

ANNUAL GENERAL MEETING

CHARLOTTE MBEWU | PRINCIPAL OFFICER

8 JUNE 2023



Working to **protect** our members

CURRENT LANDSCAPE FOR MEMBERS AND THE SCHEME



Macro-economic uncertainty and second-order COVID-19 effects in an evolving landscape

PROTECTING AND CARING FOR OUR MEMBERS



Leveraging innovation to deliver the highest quality of care for our members while protecting long-term affordability

ENSURING THE SUSTAINABILITY OF THE SCHEME



Financial strength, ability to pay claims and long-term sustainability are crucial to our members

REGULATORY AND GOVERNANCE EXCELLENCE



Strong focus on governance excellence, risk management and regulatory compliance

LOOKING AHEAD TO 2023 AND BEYOND



Investing in the long-term health of members in 2023 and beyond

CURRENT OPERATING LANDSCAPE FOR MEMBERS AND MEDICAL SCHEMES



INCREASED MACRO ENVIRONMENT UNCERTAINTY

- High inflation
- Rising interest rates
- Market volatility



SECOND-ORDER COVID-19 HEALTH EFFECTS

- Screening and prevention deficit
- Increasing incidence of diabetes and cardiovascular disease
- Increasing prevalence of mental health conditions



RETURN OF UTILISATION LEVELS REFLECTING RENEWED PRESSURE ON INDUSTRY PRICING

- Utilisation returning to 2019 base levels
- Return in surgical utilisation and medical admissions
- Utilisation signaling return to long-term medical inflation and importance of accurate scheme pricing



