

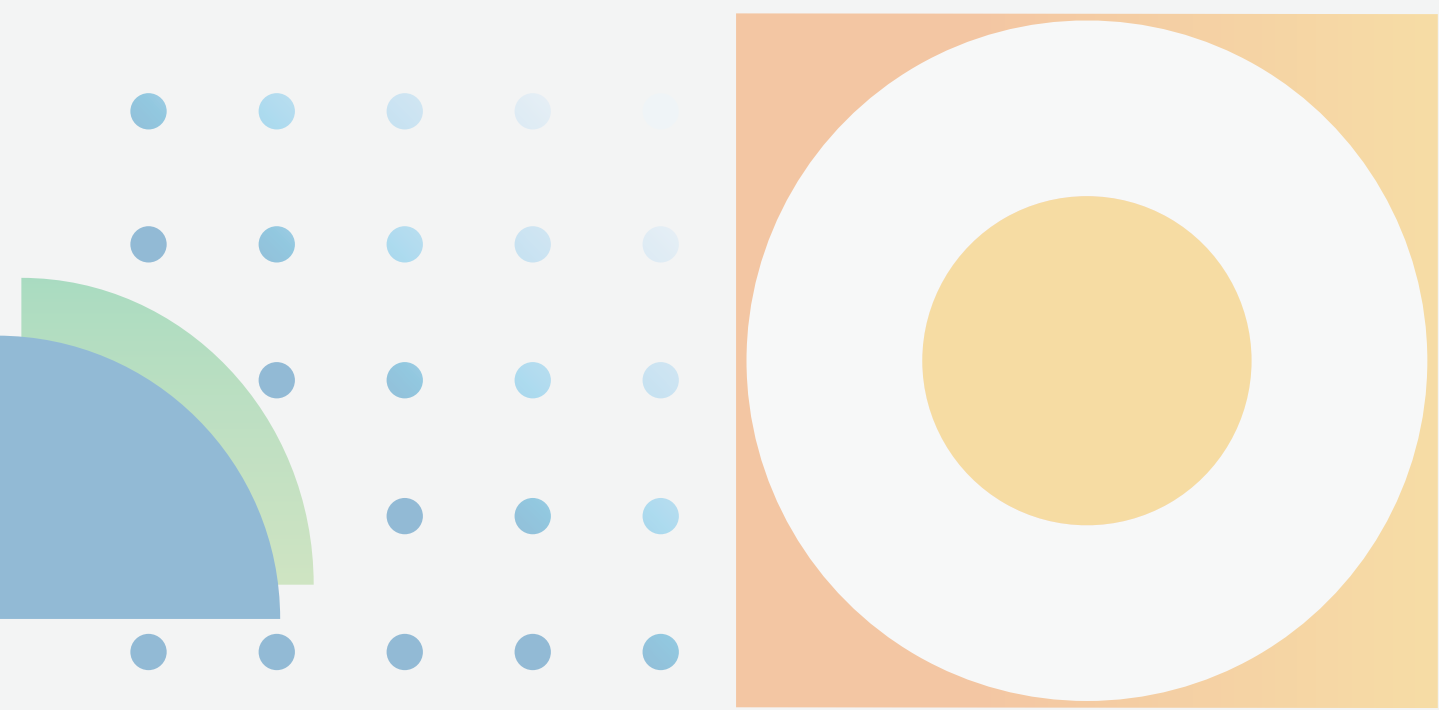


LA Conversations

2023



CONTENTS



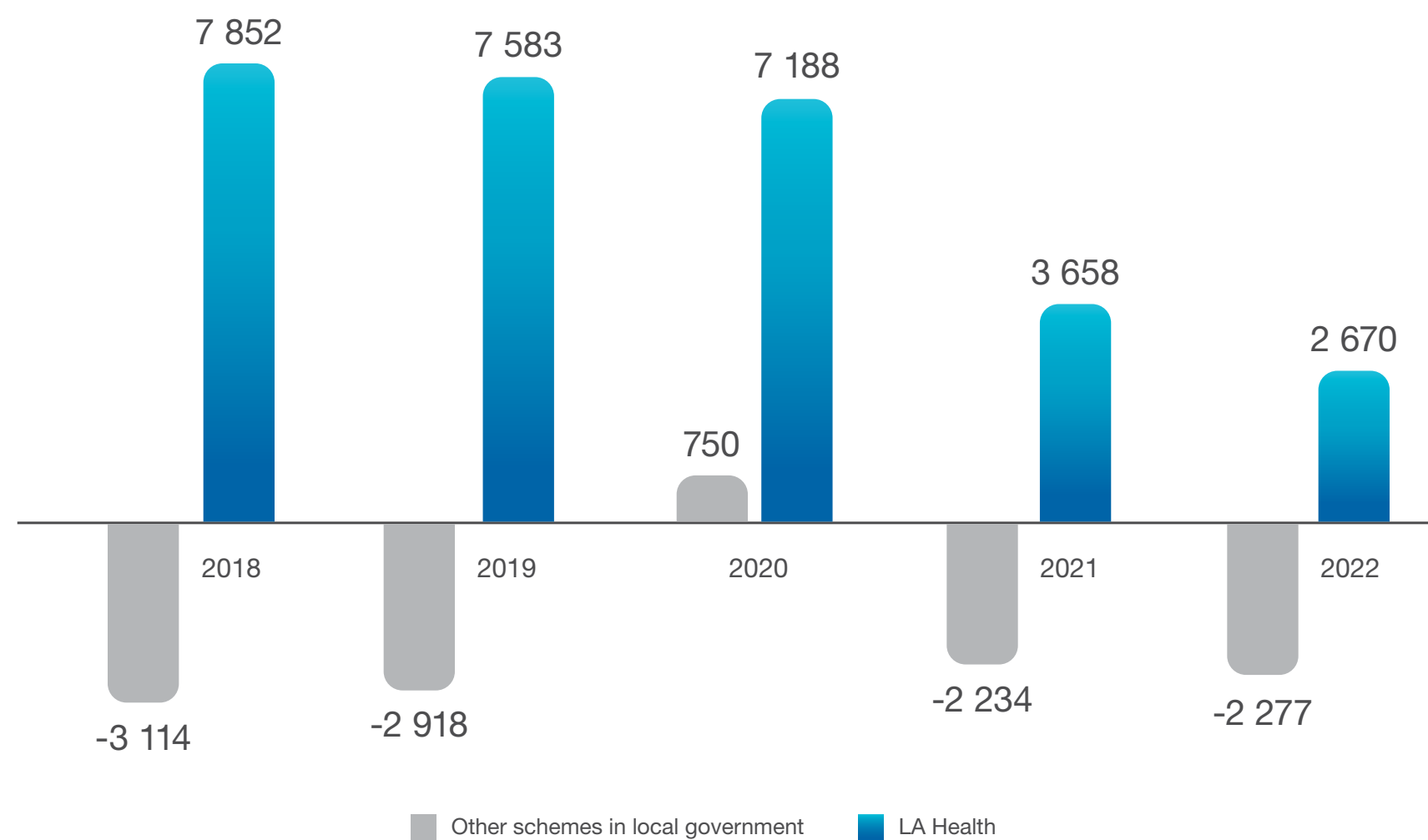
STRONG MEMBERSHIP GROWTH

LA Health continues to experience strong growth, adding over 3 000 members and 8 600 beneficiaries this year, bringing the Scheme's beneficiary total to over 240 000. This exceptional growth was noted in the latest Alexander Forbes Medical Aid Insights report, wherein, LA Health is identified as the scheme experiencing the largest proportional increase in principal membership, amongst both open and restricted medical schemes in South Africa.

Continued membership growth has reinforced LA Health's position as the largest medical scheme in local government. The Scheme's size is best illustrated through its flagship benefit option, LA Active, which on a standalone basis, is larger than all of the competitors in the local government sector.

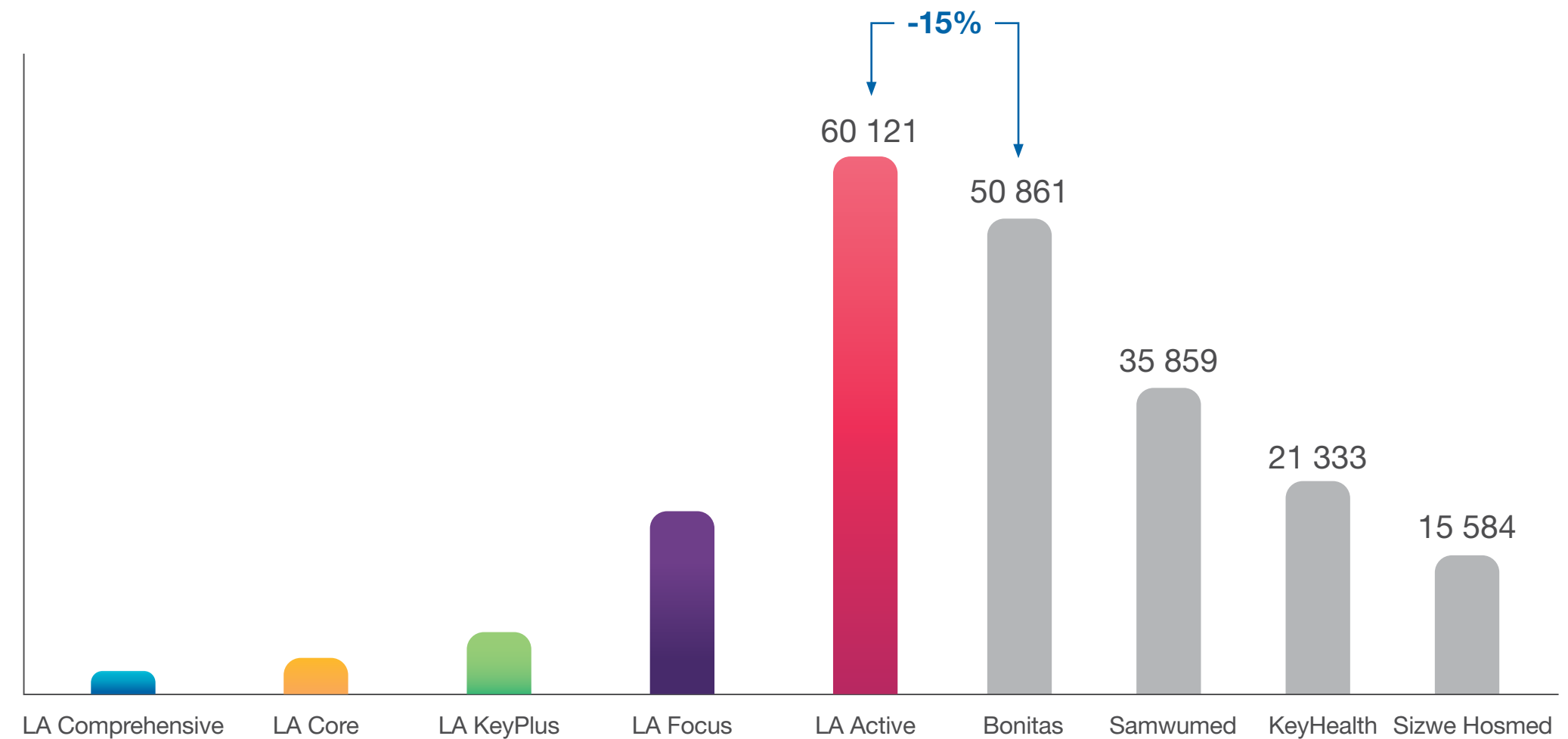
Membership Growth

Net growth in principal members (2018 – 2022)



