



FOR OUR
MEMBERS

INTEGRATED
REPORT 2017

INTEGRATED REPORT 2017

Discovery Health Medical Scheme's Integrated Report is designed to cater for various readers by grouping information in a logical way according to different levels and areas of interest. The chapters in the Report can be read as standalone pieces for this purpose.

OUR STAKEHOLDERS AND GOOD CORPORATE CITIZENSHIP

28



This section discusses the Scheme's approach to responsible corporate citizenship and its ethics and values. It also discusses how each of the Scheme's key stakeholders obtain value from the Scheme, within the context of the Scheme's primary responsibility to create value for its members, who are its primary stakeholders.

GOVERNANCE

44



For readers who are interested in the details of the Scheme's governance, this chapter provides an overview from the Chairperson and a description of the legislation governing the Scheme and its governance structures and framework, including the Board of Trustees and Board Committees. It also reviews notable regulatory and industry matters dealt with during 2017.

PERFORMANCE

72



For readers who are interested in more about the performance of the Scheme during 2017, this chapter provides management commentary on the Scheme's strategic, operating and financial performance during 2017. It also includes a review of initiatives undertaken by Discovery Health on behalf of the Scheme and its members.

ABOUT OUR REPORT

Sets out the assurances provided for this Report and its purpose, scope and boundary, and the Board's statement of responsibilities.

inside
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FINANCIALS

Full Annual Financial Statements and notes to the Financial Statements.

94



ABOUT DHMS

For current and potential members, this chapter provides an overview of the Scheme and its material matters, key risks and objectives.

It also indicates who leads and governs the Scheme, and provides a snapshot of key performance information.

02



RESOURCES AND GLOSSARY

A quick reference guide for contact information, feedback, compliments and complaints processes, and guidance on where to find additional information.

Unfamiliar terms in the Report? Find definitions in our Glossary.

170



03

OUR
STAKEHOLDERS
AND GOOD CORPORATE CITIZENSHIP





DRIVING GOOD CORPORATE CITIZENSHIP AND STAKEHOLDER VALUE	30
OUR CULTURE, ETHICS AND VALUES	31
ENGAGING WITH OUR STAKEHOLDERS	33
Our members	34
Healthcare providers and professional societies	37
Financial advisers (brokers)	40
Discovery Health (Pty) Ltd	41
Employer groups	42
Our employees	42
Regulatory bodies	43

DRIVING GOOD CORPORATE CITIZENSHIP AND STAKEHOLDER VALUE



As a medical scheme in South Africa, Discovery Health Medical Scheme (DHMS or the Scheme) operates under principles of social solidarity, whereby the Scheme pools member contributions and manages them to fund member healthcare equitably. As such, the Scheme exists for the benefit of all its members. This stands as the primary guiding principle for everything the Scheme does.

The Scheme acknowledges its responsibility and obligation to work with the communities in which it operates, both directly and indirectly, to optimise the healthcare system in South Africa for the benefit of all. As the largest open scheme in South Africa, DHMS plays an important role in making progress on this objective. The Scheme also supports the work of its Administrator and Managed Care Provider, Discovery Health (Pty) Ltd, through its shared value model for engaging stakeholders as partners to work together with them towards this objective. The Scheme could not continue to function without the support of its stakeholders and broader society.

PAGE REFERENCE

In a shared-value health insurance system, all stakeholders benefit when the system improves. Read more about the shared value model at <https://www.discovery.co.za/corporate/discovery-shared-value-insurance-model>. Some examples about how shared value works with healthcare providers can be found on [pages 38 – 39](#).

PAGE REFERENCE

Read more about how we engage with our immediate stakeholders on [pages 33 – 43](#).

The King IV Report on Corporate Governance for South Africa 2016 (King IV) requires that specific areas of responsible corporate citizenship should be overseen and monitored. In late 2017, the mandate of the Stakeholder Relations and Ethics Committee¹ was

expanded to include social and ethics governance. To guide its oversight and reporting requirements, the Committee has adopted a framework that is adapted from its work on corporate social responsibility and from The Ethics Institute², and which incorporates the King IV requirements, as below:



Reporting to the Committee in terms of this framework has been initiated and will be further developed. The Committee has placed an initial focus on organisational ethics, Treating Customers Fairly (TCF), fraud and corruption detection and response, and the Scheme's workplace. Presentations and reports on these areas have been received by the Committee, which has requested further detail to support its ability to monitor progress. Future areas of focus will include closer engagement with key stakeholders, and a review of ethical contracting and procurement contracts, and other relevant internal Scheme policies.

PAGE REFERENCE

Read more about the Committee on [pages 64 – 65](#).
Read more about TCF on [page 32](#).

¹ Previously the Stakeholder Relations Committee.

² Crane, Matten & Spence (2008); The Ethics Institute material from 2017.



