

 2020

# LA CONVERSATIONS

## MARKET LEADER IN LOCAL GOVERNMENT, PROVIDING COVER TO OVER 200 000 LIVES

As the established **medical scheme of choice in Local Government**, LA Health continues to attract new members. The Scheme has grown by over 60 000 principal members in the last ten years and provides cover to over 200 000 members and their families, with LA Health's five Benefit Options suiting all levels of medical and financial needs. 2020 will see LA Health continuing to provide members with comprehensive, value for money healthcare benefits and the best quality healthcare, while promoting a healthy lifestyle.



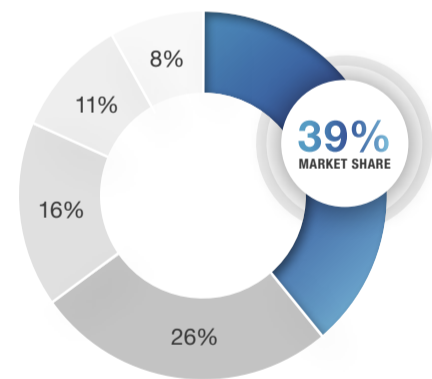
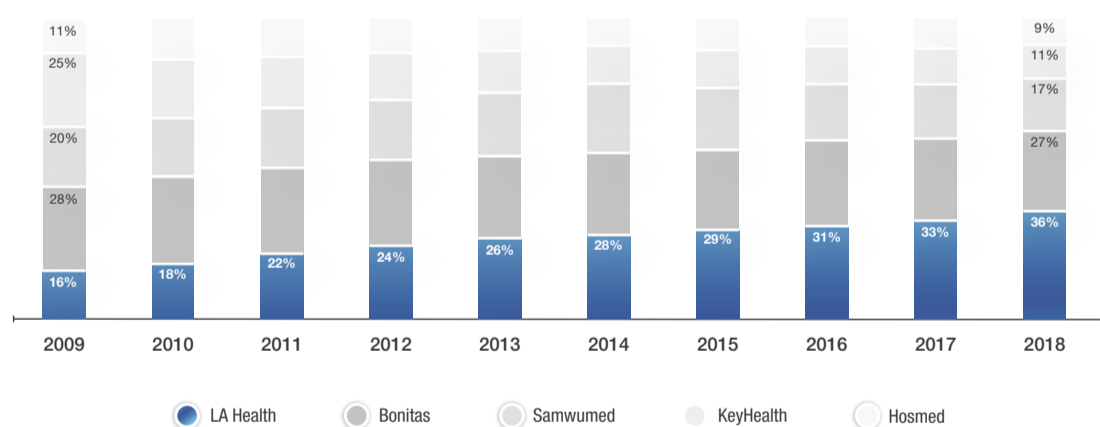
### MARKET LEADER IN LOCAL GOVERNMENT

LA Health is the largest scheme in Local Government, providing cover to 46% more principal members in Local Government than the next largest competitor. The Scheme continues to attract young healthy members and boasts an average member age of 29.5.

#### MARKET SHARE DOMINANCE

LA Health has consistently increased market share each year, growing from 16% in 2009 to 39% as at March 2019.

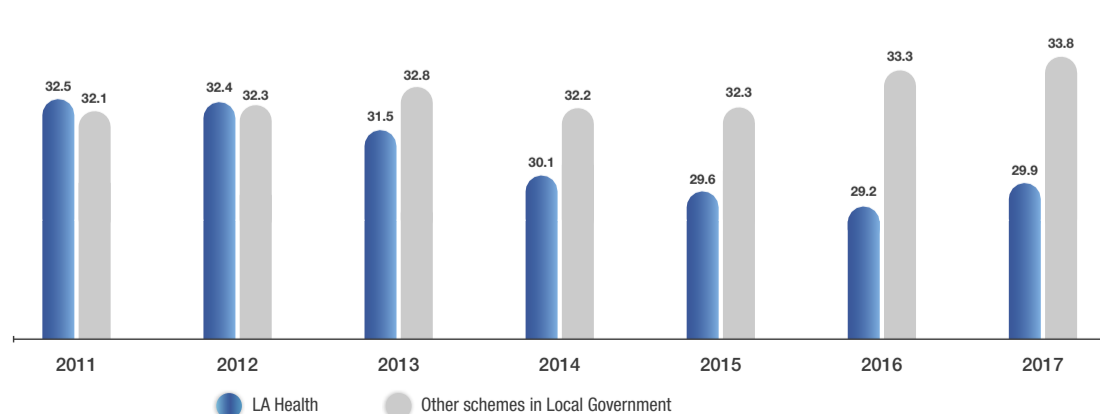
#### Local Government market share (2009 – 2019)



#### ATTRACTING YOUNG AND HEALTHY LIVES

LA Health has steadily attracted younger healthier members over the past decade, resulting in a significant decrease in the average age of beneficiaries on the Scheme.

