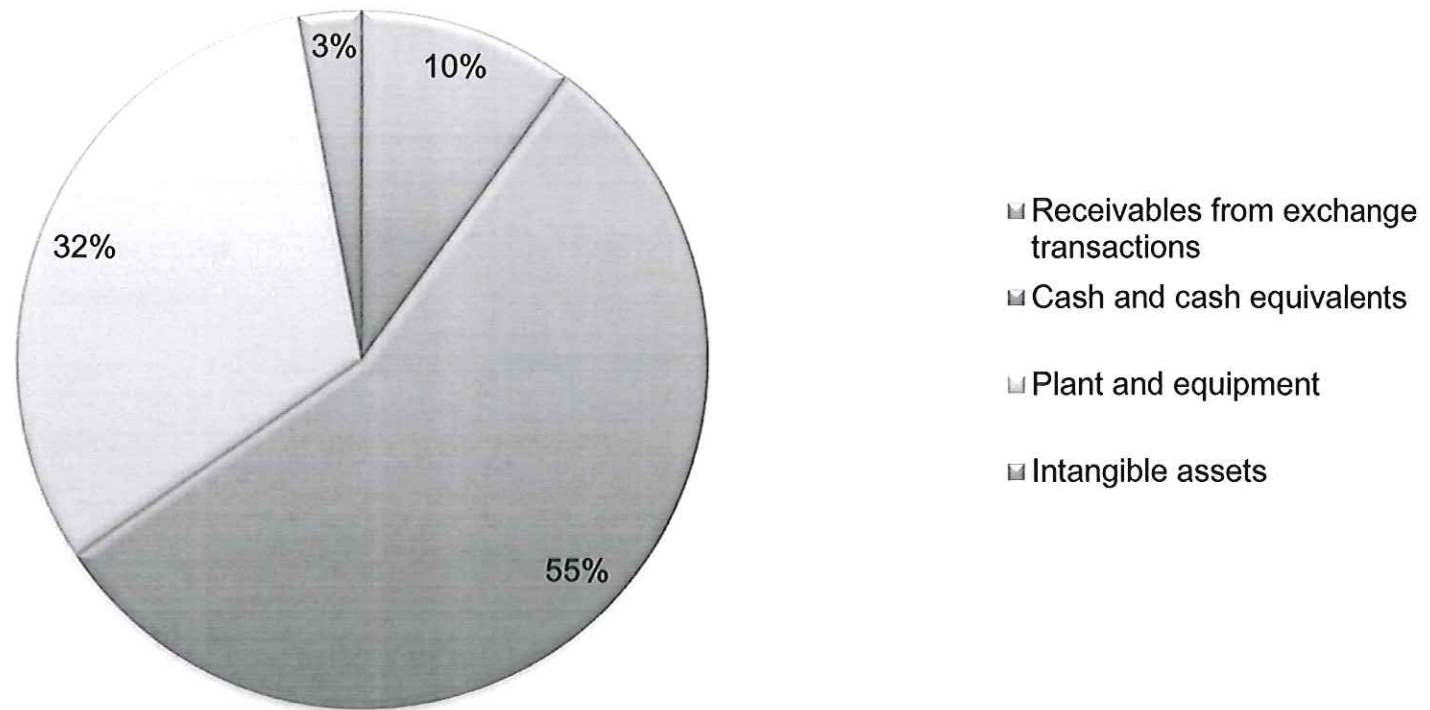
STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2017

	Note(s)	2017 R'000	2016 R'000
Assets			
Current Assets			
Receivables from exchange transactions	3	5 853	7 132
Cash and cash equivalents	4	32 470	24 687
		38 323	31 819
Non-current Assets			
Property, plant and equipment	5	18 476	18 269
Intangible assets	6	1 729	791
		20 205	19 060
Total Assets		58 528	50 879

Statement of financial position

Assets



Statement of financial position

Liabilities

Current Liabilities

Payables from exchange transactions	7	17 139	13 893
Unspent conditional grants and receipts	12	3 271	2 254
Provisions	8	227	257
		20 637	16 404

Non-current Liabilities

Operating lease liability	9	8 231	6 205
Provisions	8	1 464	928
		9 695	7 133

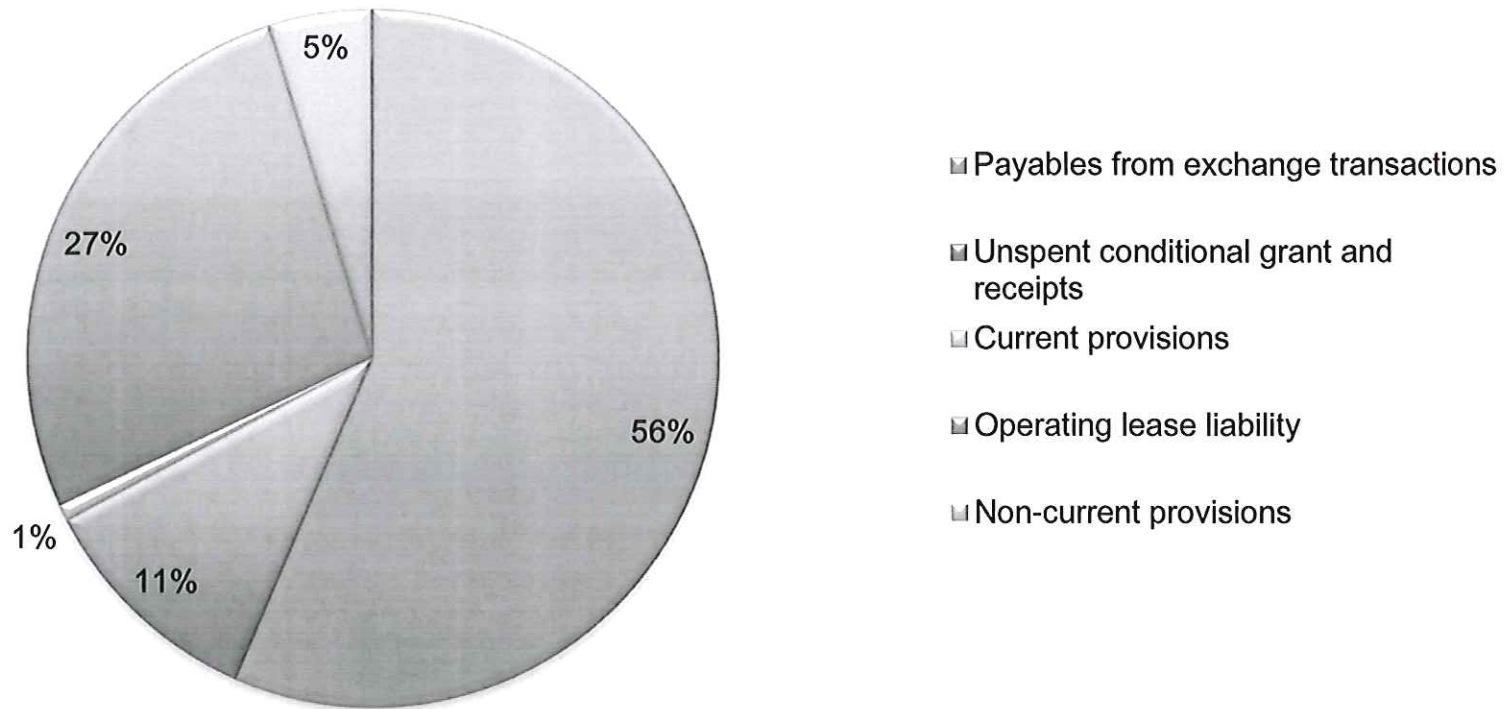
Total Liabilities		30 332	23 537
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Net Assets		28 196	27 342
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Accumulated surplus		28 196	27 342
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Statement of financial position

Liabilities



Statement of financial performance

STATEMENT OF FINANCIAL PERFORMANCE

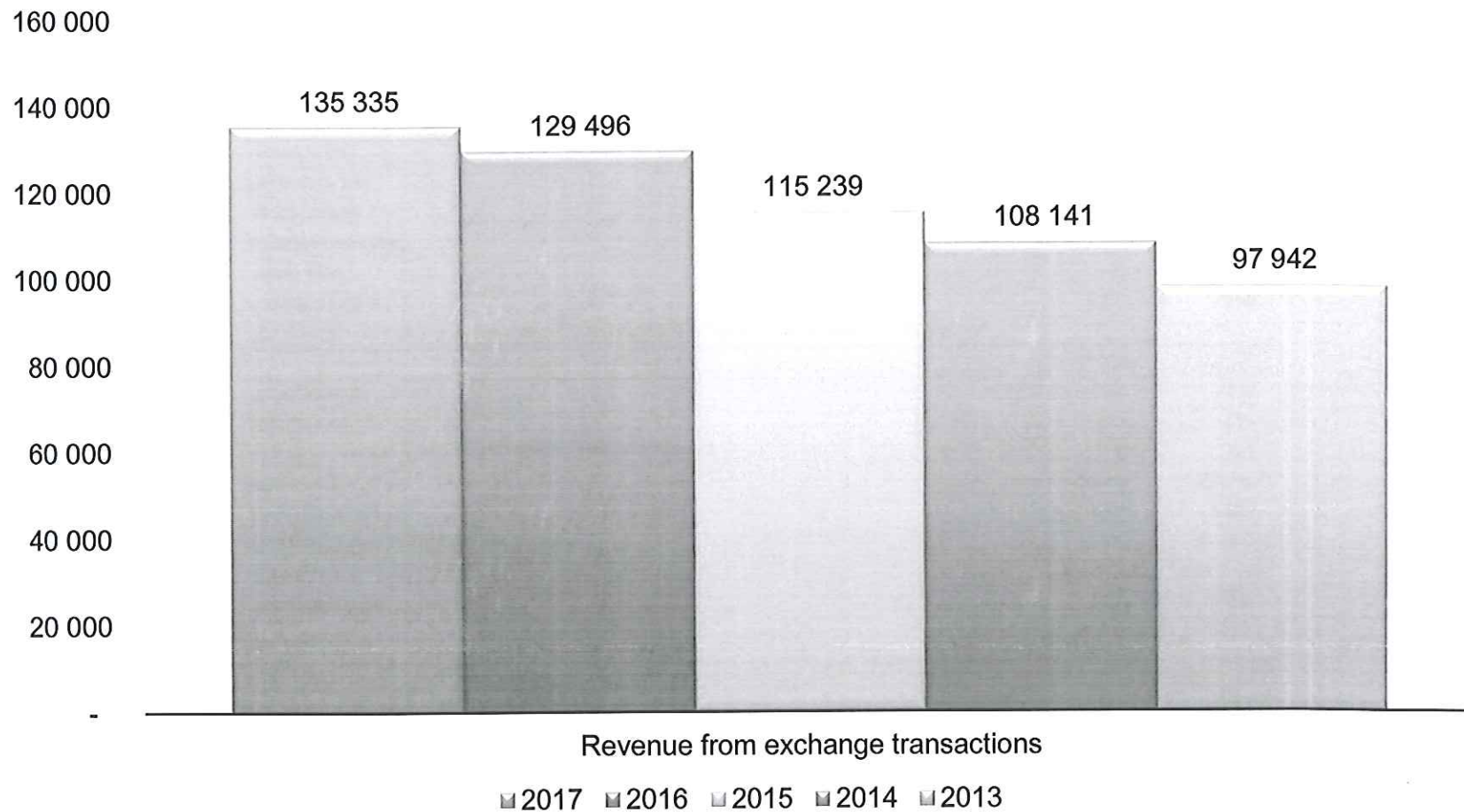
FOR THE YEAR ENDED 31 MARCH 2017

	Note(s)	2017 R'000	2016 R'000
Revenue	11	136 075	129 952
Administrative expenses	13	(21 700)	(20 448)
Audit fees	14	(785)	(1 952)
Operating expenses	15	(22 233)	(15 862)
Staff cost	16	(90 599)	(80 689)
Depreciation and amortisation		(4 431)	(4 106)
Gain/(Loss) on disposal of assets	17	44	(254)
Operating (deficit)/surplus		(3 629)	6 641
Investment revenue	18	4 483	2 836
Surplus for the year		854	9 477