OUR CULTURE, ETHICS AND VALUES

The Scheme strives to operate according to the highest ethical standards, specifically those relevant to a medical scheme, and an employer. The Scheme's policies specify the standards of ethical behaviour expected of its Board of Trustees (the Board or the Trustees) and employees in areas such as compliance with the law, the protection of personal information, human rights, employee rights and sound business practices. Regular assessments are conducted into the effectiveness of the Scheme's governing bodies to identify any areas of concern. These policies are available to all Trustees and to employees on the Scheme's intranet. Reference to the policies is included in all employment contracts.

In accordance with the increased focus by the Board on ethics, and with the expanded mandate of the Stakeholder Relations and Ethics Committee, the Trustees have initiated a full ethics review of its internal and external environments, including ethical contracting. Areas for improvement and implementation plans will be reviewed by the Committee during the course of 2018, and improvements to structures and processes, where required, are expected as an outcome of this work.

To support the focus on ethics, the executive head of the legal and regulatory functions in the Scheme Office has been assigned the ethics portfolio, and the role title was amended in late 2017 to Head: Legal and Ethics.

During 2017, the Scheme's organisational culture was assessed by independent experts and a desired culture was mapped out. Progress in this regard will be assessed during the course of 2018.

— PAGE REFERENCE —

Read more about Board and Committee evaluations conducted on [pages 48 and 52](#).

OUR VALUES guide our behaviours and interactions with all our stakeholders.

INTEGRITY: If we act with integrity we will be doing the right thing. We will take personal accountability for our actions and, in our actions and decisions, hold true to our promise that we care.

MUTUAL RESPECT: We will be courteous and treat each other as we would want to be treated ourselves. We will listen to what people say and ask for and value each other's inputs.

ADAPTABILITY AND AGILITY: We will be sensitive to the external environment and to the needs of others in the team, while remaining responsive to changing needs and adapting to the pace of change, particularly with regard to uncertain health policy and markets.

TEAM WORK, SUPPORT AND CARE: We will support and care for each other, sharing the load and working interdependently.

PURSUIT OF EXCELLENCE: We will focus on continuous improvement, development and quality with learning as our core way of working.

RESILIENCE: We will remain resilient and persevere, with the ability to bounce back when required.

SOCIAL RESPONSIBILITY: We will act responsibly and in the best interest of our members.

MORAL DUTIES AND ETHICAL VALUES

The Scheme's standards of behaviour are aligned with the ethical values and moral duties outlined in the King Report on Governance for South Africa and the King Code of Governance Principles 2009 (King III) as well as the expectations of the Council for Medical Schemes (CMS) that are articulated in its governance framework:

MORAL DUTIES

Conscience, stakeholder inclusivity, competence, commitment and courage.

ETHICAL VALUES FOR GOVERNANCE, MANAGEMENT AND OPERATIONS

Discipline, transparency, independence, accountability, fairness and responsibility.

TREATING CUSTOMERS FAIRLY

The TCF Framework has its foundation in sound business principles and good governance. The Scheme voluntarily embraces the TCF principles and recognises their relevance to the quality of service and interactions that Discovery Health provides to our members.

As a registered Financial Service Provider in terms of the Financial Advisory and Intermediary Services Act 37 of 2002 (FAIS), Discovery Health has implemented the TCF framework.

THE DESIRED OUTCOMES OF TCF ARE:

Customers can be confident they are dealing with organisations where TCF is central to the corporate culture.

Products and services marketed and sold in the retail market are designed to meet the needs of identified customer groups and are targeted accordingly.

Customers are provided with clear information and kept appropriately informed before, during and after point of sale.

Where advice is given, it is suitable and takes account of customer circumstances.

Products perform as firms have led customers to expect, and service is of an acceptable standard and as they have been led to expect.

Customers do not face unreasonable post-sale barriers imposed by organisations to change product, switch providers, submit a claim or make a complaint.

The Risk Committee has received and reviewed detailed reports on TCF in the past; these reports will now also be reviewed by the Stakeholder Relations and Ethics Committee.



ENGAGING WITH OUR STAKEHOLDERS

The quality of the Scheme’s relationships with its stakeholders supports its ability to fulfil its purpose. Creating lasting value for our members requires that DHMS is sustainable in the long term, which requires creating value for the healthcare ecosystem of which it is a part. Balancing the needs and expectations of all stakeholders within this ecosystem, and thereby for society as a whole, is an ongoing challenge that we embrace.

The Stakeholder Relations and Ethics Committee oversees all stakeholder engagement activities and reports to the Trustees on these matters. The Committee uses a defined framework and methodology, which entails identifying stakeholder groups and assessing their needs as well as the impact that the Scheme has on its stakeholders. The Committee seeks to ensure that appropriate management and engagement plans are in place, and monitors their effectiveness, with close attention given to any specific incidents and their resolution.

As the Scheme’s Administrator and Managed Care Provider, Discovery Health conducts some of our stakeholder engagement work in accordance with the Vested® outsourcing model (Vested model), and the agreements between DHMS and Discovery Health. The Committee receives regular reports from Discovery Health on stakeholder engagement and perceptions, supplemented by presentations and discussions on significant matters of concern to the Scheme.