#### Average age of Local Government schemes (2009 – 2017)



#### YOUNGER AVERAGE AGE

**29.5** LA Health

**35.1** Other schemes in Local Government

#### LOWER PENSIONER RATIO

**5.6%** LA Health

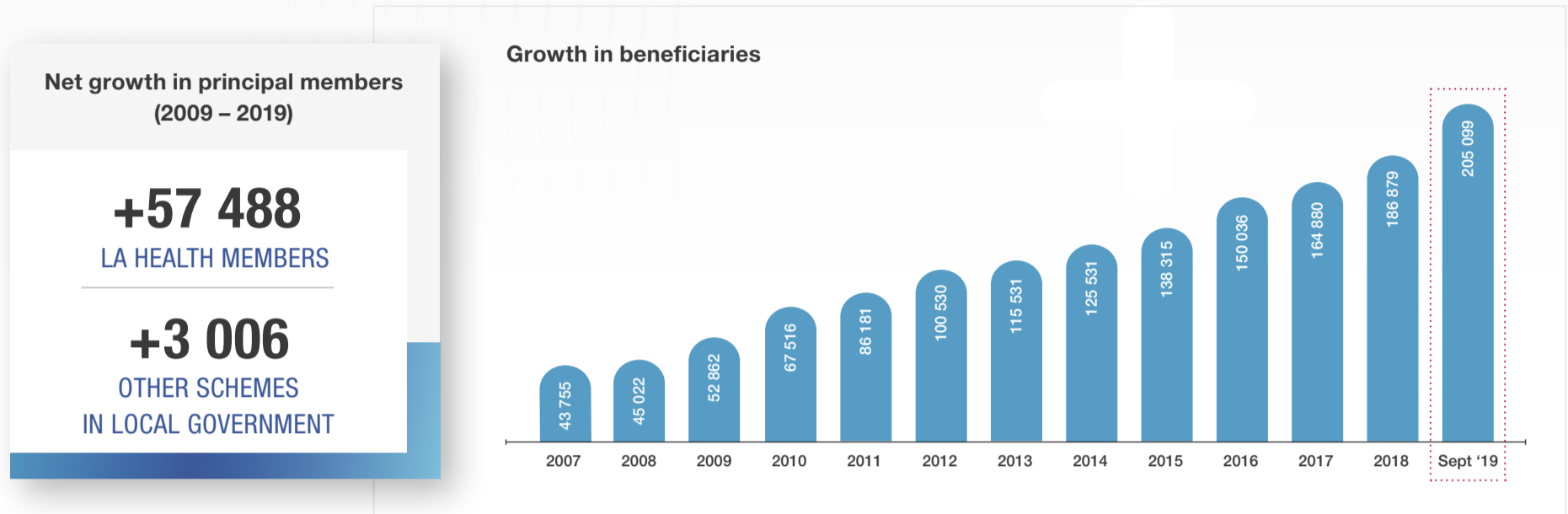
**10.3%** Other schemes in Local Government

# LA HEALTH MEDICAL SCHEME PERFORMANCE

LA Health has maintained its status as market leader in the Local Government sector through years of consistent membership growth and financial sustainability.

## HEALTHY, SUSTAINABLE GROWTH

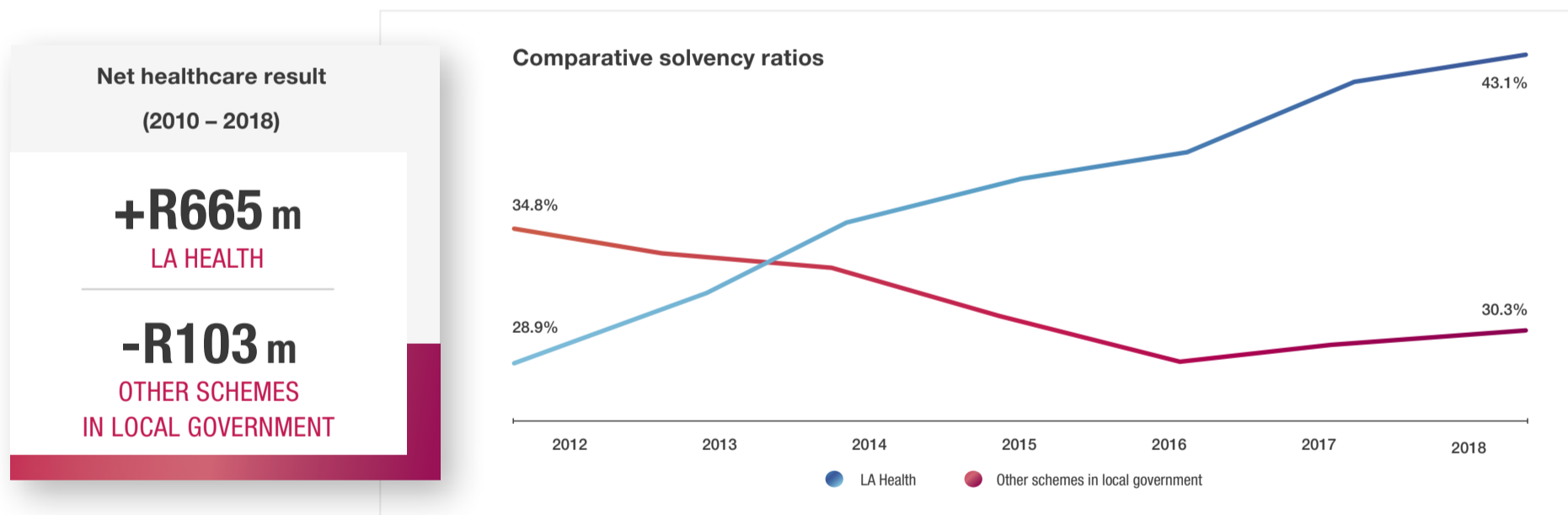
LA Health is not only the established market leader in the Local Government sector, but also maintained its status as the fastest growing medical scheme over the past 10 years, adding over 7 000 principal members in 2019.