Membership Size

Total principal members as at March 2022



Net growth in principal members over the past 5 years

+28 951

LA Health

-9 793

Other schemes in local government

Total principal members as at 31 March 2022

>94 000

LA Health

<51 000

Next largest scheme in local government

Source: Alexander Forbes Medical Aid Insights 2021/2022

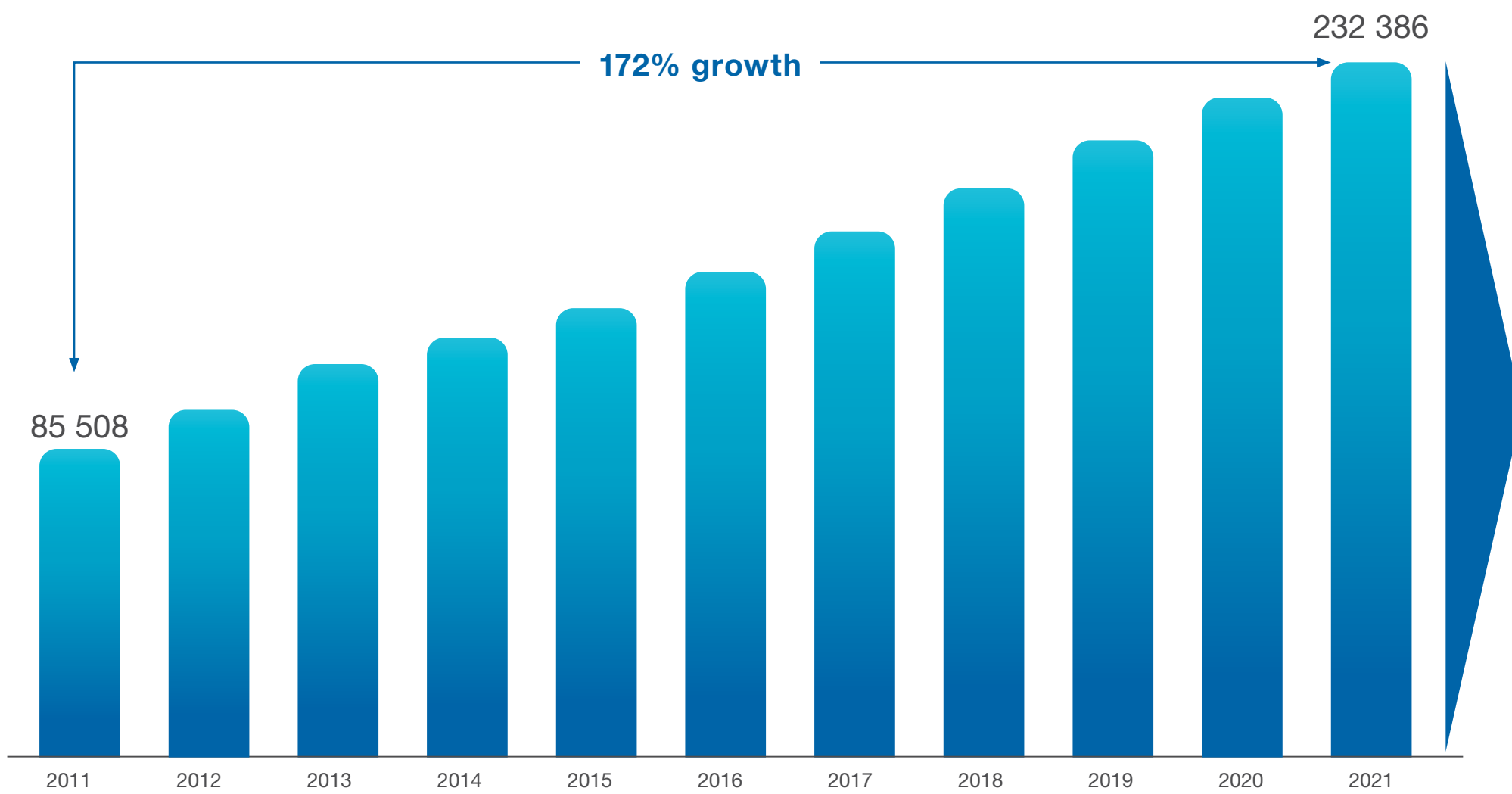
STRONG MEMBERSHIP GROWTH

LA Health has grown by over 145 000 beneficiaries in the last ten years. This phenomenal growth is underpinned by a consistent average growth rate of 10% per year, translating into an additional 14 000 new beneficiaries being added to the Scheme every year since 2012.

The Scheme has already recorded an increase of over 8 600 beneficiaries in 2022 and this number is expected to grow further before the end of the year.

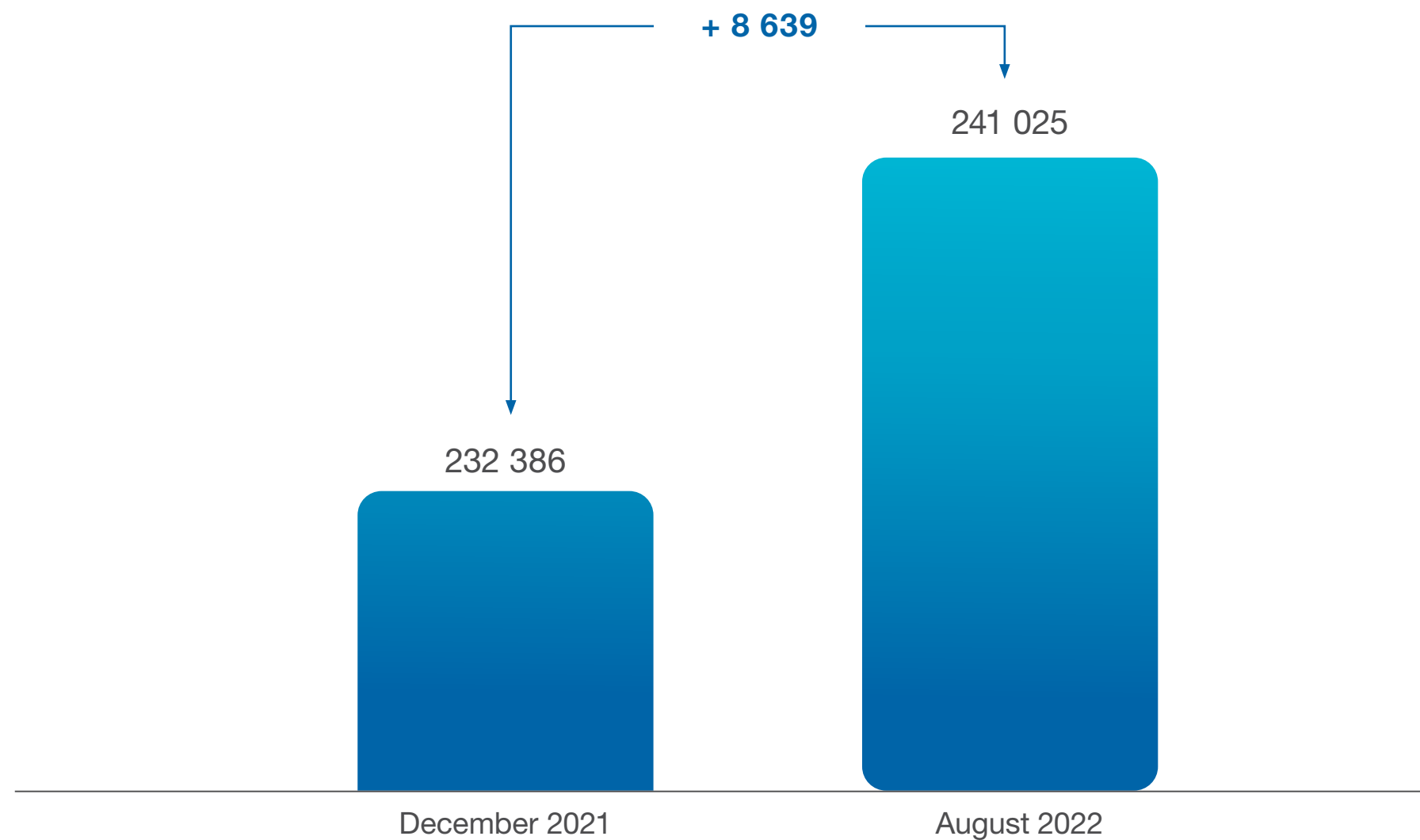
Exceptional membership growth

Growth in beneficiaries (2011 – 2021)



Positive LA Health growth continues into 2022

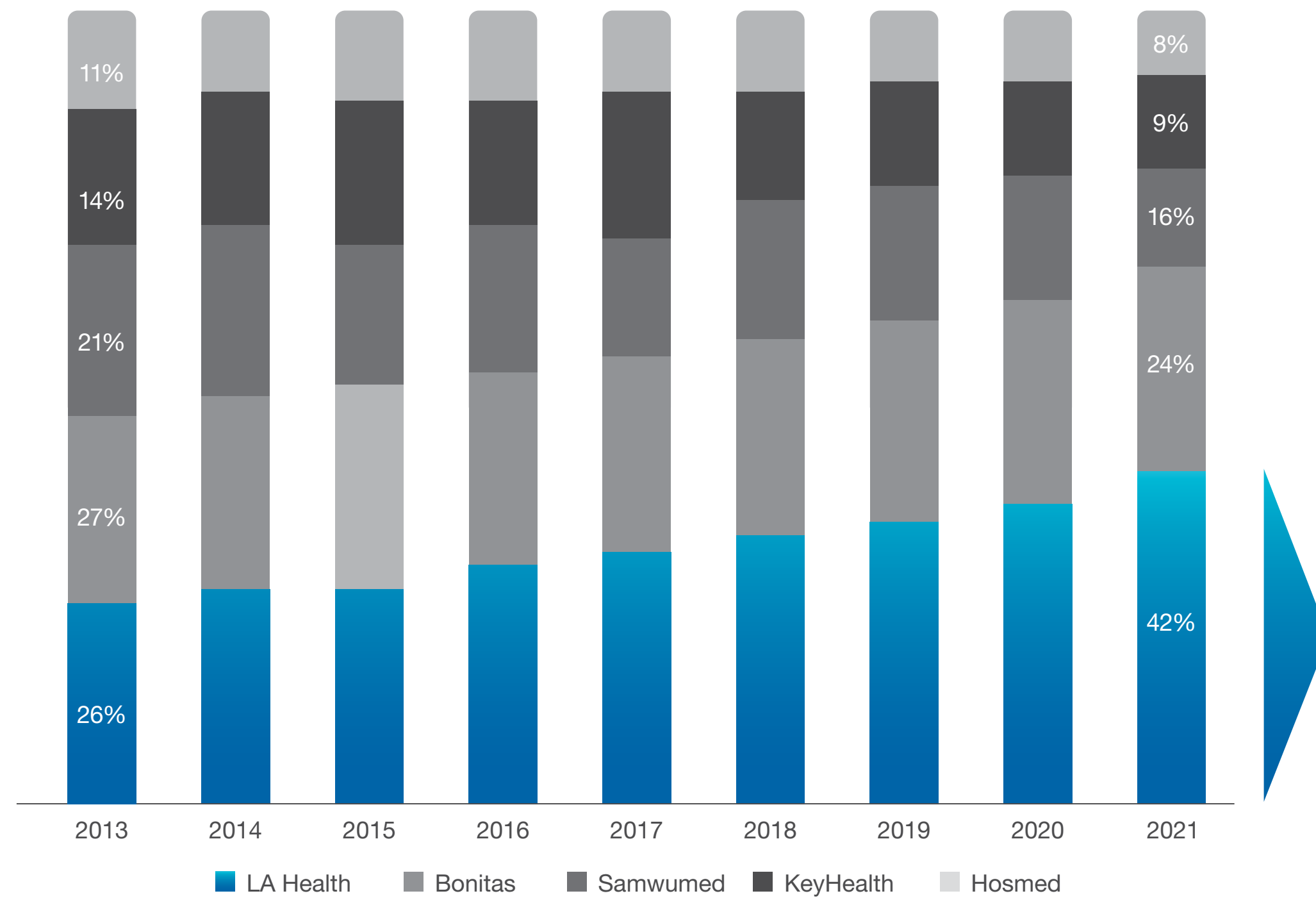
Growth in beneficiaries (31 Dec 2021 – 31 August 2022)



