



Employer health care awareness survey



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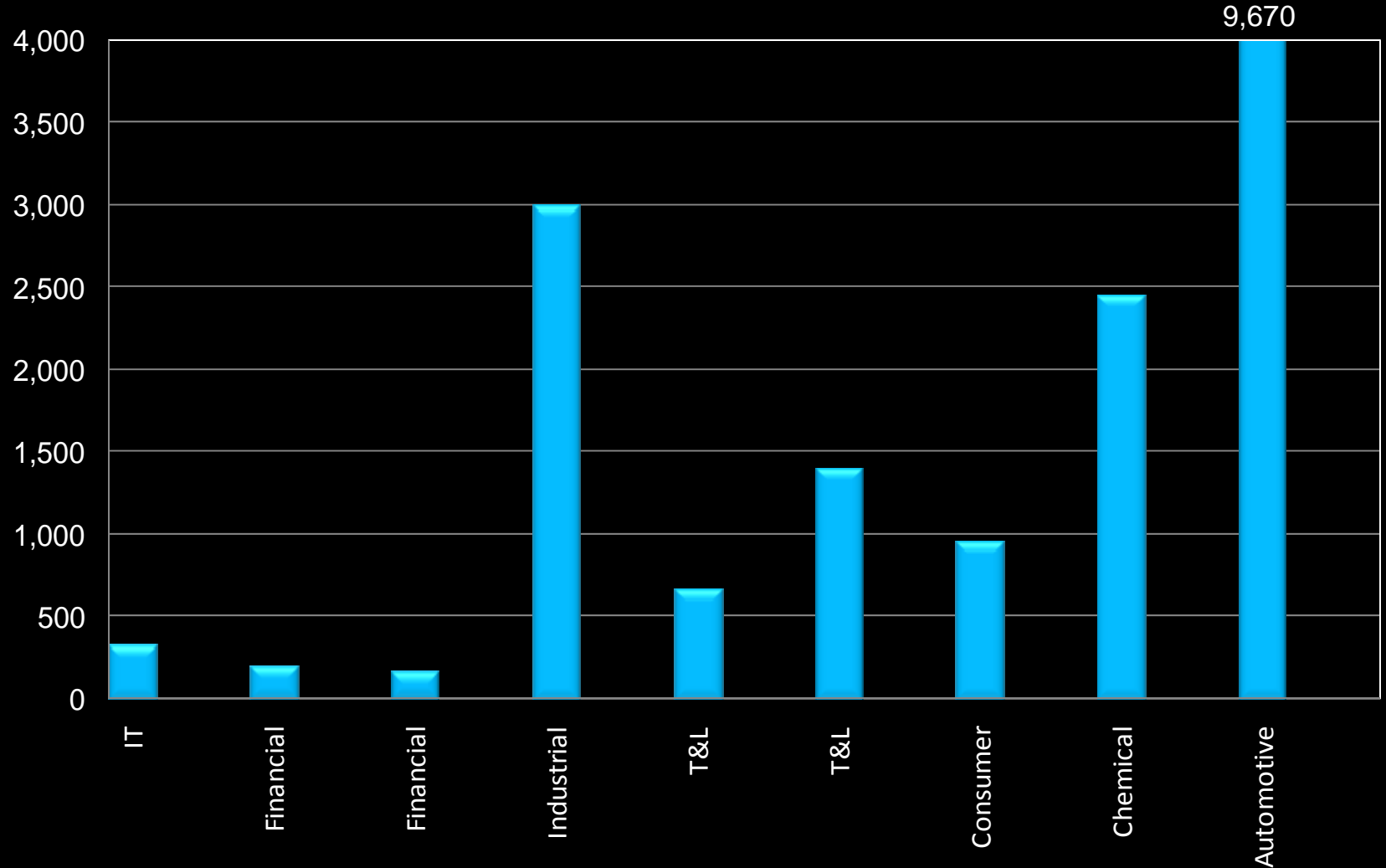
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Introduction

- Limited focus on health care in SA
- Employer awareness survey
- Surveyed 9 clients of NMG
- Following industry cross-section was obtained:
 - Information technology
 - 2 x Financial services
 - Industrial
 - 2 x Transport & logistics
 - Consumer goods
 - Chemical
 - Automotive

Size of survey participants

Permanent employees



Process followed

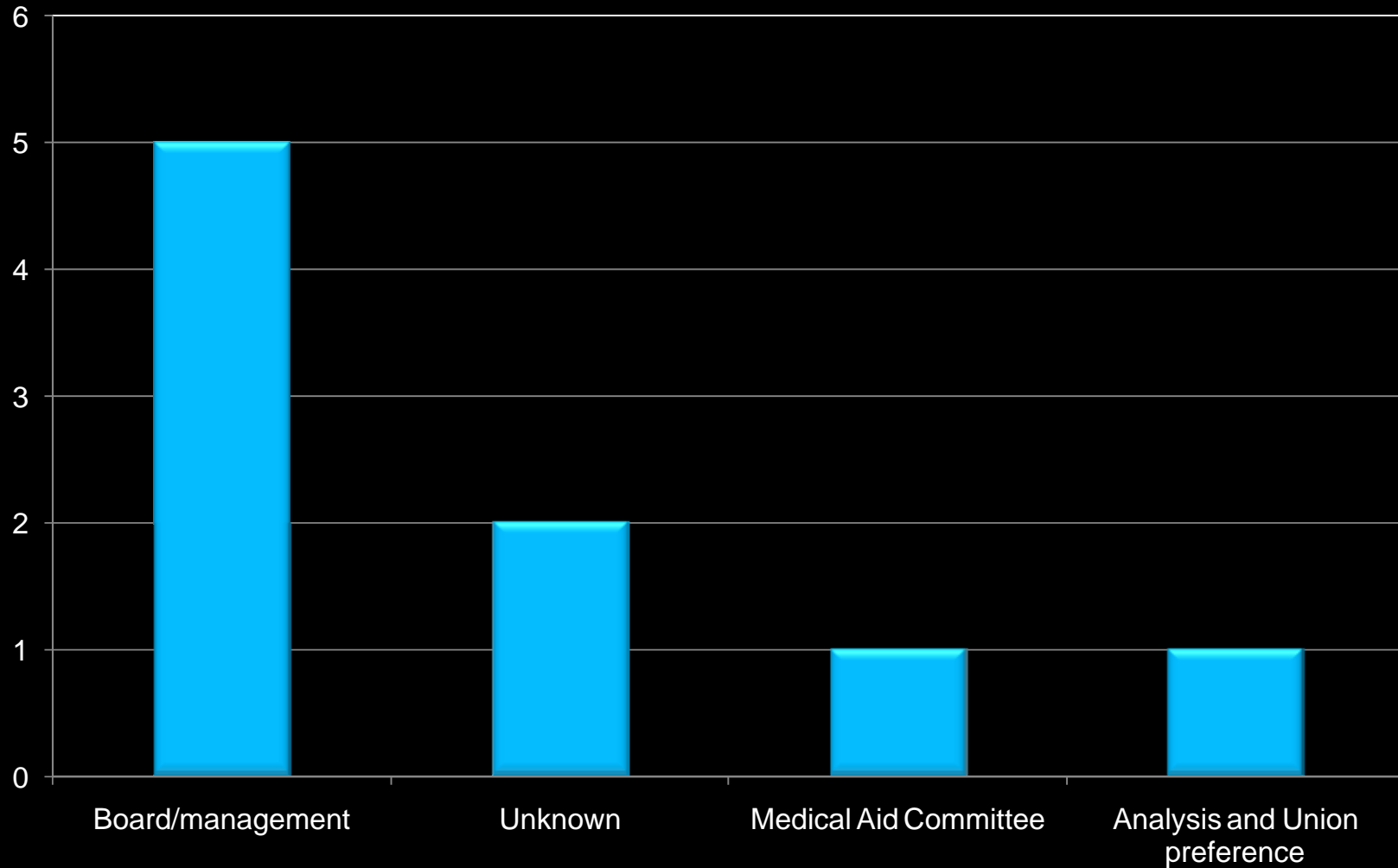
- Questionnaire sent to employer beforehand
- Face-to-face interview with senior management
- Responses analysed
- Confirmation of initial interview
- Additional questions asked electronically
- Answers collected electronically