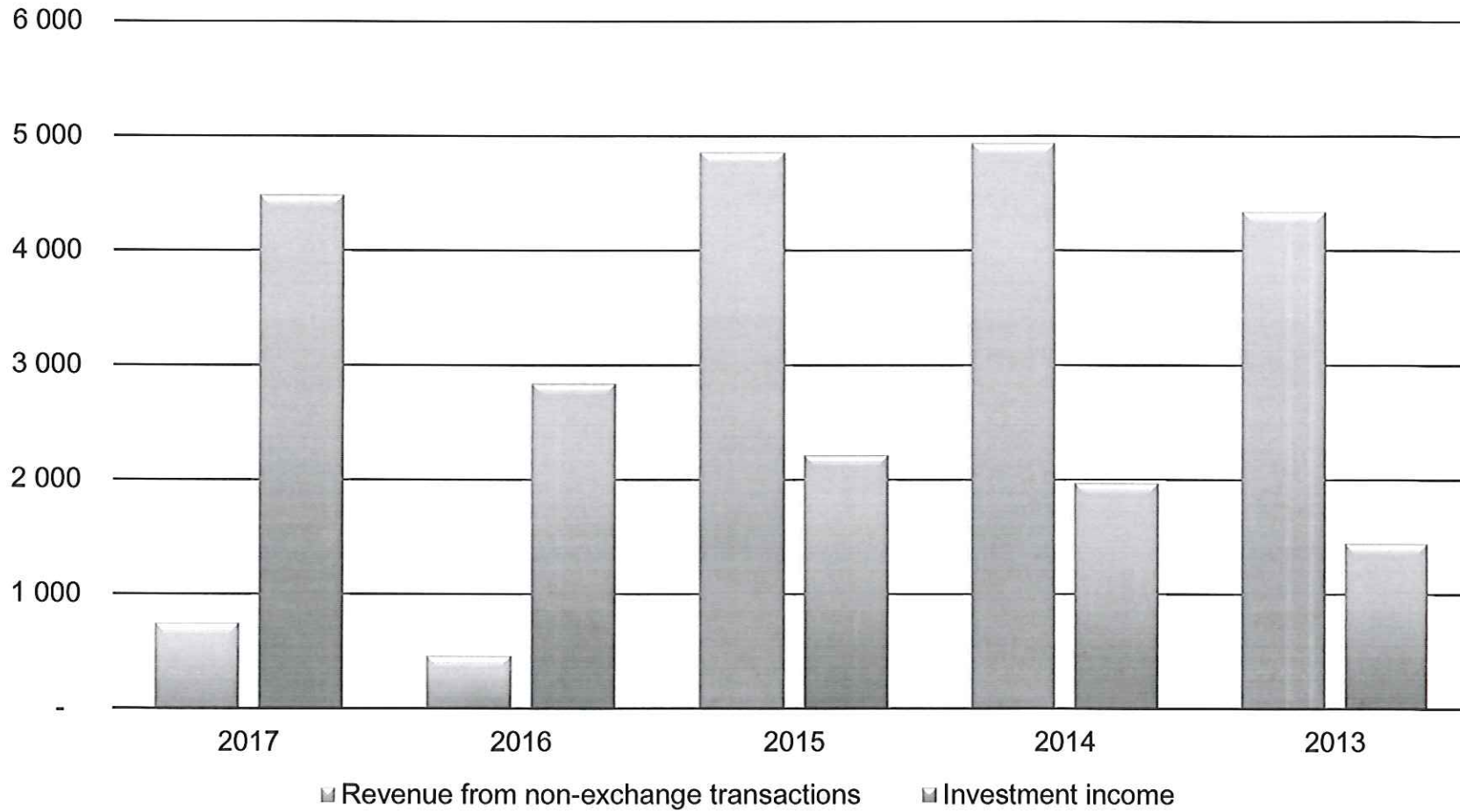
Revenue

	2017 R'000	2016 R'000
11. Revenue		
Accreditation fees	6 352	6 228
Appeal fees	10	10
Government transfers: Department of Health	595	302
Legal fees recovered	1 543	1 551
Levies income	126 469	120 107
Mandatory transfer: Department of Higher Education & Training	145	154
Registration fees	431	370
Sundry income	530	1 230
	136 075	129 952
The amounts included in revenue arising from exchanges of goods or services are as follows:		
Accreditation fees	6 352	6 228
Appeal fees	10	10
Legal fees recovered	1 543	1 551
Levies income	126 469	120 107
Registration fees	431	370
Sundry income	530	1 230
	135 335	129 496
The amount included in revenue arising from non-exchange transactions is as follows:		
Transfer revenue		
Government transfers: Department of Health (note 12)	595	302
Mandatory transfer: Department of Higher Education & Training	145	154
	740	456
Nature and type of services in-kind are as follows:		
The CMS awarded Board of Healthcare Funders (BHF) a contract to administer the Practice Code Numbering System (PCNS) in terms of Regulation 1 of the Medical Schemes Act, Act no 131 of 1998. CMS does not charge any fee to BHF for the administration of the PCNS. BHF only has to submit quarterly report to CMS for purposes of research work.		

Revenue from exchange transactions



Other income



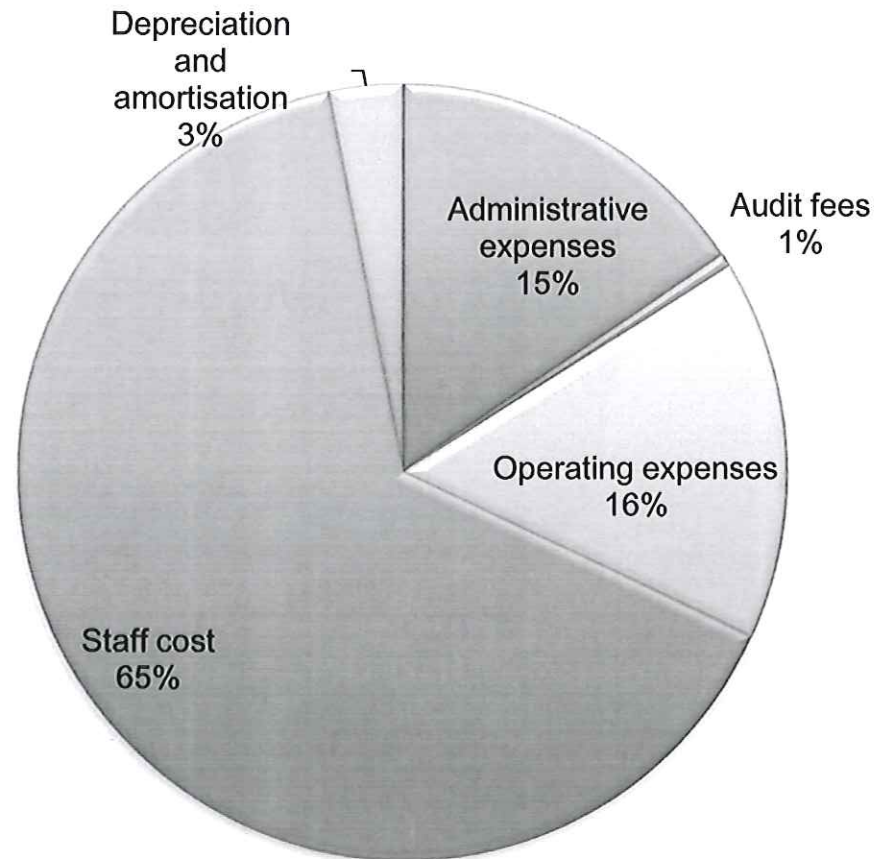
Statement of financial performance

STATEMENT OF FINANCIAL PERFORMANCE

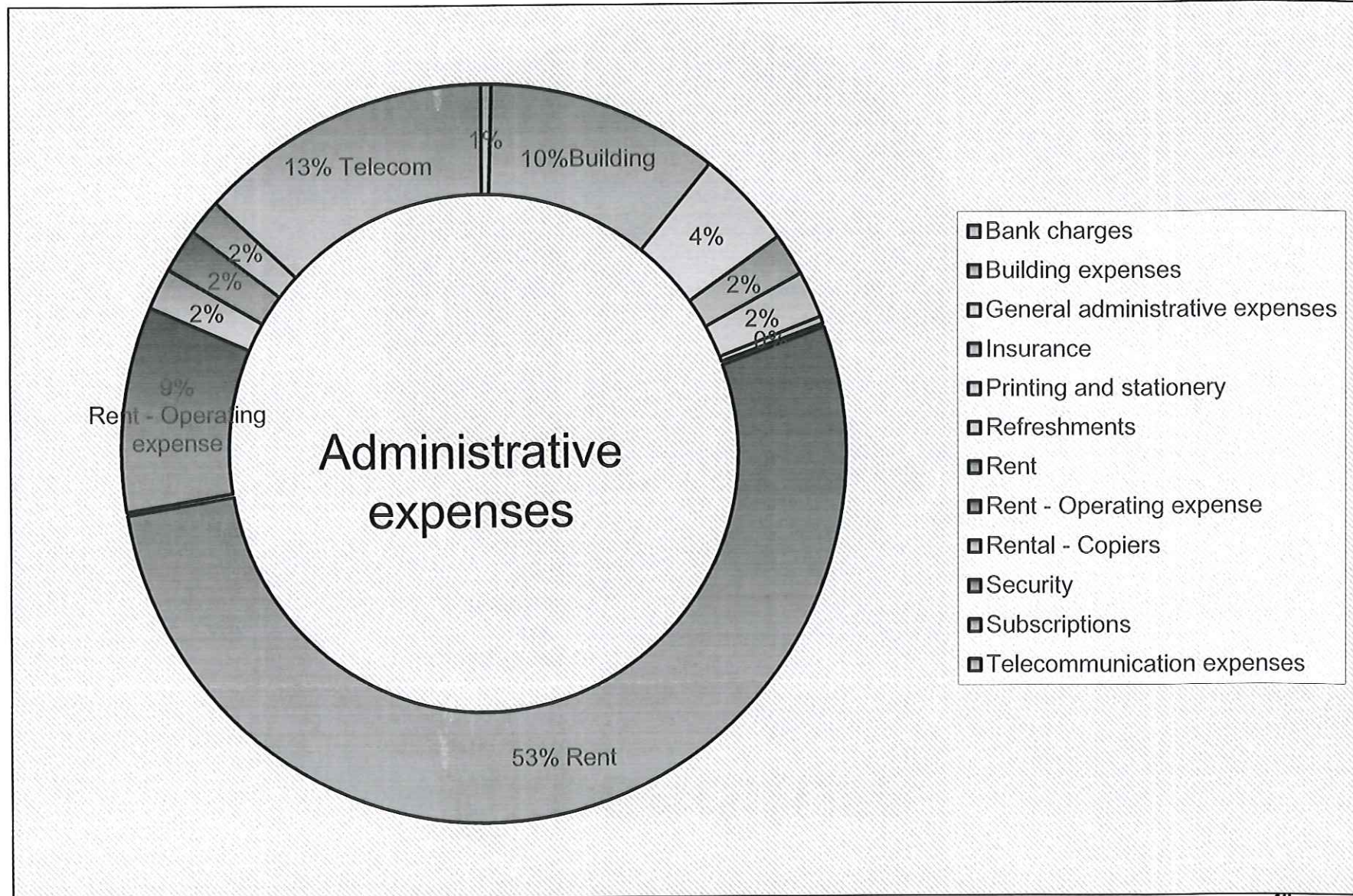
FOR THE YEAR ENDED 31 MARCH 2017

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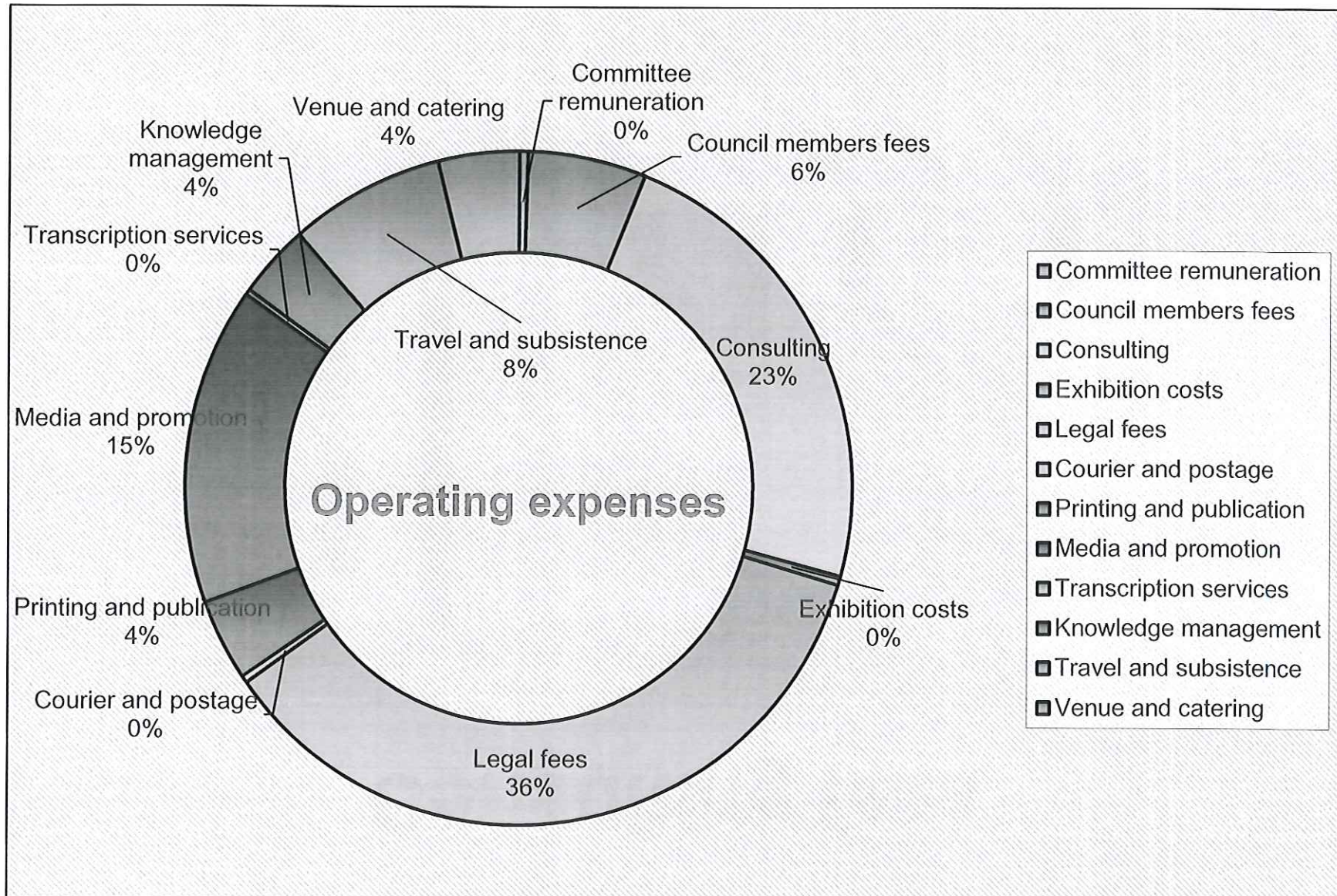
Expenditure



