




## WELLTH FUND EMPLOYER WEBINAR

Dr Ron Whelan | Chief Commercial Officer, Discovery Health  
April 2023






**Health & wellness more important than ever emerging from COVID-19**

**Scheme carefully navigated COVID-19 pandemic to create sustainable value for members**

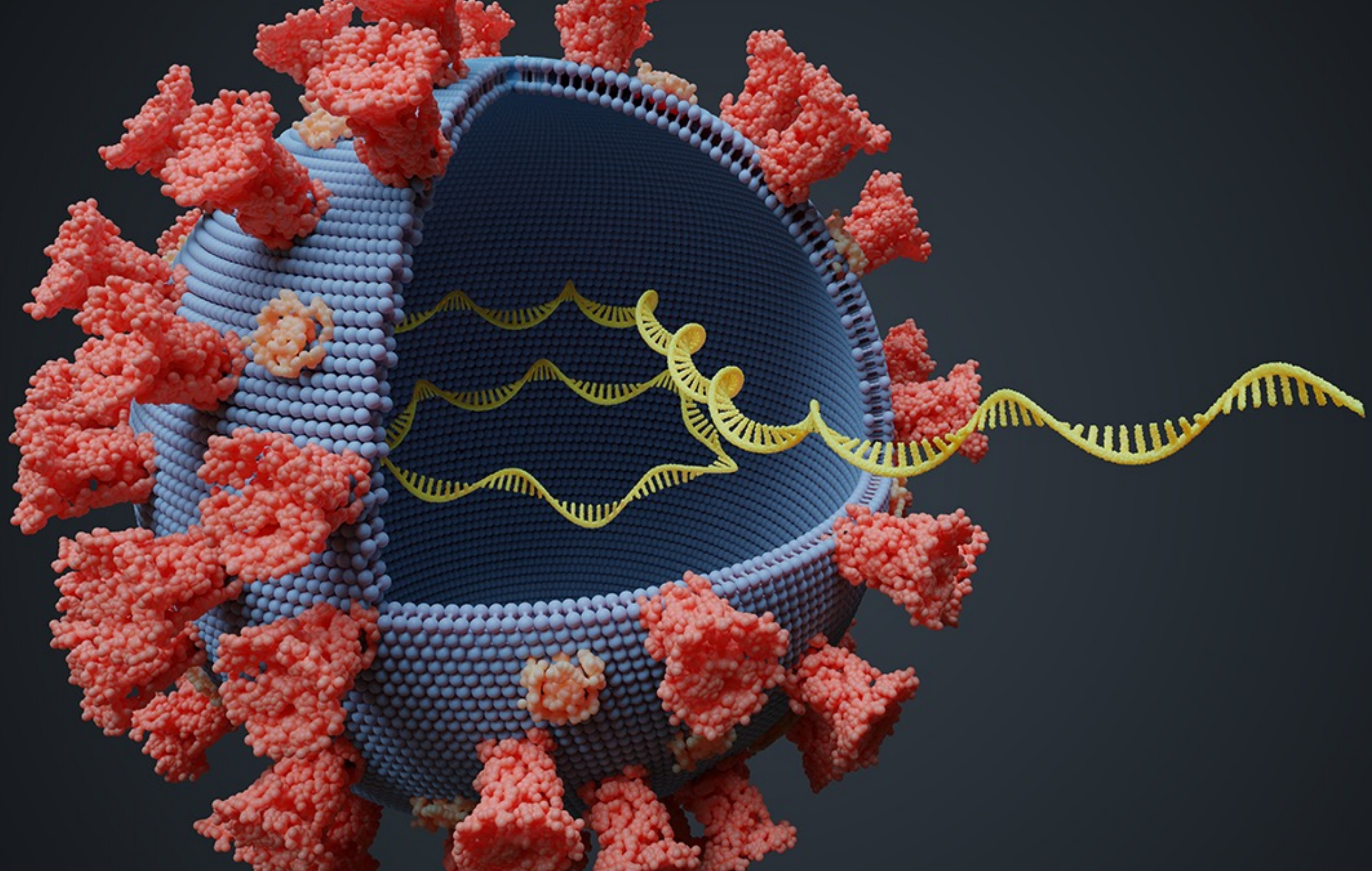
**High value & affordable healthcare for employers in 2023 and beyond**



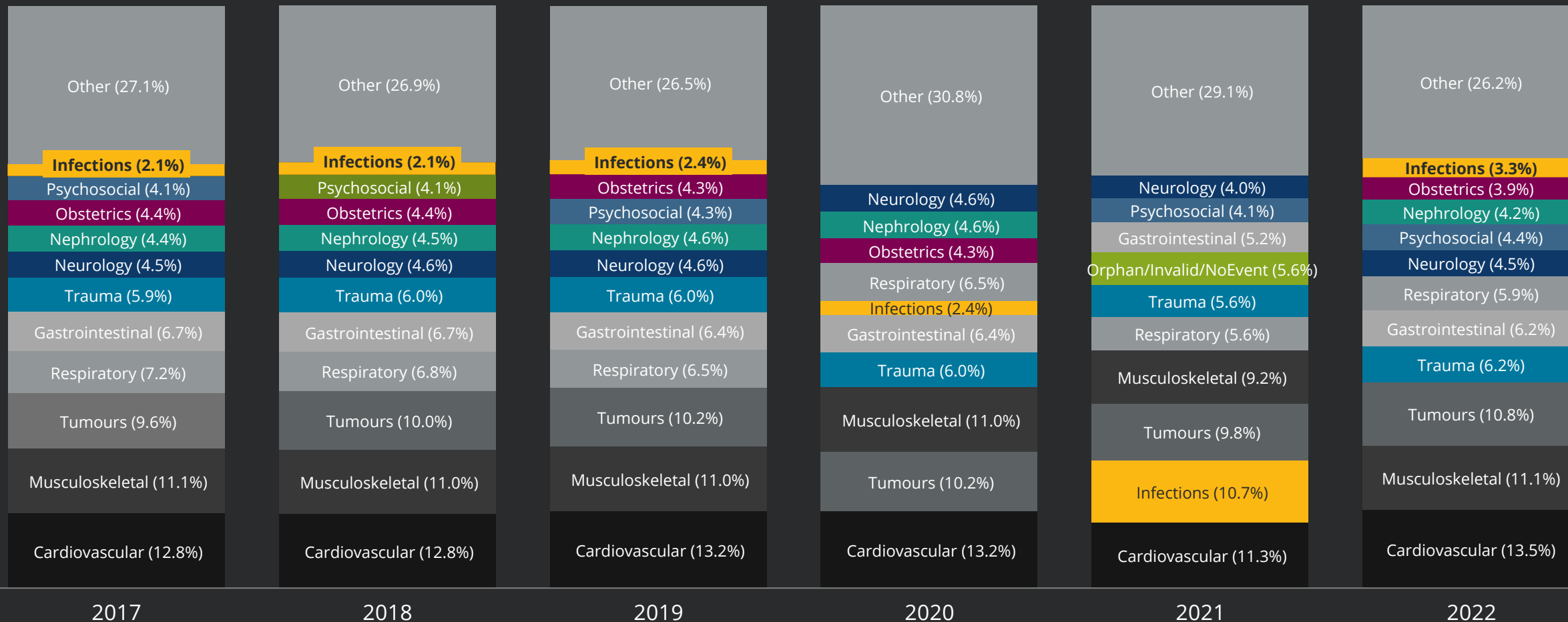
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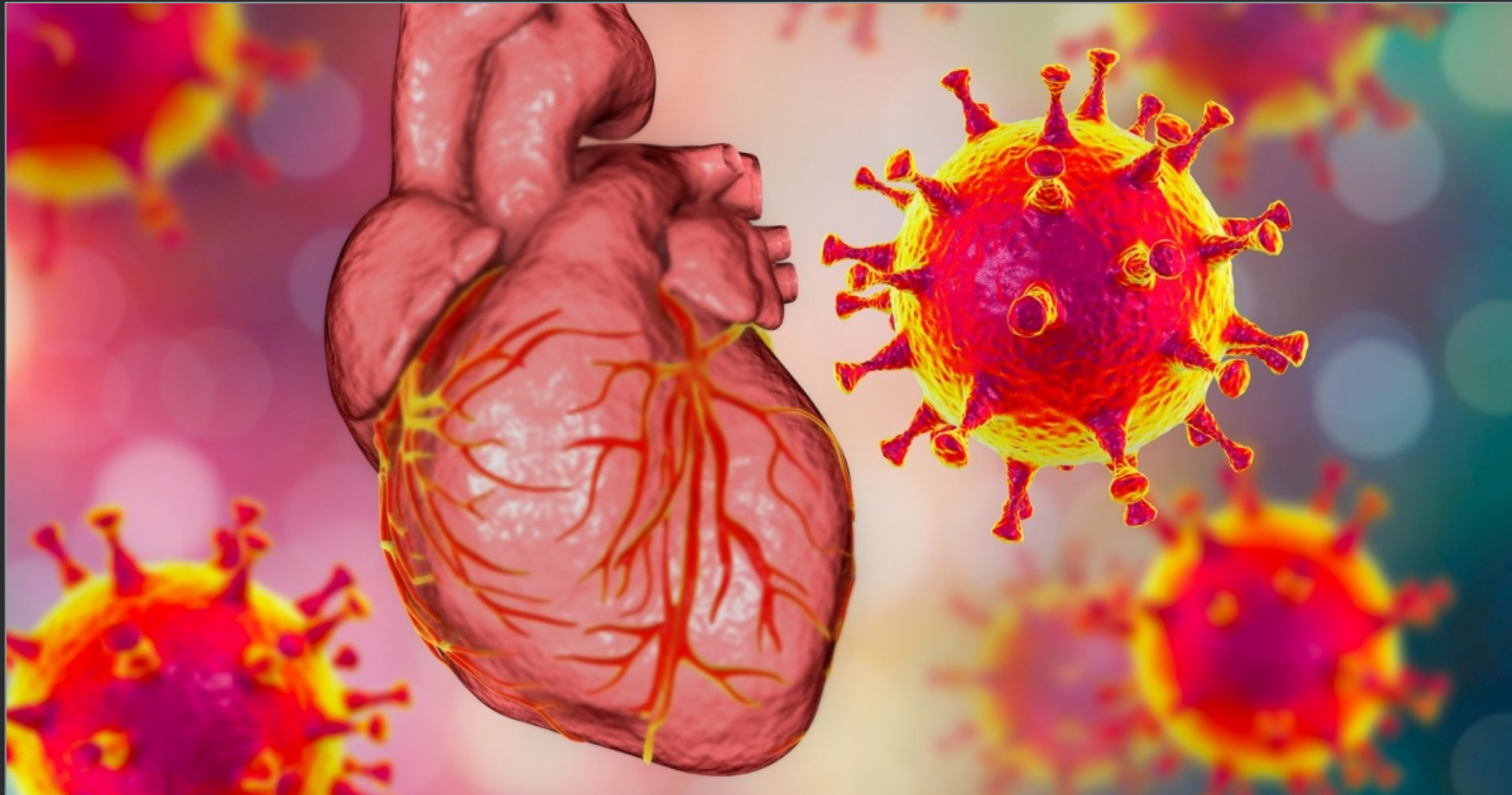
High value & affordable healthcare for employers in 2023 and beyond



