



Fedhealth 2021 launch highlights



The year 2020 will be recorded in history as exceptional and traumatic in many ways, it also introduced some exciting technological changes. This will certainly also apply to medical schemes. Due to the COVID-19 pandemic, medical schemes had to provide for benefits which were certainly not budgeted for and at the same time adapt to new ways of operating. The uncertainty will continue for the remainder of 2020 and into 2021 as the COVID-19 pandemic runs its course.

Fedhealth Medical Aid provided some insight into their consideration of the above aspects during a virtual launch on 30 September for their 2021 benefits. Simeka Health as your appointed healthcare consultants conveniently provides a summary below of the highlights of the changes for 2021.

Increase:

In calculating their increase for 2021, the Scheme had a tough decision to make.

On the one hand, to alleviate the financial crunch for their members, they could introduce a lower weighted average increase, which can be achieved by either cutting benefits or dipping into Scheme reserves.

Cutting benefits is not an option, because in times like these, quality cover remains more important than ever for members. Dipping into reserves would also not be sustainable, as it will have a knock-on effect every year going forward. This, together with the resurgence of elective surgeries, will ultimately result in exponentially larger increases year-on-year until it becomes unaffordable, as well as interim increases.

2021 Option specific increases

Although there's a market related increase on all flexiFED options, it's important to remember that the member controls what their increase, or even decrease, for 2021 will be, due to the flexible nature of the four flexiFED options, and the respective Efficiency Discount Options (EDOs) that members can select within those options.

Let's look at the 2021 increases from an individual option perspective.

- myFED will increase by 10.25%
- flexiFED 1 will have a maximum increase of only 3.9%
- flexiFED 2 will increase by a maximum of 9.9%
- flexiFED 3 will increase by a maximum of 11%
- flexiFED 4 will increase by a maximum of 11.3%
- maxima EXEC will increase by 13.74%
- maxima Plus will also increase by 13.74%

Please note: maxima EXEC GRID is being discontinued as an option in 2021.

Summarising the increase per option in practical Rands and Cents terms (per principal member):

- R138 more per month on average for myFED members
- R65 more per month for flexiFED 1 members

- R208 more on flexiFED 2
- R275 more on flexiFED 3
- R375 more on flexiFED 4, and
- R953 more on the maxiFED options

The overall average member weighted increase for the Scheme across all options will therefore be: **8.8%**

New **FIXED** and **FLEXIBLE** repayment structures

Two years ago, Fedhealth launched the revolutionary flexiFED range, together with the MediVault system. While this remains a first and only for the South African medical aid market, they've now refined the details and polished the mechanics.

What's different in 2021?

The most significant change to the MediVault system in 2021 is the introduction of a new, but familiar, "**FIXED**" repayment system. This system will provide members with the option to use their MediVault exactly like they're used to with a traditional medical savings account (MSA).

The simplest way to describe the difference between these two options is that **FLEXIBLE** members manage their own product to maintain control over their expenses, while **FIXED** members prefer the Scheme to manage their medical aid in return for simplicity and convenience.

FIXED Repayment Structure

Under the **FIXED** repayment structure, a pre-determined MediVault allocation, which is a market-related amount that compares with competing Savings options from other schemes, is transferred automatically by the Scheme with no member intervention required once transferred to their Wallets at the beginning of the year, and they simply use it as they would a medical savings account for day-to-day expenses. This means their monthly contribution will remain constant for the entire year. From next year, our direct paying members will have one consolidated debit order each month, comprising their risk contribution and MediVault repayment. Participating paypoints, however, will continue to have two separate billings.

FLEXIBLE Repayment Structure

If members select the **FLEXIBLE** repayment option, they still simply transfer funds from their MediVault to their Wallet when they need to pay for day-to-day medical expenses. The funds they transfer are then repaid over 12 months.

Further communication will commence over the next weeks to assist members with understanding their benefits and option choices.

Simeka Health
November 2020

