INTRODUCTION OF MEDICLINIC REPRESENTATIVES

• Koert Pretorius Chief Executive Officer
• Braam Joubert Chief Financial Officer
• Roly Buys Strategy Development Executive
• Schalk Burger SC
PURPOSE OF THE PRESENTATION

- To inform the public
- To provide insight on the interaction between Mediclinic and various stakeholders in the private healthcare sector
- To provide regulatory context
SCOPE OF THE PRESENTATION

• Provide a broad outline of Mediclinic's business
• Setting the scene for further engagements
• Await outcome of data, information and profitability analyses
INTRODUCTION TO MEDICLINIC
The South African private hospital market has three listed players; Netcare, Life Healthcare and Mediclinic. Together they account for c. 73% of the private hospital market.

<table>
<thead>
<tr>
<th>Listed Private Hospitals</th>
<th>South Africa Private Hospital Bed Market Share</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong># of Beds</strong></td>
<td><strong>South Africa Private Hospital Bed Market Share</strong></td>
</tr>
<tr>
<td>Netcare</td>
<td>Netcare 28%</td>
</tr>
<tr>
<td>Life</td>
<td>Life 23%</td>
</tr>
<tr>
<td>Mediclinic</td>
<td>Mediclinic 22%</td>
</tr>
<tr>
<td>NHN</td>
<td>NHN 11%</td>
</tr>
<tr>
<td>Independent</td>
<td>Independent 16%</td>
</tr>
</tbody>
</table>

**Source:** Company information, National Hospital Network, Broker estimates.
INTRODUCTION TO MEDICLINIC

GEOGRAPHIC FOOTPRINT

Source: Company information

**SOUTHERN AFRICA GEOGRAPHIC OVERVIEW**

<table>
<thead>
<tr>
<th>Region</th>
<th>Number of Hospitals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Western Cape</td>
<td>17</td>
</tr>
<tr>
<td>Northern Cape</td>
<td>2</td>
</tr>
<tr>
<td>Gauteng</td>
<td>12</td>
</tr>
<tr>
<td>Kwazulu-Natal</td>
<td>4</td>
</tr>
<tr>
<td>Limpopo</td>
<td>4</td>
</tr>
<tr>
<td>Mpumalanga</td>
<td>5</td>
</tr>
<tr>
<td>North West</td>
<td>2</td>
</tr>
<tr>
<td>Free State</td>
<td>3</td>
</tr>
<tr>
<td>Namibia</td>
<td>3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>52</strong></td>
</tr>
</tbody>
</table>
INTRODUCTION TO MEDICLINIC
OPERATIONAL OVERVIEW

SOUTHERN AFRICA OPERATIONAL OVERVIEW

- **Hospitals**: 52
- **Beds**: 7,983
- **Admitting Doctors**: 2,451
- **Employees**: 16,576
- **Day Clinics**: 2

SERVICE OFFERING

**Spectrum of Services (2014)**

- Internal Medicine: 26%
- General Surgery: 17%
- Obstetrics and Gynaecology: 15%
- Orthopaedics: 13%
- Urogenital: 7%
- Cardiac and Vascular: 7%
- ENT and Ophthalmology: 7%
- Oral and Maxillofacial Neurology: 5%
- Other: 1%

**Source**: Company information
INTRODUCTION TO MEDICLINIC

WHAT WE DO

• Acute care, specialist orientated, multi-disciplinary hospital services and related service offerings
  o ER24
  o Medical Human Resources (MHR)
  o Medical Innovations

• 6 higher education accredited nurse training centres

Source: Company information
REGULATORY CONTEXT
The Health Market Inquiry

Regulatory Context

- The Constitution
- The National Health Act
  - OHSC
- Competition Act
- Medical Schemes Act
- Regulatory Authorities
  - HPCSA; SANC; SAPC; Competition Authorities
- Provincial Departments of Health Licensing Regulations
MEDICLINIC
BUSINESS MODEL
MEDICLINIC BUSINESS MODEL PROVIDER ENVIRONMENT

HOSPITAL:
• Infrastructure (Land, Buildings, Equipment)
• Clinical Services (Nursing, Pharmacy)
• Support Services (Technical, Admin, Other)
• Separate Account

DOCTORS:
• Admission of Patients
• Management of Clinical Process
• Separate Account

