

Benefits and contributions increase for 2010

For the new benefit year commencing 1 January 2010, members will pay an average of 11.6% more in monthly contributions. Changes to benefit limits are reflected on page 4.

With medical inflation still far outstripping overall inflation, medical schemes continue to be challenged to balance quality health-care benefits with reasonable contributions.

Added to the challenges faced by medical schemes in general, the Society's membership has also seen significant change due to Company restructuring. This change has resulted not only in the Society receiving less income from contributions, but there has also been an increase in the amount claimed per member due to an abnormal increase in the average age of the membership as a result of the loss of working members due to restructuring.

Fortunately, as the De Beers Benefit Society is a not-for-profit closed medical scheme, it is in a much better position than commercial open schemes to balance quality benefits with affordable contributions. A far smaller proportion of member contributions (7.5% in the case of the DBBS) is spent on administration costs and no brokerage fees are payable, whereas in the case of the larger open schemes as much as 17.3% of member contributions is spent on net non-healthcare expenses (Council for Medical Schemes 2008/9 report).

Part of the Trustees' strategy of optimally balancing benefits and contributions, is to use tools such as pre-authorisation, case management and the soon to be introduced Generic Reference Pricing (read more about this on page 2). Although these measures may seem limiting to some members, we urge you to see these as necessary and effective tools used elsewhere in the industry to enable your Society to continue



WIN! SEE PAGE 4

offering you a wide range of superior medical benefits at market-related prices, backed up with outstanding personalised service.

Turn to the back page for more details on your new contributions and benefit limits. You can also find more information on your 2010 benefits in the Member Guide for 2010, included with this newsletter.

Make your vote count

With a new round of Benefit Society Trustee Elections around the corner, make sure your interests are represented at Board level by nominating and voting for your ideal candidate(s). Please read the Trustee Election brochure inserted with this newsletter for more information.

Benefit Society query line
053 807 3400

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- Generic Reference Pricing - how will it affect you?
- Benefit changes for the new year



Generic (Medicine) Reference Pricing - how will it affect you?

Aligned to practice employed elsewhere in the medical aid industry, the Society will from 1 January 2010 base its medicine benefits on the cost of generic medicines (called generic reference pricing), rather than brand-name medicines. It is estimated that the introduction of GRP will lead to a saving of R2 016 728 per annum on the cost of chronic medication alone. It will not affect members who have already switched to using generic medicines or those who switch to using generic medicines. It will, however, have a cost impact on members who prefer to continue using brand-name medicines.

An expensive misconception

Because generic medicines are less expensive than brand-name medicines, there is a general misconception that it is not as good as the original brand-name medicines. This misconception carries a cost as members who continue using brand-name medicines are spending far more on medicines than is necessary. Higher claims for medicines translate to higher contributions for members.

What are generic medicines?

Generic medicines are identical to the original product in terms of active ingredients and strength, and are as safe and effective as the original brand medicines. Please read the article on the next page for more information about generic medicines.

Members benefit directly

By using generic medicine, you can get more medicine within your benefit limit. This is because generic medicines are generally between 20% and 40% lower in cost than the original brand medicines. The more expensive your medicines (such as the brand-name medicines), the sooner you will exhaust your benefit.

In view of the cost impact, the Trustees of the Society have therefore decided to introduce generic reference pricing (GRP) from 1 January 2010, for both acute and chronic medication, after research into current industry best practice. This system will not cost members any more, and will enable members to 'get more' out of their medicine benefit limits. It will reduce medical scheme claims costs and, subsequently, have a positive effect on member contributions required.

How does GRP work?

The GRP model calculates the average price of generically equivalent products that have been grouped together. This grouping of medicines and average price is reviewed by a panel of clinical experts to ensure the appropriateness, as well as the availability, of products which may be purchased at this reference price.

This change was especially necessary after an in-depth analysis of members' medical expenditure over the last two years showed a dramatic increase in the proportion of members who have chronic conditions and require chronic medication. (This increase is mainly as a result of Company restructuring that resulted in the loss of many active members and led to the Benefit Society now having a higher pensioner to active member ratio.)

How to make the most of GRP

- Doctors and pharmacists are very familiar with the generic equivalents of brand-name medicines. Ask your doctor or pharmacist if the medicine that is being prescribed/dispensed will be covered by the DBBS GRP. If not, **request that he/she prescribes/dispenses medication that falls within the reference price limit. (The DBBS GRP will be available electronically on pharmacy systems)**
- Pharmacists may change your prescribed medicine to one of the generic alternatives, substituting your medicine as allowed for in terms of the SA Pharmacy Act. In such a case, there is no need to have a new prescription issued by your doctor, as you are simply required to give your pharmacist permission to provide the generic equivalent medicine.
- You can contact the Society on 053 807 3400 for more information on your generic equivalent options. Alternatively, use the lookup facility on the Society's website on www.dbbs.co.za. You must first log in to your profile and then choose 'Medicine Search' on the top right-hand bar. Simply type in the name of the original product and then click on Generic Equivalent to find a list of generically equivalent products. You can then compare the price of these medicines to the reference price for that group of medicines and decide on the appropriate medicine, in consultation with your pharmacist.

Members on the chronic medication programme

In addition to the above, all members registered on the chronic medication program will receive a personalised letter outlining their current authorised chronic medication, the current cost of the medication as well as the generic reference price for the generic equivalents. Members will then be able to assess what their additional levy for the chronic medication will be, if they do not wish to switch to the generic equivalent medication that is available.