# Discovery Health Medical Scheme top 10 Disease Episode Groupers (DEGs)



# Clear link between COVID-19 and cardiovascular diseases



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## Discovery flags 200% spike in heart-disease death claims

Londiwe Buthelezi

**news24**

 Comments

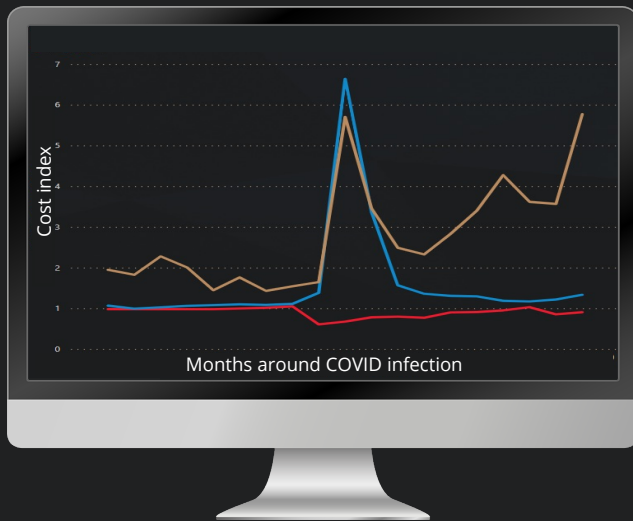
 Gift article

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# Increased incidence of diabetes and cardiovascular disease following COVID-19 infection

## Evidence of Long COVID emerging in healthcare claims

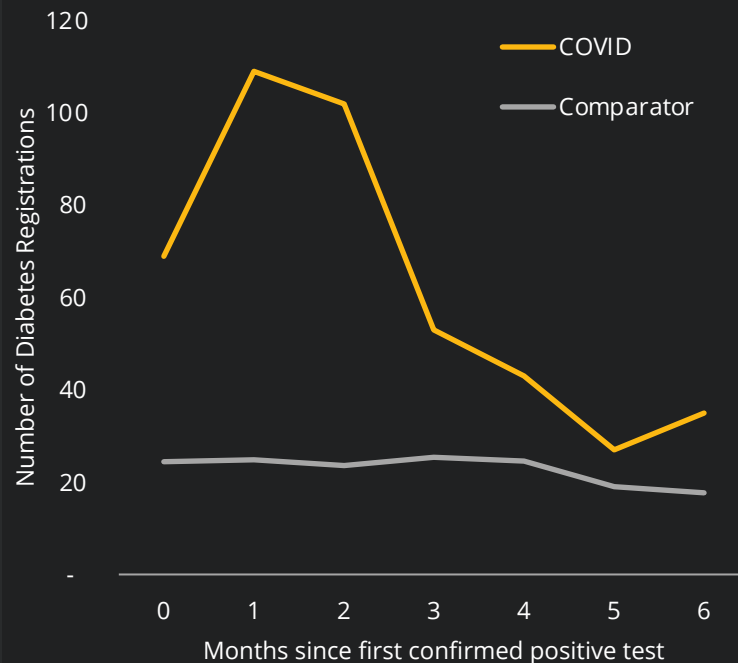
- Claim data post initial COVID suggest a lagging, extended COVID effect
- Those with poorer pre-existing health status are more at risk



- Cost for non-COVID positive
- Cost for members with single COVID infection
- Cost for members with reinfection

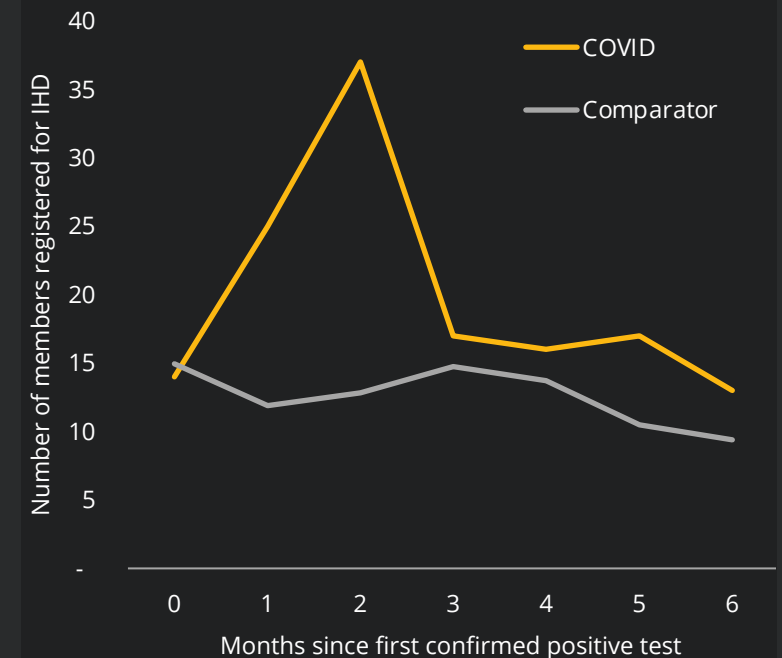
## Onset of diabetes mellitus post COVID

