



Diamond Plan newsletter

DEAR MEMBER

In comparison to 2006 and 2007, 2008 has been a comparatively quiet year in the medical scheme industry. The planned Risk Equalisation Fund (REF), from which funds with more risk in the industry will benefit from a pool of contributions to which all medical schemes will participate, is now only expected to start operating in 2010.

The industry debate around pharmacy service fee levies on medicines has also not yet been resolved. The introduction of the Single Exit Price for medications and the debate around the pharmacy service fees have caused concern to members, because medical schemes continue to levy co-payments for medication obtained from providers other than a Designated Service Provider (DSP). The Board of Trustees have reviewed the Society's position and have found no reason to continue the 20% co-payment and have discontinued this practice with effect from 1 November 2008.

Report back on 2008

The Society's Finances

As at the end of September 2008:

| | R000's |
|---|----------|
| Contributions received | 51 789 |
| Benefits paid | (51 543) |
| Surplus (Contributions/ Benefits) | 246 |
| Administration & Managed Care expenses | (5 150) |
| Operating deficit | (4 904) |

The adjusted reserve ratio of the Society is 79.9%.

2009 BENEFIT EDITION

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Member communication: contributions and benefits 2009

A letter was sent to members by the Principal Officer in October 2008 highlighting that following the recent contribution and benefit review for 2009, there will be a significant impact to Diamond Option members. The details are provided below and in the enclosed Benefit Schedule.

The primary reasons for the impact is largely due to the reduction in the membership of the Option because it is a Option closed to any new members, the impact of the cost creep for hospitalisation, chronic and acute medication as well as general practitioner and specialist physician charges, and the increased utilisation of medical services in line with the needs of the profile of the membership.

In an effort to assist members who are finding it increasingly difficult to meet their personal commitments, the Society encourages members not to resign the membership of the Society, but rather consider migrating from the Diamond Option to the Base Option. Members are entitled to migrate annually from the Diamond Option to the Base Option with effect from 1 January.

Enclosed is a Base Option Benefit Schedule for 2009 together with an Option Form to assist members in deciding what option is preferable for their unique circumstances and enable members to exercise the option to migrate to the Base Option.

Benefits and contributions for 2009

Contributions

The effective increase in contributions for the Diamond Option will be 18.2%. The cross-subsidisation, which commenced in 2006, between members belonging to the higher and lower income categories will continue in 2009. This has resulted in certain members belonging to the lower income category receiving no increase or paying less than in 2008, with members belonging to the higher income category receiving increases higher than 18.2%.

The salary bands have been condensed to reduce the number of bands from eight to two, with the maximum band allocated to members with an income category in excess of R4 001.

Acute Medication benefits

The Acute Medication benefits have increased as follows:

| | |
|-------------|--------|
| Member | R2 783 |
| Member + 1 | R3 089 |
| Member + 2 | R3 359 |
| Member + 3+ | R3 706 |

Cost containment

In an effort to ensure that chronic medication costs are managed in the best interest of all members, the DSP will encourage members to actively change to generic medication through the process of generic substitution pricing.

BENEFITS



- ▶ Limits applied to specific procedures on the benefits schedule have been increased by **11%**.
- ▶ The Society continues to provide for critical, high cost care.
- ▶ The Chronic Disease List has not been reduced.
- ▶ The co-payment on non-Designated Service Providers for chronic medication has been discontinued
- ▶ Insured benefits have not been reduced.

Prescribed Minimum Benefits (PMBs)

As highlighted in the report back to members in 2007, there has been a drive by Government to encourage younger members to join medical schemes, in an effort to reduce the risk to medical schemes and reduce costs to all members, by providing cross-subsidisation between healthy and ill members. A two-tier structure is envisaged, the first of which will be a set of PMBs to which all members will be entitled. This is where the REF will come into effect. The second tier will be supplementary benefits, including discretionary benefits, structured in one or more options. Contributions will be set for each tier. One has to consider that smaller, closed, medical schemes do not have the required membership to allow for multiple options. The idea, however, is encouraging and needs to be explored.

PMBs were introduced in 2000. The Medical Schemes Act 131 of 1998 makes provision for a minimum set of benefits which all medical schemes must cover. Medical schemes may not exclude members or prevent them from accessing relevant benefits and entitlements relating to the diagnosis, medical management and medication for the PMB conditions. All medical schemes are obliged to provide members and dependants with cover in respect of the 270 PMB conditions, of which 26 are chronic conditions.

The Society has contracted Qualsa to conduct the PMB programme on our behalf. Chronic conditions require periodic monitoring to ensure that the recommended programme is successful. The Society encourages members to take responsibility for their condition and has increased the number of available benefits to facilitate the level of management. Information relating to the treatment of PMBs can be obtained from the Society and Qualsa, should you need a better understanding of the Care Plan.

General information



Call centre staff are from left to right:
Back row: Jabhile, Wendy, Hilda, Petunia, Sam and Thembela.
Front: Charles.

