

2012 Libcare Changes

Healthcare News Highlights in 2011

National Health Insurance

The most significant news of the past year was the government's publication of the Green Paper on National Health Insurance [NHI], in August.



The Green Paper is open for public comment until 31 December 2011. Libcare and other health industry-labour- and general business players will be submitting formal comment.

The Minister of Health, Dr Aaron Motsoaledi [pictured], described these first steps towards establishing the NHI as "truly historic", and indeed, an indication of the State's plans for reform of healthcare policy and provision had been anxiously anticipated for a number of years up to now.

The NHI is one aspect of a larger 10-point plan which the Department of Health intends to roll out in the coming years.

In the Green Paper, NHI is positioned as a 14-year project. The first five years will focus on overhauling the public health infrastructure and improving its management, output quality standards and human resource planning, establishing a health district system, preparing for the logistics of NHI [IT systems, coding systems, cost assessments, etc.] and establishment of the NHI Fund.

The Minister said private medical schemes will not be abolished if individual members wish to keep them. Currently, in terms of the Green Paper, citizens earning above a certain income will be legally-required to make a contribution to the NHI Fund.

Libcare representatives attended a meeting convened in September by the Gauteng Director-General of Health, Dr Precious Matsoso, at which she committed to establishing a discussion forum specifically for medical schemes and administrators, and related parties, for at least the duration of the five-year initial phase.

Much of the detail on NHI is still subject to comment, critique, refinement and alignment with other initiatives and legislation, and therefore is not final. Libcare will keep abreast of developments.

The Department of Health has published information booklets on NHI in 10 of the official languages, on their website, www.doh.gov.za. Members of the public can send comment on the Green Paper by email to nhi@health.gov.za.

Paying for Prescribed Minimum Benefits

Recent newspaper reports highlighted the application brought by the Board of Healthcare Funders [BHF], a voluntary membership industry body for medical schemes, to obtain a declaratory order from the High Court for an interim ruling on the rate at which medical schemes should pay for Prescribed Minimum Benefits [PMBs].

The PMBs are a legislated set of minimum benefits that all medical schemes must provide cover for. They include diagnosis, treatment and care of all medical emergencies, 270 serious health conditions, and 25 chronic conditions. The extent of compulsory cover for each of these is further outlined in the Medical Schemes Act Regulations.

The BHF asked the court to rule on the meaning of the clause in Regulation 8 which states that medical schemes must pay for PMB claims "in full", which the BHF submitted meant that medical schemes should pay up to the registered Scheme Reimbursement Rate. The opposing parties, which included the Registrar of Medical Schemes, submitted that PMBs should be paid for at whatever rate they are invoiced.

The BHF's application failed on a technicality—the judge ruled that they did not have the legal standing to bring the application on behalf of medical schemes, and as a result the issue of how much medical schemes should pay for PMBs was not addressed. The judge did not issue a ruling on the meaning of "pay in full".

Some headlines hailed the outcome as a "Victory for medical scheme members". That is only partly true.

Libcare's policy has been to reimburse PMBs in full, so this judgment does not affect our members in terms of a change in practice. The judgment is a victory for members of other medical aids which did not reimburse PMBs in full, leaving those members with co-payments.

However, in medical schemes, the available pool of money from which PMB and other risk claims are paid, is funded by contributions from members. Because PMBs may not be paid for from individual medical savings accounts, if they are charged for at higher than the Scheme Rate, and particularly if medical service providers further increase their charges, medical scheme contribution increases may have to be higher to account for the added costs, and/or other benefits will have to be reduced.

Libcare's claims statistics as well as the Council for Medical Schemes Annual Report 2010/11 do not show a history of widespread abuse in charging for PMBs, but the industry will have to monitor developments after this ruling. Medical schemes may also increasingly make use of network arrangements—where members have to use scheme-designated service providers, to keep costs of PMBs lower. The Minister of Health also announced last year that his department was considering setting up a pricing forum so that reasonable standard tariffs can be set for the costs of private healthcare services. However, this is likely to take a while to set up.

The Trustees, together with Libcare's finance and actuarial advisors, will continue monitor Libcare's claims experience in this regard.

Also in this issue:

- 2012 Contributions & Benefits Overview
- Take Charge of Your Healthcare in 2012



2012 Contribution Table & Comparison with 2011

2012 Income Band*	Principal Member				Adult Dependant				Child Dependant				
	2011	2012	R increase & % increase		2011	2012	R increase & % increase		2011	2012	R increase & % increase		
4%	R0- R4009	890	926	36	4%	817	851	34	4%	222	231	9	4%
	R4010- R4869	960	998	38	4%	883	920	37	4%	241	251	10	4%
	R4870- R5939	1 038	1 081	43	4%	960	998	38	4%	260	271	11	4%
6%	R5940- R6829	1 255	1 331	76	6%	1 153	1 223	70	6%	312	331	19	6%
	R6830- R7819	1 418	1 505	87	6%	1 305	1 383	78	6%	353	375	22	6%
	R7820- R9899	1 542	1 636	94	6%	1 420	1 506	86	6%	385	408	23	6%
7%	R9900- R11839	1 655	1 763	108	7%	1 518	1 617	99	7%	415	442	27	7%
	R11840- R13599	1 761	1 891	130	7%	1 617	1 737	120	7%	440	473	33	8%
	R13600- R19709	1 882	2 022	140	7%	1 730	1 858	128	7%	472	507	35	7%
	R19710+	2 008	2 157	149	7%	1 846	1 983	137	7%	502	540	38	8%

*The income band upper limits have been increased by an average 6% for 2012.

The table shows the **total** contributions due to Libcare, and does not reflect any company subsidies which may affect the actual contribution deducted from the your salary/pension/bank account. Please check with your Liberty paypoint if you are unsure about your company subsidy.

The Trustees' prudent financial management strategy of the past three years continues to show good results. Therefore, Libcare's percentage increases in contributions for 2012 will be lower than what other medical schemes have had to implement, and in general, benefit limits have been increased to accommodate inflation.

Libcare's finance and actuarial sub-committees will continue regular monitoring of claims levels relative to contributions, particularly in the continued unregulated medical pricing environment. This is also because any large increases in claims levels can quickly impact a restricted-membership medical scheme such as Libcare.

If any remedial action is required as a result of large claims' spikes in the year, the Trustees will take appropriate action, and will also keep members informed of any action which affects their Libcare contributions and benefits.

Take Charge of your Health in 2012!

Looking after yourself—body, mind and spirit— is always a good investment in your physical- and financial health. Taking the time to familiarise yourself with how your Libcare benefits work, will ensure you can make optimum use of the cover provided by Libcare .

The complete 2012 Libcare Member Guide for contributions, benefits and other useful information is available on www.libcare.co.za .

You can also contact the toll-free Libcare Contact Centre on 0800 1222 73 [office hours] or at enquiries@libcare.co.za, for all your Libcare-related queries, and you can check your Libcare information at your convenience via a confidential log-in to your details via the website. The Contact Centre can assist you with obtaining a log-in.

For any queries related to this publication, please contact the Libcare Principal Officer at tracey.unser@libcare.co.za .

