

"It's never too late to be what you might've been."

George Eliot

The South African healthcare industry, not unlike several other economic sectors, has been faced with many challenges over the last few years. In particular, the COVID-19 pandemic made consumers foster renewed interest in their health and healthcare cover in particular. In addition, the looming introduction of National Health Insurance has raised a variety of concerns amongst stakeholders. More recently, the implosion of Health Squared Medical Scheme has shone a spotlight on the industry and regulation thereof, and the importance of prudently managing a medical scheme to ensure its long-term sustainability.

There has also been a steady increase in the uptake of affordable healthcare insurance solutions. The critical need for cost-effective and adaptable healthcare solutions is expected to grow at an accelerated pace. Cost-effective healthcare solutions that fit the needs of millions of consumers who cannot afford traditional medical aid has in many respects become a primary focus area within the industry.

Healthcare cover providers need to ensure that they not only adapt to consumer needs, but in offering new products, safeguard the sustainability of these offerings, ultimately ensuring their longevity.

At Momentum Health Solutions, we have a passion to deliver more health to more South Africans for less. What we do not want to see is less health to less South Africans for more. Our goal is to create opportunities through innovation and refining our healthcare solutions to ensure that they meet the needs and affordability of the consumers it was designed for, in a sustainable meaningful way.



Momentum Health Solutions has been closely monitoring the schemes under its administration to identify trends in the claiming patterns, and the resulting impact. Recent claims have averaged higher than pre-COVID levels recorded in 2019. At the same time as increasing claims levels, healthcare inflation increasingly contributes to the challenge of enabling the delivery of affordable healthcare cover.

The resulting impact is that medical inflation is 2-3% higher than CPI.

Thus, current claims trends are significant when schemes review their benefits and increase strategies for the coming year, and over the last few years you would have noticed the industry employing various pricing strategies to try and mitigate the impact on consumers.

The balancing act of protecting a scheme's long-term sustainability, while enabling access to affordable, yet quality healthcare cover, requires experimenting with complex pricing strategies. Some of these adopted by the industry over the last few years include:

1. No increase or a very low increase

To offer a low increase or no increase at all seems like the right thing to do, as it provides members with immediate financial relief. It is very effective over the short term, but should only be done if the cost of healthcare is reducing at the same rate. However, if the cost of healthcare is increasing in line with normal inflation, then it does not represent a long-term solution. As we have mentioned, claims trends have averaged at above pre-COVID levels, while the cost per claim also continues to increase, directly impacting on medical schemes' solvency levels. Any schemes implementing contribution increases below healthcare inflation, would inevitably need to recoup the deficit incurred as a result of this undercosting, through higher contribution increases in subsequent years.

2. Medical inflation-linked increases

Schemes that opt for implementing medical inflation-linked increases will be able to build solvency, protect their long-term financial sustainability and ease back into the traditional cycle of annual inflationary increases. While providing stability and peace of mind, this strategy offers no short-term relief to members.

While it is a better option than the first one in terms of the long-term sustainability of the scheme, it may not be appreciated as such by members who are particularly impacted by these challenging economic times.

3. Increase deferment

This strategy tries to balance the best of both worlds: social relevance for members through financial relief while their income is under pressure, without negatively impacting the long-term sustainability of the scheme.

Bolstering the financial wellbeing of its members is critical, especially in light of the scenario outlined above, where access to quality healthcare against the backdrop of rising costs needs to be sustainably managed through appropriate annual increases.

Momentum Health Solutions has focused tirelessly on calculating various scenarios to ensure that consumers are provided with the financial relief they desperately need, coupled with sustainable benefits catering to their needs now and into the future.

momentum

medical scheme

Momentum Medical Scheme, the third largest open medical scheme in South Africa, remains in a favourable and stable financial position, and was one of the few schemes to experience growth in the last year.

The Scheme continues to be one of the youngest medical schemes in South Africa, which is a testament to its flexible product offering, allowing members the opportunity to tailor-make their cover in line with their unique needs and financial position.

