

The numbers never lie: choosing a medical scheme can be a data-driven decision

Globally, rampant inflation is increasing pressure on people's spending power. South Africa is not exempt from this trend.

By [Weatherton Nyambeu](#) 15 Feb 2023



Source: [Pexels](#)

According to the South African Reserve Bank, our headline inflation in 2022 was 6.5% compared to 4.5% the previous year. Increasing inflation means that people must find ways to cut costs to make ends meet, and often re-evaluating medical-aid cover is a common way to do so.

However, grappling with how best to find cover that is both adequate and affordable can be daunting. Making the best possible choice is often about having as much information on hand as possible. Using industry experts like healthcare brokers, -advisors, or getting directly in touch with medical schemes, is the most effective way to stay knowledgeable.

However, to make sure consumers are armed with the best possible information, it is also advisable that they educate themselves on the various elements that constitute good medical-aid cover, including but not limited to:

- Variety and comprehensiveness of benefits.
- Value for money.
- Member service in terms of turnaround times on authorisations, claims and complaint handling.
- Industry standing compared to other competitors in the medical-aid industry.



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In this day and age, there is no need for consumers to flip through lengthy paper-based documents, trying

find the information they need. There are readily available data sources that can tell you how various medical schemes are ranked based on specific performance metrics.

These sources include:

- The Council for Medical Schemes' (CMS') annual report, which contains detailed information on the performance of each scheme. This year's report and past reports can be found on the CMS website.
- The *Ask Afrika Orange Index* benchmarks and tracks customer experience within various industries, including the healthcare industry. Results are published annually towards the latter part of each year.
- The Financial Intermediaries Association (FIA) annually recognises the best product suppliers in the financial services industry with its Intermediary Experience Awards. These awards also include a medical schemes category.
- The South African Customer Satisfaction Index (SA-csi) is conducted annually by Consulta, a well-known research organisation. The SA-csi is an independent international benchmark of customer satisfaction, which is measured using a multi-variate model.

Paying attention to these metrics can help you understand which scheme is best for you:

Solvency ratio

This is a basic measurement of what a medical scheme's financial reserves look like. When selecting which medical scheme to join, consumers want the peace of mind that the scheme has healthy financial reserves (pun intended) and that the scheme can afford paying for their healthcare expenses – of course, within benefit limits specified for their chosen medical aid option. All medical schemes are required to maintain a solvency ratio of 25%.

Non-healthcare cost as a percentage of risk contribution income

A portion of every R100 a consumer contributes to their medical scheme (risk contribution), excluding the funds placed in their medical savings account, is used for non-healthcare expenses.



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The question to ask is, "How much is used for non-healthcare expenses?" The schemes that give the best return on their contributions are those with non-healthcare costs in the 8% range. By this measure, for every R100 of risk-contribution, a consumer's non-healthcare costs will only be around R8, whereas the industry average is R11,15.

Sustainable membership growth

Sustainability is not just a buzzword for climate activists. The more members who join a scheme, the larger the risk pool and the more contributions it has to cover the members' healthcare needs. A healthy increase in beneficiaries can be important when the scheme must negotiate tariffs with healthcare service providers and those benefits trickle down to the member. One needs to consider more than just beneficiary growth. The average age of the beneficiaries and the pensioner ratio are also vital to the future sustainability of the scheme, but a growing scheme is a good benchmark.

Customer satisfaction

You do not have to look far to find customer-service horror stories where medical schemes are concerned. The Ask Afrika Orange Index measures the customer satisfaction of medical scheme members using parameters such as first call resolution (FCR), trust, customer effort, fairness, reputation, and emotional satisfaction. In the medical-aid sector, first call resolution (FCR) remains strong when it comes to customer service.

The SA-csi survey measures customer satisfaction, customer expectations, perceived value, perceived quality, complaint handling, and the fair treatment of members who belong to the largest open and closed medical schemes in South Africa. Medical bills can be cripplingly expensive. Consumers should not let the financial burden be theirs to carry alone.

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