

Where are we now?

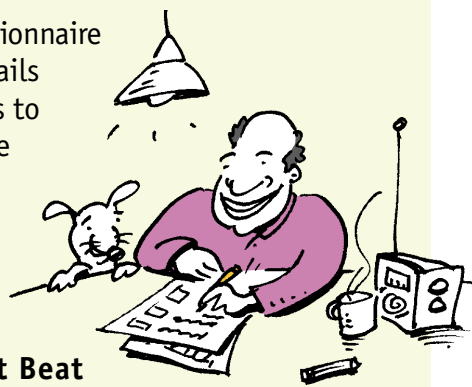
The average increase in contributions over the past 3 years has been 16,3% per annum. The trend of annual contribution increases, which compares favourably with medical inflation, looks set to continue. **Can you and other members afford this?**

The Society's forecast shows a projected operating shortfall of R8 million for 1999. It is only through the income earned from investments that this shortfall is expected to be covered. **Can the Society remain viable and sustainable?**

A special sub-committee has been formed which, together with the Society's actuaries, will be **recommending any changes required for the Benefit Society to remain a stable and viable scheme today and in the future.** The Management Committee will then present members with proposals for consideration.

Your input is urgently required so that your needs can be considered. **Please complete the enclosed questionnaire and post it in the envelope provided by no later than 4 June 1999.**

Section 1 of the questionnaire contains member details while Section 2 relates to your comments on the current and future structure of the Benefit Society. Before completing the questionnaire, **please read Benefit Beat** (especially where information relates to the questionnaire).



There are several options to be considered under the managed care approach that could limit future contribution increases. Read more about it in Industry Beat on this page!

INDUSTRY BEAT

- managing care and costs

In order for a medical scheme to be sustainable, increasing medical costs and claims must be brought under control quickly and efficiently.

"Managed Care" is a cost control approach that has been adopted by many schemes and aims to manage costs by managing the care that members receive without compromising the quality of this care.

Two very popular managed care tools that could be used are a **Chronic Medication Management System** and a **Personal Medical Account** structure. These are discussed in more detail below.

1 "Chronic medication management system" (Refer to question 8 in the questionnaire)



Medication can broadly be classed as chronic or acute.

- *Chronic medication is usually life-sustaining and used on a continuous basis for three months or longer, for example, medication for high blood pressure or asthma.*
- *Acute medication, also referred to as day-to-day medicine, is, for example, colds and flu medication.*

A chronic medication management system will allow the scheme to set a higher limit for **registered** chronic medication users. At the same time, these higher benefits are compensated for by a reduction in the benefits for acute medicine.

2 "Personal Medical Account" (Refer to question 11 in the questionnaire)

This tool distinguishes between major medical and day-to-day expenses as illustrated in the table below.

MAJOR MEDICAL EXPENSES	DAY-TO-DAY MEDICAL EXPENSES
<ul style="list-style-type: none"> • high cost • usually infrequent • generally out of the member's control e.g. hospitalisation and chronic medication 	<ul style="list-style-type: none"> • medium/low cost • more frequent • generally under the member's control, e.g. physiotherapist, GP visits and acute medication

All contributions to a medical scheme that includes a personal medical account are allocated as follows:

A portion of the contributions is paid into the medical scheme's **risk pool**. This pool is used to pay for **major medical expenses** for all members, also referred to as insured benefits.

The balance of the contributions is paid into a **personal medical account** for **each** member to cover his/her own **day-to-day medical expenses**. The personal medical account allows each member to manage expenses over which he/she has control.

A personal medical account **can be used**, for example, to cover:

- *a percentage of certain day-to-day medical expenses,*
- *shortfalls on limits, e.g. specialised dentistry, or*
- *co-payments on benefits provided by the medical scheme.*

In traditional schemes, such as the existing structure of the De Beers Benefit Society, all contributions are pooled together. This pool is then used to pay for all medical claims that the Society receives from its members. This pooling of contributions means that if you are a low claimer or a healthy member, your contributions will help to pay for less healthy members with high medical claims. This is called cross-subsidisation. (Refer to questions 15, 16 & 17 in the questionnaire)

A personal medical account removes a degree of cross-subsidisation in that it allows individual members to control the money in their own account and to ensure that it is used in the most efficient way possible.