For example, Discovery Health responds to our members’ queries via call centres and through e-mail; engages with doctors through multiple communication channels to demonstrate new tools and initiatives; provides training and support to financial advisers on the Scheme’s products; and develops healthcare provider networks to control costs for our members and the Scheme, and reports to the Scheme on all such interactions.

The Scheme has adopted the principles of the Vested model. The Vested model places a strong emphasis on trust; trust as the basis for stakeholder relationships will be further developed to include all its stakeholders.

—PAGE REFERENCE—

For more information on the Vested model see [page 18](#).

During 2017, the Scheme Office conducted a detailed perception survey of stakeholder relationship owners throughout its environment, which included assessments of mutual trust and the impact and level of risk posed. The results of the survey were presented to the Stakeholder Relations and Ethics Committee in early 2018. Opportunities for improvement will be considered by the Committee during the course of 2018, and the results of the survey will be used to inform further development of stakeholder engagement plans.

—PAGE REFERENCE—

The sections on [pages 34 - 43](#) detail engagement with our key stakeholders, and touch on planned activities or outcomes for 2018 where relevant.

OUR MEMBERS

The Scheme's purpose recognises that we exist for our members, who entrust us with their healthcare funding needs. Thus, the Scheme aims to ensure the long-term affordability of contributions so that members can continue to access private healthcare of the highest standard. Building and maintaining strong relationships with all our other stakeholders supports our ability to achieve these objectives.

One of the Scheme's major longer-term strategies is to drive value-based healthcare, which is a delivery model in which providers are reimbursed based on health outcomes, and to promote member access to programmes and providers that are committed to continuous improvement in quality healthcare.

Through Discovery Health, the Scheme is deeply engaged in many quality of care initiatives and ongoing monitoring to ensure that our members have access to the safest, most efficient healthcare available in South Africa. The Scheme also empowers our members with information that is relevant to their needs.

Discovery Health's infrastructure and member support systems provide a range of engagement options for our members: they can make contact through a call centre, via the website (www.discovery.co.za), through the Discovery Member App on their smart phones and tablets, or by visiting five walk-in centres around the country. These member support systems are designed to provide members with easy access to accurate information about their benefits, claims and other plan information. Various customer satisfaction and operational metrics are monitored on an ongoing basis to assess whether our members' service expectations are being met. Members are also able to contact the Principal Officer directly if they need to.

PAGE REFERENCE

The Principal Officer's contact details are on **page 170**.

The Scheme ensures that all our members are continuously informed of changes in benefits and contributions, formularies and the Scheme Rules governing their health plans. This enables them to make informed decisions about the plan type best suited to their healthcare and affordability needs, even as these change.

Related

MATERIAL MATTERS
(see page 11)

- Member health and wellness
- Scheme sustainability and healthcare affordability in a challenging economic climate

RISKS
(see pages 12 – 13)

- Affordability of contributions and medical inflation
- Stakeholder management
- Information and cyber
- Outsourcing
- Claims

ENSURING OUR MEMBERS STAY SATISFIED

Member satisfaction is at the core of the Scheme and Discovery Health's ethos, and members' perceptions of the service they receive is tracked at multiple points and locations, including walk-in centres, after-claims processes and the call centre.

We are proud to have maintained a high average member perception score in 2017:





PROVIDING QUALITY NURSING CARE TO OUR MEMBERS IN THE COMFORT OF THEIR OWN HOMES

Home care has been shown to improve the healthcare experience and outcomes when a hospital stay is not necessary. Accordingly, our members have access to Discovery HomeCare¹, which is a unique home-based healthcare service that provides high-quality nursing care. Discovery HomeCare provides support and convenience for patients with specific conditions and saves the Scheme unnecessary hospitalisation costs.

Launched in 2015, the service reduces hospital admissions and the length of hospital stays, and potentially avoids readmissions – thereby adding beneficial value to the member, treating doctor and the Scheme. Highly qualified ICU-trained nurses care for patients in the comfort of their own homes, reducing exposure to hospital-acquired infections and allowing patients to recover faster. This improves appropriate hospital bed allocation and alleviates the burden of families travelling to and from hospital.

The programme currently focuses on four main therapeutic areas:

- **INTRAVENOUS INFUSIONS:** antibiotics, steroids, enzymes, iron, immunoglobulins and fluid replacement.
- **WOUND CARE:** moderate to severe wounds not requiring hospitalisation.
- **POSTNATAL CARE:** three visits by a qualified midwife for both mother and baby if safely discharged one day early, and within a six week period post-birth.
- **END-OF-LIFE CARE:** facilitating referrals to the Advanced Illness Benefit teams.

PAGE REFERENCE

Read more about the Advanced Illness Benefit on [page 89](#).

Discovery HomeCare is available in all large cities and towns throughout South Africa, and in more remote areas on a case-by-case basis. The programme has grown strongly over the last year, with approximately 400 visits per month in 2017 and 650 in December alone. There is also no member co-payment when utilising Discovery HomeCare services; co-payments with some other agencies that provide similar services average R195 per day. In 2016 and 2017, Discovery HomeCare realised savings of R2 million per year for the Scheme.