Medical scheme choice

Employer	Medical Scheme	Is membership to a scheme compulsory?
IT	Discovery, Restricted Scheme 1	Yes
Financial	Discovery	Yes
Financial	Discovery	Yes
Industrial	Sizwe, Restricted Scheme 2	No
T&L	Discovery	Yes
T&L	Discovery	No
Consumer	Discovery	Yes, above a certain level
Chemical	Discovery, Sizwe	Yes
Automotive	Discovery, Sizwe, Ingwe	No

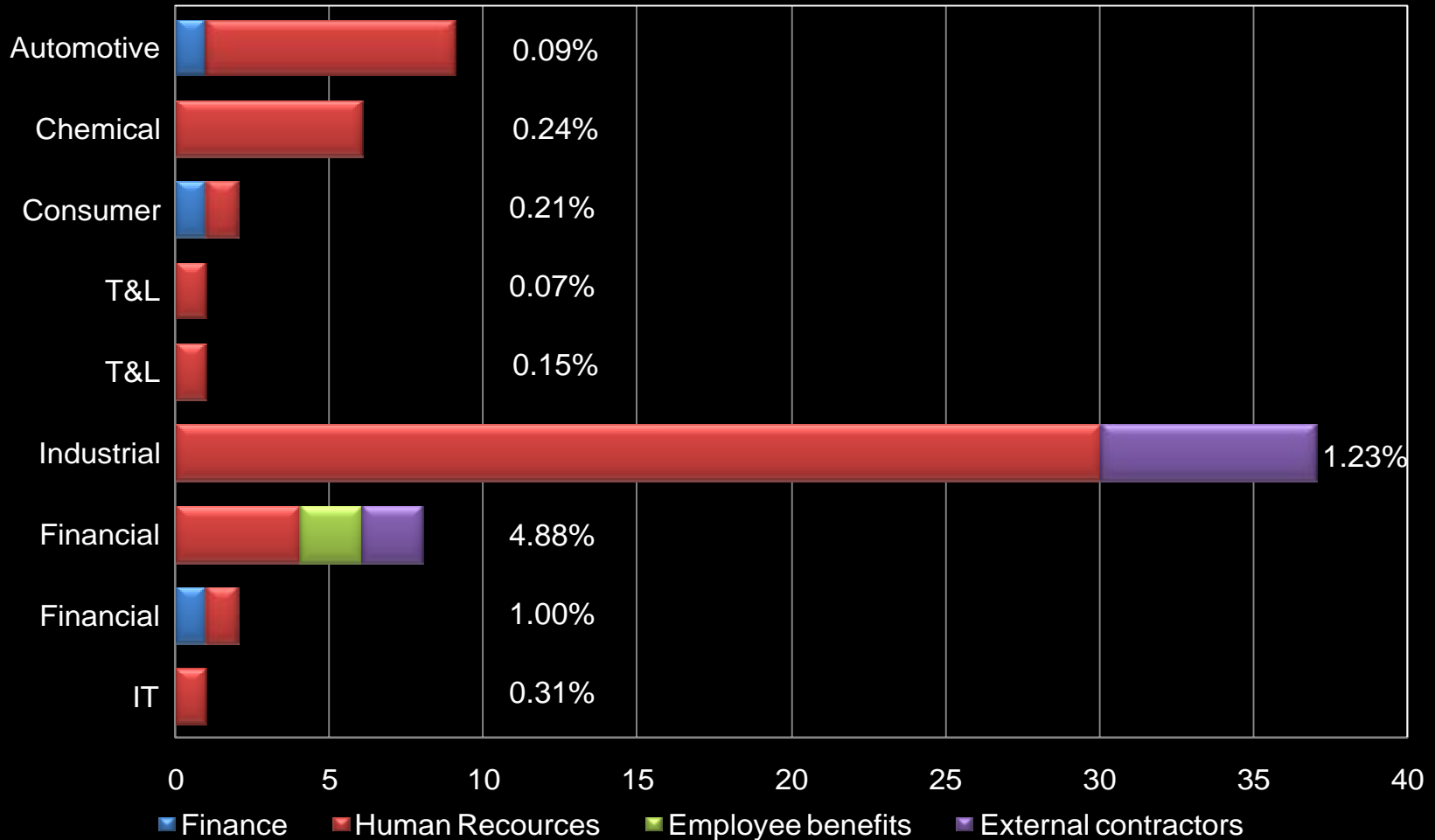
How the medical scheme was chosen

How was your medical scheme chosen?



Staff dealing with health care

Number of staff



Staff dealing with health care

- Few participants aware of cost of time spent on health care related issues
- Time spent on health care varied greatly between 1% and 25%
- Finance departments play limited role
- Relatively a large expense for organisations

Scheme administration

- All respondents indicated that administration is efficient
- Limited similarities between query handling with some going through HR and others directly through broker
- Primary point of contact varies between employers

Monitoring of health care expenditure

- 3/5 companies are not aware of their overall expenditure on health care
- 3/5 companies noted:
health care spend > training budgets
- 4/5 companies noted:
health care spend > retirement spend

Conclusion

- Some participants are unaware of how their medical scheme options had been chosen
- Limited information regarding the number of staff involved in health care issues
- Unaware of the direct and indirect costs involved

Leave benefits

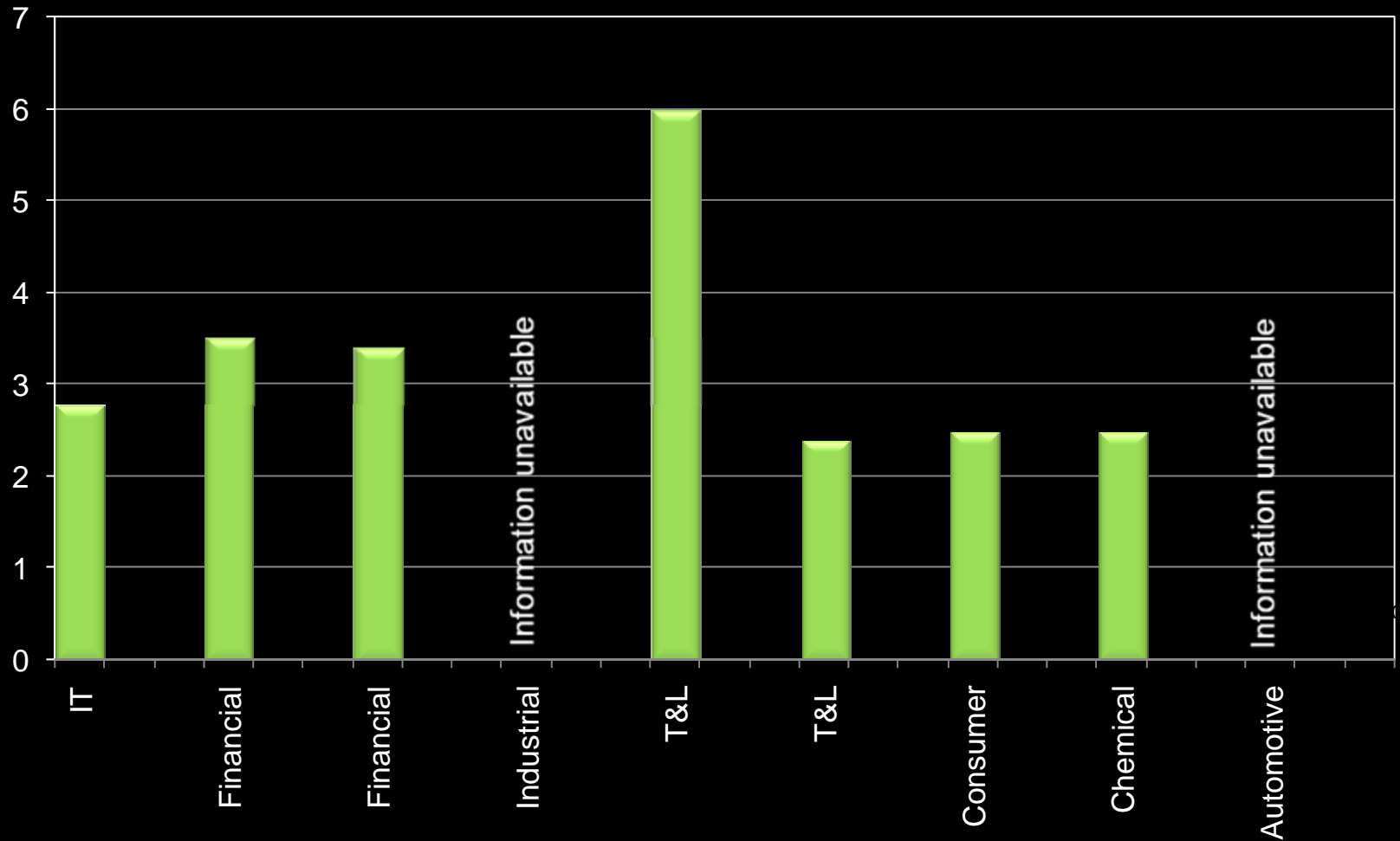
Company	Basic conditions of employment	Additional leave (years of service)	Special (representing SA eg sport)	Lifestyle/remoteness
IT	✓		✓	
Financial	✓	✓		
Financial	✓			
Industrial	✓	✓		
T&L	✓			
T&L	✓			
Consumer	✓			
Chemical	✓		✓	✓
Automotive	✓			

