



STRATEGIC PLAN, ANNUAL PERFORMANCE PLAN AND BUDGET

Portfolio Committee on Health

13 April 2011



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 - Strategic Goals
- CMS Budget 2011 / 12 (Chief Financial Officer)
- Budget Analysis (Strategic Projects Specialist)



STRATEGIC PLANNING PROCESS AND TIMEFRAMES



Previous planning process

- In the past
 - Strategic planning session in November
 - Operational planning in February
 - Budgets in March
 - Annual report in September



Future planning process

- Annual report on CMS (financial statements & performance report): May
 - New approach guided by Treasury
 - 1st draft SP & APP: August
 - Full annual report on Industry: September
 - 2nd Draft SP & APP: November
 - Submission of SP & APP, budget: by December
 - Budget approval: February
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CMS Strategic goals

Goal 1	Access to good quality medical scheme cover is maximised
Goal 2	Medical schemes and other regulated entities are properly governed, are responsive to the environment, and beneficiaries are informed and protected
Goal 3	CMS is responsive to the needs of the environment by being an effective and efficient organisation
Goal 4	CMS provides influential strategic advice and support for the development and implementation of strategic health policy, including support to the NHI development process



BUDGET



CMS Budget 2011/12

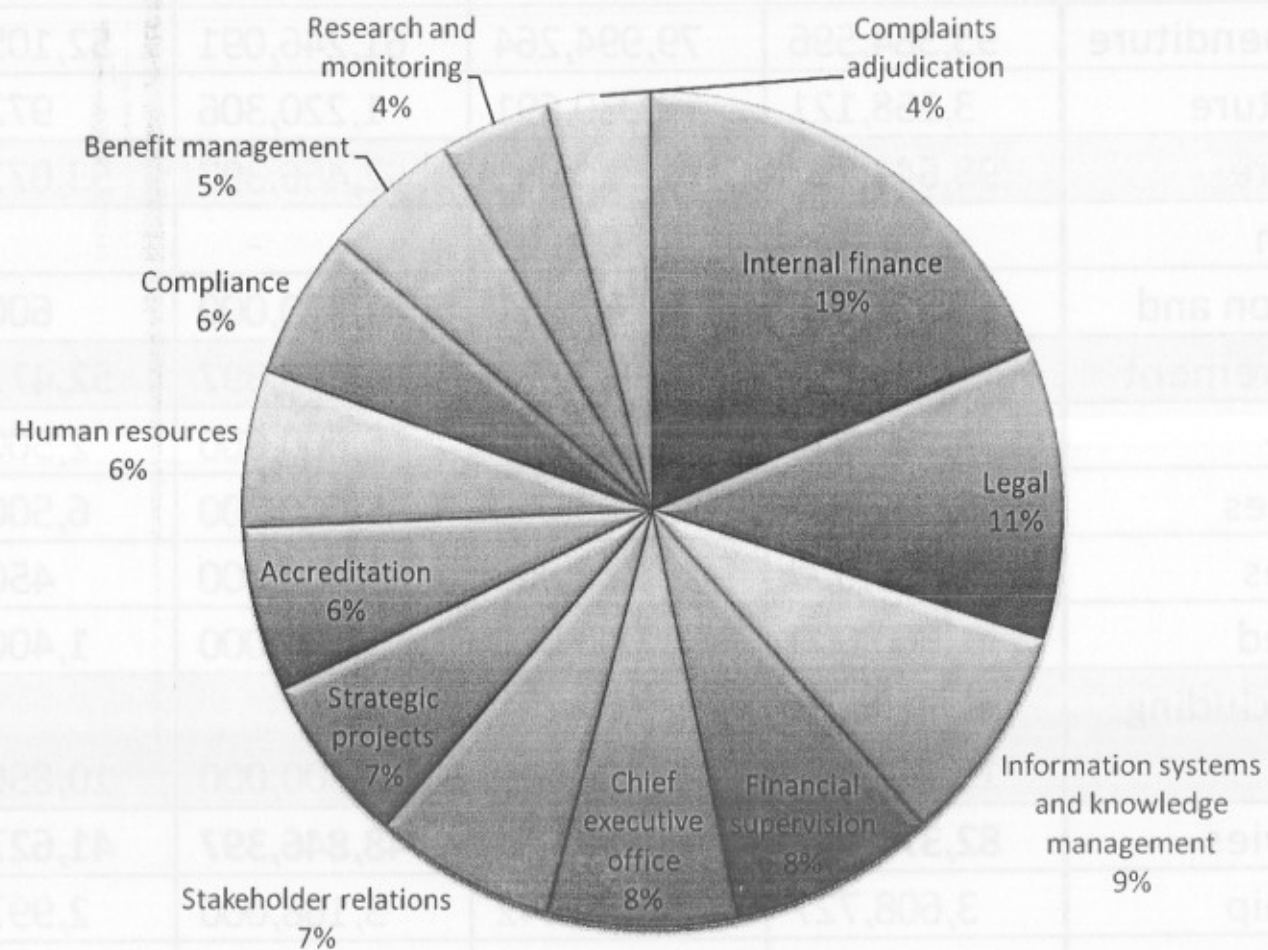
Budget				
	2010/11	2011/12	Increase	
Total budget	82.9 M	98.6 M	15.7 M	19.0%
Levy	R 18.29	R 22.83	R 4.53	24.8%
Salaries	51.8 M	58.0 M	6.2 M	12.0%
Salaries as % of budget	62.5%	58.8%		



