

November 2024

Dear Libcare Member

This is the notice of the annual contribution and benefit changes for the benefit year commencing on 1 January 2025. 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 Act which had been signed into law by the President of South Africa on 15 May 2024. As reported at the time, and at the time of drafting this notice to members, the President has not yet proclaimed an implementation date for the Act. In his speech at the signing of the Act into law in May, the President stated that implementation of the NHI would be done in a phased approach (over decades), with key milestones in each phase, "rather than an overnight event". Elements of legal process, including issuing of draft Regulations for review, as well as the litigation brought by certain parties in respect of the Act, are underway. Therefore, we do not expect any impact on the Scheme in the short-term, and the Board of Trustees will continue to keep abreast of significant developments as they unfold.

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 helpful NHI explainers.

Libcare Financial Position

Based on the 2023 Annual Financial Statements as distributed to members earlier this year and available to view on the Libcare website (www.libcare.co.za) via member login, the Scheme remains in a relatively healthy financial position. The Trustees continue to closely monitor 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' strategy includes a 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 2025

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 including in respect of the long-term strategy, the Trustees have set the *average gross contribution increase, effective 1 January 2025, at 10.5%*. (2024: 10.5%).

As highlighted in the 2024 communique to members, for about three years 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, given the circumstances around the COVID-19 pandemic. From a long-term perspective, the previous series of relatively low contribution increases, and consideration of other changes in key sustainability indicators, has now required a more conservative approach to future contribution increases, starting in 2024.

The Trustees are therefore comfortable that the 2025 contribution increase is both prudent and reasonable in the long-term interests of the health of the Scheme.

The contribution increase is off a lower Rand contribution base than those for medical scheme options of a comparable comprehensive nature. 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 48% and 298% more expensive than Libcare depending on the income category and family composition
<i>Scheme B</i>	Between 63% and 320% more expensive than Libcare depending on the income category and family composition
<i>Scheme C</i>	Between 77% and 363% more expensive than Libcare depending on the income category and family composition
<i>Scheme D</i>	Between 97% and 407% more expensive than Libcare depending on the income category and family composition

2025 Contribution Rates and Benefits*, effective from 1 January 2025

2024 Pensionable Base/ Income Band	Principal Member Rate (R)				Adult Dependant Rate (R)				Child Dependant Rate (R)			
	2025	2024	R Increase	% Increase	2025	2024	R Increase	% Increase	2025	2024	R Increase	% Increase
RO - R7 929	2,243	2,029	214	10.5%	2,060	1,862	198	10.6%	574	520	54	10.4%
R7 930 - R9 659	2,417	2,186	231	10.6%	2,229	2,017	212	10.5%	620	560	60	10.7%
R9 660 - R11 799	2,617	2,367	250	10.6%	2,417	2,186	231	10.6%	670	605	65	10.7%
R11 800 - R13 579	3,227	2,920	307	10.5%	2,965	2,681	284	10.6%	815	736	79	10.7%
R13 580 - R15 579	3,658	3,310	348	10.5%	3,367	3,046	321	10.5%	924	836	88	10.5%
R15 580 - R19 759	3,981	3,603	378	10.5%	3,672	3,322	350	10.5%	998	903	95	10.5%
R19 760 - R23 639	4,339	3,924	415	10.6%	3,979	3,600	379	10.5%	1,098	993	105	10.6%
R23 640 - R27 169	4,679	4,234	445	10.5%	4,300	3,891	409	10.5%	1,189	1,074	115	10.7%
R27 170 - R39 419	5,070	4,586	484	10.6%	4,665	4,220	445	10.5%	1,286	1,162	124	10.7%
R39 420+	5,524	4,998	526	10.5%	5,070	4,586	484	10.6%	1,396	1,262	134	10.6%

*The 2025 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 2024, 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 2025, and therefore are not the same band limits as for 2024. The 2025 Income band limits have been increased by 4.6%.

Rounding has been applied to the percentages in the table.

The following benefit increases and changes will also be effective from 1 January 2025:

- **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 **4.6%** (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**.
- **Preventative Care Benefit:** Introduction of cover for the five-yearly **Shingles Vaccine (Shingrix)** for beneficiaries aged 50 and older.
- Implementation of a **Day Surgery and Acute Hospital Network** for a list of procedures (see Member Benefit Guide for more information), with a **10% member co-payment** for procedures done in hospitals that are outside of this network.
- Change in cover for **Polio Diphtheria & Tetanus Immunisation** within **6 years of age** as opposed to the previous 5 years of age, to align with the Department of Health's immunisation schedule.

For more details on the specific rules and benefits for the 2025 year, please consult the Libcare 2025 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 2025!

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