Sick leave benefits

Company	Sick leave benefits
IT	30 days / 3 year cycle
Financial	30 days / 3 year cycle
Financial	30 days / 3 year cycle
Industrial	30 days / 3 year cycle
T&L	36 days / 3 year cycle
T&L	30 days / 3 year cycle
Consumer	30 days / 3 year cycle
Chemical	1 years service: 45 calendar days @ full pay 45 calendar days at half pay
Automotive	30 days / 3 year cycle

Average number of sick leave days

How many days on average does your staff take as sick leave?

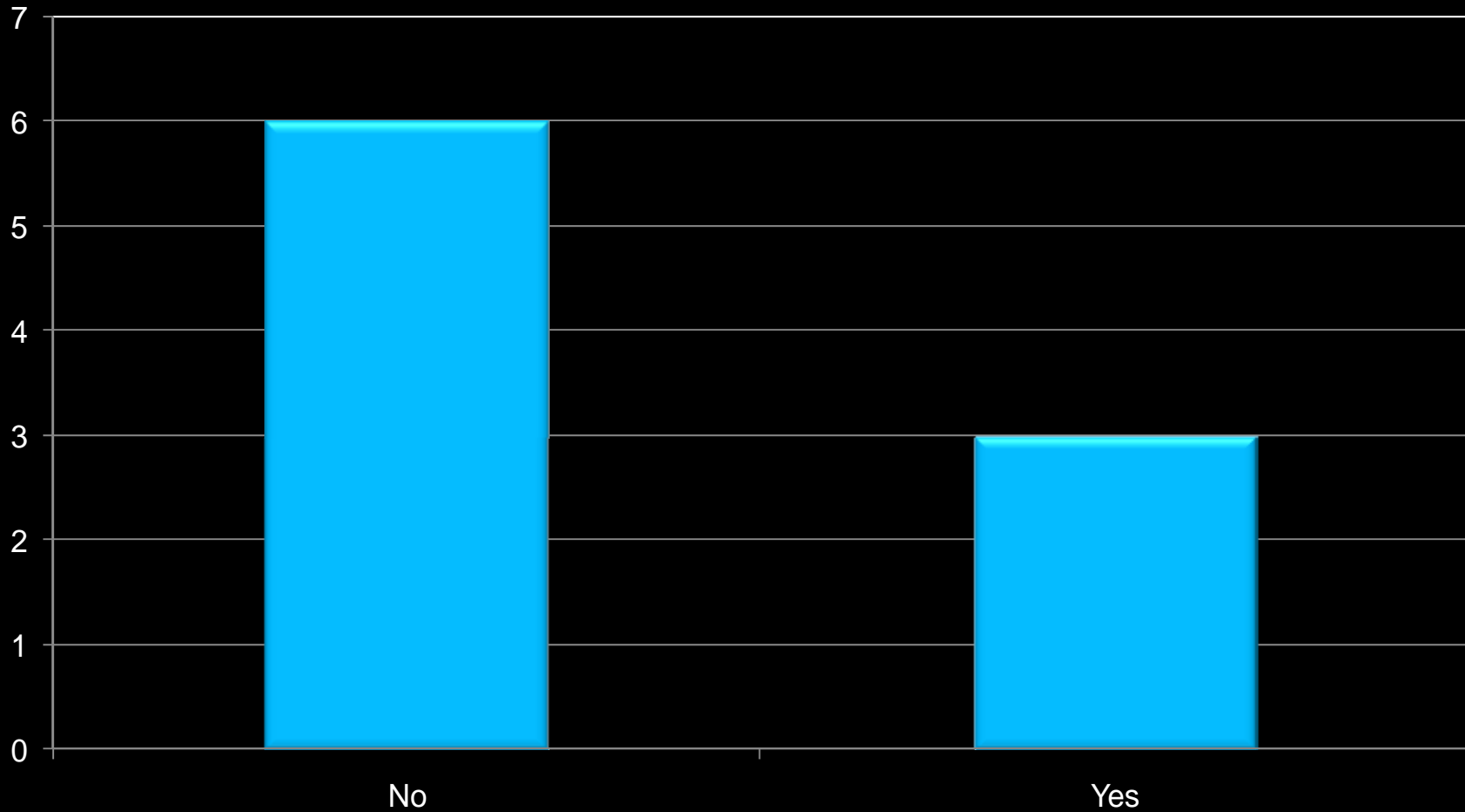


Management of absenteeism

- Not common in South Africa
- Cost associated with absenteeism is largely unknown
- Only 3 companies knew the main reasons for absenteeism. These were:
 - Influenza
 - Colds
 - Stomach related
 - Back Pain
 - Migraines

Management of absenteeism

Do you know if your medical scheme provides benefits/programmes for the main causes of absenteeism in your organization?