Income Budget

Funding Proposal	2011/12	2010/11	2009/10	2008/09
Operational expenditure	95,384,596	79,994,264	61,246,091	52,105,724
Capital expenditure	3,258,121	2,930,691	1,220,306	972,120
Total expenditure	98,642,717	82,924,955	62,466,397	53,077,844
Plus: SEP System	-	1,500,000	-	-
Less: Depreciation and	2,520,000	2,681,256	1,020,000	600,000
Total cash requirement	96,122,717	81,743,699	61,446,397	52,477,844
Surplus funds	6,900,000	11,500,000	5,300,000	2,500,000
Accreditation fees	5,500,000	5,500,000	5,500,000	6,500,000
Registration Fees	450,000	384,000	400,000	450,000
Interest Received	900,000	1,000,000	1,400,000	1,400,000
Total income excluding levies	13,750,000	18,384,000	12,600,000	10,850,000
Income from levies	82,372,717	63,359,699	48,846,397	41,627,844
Total membership	3,608,727	3,463,642	3,168,000	2,997,750
Levy amount	22.83	18.29	15.42	13.89

Allocation to units



BUDGET ANALYSIS

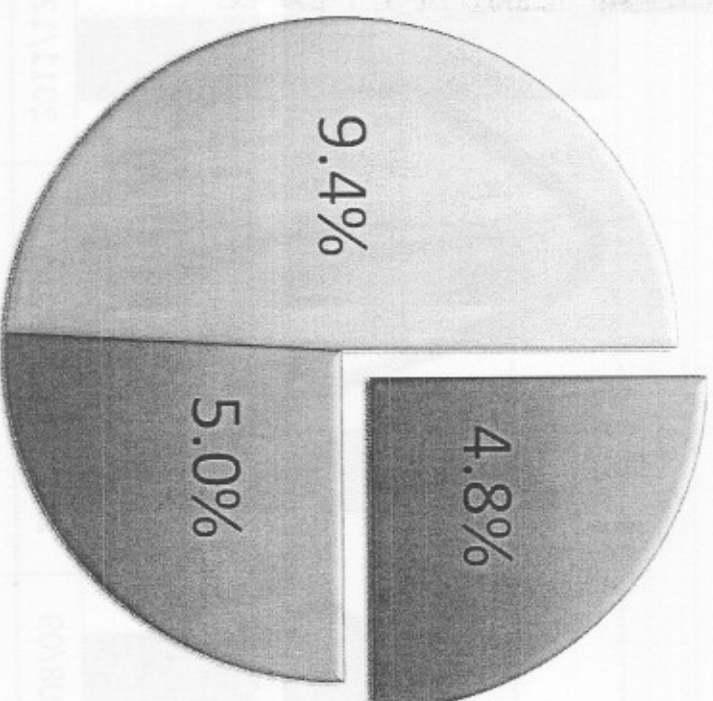
Cost of regulation

- Total CMS budget: 0.092% of contributions
- Above CPI increase: 0.011% of contributions



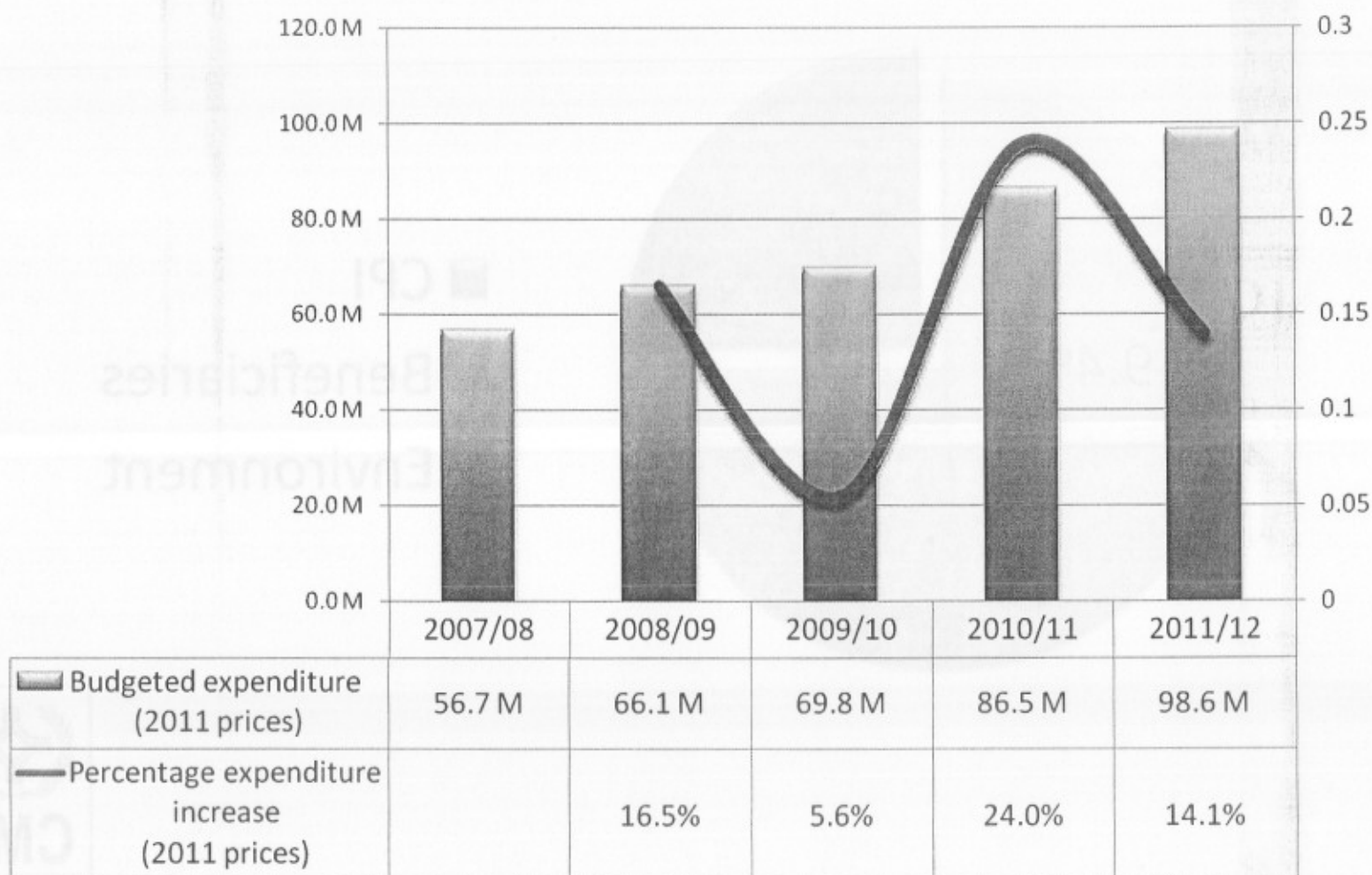
BUDGET ANALYSIS

How are the increases explained?