RADIOLOGISTS, PATHOLOGISTS, AND ALLIED HEALTHCARE PROFESSIONALS:
• Act on instruction from referring doctor
• Separate Account

Source: Company information
# Illustrative Example: Composition of a Typical Hospital Account (Incl. VAT)

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
<th>Tariff Code/Price x Quantity (Volume)</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fee Income</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accommodation</td>
<td>(General Ward)</td>
<td>tariff code(price) x quantity (volume)</td>
<td>xxx</td>
</tr>
<tr>
<td>Accommodation</td>
<td>(ICU)</td>
<td>tariff code(price) x quantity (volume)</td>
<td>xxx</td>
</tr>
<tr>
<td><strong>Total Accommodation</strong></td>
<td></td>
<td></td>
<td>XXX</td>
</tr>
<tr>
<td><strong>Theatre</strong></td>
<td></td>
<td>tariff code(price) x quantity (volume)</td>
<td>xxx</td>
</tr>
<tr>
<td><strong>Equipment</strong></td>
<td></td>
<td>tariff code(price) x quantity (volume)</td>
<td>xxx</td>
</tr>
<tr>
<td><strong>Total Fee Income</strong></td>
<td></td>
<td></td>
<td>XXX</td>
</tr>
<tr>
<td><strong>Pharmaceutical Items</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ethicals</td>
<td></td>
<td>tariff code(price) x quantity (volume)</td>
<td>xxx</td>
</tr>
<tr>
<td>Surgicals</td>
<td></td>
<td>tariff code(price) x quantity (volume)</td>
<td>xxx</td>
</tr>
<tr>
<td><strong>Total Pharmacy</strong></td>
<td></td>
<td></td>
<td>XXX</td>
</tr>
<tr>
<td><strong>TOTAL ACCOUNT (Incl. VAT)</strong></td>
<td></td>
<td></td>
<td>XXX</td>
</tr>
</tbody>
</table>
MEDICLINIC BUSINESS MODEL

COMPOSITION OF HOSPITAL ACCOUNT

OVERVIEW OF A TYPICAL HOSPITAL ACCOUNT

Ethicals/Medicines
9%

Pharmacy
27%

Surgicals/Medical Devices
18%

Fee Income: Ward, Theatre and Equipment
73%

Source: Company information
OVERVIEW OF THE PHARMACEUTICAL COMPONENTS

- **Pharmacy Component**
  - Ethicals/Medicines
    - Regulated by SEP
    - (No dispensing fee charged)
  - Surgicals/Medical Devices
    - SEP does not apply
    - Billed at cost (Net Acquisition Price)

*Source: Company information*
MEDICLINIC BUSINESS MODEL

INPUT COSTS

• Hospitals are highly labour and capital intensive facilities

• Capital costs are not directly factored into the tariff escalation calculations

• Tariffs should be sufficient for:
  - the replacement of capital items and;
  - the opportunity cost of the capital employed
## MEDICLINIC BUSINESS MODEL
### BREAKDOWN OF OPERATING COSTS

<table>
<thead>
<tr>
<th>Input</th>
<th>Weights</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nursing Salaries</td>
<td>Between 47% and 51%</td>
</tr>
<tr>
<td>Other Salaries (Admin, Pharmacy, Technical)</td>
<td>Between 14% and 18%</td>
</tr>
<tr>
<td>Repairs and Maintenance</td>
<td>Between 4% and 6%</td>
</tr>
<tr>
<td>Electricity and Water</td>
<td>Between 2% and 4%</td>
</tr>
<tr>
<td>Rates and Taxes</td>
<td>Between 1% and 2%</td>
</tr>
<tr>
<td>Catering, Laundry and Cleaning</td>
<td>Between 7% and 9%</td>
</tr>
<tr>
<td>Other (ICT, Audit Fees, Insurance, etc)</td>
<td>Between 16% and 20%</td>
</tr>
</tbody>
</table>

Source: Company information
MEDICLINIC BUSINESS MODEL
CAPITAL COSTS

• Specialised building according to regulations
• Specialised medical equipment, mainly imported and complying with European and American patient safety and quality standards
• Technology innovation
PATIENTS
"Patients First @ Mediclinic"

Value of care delivered through:

- Superior clinical quality;
- Maximising the patient experience;
- Managing cost efficiencies

THE VALUE EQUATION

\[ \text{VALUE} = \frac{\text{Clinical Quality} \times \text{Patient Satisfaction}}{\text{Cost per Event}} \]

Source: "The Strategy That Will Fix Health Care", Michael E. Porter, Thomas H. Lee; Company information
PATIENTS
HOSPITAL COMMUNICATION

• Website
  o Pre-admission form
  o Explanation of hospital billing
  o Private tariff schedule
  o Doctor/hospital search
• Nurse driven pre-admission clinic
• Provide information on medical scheme’s benefits
• Communicate with medical scheme on patient’s behalf
• Patient complaint and compliment system

Source: Company information
PATIENTS
CLINICAL QUALITY INITIATIVES

STRUCTURE
- COHSASA Accreditation
- Department of Health Inspections
- National Core Standards
- Organisational Structure

PROCESS
- CURA Clinical Risk Register & Audits
- Best Care…Always! Compliance
- Icnet Surveillance

OUTCOME
- Clinical Key Performance Indicators
- Outcome Databases
- HEM System/Legal Reports

Source: Company information
PATIENTS CLINICAL QUALITY INITIATIVES

ANTIMICROBIAL UTILISATION INDICATORS – MEDICLINIC SOUTHERN AFRICA (2012-2015 (YTD))

DEVICE ASSOCIATED INFECTIONS – MEDICLINIC SOUTHERN AFRICA (2012-2015 (YTD))

Source: Company information
PATIENTS
PATIENT EXPERIENCE

PRESS GANEY – MEDICLINIC SOUTHERN AFRICA (2014-2016 (JAN))

24 897 patient voices heard from the survey’s inception on 1 September 2014 – 25 January 2016

10 improvement opportunities for every hospital: to make the biggest impact on the patient’s experience, where it matters most

Average eSurvey response rate: 21%

MCSA results benchmarked against more than 1 800 hospitals globally

Source: Company information
# PATIENTS
## PATIENT EXPERIENCE

<table>
<thead>
<tr>
<th>PRESS GANEY INPATIENT</th>
<th>MCSA Average Mean Score</th>
<th>Press Ganey Average Mean Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall</td>
<td>81.7</td>
<td>87.1</td>
</tr>
<tr>
<td>Admission</td>
<td>85.5</td>
<td>87.8</td>
</tr>
<tr>
<td>Room</td>
<td>77.2</td>
<td>84.3</td>
</tr>
<tr>
<td>Meals</td>
<td>77.5</td>
<td>82.5</td>
</tr>
<tr>
<td>Nurses</td>
<td>81.5</td>
<td>90.5</td>
</tr>
<tr>
<td>Tests and Treatments</td>
<td>82.7</td>
<td>88.1</td>
</tr>
<tr>
<td>Visitors and Family</td>
<td>82.0</td>
<td>89.0</td>
</tr>
<tr>
<td>Physician</td>
<td>85.5</td>
<td>87.8</td>
</tr>
<tr>
<td>Discharge</td>
<td>81.0</td>
<td>85.8</td>
</tr>
<tr>
<td>Personal Issues</td>
<td>80.0</td>
<td>87.2</td>
</tr>
<tr>
<td>Overall Assessment</td>
<td>84.7</td>
<td>90.4</td>
</tr>
</tbody>
</table>

*Source: Press Ganey*
MEDICLINIC INITIATIVES
COST PER EVENT

EXAMPLE: HOSPITAL ENGAGEMENT WITH A DOCTOR ON COST PER EVENT (INITIAL KNEE REPLACEMENT)

Source: Company information
HEALTHCARE PROFESSIONALS
HEALTHCARE PROFESSIONALS
SHORTAGE OF HEALTHCARE PROFESSIONALS

### DOCTORS (GPS AND SPECIALISTS) PER 100,000 PEOPLE

<table>
<thead>
<tr>
<th>Region</th>
<th>NANDH</th>
</tr>
</thead>
<tbody>
<tr>
<td>Developing Sub-Saharan Africa</td>
<td>19,95</td>
</tr>
<tr>
<td>South Africa (2013)</td>
<td>77,60</td>
</tr>
<tr>
<td>Developing Middle East and North Africa</td>
<td>142,17</td>
</tr>
<tr>
<td>World</td>
<td>152,19</td>
</tr>
<tr>
<td>Developing East Asia and Pacific</td>
<td>154,42</td>
</tr>
<tr>
<td>Developing Latin America and Caribbean</td>
<td>197,47</td>
</tr>
<tr>
<td>Developing Europe and Central Asia</td>
<td>260,82</td>
</tr>
<tr>
<td>OECD countries</td>
<td>272,06</td>
</tr>
</tbody>
</table>