Although the Scheme drew from its reserve funds to implement a contribution deferment last year, thereby giving back over R200 million to members, it made sure that its solvency level remained well above the regulatory requirement.



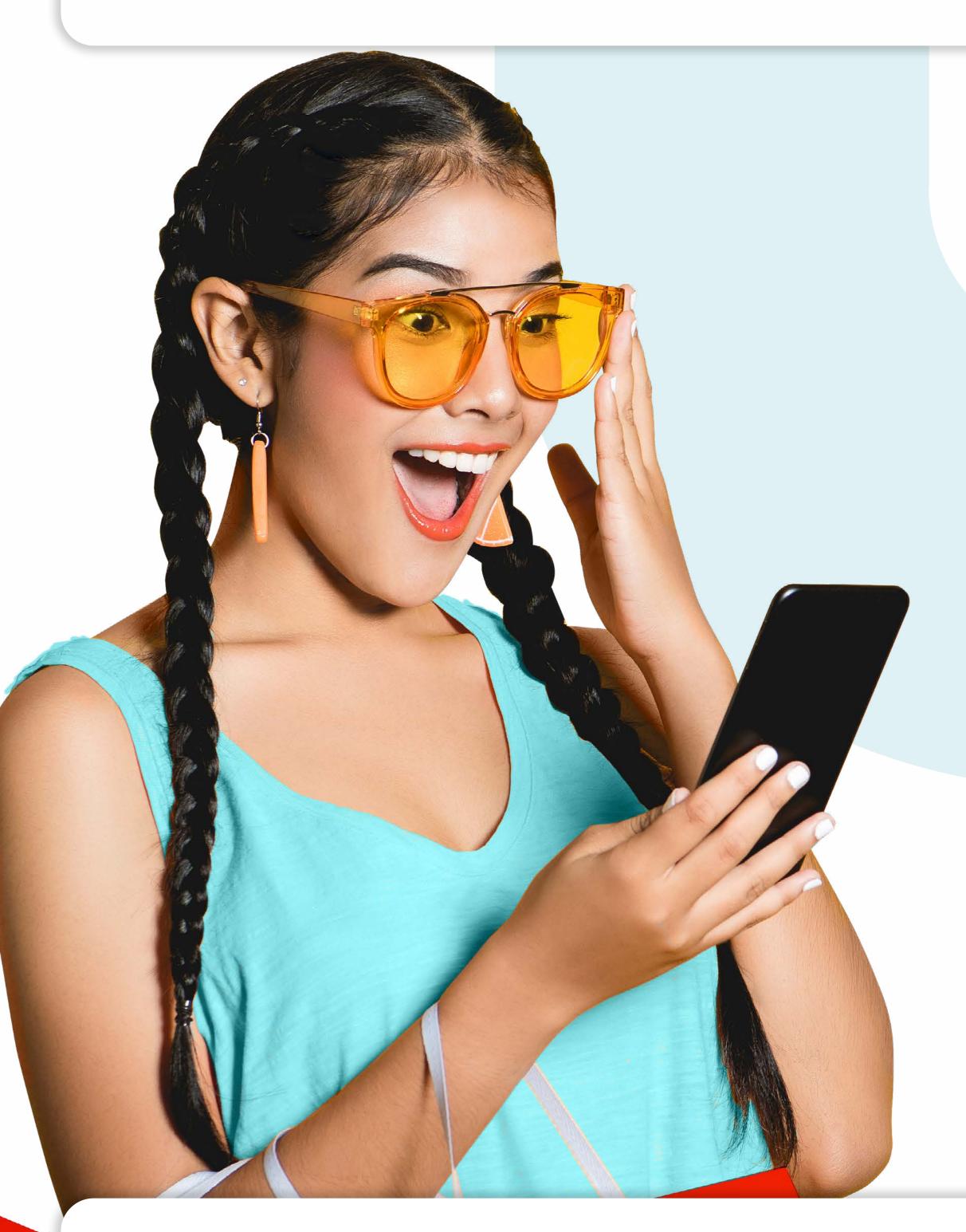
The strong financial results depicted above have made it possible for Momentum Medical Scheme to once again give back R118 million in relief to its members in a delayed contribution increase for 2023. This equates to over R330 million relief to members over the last two years.