## FINANCIAL STRENGTH

LA Health has consistently maintained a positive net healthcare result, expertly balancing the need for affordable contribution increases and comprehensive, quality private healthcare benefits. Over the past five years, LA Health has achieved a cumulative net healthcare result of R665 m, with Local Government competitors experiencing a combined net healthcare loss of R103 m.

Despite strong membership growth, LA Health's solvency levels have increased to 43.1%, this is significantly above the statutory solvency requirement of 25%.



## HIGH LEVELS OF COVER

**Top 5 hospital claims**

LA Health continues to care for members with complex and emergency healthcare needs.

<b>R3.85 m</b>	Age 1   LA Active   243 days   Long term use of a ventilator (respiratory related)	
<b>R2.36 m</b>	Age 44   LA Active   78 days   Trauma	
<b>R2.35 m</b>	Age 35   LA Focus   105 days   Lung transplant	
<b>R2.23 m</b>	Age 0   LA Focus   137 days   Neonate	
<b>R2.13 m</b>	Age 36   LA Active   111 days   Long term use of a ventilator (neurology related)	

**In-hospital claims payout cover ratio**

Members continue to benefit from consistently high levels of cover. LA Health covered, on average, 96% of hospital claims in 2018.

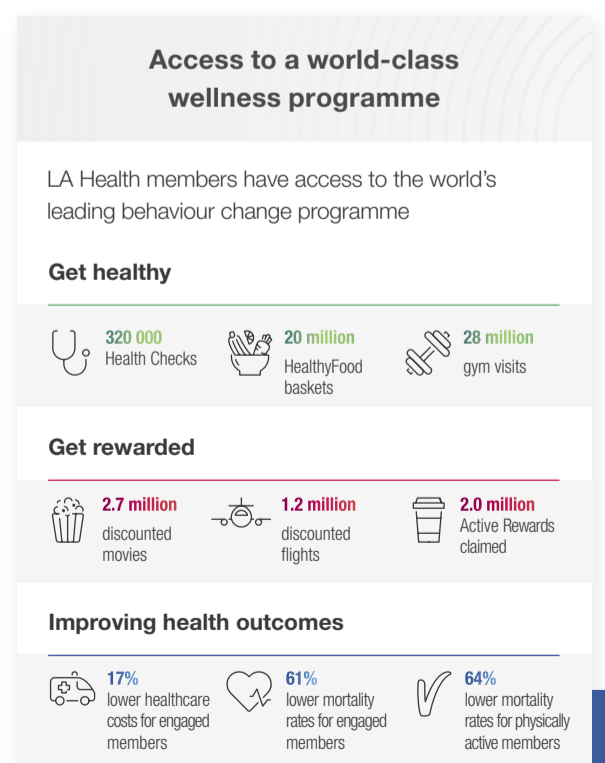
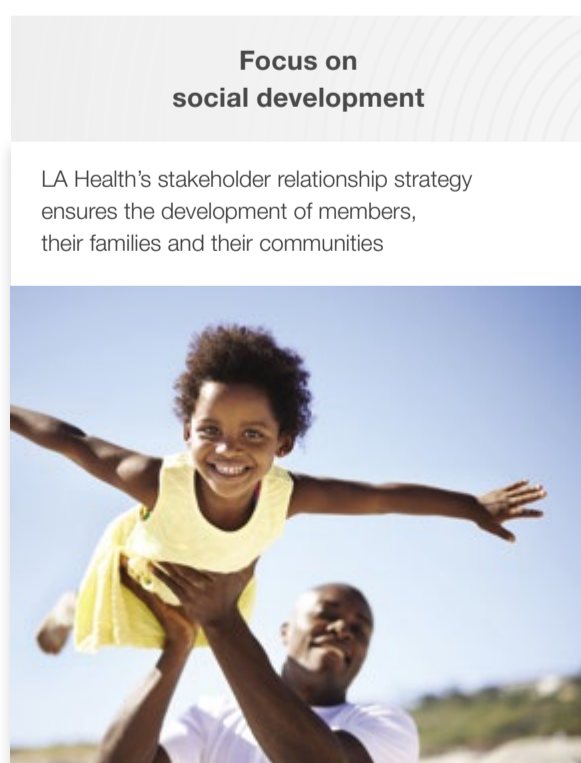
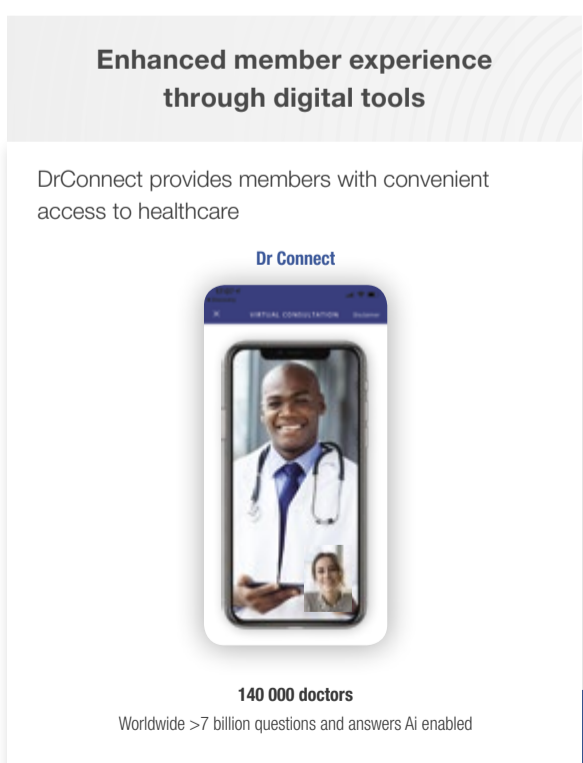
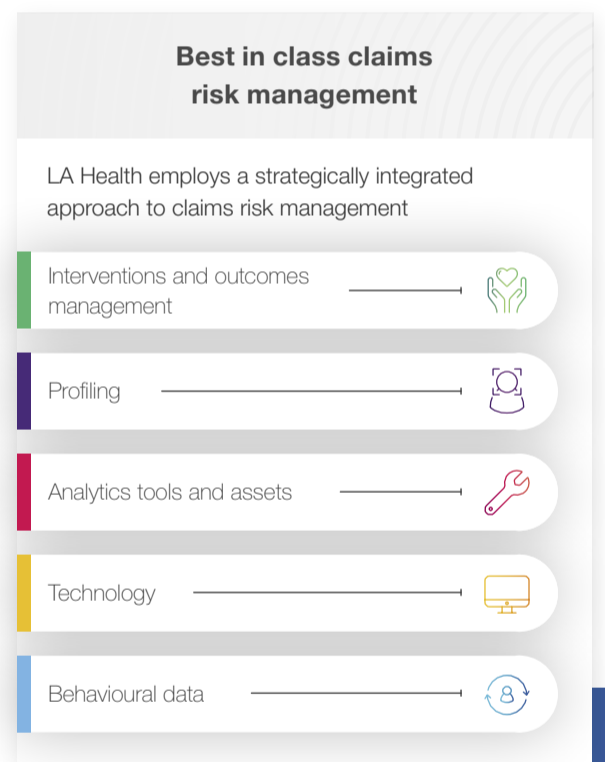
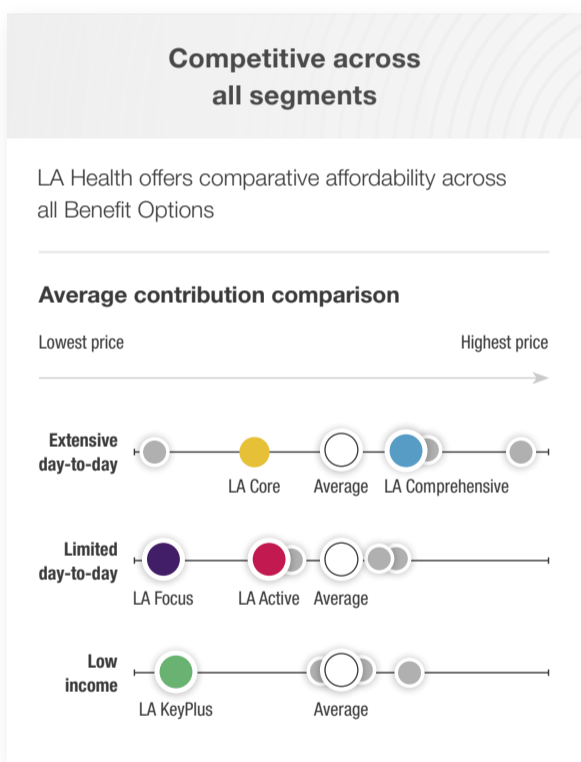
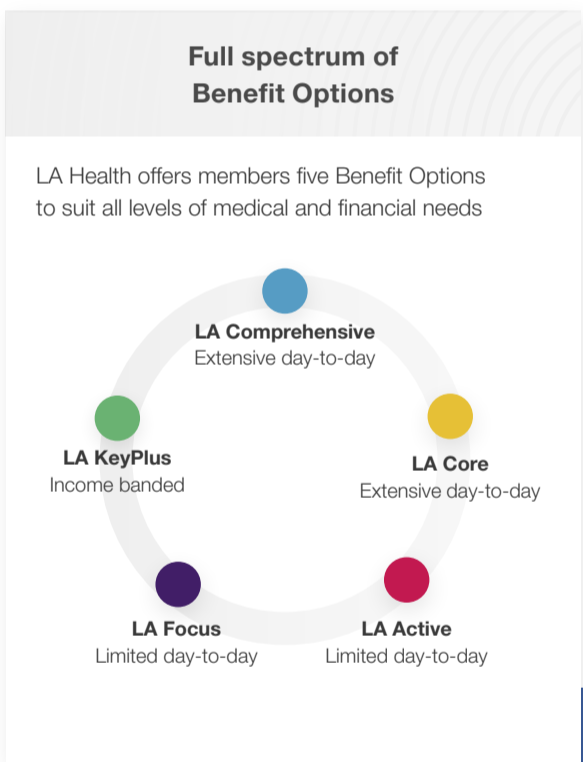
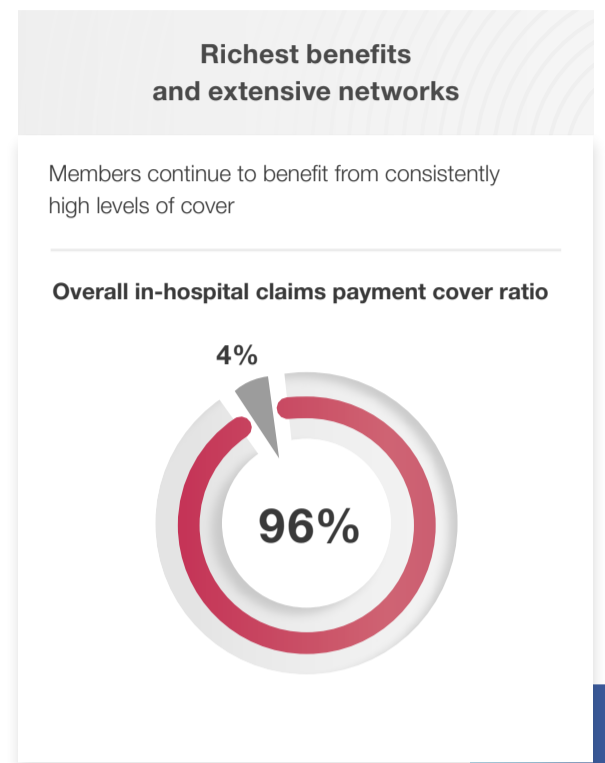
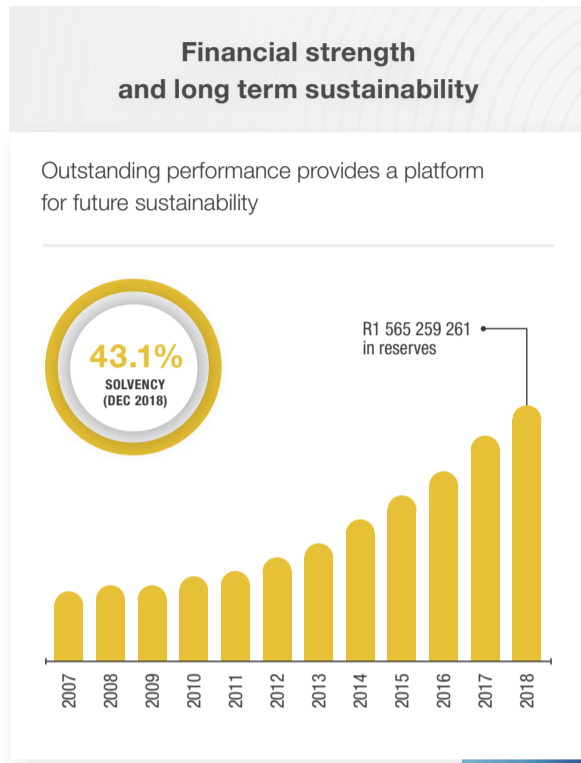
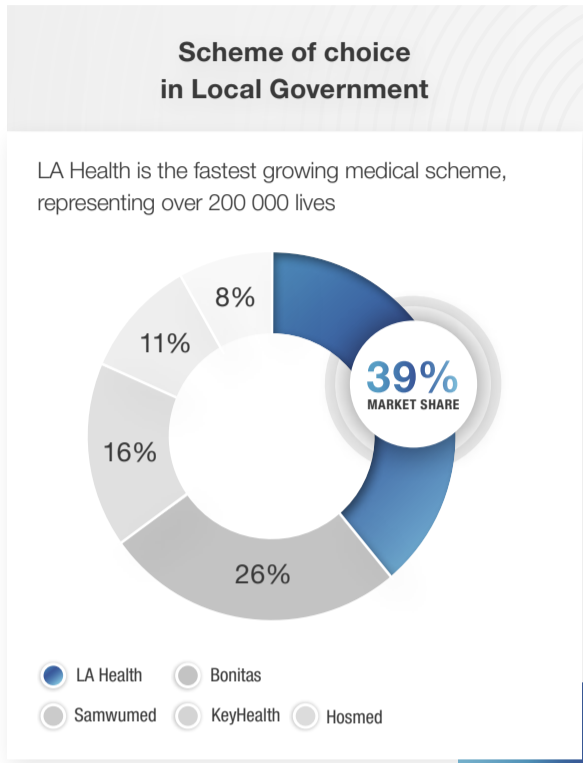
**96%** OVERALL