### NUMBER OF TOTAL NURSES PER 100,000 PEOPLE (2010 OR LATEST YEAR AVAILABLE)

<table>
<thead>
<tr>
<th>Region</th>
<th>NANDH</th>
</tr>
</thead>
<tbody>
<tr>
<td>Developing Sub-Saharan Africa</td>
<td>111,47</td>
</tr>
<tr>
<td>Developing East Asia and Pacific</td>
<td>174,86</td>
</tr>
<tr>
<td>Developing Middle East and North Africa</td>
<td>213,06</td>
</tr>
<tr>
<td>World</td>
<td>326,44</td>
</tr>
<tr>
<td>South Africa (2013) adjusted</td>
<td>403</td>
</tr>
<tr>
<td>Developing Latin America and Caribbean</td>
<td>436,37</td>
</tr>
<tr>
<td>Developing Europe and Central Asia</td>
<td>591,24</td>
</tr>
<tr>
<td>OECD countries</td>
<td>773,34</td>
</tr>
</tbody>
</table>

Source: Econex Presentation, HASA conference 2014
HEALTHCARE PROFESSIONALS
RELATIONSHIP WITH SUPPORTING DOCTORS

• Clinical and business independence
  o Admit and discharge patients
• Recruitment
• Admission privileges
• Consulting rooms
• Shareholding

Source: Company information
MEDICAL SCHEMES, ADMINISTRATORS AND MANAGED CARE ORGANISATIONS
MEDICAL SCHEMES, ADMINISTRATORS & MANAGED CARE ORGANISATIONS

• National tariff negotiations
• Robust negotiation process
• Countervailing power through:
  o Scheme size
  o Comprehensive data
  o Network arrangements
• No distinction between PMB and non-PMB
• Information sharing

Source: Company information
SUPPLIERS
AND SUPPORT SERVICES
SUPPLIERS AND SUPPORT SERVICES

- Pharmaceutical and medical equipment suppliers (mainly imported goods)
- Catering, laundry, cleaning, security, medical waste management, etc

Source: Company information
EXPENDITURE ON PRIVATE HOSPITAL SERVICES
EXPENDITURE ON PRIVATE HOSPITAL SERVICES

DRIVERS OF EXPENDITURE

• Increases in healthcare expenditure a function of:
  1. **Price** of:
     o hospital services
     o pharmaceuticals
  2. **Quantity** of medical services
  3. **Intensity** of the medical services used

*Source: Company information*
EXPENDITURE ON PRIVATE HOSPITAL SERVICES

DRIVERS OF EXPENDITURE

BREAKDOWN OF MEDICLINIC’S INCREASE IN REVENUE BY SOURCE (2010 - 2013)

Source: Company information
EXPENDITURE ON PRIVATE HOSPITAL SERVICES

DRIVERS OF EXPENDITURE

INCREASE IN THE NUMBER OF MEDICLINIC ADMISSIONS BY AGE BAND 2002 TO 2013

Source: Company information
EXPENDITURE ON PRIVATE HOSPITAL SERVICES

Drivers of expenditure

The cost of a Mediclinic inpatient admission by age (2013)

Source: Company information
PERCENTAGE OF INPATIENT ADMISSIONS ADMITTED TO MEDICLINIC WITH DIABETES, HYPERTENSION OR HYPERLIPIDAEMIA (2010-2013)

Source: Company information
PERCENTAGE OF MEDICLINIC INPATIENT ADMISSIONS WITH MULTIPLE CHRONIC CONDITIONS (CDL) (2010-2013)

Source: Company information
EXPENDITURE ON PRIVATE HOSPITAL SERVICES

DRIVERS OF EXPENDITURE

THE COST PER INPATIENT ADMISSION BY THE NUMBER OF CHRONIC CONDITIONS PREVALENT (2013)