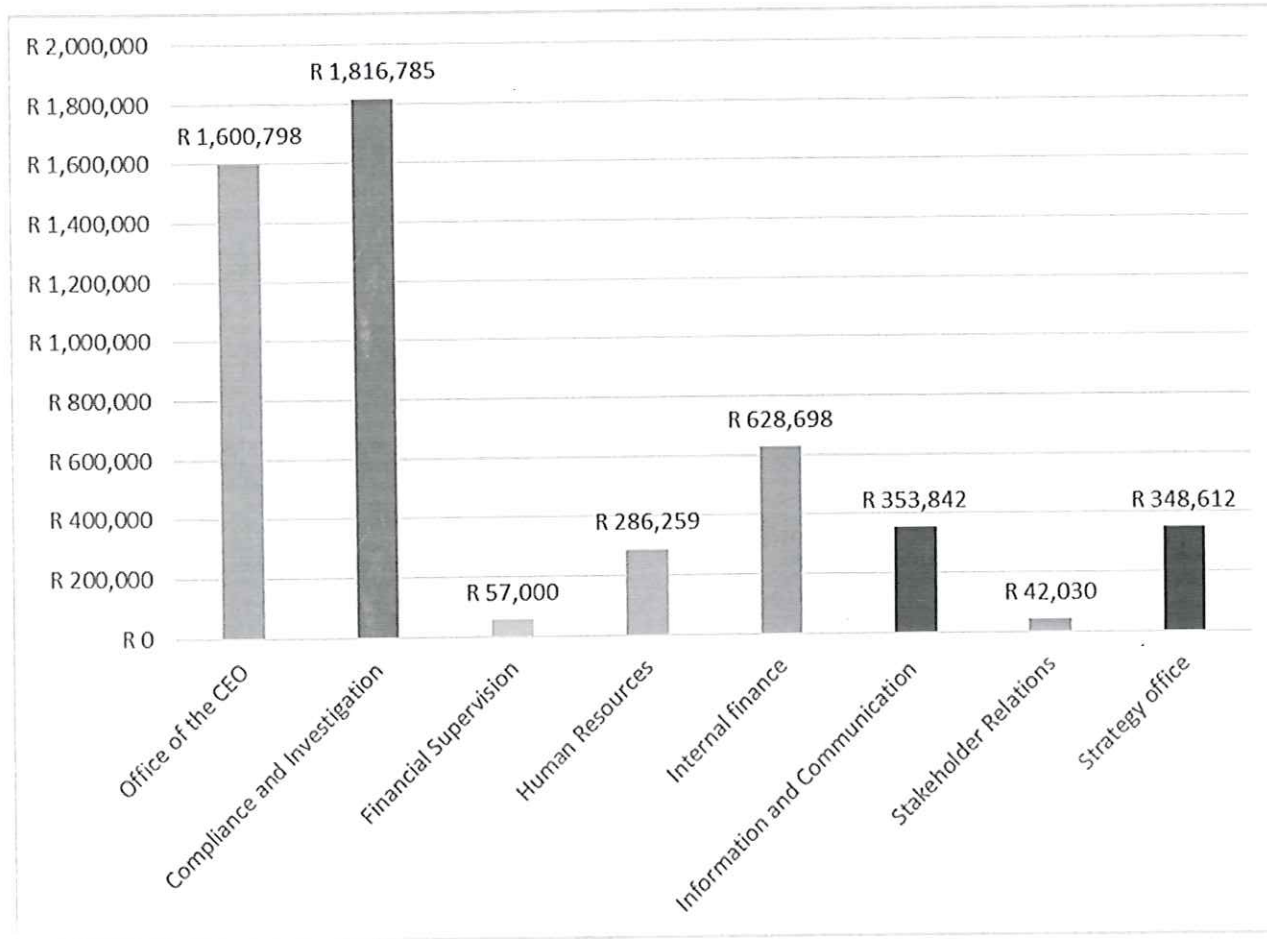
Administrative expenses



Operating expenses



Consulting fees



Irregular expenditure

	2017 R'000	2016 R'000
25. Irregular expenditure		
Opening balance	9 419	8 436
Add: Irregular Expenditure – current year	1 368	983
Less: Amounts not recoverable (not condoned)	–	–
	10 787	9 419
Analysis of expenditure awaiting condonation per age classification		
Current year	1 368	983

Complaints trends

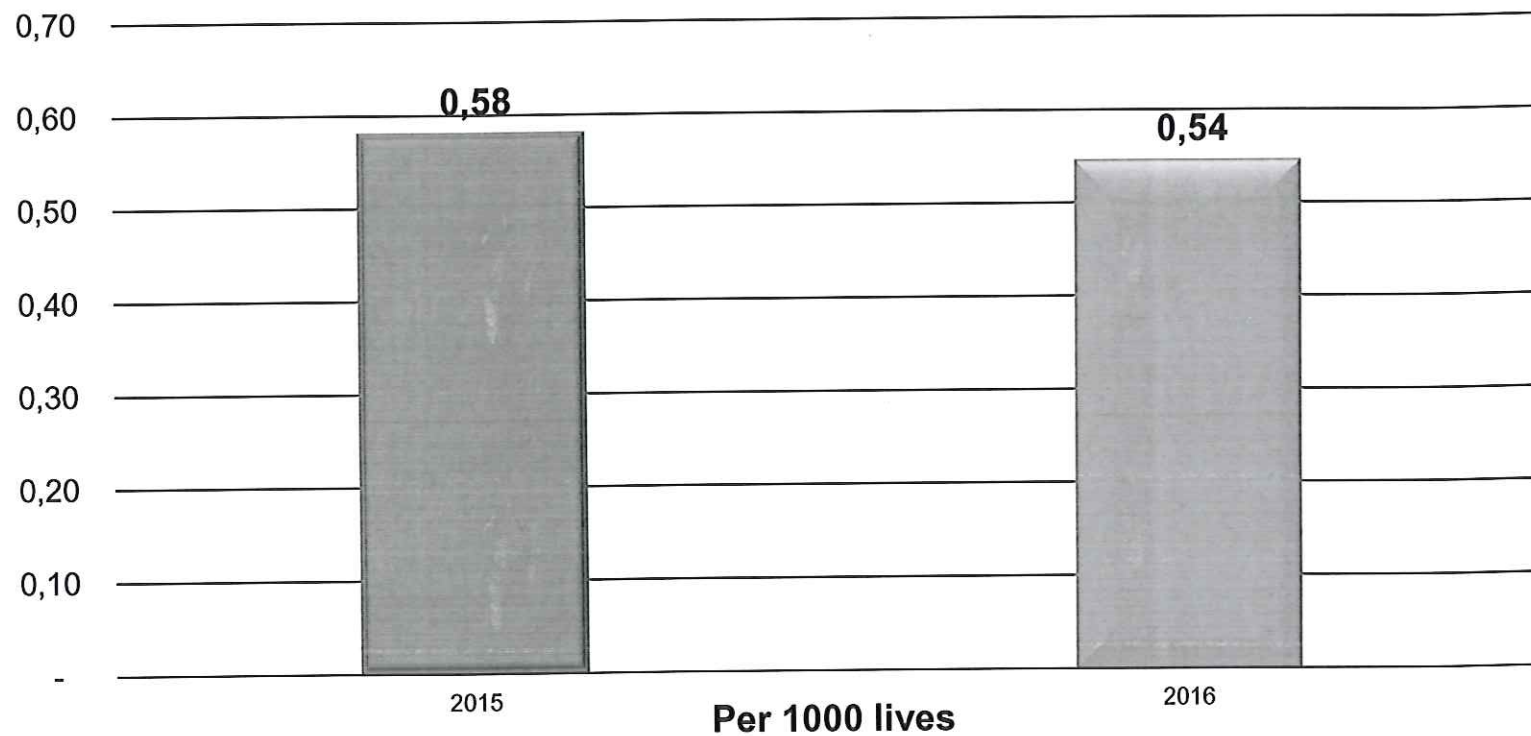
(pages 38 – 41 of the annual report)

Outline

- Number of complaints received
- Number of complaints resolved
- Complaints resolved by category
- Top 10 - Trends in open medical schemes
- Top 10 - Trends in restricted medical schemes
- Way Forward

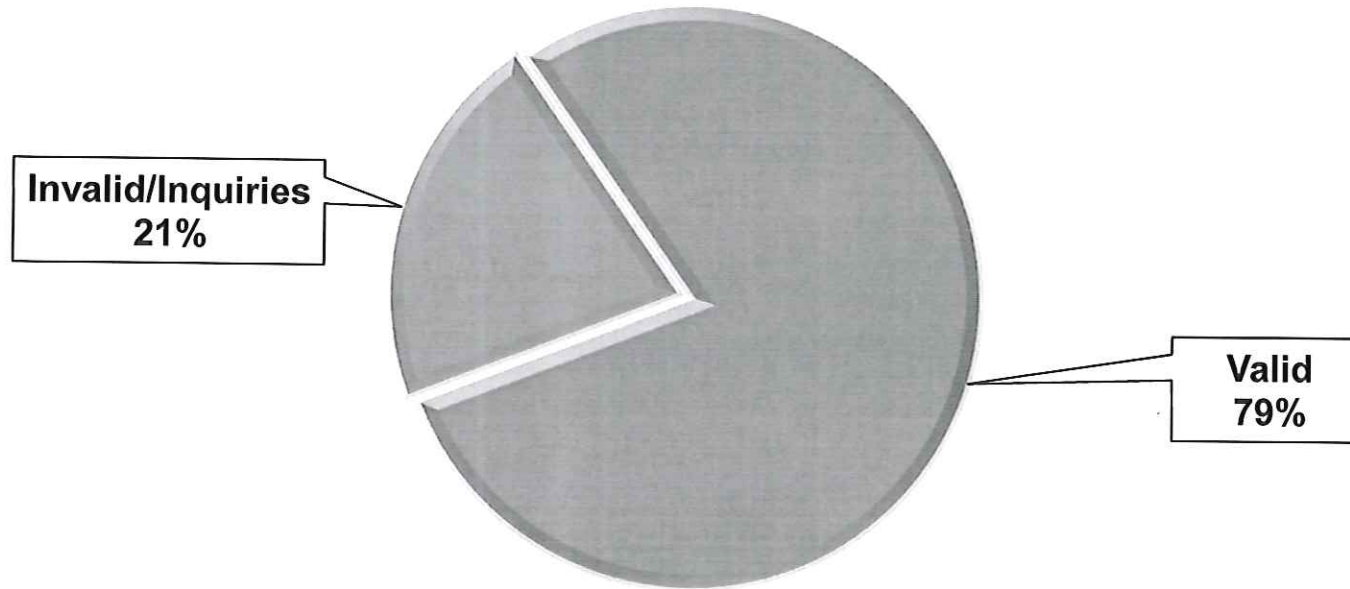
Number of complaints received per 1000 beneficiaries

Number of complaints received per 1000 beneficiaires: 2016



Number of complaints resolved

Number of complaints resolved



Valid Invalid/Inquiries

Complaints resolved by category

Increase in complaints mostly on the following:

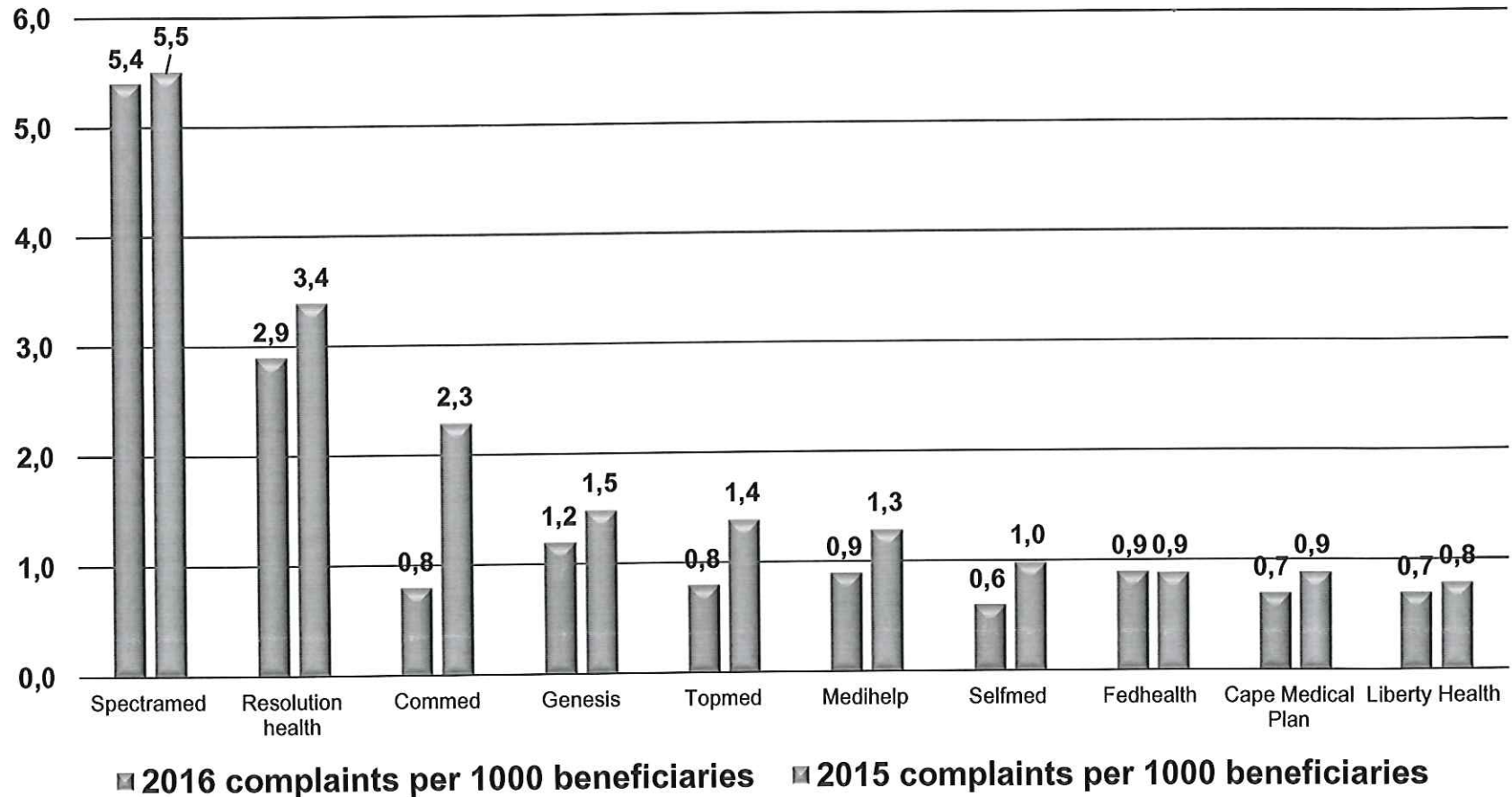
Category	2015	2016	% increase
SHORT-PAYMENT OF PMB ACCOUNTS			
Sub-limits in options	50	54	+ 0.08
Incorrect coding	42	45	+ 0.07
NON-PAYMENT OF PMB ACCOUNTS			
Sub-limits in options	37	47	+ 0.27
Scheme exclusion	26	30	+ 0.15
Incorrect coding	21	26	+ 0.23

Complaints resolved by category (cont.)