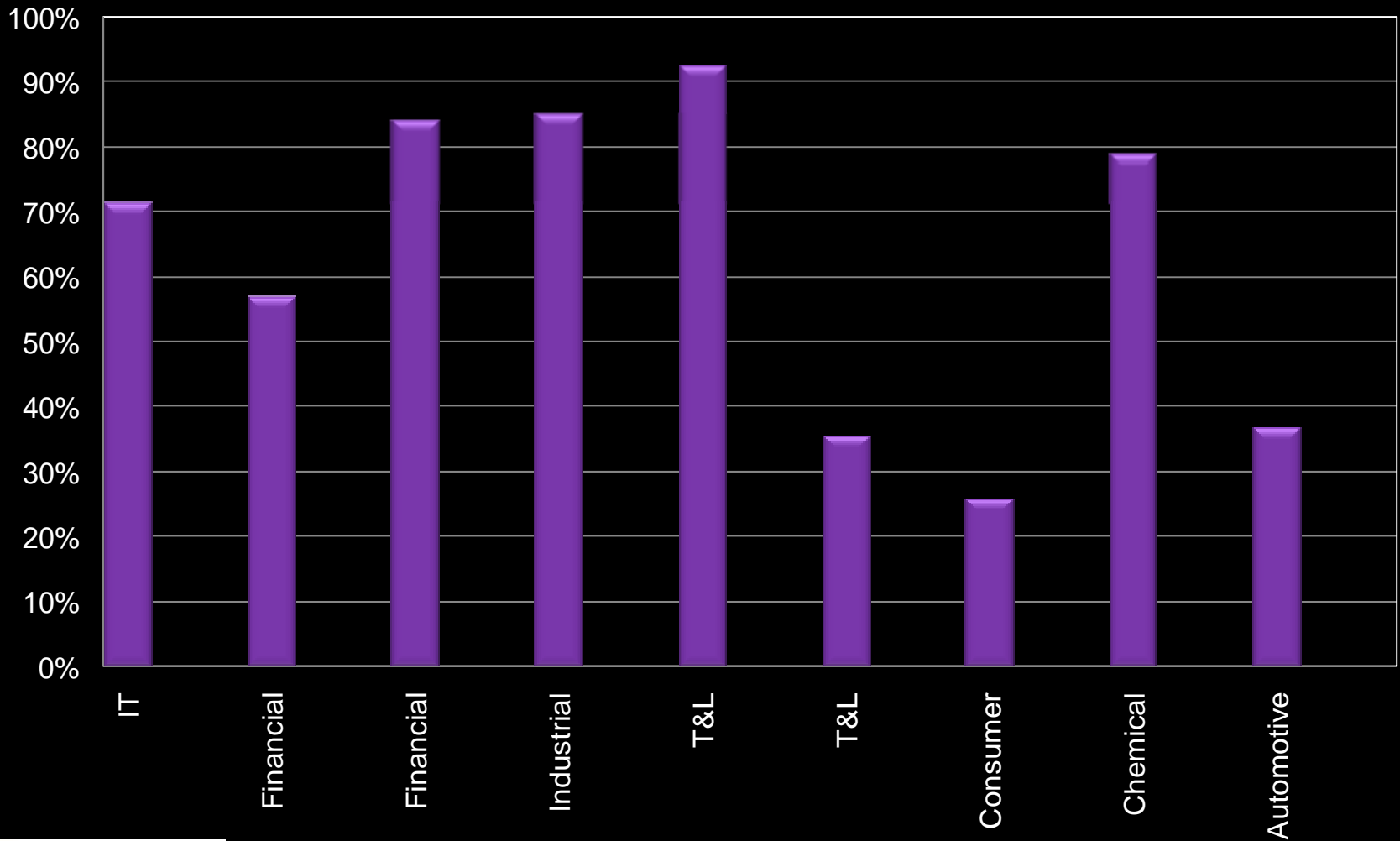


Conclusion

- Limited information regarding number of sick leave days taken
- Limited information regarding causes of absenteeism
- Costs relating to absenteeism is largely unknown

