

# Primary health insurance steps in as employer-subsidised medical scheme membership declines

By [Cornel Schoeman](#)

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Source: Supplied.

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Even with subsidisation by employers, many employees can no longer afford their contributions - more so as other household expenses like high food, fuel and electricity costs and high interest-bearing debt repayments on house and car loans eat into an even greater chunk of their income than ever before.

Increasingly, where previously there was a trend of medical-scheme members buying down to lower 'core' benefit options but ensuring some access to private healthcare, at least for any hospitalisation requirements, we're now seeing people opting out completely due to untenable affordability challenges.

Similarly, besides the hyperinflationary increases in the cost of private healthcare provision, employers are encountering volatile socio-economic conditions, labour issues, and uncertain and contradictory government health policies that make it challenging to sustain health coverage as a cost-effective employee benefit,” says Cornel Schoeman, chief operating officer of Genric insurance Company.

According to the Council for Medical Schemes (CMS), only 8.9 million South Africans belong to a medical scheme, and the percentage of people covered has decreased from 16% in 2000 to 14.86% in 2020.

Extrapolated, only around 25% of gainfully employed people have medical-scheme membership – meaning that a disproportionately huge percentage of South Africa’s working population cannot afford access to quality private healthcare at all.

This is where health insurance provides a very affordable solution for employees to access quality healthcare when they need it, and for employers to demonstrate their commitment to employee wellbeing and being an employer of choice.

## Employee health insurance benefits

Health insurance is experiencing significant growth in the realm of employee benefits, especially concerning primary healthcare services, covering day-to-day medical needs like doctor visits, acute medication, basic dental care, eye exams, radiology, and health screenings.

Health insurance serves as a crucial safeguard against unexpected out-of-pocket expenses by providing support for primary healthcare, typically covering around 90% of your lifetime healthcare needs.

From an employer’s perspective, a good primary health-insurance plan for employees is a solid investment against unplanned health emergencies that can have a significant impact on productivity, staff absenteeism and especially, their employees’ financial wellbeing.



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Consider the scenario where an employee takes an entire day off work simply to see a doctor at a public facility or clinic only to be turned away because a healthcare practitioner is over-subscribed or medicine isn’t available.

## Easing chronic healthcare challenges

For a person living with a chronic condition such as diabetes, hypertension, HIV and so on, the challenges are exacerbated and repeated every single month. With an affordable primary health insurance plan, these same employees have access to a designated private healthcare provider, at a facility closest to them, on an appointment basis, paid for by their health insurer, and can be sorted within a few short hours from travel to consultation and filling of the prescription.

Caught between the dysfunction of public healthcare, and the prohibitive cost of an unexpected GP consultation averaging R450+ excluding any medication – it’s little wonder that many lower-middle-income earners without some form of health insurance simply end up languishing with symptoms left unchecked, which in turn impacts their productivity, their mental health and often ends up in more serious and threatening health conditions.

But, why is health insurance more affordable than medical scheme benefits?

Medical schemes must, according to the Medical Schemes Act, provide full cover for prescribed minimum benefits (PMBs) which is a major cost driver. These PMBs include 270 in-hospital, life-threatening procedures and 26 listed chronic conditions and these must be covered at cost for all members by the medical scheme.

## Avoiding fixed PMB costs

This means members pay for these benefits, whether they use them or not. In fact, many medical scheme members may in fact never even need to claim for a PMB event in their lifetime.

It is this fixed 'base' cost for the PMBs that typically puts medical-scheme access out of reach for most lower to middle income earners. Furthermore, if you join a medical scheme after the age of 35, you could be made to pay a late-joiner penalty which is a loading on your monthly premium.



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Health insurance does not cover Prescribed Minimum Benefits (PMBs), nor is prescribed to by PMB legislation. Rather, health insurance can specify its benefits and pays out a defined or fixed amount towards them – from a doctor's visit, to medication, to a hospital procedure, emergency, or accident, up to a fixed sum defined in the policy and formulary.

This means you don't have the hard upfront cost for a set of PMBs that you may never actually end up using or needing.

Health insurance also works with a designated list of private healthcare providers that you would need to use which helps to keep the cost of cover more affordable. From an employer's perspective, health insurance also means that you can build your employee health benefits strategy based on the employee's actual needs, as well as on what the company and employee can afford.

## Tailored health-insurance plans

Health insurance provides a range of options from "basic primary care only" options, hospital-only options as well as more comprehensive options combining both in-and-out of hospital benefits.

On more comprehensive plans, there is cover for defined hospital events within stated annual benefit limits including a daily illness and ICU benefit, in-hospital maternity benefits, accident and casualty benefits, specialist consultations and unlimited day-to-day consultations with a GP and acute and chronic medication.

Genric actively engages with its distribution channels in the employer-benefits market at the time of product selection and pricing to fit its target market and demographics.

It is important to understand the demographics of an employer group as pricing and underwriting concessions depend on the size, gender splits, average age as well as compulsory or voluntary uptake.

On a group scheme basis for employer groups, health insurance provides an affordable and quality healthcare solution that employees and employers can more easily afford and access.

Securing health insurance for your employees on a group basis will also most likely be at a better rate than they could secure on an individual basis as there's more leverage and negotiating power.

Being able to offer healthcare benefits like health insurance provides a massive safety net where employees can access

quality healthcare, and employers get to attract and retain skilled staff with a solid, affordable and sustainable benefits package.

## ABOUT THE AUTHOR

Cornel Schoeman is the chief operating officer of Genric Insurance Company

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