2022 SAW INCREASED MACRO ENVIRONMENT UNCERTAINTY

A WORLD FACED WITH UNPRECEDENTED CHALLENGES



Russia-Ukraine war and geo-political tensions



Global warming

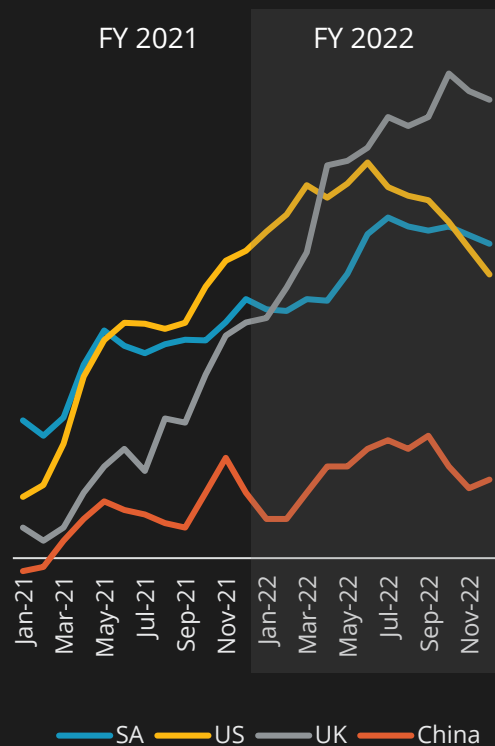


Constrained supply chains

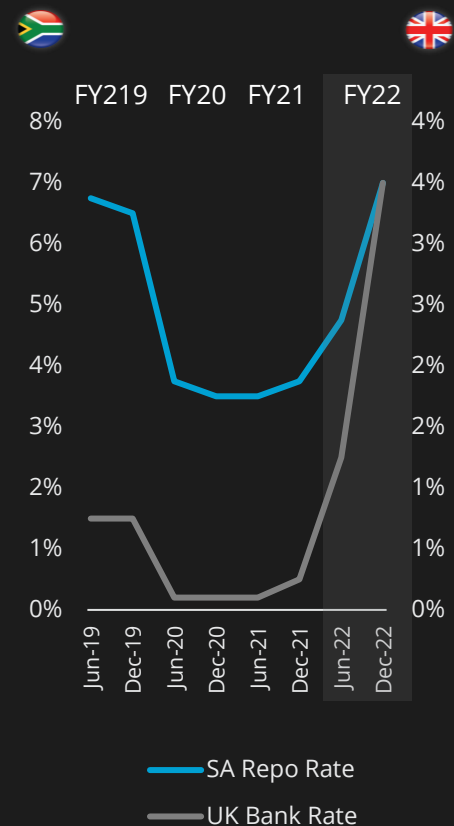


Energy crises

HIGH INFLATION

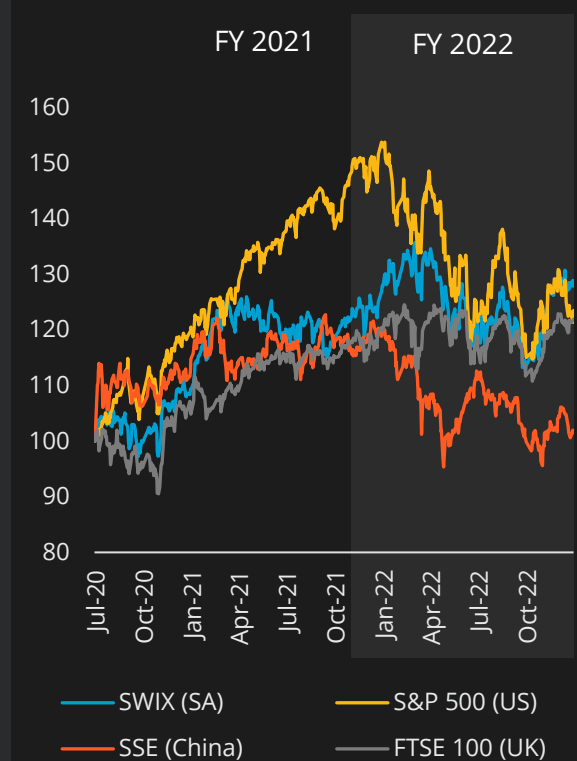


RISING INTEREST RATES



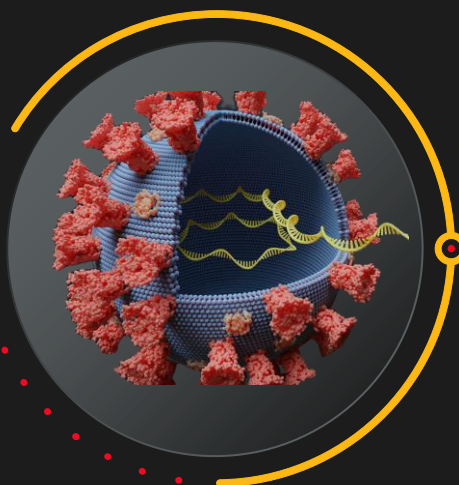
MARKET VOLITILITY

Indices rebased to July 2020



INDUSTRY MONITORS AND RESPONDS TO THE EVOLUTION OF THE COVID-19 PANDEMIC

PHASE 1 PANDEMIC PHASE



- Immediate threat of COVID-19
- Lockdowns limiting economic activity and infection rates
- Protecting high-risk members
- Drop in healthcare utilisation resulting in industry-wide record surpluses

PHASE 2 TRANSITION TO ENDEMIC STATE



- Shift to endemic state with consistent, localised presence of COVID-19
- Global focus on vaccination roll-out
- Persistent lower healthcare utilisation
- Significant drop in screening
- Divergent scheme pricing strategies emerge across the industry

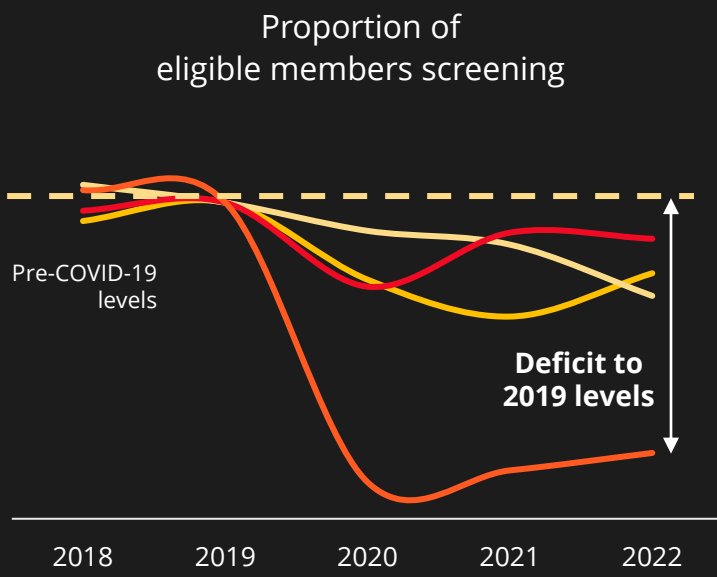
PHASE 3 ENDEMIC STATE & SECOND-ORDER EFFECTS