Although contributions will only increase in April 2023, members will have the advantage of increased benefit limits across all options and the addition of new benefits from 1 January 2023. The weighted average increase from 1 April 2023 will be 8.5%, resulting in a net effective increase of 6.4% over the year.

When reviewing the proposed increases, the Scheme factored in the likelihood that healthcare utilisation will in due course revert to pre-pandemic levels, while at the same time allowing for medical inflation, which is typically 2% to 3% higher than CPI.

In addition to the delayed contribution increase, Momentum Medical Scheme has made some meaningful benefit enhancements:

- The addition of three virtual consultations per year from GPs on the GP Virtual Consultation Network, which includes Hello Doctor, as a convenient alternative to face-to-face consultations for Ingwe Option members.
- The introduction of a sports injury treatment benefit on the Evolve Option that entails 2 physiotherapist or biokineticist visits per beneficiary, up to an annual limit for out-of-hospital sports injuries and subject to pre-authorisation.
- The ability for members to use their Medical Savings Account to seamlessly pay for additional Hello Doctor virtual consultations.
- Inflationary increases in benefit limits.



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Complementary benefit updates

Having driven a philosophy of encouraging individuals to take ownership of their health and wellness, by offering them benefit flexibility, choice and rewards for healthy behaviour like being active, Momentum Health Solutions has long held the view that entrenching healthy living habits among South Africans can not only reduce the impact of prevalent chronic and lifestyle diseases, but also enable consumers to use their healthy lifestyle to fund for those times when their health may not be an asset.

You may choose to make use of additional products available from Momentum Metropolitan Holdings Limited (Momentum), to seamlessly enhance your medical aid. Momentum is not a medical scheme, and is a separate entity to Momentum Medical Scheme.

The complementary products are not medical scheme benefits. You may be a member of Momentum Medical Scheme without taking any of the complementary products.

Momentum Multiply and HealthReturns



Momentum's Multiply rewards programme has shaped incentivised wellness for over a decade and played an important role in helping members of participating medical schemes know their health and wellness, and actively pursue ways to improve their long-term wellbeing, while receiving great rewards along the way.

Between the period of 2019 to 2021, participating medical schemes were able to achieve over 40% savings in claim repayments, while Multiplyaffiliated medical scheme members submitted less claims than non-Multiply-affiliated scheme members. This alone indicates a financially beneficial outcome for both members and participating schemes. While members get rewarded for staying healthy, medical schemes experience a reduction in claim repayments, thereby protecting their members' combined pool of funds.

As the programme evolved over the years, it grew to incorporate a wide variety of other Momentum product rewards, and rewarded clients for their loyalty to the Momentum brand.

While the Multiply programme is a great tool to reward consumers for purchasing Momentum products and engaging with them, it became clear that the programme was primed to evolve, in order to more appropriately suit the needs of Momentum clients in various market segments. For Momentum Health Solutions, this introduced the exciting opportunity of shaping Multiply to focus more on physical and mental wellbeing, while optimising the HealthReturns that

exclusively focus on measuring the physical aspects of wellness, as seems to have become the norm, but should take a holistic approach to wellbeing that recognises the dramatic increase in mental wellness-related claims experienced worldwide.

Thus, while Multiply Premier will continue for clients who prefer to remain on a programme they are accustomed to -Momentum will introduce Multiply Inspire, Multiply Inspire Plus, Multiply Engage and Multiply Engage Plus in 2023, ushering in a new era of incentivised wellness that delivers focused outcomes and empowers consumers to definitively improve their wellbeing.



From January 2023, Momentum Medical Scheme members, except those on the Ingwe Option, will enjoy free access to Multiply Inspire. This will enable them to earn basic HealthReturns and also partner rewards, to get them started on their journey to wellness.

