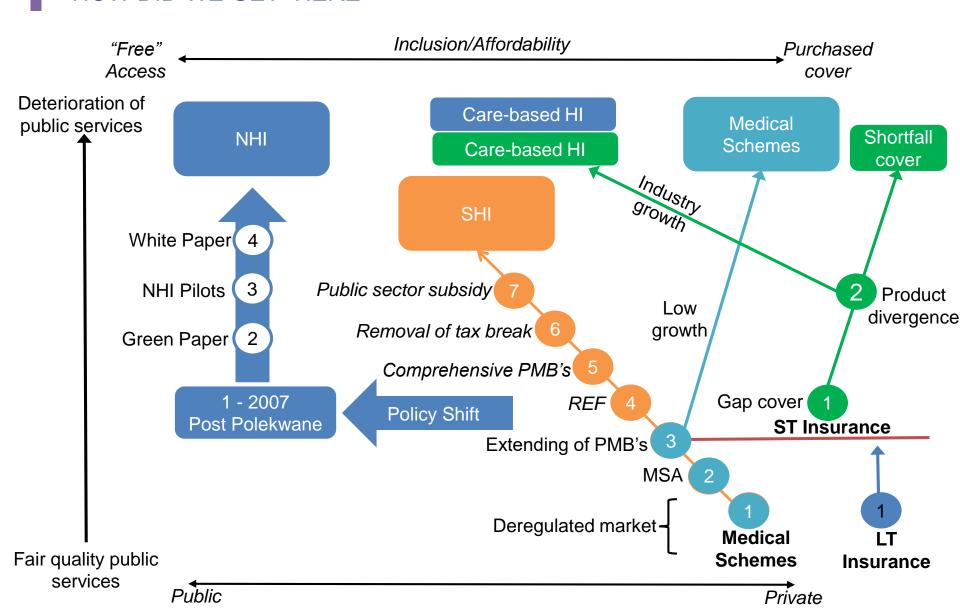


## EMERGING HEALTH INSURANCE SOLUTIONS Daniël Erasmus





### **ROADMAP**HOW DID WE GET "HERE"



#### **IMPLICATIONS**

THE CURRANT LANDSCAPE

8 - 10

Million uncovered but willing and able at the right price



# 54 Million People

8.8

Million lives covered by medical schemes

Rest

rely on public services - waiting for NHI?

#### **HEALTH INSURANCE** LOW COST OFFERINGS Combination of the hospital and primary **Day-to-Day & Hospital** care products. Individual products similar cost compared to low cost medical schemes Group discount reduces costs **Day-to-Day & Limited Hospital** Variant of the primary care insurance products. Combined primary care product with limited hospitalisation Frequently sold as step up Day-to-Day The average individual premiums range R 400 to R 500 Area of greatest market potential for future growth. Cover relates to primary care benefits via a network **Hospital cover** Premiums range from R 300 – R 400 per policy. Benefits and price points very similar to that identified via LMS and LCBOs Emergent product offering partial indemnity for major medical costs HCP Network and payment arrangements Benefits related to the clinical reason as well as period of hospitalisation. Cost range widely from R 106 per policy to R 499 per policy. Cash based cover Multiple insurers and variations Costs specific to cover level and policyholder age Fraud key risk

#### **HEALTH INSURANCE**

#### LOW COST OFFERINGS

- Limited information
  - No data depository or line level reporting
- Market responding "naturally"
- Cash and indemnity offerings
- Unionized market
- Group discount (up to 50%) and employer subsidy play significant role in affordability



## FILLING THE GAP HEALTH INSURANCE MARKET GROWTH

"Innovations in the low cost market have been driven by health insurance offerings"



#### **AFFORDABILITY COMPARISONS - % OF INCOME\***

#### HEALTH INSURANCE AND LOW COST MEDICAL SCHEMES

	Hospital Cover	Primary Care	Primary Care & Limited Hospital	Primary Care & Hospital	Low Cost Medical Scheme
Private Rates	10%	11%	14%	21%	25%
Group Discount	6%	7%	8%	13%	25%
Group Discount and Employer Subsidy	3%	3%	4%	6%	14%
Group Discount, Employer Subsidy and Tax Credit	3%	3%	4%	6%	8%

<sup>\*</sup>Rates based on a family income between R 6200 and R 6300 per month

#### THE GOOD, THE BAD AND THE (POTENTIALLY) UGLY

"THE MARKET WILL FIND A WAY"



## THE WAY FORWARD MARKET SOLUTIONS

Allow market forces to compete and innovate for members

A product based exemption not ideal

Medical schemes unlikely to be able to service this market

Insurance market needs clear regulatory framework

Framework
should entice
participation
and competition
on price and
products