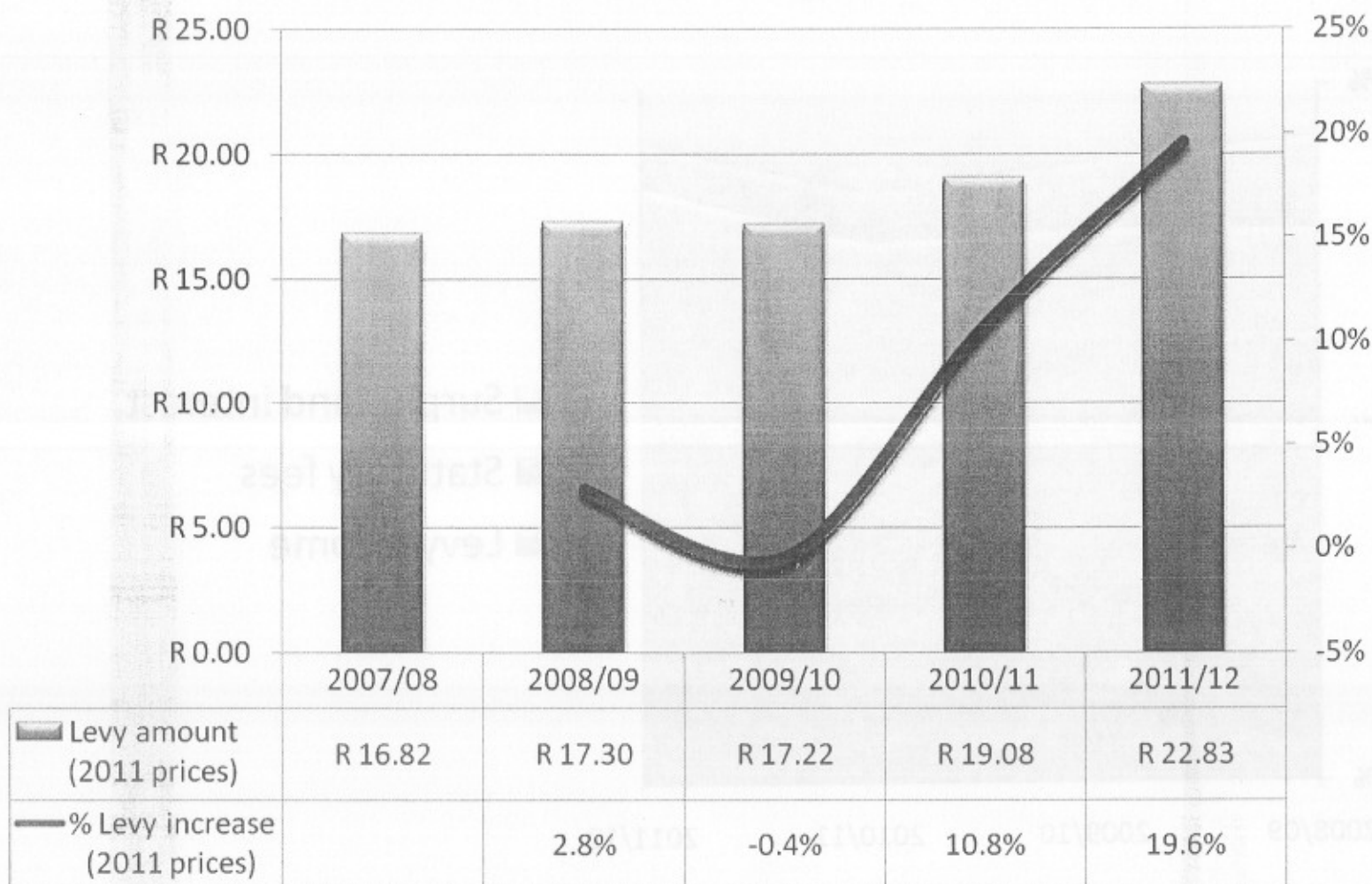


- CPI
- Beneficiaries
- Environment

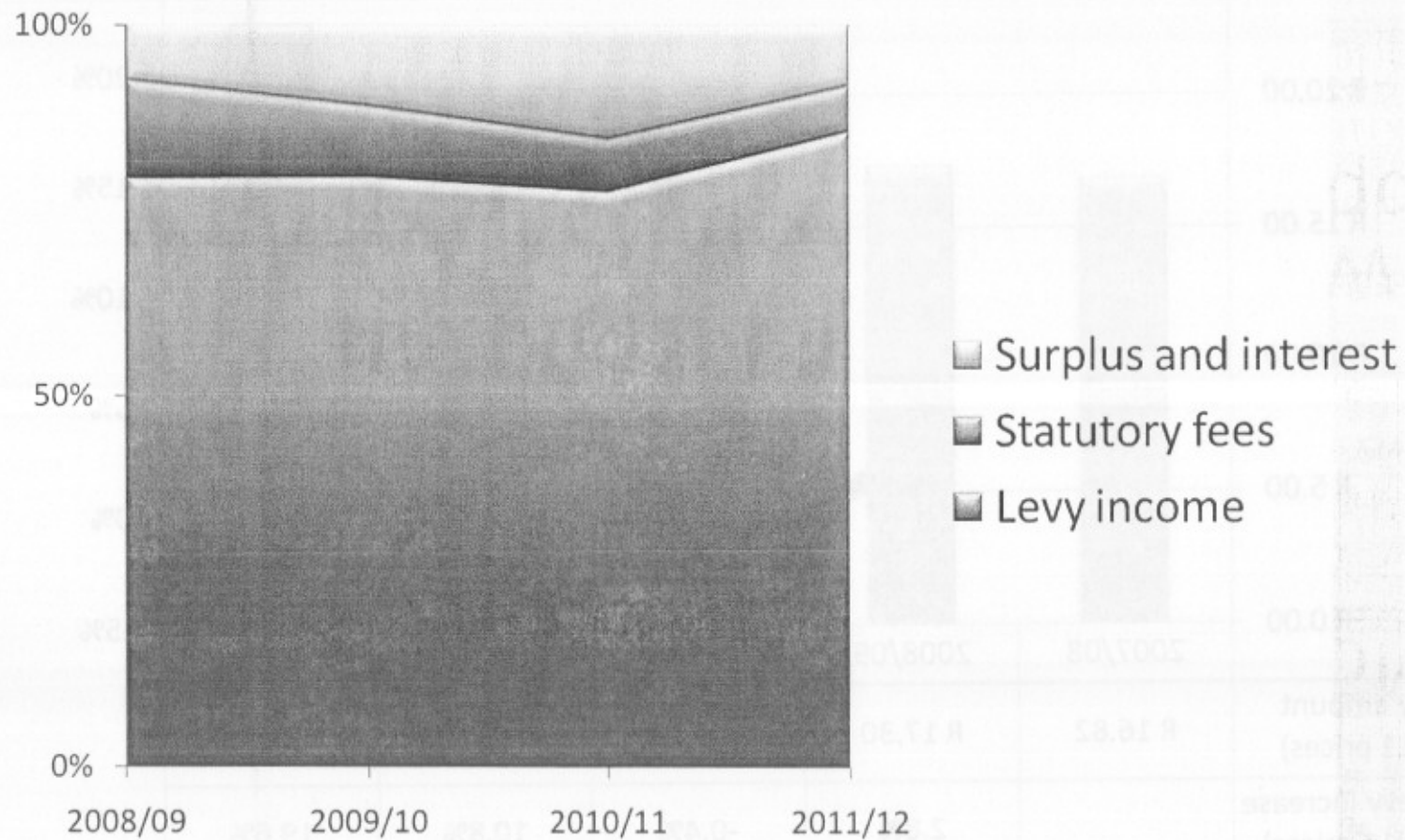