**2.75x** Higher Risk of developing Diabetes  
**5x higher if hospitalised**

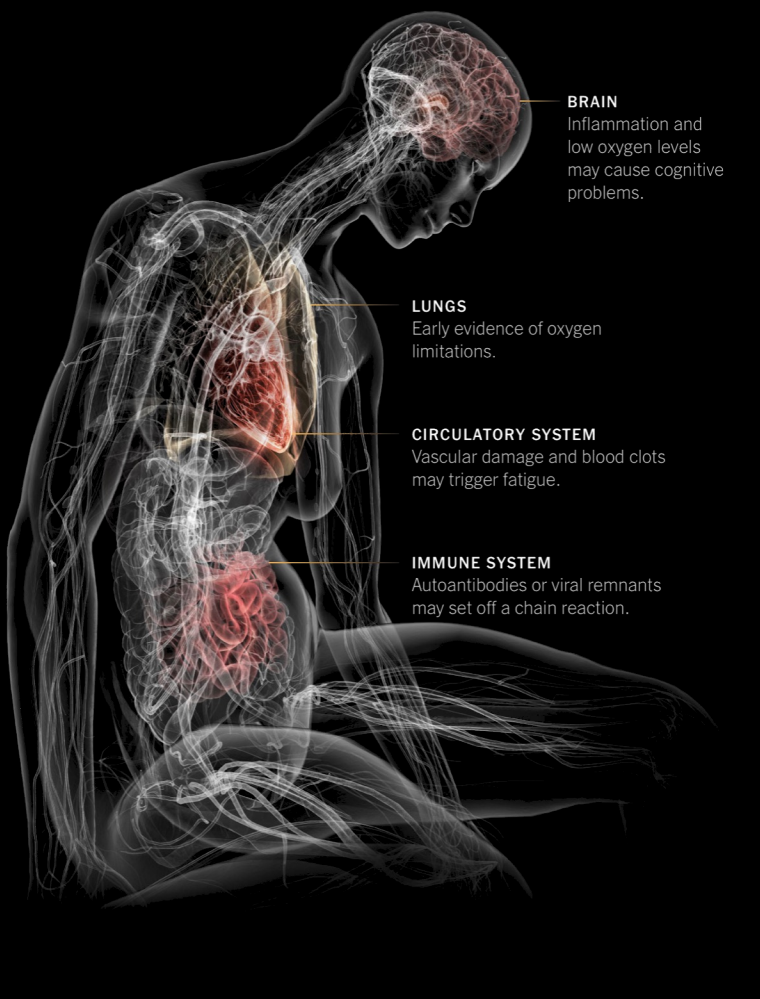


## Onset of cardiac conditions post COVID

**1.5x** Higher Risk of developing a Cardiac condition  
**3.5x higher if hospitalised**

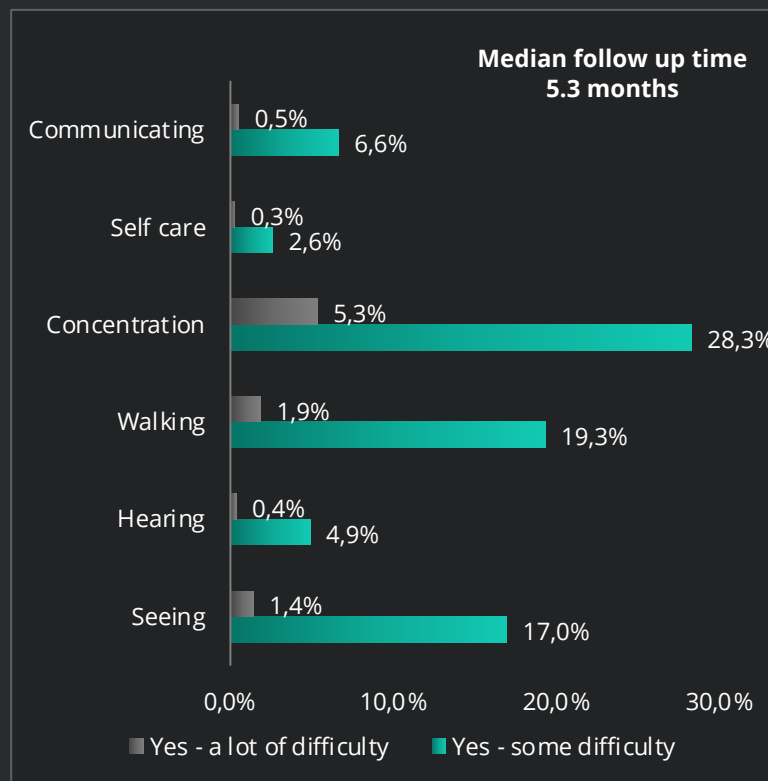


# Recovered COVID-19 patients experience protracted and significant disruptions to daily living



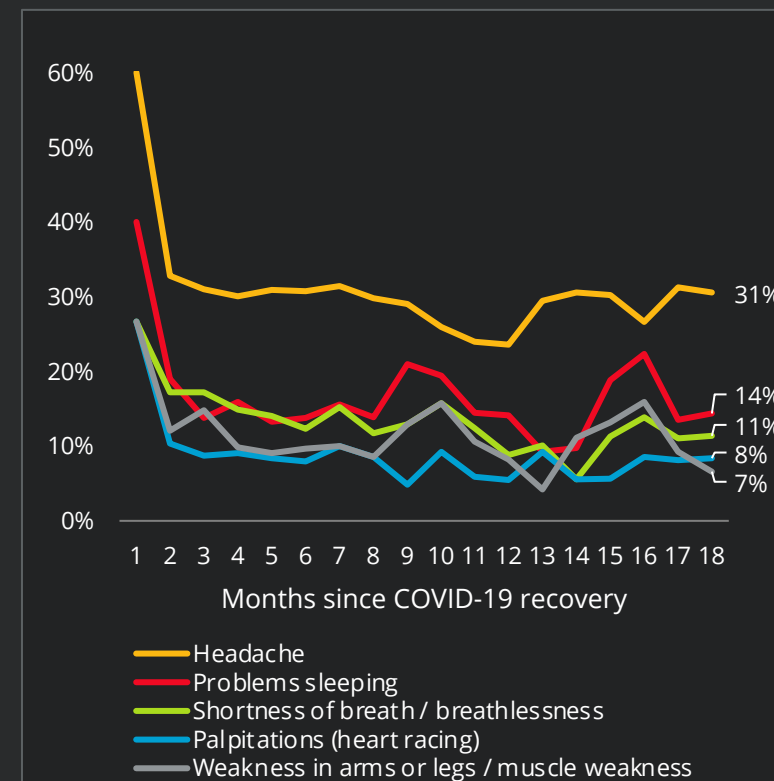
## More difficulty in activities of daily living

Change in key activities of daily living for Discovery Health clients reporting no difficulty before COVID-19 infection



## Side-effects present up to 18 months post-infection

Most common side effects reported by recovered COVID-19 Discovery Health clients

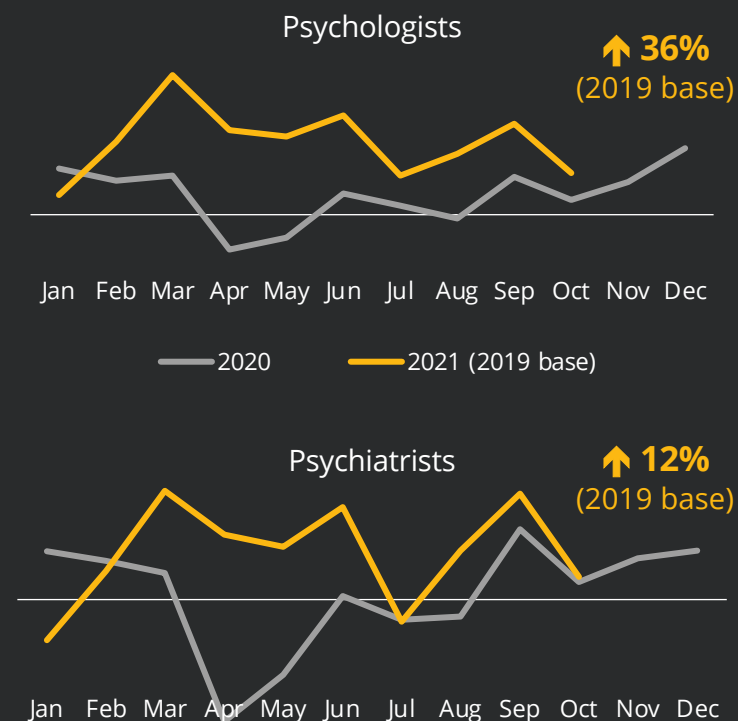
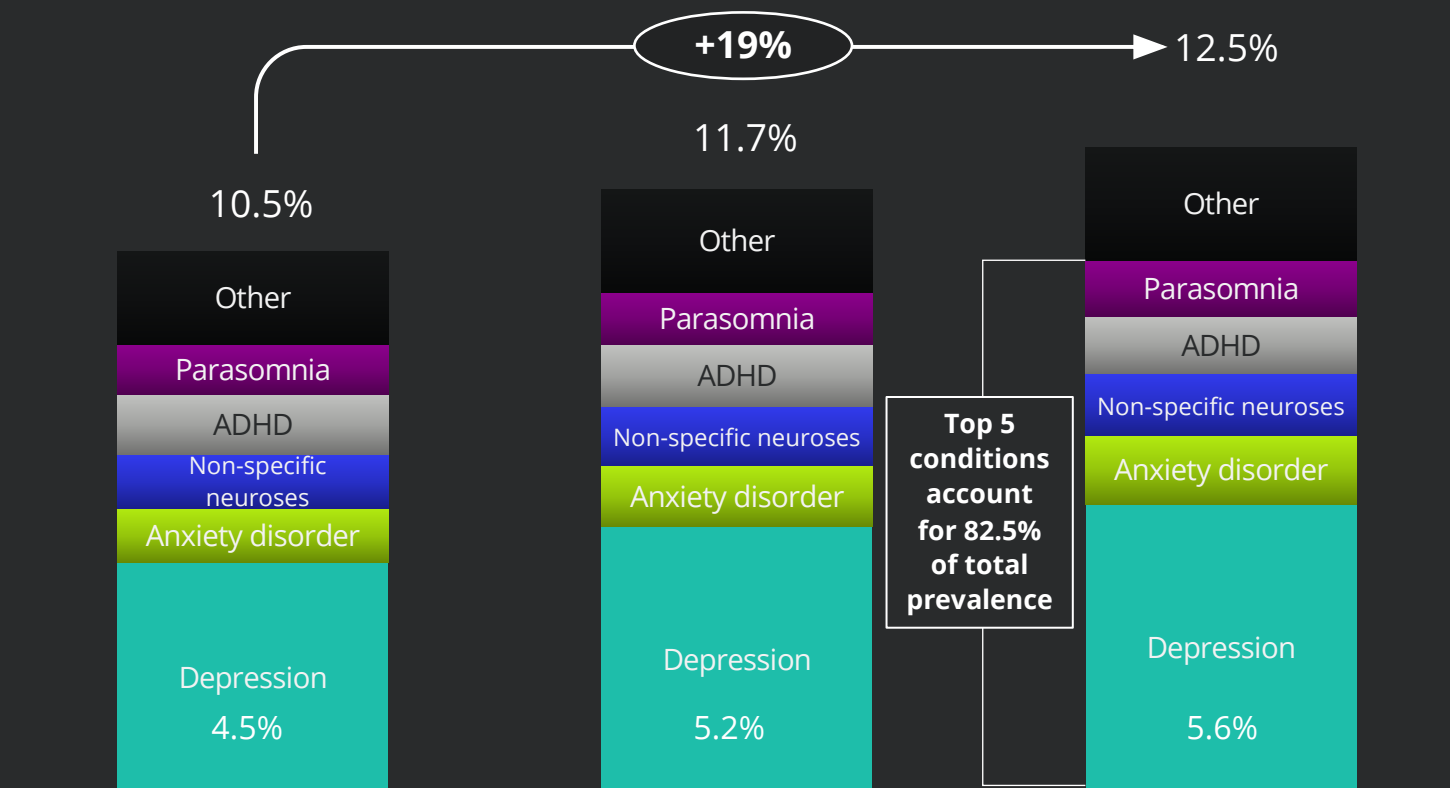




