AMS ANGLO MEDICAL SCHEME

MEDIBRIEF

OCTOBER 2020

Benefits and contributions for 2021

We are pleased to inform you that your Board of Trustees has agreed to keep the annual contribution increase as low as possible for 2021, while aiming to responsibly return to normal increases by 2022.

The 2021 increase is 3,9% which is approximately half a percent above the expected inflation rate and in line with the Council for Medical Schemes's published recommendation. It is possibly the lowest increase in decades, which is in part due to the lower than expected 2020 claims, as members cancelled consultations and procedures or deferred them. Normal annual increases are around +3% above inflation, as members and healthcare providers claim more each year, namely around 7-10%.

The Scheme is highly sensitive to the economic pressures faced by employers, employees and pensioners alike and recognises their plight in this unusual time. The 2021 increase has been kept low, despite the investment losses suffered through the equity market fall during the first half of this year and the expected increased member healthcare catch-up spend next year.

The Board believes that the Scheme will be able to absorb this lower-than-normal increase and the higher claims without undermining the reserves in the longer term. In times like these, we are grateful for the wisdom and foresight of our former Trustees and employers in ensuring the sustainability and reserving security of the Scheme.

Option	Contributions per month for 2021			Rand value increase from 2020 to 2021		
	Principal member	Adult member	Child dependant	Principal member	Adult member	Child dependant
Managed Care Plan	R5 140	R5 140	R1 190	R195	R195	R45
Standard Care Plan	R2 810	R2 810	R845	R105	R105	R30
Value Care Plan	R1 015	R1 015	R250	R40	R40	R10

Due to the continued uncertainty surrounding the COVID-19 pandemic, minimal changes have been made to the benefits for 2021. Co-payments have been maintained at the 2020 rates to reduce the impact on members' out-of-pocket expenses. The additional COVID-19 tests and provider protection equipment will be covered by the Scheme according to legislation and where reasonable and appropriate. We are pleased to re-introduce the non-PMB chronic condition, Benign Prostatic Hyperplasia for 2021, paid from the non-PMB Chronic medication benefit on the Standard Care Plan and Managed Care Plan, following an increase in member need. We have also added a new papilloma virus test for cervical cancer, according to the latest clinical guidelines.

An unexpected lesson learnt from the pandemic has been that we have an abundance of electronic tools available to improve our efficiencies and direct funds back into members' pockets. Virtual communication and technology-driven solutions have strengthened at an exponential rate – your participation in our AGM and use of the virtual healthcare services bears testimony to this – and we have demonstrated our adaptability in a fast-changing environment. We will expand these services into 2021. Through these solutions, we believe that a certain amount of wastage can be avoided. We will continue to implement similar solutions in a bid to help keep contributions low in future years.

We thank you all for being careful and compliant while also playing your part in containing COVID-19. While nobody 'escaped' the pandemic, AMS was fortunate in that we have not yet had to cope with unmanageable numbers of cases and were able to provide the much-needed additional support to those less fortunate who succumbed to the virus. Our deepest condolences to those who have lost loved ones during this time.

More detailed information about all benefits and contributions for 2021 will be made available in the year-end presentations, as communicated last month, in the Benefit Guide and Scheme Rules (once approved by the Council for Medical Schemes).

All 2021 benefits and contributions are subject to the approval of the Council for Medical Schemes.

2021 Benefit Guide

We will post your copy of the Benefit Guide at the beginning of November. We will also send you an email or SMS, depending on your communication preferences, to provide you with the link to the Benefit Guide on the website, should you want to access it before the post arrives. The Scheme website will be updated to reflect the 2021 benefit information from January.

Scheme Reimbursement Rate (SRR) explained

At the 2020 AGM, Mr Murray asked, "How is the SRR calculated? Is it consistently applied to all AMS members, and why can't members just look it up on the AMS web site?"

The Medical Schemes Act states:

RULES OF MEDICAL SCHEMES, Section 29 Matters, for which rules shall provide:
(q) The payment of any benefits according to
(i) a scale, tariff or recommended guide; or
(ii) specific directives prescribed in the rules of the medical scheme.

The Medical Schemes Act requires every scheme to reimburse members and/or providers against a predetermined rate described in the Rules. Each Plan or Option shall stipulate what reimbursement rate is used. AMS defines the SRR as follows:

Scheme Rule – Scheme Reimbursement Rate
1.7 "Scheme Reimbursement Rate" (SRR) – is equivalent to:
- 1.7.1. 100% of the Discovery Health Guide to Fees; or
- 1.7.2. 100% of the rate agreed between the Scheme and a service provider or group of providers; or
- 1.7.3. the dispensing fee for medicines regulated by the Medicines and Related Substances Act; or
- 1.7.4. 100% of the National Health Reference Price List published by the Council for Medical Schemes in 2006, plus an inflationary factor equal to: 2020 = 2006 + 234,4%

This definition is consistently applied across both the Managed Care Plan (MCP) and Standard Care Plan (SCP). However, what is not consistent is the percentage of that rate which the Scheme reimburses members or providers. MCP generally has a higher rate, up to 230% of the SRR for specialists, whereas SCP is 100% and VCP is a capitated rate which is calculated differently based on the Prime Cure negotiated rates. The reason for the reference to the National Health Reference price is as follows: Historically, schemes and providers collectively negotiated annual tariffs which were published as the official industry Scheme Reimbursement Rate, and all schemes and most providers used it. This was outlawed as anti-competitive behaviour around 2001 by the Competition Commission. The Council for Medical Schemes continued the practice and published the National Health Reference Price List until 2006 whereupon it was discontinued. Consequently, many schemes continue to express their SRR as a percentage of the last published 2006 rate as there is no other available benchmark published in the industry. This resulted in schemes and administrators independently negotiating rates which they could then call "their" SRR. Ironically, due to Competition law, these may not be advertised, as competitors would then have an advantage. DH or other scheme rates can therefore not be advertised, as Medscheme or Metropolitan Health, for example, could then attempt to negotiate better deals with unfair competitive advantage. Further, the industry recognised that by forcing prices down, members didn't always benefit, as services tended to be reduced.

In 2020, AMS has a total of 125 924 tariffs covering 53 disciplines, excluding hospitals, subacute facilities and hospice. Many have been negotiated and are subject to confidentially agreements. The tariff file is too large to place on the Scheme's website, such that a member could accurately read it. We encourage members to rather call the Call Centre to enquire about the SRR of the healthcare services they consider purchasing.

Plan-change deadline – 11 December

Should you consider changing your plan (for reasons such as a change in income or medical need) please speak to your Client Liaison Officer for advice on the differences in benefits and the financial consequences for the year to come. Plan changes can only be effected at year end – you will not be able to change back to your old plan in the middle of the year. Due to the December holiday season, please ensure that your plan change request has reached your pay point consultant (employees), pension fund administrator (pensioners) or the Scheme (self-paying members) as soon as possible, but not later than 11 December 2020. The plan change request form will be available on the Scheme website (Info Centre > Downloads) and in the back of your Benefit Guide.

Visit www.angloms.co.za to learn more about your Scheme and benefits.
Find all previous MediBrief editions in the Info Centre > Knowledge Library.

Member Queries:

Value Care Plan: 0861 665 665, anglo@primecure.co.za
Standard and Managed Care Plan: 0860 222 633, member@angloms.co.za
Claims: claims@angloms.co.za