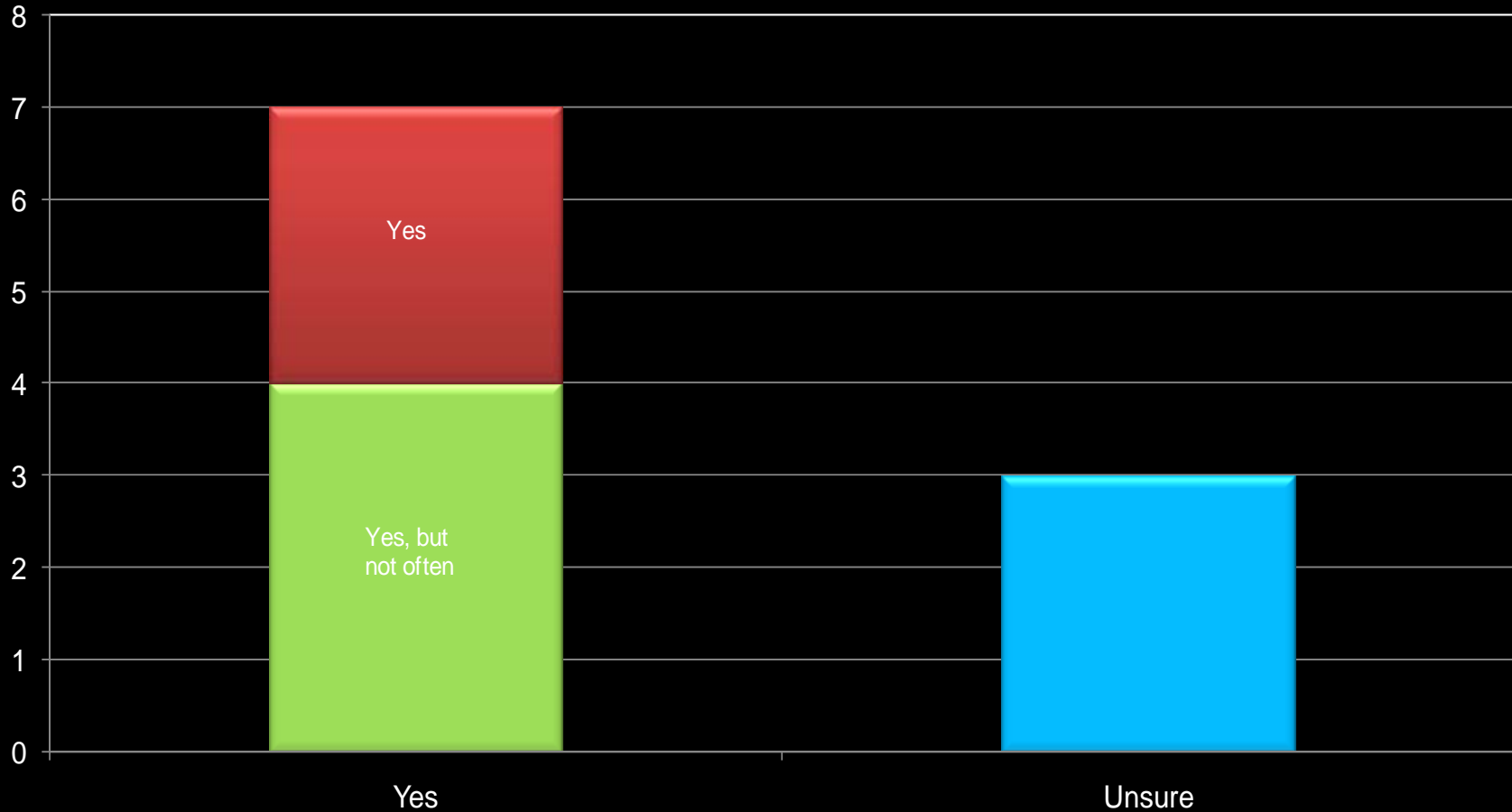
Medical scheme coverage

Employees covered by a medical scheme through the company



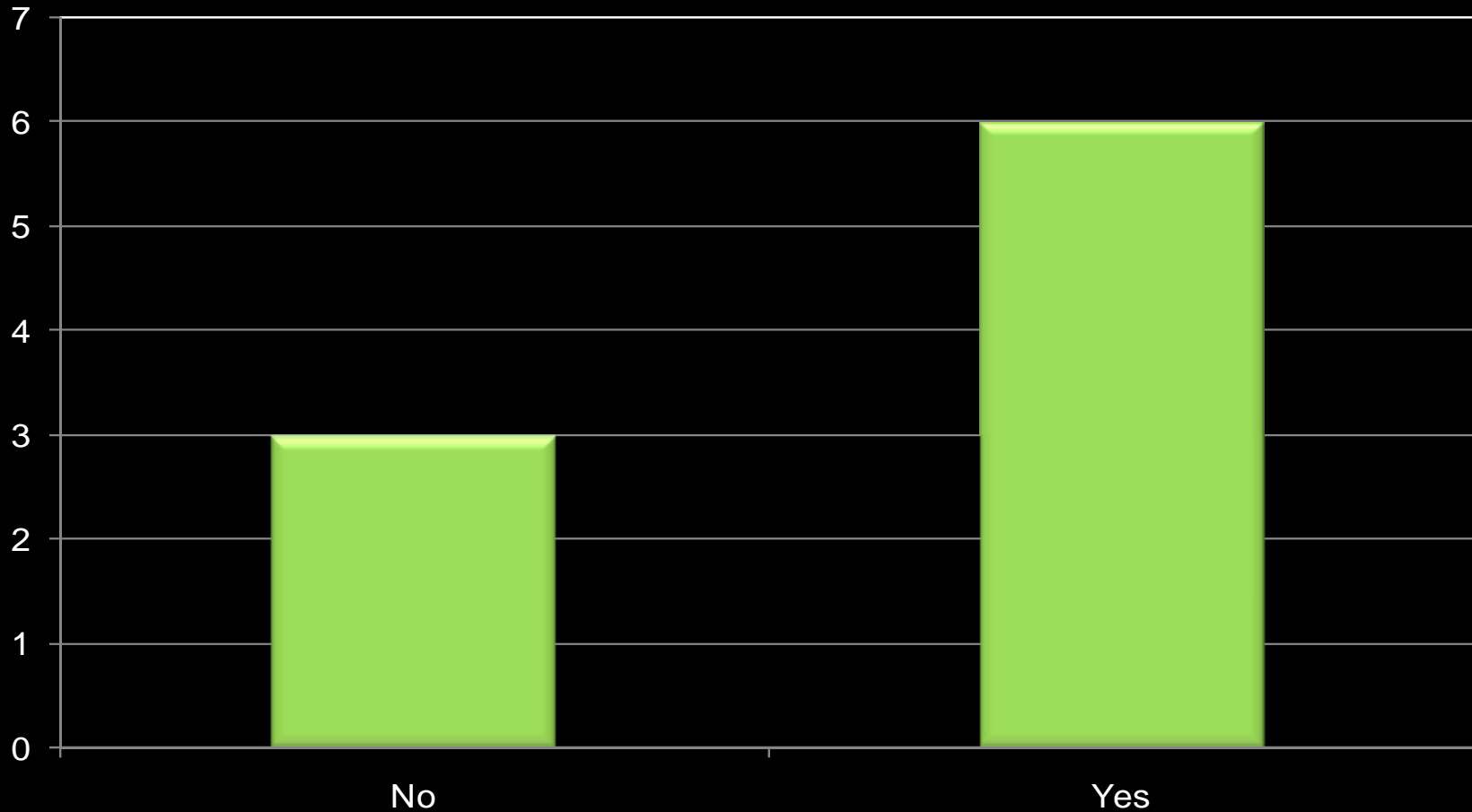
Registration of dependants

Do you know whether employees sometimes choose not to register dependants?



Medical scheme subsidies

Is a company subsidy provided to current employees?



Medical scheme subsidies

- Trend in SA to offer cost-to-company packages
- 'Yes' category answered the following:
 - Defined percentage of any plan
 - Defined percentage of specific plan
 - Rand amounts capped at certain levels
- Correlation between size of subsidy offered and highest participation on medical scheme

Post-employment subsidies

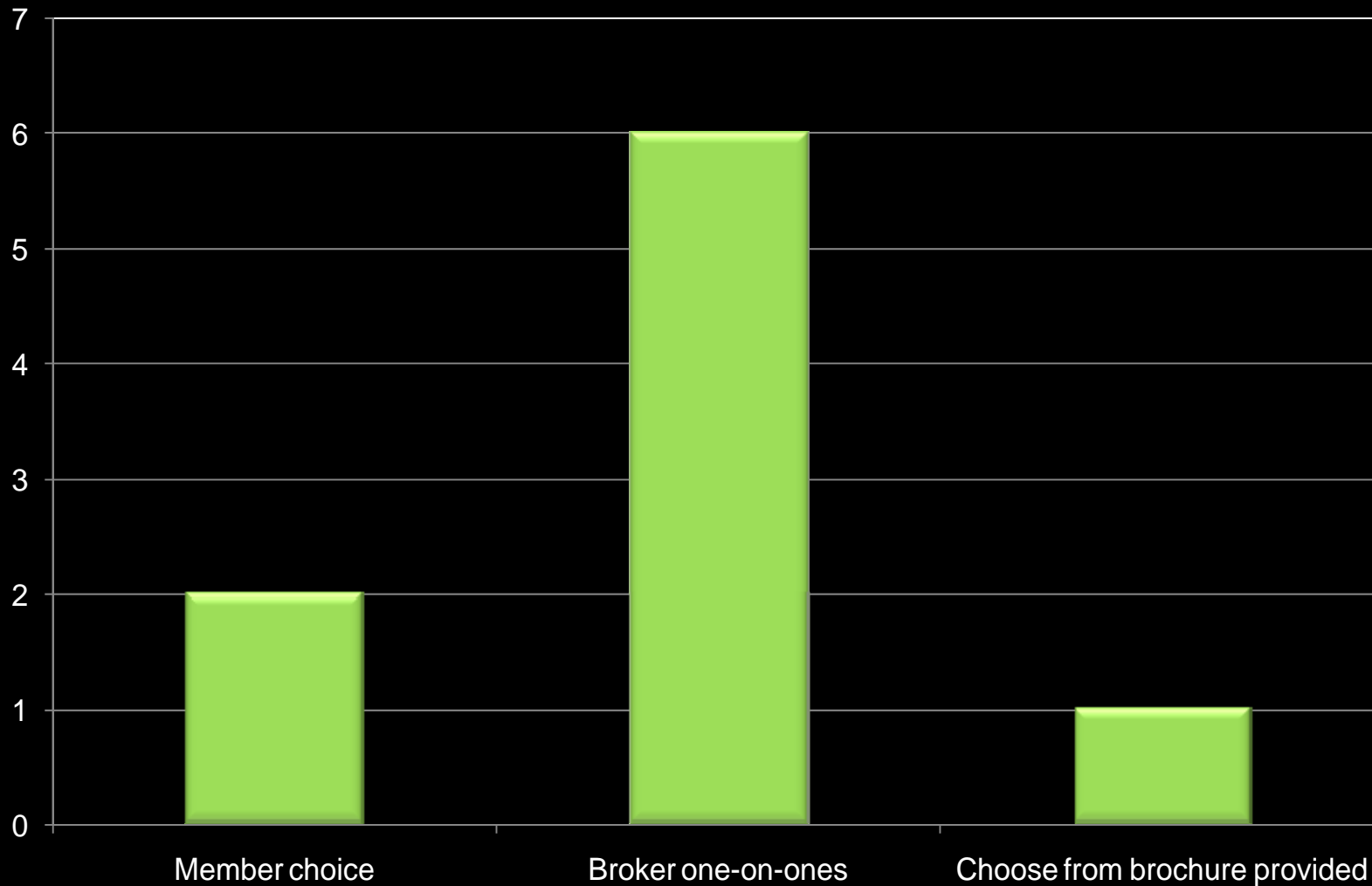
- No employer provide post-employment medical scheme subsidies
- Old Mutual Healthcare Survey (2005):
 - 29% of 100 employers offered some form of post-retirement subsidy
 - Shift burden of health care financing to the future pensioner
 - Unlikely that average pensioner will be able to self-fund

Conclusion

- Participation on medical schemes vary considerably between organisations
- Dependant on compulsory nature
- Dependant on subsidies provided
- Subsidies vary significantly pre-retirement
- Post-retirement subsidies having been removed in all cases

Option choice

How do members choose their options?

