



# NEWSFLASH

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*'Health is like money, we never have a true idea of its value until we lose it'*

Josh Billings

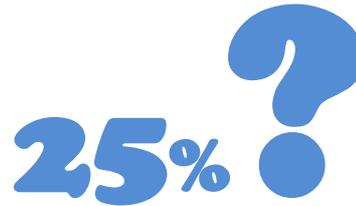
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## Capital Reserve Raises Questions

LOBBYING is under way for a review of the current system whereby medical aid schemes are required to hold a minimum of 25 percent of their capital in reserve, in order to meet medical aid claims over a three or four-month period should schemes run into financial difficulties. In this way, the 25 percent reserve ratio should enable schemes to continue with their obligations towards their members. In a sense this has become a benchmark and guideline in assessing the sustainability of medical schemes. However, Peter Jordan, Fedhealth, points out that for larger schemes, 25 percent amount of money cash format, for options are limited limiting potential. This has raised the



Principal Officer of out that for larger is a substantial being held in a liquid which investment and therefore investment returns. question of whether the 25 percent reserve requirement is appropriate in every case, for both smaller and larger medical schemes. He said that for Fedhealth, 25 percent, representing about R1bn held in reserve, is a large amount of money that is not earning its full investment potential and could be used for other purposes such as helping to keep medical aid contributions lower and providing members with more benefits. He says current industry thinking is that instead of a fixed reserve ratio, alternative models could include the application of a formula - depending on the size of the medical scheme - which would take into account varying factors to determine what schemes should be holding in reserve. Jordan said requiring schemes to hold a portion of funding in reserve is still critical. It gives members the assurance that the scheme is well managed and has a claims-paying ability into the immediate future - but he believes that a flat 25 percent is not the best solution. He says Fedhealth would be supportive of a more flexible approach. Thus far, however, no fixed proposals on changing the reserve ratio have been put on the table. Dr Humphrey Zokufa, CEO of the Board of Healthcare Funders, says the BHF believes that it is not necessarily appropriate that all schemes - irrespective of the level of risk to which they may be exposed - need to have a minimum 25 percent reserve level in place. Some may need more, some less. He said the BHF would advocate a risk-based capital model in determining the percentage of the reserve they would be required to have, depending on the risk to which schemes are exposed. There is research being undertaken on this issue, which he believes is a constructive move.

Source: David Jackson: Business Day, 27 June 2013

## Most People with Mental Disorders 'Not Getting Care They Need'

THREE-quarters of the people in SA who suffer from a mental disorder are not getting the care they need, the Department of Health told parliament yesterday. This largely invisible health burden means millions of South Africans are not performing at their best, posing costs to the economy and society at large, the department's head of non-communicable disease, Melvyn Freeman, said. The very sickest among mentally ill patients, such as those with schizophrenia or bipolar disorder, are much more likely to be diagnosed and treated than people with common disorders

depression, anxiety, he said. For the majority of people with health problems, he



there was just no care. Briefing members of Parliament's portfolio committee on health, Prof Freeman said about 16.5 percent of the adult population could be expected to have a mental health disorder in any given year, according to the 2002 national stress and health survey. The prevalence of severe mental illness was one percent-two percent, while that of common disorders was about 14 percent. This suggests that about 5-million people are grappling with mental health disorders without appropriate intervention.

South African Depression and Anxiety Group founder Zane Wilson said agreed with these figures, saying mental health was still the Cinderella of healthcare and there has been less interest, attention and commitment than there should have been. Prof Freeman conceded that the provision of services for mental health was far from ideal. He said the Health Department was some way towards achieving its policy and legislative goals but there was no doubt there was still a long way to go. Prof Freeman said many hospitals did not even have the capacity to conduct the 72-hour assessment required to determine whether someone with an acute psychiatric disturbance was mentally ill or suffering from a disease such as cerebral malaria. The public sector faces a severe shortage of psychiatrists and psychologists, he said. Only 14 percent of the 2 692 clinical psychologists registered with the Health Professions Council of SA are working in the public sector - just 0.32 psychologists per 100 000 of the population and 0.28 psychiatrists per 100 000.

Source: Tamar Kahn: Business Day, 13 June 2013



## Smokers Cost Employers Thousands

WORKERS that smoke cost their employers

nearly \$6 000 (around R60 000) more each year than their non-smoking counterparts. A new study, published in the journal Tobacco Control, found that smokers incurred more costs through taking time off, smoke breaks and additional healthcare costs than non-smokers. These findings could have implications for smoking policies in the workplace, the researchers suggest. To estimate the costs associated with employing a smoker the researchers analysed previous studies on the issue. For this calculation they analysed absenteeism, presenteeism (lower productivity while working due to smoking-related health problems), smoking breaks, healthcare costs and pension benefits for smokers. The study also revealed that low productivity due to more missed days at work costs employers, on average, \$517 (more than R5 000) annually for each employee that smokes. Presenteeism costs \$462 (about R4 600) annually for each smoker, smoking breaks cost \$3 077 (more than R30 000) a year per smoker and excess healthcare expenses cost \$2 056 (around R20 000) annually for every employee that smokes. Smokers are more likely to die at a younger age than non-smokers and annual pension costs were an average of \$296 (about R3 000) less for each employee who smoked. Overall, the total estimated cost to employers was \$5 816 (R57 500) per year. The authors of the study said it was important to remember that the costs imposed by tobacco use were not simply financial costs. The said that the desire to help one's employees lead healthier and longer lives should provide an additional impetus for employers to work towards eliminating tobacco from the workplace.



Source: Health-e News Service, 11 June 2013

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