Members who choose to upgrade to Multiply Inspire Plus, at a lower premium than Multiply Premier, will unlock much deeper partner rewards, along with increased HealthReturns. Multiply Premier members have the option to change to Multiply Inspire, or remain on the programme, despite it closing for new business as of January 2023.

On Multiply Inspire Plus, a family of two adults can earn up to R3 100 in HealthReturns per month while pursuing a healthy, active lifestyle. They will also be able to earn higher partner rewards from over 70 partners, the more they invest in their health and wellness.

Multiply Inspire Plus fees

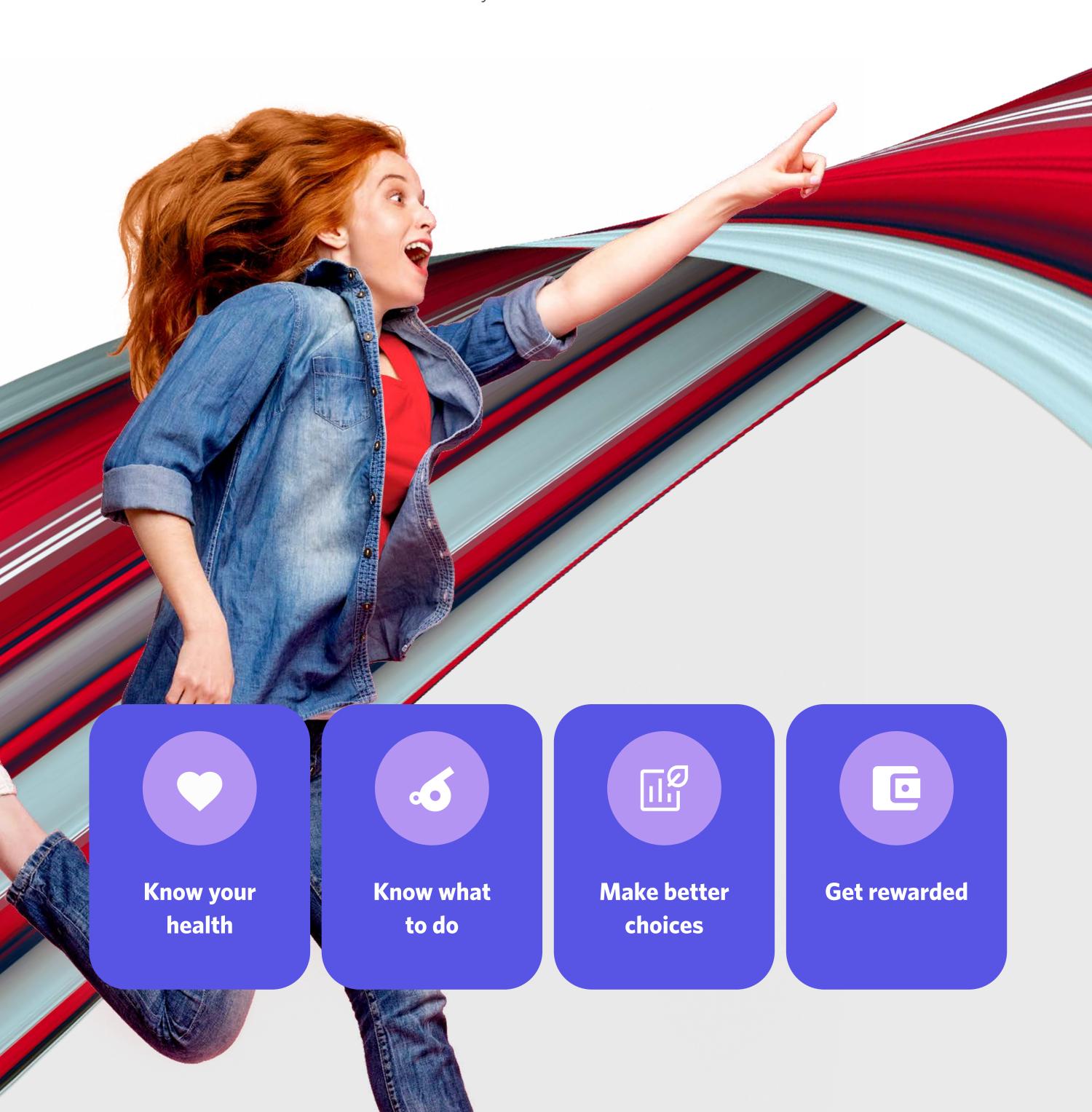
R195 Single

R90
Partner/
Spouse

R40Dependants
18 and older

Multiply Engage will be available for free to Momentum Health4Me and Momentum Medical Scheme's Ingwe Option members, giving them access to a range of partner rewards. These members can choose to upgrade to Engage Plus, which will also unlock discounts from a wide range of partners that includes the likes of Woolworths, Dis-Chem, FlySafair and Strava.

A well-executed health and wellness programme should support members in improving their health and wellness; while also boosting their financial wellness through savings and cashbacks; and concurrently contributing to the wellbeing of the medical scheme that they belong to, unlocking lower contribution increases over the long term as a result of healthier members who submit fewer and less costly claims.



Momentum GapCover offers Momentum Medical Scheme members supplementary cover to assist with shortfalls in the event of hospitalisation involving surgery or medical treatment, as well as for certain procedures performed out of hospital.

Momentum GapCover has increased benefit limits on four of their current benefits for 2023 and introduced a new benefit covering the shortfalls between what allied professionals, like physiotherapists and dieticians, charge following an associated in-hospital procedure and what the member's medical scheme covers. The benefit is limited to three times what the medical aid paid, up to R2 500 per year.



Momentum Health4Me



The low-income market is the only expanding market segment in South Africa where there are still many uncovered lives in terms of healthcare cover. A potential client's decision on healthcare provision may be based on a solution that a healthcare provider can offer to its low-income employees that is both cost effective, and a suitable alternative to medical scheme membership.