Category	2015	2016	% increase
ADMINISTRATIVE ISSUES			
Benefits paid incorrectly	923	1058	+ 0.14
Pre-authorisation	300	341	+ 0.13
General customer service	241	328	+ 0.36
Medical savings account	144	162	+ 0.12
Contributions increases	118	139	+ 0.17

Open schemes with most complaints

Open medical schemes with most compliants per 1000 beneficiaries



Trends noted in open medical schemes

COMMED

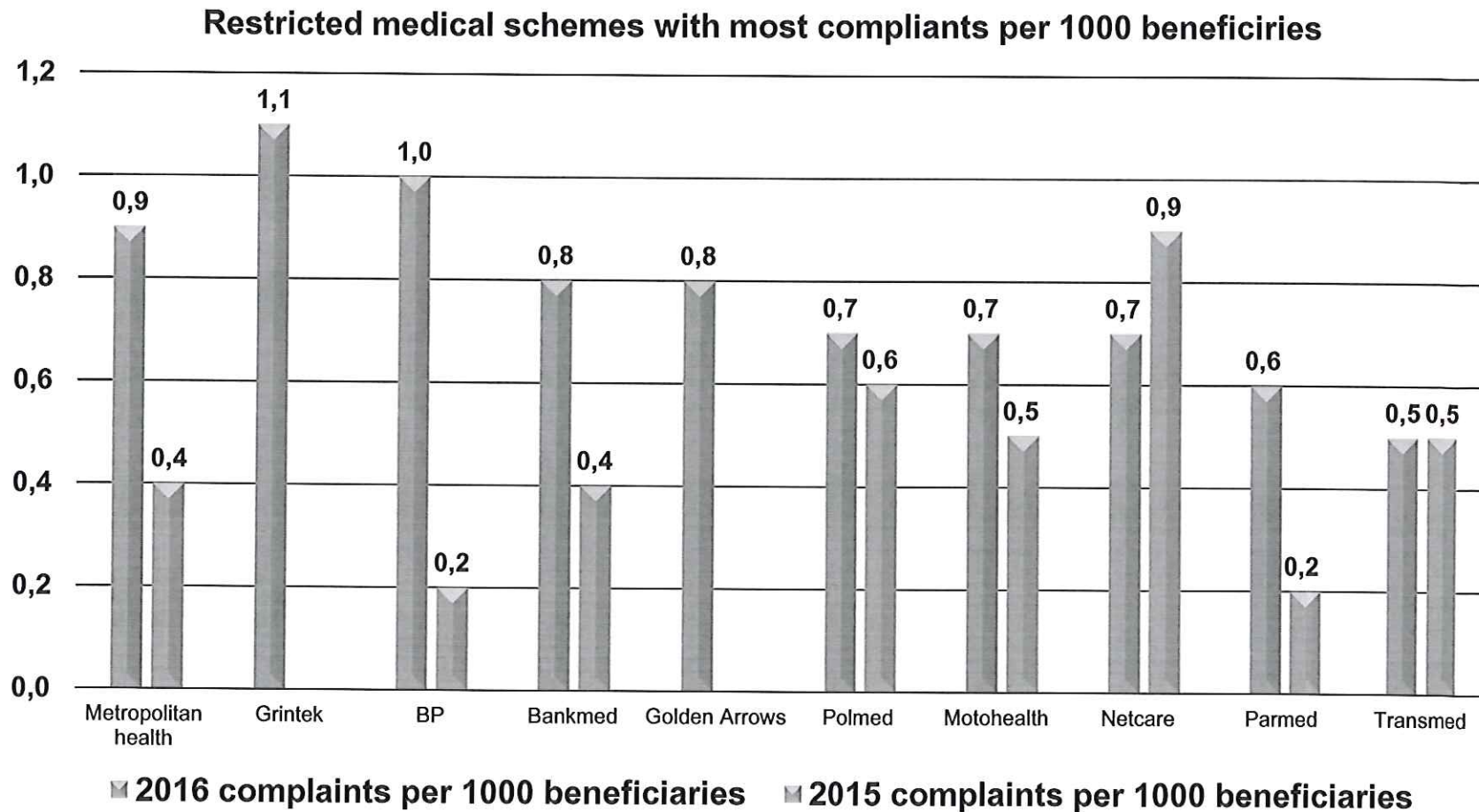
- Majority of complaints related to delayed payment of accounts.
- Hospitals were alleged to have refused admission of patients due to the poor paying patterns of Commed.
- Scheme had financial difficulties hence the delays in paying members' accounts.
- Scheme placed under curatorship – curator paid members' outstanding accounts referred by CMS.
- Members transferred to Bonitas Medical Fund.

Trends noted in open medical schemes (cont.)

GENESIS

- Members who voluntarily use services of private hospitals for treatment of PMBs are disadvantaged as Genesis pays their accounts in accordance with the limits specified in the rules.
- Non-compliance with the SCA judgment in the matter of *The Council for Medical Schemes v Genesis Medical Scheme (2015)* – reimbursing PMB accounts at scheme rate and stating that members should have sought treatment at public hospitals.
- Complaints referred to the Council (Board) for further handling.

Restricted schemes with most complaints



Trends noted in restricted medical schemes

PARMED

- Featured as number 9 in the Top 10 schemes
- Received 3 complaints – no trends noted
- Complaints related to the following:
 - Account paid at scheme rate
 - Account not paid as benefit (procedure) was excluded
 - Account not paid as member reached a sub-limits

Observations

MEMBERS

- Lack of understanding of benefits and insurance
- No reading of scheme material
- Belonging to benefit options that do not suit needs

SCHEMES

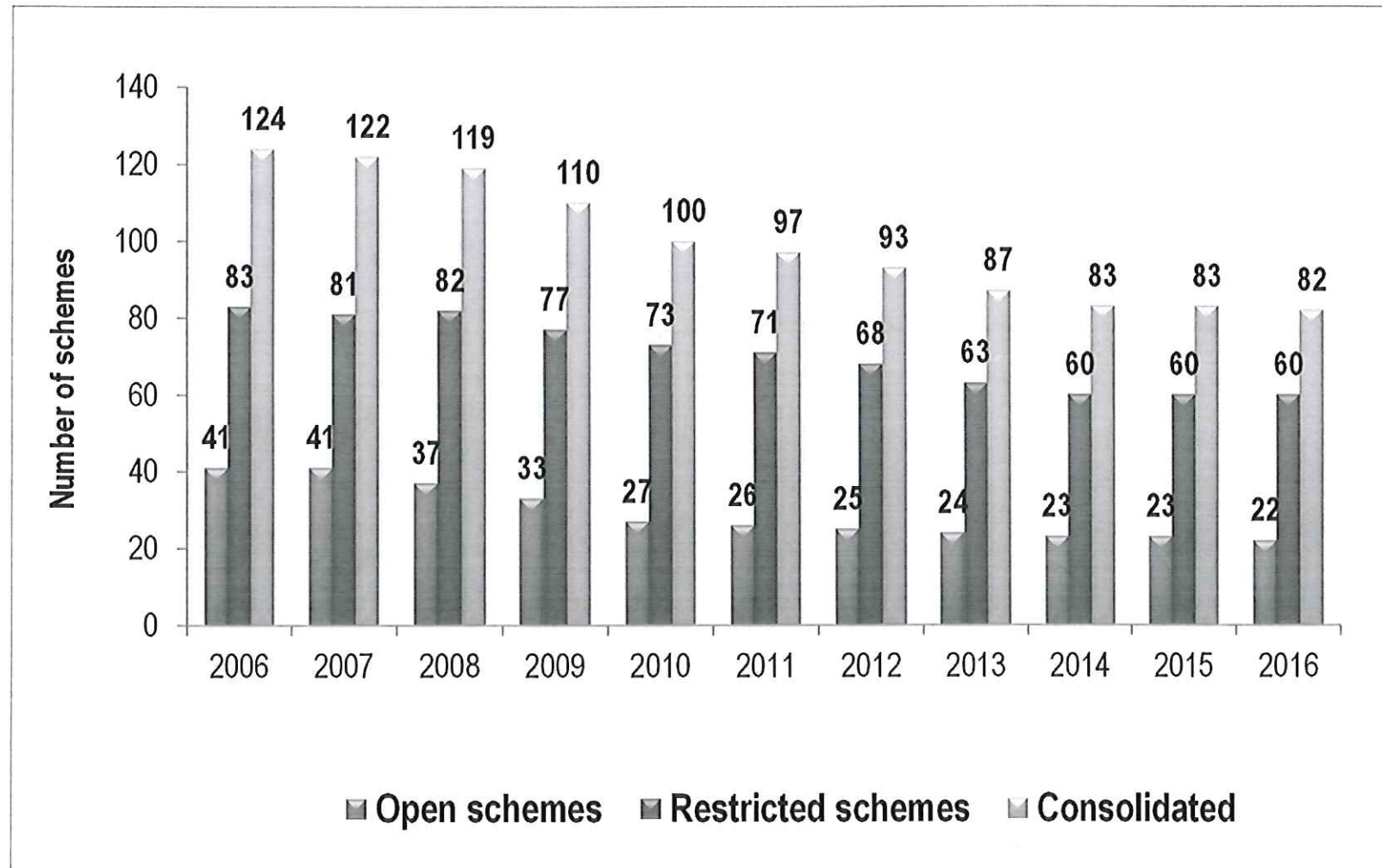
- Root cause analysis of complaints not done
- Ongoing training of staff required
- Need to simplify benefits

Industry Report 2016

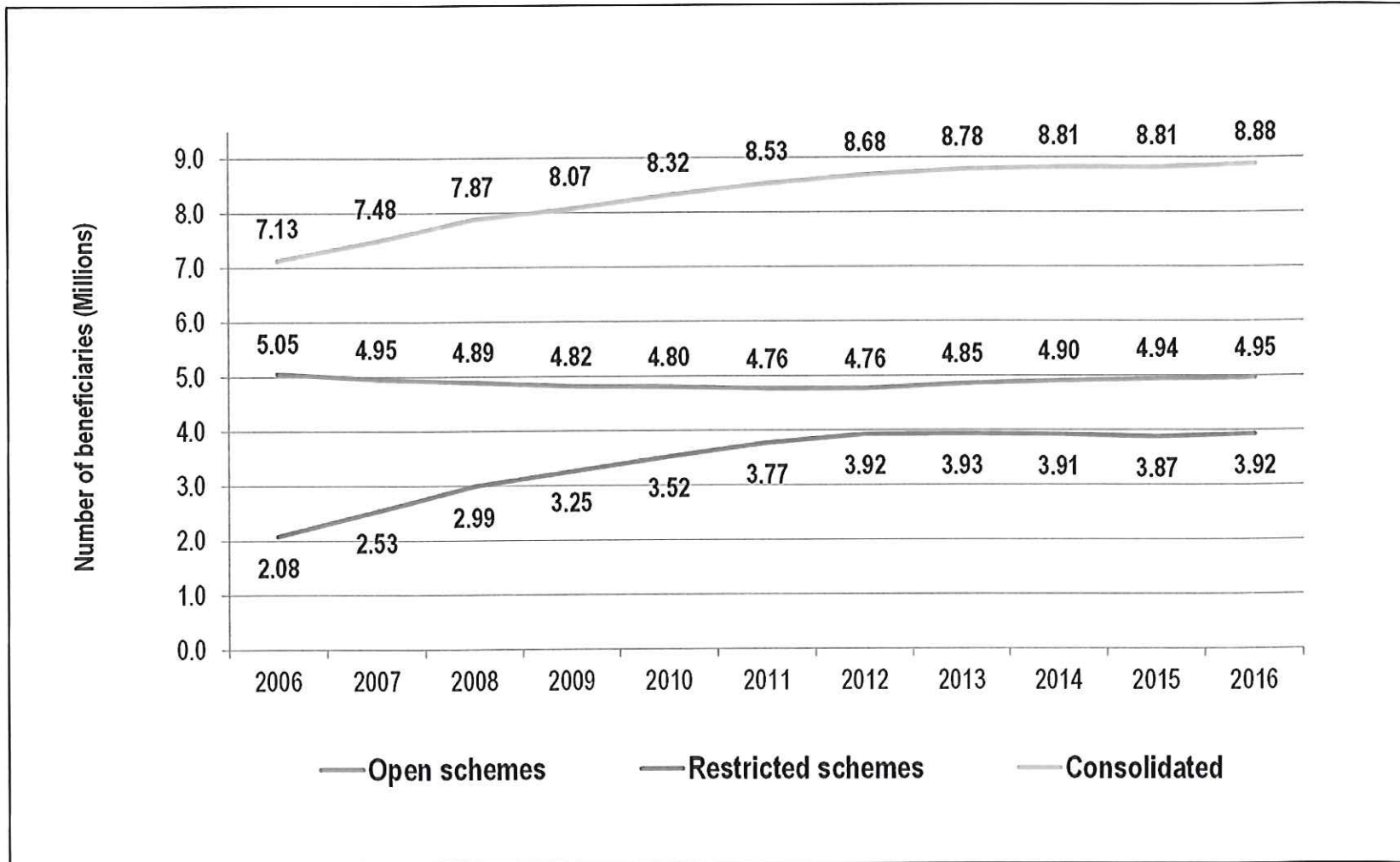
Membership and Utilisation

(Pages 128 – 173 in the annual report)

Trend in number of schemes



Trend in membership



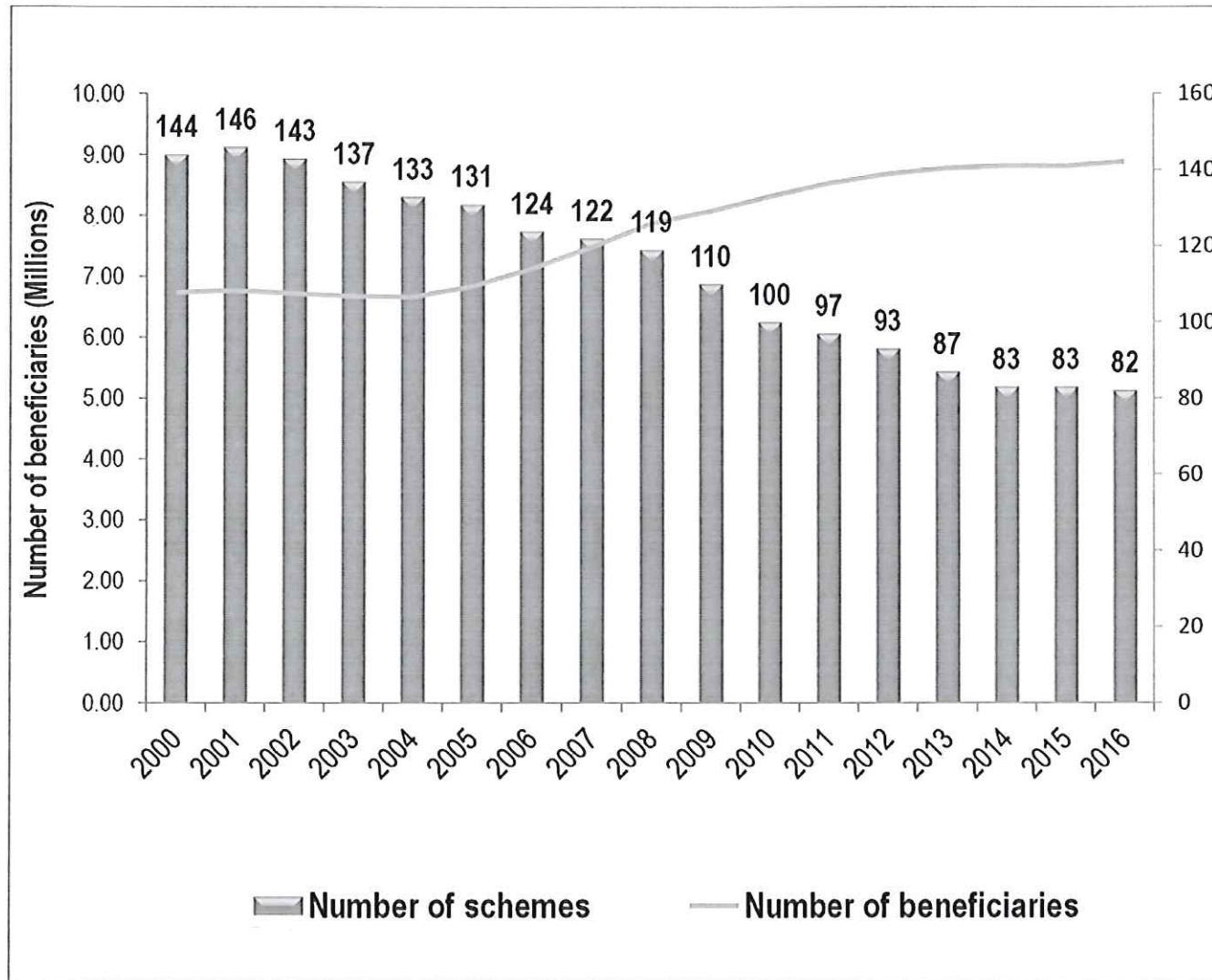
Growth

Open: 0.3%

Restricted: 1.39%

Consolidated: 0.78%

Membership and schemes combined



Average age of beneficiaries in years (2016)