Budget increases



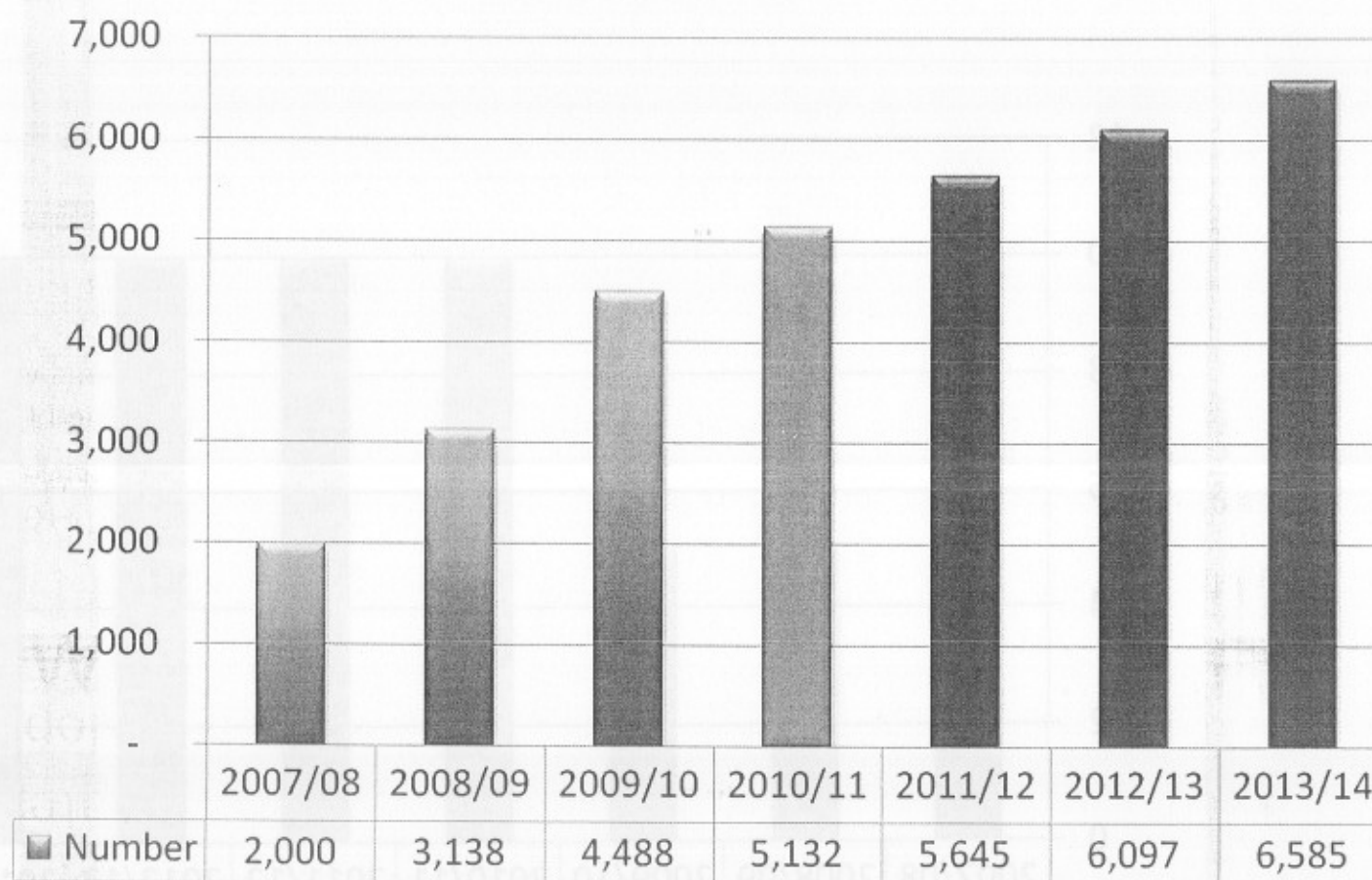
Levy increases



