

2022 WHY DISCOVERY



Discovery Health Medical Scheme in 2021

Discovery Health Medical Scheme, the largest medical scheme in South Africa, provides comprehensive cover for quality private healthcare to nearly 2.8 million people. Each day, around 800 new members join the Scheme for the exceptional value and stability that it offers, which affords them peace of mind regarding their healthcare as South African navigates the unprecedented COVID-19 pandemic. During 2021, the Scheme continued to provide members with the care they need, whether for COVID-19 or otherwise.

COVID-19 RELATED HEALTHCARE FUNDED FOR MEMBERS OVER THE PAST 12 MONTHS



1 138 000

Members vaccinated
against COVID-19



854 000

Members tested
for COVID-19



39 000

Members admitted
to hospital for COVID-19



25 000

Members received
a pulse oximeter



12 300

Members needing care in
excess of R100 000 as a result
of COVID-19 symptoms



9 600

Members who needed extensive
in-hospital intervention

NON-COVID-19 RELATED HEALTHCARE FUNDED FOR MEMBERS OVER THE PAST 12 MONTHS



742 000

Members relying on the
Scheme for access to care
for a chronic condition



403 000

Members claiming for
a mental health condition



333 000

Members that had
a non-COVID-19
related admission



56 000

Members that had
a non-COVID-19 admission
that cost more than R100 000



40 000

Members actively
treated for cancer



34 000

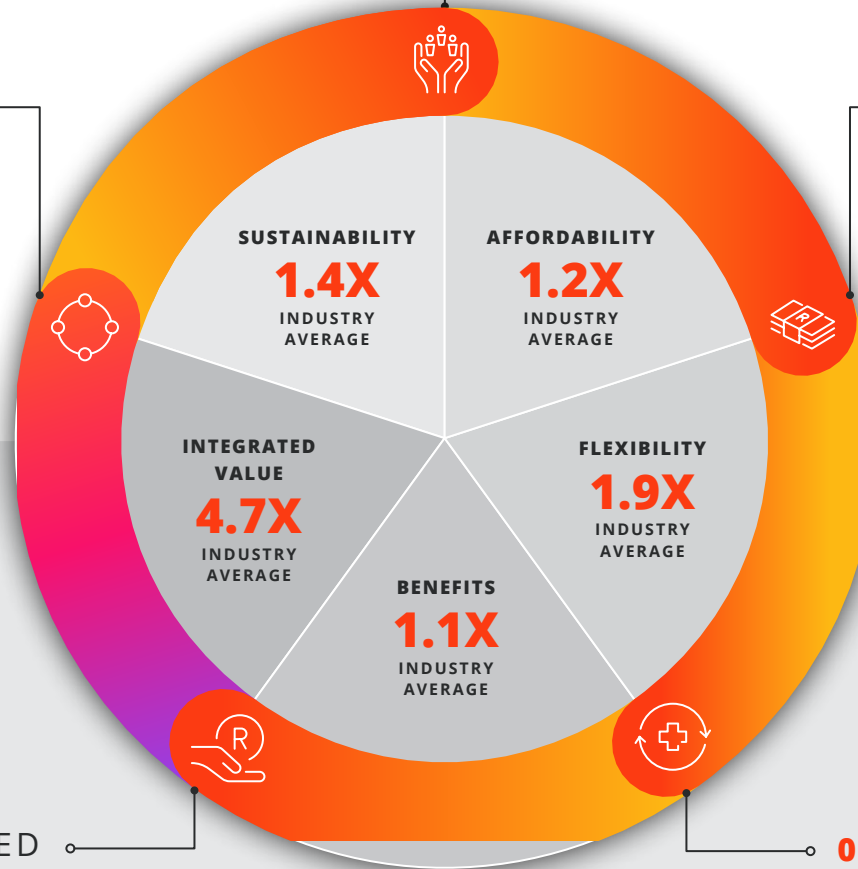
Babies born during
the past 12 months

Note: The past 12 months refers to the period September 2020 to August 2021

Discovery Health Medical Scheme in 2022

05 | BREAKTHROUGH INTEGRATED VALUE

through unique integration for 2022



01 | STRENGTHENED SUSTAINABILITY

with improved reserve position and healthy growth

02 | CONTINUED AFFORDABILITY

through innovative pricing strategies

04 | ENHANCED BENEFITS

through comprehensive cover for healthcare and innovative benefit design

03 | INDUSTRY-LEADING FLEXIBILITY

with 23 plan options to meet client needs

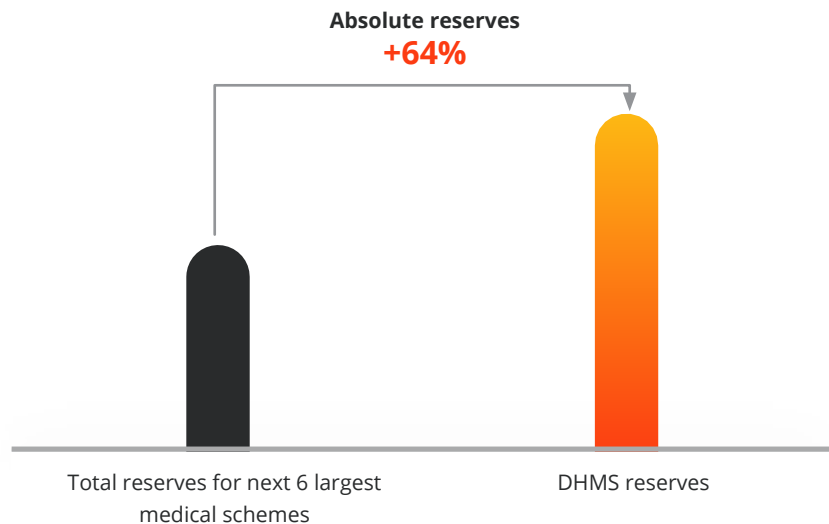
Note: The industry refers to the top 6 largest open medical schemes, which together with DHMS accounts for 92% of open medical scheme membership.