- Open schemes: 34
- Restricted: 30.6
- All schemes: 32.5

(Change in the age distribution: Page 132)

Healthcare benefits paid

Total Healthcare benefits paid

- 2015: R138.89 billion 2016: R151.21 billion 8.87% increase
- 2015: R15 843.35 pabpa 2016: R17 157.77 pabpa 8.3% increase

Healthcare benefits paid from risk pool

- 2015: R124.54 billion 2016: R135.98 billion 9.18% increase
- 2015: R14 172.56 pabpa 2016: R15 429.36 8.87% increase

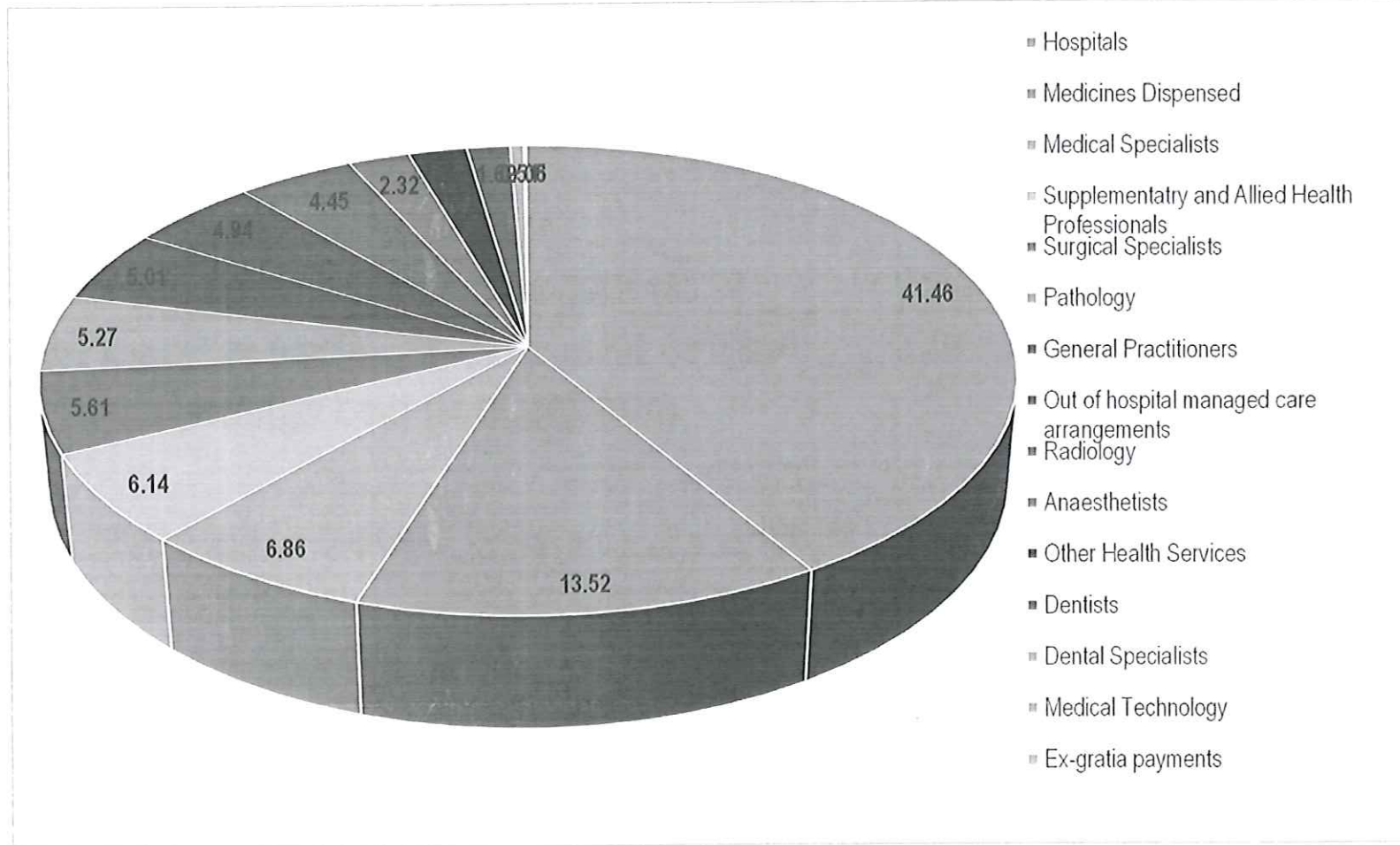
Benefits paid from savings

- 2015: R14.35 billion 2016: R15.23 billion 6.15% increase

Cost of the prescribed minimum benefits (PMBs)

- 2016: R680 pbpm and the PMBs constituted 54% of all risk benefits paid by schemes

Risk benefits paid per discipline (2016)



See Figure 9 for the Total healthcare benefits paid

Total benefits paid per event (visit) 2016

- General practitioners: R369.20
- Pathology: R757.59
- Radiology: R1 744.23
- Dentists: R956.61
- Medical specialists: R1 010.66

Hospital inpatient admissions (2016)

Admission rate per 1 000 beneficiaries

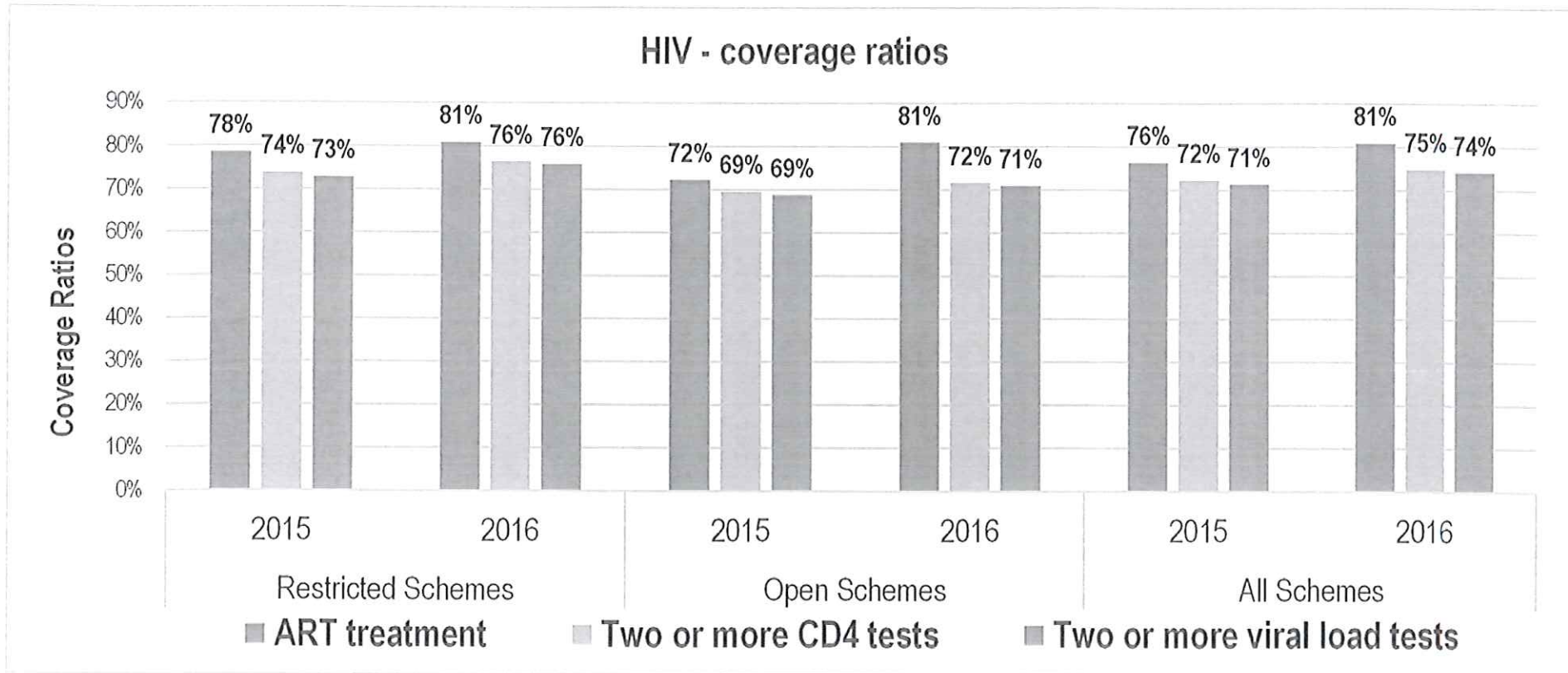
Medical cases:	142.67
Surgical cases:	57.90
Maternity cases:	2.63

Average length of stay in days

Medical cases:	6.44
Surgical cases:	3.79
Maternity cases:	2.76

Slight increase in the number of visits to medical specialists (page 148)

Managed Care: Coverage ratios



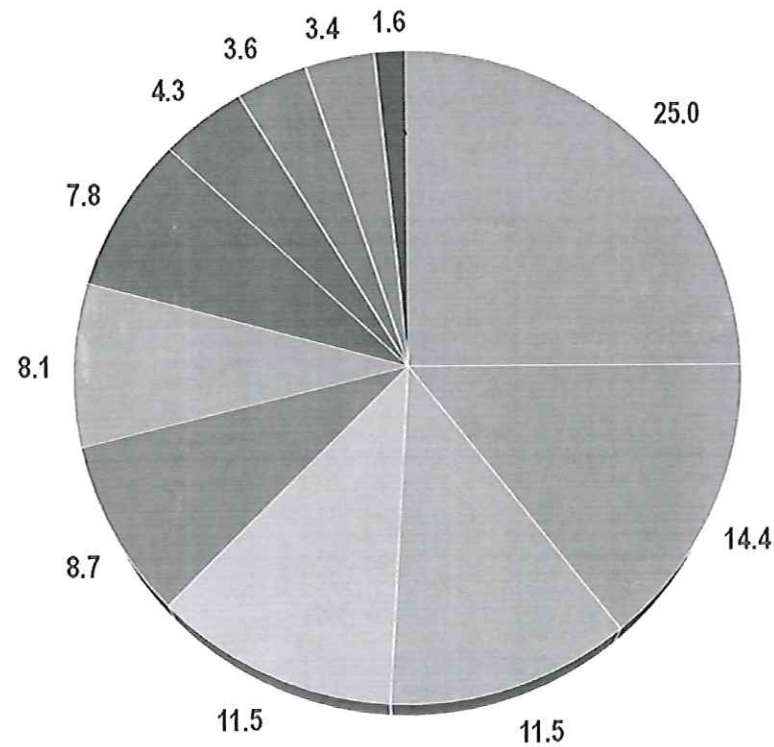
Coverage ratio: Proportion of chronic patients receiving appropriate care

HIV: Best managed chronic condition!

See Annexure K for more detail by scheme, benefit option and chronic condition

Patient compliance a challenge

Healthcare resources (2016)



- General Practitioners
- Medical Specialists
- Pathology
- Psychologists
- Dentists
- Optometrists
- Surgical Specialists
- Occupational therapists
- Dental Specialists
- Audiologist & speech therapy
- Radiology

Conclusions

- Managing the change in the age distribution, burden of disease and membership growth is a challenge for the private medical scheme industry.
- Continue to notice above inflation increase in healthcare benefits paid – HMI.
- The value proposition of managed care will become more and more important.
- Discussions on alternative reimbursement models.