# Prevalence of mental health conditions increased by 19% since 2019, driven by 24% increase in prevalence of depression

## Prevalence of mental health conditions - DHMS

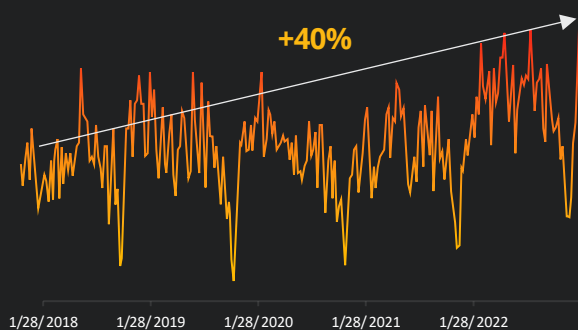
% of members



# Health is top-of-mind for South Africans

## Search trends indicate elevated interest in health and healthcare

Google searches by South Africans about healthcare are on the rise



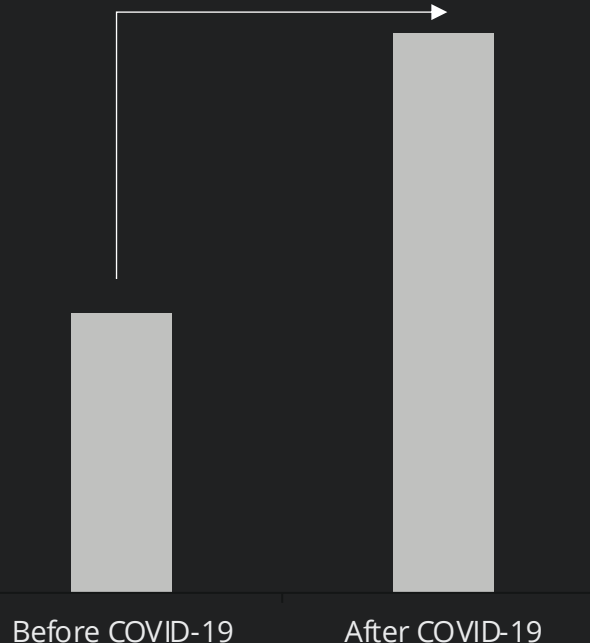
Following the Spanish flu in 1918, sales of insurance in the U.S.

**increased by 80%**

## With improved sentiment towards health and wellness

Member sentiment around the importance of health and wellness and mental health  
*(internal research)*

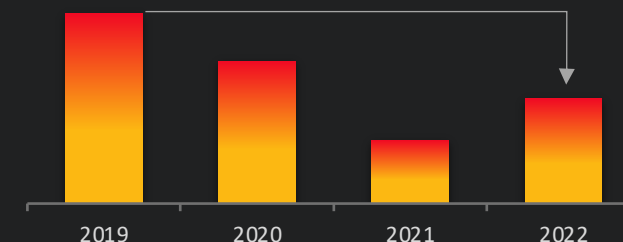
**+11%**



## Resulting in members prioritising their health cover

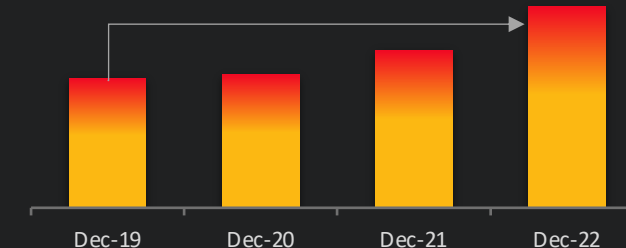
Reduced DHMS withdrawals post-COVID-19

**-10%**



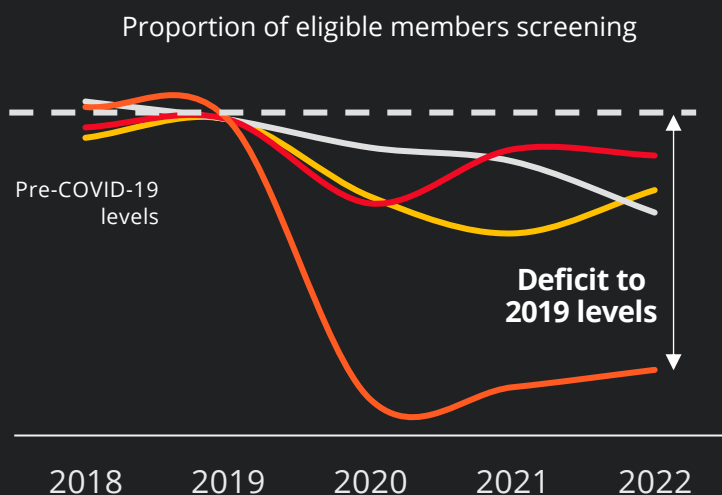
Increased take-up of Discovery Health products

**+145 000 lives**



# Critical for employers to address the screening and prevention deficit as a result of COVID-19

## Preventative screening materially reduced over COVID-19



— Mammograms      — Pap Smear  
— Prostate Screening      — Health Check

**-50%**

Health Checks

**-15%**

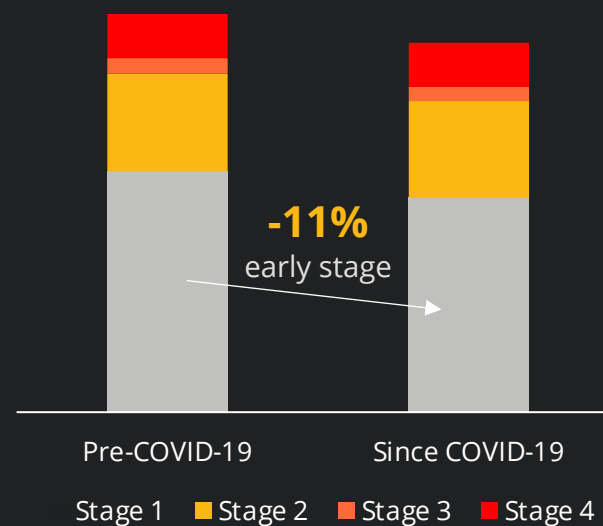
Mammograms

**-10%**

Prostate screening

## Fewer early-stage cancers due to a lack of screening

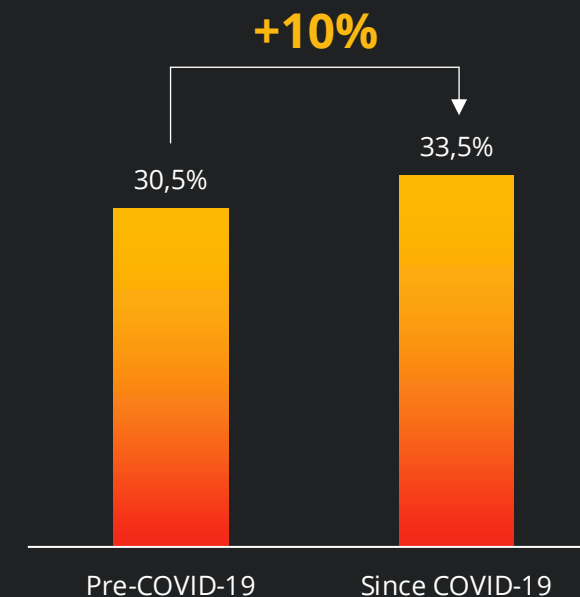
Number of members diagnosed with cancer



Reduction in members diagnosed with early-stage cancers vs pre-COVID-19, whilst late-stage diagnoses remained unchanged