<table>
<thead>
<tr>
<th>Condition</th>
<th>Cost per Inpatient Admission (Rand)</th>
</tr>
</thead>
<tbody>
<tr>
<td>No CDL or One CDL</td>
<td>R 21 196</td>
</tr>
<tr>
<td>Two CDLs</td>
<td>R 33 368</td>
</tr>
<tr>
<td>Three CDLs</td>
<td>R 35 370</td>
</tr>
<tr>
<td>Four CDLs</td>
<td>R 42 385</td>
</tr>
</tbody>
</table>

Source: Company information
Patient A:
- 50 year old patient
- Normal body mass index (BMI)
- No underlying chronic conditions

Expected Account (Excluding Prosthesis)

Base Cost

Patient B:
- 72 year old patient
- Severely obese
  - Diabetes Mellitus

Expected Account (Excluding Prosthesis)

Additional R7,600

Patient C:
- 85 year old patient
- Morbidly obese
  - Diabetes Mellitus
  - Hypertension

Expected Account (Excluding Prosthesis)

Additional R28,941

Source: Company information
PRICE AND INPUT COST INCREASES AT MEDICLINIC’S HOSPITALS
FACTORS DRIVING PRICE INCREASES
HOSPITAL TARIFF INCREASES

• Hospital input cost increases above CPI

• Nursing salaries are the largest operating input costs with high inflation due to the critical shortage of nurses and competition for nurses with the public sector

• Electricity and food show increases consistently above CPI

INPUT COST AS % OF OPERATING COST (EXCL. PHARMACY)

<table>
<thead>
<tr>
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<th>Weights</th>
</tr>
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<tr>
<td>Catering, Laundry and Cleaning</td>
<td>Between 7% and 9%</td>
</tr>
<tr>
<td>Other (ICT, Audit Fees, Insurance, etc.)</td>
<td>Between 16% and 20%</td>
</tr>
</tbody>
</table>

Source: MCSA; “other” refers to For example, security costs, computer costs, insurance and audit fees.
FACTORS DRIVING PRICE INCREASES
HOSPITAL TARIFF INCREASES

Indexed Increase in Mediclinic’s Largest Operating Input Costs Compared to the Mediclinic Tariff Increase and CPI

Source: Company Information
### FACTORS DRIVING PRICE INCREASES

#### CAPITAL EXPENDITURE

**GROWTH IN THE BER BCI AND DEPRECIATION OF THE RAND AGAINST THE EURO OVER A FIVE YEAR PERIOD**

<table>
<thead>
<tr>
<th>Date</th>
<th>BER BCI (annual rate)</th>
<th>Rand / Euro exchange rate (closing rate)</th>
</tr>
</thead>
<tbody>
<tr>
<td>September 2009</td>
<td>-2.86%</td>
<td>10.81</td>
</tr>
<tr>
<td>September 2010</td>
<td>-0.28%</td>
<td>9.48</td>
</tr>
<tr>
<td>September 2011</td>
<td>6.10%</td>
<td>10.78</td>
</tr>
<tr>
<td>September 2012</td>
<td>7.80%</td>
<td>10.69</td>
</tr>
<tr>
<td>September 2013</td>
<td>5.00%</td>
<td>13.65</td>
</tr>
<tr>
<td>September 2014</td>
<td>8.60%</td>
<td>14.29</td>
</tr>
<tr>
<td><strong>Cumulative growth rate (2009 - 2014)</strong></td>
<td><strong>30.06%</strong></td>
<td><strong>32.15%</strong></td>
</tr>
</tbody>
</table>

- Provision for future capital expenditure
  - Development cost for new hospitals (R2.5 – R3.5 million per bed)
  - Replacement of equipment (2.5% of revenue per annum)

Source: Company Information
FACTORS DRIVING PRICE INCREASES
HOSPITAL TARIFF INCREASES

FIXED COST EFFICIENCY PASSED ON TO MEDICAL SCHEME MEMBERS FROM OPERATIONAL EFFICIENCIES (INCREASING OCCUPANCY)

Source: Company information
FACTORS DRIVING PRICE INCREASES
PHARMACEUTICAL COST

• Surgicals/medical devices:
  o Prices not regulated
  o Prices negotiated with suppliers
  o Sold at Net Acquisition Price (at cost)