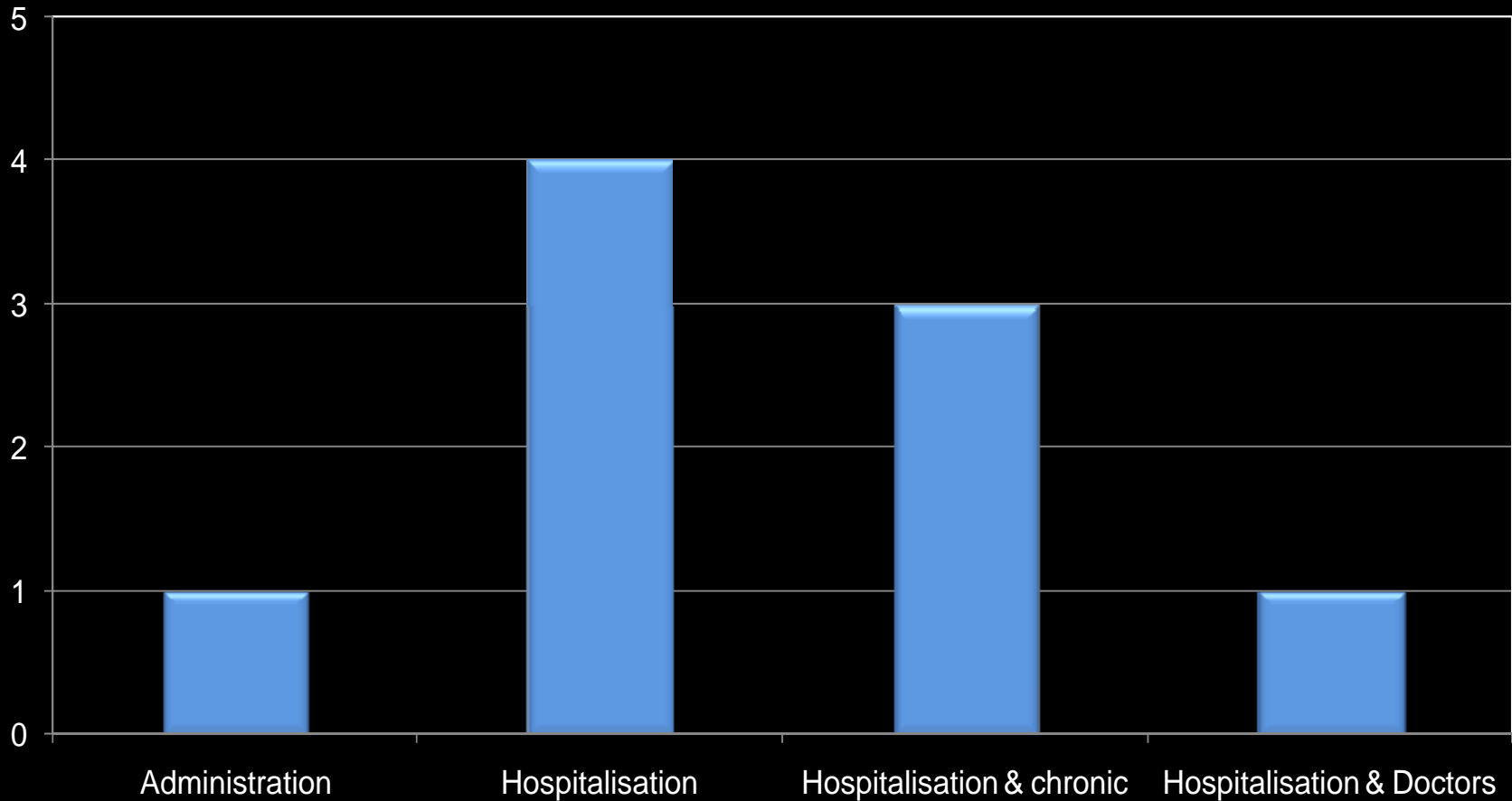


Prescribed minimum benefits

- Medical schemes have to cover all costs relating to PMB as defined in Medical Schemes Act in 1998.
- Only 5/8 employers know what PMBs are

Benefits offered

What are the most important benefits offered by the scheme?

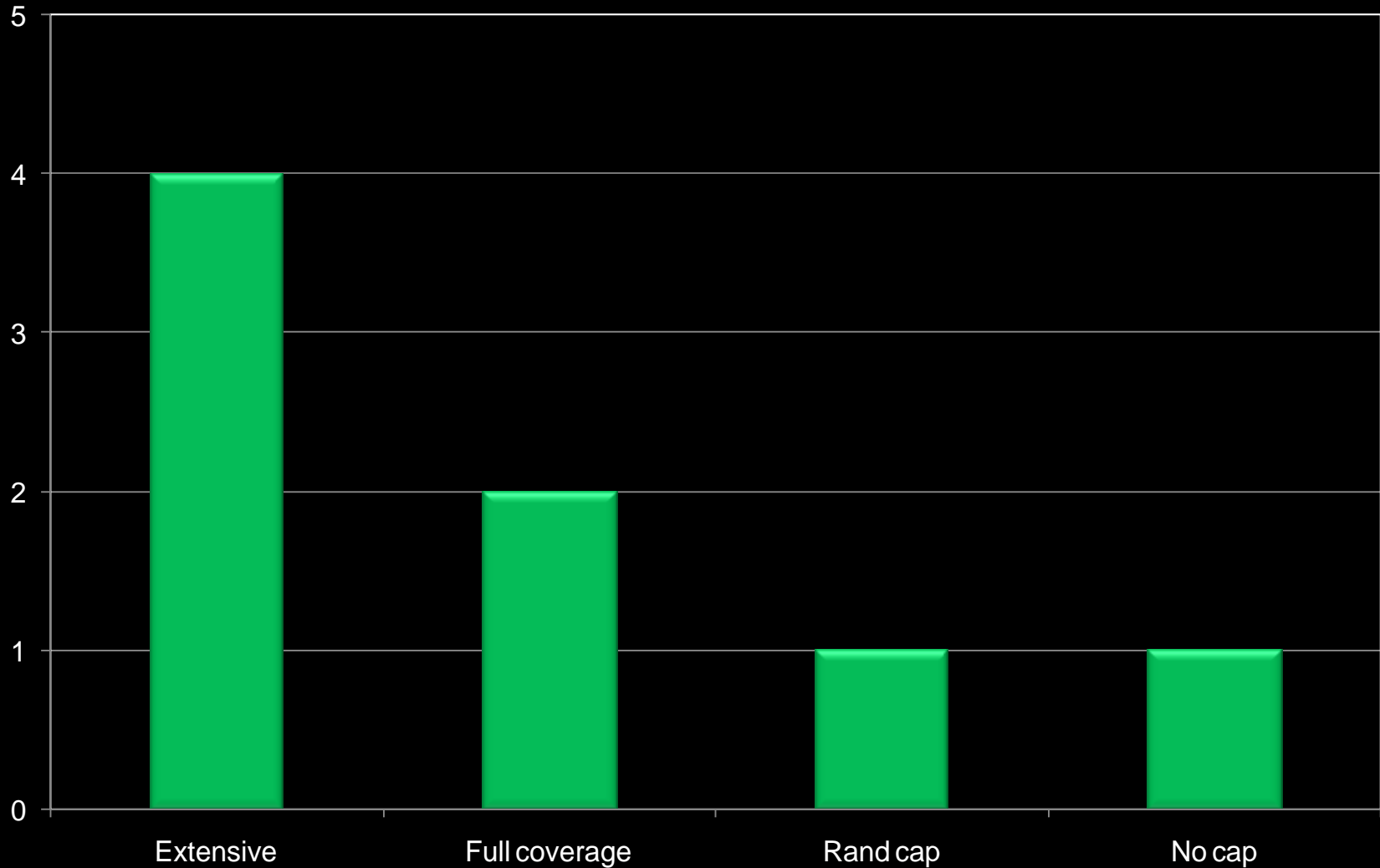


Hospitalisation

- Why hospitalisation was perceived to be the most important benefit offered
 - Private rates are unaffordable
 - Fear of accidents
 - Most expensive discipline
 - Due to government hospitals not being adequate and private care being very expensive.

Hospital benefits

What is the range of hospital benefits offered to members?



