

November 2023

Dear Libcare Member

This is the notice of the annual contribution and benefit changes for the benefit year commencing on 1 January 2024. We also take the opportunity to provide a brief update on national healthcare matters and the financial position of the Scheme.

National Healthcare Environment

At the Libcare Annual General Meeting (AGM) held in June this year, there was an update to members on the proposed National Health Insurance (NHI) Bill, given its topicality at the time. At the time of the AGM, the Bill had recently been passed by the National Assembly. The next phase thereafter involved public participation, where ordinary citizens and other interested parties were invited to give input. At the date of drafting this letter to members, the Bill was reportedly at the Presidential review stage.

As reported to members in Libcare's newsletter in September 2023, Libcare is a subscribing member of the medical schemes industry body - the Board of Healthcare Funders (BHF). The BHF has embarked on an inclusive public information campaign to assist medical scheme members and other health citizens with useful information on NHI. The BHF's The Health Citizen initiative provides further explanation and references on key NHI matters, and members are encouraged to visit the website www.thehealthcitizen.co.za for on-going NHI updates and helpful explainers.

While there is likely to be increased news coverage as the legislative process unfolds, the National Department of Health has indicated that implementation of NHI is expected to take place over a few decades. Therefore, we do not expect any impact on the Scheme in the short-term.

Libcare Financial Position

Based on the 2022 Annual Financial Statements as distributed to members earlier this year, and available to view on the Libcare website (www.libcare.co.za) upon member login, the Scheme remains in a relatively healthy financial position. The Trustees are closely monitoring key indicators such as changes in risk pool size, age profile and claims ratios, as these are important for sustainability of the Scheme into the future. The Trustees therefore focus on long-term financial management, with the objective of ensuring the continued financial soundness of the Scheme and maintaining its reserves, while continuing to provide affordable comprehensive medical cover.

Benefit and Contribution Changes for 2024

After carefully considering the changes in key indicators over the past year, the reporting and guidance from the Scheme's actuary, and other relevant input, the Trustees have set the **average gross contribution increase, effective 1 January 2024, at 10.5%**. (2023: 7.9%).

As further insight into the factors taken into consideration in determining the annual increase: Shortly after the onset of the COVID-19 pandemic, the Scheme's annual contribution increases were kept quite low (e.g. 4.8% in 2021). This approach was necessary and appropriate in the short-term and for the situation at the time. From a long-term perspective, the series of relatively low contribution increases,

coupled with other changes in key sustainability indicators, has now required a more conservative approach to future contribution increases. Having considered these factors, the Trustees are therefore comfortable that the 2024 contribution increase is both prudent and reasonable.

The contribution increase is off a lower Rand contribution base than those for medical scheme options of a comparable comprehensive nature, such that Libcare continues to offer competitively-priced cover for members. Upon reviewing the contribution increases of a sample of other medical schemes' most equivalent options, the Scheme's actuary reported that Libcare's pricing remained favourably comparable:

<i>Scheme A</i>	Between 50% and 304% more expensive than Libcare depending on the income category and family composition
<i>Scheme B</i>	Between 22% and 214% more expensive than Libcare depending on the income category and family composition
<i>Scheme C</i>	Between 78% and 366% more expensive than Libcare depending on the income category and family composition
<i>Scheme D</i>	Between 91% and 392% more expensive than Libcare depending on the income category and family composition

2024 Contribution Rates and Benefits*, effective from 1 January 2024

2024 Pensionable Base/ Income Band	Principal Member Rate (R)				Adult Dependant Rate (R)				Child Dependant Rate (R)			
	2024	2023	R Increase	% Increase	2024	2023	R Increase	% Increase	2024	2023	R Increase	% Increase
R0 - R7 589	2 029	1 836	193	10,5%	1 862	1 684	178	10,6%	520	470	50	10,6%
R7 590 - R9 239	2 186	1 977	209	10,6%	2 017	1 824	193	10,6%	560	505	55	10,9%
R9 240 - R11 289	2 367	2 141	226	10,6%	2 186	1 977	209	10,6%	605	546	59	10,8%
R11 290 - R12 989	2 920	2 641	279	10,6%	2 681	2 427	254	10,5%	736	665	71	10,7%
R12 990 - R14 899	3 310	2 996	314	10,5%	3 046	2 755	291	10,6%	836	755	81	10,7%
R14 900 - R18 899	3 603	3 260	343	10,5%	3 322	3 005	317	10,5%	903	817	86	10,5%
R18 900 - R22 609	3 924	3 550	374	10,5%	3 600	3 258	342	10,5%	993	898	95	10,6%
R22 610 - R25 979	4 234	3 831	403	10,5%	3 891	3 520	371	10,5%	1 074	972	102	10,5%
R25 980 - R37 689	4 586	4 150	436	10,5%	4 220	3 817	403	10,6%	1 162	1 050	112	10,7%
R37 690+	4 998	4 522	476	10,5%	4 586	4 150	436	10,5%	1 262	1 141	121	10,6%

*The 2024 Contribution Rates and Benefits require final sign-off by the Medical Schemes Regulator to take effect, and were submitted to the Regulator at the end of September 2023, as required. The above information is therefore subject to the Regulator's approval as awaited, and any changes that the Regulator may indicate. The Contribution Rates and Benefits published on the Scheme website will be updated with any applicable directives from the Regulator when they are received by Libcare.

Note: The income bands are adjusted for inflation for 2024, and therefore are not the same band limits as for 2023. The 2024 Income band limits have been increased by 5.6%.

Rounding has been applied to the percentages in the table.

The following benefit increases and changes will also be effective from 1 January 2024:

- **Annual benefit limits**, the **Out-of-Hospital Expenses Benefit (OHEB)**, the **Above-Threshold Benefit (ATB) Level**, and the **Libcare Reimbursement Rate**, have each been increased by **5.6%** (subject to rounding).
- The percentage of the gross monthly contribution allocated to the **Medical Savings Facility (MSF) Benefit** remains at **16% of the total contribution**.
- Cover at a **fixed fee** (which includes all associated costs such as hospitalisation, surgeon, anaesthetist, radiology, pathology, etc.) for **Transcatheter Aortic Valve Implantation (TAVI)** procedures, has been introduced.
- Cover at a **fixed fee** (which includes all associated costs such as hospitalisation, surgeon, anaesthetist, radiology, pathology, etc.) for **Robotic-Assisted Radical Prostatectomy with Lymphadenectomy**, has been introduced.

For more details on the specific rules and benefits for the 2024 year, please consult the Libcare 2024 Member Guide on www.libcare.co.za (or as emailed to you with this notice if we have your email address on our system), or call the Libcare Contact Centre on 0800 122 273 (office hours) or email enquiries@libcare.co.za.

The Trustees keep abreast of updates and developments in the broader medical scheme environment, and regularly attend several industry forums to assess the implications for the Scheme of national healthcare policy, regulatory and industry changes.

The Trustees remain confident that Libcare is in a good position to face the increasingly complex healthcare cost management challenges, and that the Scheme will continue to be able to provide members with comparatively affordable comprehensive cover in the year to come.

We wish all our member families a safe and restful holiday season, and a healthy and productive 2024!

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