Sustainability

STRENGTHENED DHMS RESERVE POSITION

Long-term sustainability of a medical scheme ensures that members' claims can be paid in future and that the scheme can maintain flexible contribution increase strategies. 2020 and 2021 COVID-19 utilisation discontinuities have strengthened the reserve position of the scheme. While reserve levels remain high, medical schemes must account for the return of latent non-COVID-19 demand arising from temporarily deferred healthcare. These healthcare claims are expected to increase utilisation levels once COVID-19 becomes a stable, endemic infection, with strong reserve levels becoming a crucial factor in managing the expected short-term utilisation spikes.

With a solvency level of 36.9%, reserve levels higher than the total reserves for the next 6 largest medical schemes, and the only medical scheme to have a global credit rating of AAA, DHMS provides members with the peace of mind that the Scheme can continue to pay claims, and deal with any future utilisation shocks as a result of the return of latent demand for non-COVID-19 healthcare.



NEW GROWTH SUPPORTING SUSTAINABILITY

The demographic profile of a medical scheme gradually changes over time. These changes can be due to existing members getting older or more members living with chronic illness. The changes in the underlying health of the membership leads to an increase in demand for healthcare services and an increase in the level of claims year on year. It is critical for medical schemes to maintain a favourable demographic profile and to attract new young and healthy members in order to minimise the impact of medical inflation on future contribution increases.

	Open Industry	DHMS
Existing members		
Average age	37.7	36.5
Chronic ratio	28.1%	26.3%
New members		
Average age	29.1	25.7
Chronic ratio	12.3%	6.3%

In 2021 Discovery Health Medical Scheme experienced extraordinary growth of around 27 000 lives, which is higher than the pre-COVID-19 growth levels. This level of growth is exceptional given that the medical scheme industry has been contracting over the past few years.