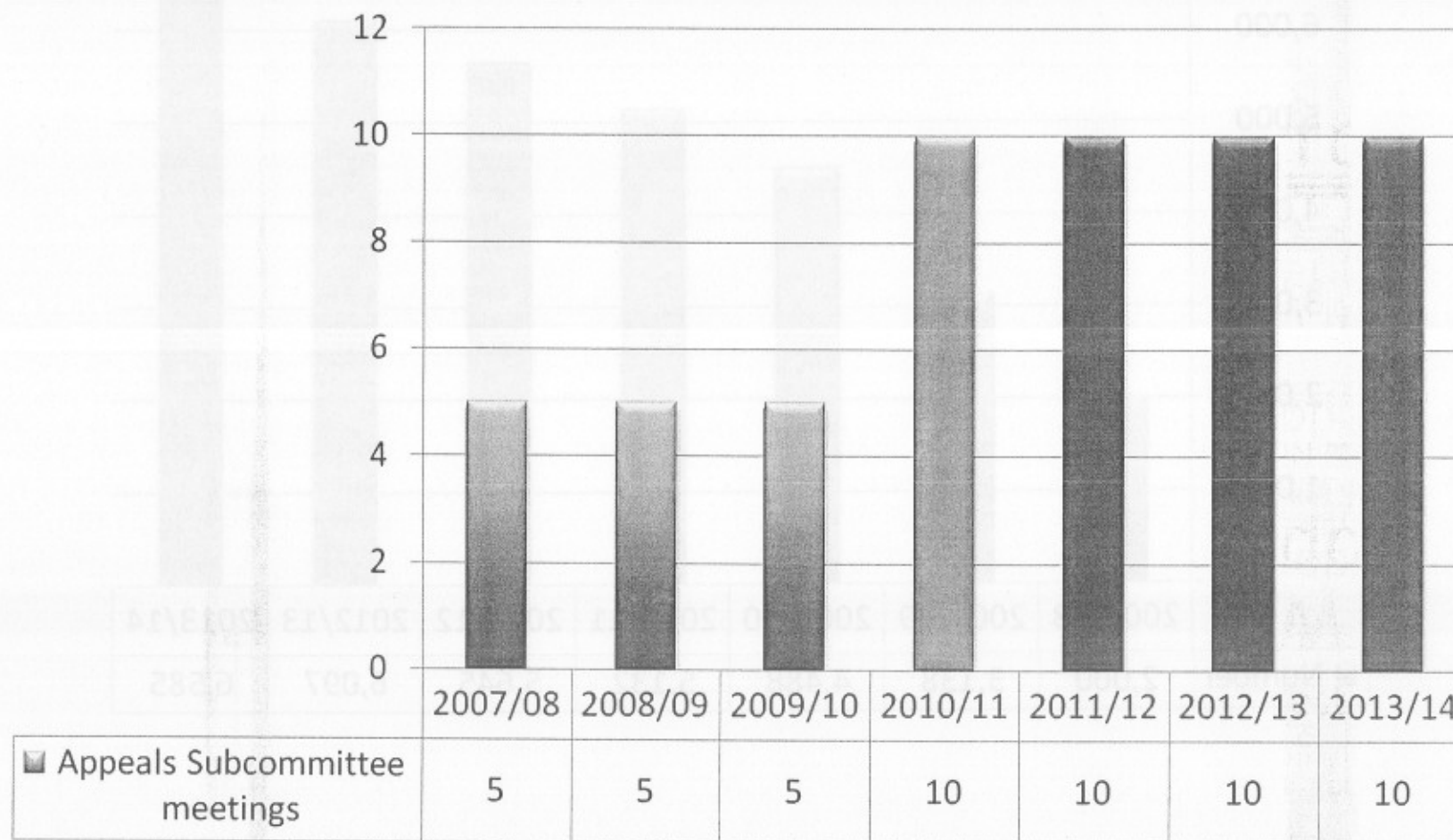
Why do the levy increases differ from the budget increase?