Overview of Financial Performance

(Pages 174 – 233 in the annual report)





Outline

- Contribution and claims
- Claims seasonality
- Non healthcare expenditure
- Scheme results
- Solvency
- Investments
- Administrator market share

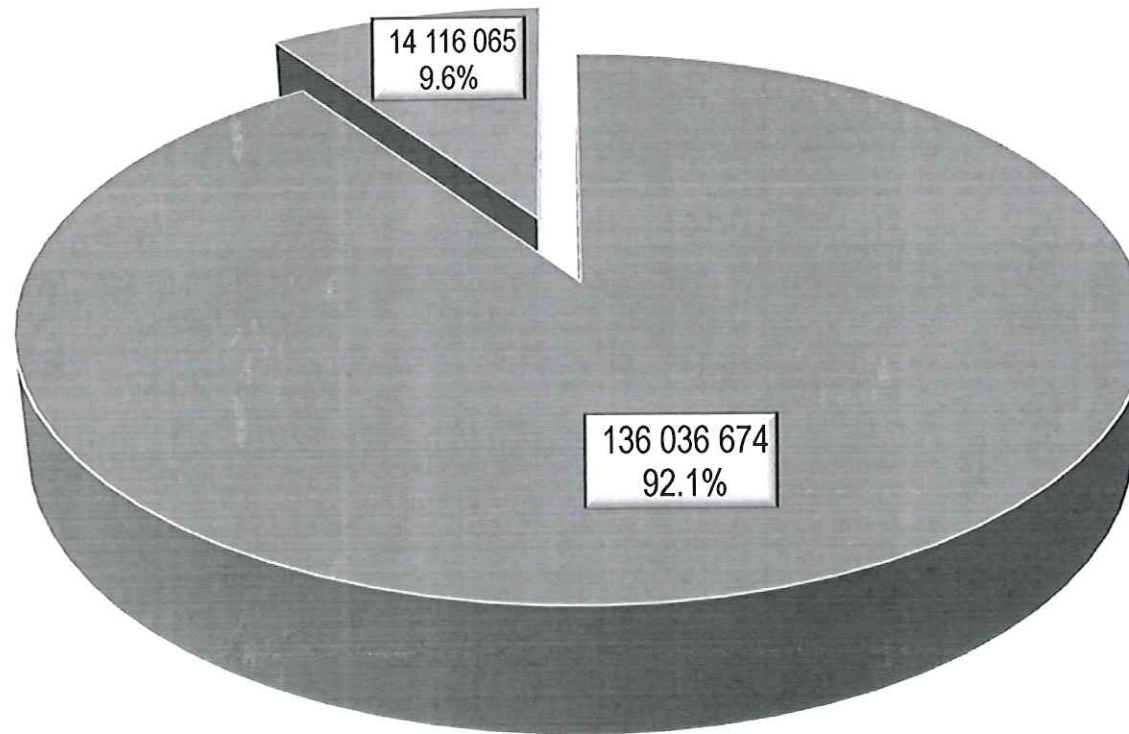
Financial periods

- CMS financial year: 01 April – 31 March
- Schemes financial year: 01 January – 31 December
- Section 37 of the MSA requires submission of AFS by all medical schemes within four months of every year e.g. 2016 AFS submitted end April 2017 – lag in reporting cycle

Contribution and claims

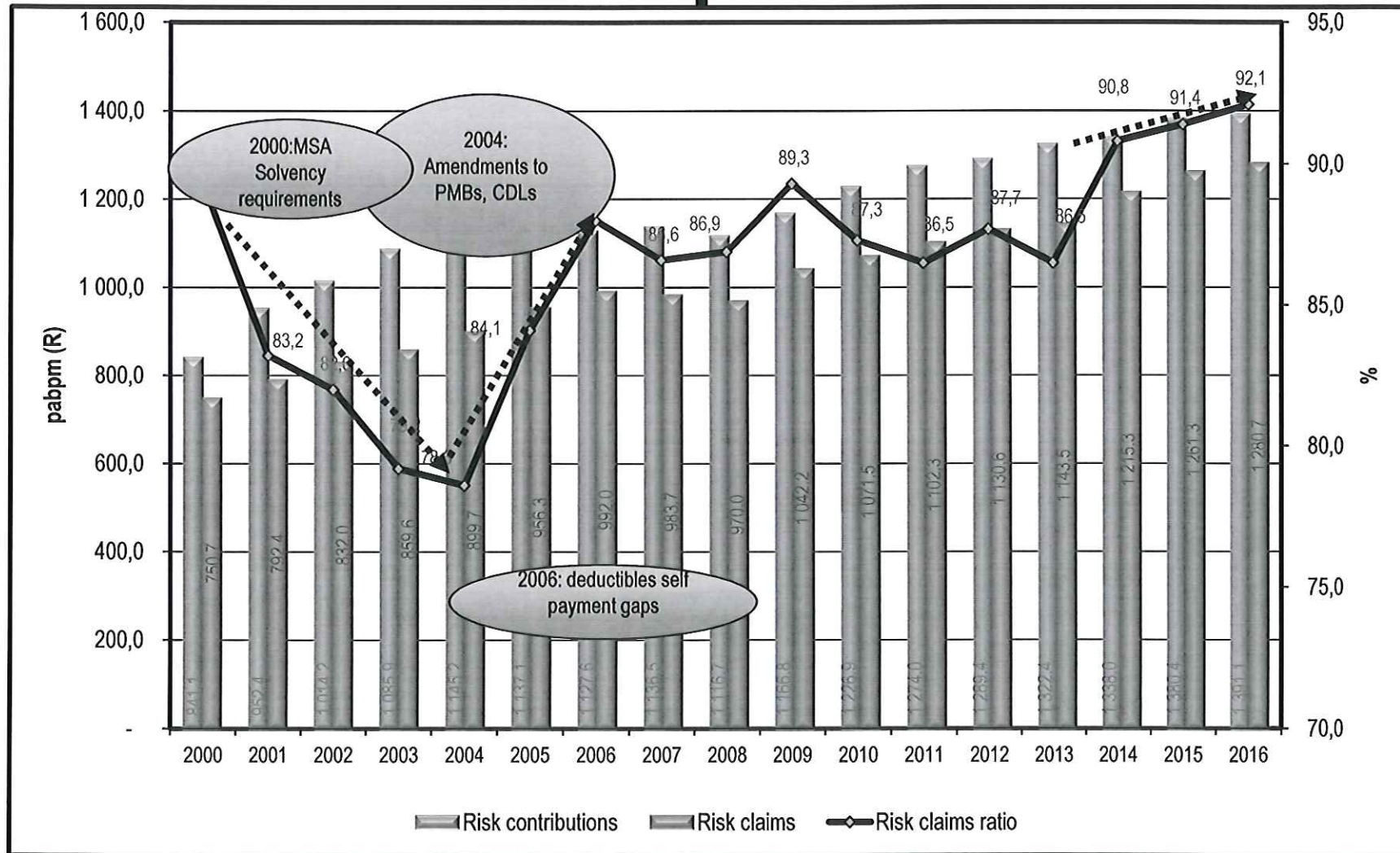
- Gross contributions R163.9 bn  8.1% (2015: R151.6 bn)
- Risk contributions R147.8 bn  8.1% (2015: R136.7 bn)
- Gross claims R151.2 bn  8.9% (2015: R138.9 bn)
- Risk claims R136.0 bn  8.9% (2015: R124.6 bn)

Contributions

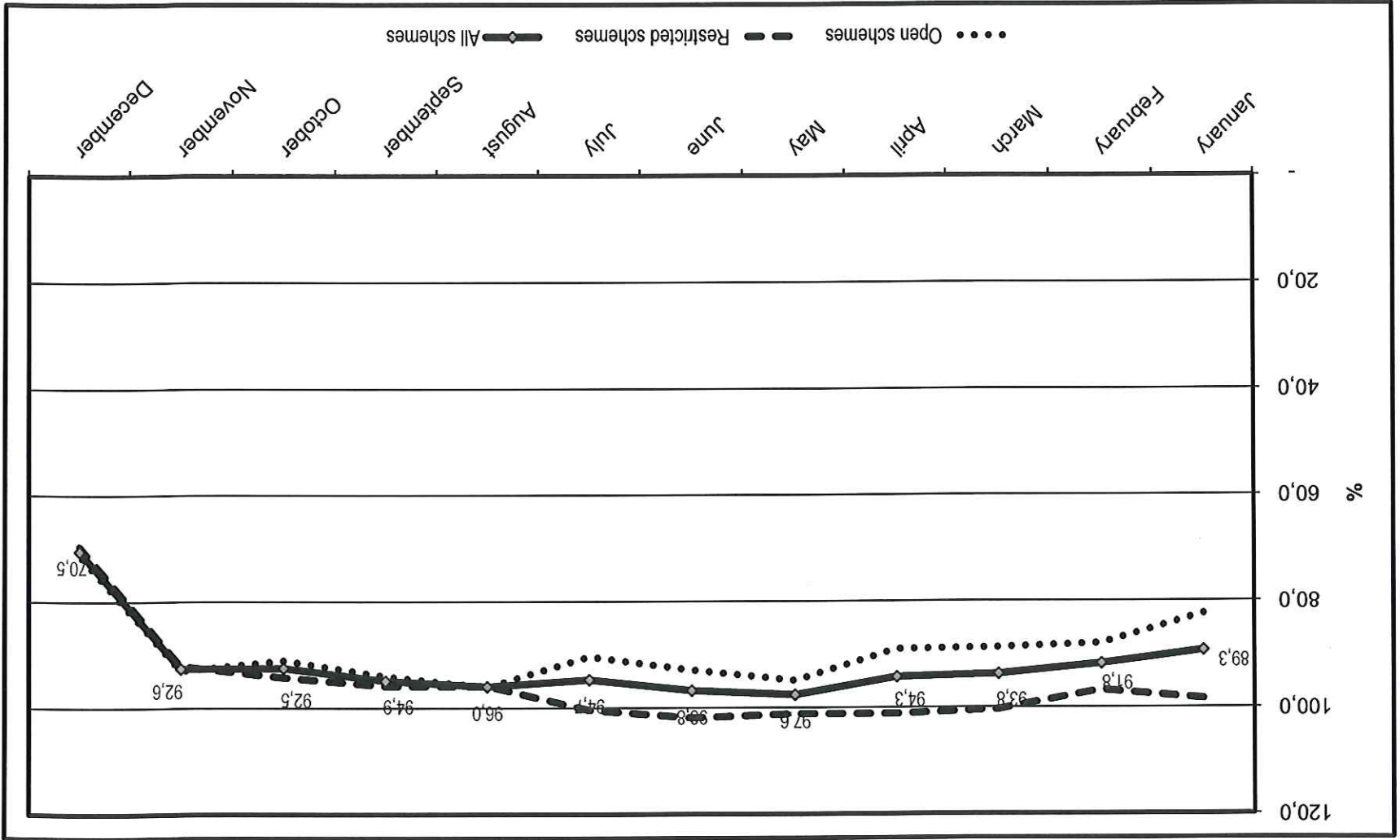


- Net relevant healthcare expenditure incurred
- Non healthcare expenditure

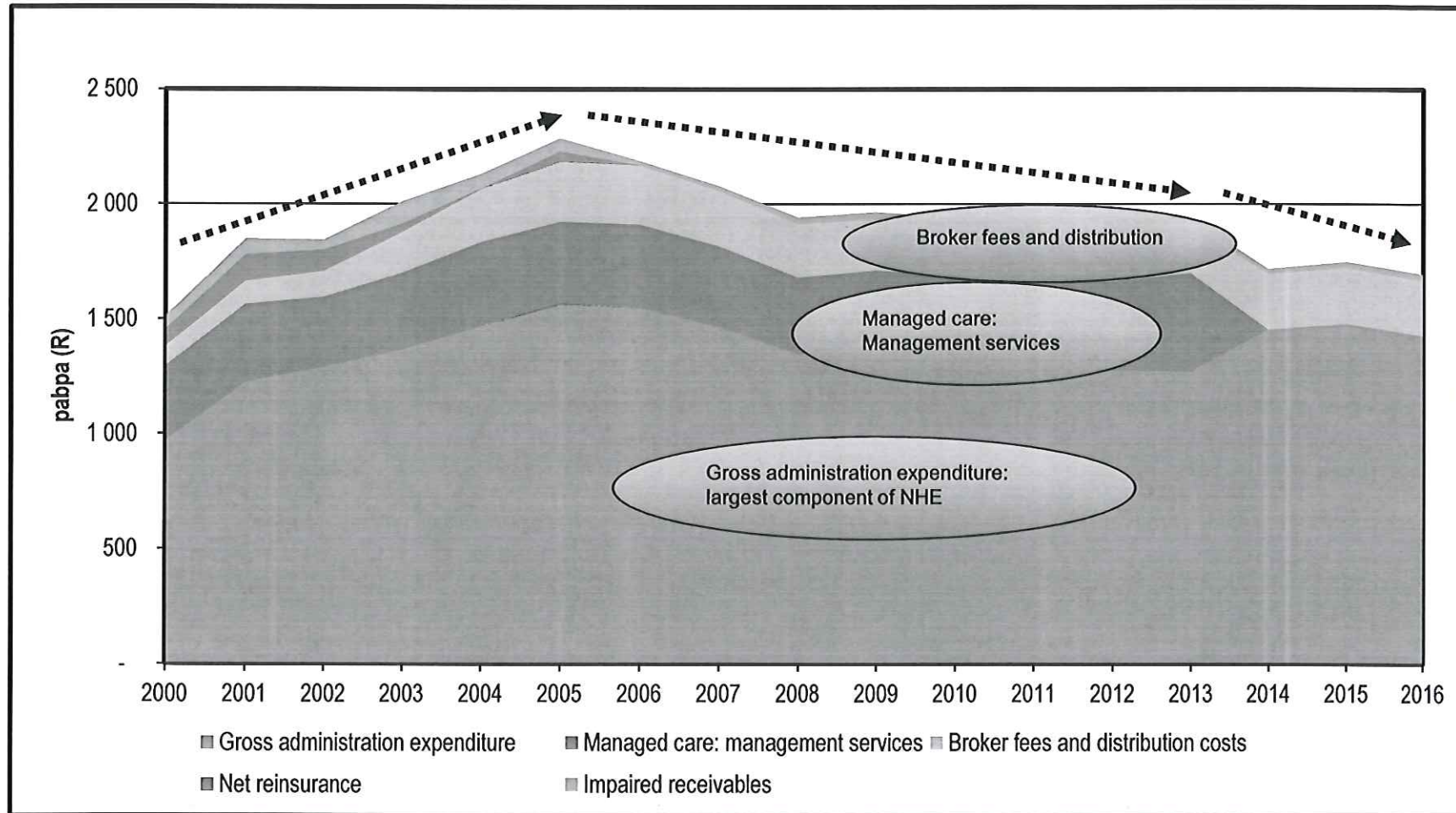
Risk contributions and claims: 2016 prices