Affordability

In 2021 and 2022, DHMS has adopted an innovative pricing strategy

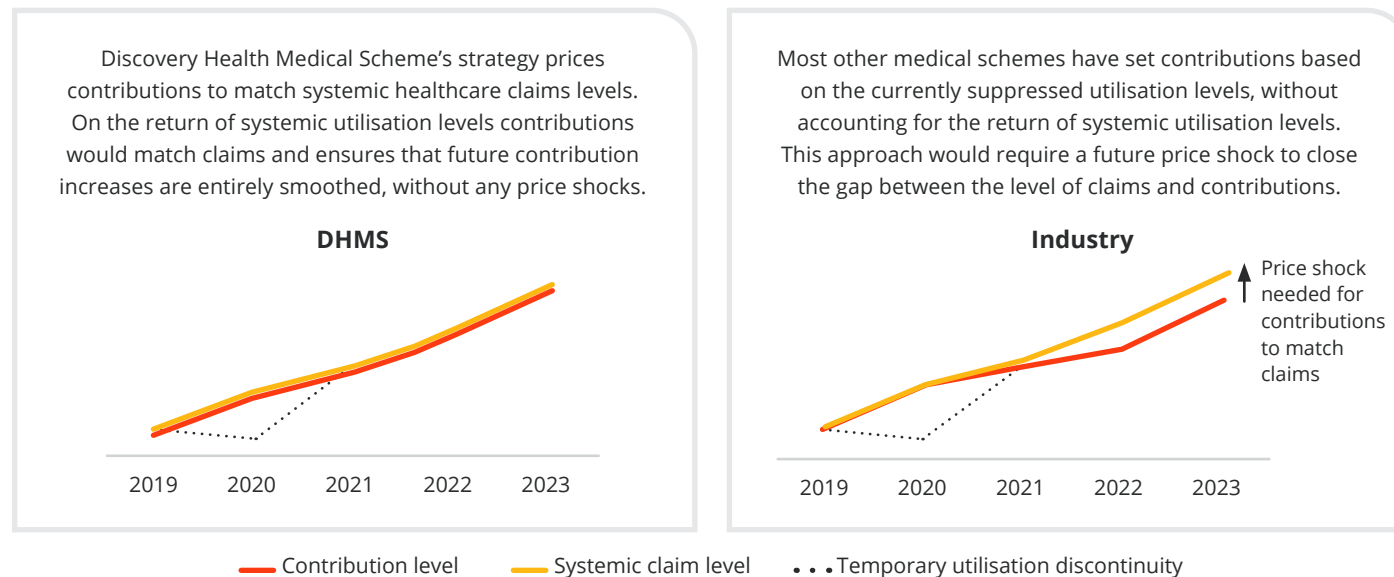
DHMS' unique pricing strategy effectively balances short-term member affordability with long-term scheme sustainability, by appropriately accounting for the expected medical inflation trends in 2022 but using reserves to defer the implementation of the increase.

Through this strategy, the total contributions paid by members in 2022 will increase at a lower rate than expected medical inflation, while ensuring contribution levels remain in line with expected future healthcare claims.

UTILISATION EXPERIENCE DURING THE COVID-19 PANDEMIC

Healthcare utilisation has been volatile since the start of the COVID-19 pandemic, with non-urgent non-COVID-19 healthcare being deferred during periods of high COVID-19 infection.

2021 trends show signs of non-COVID-19 healthcare levels returning in excess of pre-COVID-19 levels between COVID-19 peaks. As a result, temporary utilisation discontinuities are not expected to be a feature of long-term utilisation trends.



Ensuring affordability for members

In 2021 and 2022, Discovery Health Medical Scheme has used its strengthened reserve position to deliver immediate affordability to members by deferring contribution increases by 6 months and 4 months respectively and reducing required increases by 50% and 33% over the last two years. This contribution increase deferral saved members R2.2bn in contributions in 2021 and R2.1bn in 2022.

Ongoing affordability offered on Discovery Health Medical Scheme

Discovery Health Medical Scheme continues to offer members exceptional consistent value. Historic contribution increases on Discovery Health Medical Scheme have been lower than the rest of the industry, resulting in contributions that are on average 13.2% more affordable than the rest of the industry.