The service has been well received by our members, with nursing care consistently rated highly at 9.6 out of 10 by patients, with 97% preferring Discovery HomeCare to hospitalisation.

Member feedback on Discovery HomeCare

“Oh absolutely! It’s the best service in the world. I get to carry on working and don’t have to traumatise my kids by being in hospital. I’ll be the Discovery HomeCare brand ambassador!”

“Dr J... would like to thank the nurses that see her patients for wound care. She has received such good feedback from our patients. Thank you again.”

“I love Discovery. I have a kidney infection and instead of lying in hospital for 5 days, I get to stay at home! There is no way I can afford 5-7 days in a hospital bed right now! Seriously a brilliant service, I say it over and over. I am so terrified of hospitals, so this is a huge deal for me.”

“I just wanted to send you a mail to say thank you very much for your excellent service and for the quick response. I really do appreciate all your help and efficient work. Your service which you provided was top notch service.”

Several new Discovery HomeCare initiatives went live in 2017:

- **An Aged Care pilot** running in four retirement villages in Gauteng. These provide high-quality care for residents in their units or at care centres, which reduces the need for hospital admissions or allows earlier discharge to a safe environment for optimal recovery and care.
- **HealthID integration** allows doctors to refer their patients to Discovery HomeCare via the HealthID application and review progress and discharge reports (including photographs) via the app.
- **An OrthoHomeCare pilot** with orthopaedic surgeons who provide pre-surgery home assessments and visits on the day of discharge to ensure patient’s environments and care is optimised, which reduces hospital readmissions due to potentially avoidable complications.

¹ Discovery HomeCare is operated by Grove Nursing Services (Pty) Ltd, registration number 2015/191080/07. Grove Nursing Services is a wholly-owned subsidiary of Discovery Healthcare Services (Pty) Ltd.

EMPOWERING OUR MEMBERS TO MAKE BETTER CHOICES

Since 2015, Discovery Health has been reporting on Scheme members' ratings on the quality of care and patient experience provided by private hospitals. Since its publication on the Discovery website to the end of 2017, the Patient Satisfaction Score (PaSS) has been viewed more than 61 000 times and the overall average PaSS score has increased from 56% in 2013 to 59.3 % in 2016¹ in response to the sharing of results with members on the website.

Drawing on global best practice, Discovery Health has partnered with a selection of public, private and NGO partners to run the Smart Health Decisions programme, working with family practitioners. It encourages patients to

have conversations with their doctors about specific focus areas. As an example, to help combat the growing challenge of antibiotic resistance one focus area is promoting discussions on the over-utilisation and misuse of antibiotics.

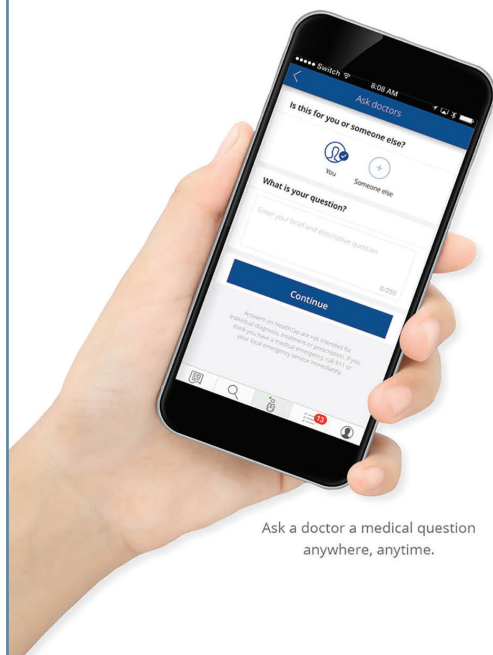
A new addition for 2017 was the General Practitioner (GP) survey that allows members to rate and/or recommend their GP based on service satisfaction by analysing five key measures: continuity of care, discussion of medication, professionalism of office staff, patient communication, and doctor availability. As the survey matures, results will be shared with providers and members.

¹ 2017 score not available at time of publishing.

Empowering our members with digital solutions

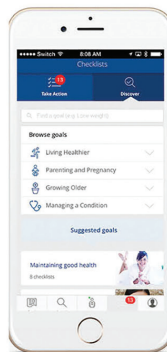
DrConnect was launched in 2017. It provides access to a database of 6.5 billion curated medical questions and allows members to ask questions of a network of over 108 000 doctors internationally for an immediate response and guidance. In addition, members benefit from personalised tips and checklists created by doctors to help them meet their health goals. Integrated with Discovery

HealthID, DrConnect also enables virtual follow-up consultations using video, voice or text with selected doctors that members have seen in the last 12 months in a completely secure, private environment. As of February 2018, 69 742 DHMS members were registered on DrConnect and 1 509 South African doctors were participating on the platform.

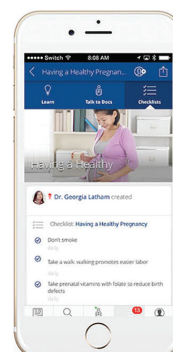


Ask a doctor a medical question anywhere, anytime.