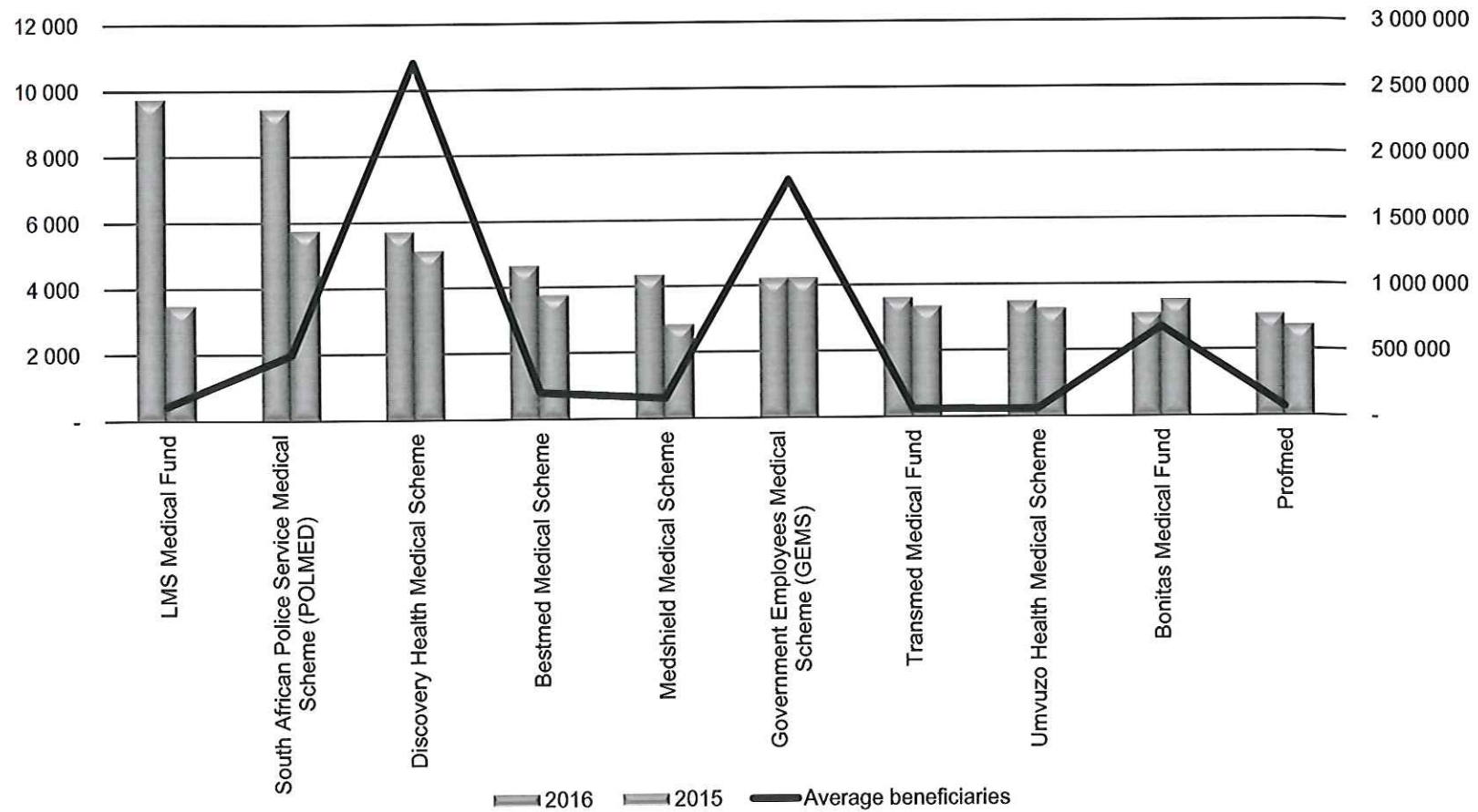
Claims seasonality: 2016



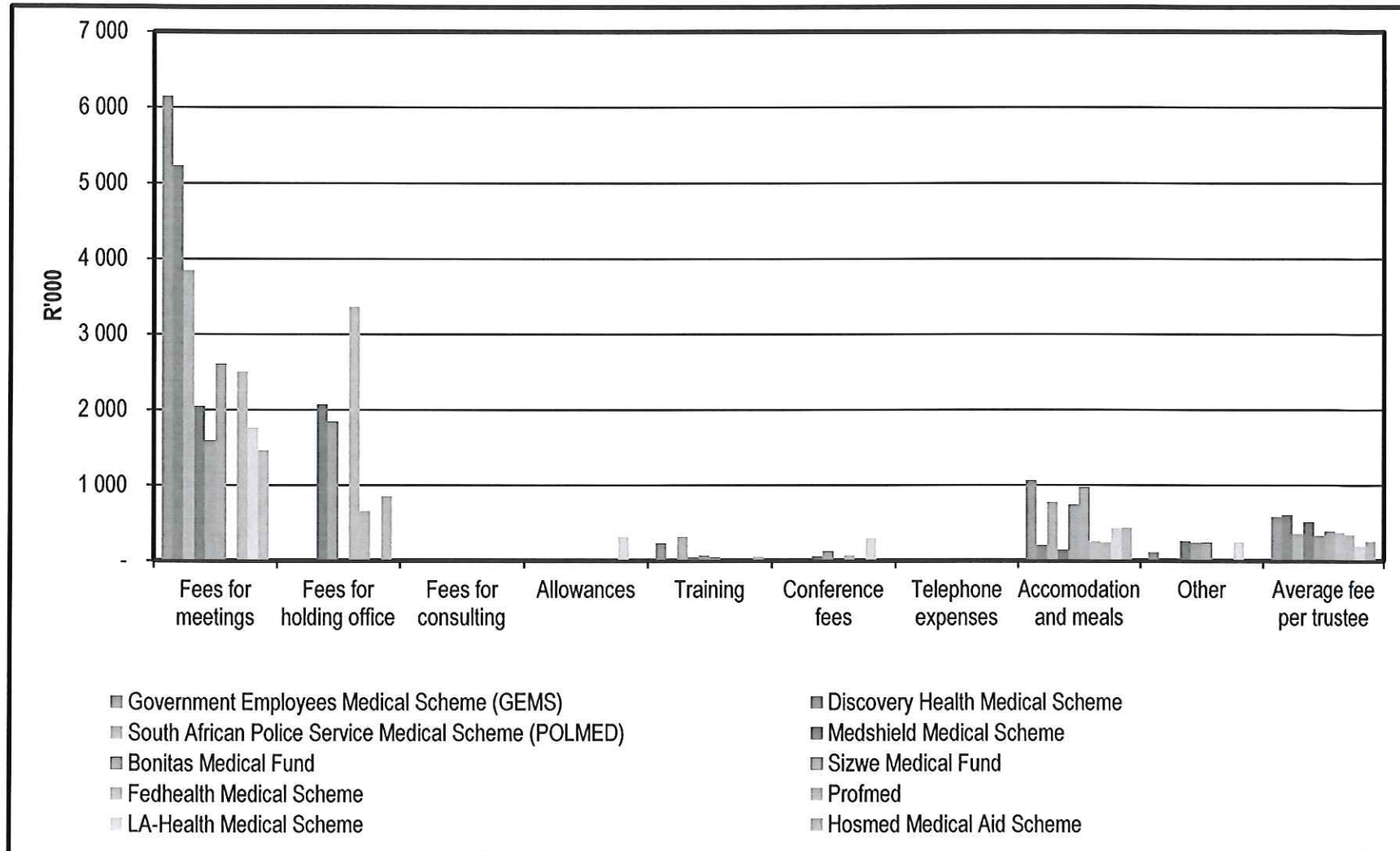
Non-healthcare expenditure pabpa :2016 prices