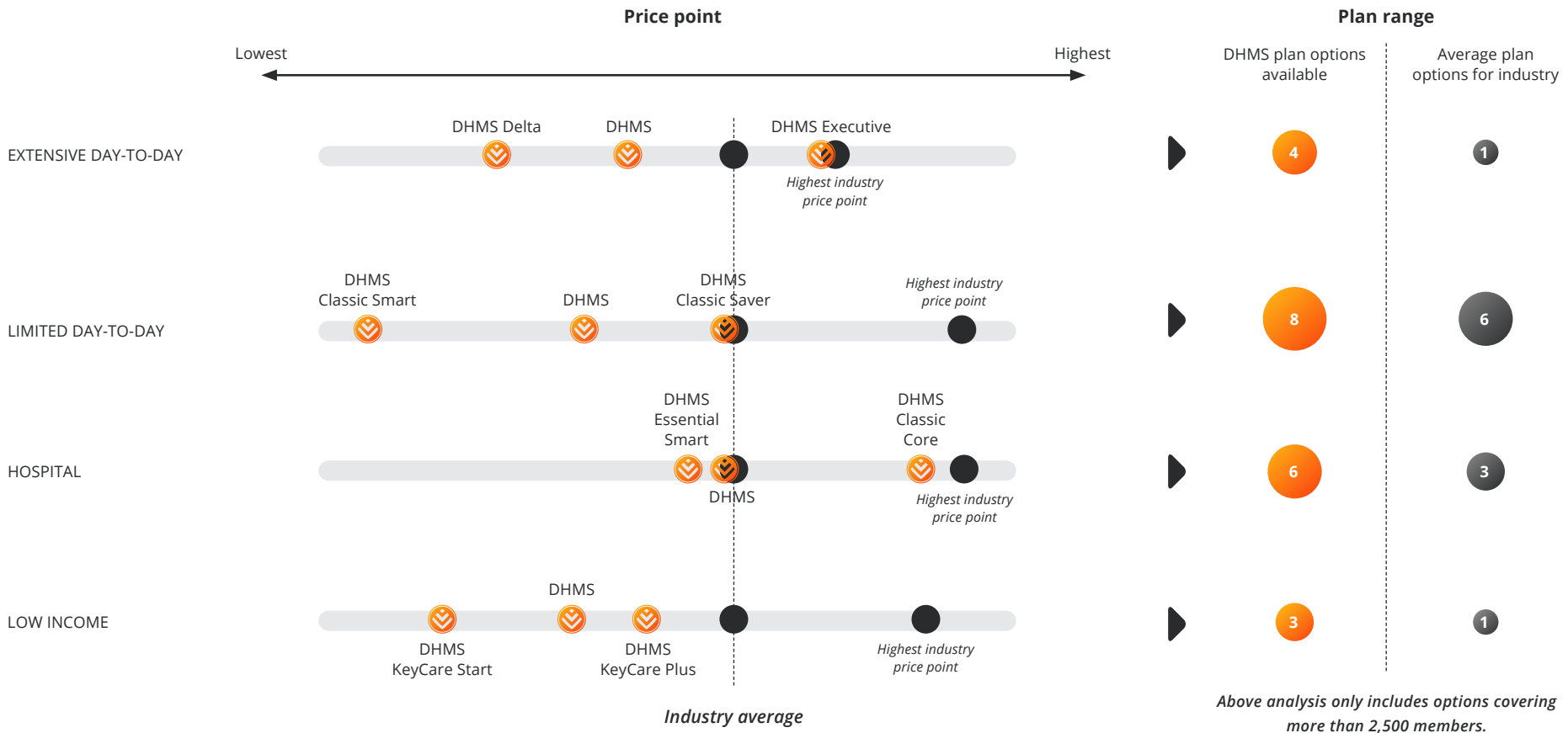
Flexibility

Discovery Health Medical Scheme has 23 plan options, differentiated by varying benefit levels, structures and price points. This allows members the flexibility to change options and adapt their benefits and price point to meet their changing health, lifestyle and financial circumstances.

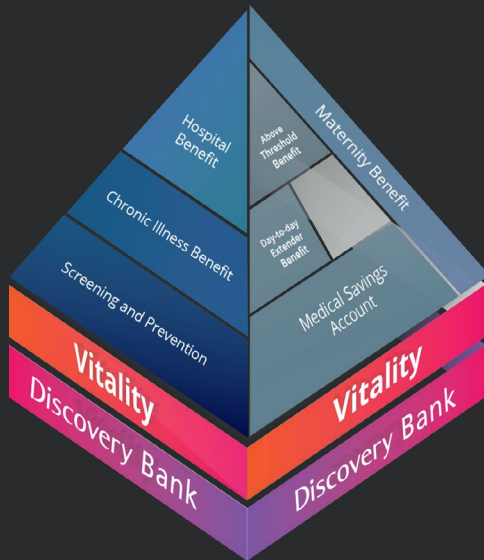
Having the ability to trade-off benefits for a more affordable plan option allows members to maintain essential medical cover, while meeting the financial requirements of their current circumstances.

Similarly, having the ability to upgrade to higher benefit options, while still maintaining value, is key in managing changing health circumstances, while maintaining affordability for members.