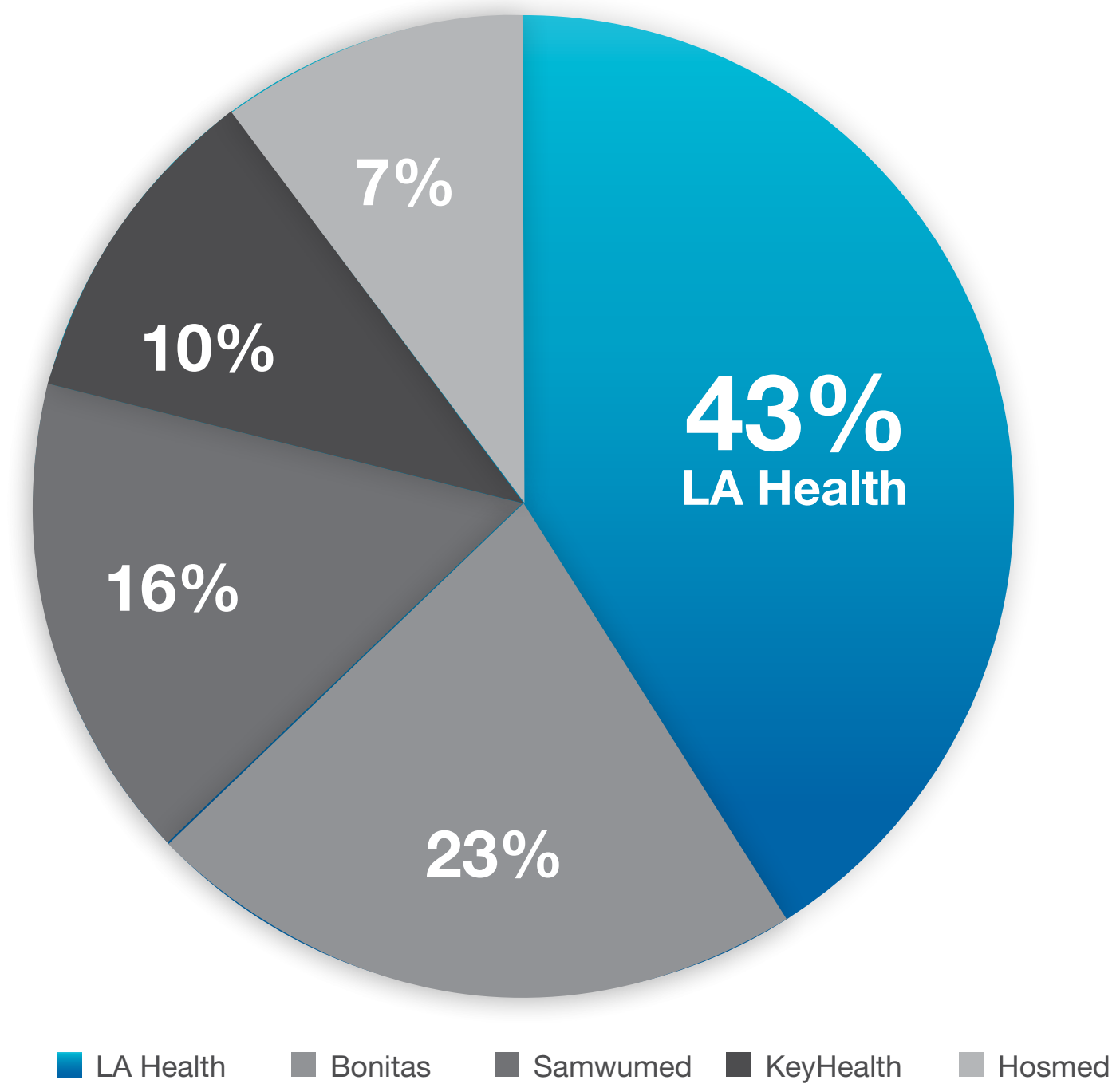
THE
SCHEME OF CHOICE
 FOR LOCAL GOVERNMENT EMPLOYEES

LA Health has maintained its status as market leader in the local government sector through years of consistent membership growth and financial sustainability. The Scheme provides cover to almost double the number of principal members than the next largest competitor. LA Health is the only scheme in the local government sector to consistently increase market share each year, growing from 26% in 2013 to 43% as at March 2022.

Market share (2013-2021)



Local government market share (2022)



ATTRACTING YOUNG AND HEALTHY LIVES

LA Health Medical Scheme has steadily attracted young and healthy members over the past decade, resulting in a significant decrease in the average age of beneficiaries on the Scheme. Currently, the average age of new beneficiaries joining LA Health is noticeably lower than the Scheme's existing average age profile and significantly lower than its competitors.

Consistent membership growth of young and healthy beneficiaries ensures the long-term sustainability of the Scheme while simultaneously assisting in keeping contributions affordable.



The overall demographic profile of LA Health remains significantly younger than that of its competitors

Average age (2020)

27.6 YEARS

LA Health

35.7 YEARS

Other schemes in local government

LA Health recorded an average member age of **29.3 years** in 2021.

Pensioner ratio (2020)

5.6%

LA Health

10.58%

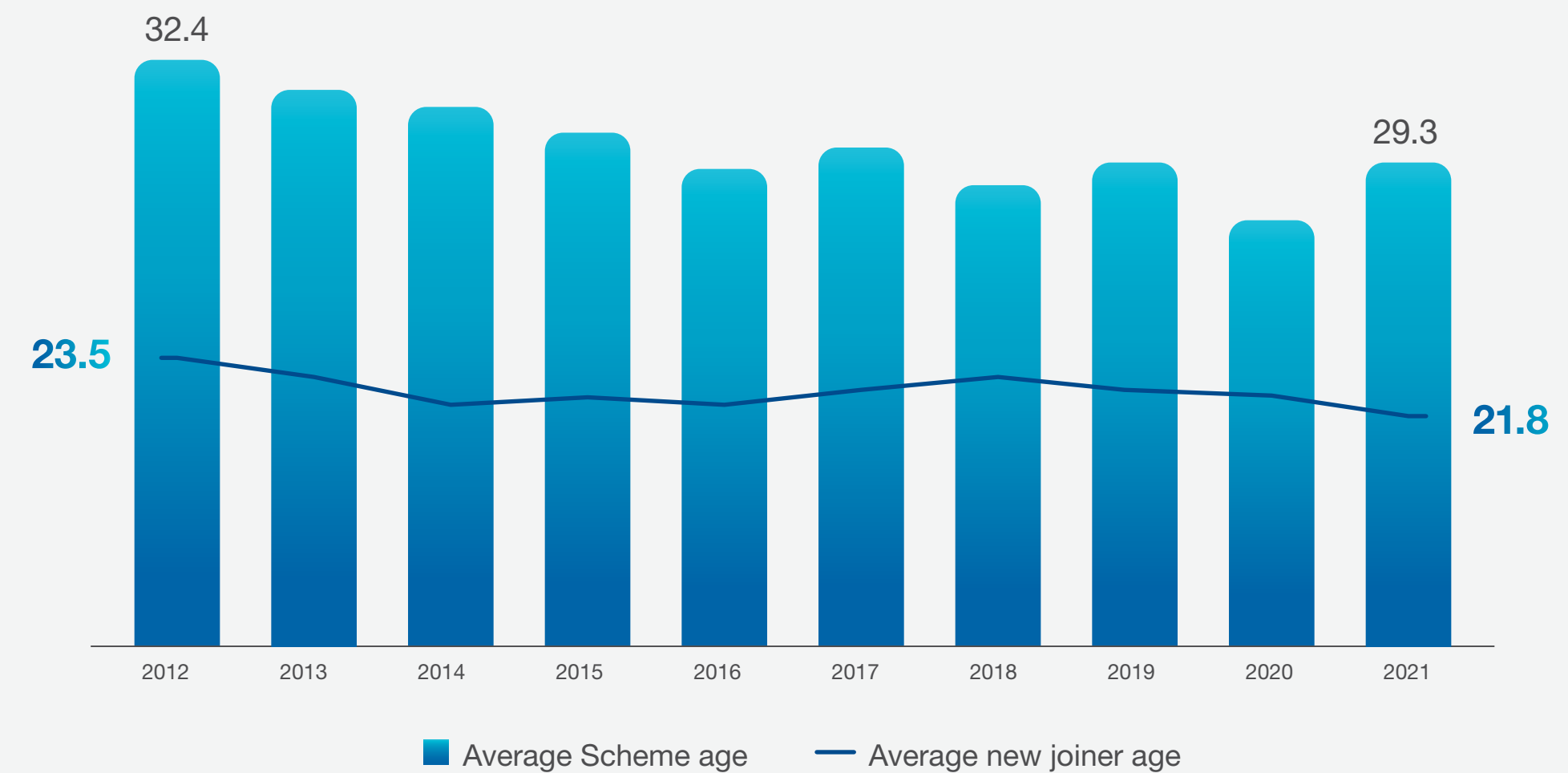
Other schemes in local government

LA Health recorded a further decrease in pensioner ratio to **4.9%** for 2021



LA Health continues to attract a younger, healthier new joiner profile

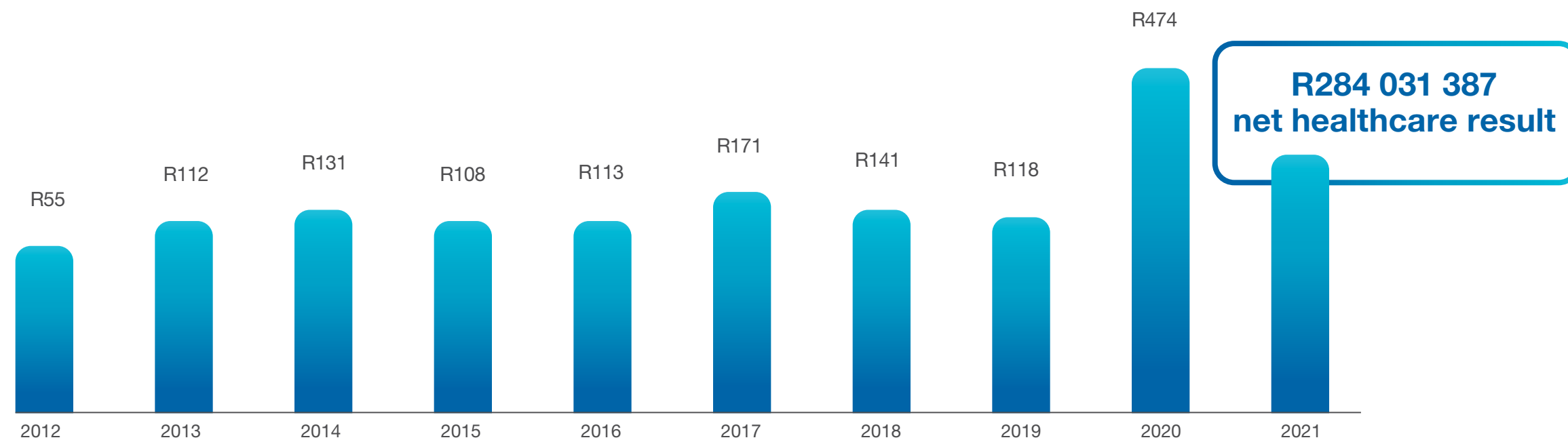
Average age of LA Health beneficiaries compared to average age of new LA Health joiners (2012 – 2021)