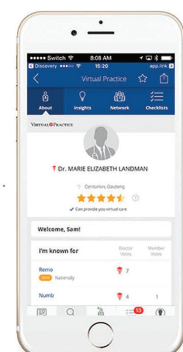
DrConnect capabilities and benefits



Subscribe to health goals to manage chronic conditions, pregnancy and other wellness goals.



Get personalised doctor-created checklists.



Conduct virtual follow-up consultations with doctors using video, voice or text.



HEALTHCARE PROVIDERS AND PROFESSIONAL SOCIETIES

The Scheme continues to develop and maintain mutually supportive partnerships with healthcare providers from all disciplines in the pursuit of quality, cost-effective healthcare for their patients – our members.

We remain certain that the Scheme's and Discovery Health's strategy to progressively implement value-based care initiatives in collaboration with healthcare providers plays a significant role in mitigating some of the challenges experienced by healthcare professionals. These include prevailing regulatory and impending health system policy changes, and socio-economic and other healthcare market pressures, including increasing medical litigation. To this end, we are increasingly contracting with and reimbursing doctors on the basis of the value derived from their services, including member satisfaction and health outcomes, among other measures. In this regard, we distinguish the performance measurements based on whether the doctor manages patients with unexpected sudden onset, short-duration (acute) illnesses or illnesses of prolonged duration (chronic conditions).

We started 2017 with the successful launch of the Premier Plus GP network for chronic disease management, specifically Premier Plus for Diabetes. Although it is still too early to measure the sustained impact of the initiative, initial results are positive as seen in improvements in process of care measures across screening, testing and medicine compliance rates. Building on the DiabetesCare initiative, we will be extending the concept to a Premier Plus GP network for HIV management (HIVCare), with plans to extend Premier Plus to cardiac and mental healthcare in 2019.

For GPs managing patients presenting with acute conditions, we will be launching a new value-based multiplier in 2018 that rewards healthcare providers with improved measures in the access, efficiency, quality, patient experience and wellness domains. In line with this development, we initiated a GP Patient Experience Survey in 2017 and will share the results with stakeholders in due course.

We have also invested significant effort and resources in engaging specialists and their respective professional societies to develop value-based care projects. Two examples of this are developing an acceptable model for an arthroplasty centre of excellence network in 2018, and developing solutions to support the South African Society for Obstetricians and Gynaecologists clinical governance project. These initiatives also support quality measurement through electronic Patient Health Records development (supported by the Discovery Health digital platforms, including HealthID and DrConnect) and disease registries.

The Scheme continues to lead the sector in implementing innovative alternative reimbursement models with the major hospital groups. The Scheme also has contracts with all major

pathology groups and radiology practices, as well as most other healthcare professionals. These arrangements provide members with certainty of cover and a wide range of options to avoid co-payments, and ensure the Scheme complies with Prescribed Minimum Benefit legislation in terms of the Medical Schemes Act 131 of 1998, as amended (the Act).

Regular meetings, workshops and thought leadership summits are held to examine pertinent issues affecting healthcare delivery in South Africa and other sector issues. Continuous engagement with the pharmaceutical industry aims to secure the best possible prices of medicines for members, thereby protecting the pool of funds from which members' claims are paid.

We continue to participate in workgroups with various healthcare providers and professional societies to address topics including provider challenges, new technology and claims coding, with good progress made in all areas. The focus remains on enhancing affordable quality care and sustainability.

Over the past year collaboration has continued on initiatives that are aligned to the principles of a shared value healthcare system. In 2018 we will continue to partner with the profession to accelerate the shift towards value-based healthcare and shared value payment.

OTHER ENGAGEMENTS INCLUDED THE FOLLOWING:

- Extensive communication sent to doctors to update them regarding any Scheme and Discovery Health changes they need to be aware of.
- Ongoing engagement with societies and representative bodies in the sector.
- Articles published in medical journals and the press to showcase quality-of-care improvement initiatives and collaboration with doctors.

Related

MATERIAL MATTERS (see page 11)

- Member health and wellness
- Healthcare system reform
- Ethical business

RISKS (see pages 12 – 13)

- Affordability of contributions and medical inflation
- Stakeholder management
- Compliance
- Outsourcing
- Claims
- Regulatory change

SHARED VALUE HEALTHCARE INITIATIVES IMPROVE QUALITY AND REMUNERATION

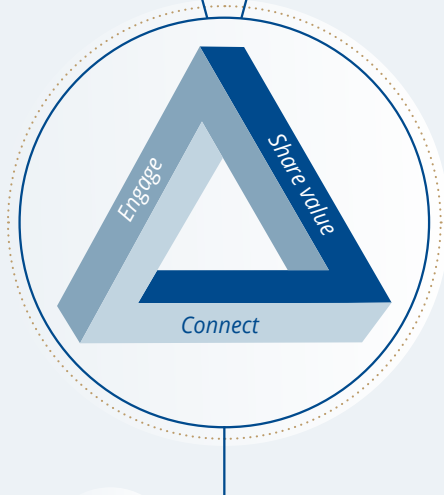
The World Economic Forum's insight report (April 2017) on Value in Healthcare, describes value-based healthcare as "a genuinely patient-centric way to design and manage health systems. Compared to what health systems currently provide, it has the potential to deliver substantially improved health outcomes at significantly lower cost."