## Higher severity at diagnosis of diabetes

Proportion of new diabetes diagnoses with complex conditions



Increase in proportion of members diagnosed with complex diabetes

# Screening has a significant impact on a member's health span and life span

## Individual life and health span enhancements from early detection and management

### Severe illness

#### Life years lost at age 40

##### Breast cancer

↓  
**22 years**  
Life span

##### Prostate cancer

↓  
**35 years**  
Life span

### Lifestyle diseases

#### Expected life span and health span at age 40

##### Diabetes

5 years ↓ | ↓ 8 years  
Life span | Health span

##### Hypertension

4 years ↓ | ↓ 4 years  
Life span | Health span

## Significant scheme-level benefits



↑ **131k**

Days in hospital  
per year



↑ **17k**

ICU  
days per year

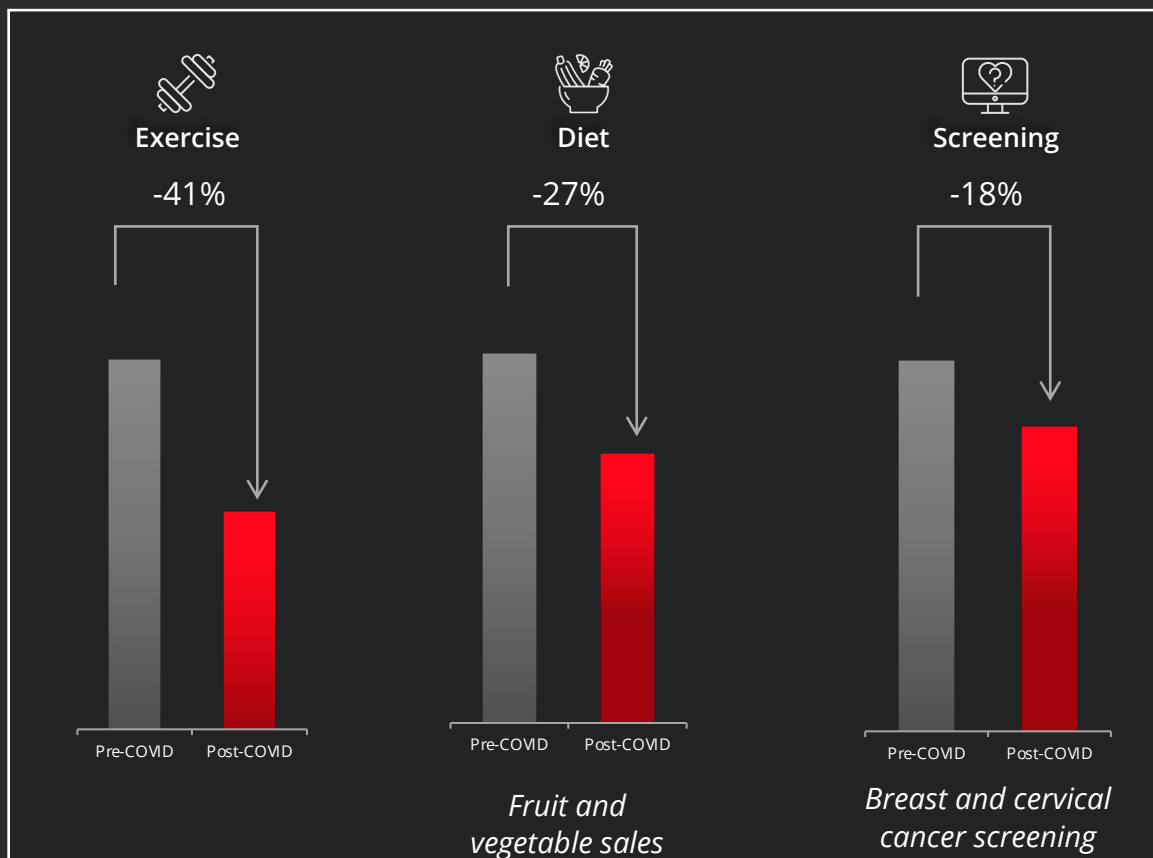


↑ **120m**

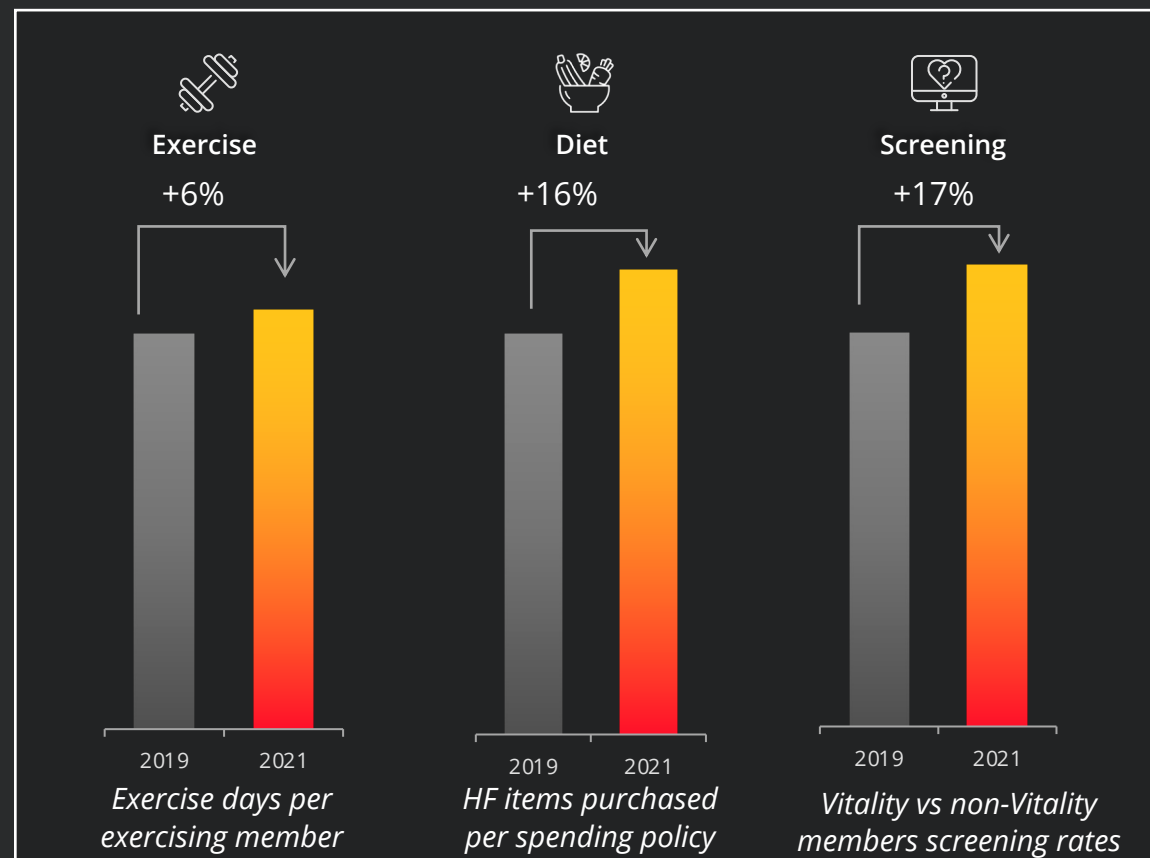
Annual  
healthcare claims

# COVID-19 pandemic resulted in reduced health engagement, with higher resilience across more engaged members

## COVID-19's indirect health impacts observed globally...

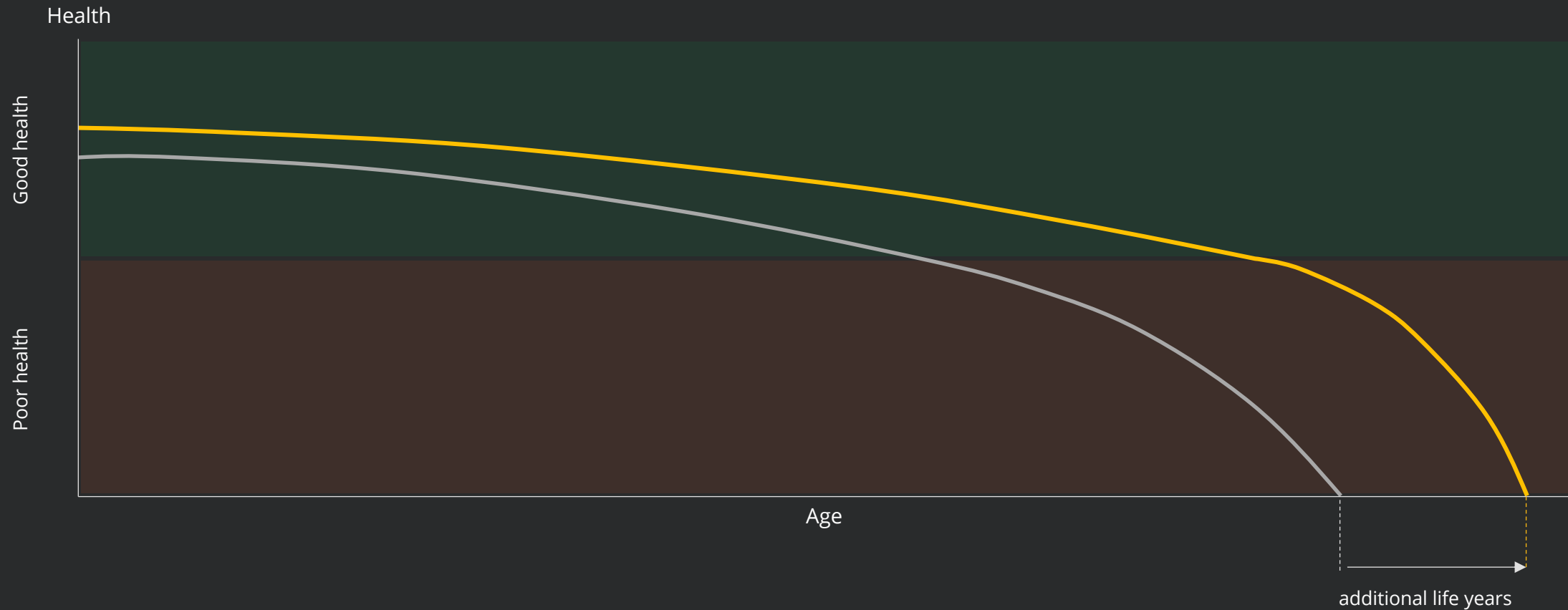



## ...however engaged individuals (Vitality members) showed resilient healthy behaviours can be maintained



# Screening has a significant impact on a member's health span and life span

Awareness of one's health and the management of the risk significantly impacts the trajectory of future health