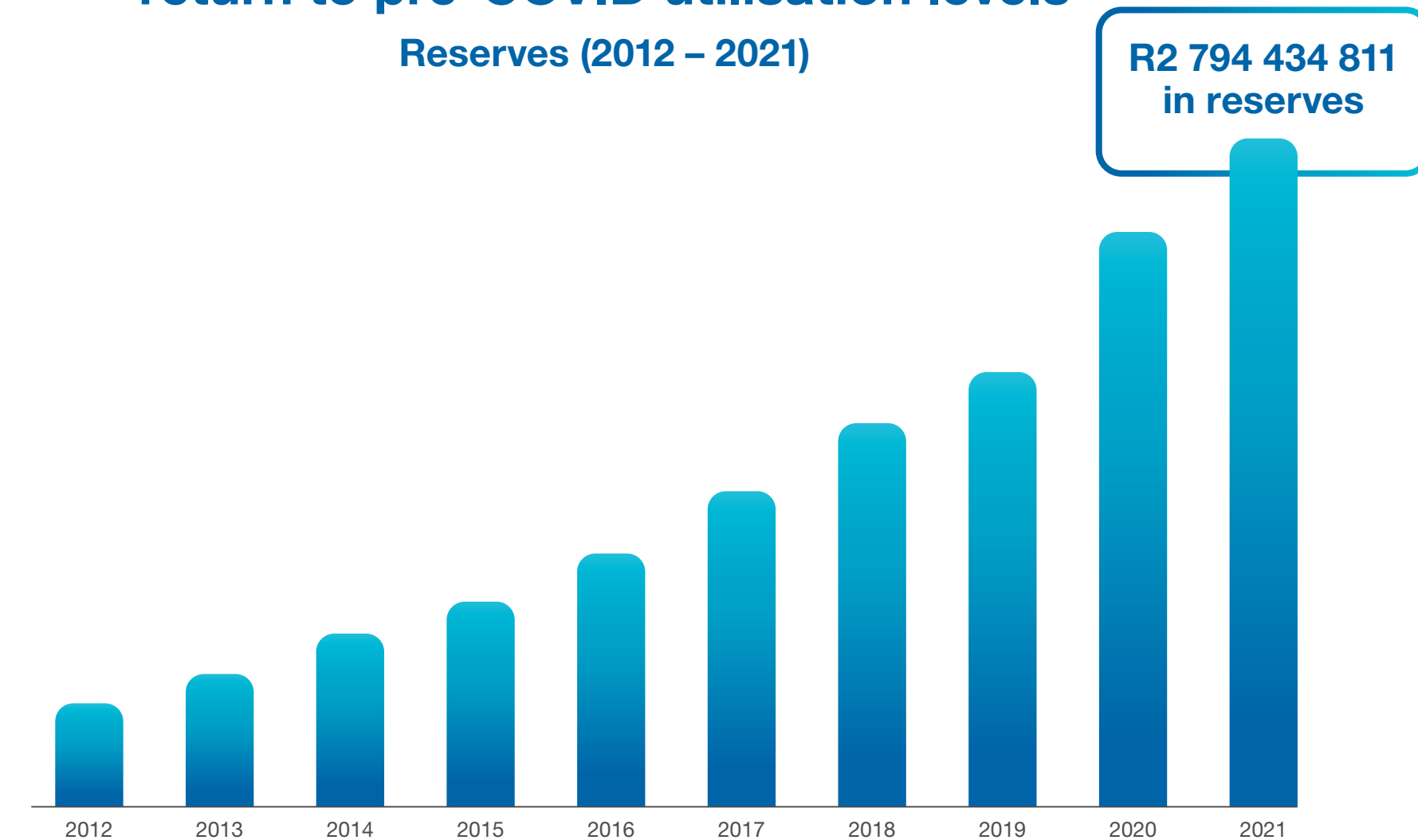
SUSTAINED FINANCIAL STRENGTH

LA Health has consistently maintained a positive net healthcare result, expertly balancing the need for affordable contribution increases and quality healthcare benefits. The Scheme has displayed a consistently accurate ability to balance expected claims and incoming contributions. LA Health's commitment to prudent financial planning has ensured its ability to manage changes in healthcare utilisation during the pandemic, while still introducing benefit enhancements and making sure that contributions remain affordable.

Consistently strong performance (Millions)
Net healthcare results (2012-2021)



Strong security and surplus to manage
return to pre-COVID utilisation levels
Reserves (2012 – 2021)



Significant contribution increases are required to adjust for large operating losses, and large operational surpluses suggests that a scheme could be delivering greater value to members. LA Health's consistent performance represents a scheme that is accurately priced to provide best value to members.



R284M

LA Health net healthcare result (2021)



R2.7BN

Reserves (2021)



52.5%

Solvency (2021)

EXCEPTIONAL PERFORMANCE ENSURES
FUTURE SUSTAINABILITY

As the established medical scheme of choice in local government, LA Health continues to attract new members. The Scheme provides cover to over 240 000 beneficiaries, with LA Health's five benefit options suiting all levels of medical and financial needs. The performance of a medical scheme should consider the quality of the healthcare services that its members have cover for, while its sustainability is measured by growth and financial performance. LA Health is committed to improving the healthcare experience of members while continuing to grow and deliver strong financial results.

Strong membership growth

Net growth principal members (2018-2021)



LA Health continues to experience exceptionally strong growth, adding 28 951 new principal members over the last 5 years.

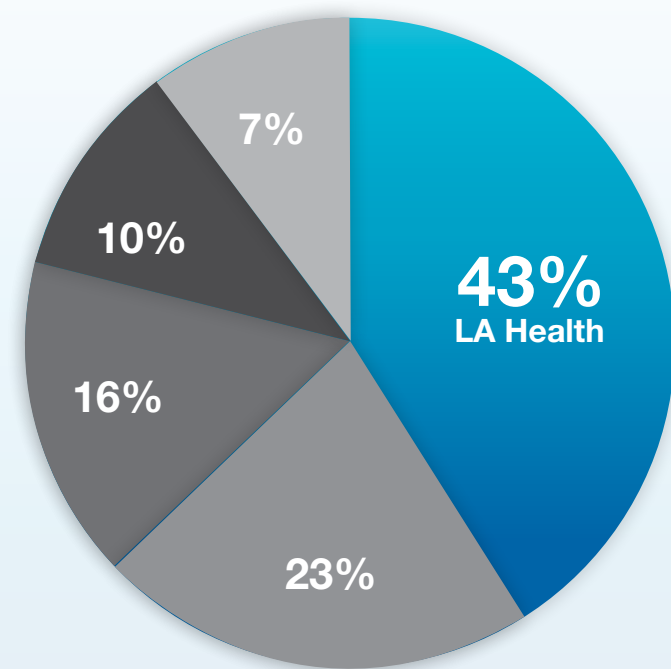
Attracting young and healthy lives

LA Health demographics (2021)



LA Health has steadily attracted younger healthier members over the past decade, resulting in a significant decrease in the average age of beneficiaries on the Scheme and a lower average age than competitors.

Scheme of choice in local government



LA Health is the largest scheme in the local government sector, with a market share of 43% in 2022.

Sustained financial strength



A consistent positive net healthcare result, healthy reserves and a well maintained solvency ratio ensures the long term sustainability of the Scheme and the ability to maintain affordable contribution increases in the future.

COMPREHENSIVE

LEVELS OF COVER FOR OUR MEMBERS

The beginning of the return to pre-COVID-19 healthcare utilisation levels can be seen in LA Health's claims expenditure patterns for 2022, with an increase in the number of consultations for all healthcare professionals. Despite the increased number of hospital admissions, members are spending fewer days in hospital per admission and encouragingly, more members are performing screening tests to ensure prevention or early detection and treatment of illness. The Scheme is well positioned to continue providing members with comprehensive, value for money healthcare benefits and the best quality healthcare, while promoting a healthy lifestyle.

TOTAL LA HEALTH CLAIMS PAID OVER LAST 12 MONTHS: R4.5 BILLION

Hospital claims

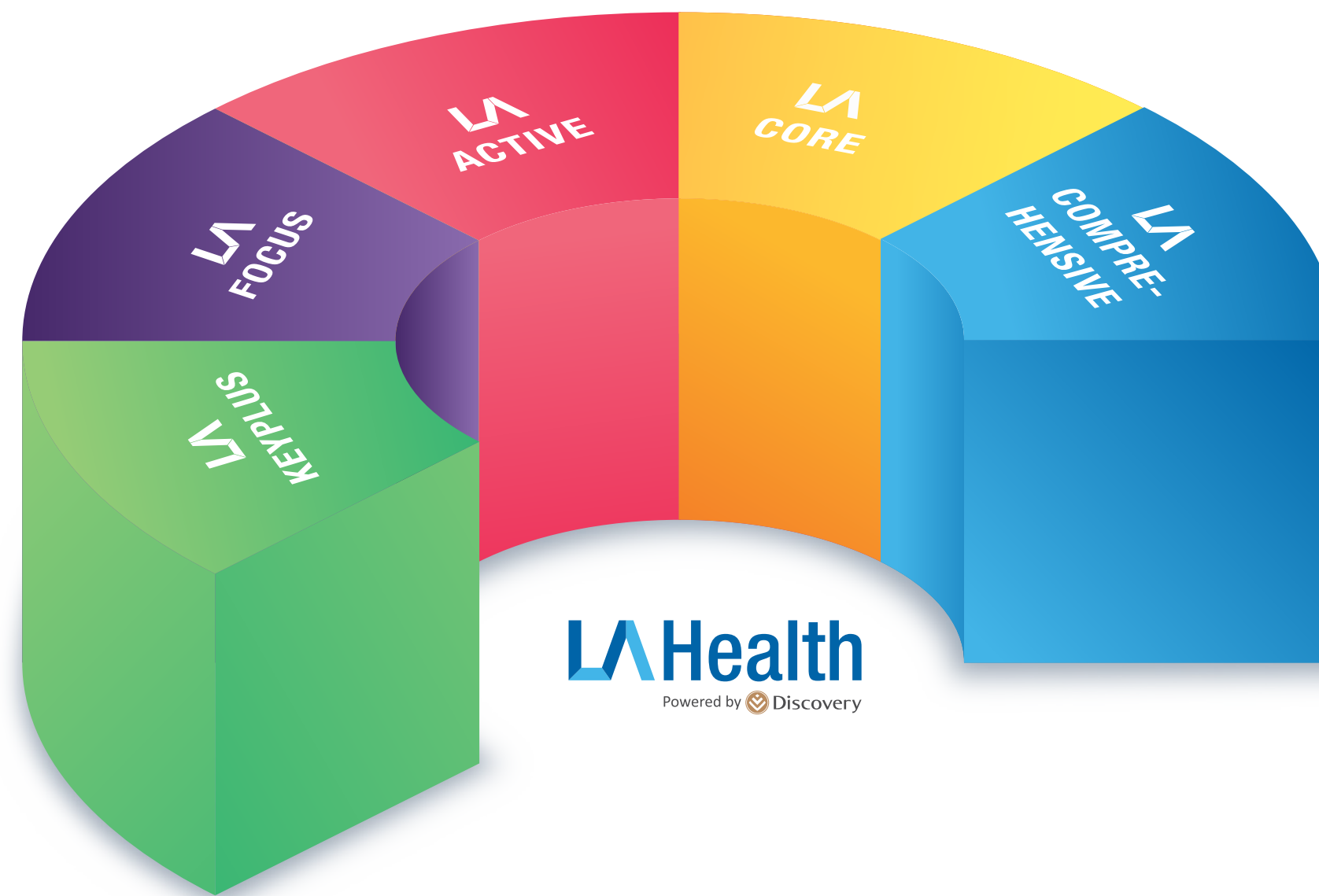
- R2.2 bn** paid for hospital claims
- 49%** of total claims paid
- 39 479** hospital admissions
- R55 901** average cost per admission
- 188 597** days spent in hospital
- 4.8** days spent in hospital per admission

Chronic claims

- R225 m** paid for claims relating to chronic conditions
- 5%** of total claims paid
- 47 234** beneficiaries with chronic conditions
- R398** average cost per beneficiary per month
- 398 453** prescriptions dispensed

Oncology claims

- R168 m** paid for oncology treatment
- 4%** of total claims paid
- 1 831** beneficiaries currently claiming for oncology treatment
- R7 652** average cost per beneficiary per month



Screening and prevention

- 4 374** beneficiaries performing health screenings

Day-to-day claims

- R1.7 bn** paid for day-to-day claims
- 613 443** GP visits
- 133 702** specialist visits
- 192 393** allied visits (e.g. biokineticist, physiotherapist, chiropractor)
- 2.5 m** prescriptions dispensed

Maternity claims

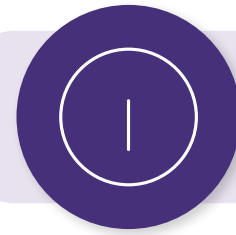
- R162 m** paid for births
- 3 599** number of deliveries
- R45 031** average cost per delivery

Note: All figures for the period April 2021 to March 2022.

LA HEALTH CONTINUES TO
CARE FOR MEMBERS

WITH COMPLEX AND EMERGENCY HEALTHCARE NEEDS

The highest individual claims paid between March 2021 and April 2022 echo the national trend of a reduction in severe COVID-19 related hospital admissions. Between March 2020 and April 2021, 8 of the 10 highest individual in-hospital claims were related to the treatment of COVID-19. This year's highest individual in-hospital claims reflect a reduction in the number of severe COVID-19 cases and a R5 million reduction in claims, when compared to the same period last year.



