



**PHOENIX**  
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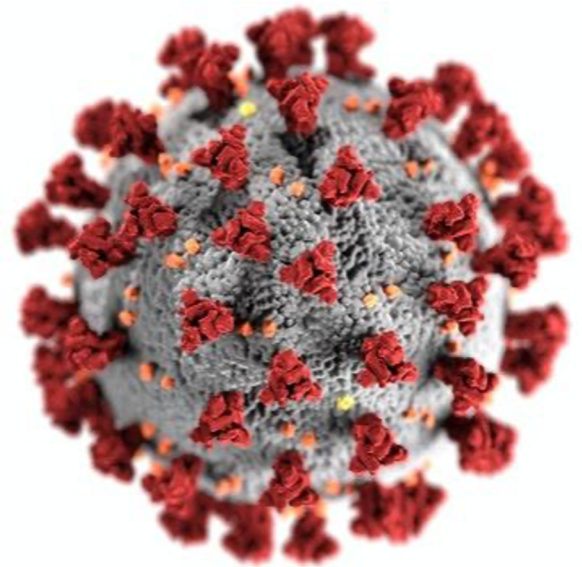
# NEWSLETTER

## AUGUST 2020

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### COVID-19: HEALTHCARE POSITIVE FOCUS

*The human race has demonstrated through the ages our ability to overcome the worst adversities when we are positive, strong and united. The plethora of data, models, reports and contradictions with regards to the COVID-19 pandemic makes it so easy to become pessimistic, confused and fearful.*



Innovation, creativity and opportunities occurs from disruptions like a crisis and/or a pandemic. It is during these times that we brainstorm and perform at our best. The aforementioned was the ignition to establishing Phoenix Financial Services Group (Pty) Ltd.

### SIMPLE POSITIVE FACTS ABOUT SOUTH AFRICA

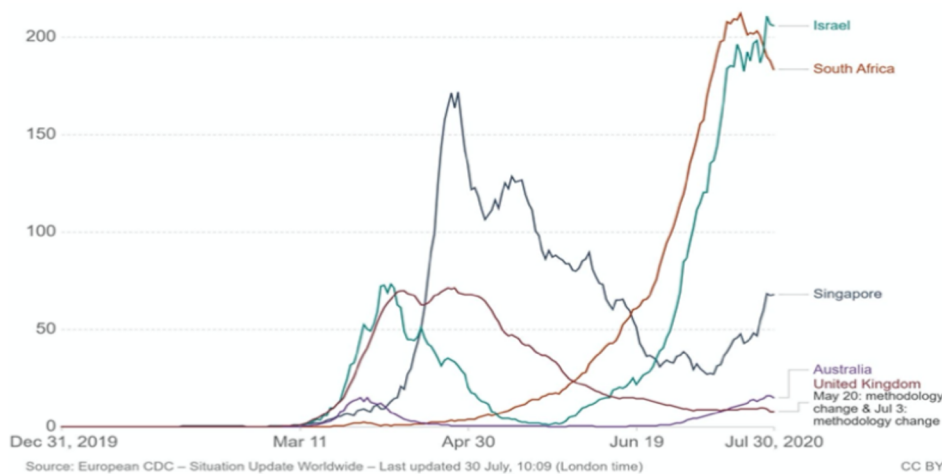
You may ask, what is there to be positive about when SA has the 5<sup>th</sup> highest number of infection rates in the world? Strictly speaking, SA has the 16<sup>th</sup> highest cases per million in the world. Firstly, the initial hard lockdown was a life-saving strategy by the Government delaying high infection rates whilst preparing the healthcare system. What we know for certain is that fatalities are age dependent. It is a positive that SA has a younger population on average than the rest of the world. As at 30 July 2020, new infections were recorded at 11 046 and recoveries at 11 657. This could be the first indicator that we are nearing the apex or plateau. As at 29<sup>th</sup> July, South Africa ranked 10<sup>th</sup> highest in the world in respect of Covid-19 tests per 1 000 people. I think this is an amazing achievement!





Another positive is the seasonal change to spring that will reduce the risk of the normal winter contagious illnesses thereby increasing immune systems of citizens. In comparison to other countries like, USA, we should be proud as a nation of our adoption and discipline to wearing masks and other precautions. The required ramping up of our healthcare systems in respect of building of field hospitals, supply chain, infrastructure, technologies, etc. because of the pandemic, may contribute to the implementation of the National Health Insurance (NHI), earmarked for implementation in 2025/6.

Second wave infection have been evident in Singapore, Israel even Australia as you can see from the graph below,. The graph indicates daily new Covid-19 cases per million on a 7-day rolling average. The red line indicating South Africa is a positive. South Africa will have the added advantage of learning from the Northern hemisphere to see whether we may get a second wave of infections in winter next year.



*NICD, Dept. of Health and Provisional Departments Institute of Health Risk Managers*

## HEALTHCARE IMPACT

The early hard lockdown reduced hospital expenses and claims for the state and medical schemes alike. Social distancing benefited the country as other contagions could not infect citizens. Overall, healthcare expenditure reduced significantly as people were not going for normal routine and elective medical care or simply not going to the Doctor. This resulted in, a significant savings in respect of medical scheme claims that would come in handy for the anticipated surge due to COVID-19 related screening and hospital admission claims.

Overall hospital admissions decreased significantly since March 2020 and although Covid-19 hospital claims increased, it is a rather small percentage at this stage. It is assumed that a 50% decline in hospital claims could save medical schemes around R1bn if the admission rates remain stable.



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# COVID-19

## A PRESCRIBED MINIMUM BENEFIT (PMB)



Great news for medical scheme members is that Covid-19 is now a PMB. This means that medical schemes must provide benefits for Covid-19 screening, diagnosis and care costs for the duration of the pandemic. Medical schemes may appoint designated service providers and formularies restricting member's choice of provider and drugs.

More great news is that when vaccines become available, it will be PMB level of care. No doubt there is major concern of the impact of these benefits on medicals scheme solvencies, sustainability and contribution hikes.

## MEDICAL SCHEME PREMIUMS 2021

The Council for Medical Schemes released Circular 52 of 2020 recommending a "freeze" of contributions for 2021 and/or limit increases to 3.9%. This may not be achievable for some medical schemes with low solvencies and a contribution freeze could mean benefit cuts or create dissatisfaction amongst healthcare professionals.



## CLOSING COMMENTS

As a country there is much we could have done better and preventing corruption is one of them. Yes there are huge discrepancies with the death rate with the South African Medical Research Council reporting 17 090 excess deaths as at 14 July 2020. But, overall and by comparison, most will agree that as a country we did a fantastic job in our overall response to the pandemic by ramping up infrastructure and resources, curbing the spread of the virus and saving lives. Our state and private healthcare systems have survived the onslaught of the virus and this partnership is required to building a more sustainable healthcare system for all in South Africa.



*Clayton Samsodien*  
 Group CEO

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**THANK YOU**