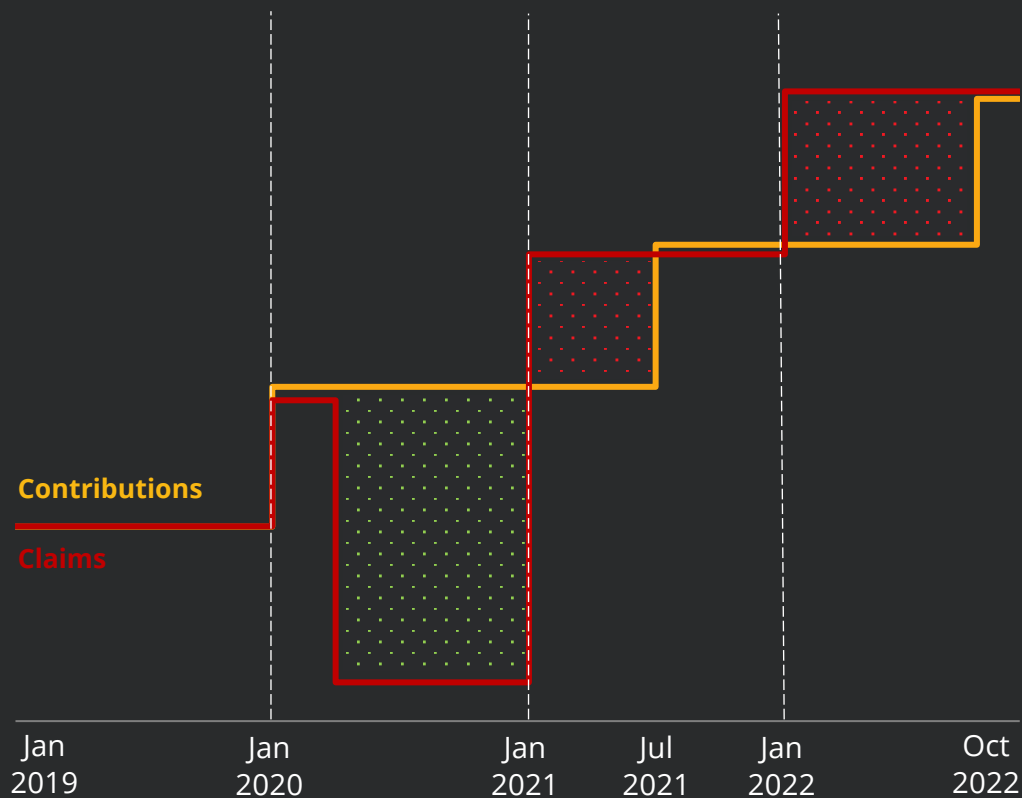
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**Scheme carefully navigated COVID-19 pandemic to create sustainable value for members**

High value & affordable healthcare for employers in 2023 and beyond

To provide financial support to members through COVID-19, DHMS deferred annual contribution increases 2021 – 2023, returning R8.6bn to members

**DHMS total cost impact contributions relative to claims**



**R2.2bn (2021)**

**R4.6bn (2022)**

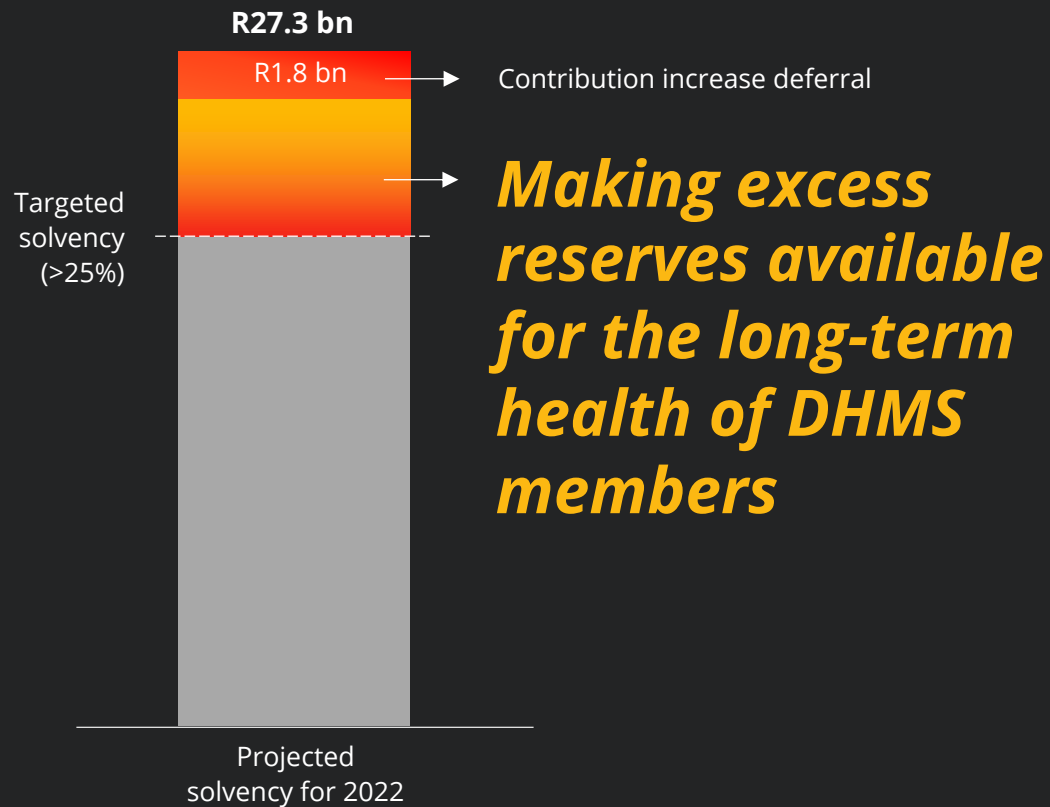
**R1.8bn (2023)**

**R8.6 bn**  
 contributions saved  
 through 2021-2023  
 deferrals in  
 contribution  
 increases



# The WELLTH Fund is the single biggest investment in the health of our members and long-term sustainability of the medical scheme

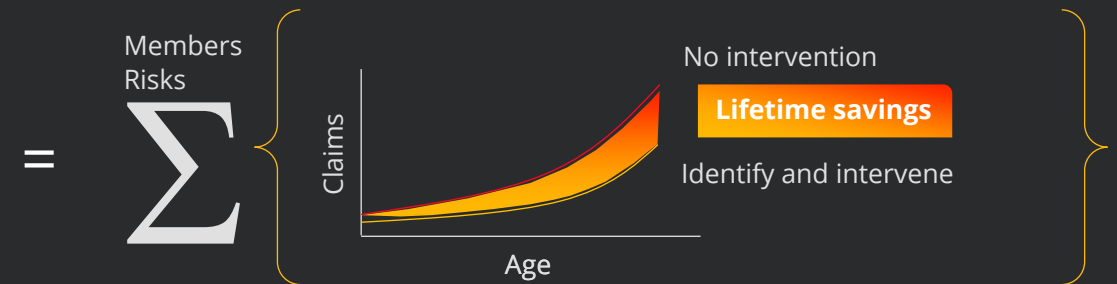
Leveraging excess solvency for the health of our members



Optimal investment in long-term health and sustainability of the scheme

$$\text{Return on investment} = \frac{\text{Claims savings}}{\text{Cost of screening}}$$

Claims savings



**= 9 x investment**

The WELLTH Fund makes up to R10,000 available to members for screening and preventive healthcare services

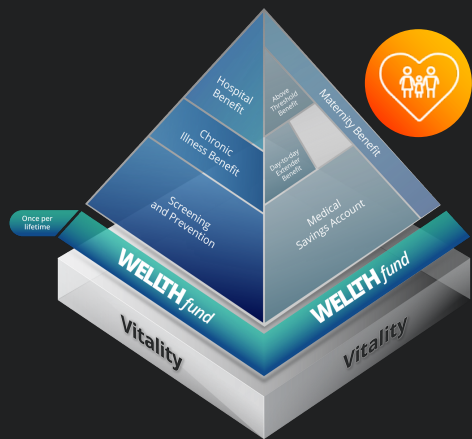
Additional benefit to reverse the implications of the COVID-19 screening deficit for all members

