



5 MARCH 2015

FOR ATTENTION: NATALIE ZIMMELMAN

Chief Executive Officer
South African Society of Anaesthesiologists
P O Box 1935
DURBAN
4000

Dear Natalie

We refer to our discussion held on 2 March 2015 regarding statements and analyses performed by Insight Actuaries and Consultants (Pty) Ltd (previously The Health Monitor Company (Pty) Ltd) regarding Prescribed Minimum Benefits (PMBs).

We acknowledge that several industry submissions have apparently quoted or drawn from these analyses and that you requested us to provide context and clarification in this regard.

To this end, I confirm the following:

- We have used Anaesthetists as *an example* of a specialist discipline where exploitative PMB billing appears to be prevalent within some practices. This example was not intended to be construed or interpreted as to mean that the Anaesthetist speciality is the only specialist discipline in which practices of this nature is observed. We have noted in public forums that similar behavioural patterns (albeit of different orders of magnitude) are visible in other professional disciplines as well.
- The Insight database of medical scheme experience, based on which these analyses was performed, covers approximately 40% of the medical scheme industry. The majority of Insight's clients do not have contractual relationships with Anaesthetists and it would be fair to say that our analyses are reflective of the manner in which PMB billing and reimbursement plays out in the absence of a contractual relationship between scheme and provider.
- In our view, the exploitation of PMBs represented in our analyses is not systemically observed as a practice exhibited across *all* practices (within any specific discipline). Notwithstanding this, the trend appears to be becoming increasingly prevalent over time.

Regards

A handwritten signature in black ink, appearing to read "Christoff Raath", is written over a faint, geometric wireframe background.

CHRISTOFF RAATH

JOINT CEO: INSIGHT ACTUARIES & CONSULTANTS