4%

Other medical schemes considered for comparable analysis included Bonitas, Hosmed, Key Health and Samwumed. The analysis has assumed that the average age and solvency figures for Samwumed for 2018 remain unchanged from 2017, in the absence of 2018 audited financial statements.

# LA HEALTH MEDICAL SCHEME

# VALUE PROPOSITION



# CONTRIBUTIONS 2020

## LA KEYPLUS

Total Monthly Contributions

Income	Member	Adult	Child Dependant	+3 Maximum 3 Child Dependents
R0 – R9 200	R1 145	R1 000	R419	R1 257
R9 201 – R12 700	R1 209	R1 056	R441	R1 323
R12 701+	R1 819	R1 619	R679	R2 037

## LA FOCUS

Total Monthly Contributions

Member	Adult	Child Dependant	+3 Maximum 3 Child Dependents
R2 393	R1 548	R704	R2 112

## LA ACTIVE

Total Monthly Contributions

Member	Adult	Child Dependant	+3 Maximum 3 Child Dependents
R2 892	R1 944	R959	R2 877

## LA CORE

Total Monthly Contributions

Member	Adult	Child Dependant	+3 Maximum 3 Child Dependents
R5 511	R4 975	R1 646	R4 938

## LA COMPREHENSIVE

Total Monthly Contributions

Member	Adult	Child Dependant	+3 Maximum 3 Child Dependents
R7 385	R5 638	R1 790	R5 370

## LA KEYPLUS

40% in-service member's portion of contributions if a 60% subsidy applies. Maximum subsidy of R4 492.35

Income Category	R0 – R9 200	R9 201 – R12 700	R12 701+
Member	R 458	R 484	R 728
Member + Adult	R 858	R 906	R1 376
Member + Adult + Child Dependant	R1 026	R1 083	R1 647
Member + Adult + Child Dependant +2	R1 194	R1 259	R1 919
Member + Adult + Child Dependant +3	R1 361	R1 436	R2 190
Member + Child Dependant	R 626	R 660	R1 000
Member + Child Dependant +2	R 794	R 837	R1 271
Member + Child Dependant +3	R 961	R1 013	R1 543

## LA FOCUS

## LA ACTIVE

## LA CORE

## LA COMPREHENSIVE

40% in-service member's portion of contributions if a 60% subsidy applies. Maximum subsidy of R4 492.35

Member	R 958	R1 157	R 2 205	R 2 954
Member + Adult	R1 577	R1 935	R 5 994	R 8 531
Member + Adult + Child Dependant	R1 858	R2 318	R 7 640	R10 321
Member + Adult + Child Dependant +2	R2 140	R2 702	R 9 286	R12 111
Member + Adult + Child Dependant +3	R2 422	R3 221	R10 932	R13 901
Member + Child Dependant	R1 239	R1 541	R 2 863	R 4 683
Member + Child Dependant +2	R1 521	R1 924	R 4 311	R 6 473
Member + Child Dependant +3	R1 802	R2 308	R 5 957	R 8 263

**PLEASE NOTE:** The final member portion of the total contribution is subject to the maximum subsidy amount. We have applied the maximum subsidy amount of **R4 492.35** to these 2020 contributions.