10 HIGHEST INDIVIDUAL MEMBER CLAIMS PAID IN 12 MONTHS = **R27.6 MILLION**

R3.5 m	Age 36 LA Active 102 days Shoulder or arm amputation	
R3.2 m	Age 35 LA Active 66 days Extensive burns with skin graft	
R3.0 m	Age 45 LA Active 57 days Insertion or removal of heart implants or devices	
R2.7 m	Age 70 LA Core 66 days Infections	
R2.7 m	Age 55 LA Active 113 days COVID-19-related treatment	
R2.6 m	Age 38 LA Active 100 days Care for long term use of a ventilator	
R2.6 m	Age 0 LA Focus 55 days Care for long term use of a ventilator (cardiovascular)	
R2.5 m	Age 21 LA Focus 47 days COVID-19-related treatment	
R2.4 m	Age 60 LA Active 99 days Infections	
R2.4 m	Age 59 LA Focus 99 days Care for long term use of a ventilator (neurology)	



93 YEARS

worth of contributions to fund the top claim



331

individuals claimed over R500 000



77

individuals claimed over R1 million

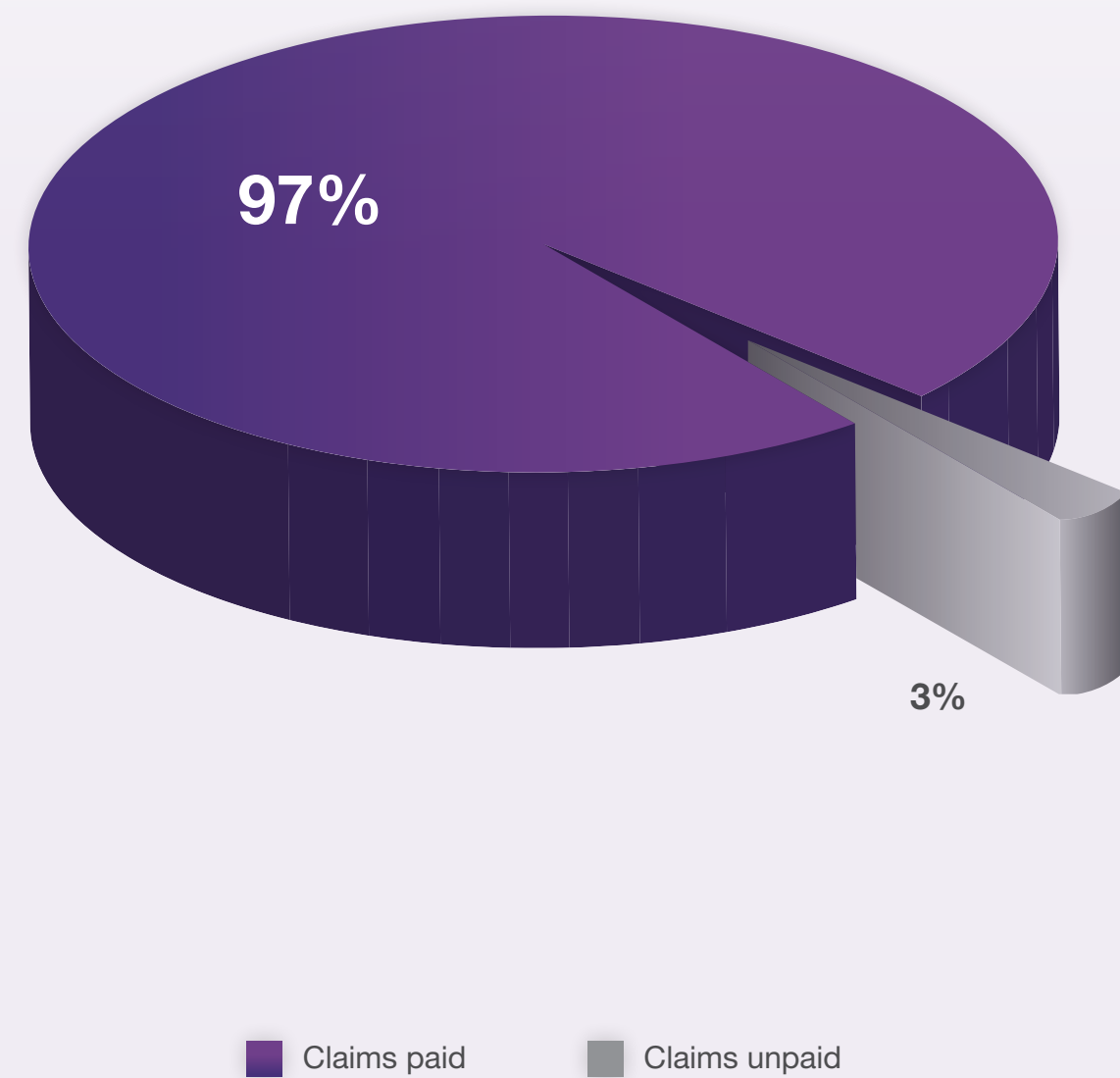
LA HEALTH MEMBERS

CONTINUE TO BENEFIT

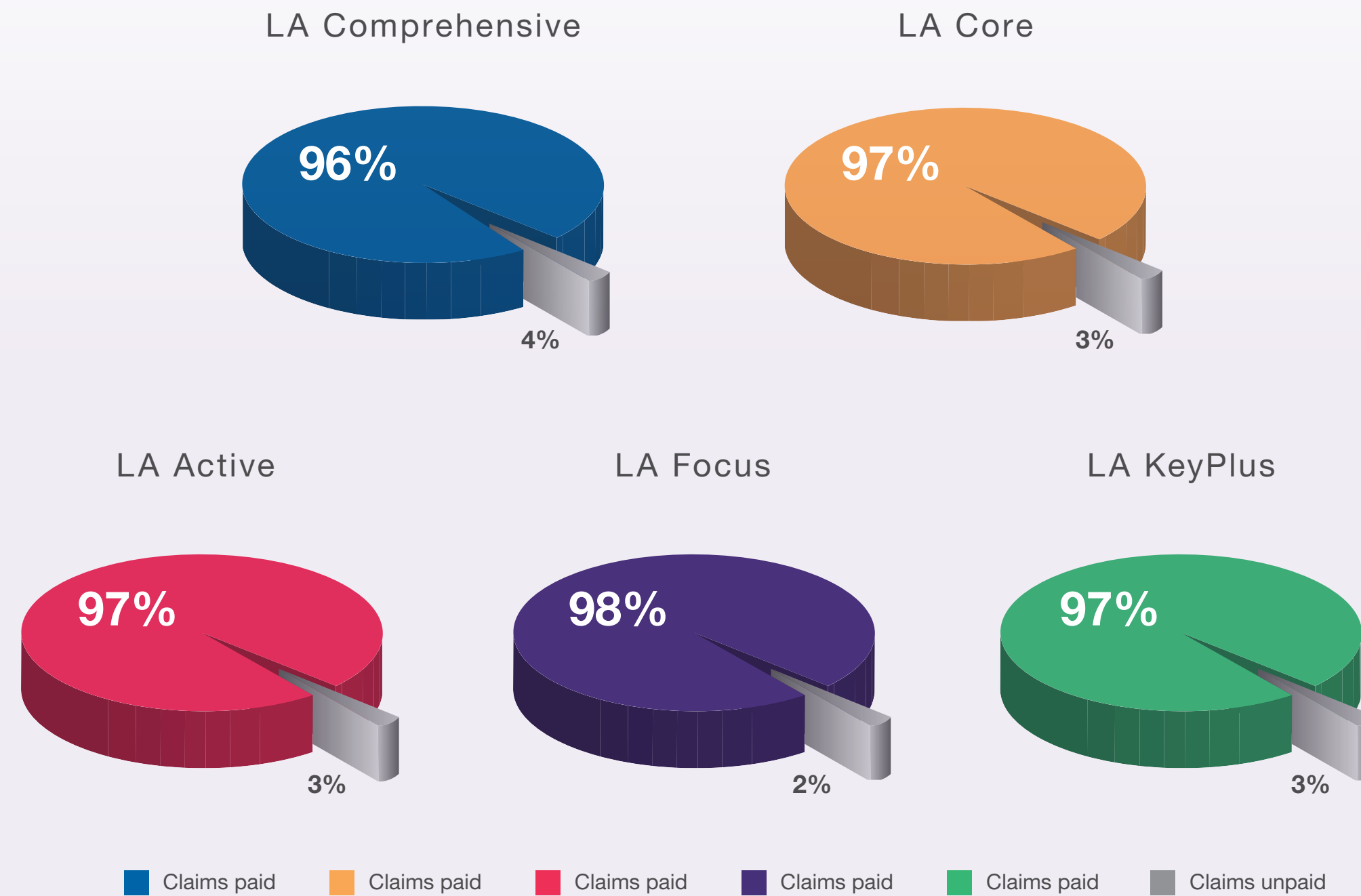
FROM COMPREHENSIVE LEVELS OF IN-HOSPITAL COVER

Members continue to benefit from consistently high levels of cover. On average, LA Health covered 97% of hospital claims in 2021, meaning that members only had to pay R3 of every R100 spent in hospital.

Overall in-hospital claims payment cover ratio

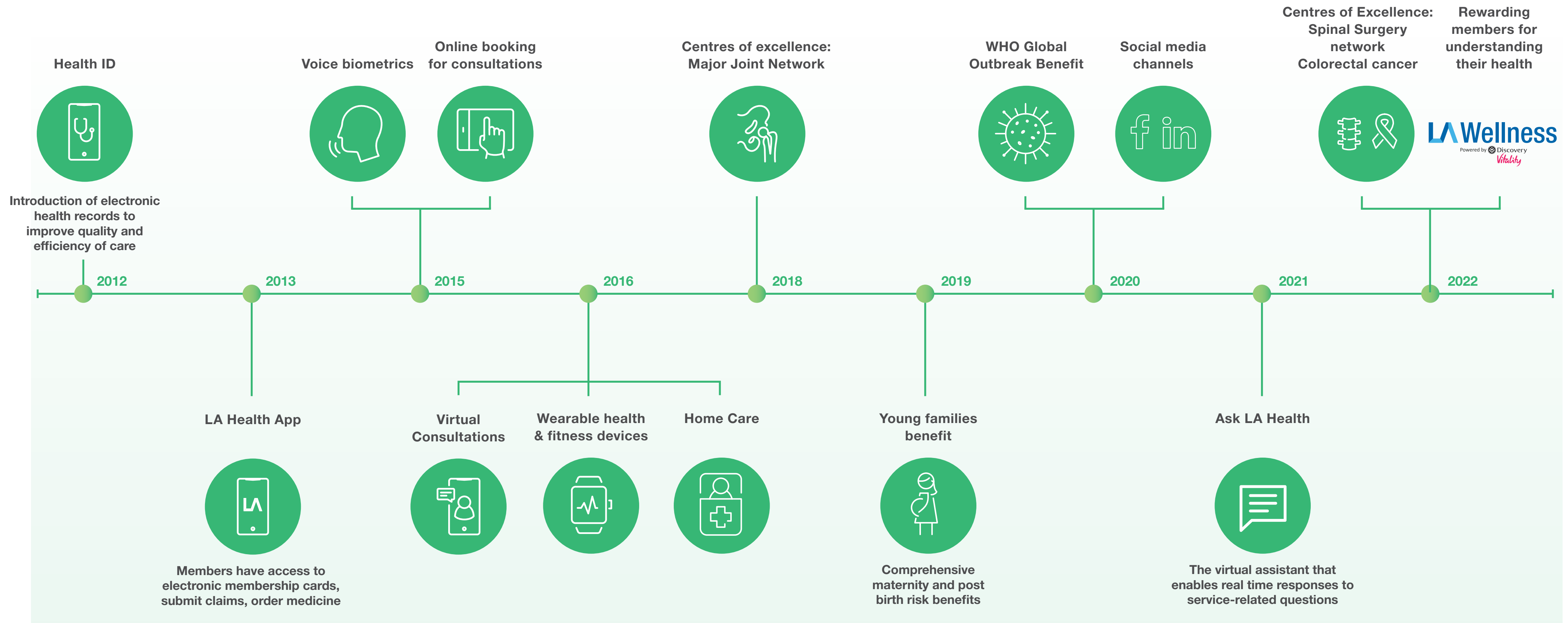


Benefit Option in-hospital claims payment cover ratio



CONTINUOUS INNOVATION TO IMPROVE
QUALITY OF CARE
 AND THE MEMBER EXPERIENCE

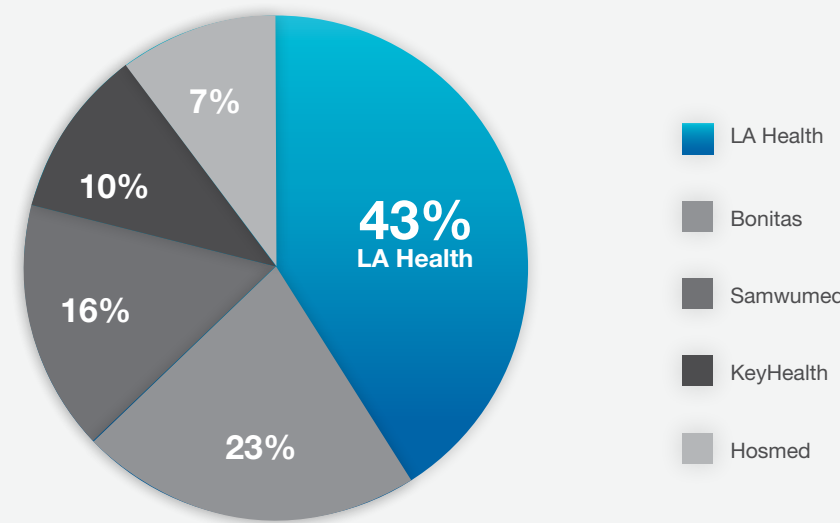
Each year LA Health announces initiatives and benefit changes that enhance healthcare cover, expand access, improve the quality of healthcare for members, and introduce new and enhanced products and services that contribute to the value of scheme membership. Through innovation and the adoption of new technologies, LA Health has ensured that members have increased access to quality healthcare from anywhere in South Africa. The Scheme's decision to embrace a digital healthcare ecosystem directly improves the efficiency and quality of members' healthcare experience. Continuous innovation and member engagement ensures the introduction of benefits that add considerable value and reinforces the Scheme's status as the medical scheme of choice in local government.