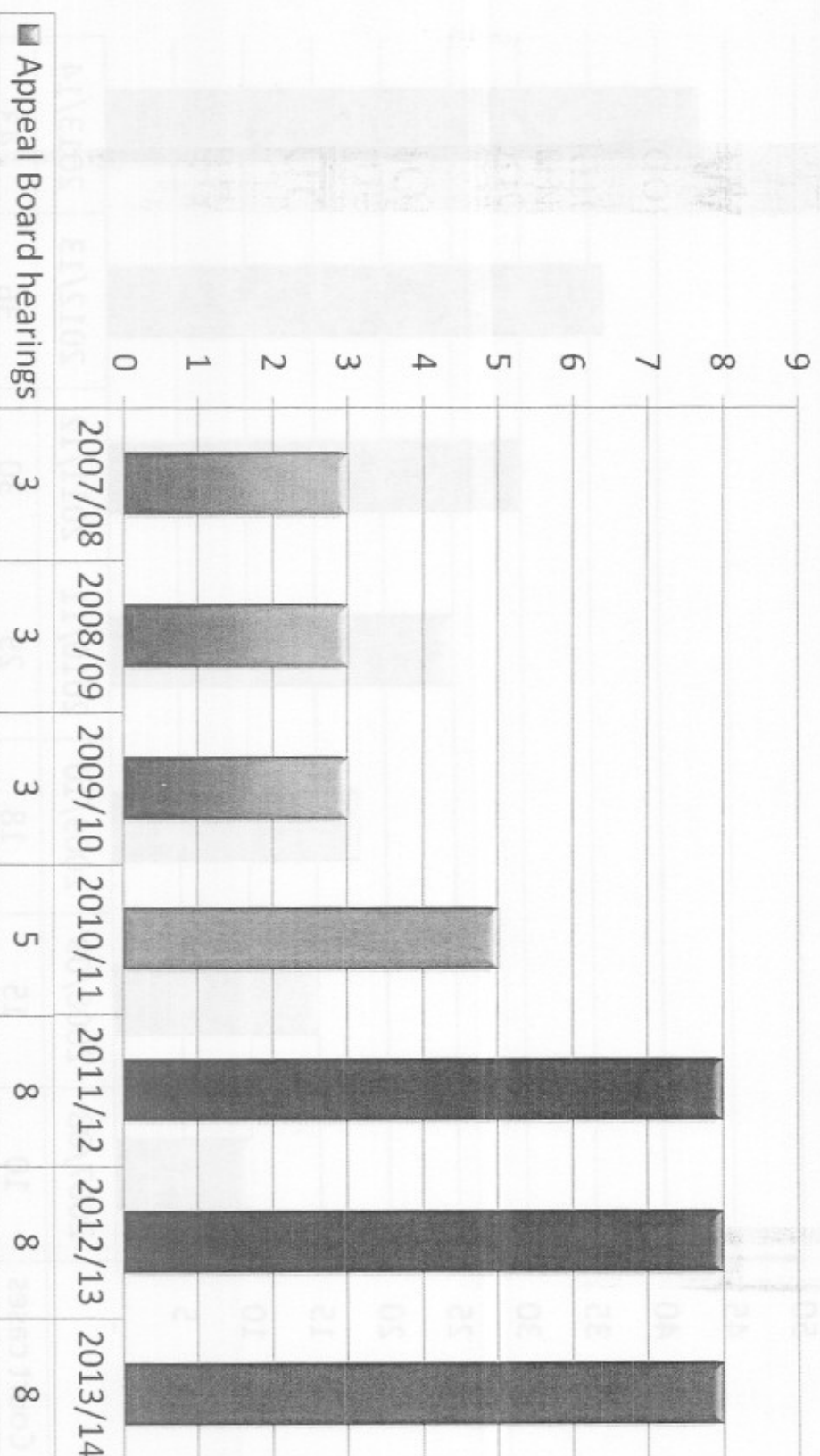
Number of complaints continues to increase...



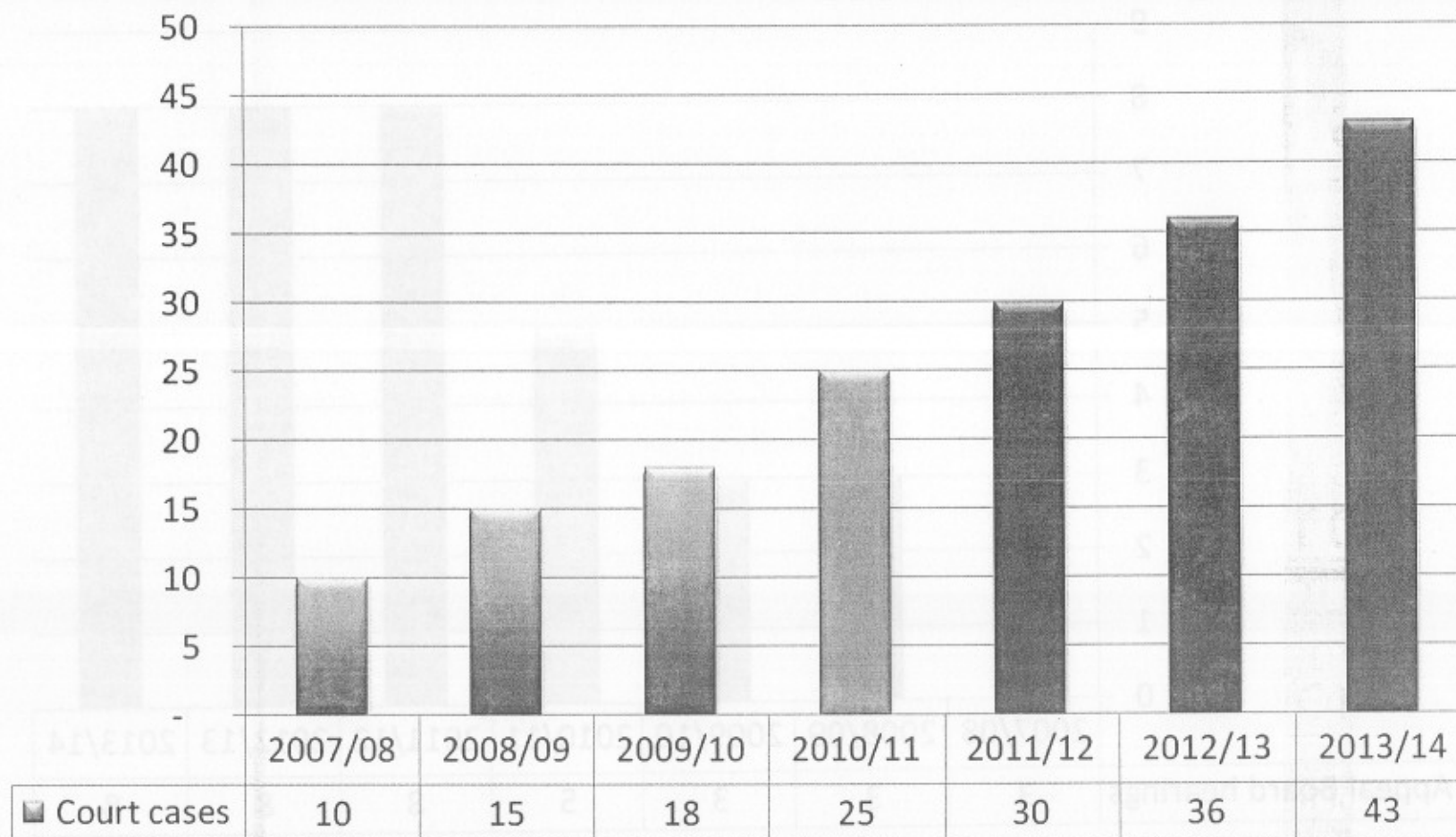
More appeal committee meetings are required...



More Appeal Board hearings take place...

