

Del Newsletter May - Discovery Report

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May Newsletter - Discovery Report



Discovery recently released their 2022 financials so we thought that in this newsletter we would share some points of interest with you.

Claims

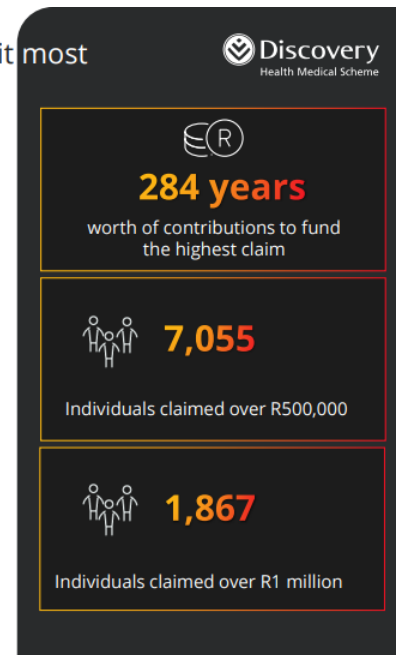
We're sure most of you understand the importance of having medical aid but here is some evidence of this. A major medical event can be financially crippling. Just a few days in hospital can run into tens of thousands of rands. Below are some of the biggest claims paid by Discovery in 2022:

Comprehensive cover when you and your family need it most

10 of the highest member claims paid in last 12 months: R46.8 m

R6.4m	Age 51	Long-term use of a ventilator (Infections)
R 5.6m	Age 45	Infection of the nervous system
R 5.2m	Age 36	Long-term use of a ventilator (Toxic effects)
R 4.7m	Age 0	Major surgical procedure in newborn baby
R 4.5m	Age 38	Pneumonia or whooping cough
R 4.5m	Age 32	Surgical procedures on the lungs or air passages
R 4.2m	Age 0	Major surgical procedure in newborn baby
R 4.0m	Age 49	Heart surgery
R 3.9m	Age 62	Surgical procedures for infectious or parasitic diseases
R 3.7m	Age 42	Surgical procedures for multiple major injuries)

Notes: Assumes an average risk contribution of R1,886 per member per month. Does not include any maternity claims Source: DHMS data

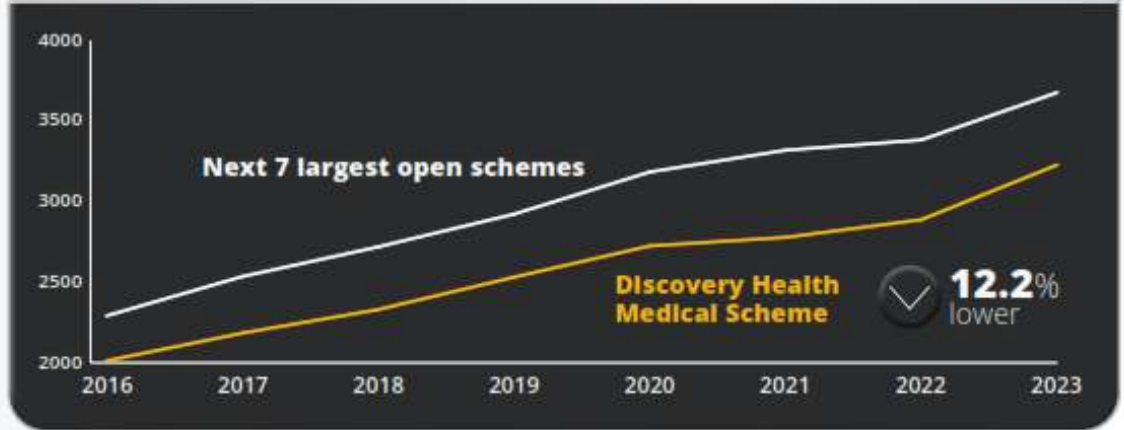


84The largest hospital claim made during 2022 would require 284 years of contributions by the member to cover that claim, based on the plan that the member is on. Put another way, it would take 306 years of contributions based on the average risk contribution of R1 930 per month per beneficiary on the scheme.

