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# Discovery Health Medical Scheme maintains solid financial performance

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*Results presented during the Annual General Meeting showed continued growth and a strong financial performance, as the Scheme maintains an industry-leading position in funding quality healthcare and supporting the overall healthcare system.*

For the year ended 31 December 2015, the Discovery Health Medical Scheme experienced continued growth in membership, increasing its share in the open medical scheme market to approximately 53%. The Scheme also exhibited strong financial performance with over R12.9 billion in members' funds and a solvency level of 25.98% at the end of 2015, in accordance with regulatory requirements. A low lapse rate of just 5% also indicates that members of the Scheme continue to derive significant value.

## Key performance highlights for Discovery Health Medical Scheme for 2015

In his review of the 2015 financial year, Milton Streak, Principal Officer of Discovery Health Medical Scheme, highlighted that the Scheme continues to be an industry leader in the funding of evidence-based, cost effective quality healthcare and in supporting the enhancement of the healthcare system for Scheme members and stakeholders. This is evident from the strong performance metrics and innovations implemented during the year.

- Discovery Health Medical Scheme achieved net beneficiary growth of 2.16% in 2015 from an already high base to 2 691 852 beneficiaries at 31 December 2015, enabled by continuous innovation and access to quality healthcare at a lower cost for Scheme members.

- The Scheme generated a positive net healthcare result of R507 million for the year ended 31 December 2015 (2014: R753 million). Despite turbulent investment markets, the Scheme was able to generate net investment and other income of R769 million (2014: R784 million) contributing to the net surplus for the year of R1.3 billion (2014: R1.5 billion).
- Gross contribution income increased year-on-year by 10.81% to R49.8 billion (2014: R44.9 billion), driven by the 9.9% headline contribution increase in 2015 and growth in net membership of 2.99%, off an already high base.
- Non-healthcare expenses continued to decline in line with the Scheme's strategic objectives. Annual administration fee increases were contained to consumer price inflation (CPI) minus 0.5% in 2015 and declined to 7.79% of gross annual contribution income from 7.98% in 2014.
- The most significant net membership growth was recorded in the mid-to low-tier options, where the Saver and KeyCare series recorded net membership growth of 22 389 and 14 046 respectively.
- The Scheme's financial strength and its ability to pay claims were once again confirmed, with a credit rating of AA+, the highest possible rating in the industry, from independent credit rating agency Global Credit Rating Co. The Scheme received this rating for the 15th consecutive year.
- Analysis has once again shown the Scheme remains the most affordable across the entire spectrum of healthcare plans available in the open medical scheme market on a like-for-like basis.
- The Discovery Health Medical Scheme and its administrator and managed healthcare provider, Discovery Health (Pty) Ltd, have introduced a range of technological and service innovations aimed at ensuring quality of care for members, greater control of costs and the improvement of members' experience in the healthcare system. Some of these initiatives include further functionality added to Discovery HealthID, the first electronic health record application in South Africa; a partnership to make genome screening available to members of the Scheme; Discovery Health on Call providing family doctor consultations through the Discovery app for members; the Smart Plan which makes it possible for members of the Scheme to manage their health plan and access provider networks through a smart phone; and the ability to submit photos of claims on a smart

phone or by scanning the QR codes on claims.

## **Attendance, motions and voting for Trustees**

The AGM was attended by just over 650 Scheme members with some members joining the proceedings via live streaming. This year, attendees also had to elect four Trustees. PricewaterhouseCoopers Advisory Services (Pty) Ltd (“PwC”) was appointed by the Board of Trustees to assist the Scheme’s independent Nomination Committee as the independent electoral body to oversee and manage the trustee nomination process, the proxy appointment process as well as the election and voting processes at the AGM.

In addition to one existing Trustee who made herself available for re-election, there were 111 high-calibre, eligible nominees representing a broad range of skills and experience. The vetting of the election results will be overseen by PricewaterhouseCoopers after which the names of the newly elected Trustees will be published on the Scheme’s website, [www.discovery.co.za](http://www.discovery.co.za).

To facilitate additional member engagement, a Member Forum was held following the formal proceedings and voting at the AGM. This was an informal communication session which gave members an opportunity to interact with the Principal Officer, Scheme management and the Trustees on specific matters of their choice. This was viewed as a valuable process and ensured that members of the Scheme were given a personal response to the matters they needed clarity on.