- Screening and prevention deficit results in higher severity of cancer and diabetes at diagnosis
- Increased incidence of diabetes and cardiovascular disease following COVID-19 infection
- Returning but volatile utilisation trends puts increasing pricing pressure on medical schemes

INITIAL SIGNS OF DETERIORATING MEMBER HEALTH HIGHLIGHT THE URGENT NEED TO ADDRESS THE COVID-19 SCREENING DEFICIT

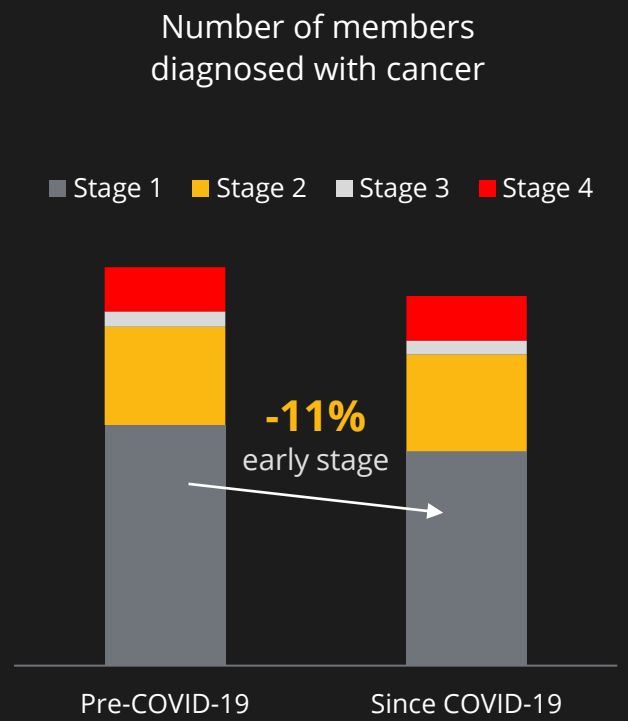
PREVENTATIVE SCREENING MATERIALLY REDUCED OVER COVID-19



— Mammograms — Pap Smear
— Prostate Screening — Health Check

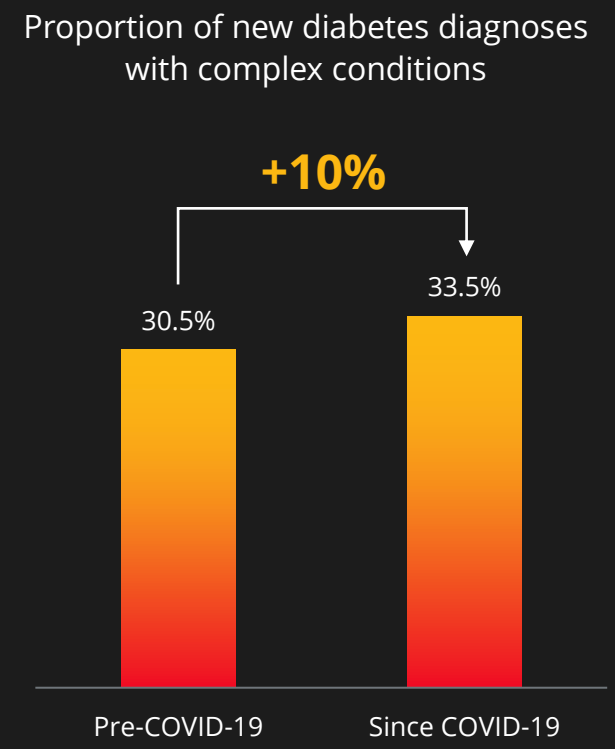
-50% Health Checks
-15% Mammograms
-10% Prostate screening