Covers a broad range of discretionary healthcare services

Significant value already unlocked

# WELLTH fund

Up to R10 000 in wellness benefits

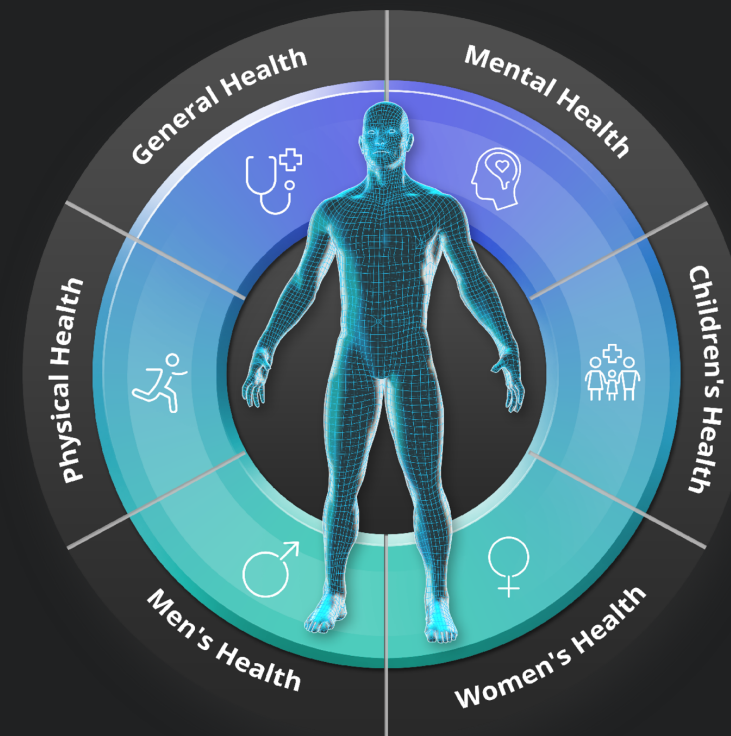


Unlocked with a **HEALTH CHECK**

Funds available to all existing and new members across all plans

	Adult	<b>+R2 500</b>
	Child	<b>+R1 250</b>
	Family	<b>Up to R10 000</b>

Available from 1 January 2023 for 24 months



**+56%**  
Increase in Health Checks

**138 000**  
Policies with WELLTH Fund unlocked

**R100m**  
Benefits used from WELLTH Fund

## A BROAD RANGE OF ADDITIONAL SCREENING, MONITORING & PREVENTATIVE BENEFITS

### Physical Health

- Diet, Nutrition
- Weight management
- Physical movement & Mobility
- Vitality fitness assessment
- High performance fitness assessment

### Mental Health

- Mental health check-up

### General Health

- Dental check-up
- Eye check-up
- Hearing check-up
- Skin cancer screening
- Colon cancer screening
- Heart health
- Lung cancer screening

### Women's Health

- Gynaecological screening related services
- Osteoporosis bone density

### Medical monitoring devices

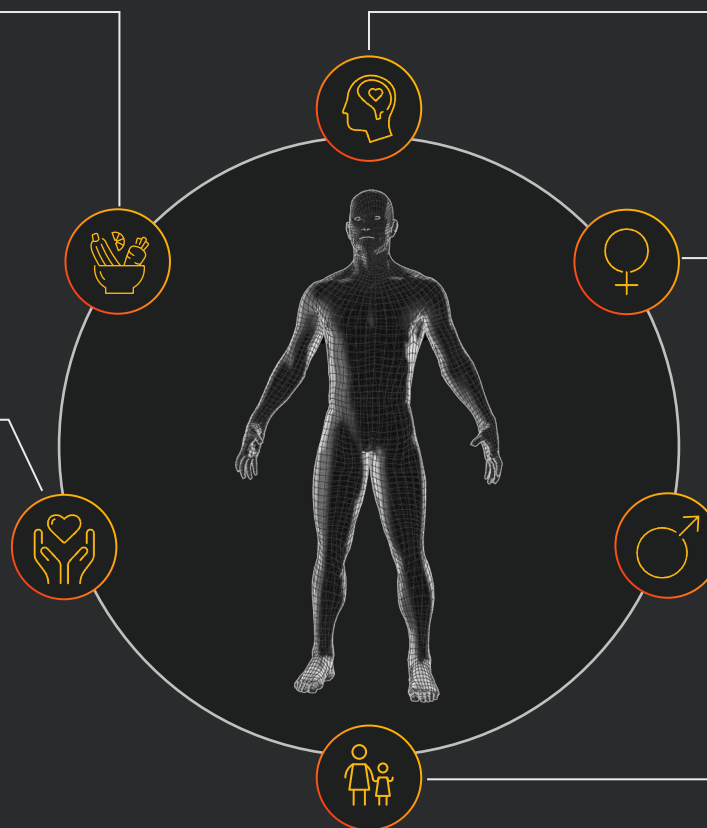
- Blood pressure
- Cholesterol
- Blood sugar
- Asthma

### Men's Health

- Prostate screening related services
- Osteoporosis bone density

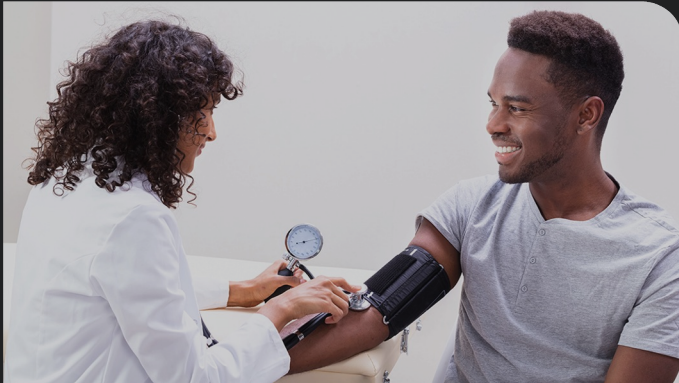
### Children's Health

- Development milestone assessment
- Well child visit



# Employees can take ownership of their personal health journeys

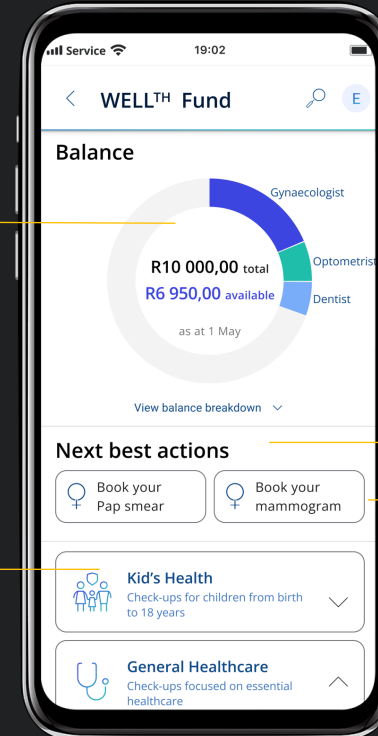
Unlock the **WELLTH** fund by completing a Health Check



**Health Check unlocks the benefit**  
for the rest of the  
2023 and 2024 calendar years

Receive personalised clinical guidance for recommended screening and track available funds

Track your benefits



Next best actions

Book a consultation

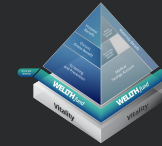
The WELLTH Fund dashboard can also be viewed in the Discovery Bank app

# Elevate the health of your employees through corporate wellness day in 2023

Boost health and wellness through an on-site corporate wellness day in 2023:



Screen for key health risks and empower employees to improve their health with a **risk-funded Vitality Health Check**




Unlock **up to R10,000 in risk funding** per employee for a range of discretionary day-to-day healthcare services through the DHMS WELLTH Fund



Ensure **effective treatment and management of identified risks** through disease management and prevention programmes



Improve incentives for healthy living with **higher Vitality status, greater benefits and more valuable rewards**



Health & wellness top of mind for employees & employers

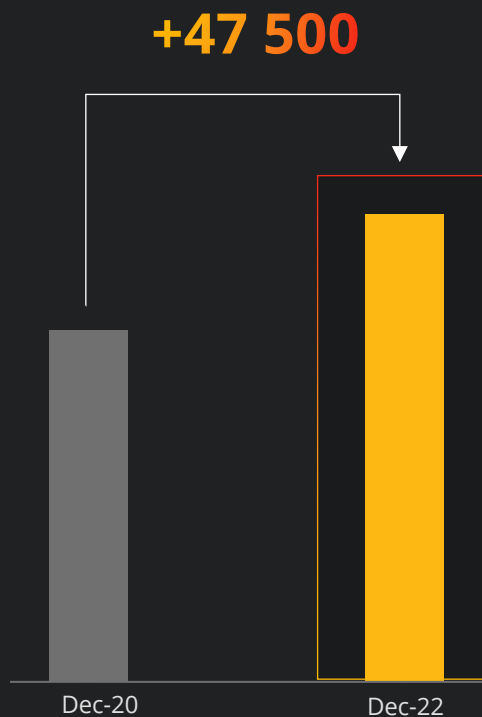
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# Flight to quality continues to drive strong growth in DHMS