Generic Medicines

Cost implications to you, the member

Generic medicine users

If you have already switched to using generic medicine and you use a generic medicine that costs the same or less than the generic reference price, you will not be affected in any way by the introduction of GRP. It could happen that a particular generic medicine may be priced higher than the GRP, in which case members are requested to use a generic medicine that is equal or lower than the GRP to ensure that no additional levy is incurred.

Brand-name medicine users

Members who prefer not to use generic medicine, or use medicine (brand-name or generic medicine) that is more expensive than the reference price, will be liable for the difference between the actual claimed amount and the generic reference price.

This additional levy will be recovered from members in the same way that the standard 30% co-payment on acute medicines is recovered, namely via the payroll, pension fund or direct debit system if you have a credit limit approved by the Society. Members who have no credit limit and are "Cash Payers" will continue to be required to pay the co-payment and levy at the point of sale.

If no generically equivalent product is available, or medicine is non-substitutable

In cases where no generic substitute is available, the original product will continue to be supplied as per current practice (chronic medicines have no co-payment while acute medicines carry an automatic 30% co-payment) until a generic substitute is registered with the Medicines Control Council. There will be no additional co-payments on such medication.

There are a few non-substitutable medicines, as defined by the Medicines Control Council (for example Epanutin), on which your pharmacist will advise you when you request generic equivalent medicines. In these cases no GRP exists and therefore no additional levy will be charged.

Frequently asked questions



What are generic medicines?

A generic (also called generically equivalent) medicine is a product that is identical to the original product in terms of active ingredients and strength. In South Africa, once a drug company has approval from the Medicines Control Council to sell their newly developed medicine, they have patent protection that effectively lasts between 5 and 15 years. During this time, no other company may manufacture this specific drug.

Once the patent period has expired, any other drug company may produce the medicine under a different commercial name, using the same active ingredients and may sell their product, provided it has been registered with the Medicines Control Council and its quality has been approved by the Council. South Africa is privileged to have some of the world's leading generic manufacturers, producing quality, affordable medicines.

Why are generic medicines cheaper than brand-name medicines?

The difference in price is due to up-front research costs. Before a medicine is approved, the drug company that developed the original product would have spent large sums of money on research and development. Once for sale on the market, this drug company will attempt to recover these costs and endeavour to make a profit on their investment.

Generic medicines are cheaper, as the manufacturers do not incur the associated costs for the long and expensive process associated with research and development. Generic drug companies can simply copy the formula in terms of active ingredient and strength, once the patent period has expired.

Service providers to be paid via EFT only

In the interest of efficiency and reduced risk insofar as fraud is concerned, the Society's policy is to pay all service providers via electronic funds transfer (EFT) only. In view of this, members are encouraged to advise their service providers accordingly to ensure that they receive their payment timeously.

WIN!

Congratulations!

The following members each won a health hamper, after answering the easy question in the previous edition:

- **Lerato Pretorius**
– Voorspoed Mine
- **Christoffel Matthee**
– Orkney
- **Bernhardine Romanes**
– Cape Town Supply Centre
- **Pheonah Salani**
– Voorspoed Mine
- **Vivienne Mellet**
– Cape Town Supply Centre

Competition

Answer one easy question and stand to win one of five health hampers

Question: Is the following statement (which can be found elsewhere in this newsletter) TRUE or FALSE?

A generic medicine is a product that differs from the original product in terms of active ingredient and strength.

Simply send us your answer, together with your name and contact number, by 20 November 2009. Winners of the five health hampers, sponsored by Healthcare Pharmacies, will be announced on our website and in the next issue of Benefit Beat.

Post: BB Competition, PO Box 1922, Kimberley, 8300

E-mail: benefitpost@debeersgroup.co.za, using the subject line "BB Competition"

Note: Only members of the Society and their family may enter. If you have won a prize in the last 6 months, your entry will not be eligible.



Getting help in an emergency - it's your call

As a member of the Society, you have unlimited access to emergency medical transportation on a 24-hour basis*, simply by calling call ER24 on

084 124.

*Must be authorised by ER24.

Changes for the new benefit year

Benefits and contributions are two components of the Benefit Society that affect you as a member. This page highlights the major changes for next year.

BENEFITS 2010

Please refer to the enclosed Member Guide or visit www.dbbs.co.za for specific information on benefits for 2010 and their respective limits. There are, however, a few specific changes to certain benefits for the coming year, including:

- The introduction of an oncology limit of R160 000 per annum per beneficiary and subject to prescribed minimum benefits.
- A reduction in the benefit available for the purchase of wheelchairs to align the Society to industry norms in this regard.
- The introduction of Generic Reference Pricing – GRP (as explained on pages 2 and 3 of this newsletter)
- The introduction of a R30 000 limit for internal prostheses

CONTRIBUTIONS 2010 - HOW MUCH WILL YOU PAY NEXT YEAR?

The table below shows the total monthly contributions effective from 1 January 2010.

Salary/pension (R per month)	Category	Principal member	Adult dependant	Child Dependant
R 0 - R 5 000	A, B, C, D	R1 438	R1 438	R390
R 5 001 - R 7 000	E	R1 515	R1 515	R411
R7 001 - R9 000	F	R1 592	R1 592	R431
R9 001 +	G	R1 668	R1 668	R450



Please note that any Company subsidy that may apply to these contributions may vary, as it is determined by your conditions of employment.

Society's contact details

Should you wish to contact the Society, please use one of the following:

E-mail:

benefitpost@debeersgroup.com

Website:

www.dbbs.co.za

(where you can check your personal details and benefits as well)

Phone: 053 - 807 3400

Fax: 053 - 807 3499

Post: PO Box 1922, Kimberley, 8300