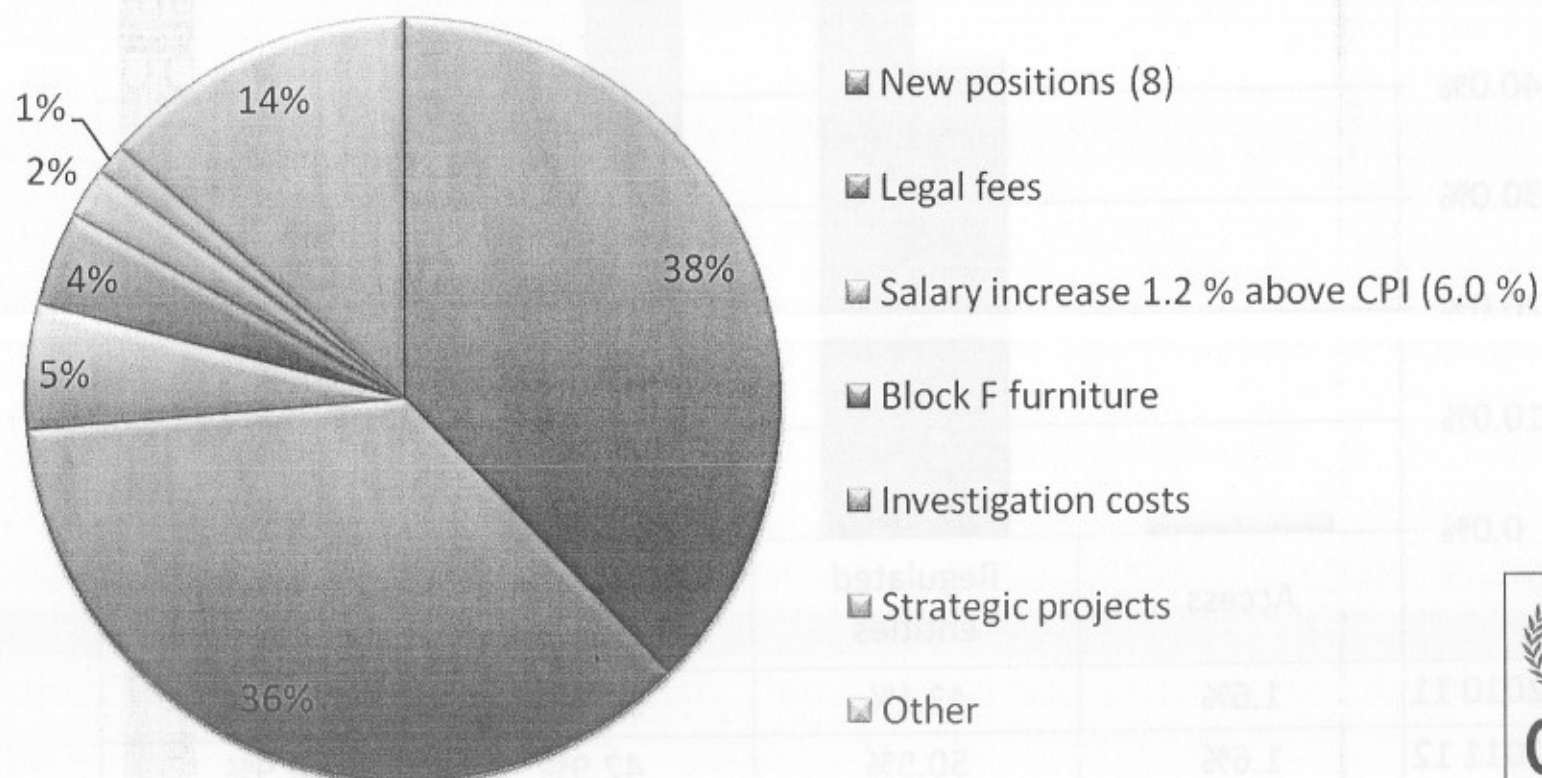


And many more court cases...