1 Shared value initiatives

Quality networks, governance projects and the measurement of quality metrics have the common aim to improve quality and the efficiency of health care.

2 Enhanced remuneration

Practices that participate and perform through these value-based partnerships benefit from enhanced remuneration through value-based multipliers.



3 Digital health technology



HealthID and DrConnect seamlessly connects doctors with patients and peers both locally and all over the world, in a completely secure, confidential environment. Fully integrated with HealthID, you have access to your patients' health information anytime.

Key predictions of quality of care innovations 2020

At a Discovery Quality Summit held in early 2018, panellists predicted key quality-of-care innovations likely to materialise in South Africa in the next two years:

- Publication of quality metrics across organisations in an interpretable format.
- Inclusion of the voice of the patient in standardised quality reporting through patient experience surveys.
- Regulatory shift to team-based care with aligned reimbursement structures such as bundled fees.
- Delivery and management of healthcare via virtual experiences and digital tool utilisation.
- Adoption of blockchain technology in healthcare systems to enable secure access to clinical data.
- Growth of public private partnerships to develop an affordable open source electronic medical record.

DHMS looks forward to working with Discovery Health to drive these innovations forward to achieve better quality care for our members, and to further our aims as a good corporate citizen.



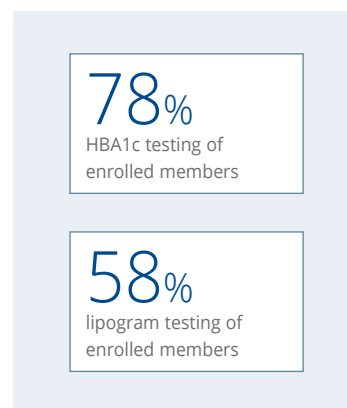
1 Shared value initiatives

PARTNERING WITH THE PREMIER PLUS NETWORK TO IMPROVE DIABETES OUTCOMES

Diabetes is one of the most significant contributors to disease burden in South Africa and a significant cost driver for the Scheme. In response, Discovery Health established the DiabetesCare programme to ensure more effective treatment of members diagnosed with diabetes.

The DiabetesCare programme is delivered through the GP Premier Plus network and is an integral component of disease management at a primary care level. At the end of 2017, the programme had 11 561 registered members (12% of total registered diabetic members, suggesting rapid growth from the programme's inception in 2016).

Process measures at the end of 2017 indicate that the percentage of diabetic members who have had at least one HBA1c test is 78% for DiabetesCare enrolled members, compared to 57% for non-DiabetesCare enrolled members. Similarly, DiabetesCare enrolled members have a higher percentage of cholesterol testing (58% versus 35%) and a higher dietician consulting rate (8.2% to 2.4%).

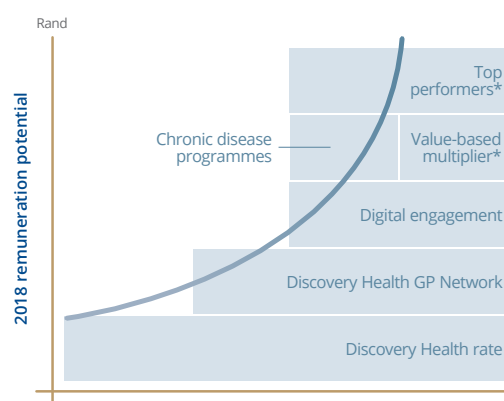


2 Enhanced remuneration

In the Surgicom Governance Project¹, participating surgeons collaborate to improve adherence to clinical guidelines and tracking clinical outcomes through electronic discharge summaries. The shared value principles that framed the project are being realised, with participating surgeons having received over R5 million in additional income. One material benefit of this programme is the publishing of discharge summaries by treating surgeons. So far, over 15 000 discharge summaries have been published on the HealthID electronic platform.

¹ Read more about the Surgicom Governance Project at <http://www.surgicom.co.za/members>.

ILLUSTRATIVE REMUNERATION POTENTIAL DEPENDING ON YOUR PRACTICE



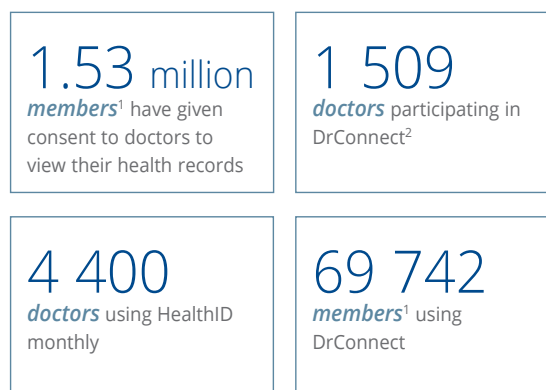
* Performance criteria detailed in your practice specific communication

3 Digital health technology

SUPPORTING DOCTORS IN QUALITY OF CARE WITH DIGITAL SOLUTIONS

HealthID remains the flagship Discovery Health digital offering for health professionals. By the end of 2017, approximately 4 400 doctors were using HealthID on a monthly basis and more than 1.53 million members¹ have provided consent to their doctors to access their health records. HealthID is a key strategy to improve the quality of care and is the backbone of Discovery Health's vision to build a better shared value healthcare system. Further functionality upgrades that will further empower health professionals are planned for 2018.