FEWER EARLY-STAGE CANCERS DUE TO A LACK OF SCREENING



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

HIGHER SEVERITY AT DIAGNOSIS OF DIABETES

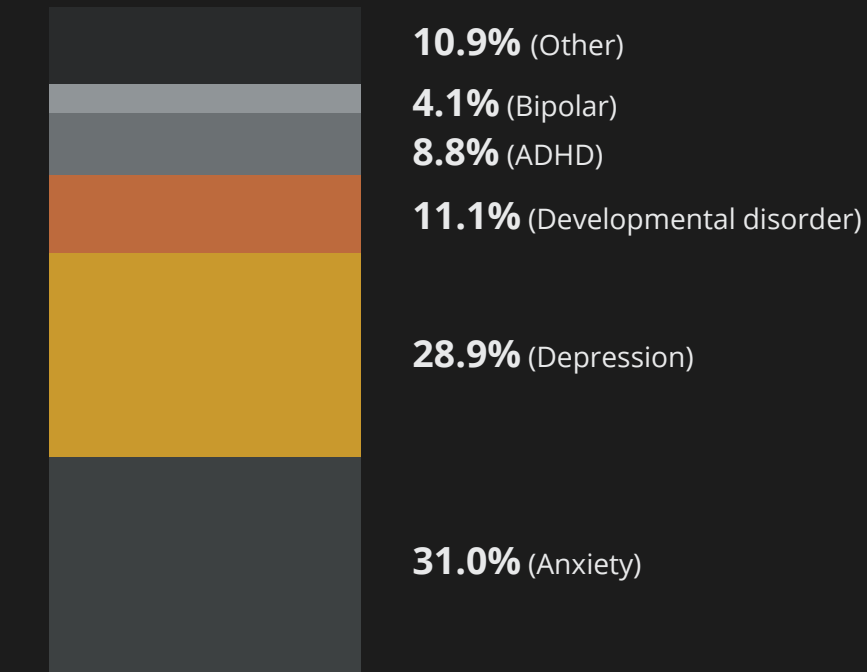


Increase in proportion of members diagnosed with complex diabetes

MENTAL HEALTH PREVALENCE IS INCREASING GLOBALLY, PRIMARILY DRIVEN BY ANXIETY AND DEPRESSION

THE GLOBAL SCALE OF MENTAL HEALTH CONDITIONS

There are over **970 million** people living with a mental health condition



INCREASED PREVALENCE OF MENTAL HEALTH CONDITIONS AS A RESULT OF COVID-19

The World Health Organisation recorded a substantial increase in depressive and anxiety disorders between 2020 and 2021

MAJOR DEPRESSIVE DISORDERS



↑ 28%

Increase in number of people with depression

246 million (2021)
193 million (2020)

ANXIETY DISORDERS



↑ 26%

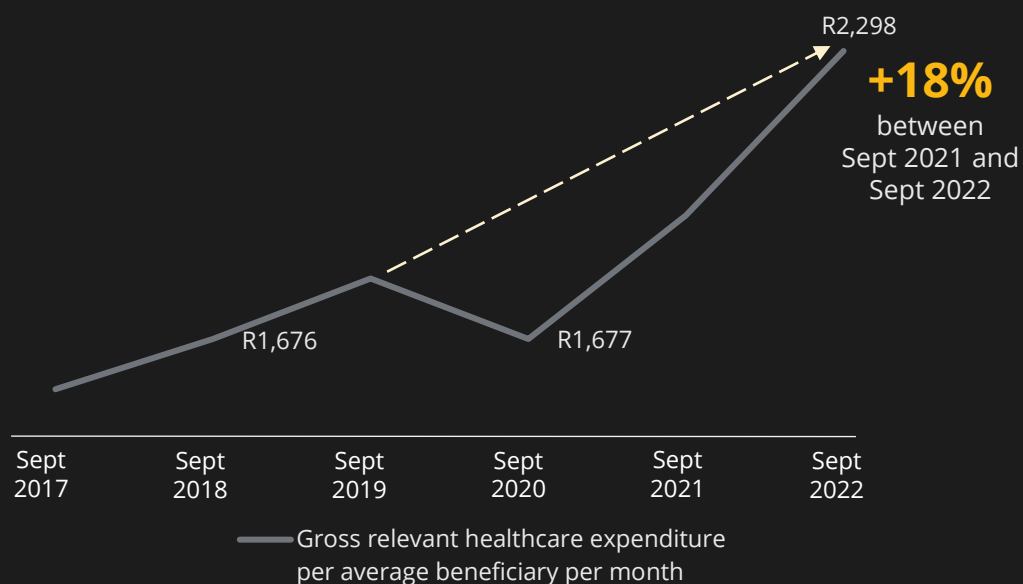
Increase in number of people with anxiety

374 million (2021)
298 million (2020)