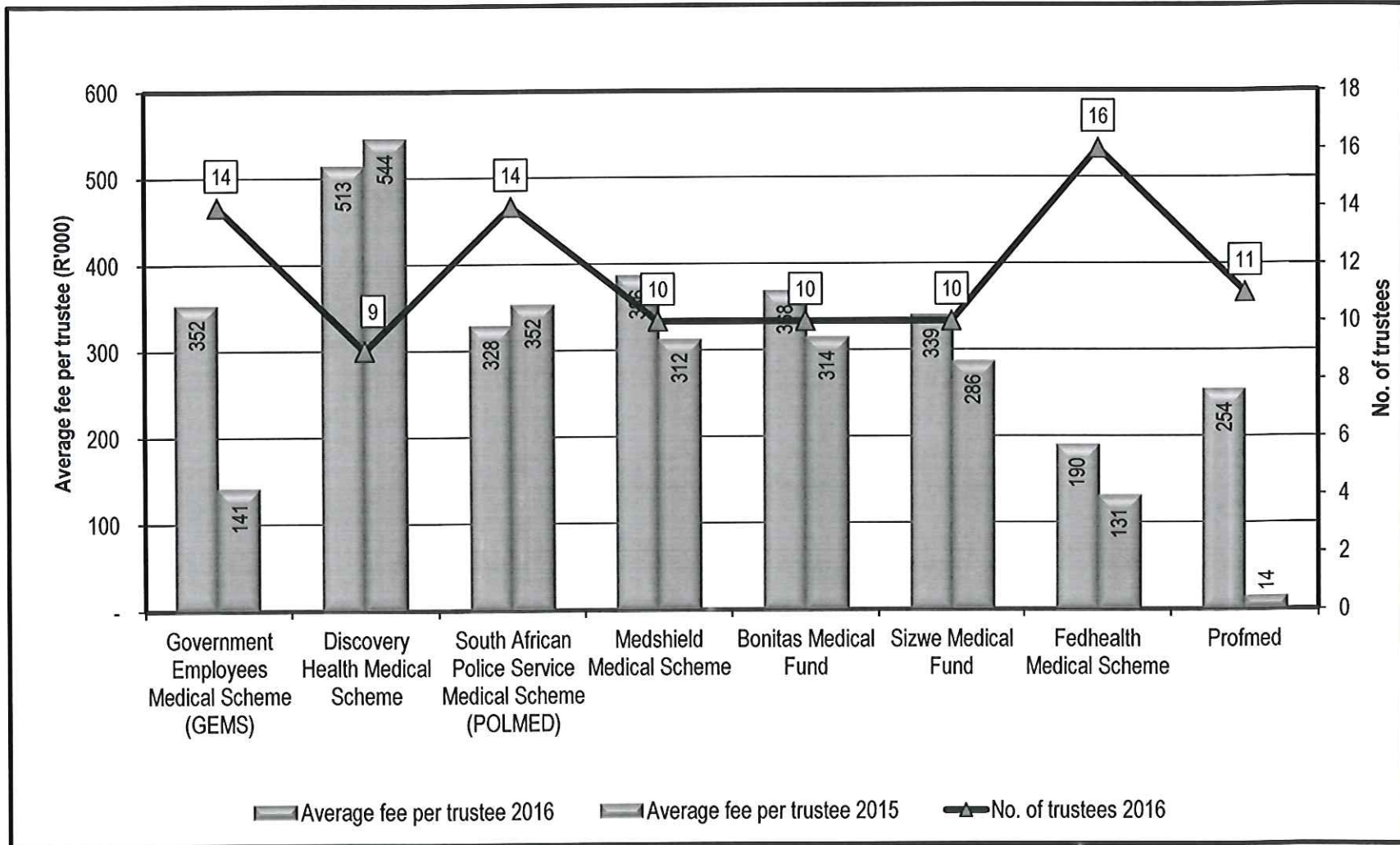
Schemes with highest PO fees



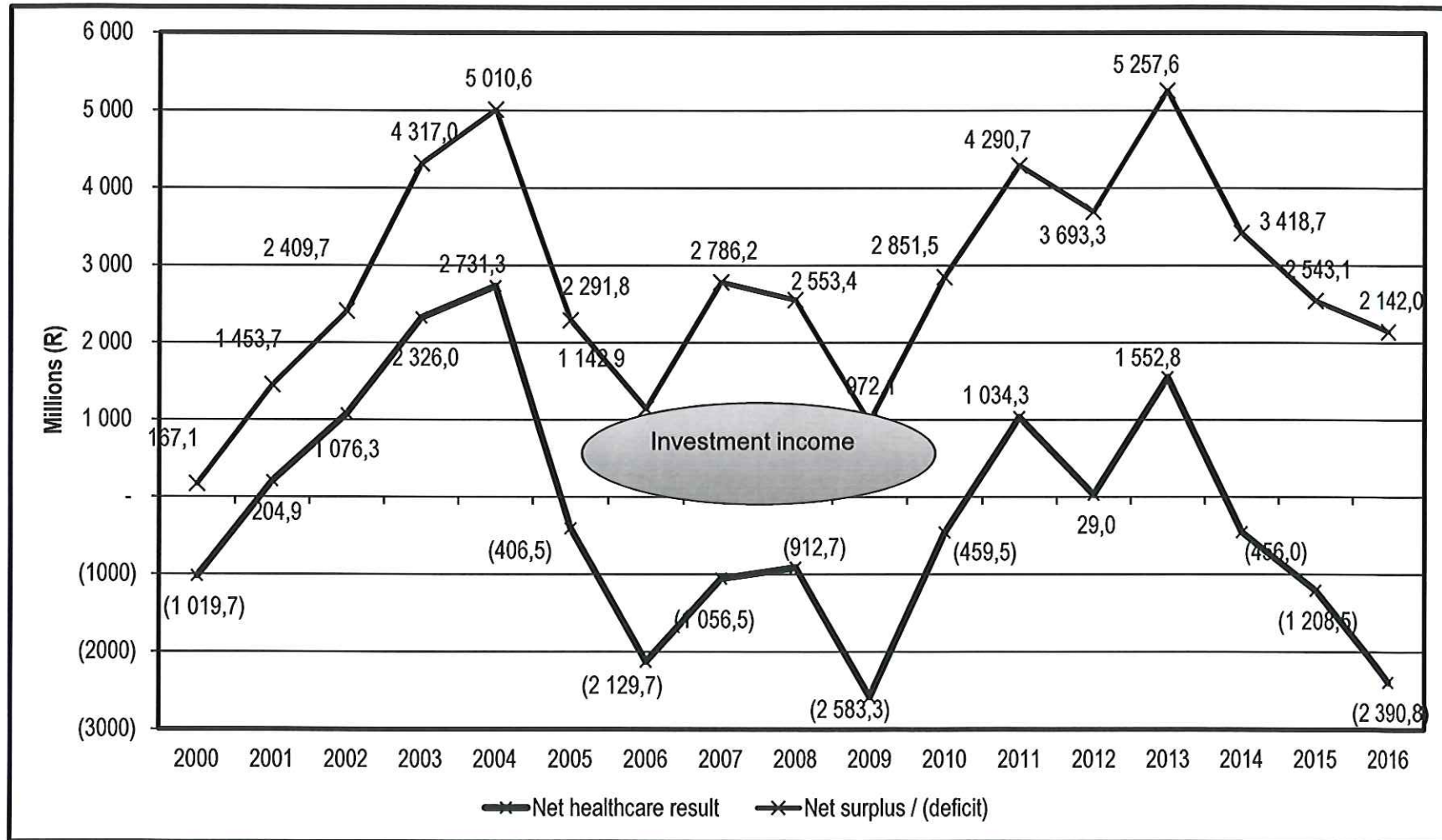
Composition of Trustee Remuneration



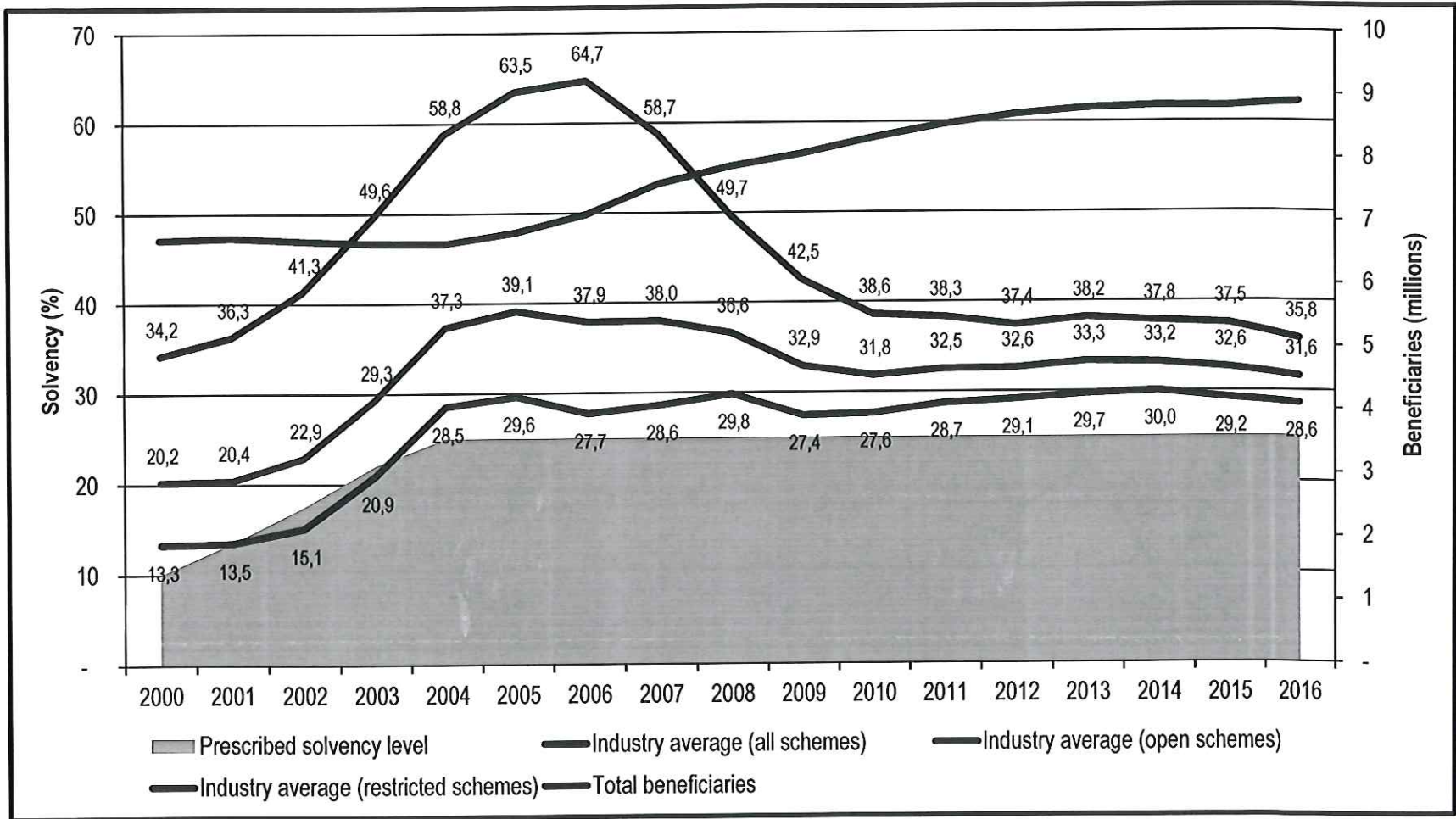
Average trustee fees: Ten schemes with highest trustee fees 2015 and 2016



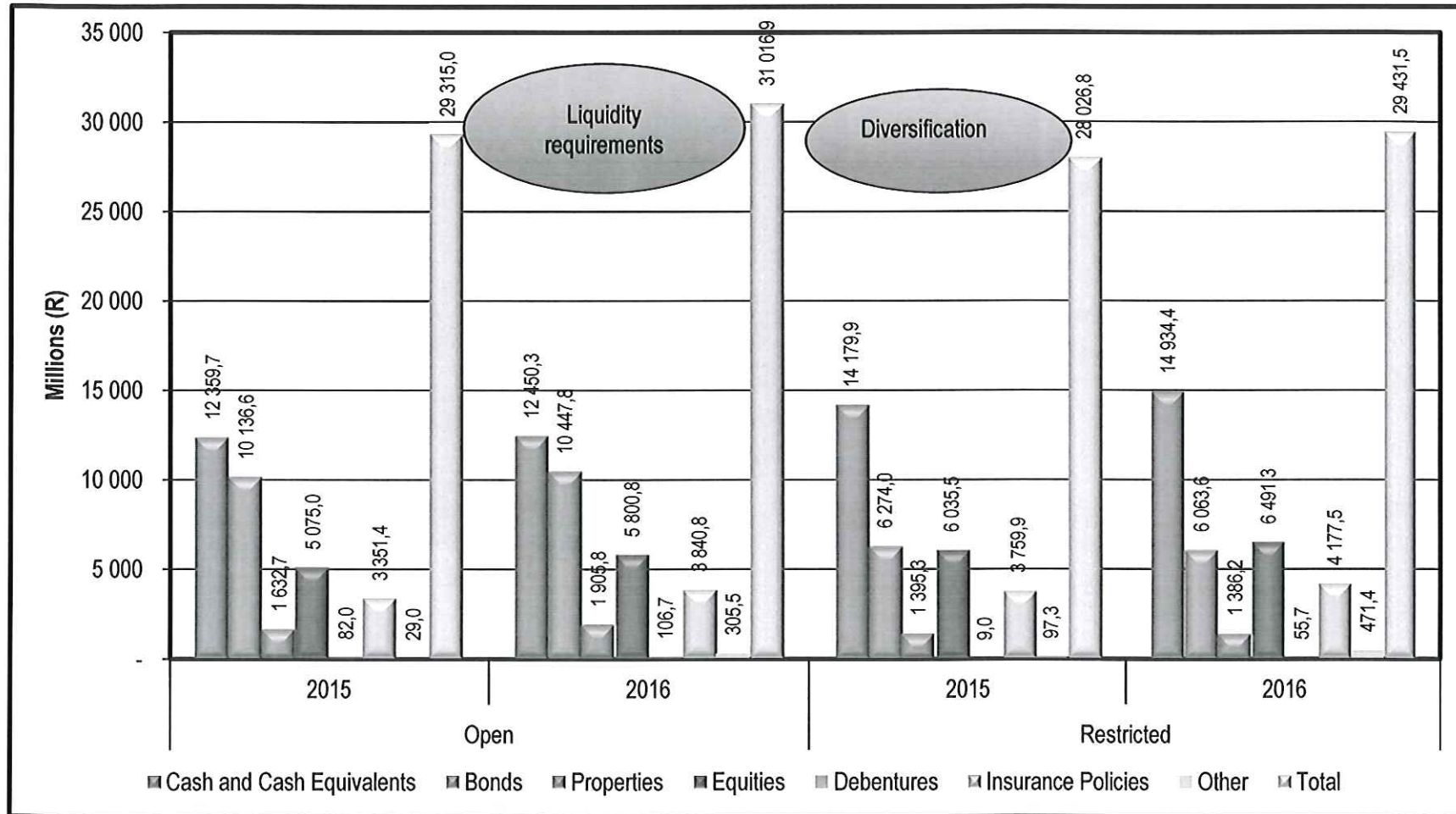
Net Results



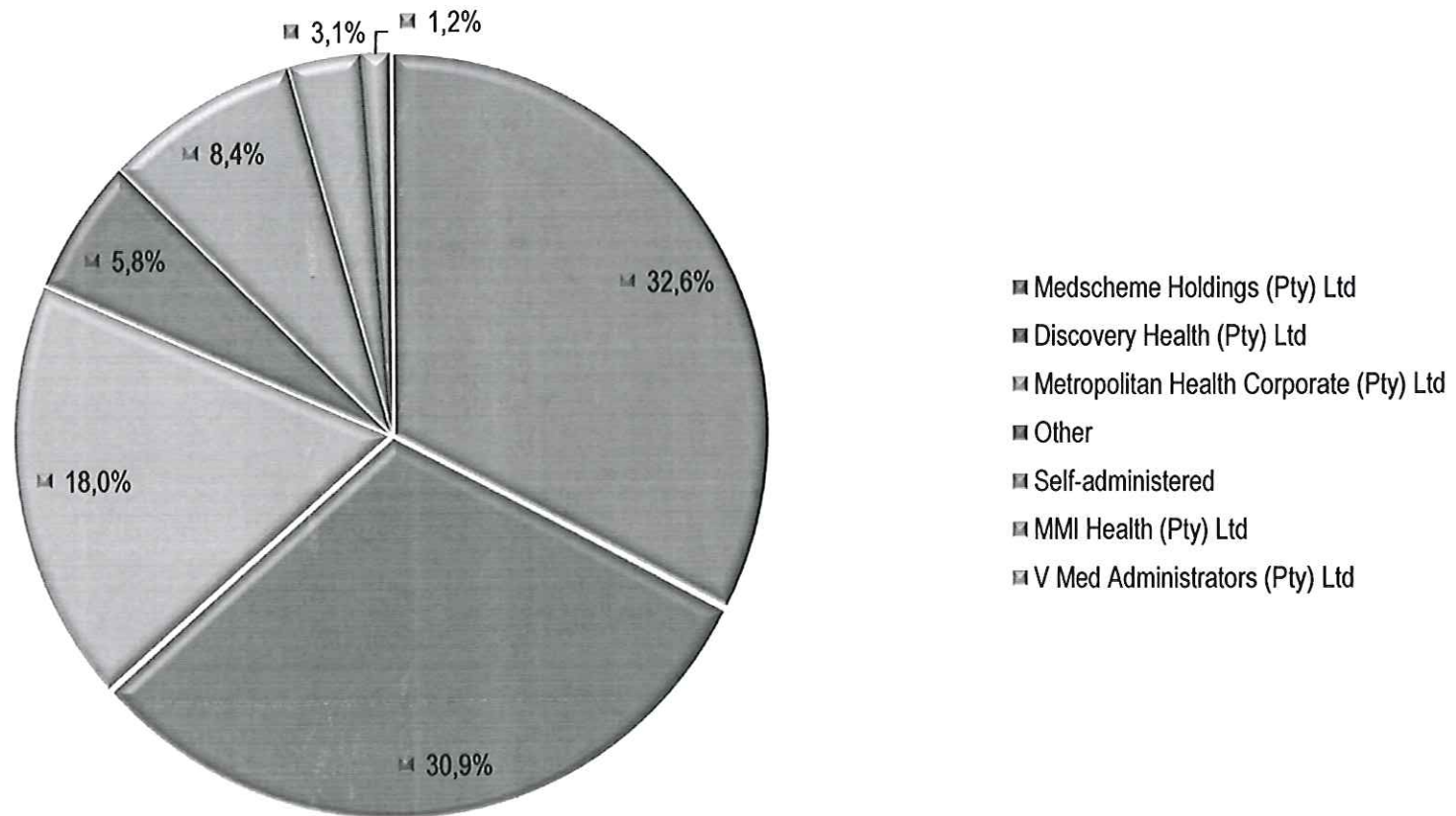
Solvency



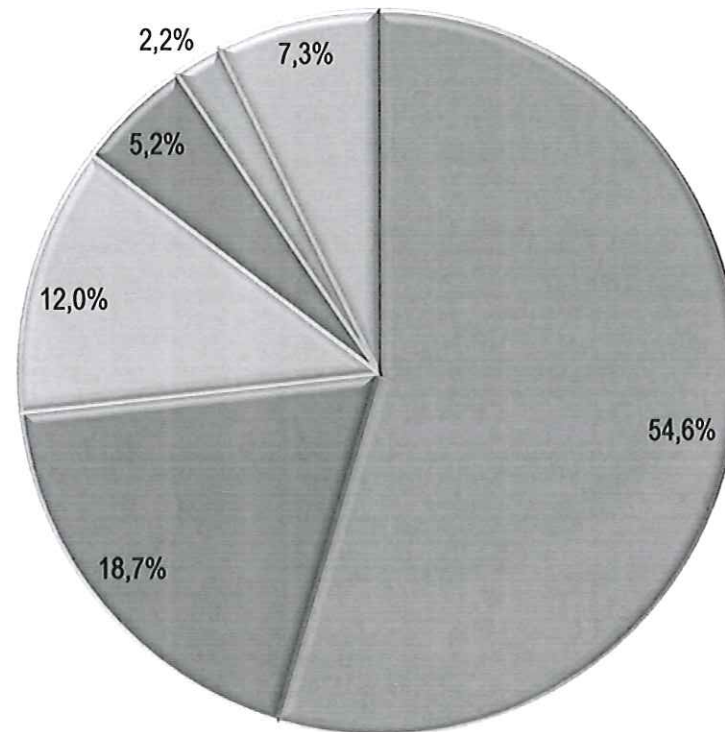
Scheme investments: 2015 and 2016



Administrator market share at the end of 2016

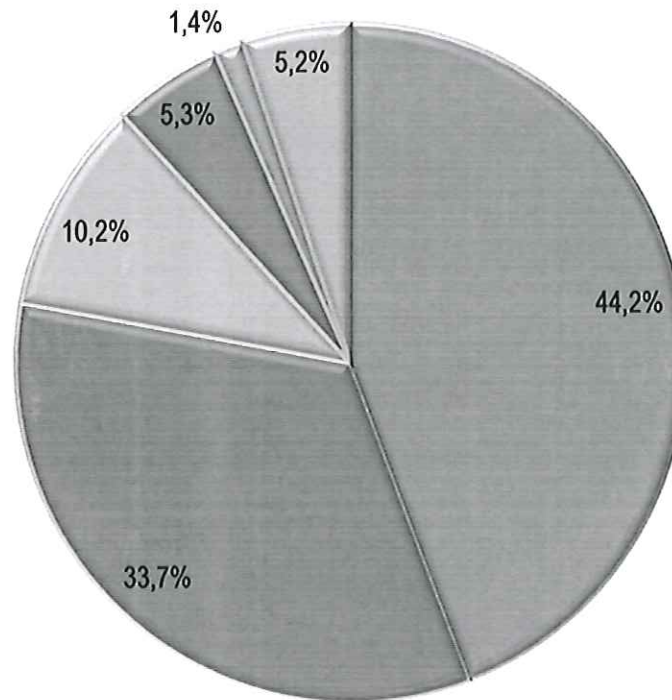


Administrator market share at the end of 2016 – open schemes



Discovery Health (Pty) Ltd Medscheme Holdings (Pty) Ltd Self-administered MMI Health (Pty) Ltd V Med Administrators (Pty) Ltd Other

Administrator market share at the end of 2016 – restricted schemes



■ Medscheme Holdings (Pty) Ltd
■ Self-administered

■ Metropolitan Health Corporate (Pty) Ltd
■ MMI Health (Pty) Ltd

■ Discovery Health (Pty) Ltd
■ Other

