Employer health care awareness survey
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

- IT: 1,000
- Financial: 500
- Financial: 1,000
- Industrial: 1,500
- T&L: 2,000
- T&L: 2,500
- Consumer: 3,000
- Chemical: 3,500
- Automotive: 4,000
- Total: 9,670

- Innovative Medicines South Africa
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

<table>
<thead>
<tr>
<th>Employer</th>
<th>Medical Scheme</th>
<th>Is membership to a scheme compulsory?</th>
</tr>
</thead>
<tbody>
<tr>
<td>IT</td>
<td>Discovery, Restricted Scheme 1</td>
<td>Yes</td>
</tr>
<tr>
<td>Financial</td>
<td>Discovery</td>
<td>Yes</td>
</tr>
<tr>
<td>Financial</td>
<td>Discovery</td>
<td>Yes</td>
</tr>
<tr>
<td>Industrial</td>
<td>Sizwe, Restricted Scheme 2</td>
<td>No</td>
</tr>
<tr>
<td>T&amp;L</td>
<td>Discovery</td>
<td>Yes</td>
</tr>
<tr>
<td>T&amp;L</td>
<td>Discovery</td>
<td>No</td>
</tr>
<tr>
<td>Consumer</td>
<td>Discovery</td>
<td>Yes, above a certain level</td>
</tr>
<tr>
<td>Chemical</td>
<td>Discovery, Sizwe</td>
<td>Yes</td>
</tr>
<tr>
<td>Automotive</td>
<td>Discovery, Sizwe, Ingwe</td>
<td>No</td>
</tr>
</tbody>
</table>
How the medical scheme was chosen

How was your medical scheme chosen?

- Board/management: 5
- Unknown: 2
- Medical Aid Committee: 1
- Analysis and Union preference: 1
Staff dealing with health care

<table>
<thead>
<tr>
<th>Category</th>
<th>Staff dealing with health care</th>
<th>Number of staff</th>
</tr>
</thead>
<tbody>
<tr>
<td>Automotive</td>
<td></td>
<td>0.09%</td>
</tr>
<tr>
<td>Chemical</td>
<td></td>
<td>0.24%</td>
</tr>
<tr>
<td>Consumer</td>
<td></td>
<td>0.21%</td>
</tr>
<tr>
<td>T&amp;L</td>
<td></td>
<td>0.07%</td>
</tr>
<tr>
<td>T&amp;L</td>
<td></td>
<td>0.15%</td>
</tr>
<tr>
<td>Industrial</td>
<td></td>
<td>1.23%</td>
</tr>
<tr>
<td>Financial</td>
<td></td>
<td>4.88%</td>
</tr>
<tr>
<td>Financial</td>
<td></td>
<td>1.00%</td>
</tr>
<tr>
<td>IT</td>
<td></td>
<td>0.31%</td>
</tr>
</tbody>
</table>

- Finance
- Human Recources
- Employee benefits
- External contractors
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
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

<table>
<thead>
<tr>
<th>Company</th>
<th>Basic conditions of employment</th>
<th>Additional leave (years of service)</th>
<th>Special (representing SA eg sport)</th>
<th>Lifestyle/ remotesness</th>
</tr>
</thead>
<tbody>
<tr>
<td>IT</td>
<td>✓</td>
<td></td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Financial</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Industrial</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>T&amp;L</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consumer</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chemical</td>
<td>✓</td>
<td></td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Automotive</td>
<td>✓</td>
<td></td>
<td></td>
<td>✓</td>
</tr>
</tbody>
</table>
## Sick leave benefits

<table>
<thead>
<tr>
<th>Company</th>
<th>Sick leave benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>IT</td>
<td>30 days / 3 year cycle</td>
</tr>
<tr>
<td>Financial</td>
<td>30 days / 3 year cycle</td>
</tr>
<tr>
<td>Financial</td>
<td>30 days / 3 year cycle</td>
</tr>
<tr>
<td>Industrial</td>
<td>30 days / 3 year cycle</td>
</tr>
<tr>
<td>T&amp;L</td>
<td>36 days / 3 year cycle</td>
</tr>
<tr>
<td>T&amp;L</td>
<td>30 days / 3 year cycle</td>
</tr>
<tr>
<td>Consumer</td>
<td>30 days / 3 year cycle</td>
</tr>
<tr>
<td>Chemical</td>
<td>1 years service:</td>
</tr>
<tr>
<td></td>
<td>45 calendar days @ full pay</td>
</tr>
<tr>
<td></td>
<td>45 calendar days at half pay</td>
</tr>
<tr>
<td>Automotive</td>
<td>30 days / 3 year cycle</td>
</tr>
</tbody>
</table>
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
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

- IT
- Financial
- Financial
- Industrial
- T&L (highest)
- T&L
- Consumer
- Chemical
- Automotive

Employees covered by a medical scheme through the company.
Do you know whether employees sometimes choose not to register dependants?

- Yes
- Yes, but not often
- Unsure
Is a company subsidy provided to current employees?

- No
- Yes
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?

- Member choice
- Broker one-on-ones
- Choose from brochure provided
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.
What are the most important benefits offered by the scheme?

- Administration
- Hospitalisation
- Hospitalisation & chronic
- Hospitalisation & Doctors
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?

- Extensive: 4
- Full coverage: 2
- Rand cap: 1
- No cap: 1
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?

- Rand for rand (MSA)
- Good offering
- Unknown
- Varies

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South Africa
Many employers make use of brokers to assist employees in choosing an option.

Employers are aware of and happy with benefits offered.

PMB’s are not understood.
What percentage of contributions are members currently claiming on the scheme?
## Claims ratio

- Classification of 4 out of 5 ‘unknown’ employers on previous slide

<table>
<thead>
<tr>
<th>Category</th>
<th>Number of employers</th>
</tr>
</thead>
<tbody>
<tr>
<td>50% - 75%</td>
<td>3</td>
</tr>
<tr>
<td>75% - 100%</td>
<td>1</td>
</tr>
</tbody>
</table>
What percentage of contributions are members currently claiming on the scheme?
Are the contributions suitable for the benefits received?

- **No**: Value of benefits
- **Plan dependent**: 0
- **Yes**: 1
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.
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

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
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