

Discovery defers contribution increases to April

Discovery Health Medical Scheme (DHMS) announced that its members will only pay more for their membership from 1 April 2023, instead of 1 January 2023. Yet, from 1 January 2023, they will have access to a range of exciting new and enhanced benefits.



Source: [Pexels](#)

This is the third time the scheme has deferred annual contribution increases to provide financial relief for its members.

DHMS is once again extending the innovative strategy implemented over the first two years of Covid-19 and fuelled by related disruptions to the healthcare system. DHMS is the only South African medical scheme to have followed this approach, now for three years in a row.

The 2023 increase will be announced in February, to ensure careful alignment with medical inflation.

Ryan Noach, chief executive officer of Discovery Health explains: “We will formally announce April 2023’s exact contribution increase, close to the end of February next year.”

“For now, both the Consumer Price Inflation (CPI) and healthcare utilisation outlook remain volatile. It’s important that the contribution increase accurately reflects underlying price and utilisation changes for 2023.

"The eventual increase will be in line with medical inflation which is typically 3% to 4% above CPI, though members will experience a real annual increase of between CPI and CPI + 2%, considering the deferral. As always, DHMS aims to accurately balance its long-term sustainability with short-term affordability for its members."

R1.9bn in savings for this year

The 2023 increase deferral amounts to an estimated R1.9bn in savings for Scheme members for this year, bringing total member savings to almost R8.7bn since 2020

"Reflecting on 2020 and 2021 and the carefully-considered contribution-increase freezes, it is pleasing to note that the brilliant actuarial calculations that informed the strategy, achieved almost exact alignment of our projections with actual claims expenditure for the Scheme," says Noach.

"The Scheme's reserves strengthened relative to regulated solvency requirements because of the significant decline in non-Covid healthcare claims recorded during the pandemic and into 2022.

"The Scheme's excess solvency has been used to the benefit of members, with R6.8bn achieved in contribution savings during 2020 and 2021 through the deferred increases. This also achieved effective annual contribution increases that were 50 basis points below the market over these two years.

"The deferral of the 2023 contribution increase generates an additional R1.9bn in savings for members in the first three months of 2023, bringing the cumulative member savings (returned to members from excess solvency) over the past three years close on R8.7bn."

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