Preventative care

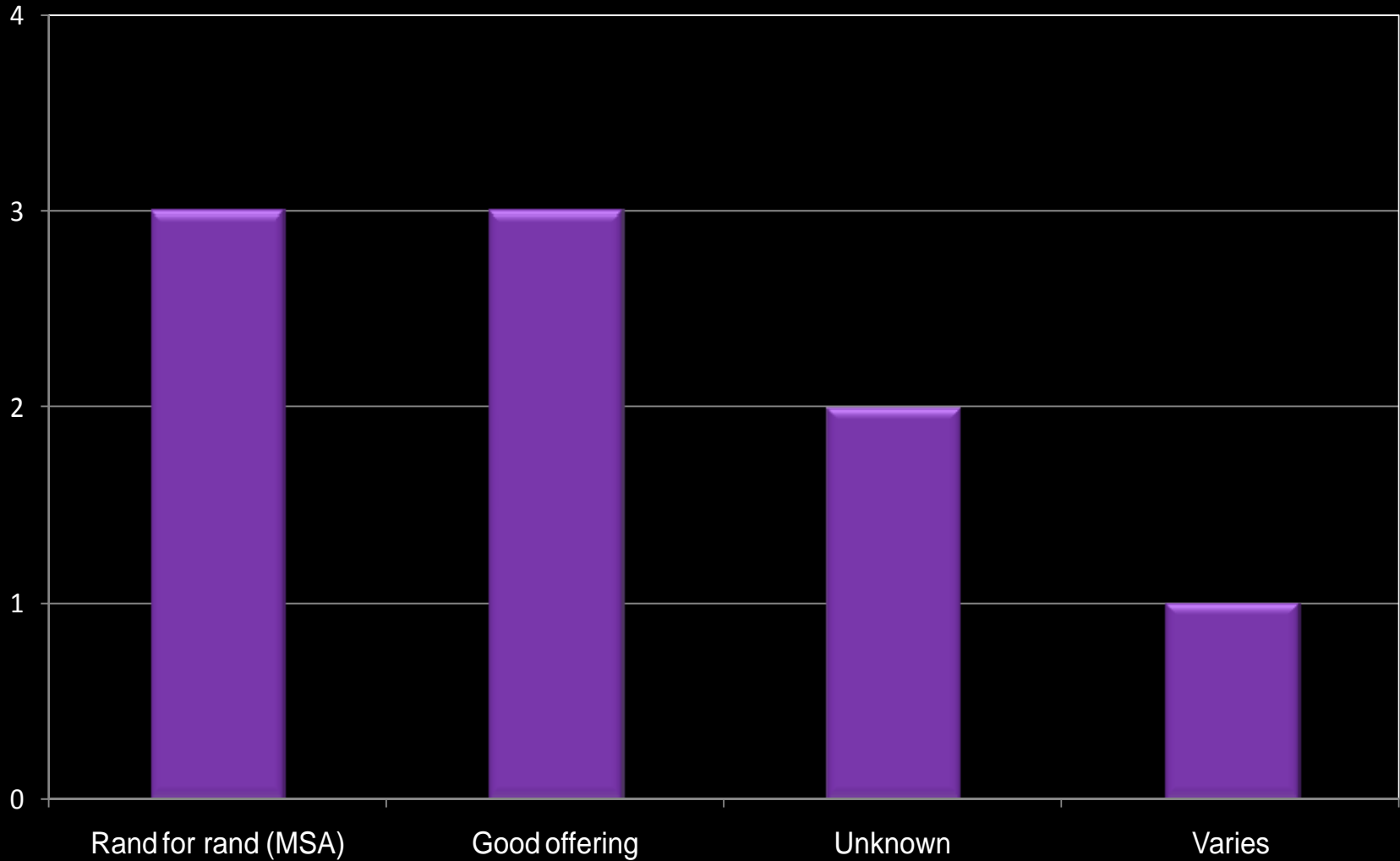
- Find health issues that need to be addressed
- Way of providing advice on changing lifestyle behaviour to ensure better health status
- Access preventative care benefits through wellness days

Wellness days

- Respondents indicated the following key factors:
 - Participation varies by employer group, ranging from 50% to 95%
 - High utilisation of screening benefits, for example blood pressure, glucose, cholesterol screening and eye tests
 - No incentive is provided to members to attend
 - There have been improvements in health, a number of members realising that a change in lifestyle was required.

Outpatient benefit offering

What is the range of outpatient benefits covered?

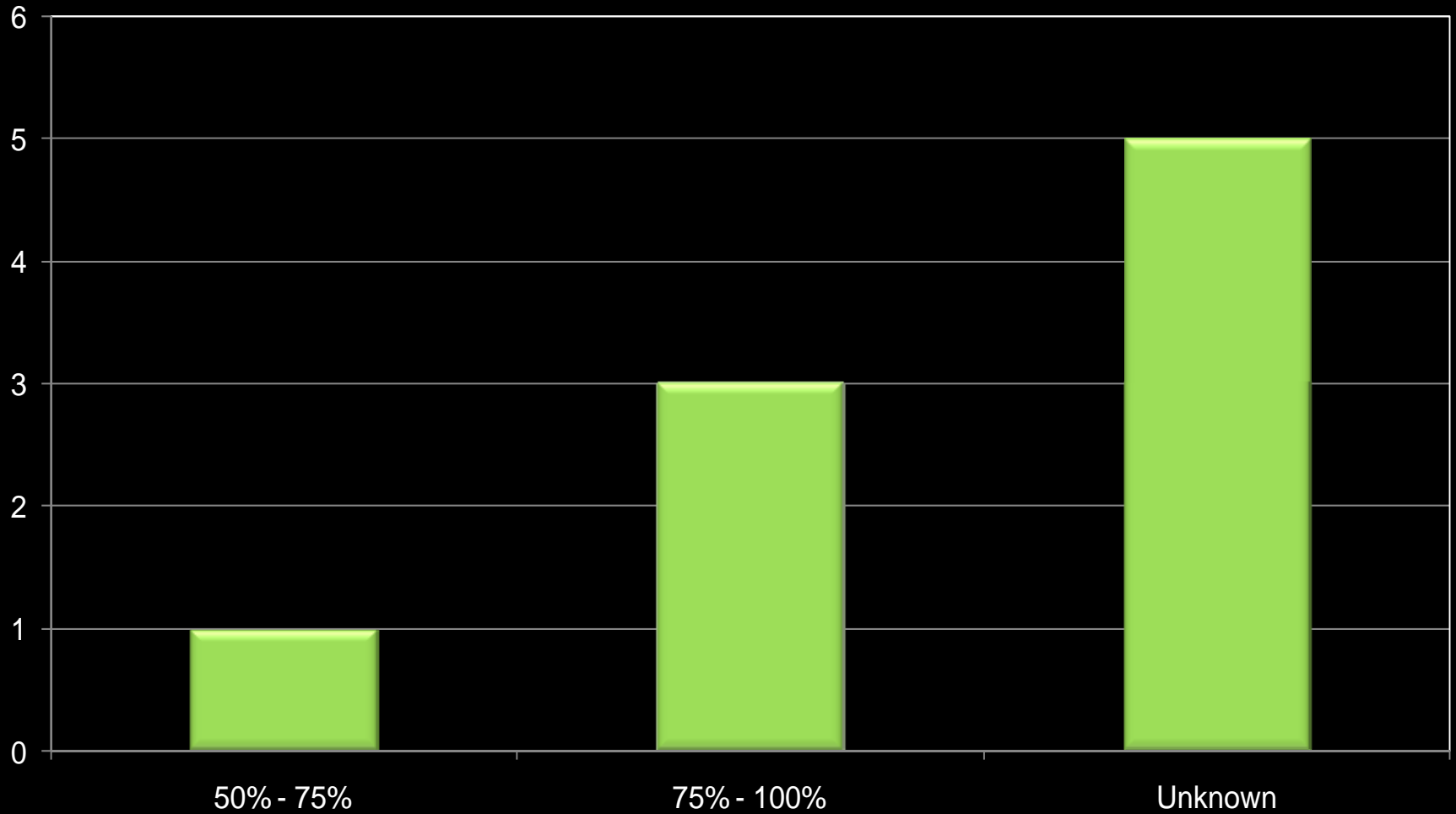


Conclusion

- Many employers make use of brokers to assist employees in choosing a option
- Employers are aware of and happy with benefits offered
- PMB's are not understood

Claims ratio

What percentage of contributions are members currently claiming on the scheme?