¹ Of schemes administered by Discovery Health.
² As at end February 2018.



FINANCIAL ADVISERS (BROKERS)

The private healthcare sector in South Africa is complex, encompassing different types of providers, facilities, funding structures and mechanisms, as well as individual patient needs. Financial advisers play a critical role in helping existing and prospective members navigate this complexity by providing comprehensive and independent advice about the healthcare cover best suited to their specific health and affordability needs.

Financial advisers introduce individual consumers and employers to the full spectrum of medical schemes in the industry and assist them to compare the benefits, pricing, strengths and weaknesses, and service levels of competing medical schemes.

Consumers are then able to match their needs with the most appropriate medical scheme and plan offering. Once consumers have joined a scheme, financial advisers provide ongoing information through annual reviews, and update members and employers on product and service changes.

Financial advisers are reimbursed by the Scheme for their services according to legislated fees and their contractual arrangements with the Scheme – members do not pay them directly. Financial advisers must be registered with and are regulated by the Financial Services Board, and must comply with the Financial Advisory and Intermediary Services Act. In addition, they are accredited by the CMS to provide advice on private healthcare cover.

Discovery Health engages extensively with financial advisers on the Scheme's behalf. In-depth training and assessment sessions are supplemented by annual product launches and updates to support advisers. The Scheme focuses specifically on ensuring that our health plan information is written in an easily understood and accessible way, for the benefit of both members and advisers.

Engagements in 2017 included:

- The annual product update on the Scheme's product and benefit enhancements for the new benefit year was provided in a national rollout to over 200 broker consultants and agents, and presented and broadcast to more than 8 200 financial advisers from the annual product launch event.
- National presentations at two different times in the year to corporate brokerages provided information on the Scheme's strategies, industry position, financial results and risk management initiatives.
- Broker consultants were trained and assessment done on their knowledge of the Scheme's products, the private healthcare sector, and sales and presentation skills.
- Major corporate brokerages were provided with a comprehensive analysis of the South African medical schemes industry and a comparative analysis of 2016 open medical scheme financials.
- Perception surveys were conducted to establish how satisfied financial advisers are with the service they receive. The overall perception score by brokers of Discovery Health for the year was 8.97 out of 10, slightly up from 8.7 in 2016.

Related

MATERIAL MATTERS (see page 11)

- Scheme sustainability and healthcare affordability in a challenging economic climate
- Healthcare system reform

RISKS (see pages 12 – 13)

- Affordability of contributions and medical inflation
- Stakeholder management
- Regulatory change



DISCOVERY HEALTH (PTY) LTD

Discovery Health is the largest administrator and managed care provider for medical schemes in South Africa, providing services to close to 3.5 million lives. This includes DHMS, the largest open scheme in South Africa, as well as 18 restricted schemes.

The Scheme and Discovery Health have an arm's-length contractual relationship that governs all activities outsourced by the Scheme to Discovery Health. The working relationship between the two organisations is governed by the Vested model, which focuses on outcomes and is characterised by a shared vision and aligned objectives to ensure that both organisations work for the ultimate benefit of members.

PAGE REFERENCE

Read more about the Vested model and how we operate on [pages 18 – 19](#).

Discovery Health is appointed by the Scheme's Board of Trustees and reports extensively to the Trustees, the Board Committees and the Scheme Office on a regular basis. The Trustees are responsible for ensuring that Discovery Health meets agreed strategic and operational requirements.

The agreement between the Scheme and Discovery Health contains extensive service level requirements, against which the Trustees monitor and measure Discovery Health's performance, with frequent engagements that focus on:

- Scheme performance and risk management;
- Implementation of the Scheme's strategy;
- Product design and implementation of Scheme benefits;
- Marketing and sales;
- Member and other key stakeholder communication;
- Regulatory and industry matters;
- Combined assurance; and
- Stakeholder relations – Discovery Health engages extensively with various stakeholders, including our members, on behalf of the Scheme.

During 2017, DHMS renewed its Administration and Managed Care Contracts with Discovery Health. The Scheme also established the operational Relationship Management and Innovation Committees to actively monitor and optimise the working relationship between the organisations and ensure continuing focus on innovation respectively. These Committees will come into full operation during the course of 2018.