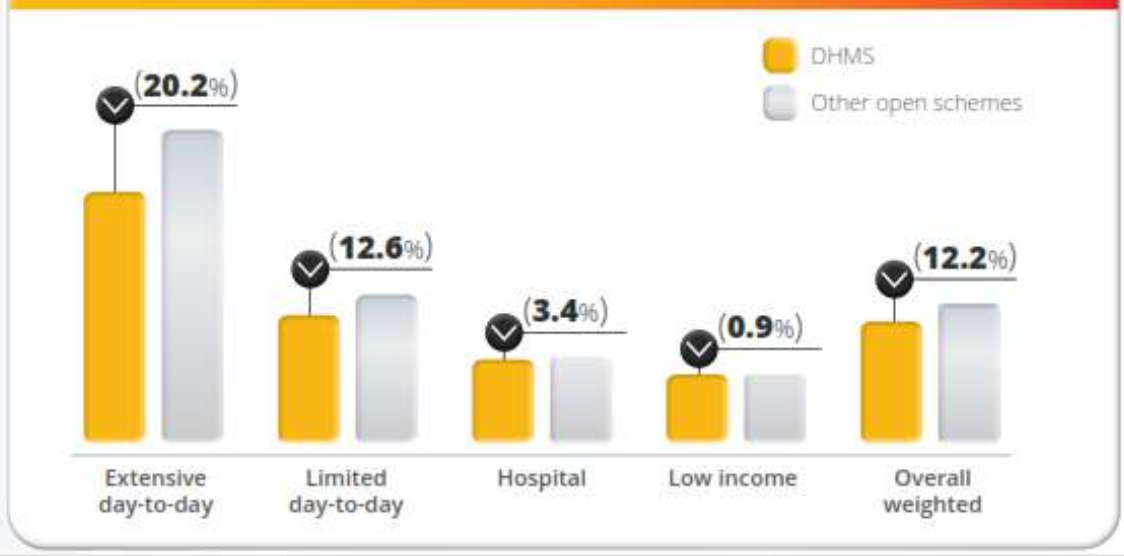
Sustainability

When advising on medical aids, we look not only at cost and benefits, but also the financial sustainability of the scheme. Medical schemes trade off long-term sustainability against ongoing affordability to determine an optimal contribution increase strategy. A financially healthy scheme not only means less concerns about claims being settled but lower premium increases, and research shows that a 1% growth in a Scheme leads to a 0.5% reduction in claims, which enhances their ability to minimise contribution increases. In this regard you're in a very good place with Discovery, as they are the largest open medical scheme in South Africa, with 2 810 992 beneficiaries and 57.6% market share.

DHMS CONTRIBUTIONS ARE 12.2% LOWER THAN THE NEXT SEVEN LARGEST OPEN MEDICAL SCHEMES IN 2023



DHMS IS MORE AFFORDABLE ACROSS ALL OF PLAN CATEGORIES IN 2023



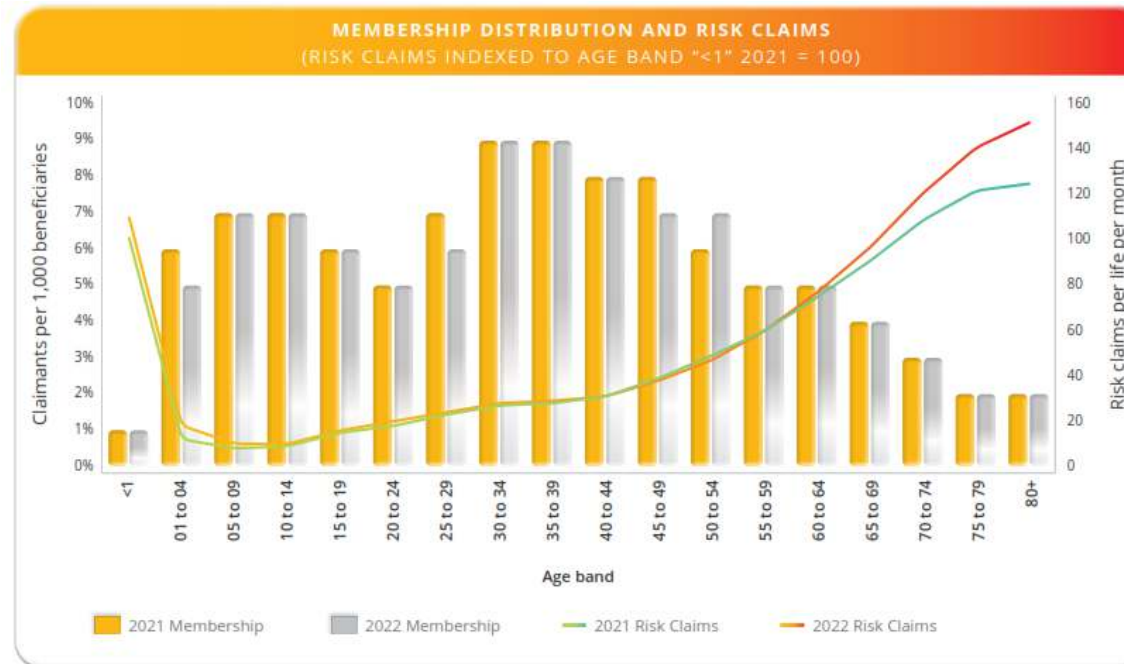
Strength

The solvency ratio is the level of reserves (accumulated funds) that a medical scheme needs to hold as a percentage of gross annualised contributions. Reserves reflect on the ability of a

scheme to meet large, unexpected claim variation. The Council of Medical Schemes insists on a solvency ratio of 25%. At the end of 2022, DHMS had a solvency ratio of 35.1% and a credit rating of AAA. DHMS has a member perception score of 8.87 out of 10.

Demographics

We are all aware of the sad reality that as we get older, we tend to have more health issues, so the demographics of a scheme are important to their sustainability. Discovery has an average member age of 35.3 and a pensioner ratio of 10.4% (versus 35.9 and 11.7% respectively across all other open medical schemes).



If you would like a copy of the report, please do not hesitate to contact us. You can find our office and broker contact details below.

Thanks,

Derek Ross

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Contact Details

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