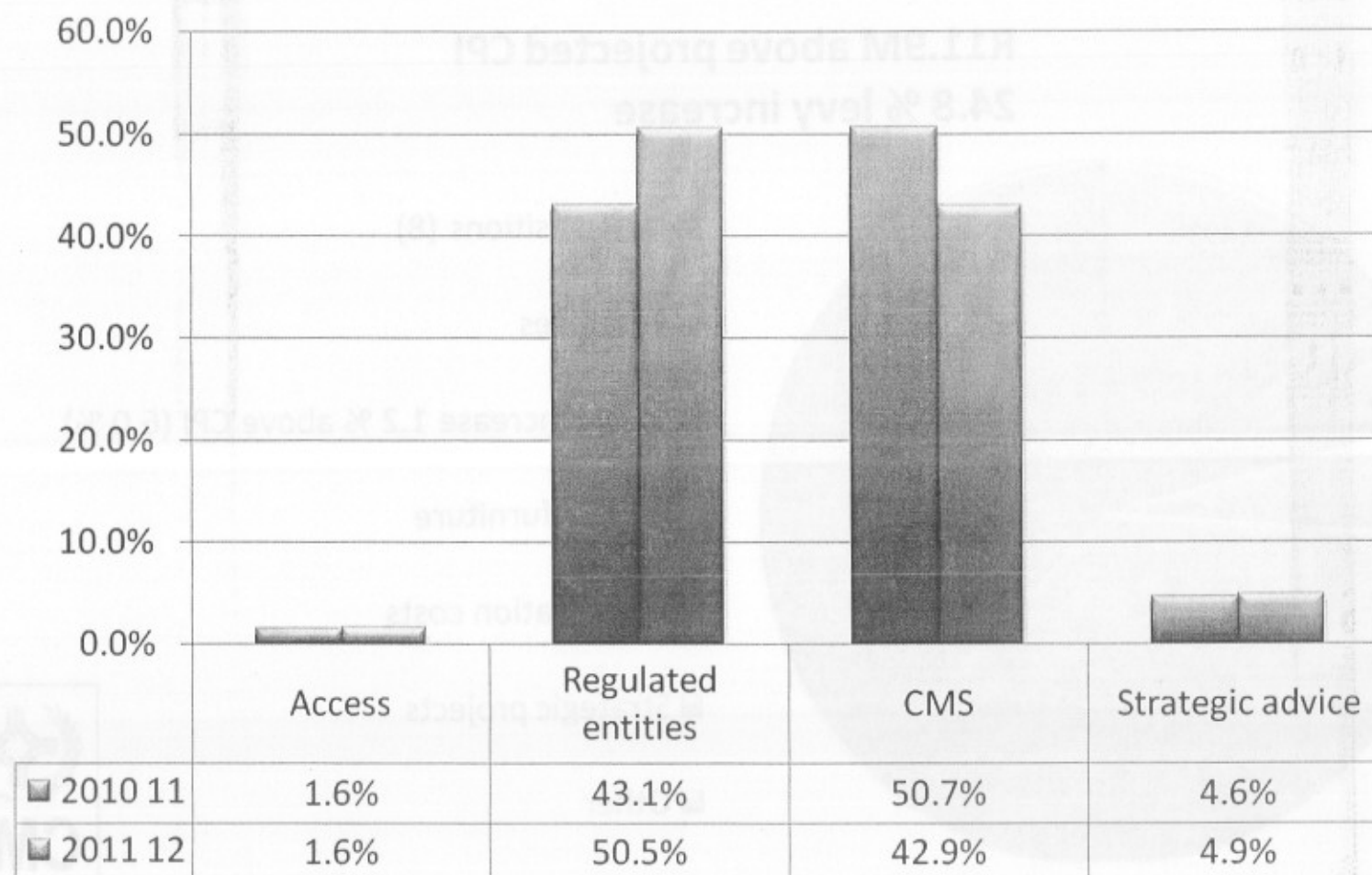


Application of the above-CPI increase

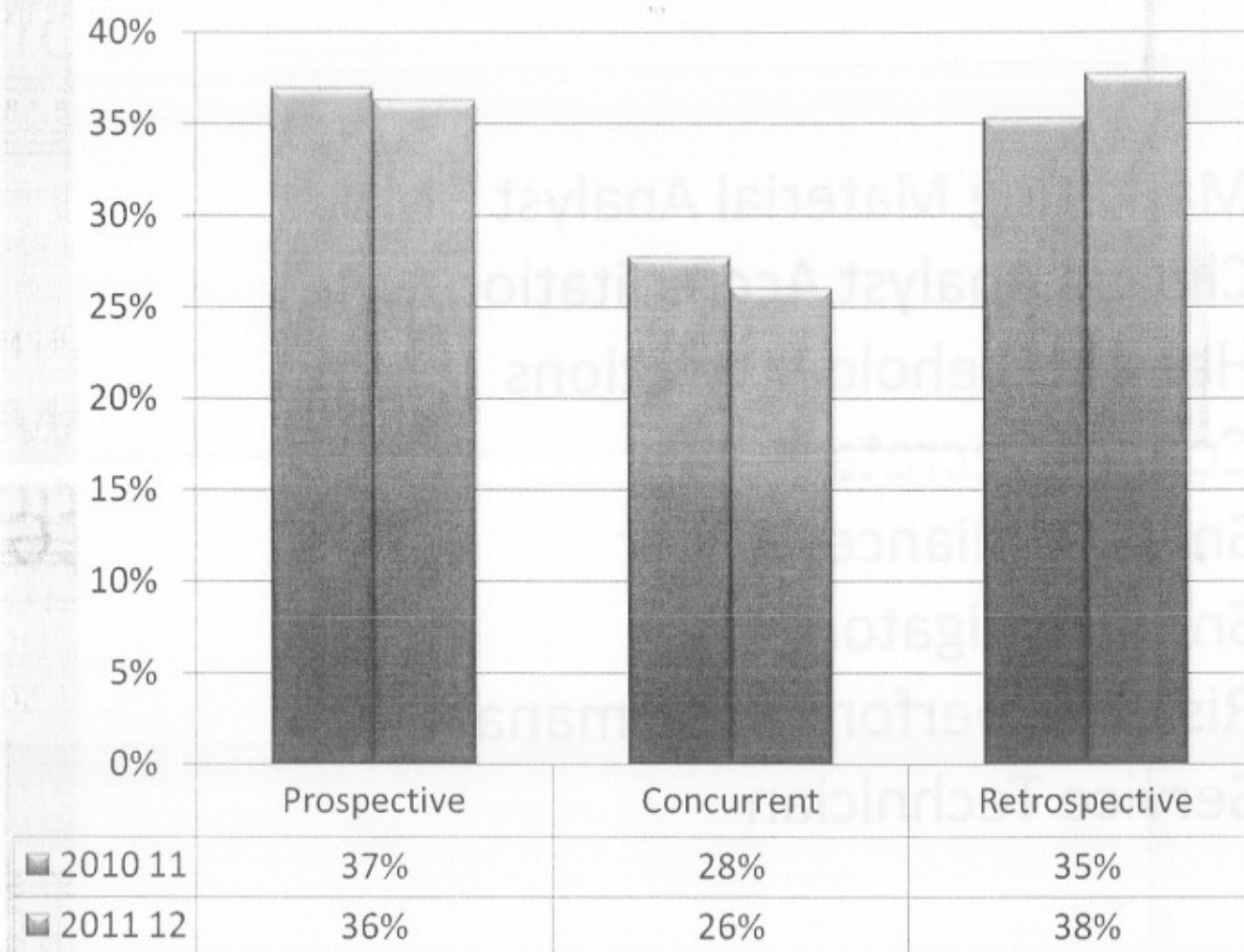
R11.9M above projected CPI
24.8 % levy increase



Are the strategic goals supported?



Where is the regulatory focus?



New positions

Marketing Material Analyst BMU
Clinical Analyst Accreditation
Head stakeholder relations
Council Secretary
Snr Compliance Officer
Snr Investigator
Risk and performance manager
Service Technician