UTILISATION RETURNING TO PRE-PANDEMIC LEVELS, REFLECTING HEALTHCARE NEEDS AND RENEWED PRESSURE ON INDUSTRY PRICING

RETURNING UTILISATION EVIDENT ACROSS THE SOUTH AFRICAN MEDICAL SCHEME INDUSTRY

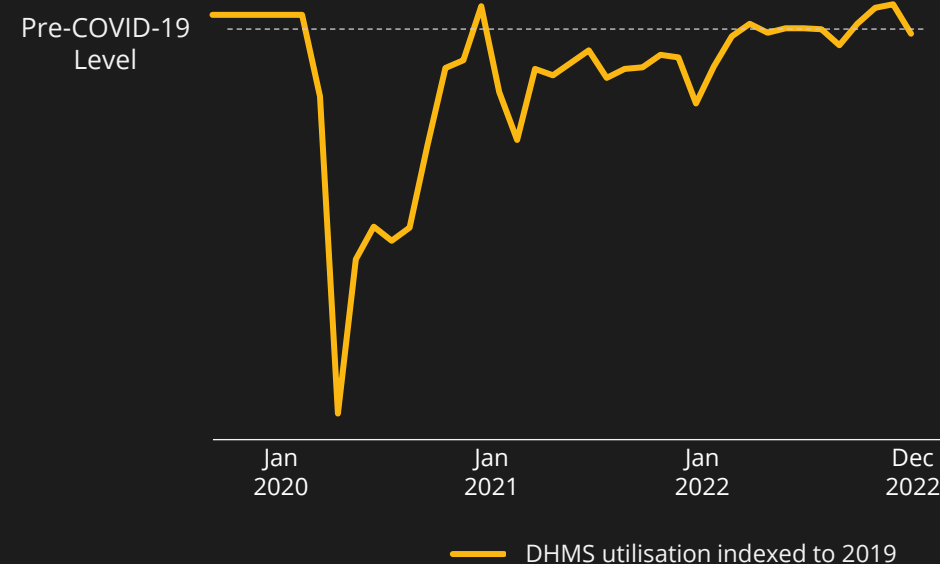
South African medical schemes industry gross relevant healthcare expenditure