## **Overview of the Discovery Health Medical Scheme AGM**

*The year under review and the outlook for Discovery Health Medical Scheme.*

Attendees at the 2016 Discovery Health Medical Scheme AGM were given an overview of Discovery Health Medical Scheme’s Vested Outsourcing business model, which Streak confirmed “continues to yield significant value for the Scheme and its members”. This is evident in the Scheme’s innovation performance over an extended period as well as in the value generated for members. Streak also confirmed that the Scheme will focus on optimising the business model, based on international outsourcing best practice principles, and conducted an extensive review of the business model in March 2016 in

order to identify areas for improvement. Various additional processes and service level agreements have also been implemented to measure operational outcomes. Streak said, “The Board, in its focus on long-term sustainability, will continue to ensure best practice governance and legislative compliance.”

Another key area of focus will be to maintain the Scheme’s industry leading position and competitive advantage focusing on product development, contribution competitiveness and service. The Scheme will also further develop its clinical and other risk management interventions and strategies, and will continue its drive to make members of the Scheme healthier through increased wellness engagement at home and in the workplace.

Streak emphasised that to achieve its purpose, the Scheme must manage its relationships with all of its stakeholders in a way that balances their expectations and protects the long-term sustainability of the Scheme. He says the Board’s approach is to engage on the basis that working towards a common shared-value purpose is paramount. This common shared-value purpose would be to continue to offer increased value and ensure on-going access to affordable, quality healthcare for all Scheme members.

ENDS

Issued on behalf of Discovery Health Medical Scheme

Please direct all media related enquiries to Thulaganyo Khensani Mthombeni

Email [Khensanimth@discovery.co.za](mailto:Khensanimth@discovery.co.za) or call 071 886 9188

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### ***Discovery information***

#### **About Discovery Limited**

Discovery Limited is a South African-founded financial services organisation that operates in the healthcare, life assurance, short-term insurance, savings and investment products and wellness markets. Founded in 1992, Discovery was guided by a clear core purpose – to make people healthier and to

enhance and protect their lives. Underpinning this core purpose is the belief that through innovation, Discovery can be a powerful market disruptor.

The company, with headquarters in Johannesburg, South Africa, has expanded its operations globally and currently serves over 5 million clients across South Africa, the United Kingdom, the United States, China, Singapore and Australia. Discovery recently partnered with Generali, a leading insurer in Europe, and has partnered with John Hancock in the US. These new partnerships will bring Discovery's shared-value business model to protection industries in Europe and the US.

Vitality, Discovery's wellness programme, is the world's largest scientific, incentive-based wellness solution for individuals and corporates. The global Vitality membership base now exceeds three million lives in five markets.

Discovery is an authorised financial services provider and trades under the code "DSY" on the Johannesburg Securities Exchange.

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## Contacts



**Felicity Hudson**

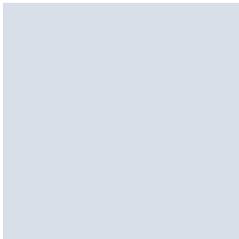
Press Contact

Head of Reputation Management

Discovery Group

media\_relations\_team@discovery.co.za

0115294514



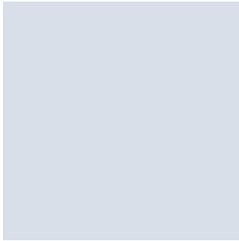
**Nthabiseng Chapeshamano**

Press Contact

Senior Reputation Manager

Healthcare & Sustainability

nthabisengc@discovery.co.za



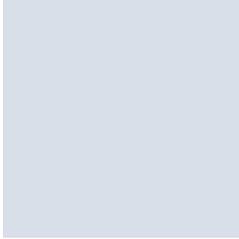
**Munene Khoza**

Press Contact

Senior Reputation Manager

Vitality & Wellness

[munenek@discovery.co.za](mailto:munenek@discovery.co.za)



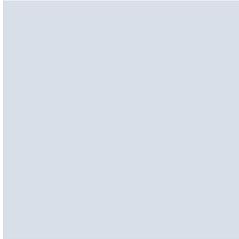
**Zeenat Moorad**

Press Contact

Senior Reputation Manager

Banking & investments

[zeenatm2@discovery.co.za](mailto:zeenatm2@discovery.co.za)



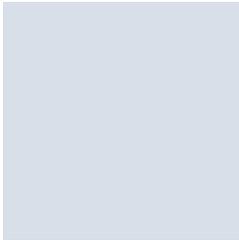
**Shanti Aboobaker**

Press Contact

Reputation Manager

Long and short term insurance

[shantia@discovery.co.za](mailto:shantia@discovery.co.za)



**Gugu Yika**

Press Contact

Reputation Management Consultant

Vitality & Sponsorships

[guguy@discovery.co.za](mailto:guguy@discovery.co.za)

0115298083