Further managed care options include:

- *hospital pre-authorisation and case management (currently used by your Society)*
- *use of generic medicines*
- *contracts with preferred providers*
- *limits on total annual expenditure per member*
- *fitness incentives*

Your Management Committee will consider these and other managed care tools when reviewing the Society's structure.

You can help NOW



As members, you have a say over which medical service provider you visit as well as how much you are prepared to pay for a service.

This illustration shows a tank (current pool of contributions) with an outlet (tap) to pay medical claims. But what about all the leaks? The leaks are paying for unnecessary visits to medical service providers, etc. The leaks are feeding those medical service providers who are trying to get as much from the tank as possible.

By choosing efficiently between medical service providers, namely getting the most appropriate care for your money, you can help to keep costs down and close these leaks.

It is vital that you **take on the responsibility** to ensure that you get quality medical care for each Rand spent from the Society's pool of contributions. You can make a difference today!



QA CARE



You can now request hospital pre-authorization by e-mailing QA Care at: admission@qacare.co.za or contact them on:

RSA 0800 111 669 (toll-free)

Botswana 0027 11 285 6600



If you have queries regarding any of the information in this newsletter, please call (053) 807 3363 or send an e-mail to: benefitsociety@debeers.co.za

KEEP US IN ON YOUR BEAT WITH BENEFIT POST!

We'd like to hear from you if there are topics that are of interest to you, perhaps of concern to you or just something that you'd like to know more about.

e-mail us at:

benefitpost@debeers.co.za

or write to:

Benefit Post
c/o De Beers Benefit Society
P O Box 1922
Kimberley
8300

BENEFIT BEAT

COMMUNICATING WITH MEMBERS OF THE DE BEERS

BENEFIT SOCIETY

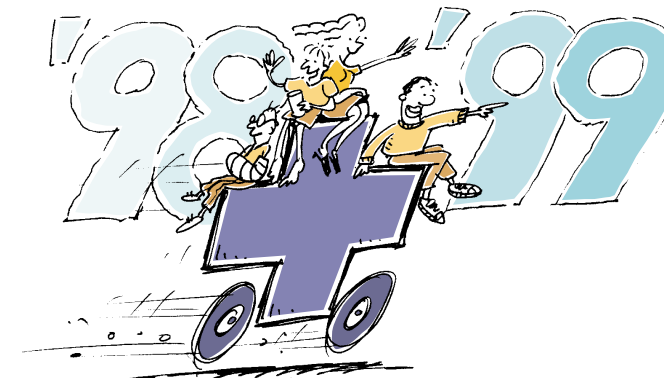
MAY 1999

ISSUE NO.2

THE BEAT IN 1999...

Towards the end of 1998, you received your first edition of Benefit Beat. In that issue we showed:

- how a traditional medical scheme like the De Beers Benefit Society operates
- that contributions were not keeping up with the increase in claims and medical costs
- that shortfalls had to be covered by income earned on investments
- what the Management Committee would be doing to ensure a viable, sustainable Society



This issue of Benefit Beat will update you on what has been done to address this situation, and how YOU can play a very important role. Turn to page 2 to read more about it.

Dear Member

As you know, the Management Committee has been hard at work reviewing the current operation of the Benefit Society. However, before this process is complete, they need to get as much input as possible. This includes hearing from you, the members, to ensure that any restructuring takes your needs into account.

This edition of Benefit Beat includes a questionnaire. By completing it, you can help to shape the future of your Benefit Society. Please post your completed questionnaire to the Society's actuaries in the envelope provided by no later than 4 June 1999. Please do not send your questionnaire to the Society.

In the next issue of Benefit Beat, we will give you more information on the review process. We look forward to your active participation in this important event. Make sure you have your say!

Regards

Andy Wingreen

Manager

De Beers Benefit Society

INSIDE

Where are we now?..... p2

Industry Beat.....p2,3

You can help now..... p4

Benefit Beat Update..... p4