Signs of industry healthcare expenditure returning to pre COVID-19 trajectory

DHMS UTILISATION LEVELS MIRRORING MEDICAL SCHEME INDUSTRY INCREASES

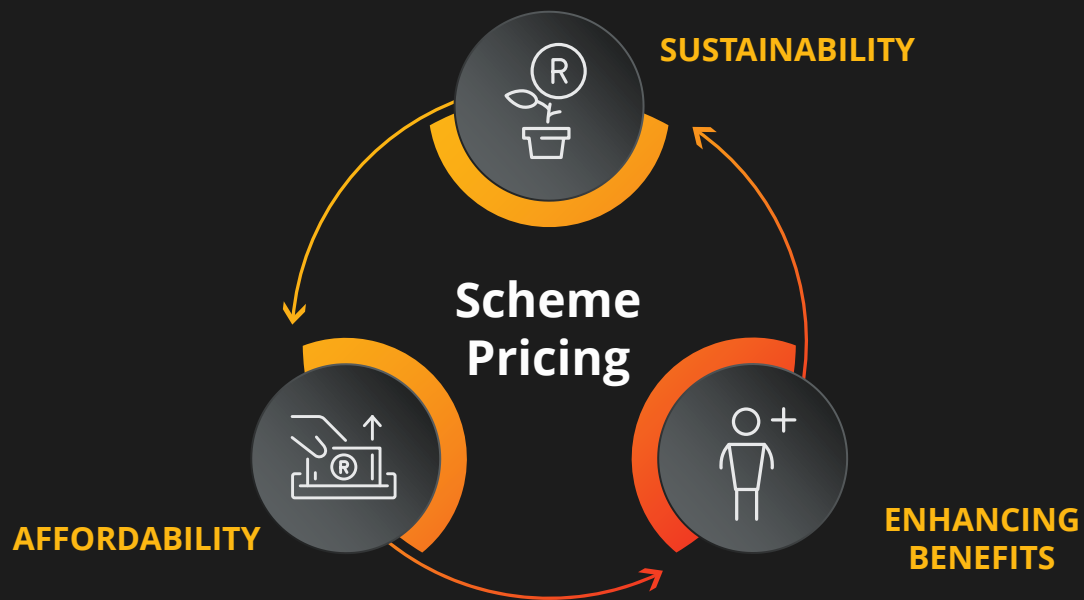
DHMS healthcare utilisation



DHMS utilisation returning to pre COVID-19 base levels, towards the end of 2022

DIVERGENT PRICING STRATEGIES IN THE INDUSTRY HAVE A LONG-TERM IMPACT ON SCHEME SUSTAINABILITY AND MEMBER AFFORDABILITY

MEDICAL SCHEME PRICING DYNAMICS

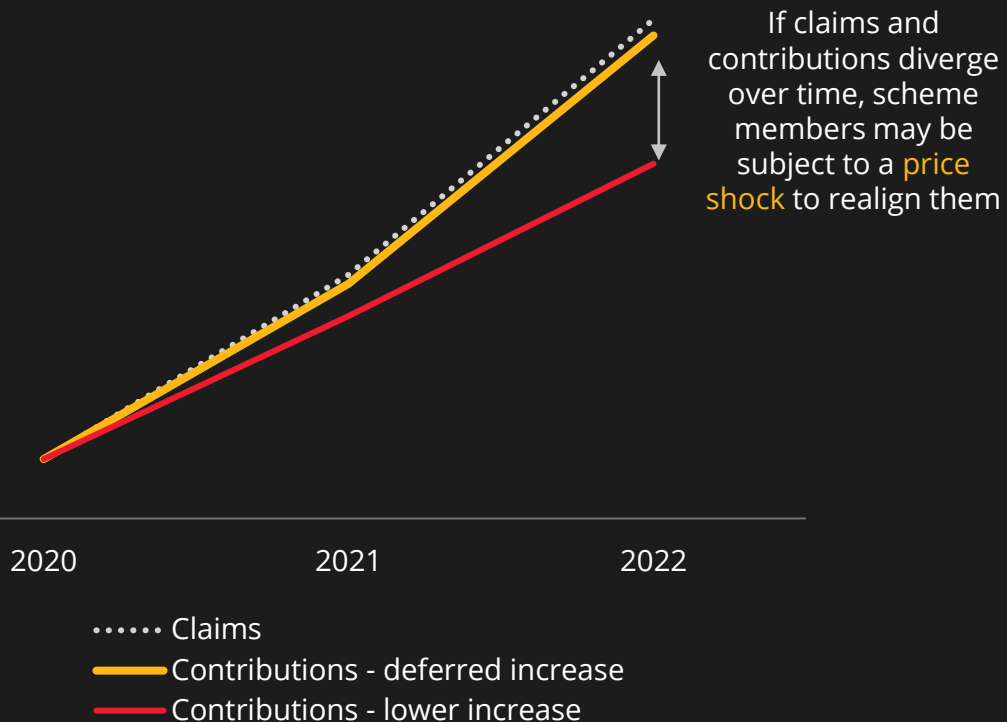


Medical schemes must continually balance affordability, sustainability and benefits

As non-profits, schemes price contributions to match expected claims for the forthcoming year and to meet regulated solvency requirements

DIVERGENT PRICING STRATEGIES ACROSS THE INDUSTRY IN 2021 AND 2022

Claims vs contributions experience – deferral strategy vs lower increase



Working to **protect** our members

CURRENT LANDSCAPE FOR MEMBERS AND THE SCHEME



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REGULATORY AND GOVERNANCE EXCELLENCE