Momentum Health4Me has experienced unprecedented growth of 18% over the last four years, confirming the need for flexible, affordable healthcare solutions. Over the same period, Momentum Health4Me has been able to implement below-inflationary increases in premiums, by offering unlimited controlled benefits to its members. This is a testament to Momentum's thorough understanding of this market and being able to provide meaningful healthcare solutions in a sustainable manner.

Some of the Health4Me enhancements are:

- Hello Doctor consultations will now include referrals for pathology and radiology, according to the applicable Health4Me pathology and radiology lists
- Increased specialist benefit limits
- 1 COVID-19 screening test will be covered per member per year, subject to a Hello Doctor, Network GP or specialist referral. The test can also be performed as part of a Network GP consultation or as part of a specialist consultation in rooms
- Increased accident and emergency cover benefit limits
- Members will be able to redeem Takealot vouchers through More4Me

Premium increases:

- Day-to-day benefits: 4.2%
- GP visit booster benefit: R5
- Accident and emergency cover: 2%
- Hospital cash and maternity lump sum benefits: 2%
- Funeral benefits: R1



The world is striving to get back on its feet, or in the case of some particularly challenged regions, remain standing in the face of recessions, war and pandemics. The healthcare industry in South Africa has proven particularly responsive in implementing solutions to bolster its long-term sustainability, and ensuring resilience that brought much needed peace of mind when consumers needed it most.

Momentum Health Solutions has demonstrated its innovative approach to pro-actively solving industry challenges over the past decade. Challenges come and go and operating conditions are forever changing, and we would like to believe that if we remain true to our strengths, continuing to evolve in line with changing consumer needs and economic circumstances, we can help shape a healthcare industry that can deliver more health to more South Africans for less, for decades to come.

In that context, we have realigned Multiply, Health4Me and our complementary products to better suit the needs of healthcare consumers. Momentum Medical Scheme equally reaffirmed its commitment to flexible, affordable cover through benefit enhancements and the addition of new benefits, along with its second consecutive deferred contribution increase, to help support members during these challenging times, while making sure that the Scheme will remain financially stable and resilient into the future.



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health solutions



Momentum Health Solutions
2023 PRODUCT LAUNCH