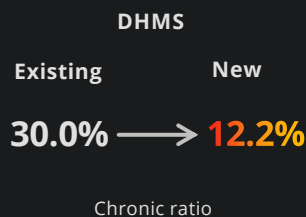
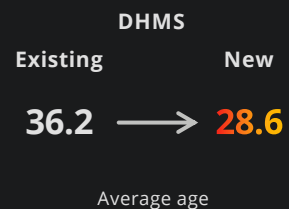
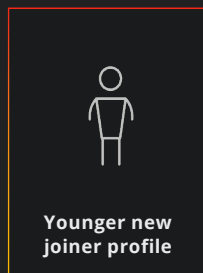
## DHMS experiencing **exceptional growth** in 2021 and 2022

DHMS beneficiaries



## **Healthy growth** continues to improve scheme sustainability

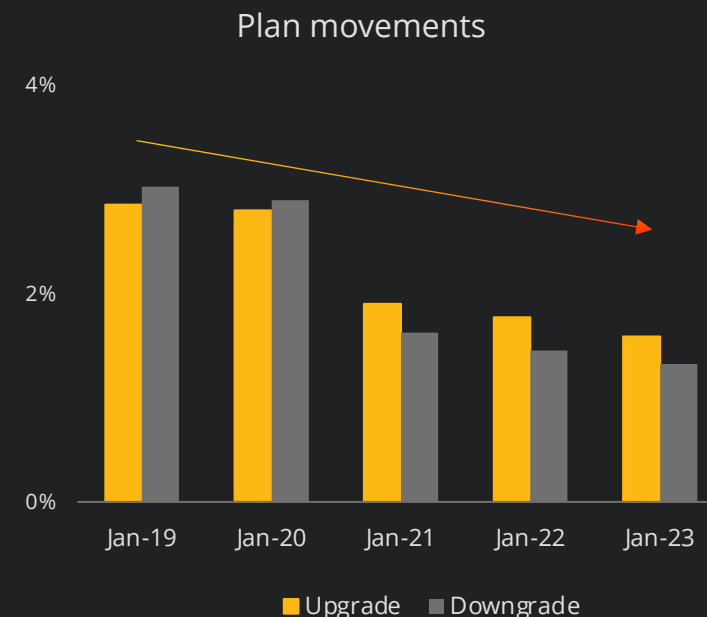
Young and healthy new joiner profile



limited the annual ageing of the Scheme to just **0.3 years** per annum

## **Stable** membership base

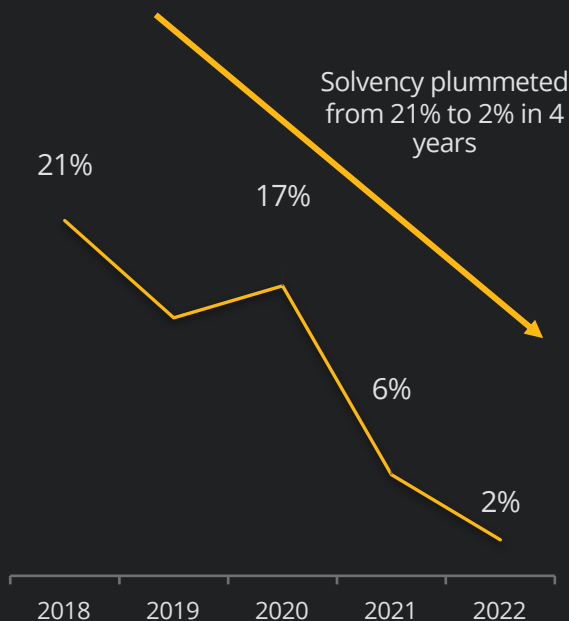
**97%** of members have maintained their plan option



# Professional advice is crucial in an industry where schemes are being forced to take painful measures to fix under-pricing

## Health Squared liquidation a reminder of under-pricing implications

Health Squared solvency

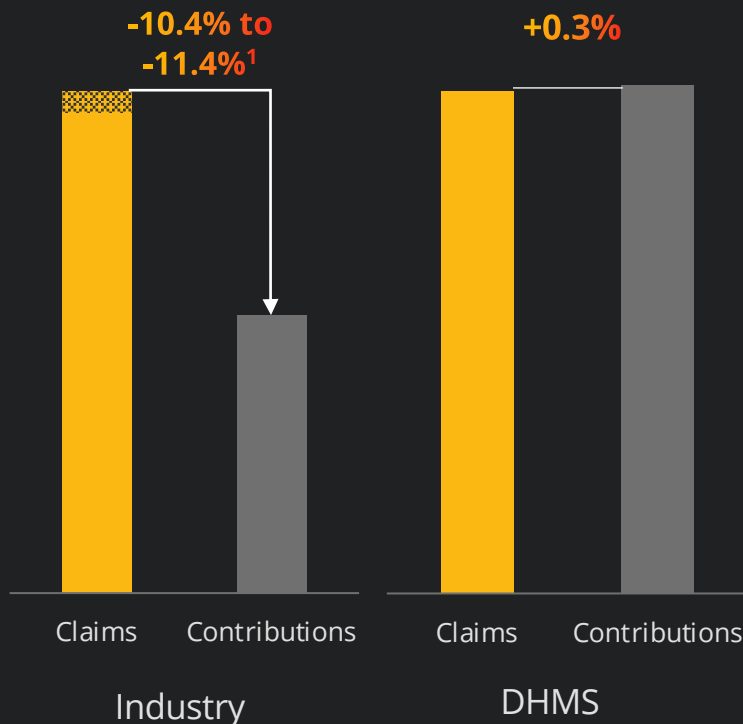


Solvency plummeted from 21% to 2% in 4 years

2 schemes with early signs of similar trends

## ~11% pricing gap in industry while DHMS remains sustainably priced

Pricing gap (2023)



## Schemes taking steps to address pricing gaps through benefit reductions

Industry plan changes for 2023

- Introduction of **hospital networks** on non-network plans
- Reduction** in MSA and ATB levels
- Benefit cuts** on key benefits (maternity, screening)
- Variable contribution increases** to address loss-making options

Only accounts for 20-30% of pricing gap

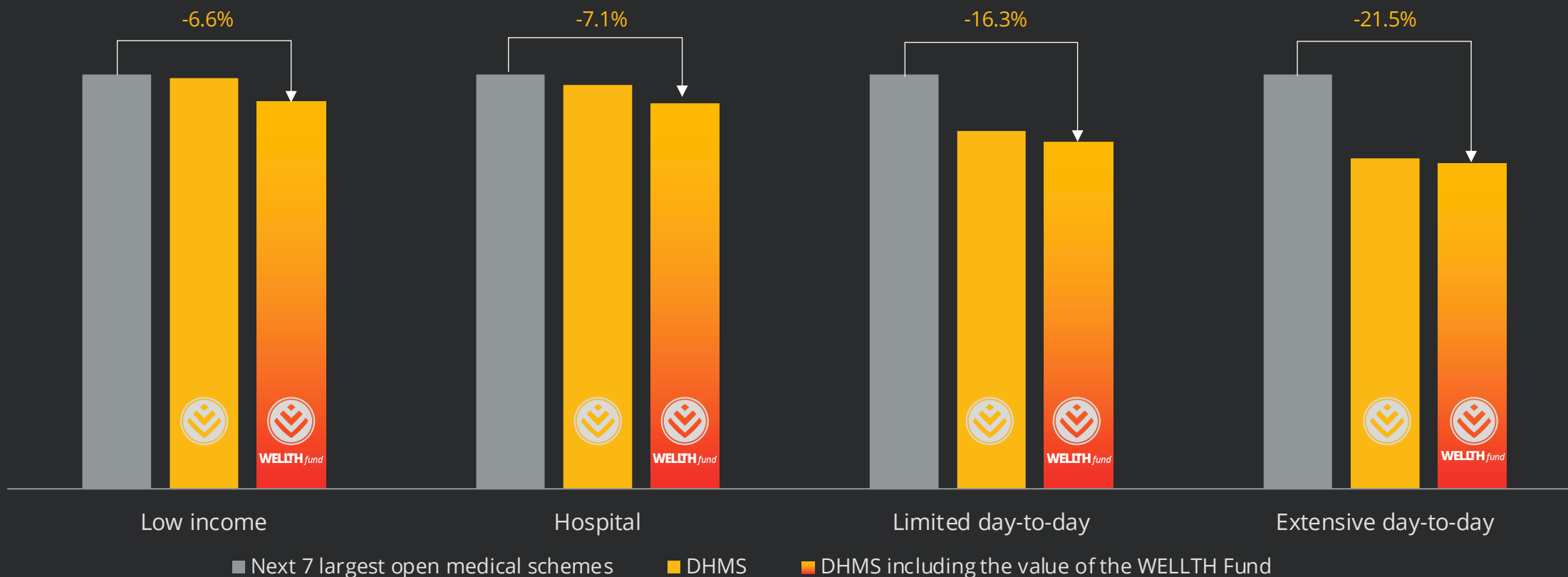
<sup>1</sup> Projected for the industry's relative claims increase compared to DHMS over the last few years as well as claims increases in line with DHMS. The effect of contribution increase deferrals have been accounted for.



# Discovery Health Medical Scheme continues to offer employees high-value cover across the benefit spectrum

**Highly competitive offering** per benefit unit across the plan range

Average contributions in 2023  
(principal member)





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