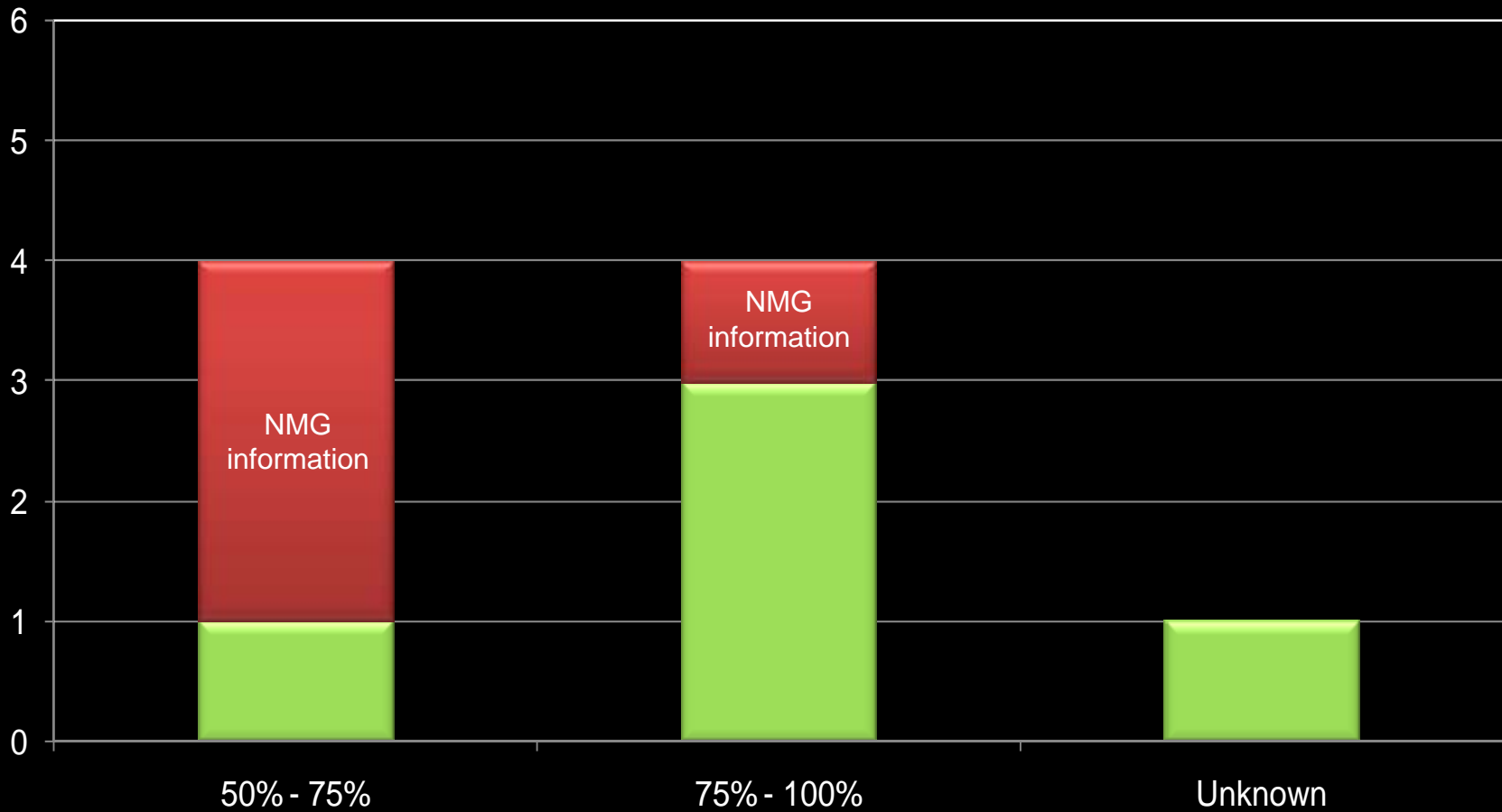
Claims ratio

- Classification of 4 out of 5 'unknown' employers on previous slide

Category	Number of employers
50% - 75%	3
75% - 100%	1

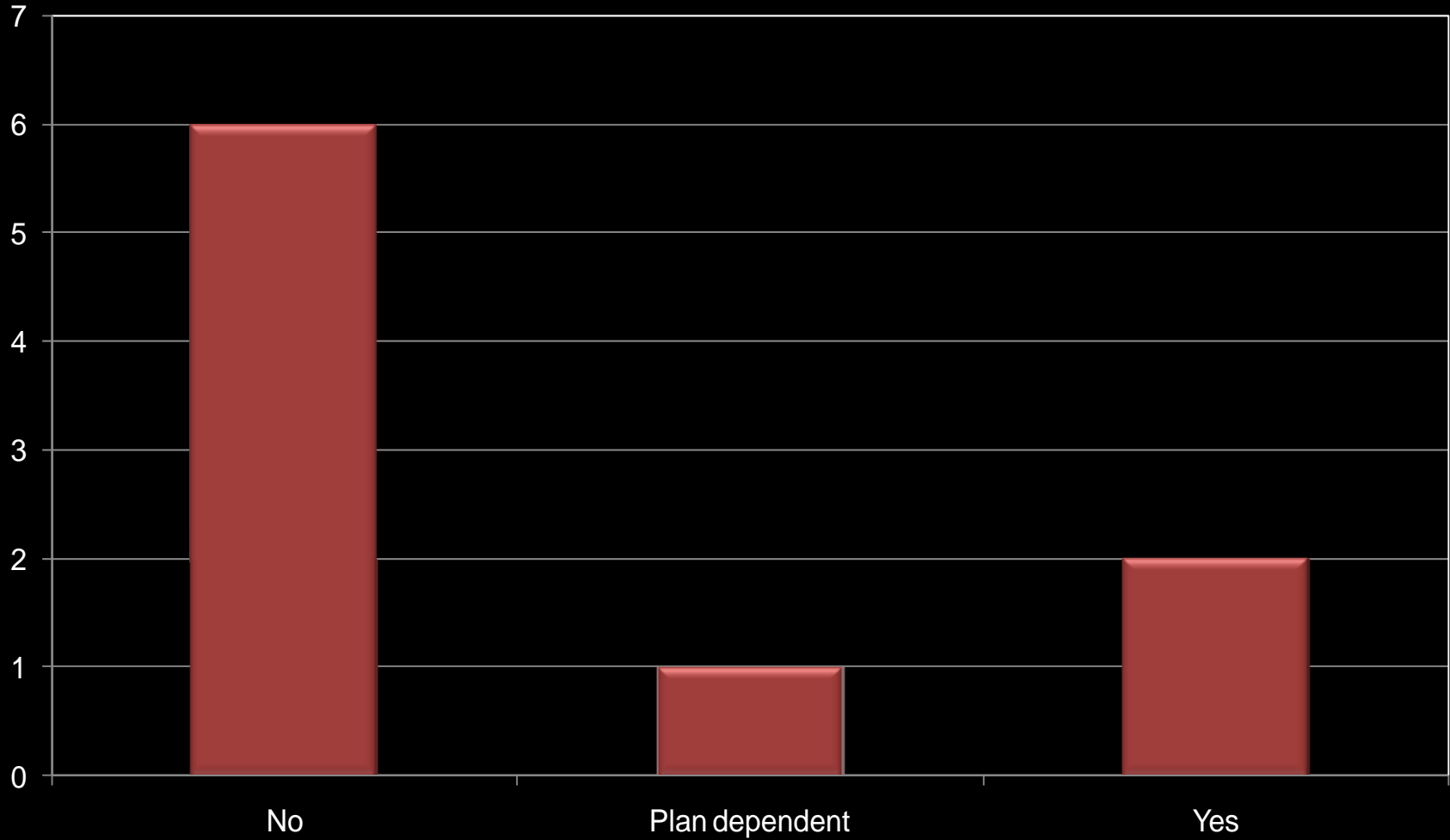
Claims ratio

What percentage of contributions are members currently claiming on the scheme?



Value of benefits

Are the contributions suitable for the benefits received?



Value of benefits

- We expect members to be claiming approximately 85% of annual contributions
- Remaining 15% used to cover expenses
- Many of the participants claim lower than the average member - may feel they are not receiving value for contributions
- Out of pocket for various outpatient benefits

Conclusion

- Many of the participants were unaware of the current claims ratio
- Most employees were unhappy with the level of benefits received relative to contributions
- Out-of-pocket expenditure is a specific concern



Thank you

Employer health care awareness survey



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Summary slides

Review of questions asked

- Employer involvement
- Leave benefits
- Medical scheme coverage
- Medical scheme benefits
- Claims ratios

Employer involvement

- 8/9 participants offer Discovery
- Medical schemes primarily chosen at a board/management level
- Satisfied with current administration services
- Limited information regarding health care related issues
- 4/5 answered spend on health care > provident

Leave benefits

- All provide benefits in line with BCEA
- Sick leave benefits set at 30 days / 3 years for most
- Average number of sick leave days: 2.5 – 3.5
- 6/9 companies do not know the main cause for absenteeism
- 8/9 unaware of cost associated with absenteeism

Medical scheme coverage

- Participation varies considerably between organisations
- Employees sometimes choose to not register dependants
- 6/9 provide pre-retirement subsidies
- No participants provided post-retirement subsidies

Medical scheme benefits

- Broker one-on-ones is the primary way in which members choose their options
- 4/9 companies are not aware of the meaning of PMB's
- Hospitalisation is viewed as the most important benefit offered to members
- 9/9 companies are aware that their scheme offer preventative care benefits

Claims ratios

- 5/9 companies are not aware of their current claims ratios
- Of these, 3/5 had claims ratios of less than 75%
- 6/9 respondents indicated that they were not receiving suitable benefits

Intention of the project

- To review the level of employer awareness of employee health care benefits
- Number of areas where employer awareness is limited
- Highlighting these areas to assist employers in setting focus areas in the future



Thank you