• Ethicals/medicines:
  o Regulated according to SEP
  o No negotiations with suppliers
  o SEP does not mean prices in South Africa are sufficiently contained
## FACTORS DRIVING PRICE INCREASES
### COMPARATIVE STUDY ON SEP

**WEIGHTED AVERAGE PRICE DIFFERENTIAL BETWEEN DUBAI AND SOUTH AFRICA (2014)**

<table>
<thead>
<tr>
<th>Product category</th>
<th>Weighted average price difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anticoagulant</td>
<td>-38%</td>
</tr>
<tr>
<td>Anaesthetic - parenteral</td>
<td>-45%</td>
</tr>
<tr>
<td>Haemostatic</td>
<td>-61%</td>
</tr>
<tr>
<td>IV solution - volume expander</td>
<td>-59%</td>
</tr>
<tr>
<td>Parenteral nutrition</td>
<td>-22%</td>
</tr>
<tr>
<td>Surfactant</td>
<td>-92%</td>
</tr>
</tbody>
</table>

**WEIGHTED AVERAGE PRICE DIFFERENTIAL BETWEEN SWITZERLAND AND SOUTH AFRICA (2014)**

<table>
<thead>
<tr>
<th>Product category</th>
<th>Weighted average price difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anticoagulant</td>
<td>-44%</td>
</tr>
<tr>
<td>Bone Cement</td>
<td>-27%</td>
</tr>
<tr>
<td>Cytostatic</td>
<td>-48%</td>
</tr>
<tr>
<td>IV solution - volume expander</td>
<td>-61%</td>
</tr>
<tr>
<td>Pain management</td>
<td>-59%</td>
</tr>
</tbody>
</table>

Source: Company information
### FACTORS DRIVING PRICE INCREASES

#### REASONABLENESS OF PRICE

**COMPARISON OF AVERAGE COST PER ADMISSION FOR PRIVATE HOSPITALS 2010 AND PUBLIC HOSPITALS 2010/11**

<table>
<thead>
<tr>
<th>Public-sector average cost per admission</th>
<th>8,775</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private-sector average cost per admission</td>
<td>9,284</td>
</tr>
<tr>
<td><strong>Ratio of average cost per admission</strong></td>
<td>1.058</td>
</tr>
</tbody>
</table>

Cost of admission in private hospital is only 5.8% higher than the cost in a public hospital.

*Source: Ramjee S, Comparing the cost of hospitalisation across the public and private sectors in South Africa, October 2013*
FACTORS DRIVING PRICE INCREASES
REASONABLENESS OF PRICE

MEDICAL SCHEMES TOTAL BENEFITS PAID 2014

Private Hospitals 37.6%
Other 62.5%

OVERVIEW OF A TYPICAL HOSPITAL ACCOUNT

Medicines 9%
Medical Devices 18%
Fee Income: Ward, Theatre and Equipment 73%

15% Discount on Hospital Tariff Equates to:
50% Reduction in Hospital EBITDAR margin
4% Once-off reduction in the contribution rate
(Less than R60 per beneficiary per month on an average premium of R1,410)

Source: CMS Annual Report 2014/2015; Company information
FACTORS DRIVING PRICE INCREASES
OECD/WHO RESPONSE

SOME INITIAL COMMENTS

• Samples are not comparable
• PPP adjustments are insufficient
• Growth and demographic profile of medical scheme beneficiaries not controlled for
• Patient profiles specific to the sample not controlled for
• Conclusions unsubstantiated due to flawed analysis
CONCLUDING REMARKS
CONCLUDING REMARKS

- Increases in expenditure by medical schemes on private hospital services cannot be benchmarked with reference to CPI.
- Increases in expenditure are driven by increases in hospital price and utilisation.
- Increases in hospital prices are marginally above CPI due to above inflationary increases in significant input costs.
- Increases in utilisation are driven by amongst others the aging patient profile, burden of disease and anti-selection.
CONCLUDING REMARKS

In order to ensure a sustainable and more efficient private healthcare market, the focus must be on:

• Regulatory reform aimed at ensuring the stability and viability of the medical scheme risk pool
• Removing barriers to develop integrated delivery models
• Effective and accessible training facilities for nurses and doctors
• A more effective public healthcare sector
QUESTIONS