● Client Services 0860 103 933 ● Fax 011 539 7276 ● [www.lahealth.co.za](http://www.lahealth.co.za) ● [service@discovery.co.za](mailto:service@discovery.co.za) ● Report fraud anonymously 0800 004 500

**NOTE:** For illustrative purposes only, the tables above reflect the portion of the total contribution the member would have to pay if they receive a 60% subsidy. This was determined by taking into consideration the SALGBC maximum subsidy of R4 492.35 that will be effective until 30 June 2020. Members will need to calculate their contribution if their subsidy is different, taking into consideration the maximum subsidy amount.

# 2020 CONTRIBUTIONS

This year's contribution increases and benefit changes have been aligned to LA Health's strategic objectives of providing comprehensive, quality healthcare cover that is affordable to all members and sustainable to the Scheme.

## DRIVERS OF MEDICAL INFLATION

Medical inflation is the year-on-year increases in the cost of healthcare claims for a medical scheme. For LA Health, these increases are due to:

### Tariff Inflation

Tariff inflation refers to the increases in the price of healthcare services, which typically exceed the annual Consumer Price Index (CPI).

CPI is forecast to average 4.5% this year and the Scheme has made provision for an average tariff increase of 5.1% in 2020.

### Demand-side inflation

The health of the Scheme's membership is a function of the average age of members and the prevalence of medical conditions. LA Health Medical Scheme continues to benefit from new members joining the Scheme, translating into demand-side inflation ranging from 0% and 3%, due to option-specific variations.

### Supply-side inflation

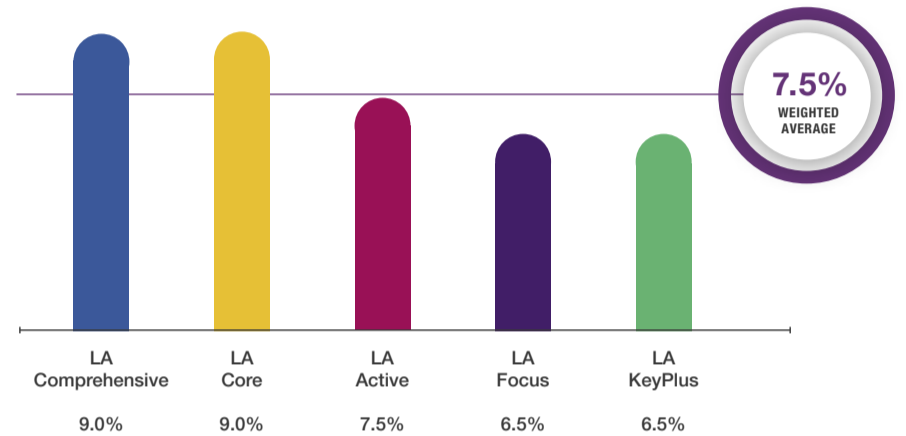
An increase in the supply of healthcare services, such as new technology and equipment, contributes to medical inflation. The average projected supply-side inflation for 2020 is 1%.

## COMPETITIVE CONTRIBUTION INCREASES

Affordability and access to quality healthcare remain key considerations when members select a medical scheme. The significant growth shown by the Scheme is underpinned by its commitment to affordable contribution increases and the provision of comprehensive, quality healthcare.

### 2020 CONTRIBUTION INCREASES

93% of LA Health members will receive the weighted contribution increase of 7.5% or less.

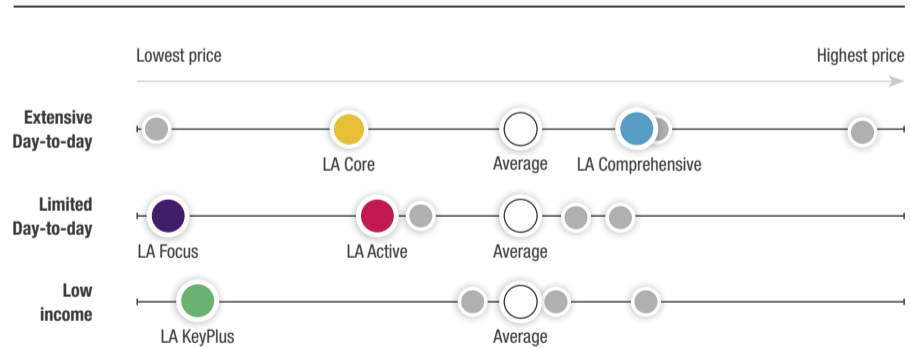


# COMPARABLE AFFORDABILITY OF LA HEALTH

Affordability of healthcare cover remains one of the key considerations when choosing a medical scheme.