LA HEALTH MEDICAL SCHEME VALUE PROPOSITION

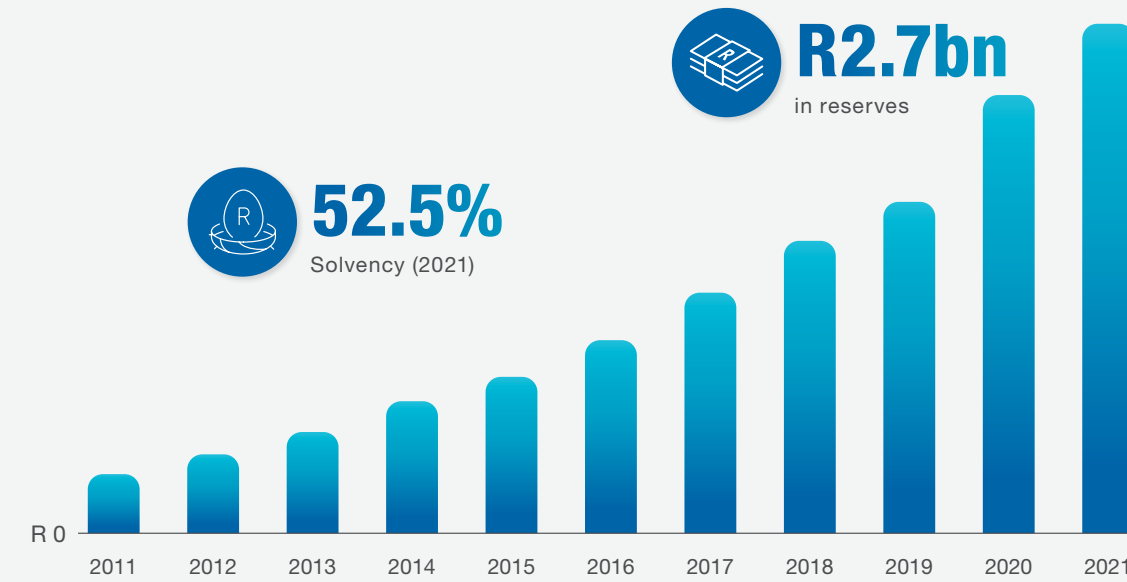
Scheme of choice in local government

LA Health is the largest medical scheme in local government, representing over 240 000 beneficiaries



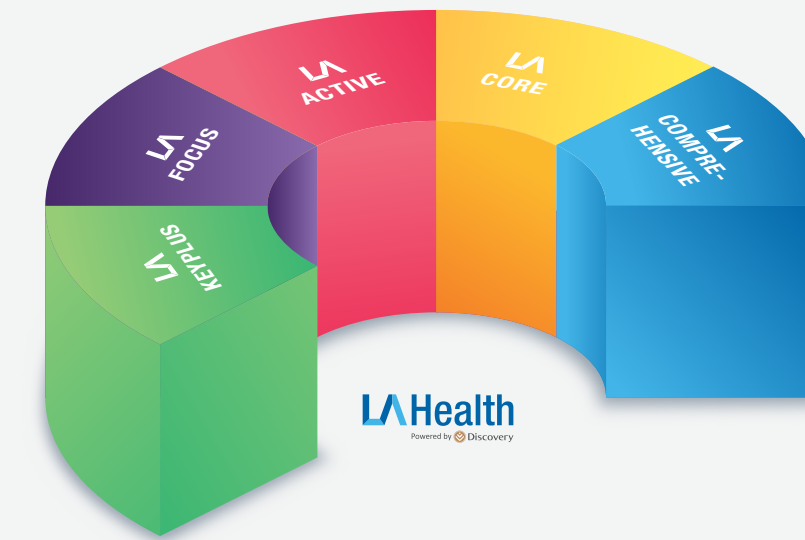
Financial strength and long-term sustainability

Outstanding performance provides a platform for future sustainability



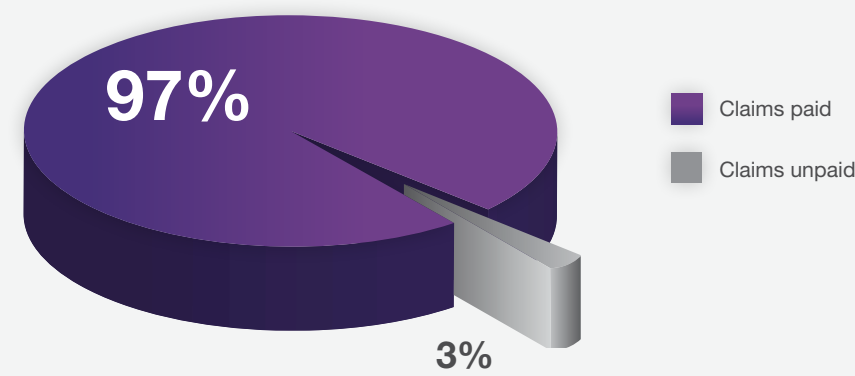
Full spectrum of benefit options

LA Health offers members five benefit options to suit all levels of medical



Richest benefits and extensive networks

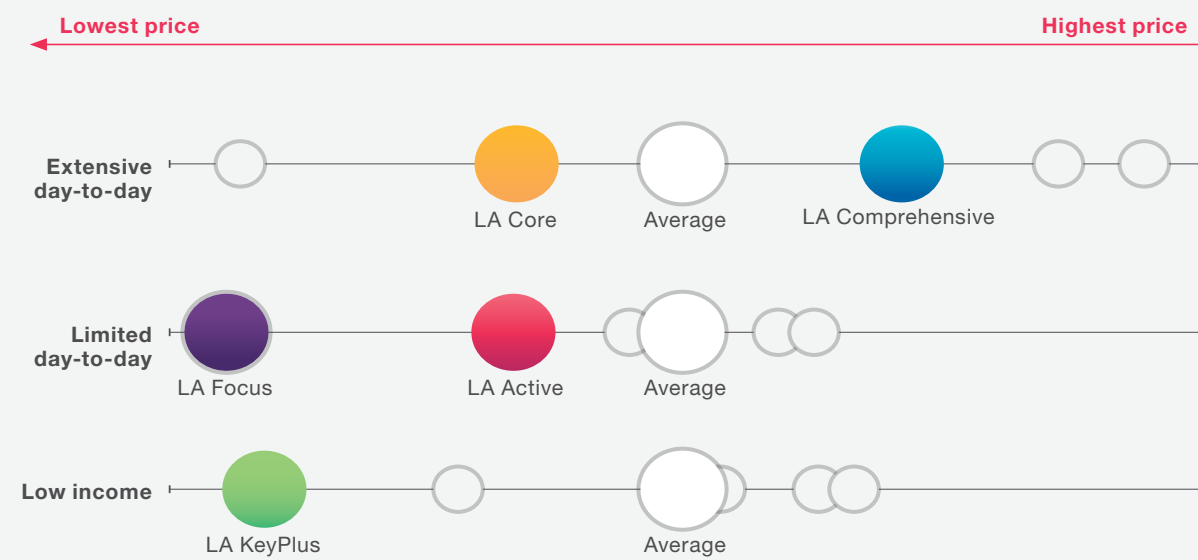
Members continue to benefit from consistently high levels of cover



Overall in-hospital claims payment cover ratio

Best value for money

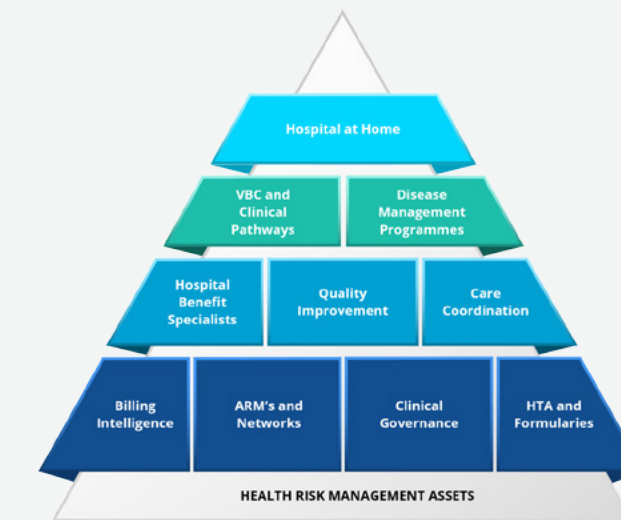
LA Health offers best in class benefits at the most affordable contribution rates



Average contribution comparison

World class strategic risk management

Focused claims inflation management ensures affordable contributions to support Scheme growth and financial performance



2023

BENEFIT UPDATES



Enhancements to the Trauma Recovery Benefit

The Trauma Recovery Benefit provides cover to all LA Health members for specified conditions suffered because of a traumatic event. The benefit covers certain out-of-hospital costs related to the member's registered condition, for the rest of the year in which the trauma occurred as well as the year after the event occurred.

From January 2023, the Trauma Recovery Benefit will be updated to enhance the access to the benefit, and the cover provided by the benefit, to ensure that members and their immediate family receive appropriate care.

Enhanced access to the Trauma Recovery Benefit

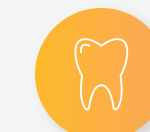
The benefit entry criteria have been amended to include a high acuity admission in high care or any number of days in ICU for the following events:

- Crime-related injury
- Near drowning related injury
- Poisoning
- Severe anaphylactic reaction
- External and internal head injuries
- Burns

Enhanced cover provided by the Trauma Recovery Benefit

- Up to 6 counselling sessions by a psychologist, social worker or registered counsellor for the year in which the trauma event occurred and the year thereafter.
- Available to all registered beneficiaries on the membership to ensure family members of the patient can receive appropriate trauma counselling, if needed.

Cover is paid from the Major Medical Benefit, up to 100% of the LA Health Rate, subject to a member's chosen benefit option limits.



Basic Dental Trauma Benefit

Following specific dental trauma events, dental appliances and prostheses and the placement of such appliances and prostheses are currently paid from the Specialised or Basic Dentistry benefits. Cover is subject to benefit rules and limits of the member's chosen benefit option.

The Scheme is introducing a Basic Dental Trauma Benefit to cover urgent dental care for the partial or complete loss of one or more teeth as a result of a sudden and unanticipated impact injury.

- The Scheme will fund approved dental appliances and/or dental prosthesis and the placement thereof for displaced teeth, commencing within 30 days of the injury and/or accident.
- This benefit will be available on all LA Health benefit options, except LA KeyPlus.
- Clinical entry criteria, treatment guidelines and protocols and the applicable hospital and day clinic deductibles apply. This benefit is subject to approval and an annual benefit limit of R61 500 per person, following the accident or injury.

2023

BENEFIT UPDATES



Pre-operative management programme

In 2023, to improve patient outcomes, the Scheme will introduce a pre-operative management programme for members that are undergoing elective hip and knee arthroplasty, colorectal surgery, coronary artery bypass graft, prostate cancer surgery and breast cancer surgery.