Medical Schemes Amendment Bill

Subject to any amendments to the Medical Schemes Amendment Bill, the proposed Bill is intended to lead to changes in the following areas:

- ▶ For those medical schemes that offer more than one benefit option, option rules that differentiate between “basic benefits” and “supplementary benefits” would need to be amended in order to allow every member to have access to the same basic benefits, which would include PMBs and other in-hospital benefits. Medical schemes would also be required to provide members with the choice of joining a supplementary benefit option which offers benefits in addition to the basic benefits. The contribution tables for the basic benefits option would be separate from the contribution tables for the supplementary benefits option.
- ▶ The medical scheme rules will need to be amended to reflect their obligations to participate in the REF.
- ▶ Rules relating to governance are also likely to be amended, specifically with regards to the election of Trustees and the tenure of Trustees on a medical scheme’s Board of Trustees.

The proposed amendments referred to in the Bill will not be effective immediately on enactment, but will be phased in to allow for the rational sequencing of the implementation of legislation from a policy perspective. At this point there is no indication of when the Bill is likely to be enacted.

The picture above depicts the administration team providing services to approximately 7 600 members and beneficiaries of the Afrox Medical Aid Society. We understand the frustrations of dealing with call centres, but ask members to assist us in the following ways:

- ▶ The Society is a Financial Service Provider and FAIS requires that any information supplied is confidential. To ensure confidentiality we have to confirm that the person we are speaking to is a member of the Society, therefore a number of questions will be asked of the caller to confirm and validate the member details.
- ▶ Understand the benefits offered by the Society by reading your benefit statement and Society handbook. This information is also provided on the Society’s website, www.afroxmed.co.za.
- ▶ Operators have to work within the Rules of the Society, and cannot deviate or make exceptions to meet members’ personal circumstances. This is a requirement of the Medical Schemes Act, and governed by the Council for Medical Schemes (CMS).

General information continued

Authorisations

Certain benefits require **pre-authorisation** (before treatment is received). These are detailed on your benefit statement, together with any monetary limits that may be applicable to the required treatment.

PLEASE NOTE:



Authorisations are provided based on the clinical requirement of the treatment, and not necessarily on the cost of that treatment. While every effort will be made to assist members, please ensure that you have received (where possible) a full quote for the treatment and are aware of the benefits offered by the Society, by reviewing your benefit statement. Authorisations should be obtained from Qualsa.

National Health Reference Price List (NHRPL)

The Department of Health is responsible for the publication of the NHRPL, but was challenged and publication of the list has been delayed. Members of the Society have to pay the difference between what providers charge and what the Society will reimburse.

The Society pays NHRPL rates, but members may have to pay rates three or four times this amount. Larger medical schemes, at a cost to the member, may pay more than 100% of the NHRPL rate.

Members are requested to be aware of the rates they are being charged by providers, and that the Society will refund NHRPL rates. The balance of the cost is for the member. The Society has established that there are 3 172 providers, in all fields of medicine, who currently provide treatment to our members at NHRPL rates.

Please be aware of the costs you may have to pay.

Personal information

There is a responsibility on the member to provide the Society with any changes to dependants, marital status, birth or adoption of children, dependants who no longer qualify, residential and/or postal address, cell phone, telephone number and banking details.

The Society cannot be held responsible for changes that have not been recorded. Members are urged to check that any changes submitted to the Society have been made correctly.

HOLIDAY SEASON



Many of our members will be travelling or will be away from home over the next few months. Please remember the following:

- ▶ Do not forget to take your medical aid card with you.
- ▶ Record your doctor's contact details and ensure the details are easily available to others.
- ▶ Remember to pack your medication.

CO-PAYMENTS



There are no co-payments from members who utilise the Society's DSPs.

Hospitalisation: The co-payment of R1 500, when selecting a hospital or clinic other than Life Healthcare or Medi-Clinic hospitals, will continue. Certain limits apply to the overall limits on hospitalisation.

Chronic medication: As a result of the introduction of the Single Exit Price for medication, the 20% co-payment requirement for chronic medication was discontinued with effect from 1 November 2008.

Ambulance services: Co-payments do not apply if you utilise Netcare 911 ambulance services.

IMPORTANT CONTACT DETAILS

IN-PERSON ENQUIRIES

101 De Korte Street
Braamfontein
2001

ADDRESS FOR CLAIM SUBMISSIONS

Afrox Medical Aid Society
PO Box 31391
Braamfontein
2017

CLIENT SERVICE CALL CENTRE

Tel: 011 703 3010 or Toll-free: 0800 003 149
Fax: 011 381 2399
E-mail: afrox@mhg.co.za
Website: www.afroxmed.co.za

METROPOLITAN HEALTH GROUP/KPMG FRAUD HOTLINE

Toll-free: 0800 200 564
E-mail: audit@mhg.co.za

CHRONIC MEDICINE ENQUIRIES AND AUTHORISATIONS

Direct Medicines: 0861 444 405
E-mail: direct.medicines@dirmed.co.za
Website: www.directmedicines.co.za

EMERGENCY SERVICE PROVIDER

Netcare 911 – Toll-free: 082 911

HOSPITAL PRE-AUTHORISATION

Hospital Risk Management: 0861 888 302
E-mail: afroxhrm@qualsa.co.za

PMB – CARE PLAN QUERIES

E-mail: afroxpmb@qualsa.co.za

AID FOR AIDS

Tel: 0860 100 646
Fax: 0800 600 773
E-mail: afa@afadm.co.za
Website: www.aidforaids.co.za