Related

MATERIAL MATTERS (see page 11)

- Member health and wellness
- The Vested model
- Scheme sustainability and healthcare affordability in a challenging economic climate
- Ethical business

RISKS (see pages 12 – 13)

- Affordability of contributions and medical inflation
- Stakeholder management
- Information and cyber
- Outsourcing

EMPLOYER GROUPS

Many employers offer their employees the opportunity to join a medical scheme as part of their employee benefit package.

Employees may fund this membership through a specified subsidy or a structured salary package. Publicly available information suggests that DHMS is the most popular open medical scheme among employers – 73% of members belonging to an open medical scheme as part of an employer group belong to DHMS¹.

In 2017, the following engagement activities were conducted:

- Corporate wellness days encouraged interaction with members who are part of an employer group.
- Focused service and engagement strategies were developed with employer groups, tailored to suit their workforce's servicing needs.
- Annual product updates regarding the Scheme's product and benefit enhancements for the new benefit year were provided in a national rollout to employer groups.

¹ Based on 2016 Global Credit Ratings reports for open medical schemes.

Related

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- Claims

OUR EMPLOYEES

The Scheme is committed to protecting the dignity, safety and health of our employees, providing decent work, fair remuneration, training and development opportunities, and treating them equitably and ethically.

A comprehensive set of Board-approved human resources policies, including codes of conduct and ethics policies, are available on the Scheme's intranet and are embedded in the Scheme's daily operations. The Principal Officer is accountable for resolving all employee-related matters.

The Scheme employs a small team that is essential to its effective operation, ensuring sustainability while responding in an agile way to industry developments and challenges. It is imperative that all employees are nurtured and developed to ensure the best efforts of fulfilled, engaged members of staff. Training and development opportunities are regularly identified, and all staff members attend training relevant to their work and their potential within the Scheme. Periodic assessments and audits of the Scheme's value proposition to employees supports staff satisfaction and retention, and quarterly performance assessments and discussions help employees stay on track in terms of their role objectives and career development.

During 2017, the Scheme Office engaged in a review of its operating model which, among other outcomes, served to clarify the work of the Scheme Office and the role profiles of employees. Small amendments have been made to the organisation structure as a result. The Scheme also conducted culture assessments and mapped out its desired culture.

In 2018, changes identified from the operating model review will be further embedded. The Scheme plans to review and optimise its performance management framework as well as review progress in moving towards its desired culture. In addition, an ethics review has been initiated by the Trustees that may result in amendments to the ethics policy.

Related

MATERIAL MATTERS (see page 11)

- Scheme sustainability and healthcare affordability in a challenging economic climate
- Healthcare system reform
- Ethical business

RISKS (see pages 12 – 13)

- Stakeholder management
- Regulatory change
- Compliance
- Information and cyber



REGULATORY BODIES

The Scheme and Discovery Health are required to adhere to strict legislation, primarily the Act.

Maintaining constructive relationships with industry regulators is critical to the Scheme's ability to create value, and we work hard to build and maintain a collaborative working approach and keep lines of communication open with relevant authorities.

COUNCIL FOR MEDICAL SCHEMES

The CMS¹ regulates all medical schemes in South Africa. Its role includes:

- Protecting and educating the public regarding their medical scheme cover;
- Assessing and registration of schemes' rules and benefits;
- Handling complaints and disputes between the public and medical schemes;
- Ensuring that schemes comply with the Act and maintain a high standard of governance and management; and
- Working with the Department of Health regarding regulatory and policy interventions.

The Scheme engages actively with the CMS on matters of policy, application and interpretation of rules, benefit design, Scheme finances and resolution of disputes with members. The Scheme enjoys a constructive and transparent working relationship with the CMS.

In 2017, the CMS published 81 circulars and the Scheme submitted responses to those where required, as well as to other ad hoc and formal enquiries from the CMS. The CMS also publishes an annual report covering activity across the private healthcare industry.

THE NATIONAL DEPARTMENT OF HEALTH

The Scheme interacts with the National Department of Health whenever required. In particular, the Scheme has submitted comments on the National Health Insurance (NHI) White Paper and participated wherever possible in work streams relating to the NHI.

DHMS supports the objectives of universal health coverage and looks forward to opportunities to collaborate with the Department of Health and all other stakeholders in determining how best the sector can achieve the objectives of quality and equitable healthcare.

THE COMPETITION COMMISSION

The Competition Commission's Health Market Inquiry (HMI) into the private healthcare sector² continues. The inquiry is a general investigation into the state and types of competition in the market, and does not relate to any specific organisation. One of the aims of the Inquiry is to promote competition to benefit consumers. The Scheme looks forward to its final report, expected in August 2018, as opportunities exist for the HMI to make recommendations that will support innovation and competition in the industry, reduce the fragmentation of healthcare, and fully implement the social solidarity framework within which medical schemes in South Africa operate.

During 2017, the Scheme engaged regularly with the HMI Panel, made submissions and attended industry seminars as needed, and cooperated fully and openly in the process. We will continue to do so in 2018.

¹ Find out more about the CMS at www.medicalschemes.com.

² Find out more about the Healthcare Market Inquiry at www.compcom.co.za/healthcare-inquiry/.

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