Discovery Health Medical Scheme offers the greatest member flexibility in the industry, with 21 relevant plan options having at least 2 500 members per plan. Discovery's extensive plan range is higher than other open medical schemes, offering members 11 plan options per scheme on average.



Benefits



Discovery Health Medical Scheme offers members comprehensive medical cover, with unique, high value benefits that are delivered through an advanced, high-quality healthcare ecosystem.

Cover for hospital admissions forms the basis of why individuals take out medical scheme cover. Discovery Health Medical Scheme offers comprehensive unlimited cover for hospital admissions. The Scheme's in-hospital cover ratio of 95% exceeds the industry cover ratio of 91%, equating to an additional R2 350 covered per hospital admission.



BENEFITS UNIQUE TO DHMS

Discovery Health Medical Scheme focuses on unique benefits that are highly valuable for members. The following benefits are examples of how the scheme offers higher value for members across the continuum of care.

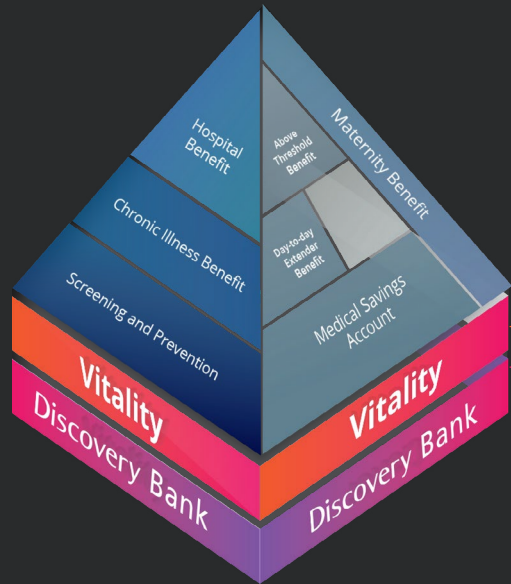
SUPERIOR HEALTHCARE QUALITY

Discovery Health Medical Scheme channels members to healthcare providers and facilities offering the highest level of quality. In addition, the Scheme offers clinical care programmes that guide and support members through a variety of healthcare journeys designed to optimise care.

ADVANCED HEALTHCARE DELIVERY

COVID-19 has substantially accelerated digital adoption across the healthcare industry as members seek to access care in safe settings. Discovery Health Medical Scheme has invested in building a state-of-the-art digital solution that enables access to a range of advanced, high quality home-based healthcare solutions, across the continuum of healthcare needs.

Integrated Value



Discovery Health Medical Scheme members can access valuable integrated benefits and rewards through Vitality and Discovery Bank, which has been enhanced for 2022.

ACCESS TO PREMIUM HEALTH, WELLNESS AND LIFESTYLE BENEFITS THROUGH VITALITY

All Discovery Health Medical Scheme members have access to Vitality, the world's leading behaviour change programme. Vitality helps members get healthier and rewards them for making better choices with a premium range of health, lifestyle, and leisure benefits.

EMBEDDED VITALITY FEATURES	VITALITY ACTIVE	VITALITY PREMIUM
<ul style="list-style-type: none"> Health Tracker Personalised health goals with Active Rewards Healthy Care 		

DHMS members get access to three months of free Vitality Active or Vitality Premium

SEAMLESS PAYMENTS AND ENHANCED BENEFITS THROUGH DISCOVERY BANK

In 2022, all Discovery Health Medical Scheme members can activate Discovery Pay by downloading the Discovery Bank app and get additional rewards through Vitality Travel, Vitality Money and Discovery Miles.

DISCOVERY PAY	VITALITY TRAVEL	VITALITY MONEY	DISCOVERY MILES
<p>01 HEALTH: Instantly settle medical payments without the hassle of submitting claims or reconciliation.</p> <p>02 VITALITY: Get access to Pay as you Gym at any Vitality health and fitness partner from R75 per visit.</p> <p>03 CONTACTS: Pay Discovery clients using just a cellphone number.</p>	<p>Get access to the Vitality Travel platform which unlocks a 10% discount on local and international flights, accommodation and car hire.</p>	<p>Access to Vitality Money, which makes clients financially healthier by rewarding them for positive behaviour changes.</p>	<p>Earn Discovery Miles for achieving weekly goals with Vitality Active Rewards. Get up to 30% off when spending Discovery Miles.</p>



[Download the Discovery app](#)

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