

Momentum Health endeavours to better align their product offering

Strict legislative requirements marked the introduction of the new Medical Schemes Act no.131 of 1998, some 15 years ago.



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These included open enrolment, where no applicant can be denied membership, along with community rating - offering the same contribution to all members on the same option, regardless of health status or age. Its requirements have held significant financial challenges for medical schemes, which operate on a non-profit basis.

Coupled with the introduction of a set of prescribed minimum benefits (PMBs), which all schemes have to pay at cost, the Medical Schemes Act has created a private healthcare landscape characterised by 'survival of the fittest' in more ways than one.

Looking back at the private healthcare industry's journey over these past years, it is not surprising to see a sharp reduction in the number of medical schemes - from well over 130 schemes 15 years ago to little more than 80 (of which only 23 open schemes remain).

Impact of age

When considering that more than 52% of the industry's costs go towards PMB conditions and the impact that age has on claims ratios (the older you are, the more you claim), one could ask if it isn't to be expected that schemes with higher

average ages and/or insufficient reserves would by and large have suffered the worst.

"All medical schemes require new, healthy lives to help cross-subsidise the claims of its older members and to help counteract the annual ageing of a scheme," said Hannes Boshoff, head of Product Development at Momentum Health. "Often these younger lives are new entrants to the employment market who consider medical aid membership an unaffordable grudge purchase. PMBs, amongst other things, have contributed to making options more expensive and by and large unaffordable to new, lower income entrants to join."

The Council for Medical Schemes recognised the need in the market for options that can serve people who cannot afford current medical scheme options. They therefore guided a framework which medical schemes can now use to apply for the registration of low income benefit options, without having to cover PMBs.

Tailor-made options

"Before we had to rely solely on medical insurance and occupational healthcare products as a means to offer healthcare solutions to this market segment, whereas now we will be able to introduce tailor-made benefit options as part of our comprehensive Momentum Health product range," Boshoff said.

Backed by a strong administrator and boasting a very favourable financial solvency level, the lowest principal member average age amongst the biggest open medical schemes and covering more than 130,000 families, Momentum Health is certainly very well positioned to expand its offering to a wider market in 2016.

Momentum Health's average annual increase of 5.9% includes a decrease on the lowest income band of its Ingwe option. "This is part of our endeavour to better align our product offering for the entry segment of the market," says Damian McHugh, head of Marketing and Sales at Momentum Health. "The average increase for the scheme equates to 8.6% and still ranks very competitively."

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