

# Medshield highlights strong financial position at the 2023 Annual General Meeting

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Medshield Medical Scheme hosted its 54th Annual General Meeting today. Principal officer Kevin Aron announced a healthy solvency ratio and strong credit rating maintained in an economically challenging year. He highlighted growth opportunities for the scheme and expressed gratitude to Medshield members for their loyalty and trust amidst an ailing economy.



"Starting the year with the economy under greylisting brought attention to our country's financial challenges and the real importance of saving money. Despite a constrained economic environment and its impact on the affordability of medical scheme products, we pursued a strategy focused on growth," states Aron. "As a scheme, we have been deliberate in providing our members with the best value for money, ensuring affordability without compromising on the quality of care, and are proud to have sustained our stable financial position," he says.

*“ ... the scheme plans to enhance its members' digital experience by introducing additional digital tools and service channels... ”*

Medshield Medical Scheme has maintained an excellent solvency ratio and AA-credit rating, as awarded by the Global Credit Rating Agency for 2022. The surplus for the year is R118.6m after investment income, which is R129.4m better than the budget. As a result, the scheme's solvency ratio increased to 64%, now more than twice the statutory requirement of 25%. Aron emphasises that the scheme's strong financial performance is for the benefit of its members.

"Medshield is a not-for-profit organisation and exists solely for our members and the value healthcare funding brings to them. Members' monthly contributions flow into a trust fund to pay for their healthcare claims according to the scheme rules and their selected plan or benefit option. In addition, Medshield is also self-administered, meaning we avoid paying high administration fees to third parties. Any surplus funds are transferred to the scheme's reserves to mitigate risk during tough times such as healthcare pandemics, and assist with funding a portion of the annual benefit increases so we can continue keeping contributions as low and affordable as possible in a struggling economy," he explains.

Like many businesses and individuals, Medshield faced economic difficulties and had to adapt to the numerous business

and operational challenges, all while ensuring that members' healthcare needs were met. "The ongoing Covid-19 pandemic in 2022 further impacted the health and well-being of both members and Medshield employees, exacerbated by other medical diseases and conditions, including mental health challenges," stated Aron.



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"In addition, South Africa experienced economic challenges compounded by the increase in fuel prices and interest rates, coupled with the impact of the rolling blackouts affecting member affordability and placing strain on the retention of members. All these factors significantly influenced the entire healthcare industry. Unfortunately, at the end of the financial year, the scheme recorded a decline in membership compared to the previous financial year, with 71,917 (2021: 74,206) principal lives and 143,338 (2021: 149,513) beneficiaries," he added.

Due to the loss of membership, the overall weak economy and resulting unemployment, the Scheme recorded a deficit of R28.8m (2021: a surplus of R11.3m) as its healthcare result for the year under review.

According to Aron, the scheme plans to enhance its members' digital experience by introducing additional digital tools and service channels, including digital and analytics strategies and expanding virtual consultations. "In the new and challenging healthcare landscape, Medshield will prioritise innovation to serve its members' needs. The scheme is focusing on using technology to enhance member servicing and the Medshield app and website will offer increased availability of virtual healthcare consultations," he explains.

The scheme remains a going concern and maintains confidence in its position for the foreseeable future. The board trusts that under the leadership of the principal officer and the executive management, Medshield will continue to be sustainable and achieve its strategic objectives.

With a history of over 55 years, Medshield's mission remains unchanged: to provide access to affordable, high-quality healthcare through partnerships at very competitive prices compared to the market. "We affirm our commitment to transparency and sensible support of national initiatives to provide greater access to quality healthcare for all South Africans. We are confident that our member-centric business approach will continue translating into quality healthcare and good value for money," Aron concludes.

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