A pre-operative assessment will identify members that are at higher risk of developing complications during the anaesthetic, surgical, or post-operative period. The Scheme will proactively provide these at-risk patients with cover for appropriate out-of-hospital care to support further pre-operative checks including:

- A consultation with the treating nurse, GP or Anaesthetist, depending on the member's clinical risk.
- Specified pathology, radiology and laboratory tests, where required and directly related to the surgery and co-morbidities of the member.

A member's individual clinical needs will be determined by their treating healthcare professional.

Clinical entry criteria and treatment guidelines and protocols apply.



End of life care

Through the Advanced Illness Member Support Programme, the Scheme provides guidance and care to patients with advanced illnesses, requiring support at a time when they are trying to manage their symptoms, and understand their immediate and future healthcare needs. This benefit is paid from the Major Medical Benefit, subject to a basket of care, authorisation, clinical criteria and guidelines.

The Scheme also provides all members with a benefit for palliative care at end-of-life disease stage through the Advanced Illness Benefit. Cover is subject to authorisation, approved treatment guidelines and managed care criteria.



Assisted Reproductive Therapy Benefit

To support families affected by infertility, in 2023 LA Health is introducing a benefit on the LA Comprehensive Option to provide cover for Assisted Reproductive Therapies (ART) such as in vitro fertilisation (IVF), intra-uterine insemination (IUI), frozen embryo transfer (FET) and intracytoplasmic sperm injection (ICSI).

- The benefit includes cover for a defined basket of care for the full member journey, with cover for consultations, ultrasounds, oocyte retrieval, embryo transfers, administration costs including lab fees, medication and embryo and sperm storage, subject to the use of the Scheme's DSP (where applicable), clinical and eligibility criteria.
- An overall limit of R122 000 per person applies per year.
- Claims are paid at 75% of the Scheme Rate only, and members must pay up to 25% of the costs and any excess above the Scheme rate.

2023

BENEFIT UPDATES



LA Health Day Surgery Network

In 2022, the Day Surgery Network was introduced as the Designated Service Provider (DSP) on the LA KeyPlus option and the preferred provider on all other LA Health options, for a range of medical procedures that could be performed on a same day basis. From 1 January 2023, the LA Health Day Surgery Network will become the DSP for a defined list of procedures on all LA Health options.

- The network ensures national coverage by including both day surgery centres and acute hospitals
- Members will be covered in full if the listed procedure is performed in the Day Surgery Network.
- With the exception of the LA KeyPlus option, members who voluntarily choose to have the procedure performed at a hospital outside of the Day Surgery Network, will have to pay a R6 300 deductible to the hospital. LA KeyPlus members must use the DSP.
- Out of network deductibles will not be applied in the case of an emergency.



Scan this QR code to access the list of procedures covered and the Day Surgery network facilities list.



General increase updates

- Most benefit limits will increase by 6.5%.
- The Medical Savings Accounts have been increased in line with the respective risk contribution increases.
- The Above Threshold Benefit on LA Comprehensive increases by 6.5%.
- The Extended Day-to-day Benefit on LA Core and LA Active will be increased by 6.5%.
- The income bands on LA KeyPlus will be adjusted by 6.5%.

MEDICAL
INFLATION
IN 2023

Medical inflation is the year-on-year increase in the cost of healthcare claims to a medical scheme. Contribution increases must match expected medical inflation to ensure long-term sustainability of the Scheme.



Tariff inflation

LA Health pays for healthcare services, such as doctor consultations, prescribed medicines and hospital ward fees, at a predetermined price, or tariff.

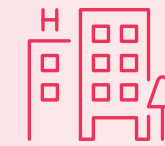
The tariffs for these services increase annually based on the forecasted Consumer Price Index (CPI) for the following year. Tariff increases are typically within 1% of CPI.



Utilisation changes

Healthcare utilisation is represented by the extent to which members access healthcare services. As new, high-cost technology and medication is introduced, more members wish to access this care, creating new healthcare costs.

Over the past two years, the Scheme has noted the temporary reduction in availability of healthcare services over lockdowns and the change in health-seeking behaviour as members tried to avoid COVID-19 exposure. As claims levels start to increase, utilisation costs have been adjusted by between 1.3% - 3.5% for 2023, to account for the expected return to pre-pandemic utilisation levels.



Demographic risk

The demographic profile of a medical scheme gradually changes over time. These changes can be due to existing members getting older or more members living with a chronic illness, offset by young, healthy members joining the Scheme. This changes the underlying health profile of the membership and may lead to an increase in the demand for healthcare services relative to previous years. Even with LA Health's consistent growth and ability to attract younger healthier members, the Scheme has assumed an increase in the average age of beneficiaries, resulting in a projected claims cost increase of between 0% - 1.8%



Care, wellness and other interventions

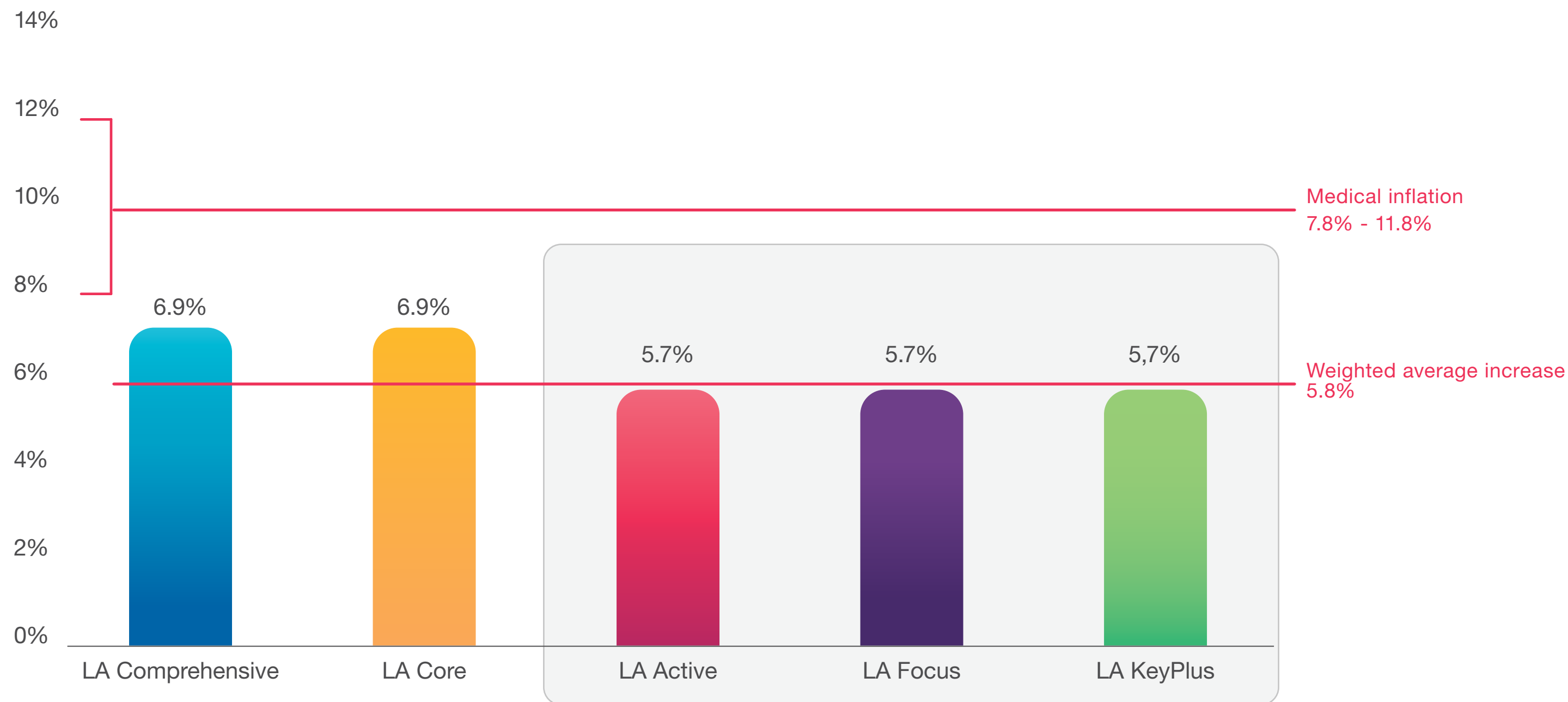
LA Health has approved various managed care interventions to reduce medical scheme inflation, leading to lower contribution increases and greater benefits for LA Health members over time.

In 2021, LA Health saved R422 million through various risk management interventions, including tariff negotiations, case management and fraud interventions.

2023 LA HEALTH CONTRIBUTION INCREASES

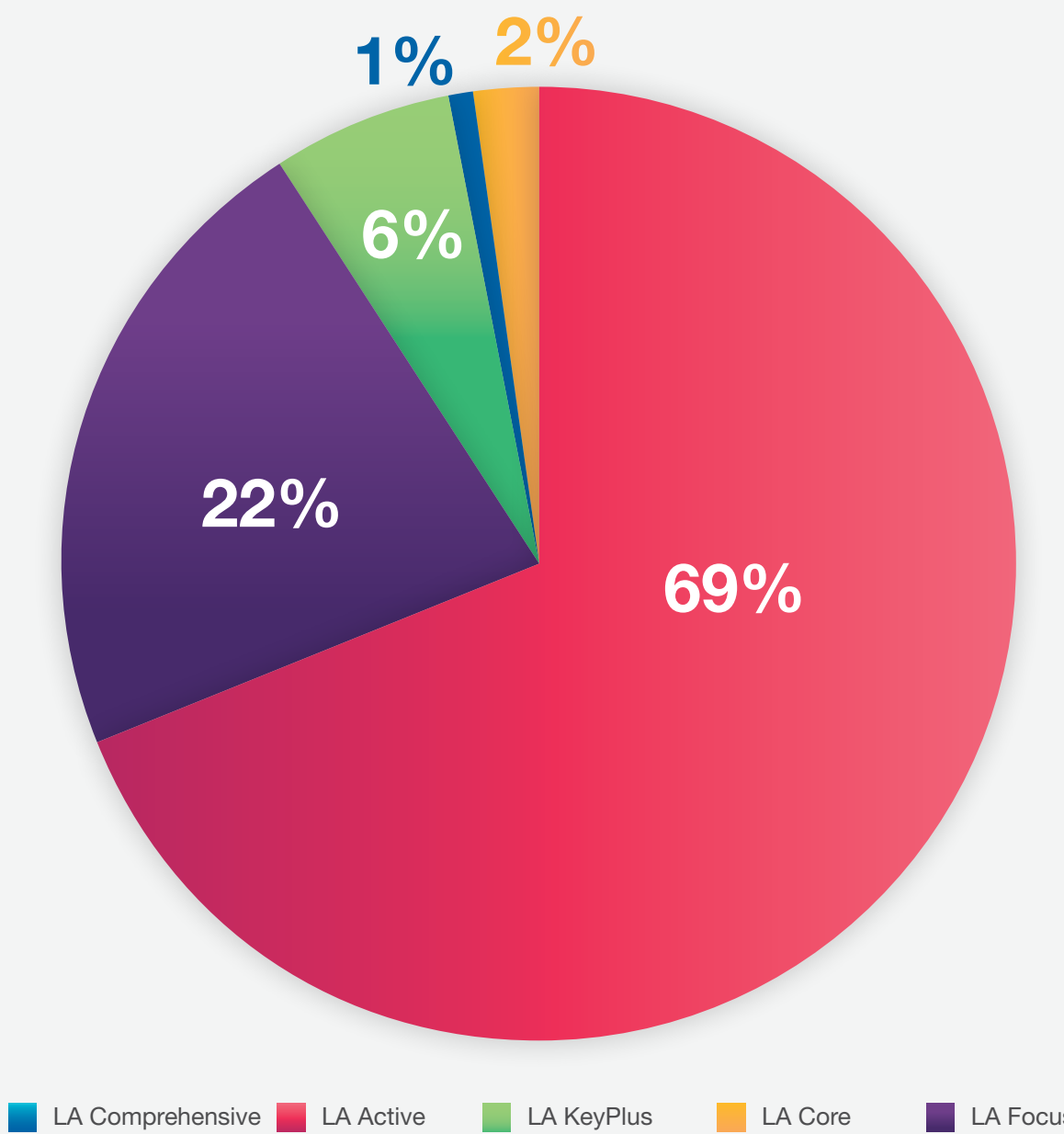
Affordability and access to quality healthcare remain key considerations when members select a medical scheme. LA Health's strong financial performance and ability to attract young and healthy members has enabled the Scheme to consistently pass contribution rates well below medical inflation, and lower than competitor schemes in the local government sector. Over the last five years, LA Health is on average, 18.6% more affordable than other schemes in the local government sector.

