

December 2018

## Dear Libcare Member

This was a(nother) watershed year for national health policy and healthcare costs. The National Health Insurance Bill and the Medical Schemes Amendment Bill were released for public comment in June. Both bills, when promulgated, will have an extensive effect on the structure and operation of the healthcare environment.

In September, the Competition Commission's Health Market Inquiry (HMI) released its Provisional Findings and Recommendations Report, after a protracted inquiry into the complex set of interrelated stakeholders that interact in private healthcare sector, and the high and rising costs of healthcare. The deadlines for public comment on the Bills and the HMI Reports were in September. Further debate and developments in respect of each of these is expected in the year ahead.

An additional impact on healthcare costing in 2018 was the percentage point increase in VAT - from 14% to 15%.

As reported to members at the AGM in June this year, Libcare experienced a satisfactory financial result for 2017, but with a lower net surplus than in previous years. Across the industry, and for Libcare, experience of increasing high-cost claims continued during 2018. These factors, together with the pessimistic outlook for investment returns in the next while, means that tighter management of the Scheme will need to continue, to ensure the long-term sustainability of the comprehensive benefit cover provided by the Scheme.

The Trustees are pleased to announce that the average **gross contribution increase, effective 1 January 2019, is 9.5%** (2018: 7.5%). This is in line with the lowest percentage contribution increases in the medical schemes industry for 2019, and off a lower contribution base than comparable comprehensive scheme options.

## 2019 Contribution Rates and Benefits\*, effective from 1 January 2019

2019 Pensionable Base/ Income Band	Principal Member Rate (R)				Adult Dependant Rate (R)				Child Dependant Rate (R)			
	2019	2018	R Increase	% Increase	2019	2018	R Increase	% Increase	2019	2018	R Increase	% Increase
R0 - R5 909	1,410	1,288	122	9.5%	1,293	1,181	112	9.5%	358	325	33	10.2%
R5 910 - R7 189	1,517	1,385	132	9.5%	1,400	1,278	122	9.5%	386	352	34	9.7%
R7 190 - R8 779	1,646	1,504	142	9.4%	1,517	1,385	132	9.5%	417	381	36	9.4%
R8 780 - R10 099	2,029	1,853	176	9.5%	1,865	1,702	163	9.6%	508	464	44	9.5%
R10 100 - R11 579	2,300	2,102	198	9.4%	2,115	1,933	182	9.4%	577	527	50	9.5%
R11 580 - R14 679	2,505	2,289	216	9.4%	2,310	2,110	200	9.5%	627	573	54	9.4%
R14 680 - R17 559	2,729	2,493	236	9.5%	2,503	2,287	216	9.4%	689	628	61	9.7%
R17 560 - R20 169	2,946	2,691	255	9.5%	2,708	2,473	235	9.5%	743	679	64	9.4%
R20 170 - R29 249	3,193	2,917	276	9.5%	2,936	2,682	254	9.5%	805	735	70	9.5%
R29 250+	3,477	3,176	301	9.5%	3,193	2,917	276	9.5%	874	798	76	9.5%

*Note: The income bands are adjusted for inflation for 2019, and therefore are not the same band limits as for 2018. The 2019 Income band limits have been increased by approximately 5.4%.*

The following benefit improvements and changes will also be effective from 1 January 2019:

- **Benefit limits have been increased by an average of CPI (5.4%).**
- The **Out-of-Hospital Expenses Benefit (OHEB)** has been increased by an average of **5.4%**.
- The percentage of gross contribution allocated to the **Medical Savings Facility** has changed from **17.5% to 16% of the total contribution.**
- The **Above-Threshold Benefit (ATB) Level** has been increased by 16.0%.
- **New benefits in 2019:**
  - **Pre-Surgery Assessment - Pilot for 2019:** Cover for a pre-surgery assessment for patients identified with high-risk medical profiles, who are scheduled to undergo complex elective procedures, to ensure they are adequately prepared for surgery and that their clinical risks are assessed and minimised. This is expected to translate into improved clinical outcomes for such patients, and reduced costs as a result of an anticipated reduction in complications.
  - **Surgical removal of impacted wisdom teeth:** Currently, the Scheme covers all approved costs (up to the Scheme rate) related to the removal of impacted wisdom teeth, up to a specified benefit limit. This benefit limit has been removed, and all the approved costs for the procedure will be covered.
  - **Two additional Robotic-Assisted Laparoscopic Procedures** have been included for cover up to specified limits.

Consult the Libcare 2019 Member Guide on [www.libcare.co.za](http://www.libcare.co.za) (or as emailed to you with this notice if we have your email address on our system), for more details on the specific rules and benefits for the 2019 year.

*\*The 2019 Rates and Benefits require final sign-off by the Medical Schemes Regulator, and were submitted to the Regulator at the end of September 2018, as required. The above information is therefore subject to the Regulator's approval as awaited, and any changes that the Regulator may indicate. The Rates and Benefits published on the Scheme website will be updated to incorporate any applicable directives from the Regulator when they are received by Libcare.*

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The Trustees continue to monitor the broader medical schemes' environment, and actively participate in a number of industry forums to assess the implications for the Scheme of national policy- and regulatory changes, and other industry developments.

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

We wish all our members a safe and restful holiday season, and a healthy and productive 2019!

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