Strong focus on governance excellence, risk management and regulatory compliance

LOOKING AHEAD TO 2023 AND BEYOND



Investing in the long-term health of members in 2023 and beyond

DHMS IS COMMITTED TO CARING FOR AND PROTECTING MEMBERS

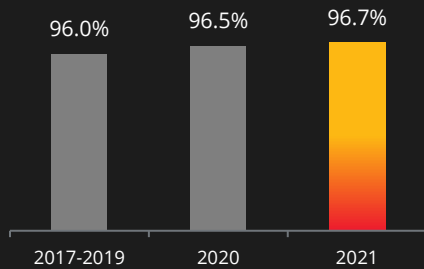
COMPREHENSIVE COVER

Protecting members in need

€ R **R46.8m**
10 highest member claims in 2022

Extensive hospital cover ahead of the market

DHMS in-hospital claims payout ratio



IMPROVED PATIENT OUTCOMES AND HEALTHCARE EXPERIENCE

Centres of excellence



Same day discharge
Joint Arthroplasty pilot

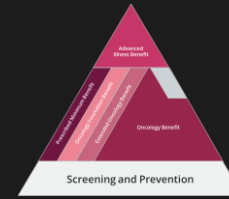
Diabetes Care Programme



Co-ordinated care through Primary Care Providers



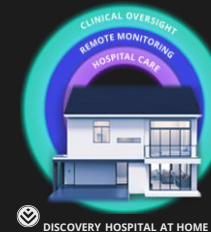
Extensive oncology cover



Mental healthcare

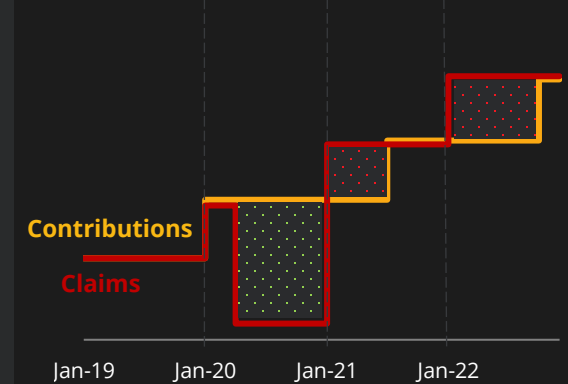


Hospital@Home



MEASURES TO ENSURE LONG-TERM AFFORDABILITY

Deferred contribution impact



Protecting members from future 'price-shocks'

Contributions closely matched to claims experience

Supporting short-term affordability

R6.8bn member contributions saved

COMPREHENSIVE COVER WHEN MEMBERS AND THEIR FAMILIES NEED IT MOST

10 of the highest member claims paid in 2022: R46.8 m


R6.4m	Age 51	Long-term use of a ventilator (infections)
R 5.6m	Age 45	Infection of the nervous system
R 5.2m	Age 36	Long-term use of a ventilator (toxic effects)
R 4.7m	Age 0	Major surgical procedure in newborn baby
R 4.5m	Age 38	Pneumonia or whooping cough
R 4.5m	Age 32	Surgical procedures on the lungs or air passages
R 4.2m	Age 0	Major surgical procedure in newborn baby
R 4.0m	Age 49	Heart surgery
R 3.9m	Age 62	Surgical procedures for infectious or parasitic diseases
R 3.7m	Age 42	Surgical procedures for multiple major injuries