In 2023, all LA Health members will experience an increase below medical inflation



Scan this QR code to access the 2023 Contribution table.

97% of LA Health members and their families will experience a below inflationary increase

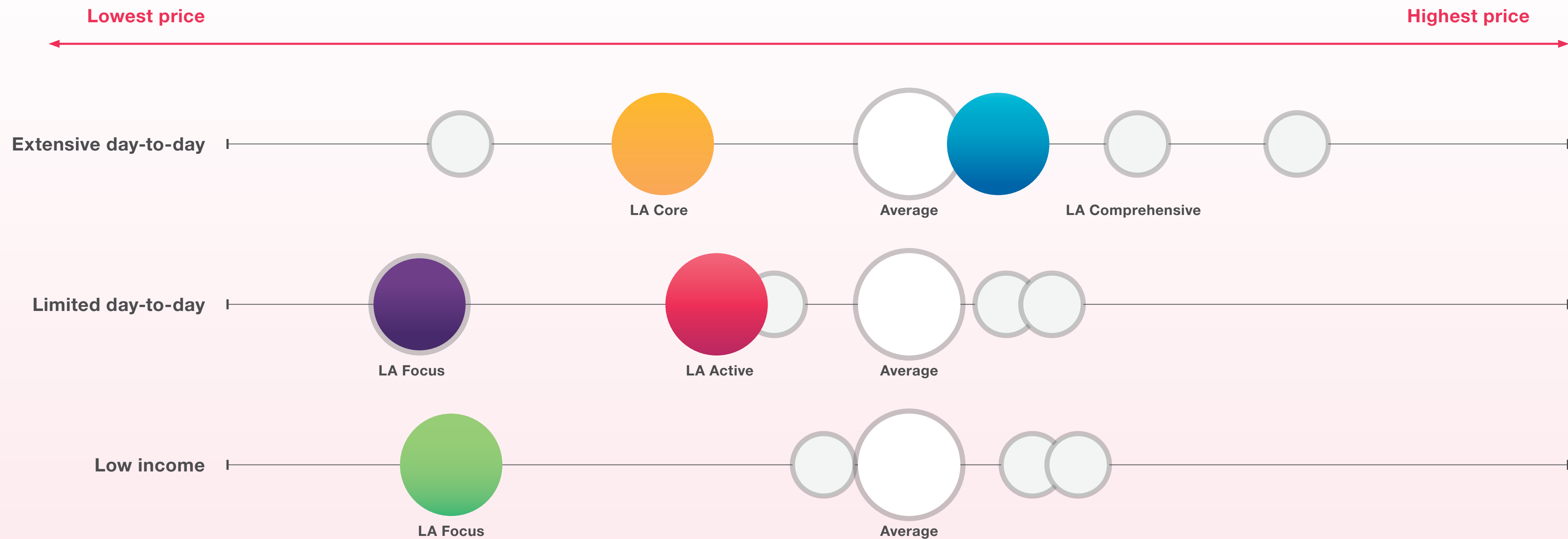


AFFORDABILITY

OF LA HEALTH

To assess LA Health's comparative affordability, we compared the average contributions for a family of three (principal member, adult and child) across all benefit options of the five accredited schemes in Local Government. This approach allows for comparisons on a like-for-like basis. Based on levels of coverage, the LA Health contributions remain lower than average contributions in each segment, reinforcing the popularity and value offered by the LA Active, LA Focus and LA KeyPlus benefit options.

Average contribution comparison



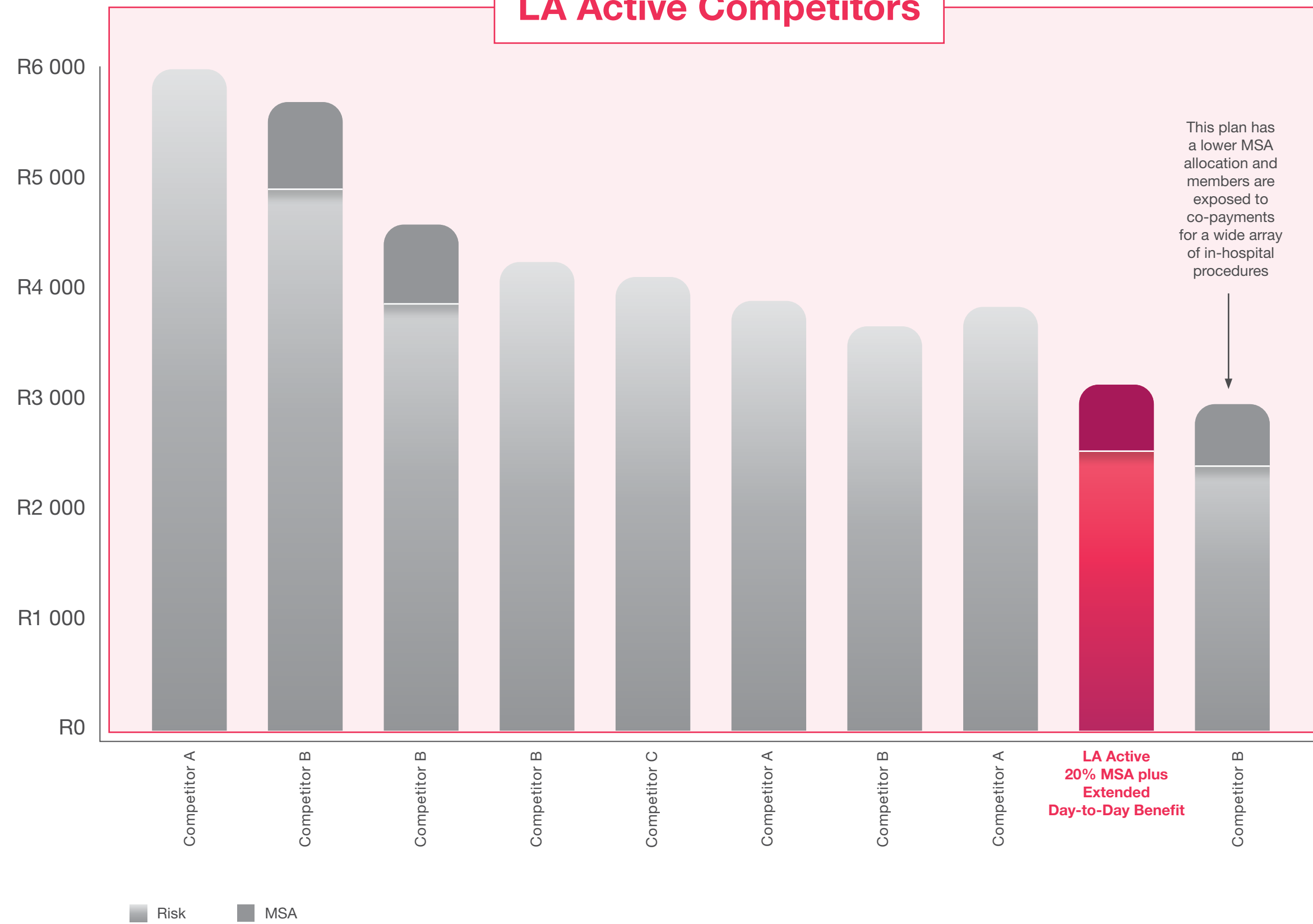
LA HEALTH FLAGSHIP OPTIONS OFFER THE

GREATEST VALUE

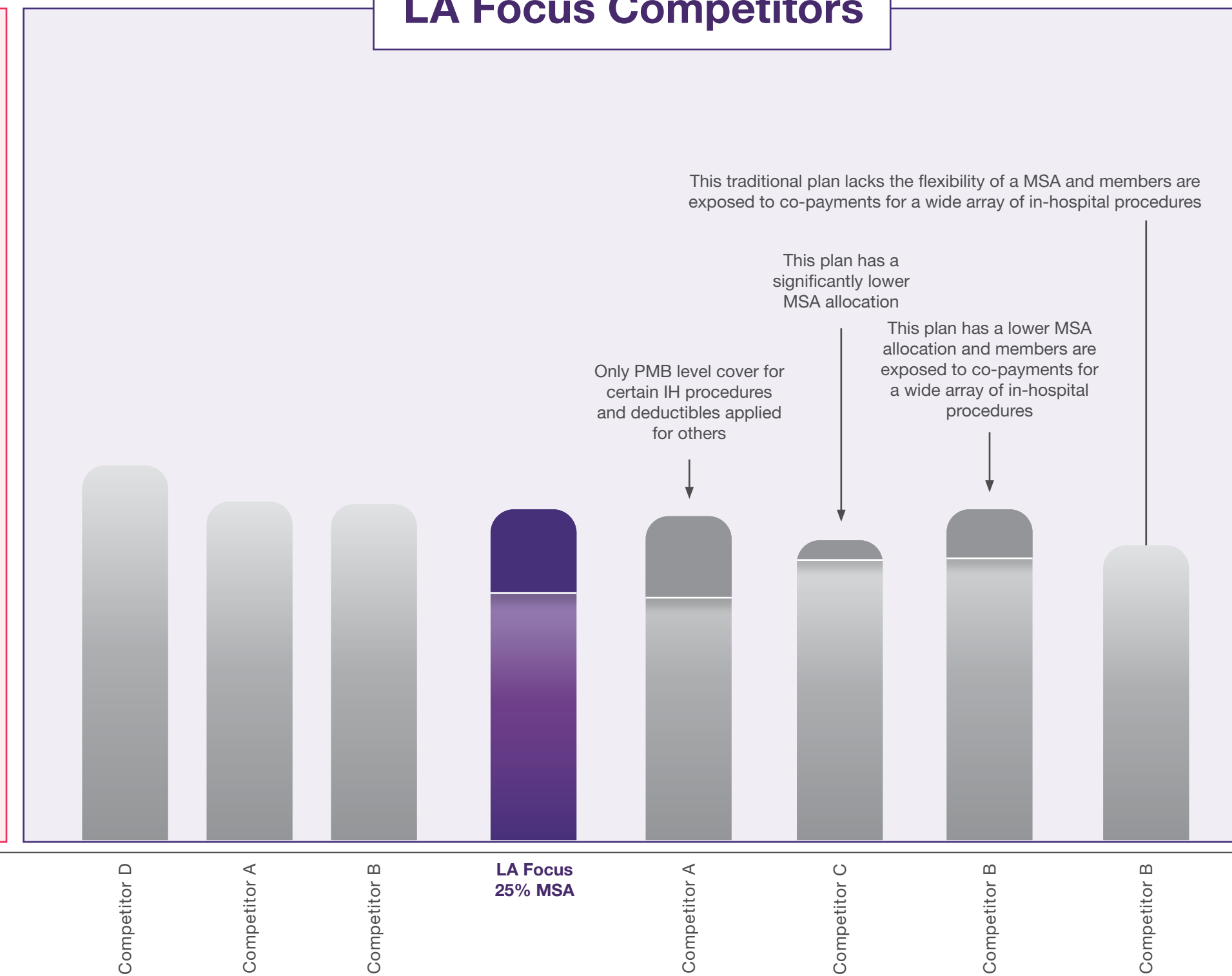
TO MEMBERS

LA Active and LA Focus are the benefit options of choice for over 218 000 beneficiaries, offering the flexibility of the medical savings account, rich maternity benefits and full in-hospital cover. As can be seen from the 2022 contribution analysis amongst medical schemes in the local government sector, LA Active and LA Focus provide exceptional value to members with best in class benefits at the most affordable price.

LA Active Competitors



LA Focus Competitors



● Client Services 0860 103 933 ● Fax 011 539 7276 ● www.lahealth.co.za

● service@discovery.co.za ● Report fraud anonymously 0800 004 500

LA Health Medical Scheme, registration number 1145, is administered by Discovery Health (Pty) Ltd, registration number 1997/013480/07.

Discovery Health (Pty) Ltd is an authorised financial services provider.

LA Health

Powered by  Discovery



LA-Health



LA Health

We're in it for **your** health.