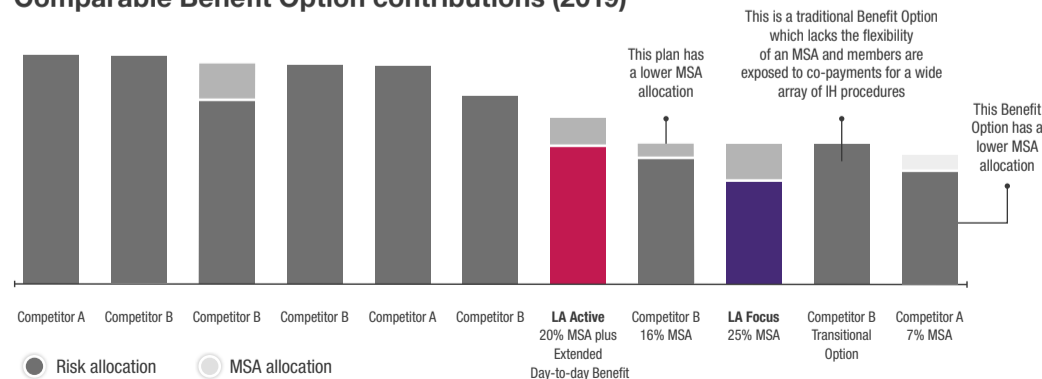
To assess affordability, we compared the average contribution for a family of three (principal member, adult and child) across all Benefit Options of the five accredited schemes in Local Government. Based on levels of coverage, the LA Health contributions are lower than average contributions in each segment.

## LA HEALTH OFFERS LOWER THAN AVERAGE CONTRIBUTIONS



## LA HEALTH FLAGSHIP OPTIONS OFFER GREATEST VALUE TO BENEFICIARIES

### Comparable Benefit Option contributions (2019)



LA Active and LA Focus are the Benefit Options of choice for over 180 000 beneficiaries. These Benefit Options offer extensive in-hospital cover with no overall limit, comprehensive chronic and oncology cover, access to pre- and postnatal healthcare services for maternity and early childhood, and the flexibility of a Medical Savings Account to cover day-to-day healthcare expenses.

# 2020 BENEFIT UPDATES



## MANAGING MEMBERS WITH COMPLEX CONDITIONS

LA Health recognises the importance of proactive, coordinated care, currently providing members with access to a suite of disease management programmes, managed through the Premier Plus GP network.

Mental health is a key health risk which has worsened over time.

By 2030 depression will be the world's

**#1** burden of disease

**30%**

of South Africans suffer from a mental illness in their lifetime

**85%**

of adults **never receive treatment** for their mental disorder

- The Scheme has enhanced the suite of disease management programmes to include a Mental Care Programme where Premier Plus GPs will enroll members with major depression, based on defined clinical entry criteria.
- The programme will provide members with risk benefits for:
  - An extended consultation with a Premier Plus GP
  - Prescribed formulary medicine for episodes of major depression
  - Two additional GP consultations, to allow effective evaluation, tracking and monitoring of treatment



## OTHER LA HEALTH UPDATES

### Enhanced cover for members with cancer

From 2020 members of LA Comprehensive and LA Core Benefit Options will have access to the Oncology Innovation Benefit. The benefit provides members with cover for a list of innovative cancer treatments for novel and ultra-high cost cancer drugs subject to a 25% co-payment from Rand one.

Approval is subject to meeting clinical entry criteria. Requests may be reviewed by an external panel for consideration for funding from this benefit.

### Funding of the HbA1C Screening Test from the pathology benefit

Since this screening test is frequently requested by the treating doctor, funding will now be provided through the pathology benefit.

### Full cover for PET/CT Scans in the Network

From 2020 members will enjoy full cover when the services of a provider in the well-established PET Scan Network are used and the current co-payment will no longer apply.

Where members voluntarily make use of a non-Network provider, the Scheme will in future cover the costs at 80% of the Scheme Rate.

The PET Scan Network is also the Scheme's Designated Service Provider (DSP) for Prescribed Minimum Benefits (PMB).



## GENERAL UPDATES:

- Benefit limits will increase by 5.1%
- The Medical Savings Account limits have been increased in line with risk contribution increases for the Options
- The Above Threshold Benefit on LA Comprehensive increases by 5.1%
- The Extended Day-to-day Benefit on LA Core and LA Active increases by 5.1%
- The income bands on LA KeyPlus will be adjusted in line with the contribution increase on this Option

# SCHEME OF CHOICE FOR LOCAL GOVERNMENT EMPLOYEES

## Join today and stand a chance to win!

LA Health welcomes soccer legend Lucas Radebe as the Scheme's health and wellness ambassador.

Three new LA Health members and their financial advisers stand a chance to win lunch with Lucas!



LA-Health



LA Health

**#LunchWithLucas**

Switch today! Visit [www.lahealth.co.za](http://www.lahealth.co.za)

To qualify, individuals must apply to become a member of LA Health between October and November 2019 and like the LA Health Facebook and LinkedIn pages.

*I'm proud to be associated with LA Health*  
– Lucas Radebe