284 years

worth of contributions to fund the highest claim



7,055

Individuals claimed over R500,000



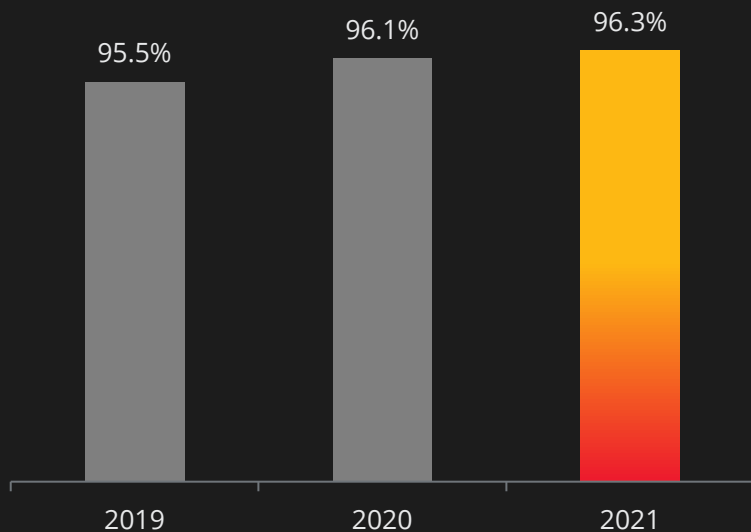
1,867

Individuals claimed over R1 million

DHMS CONTINUES TO PROVIDE MORE COMPREHENSIVE IN-HOSPITAL COVER THAN THE MARKET

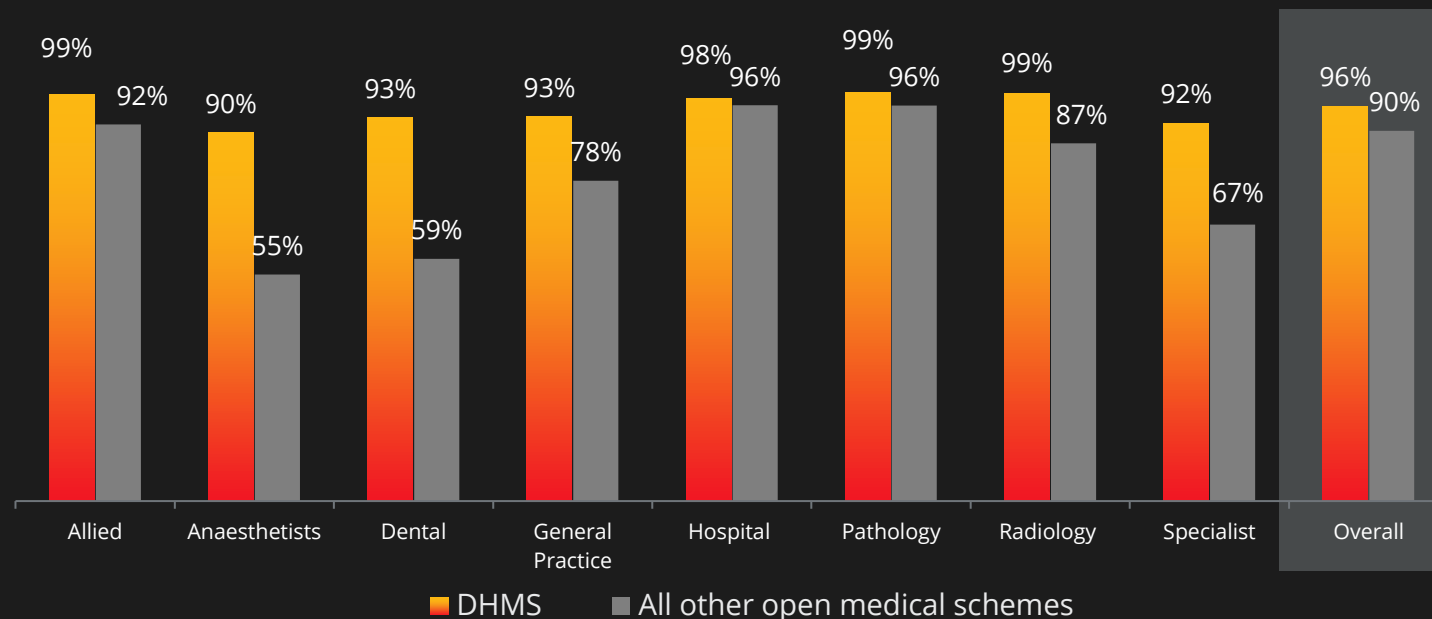
IN-HOSPITAL CLAIMS PAYOUT RATIO INCREASES

DHMS in-hospital claims payout ratio



DHMS PROVIDES GREATER VALUE THROUGH HIGHER COVER RATIOS ACROSS ALL PROVIDERS

In-hospital claims payout ratio (2021)



Higher in-hospital ratios reduce member co-payments across various providers when compared to other schemes in the industry

Note: Latest figures available as per CMS Industry Report 2021

VALUE BASED CARE RESULTING IN IMPROVED PATIENT OUTCOMES AND BETTER HEALTHCARE EXPERIENCES

CENTRES OF EXCELLENCE

Expanding access to Arthroplasty Programme

26% Increase in procedures at arthroplasty network (2022)

Successful pilot of Same-Day Arthroplasty Programme in 2022

72% Patients discharged on same day

96% Complication-free recovery

3 wks Average return to work time

Programme expanded in 2023

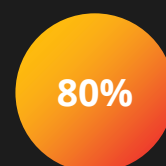


CHRONIC DISEASE MANAGEMENT (DIABETES, CMO & GPS)

Improving quality of care for members living with diabetes



increase in diabetes program enrolment in 2021



annual HbA1C testing rate (compared to 65% DHMS overall)



of participating doctors received value-based payments



financial saving driven primarily by reduction in hospital admissions

CO-ORDINATED CARE THROUGH PRIMARY CARE PROVIDER

Improving care coordination

Co-ordinated care through a single primary care provider for improved condition management and clinical outcomes including:



fewer visits to the emergency room



fewer hospital admissions



Improved coordination of care



Improved long-term health outcomes for individuals with chronic conditions

CARING FOR MEMBERS THROUGH EXTENSIVE ONCOLOGY COVER

ONCOLOGY COVER IMPORTANT FOR ALL LIFE STAGES

DHMS highest oncology claims (2022)

R3.6m	Female, Age 67, malignant tumour
R 3.2m	Male, Age 54, central nervous system
R 2.7m	Male, Age 47, sinuses
R 2.5m	Female, Age 74, colon cancer
R 2.5m	Male, Age 23, Leukemia
R 2.5m	Male, Age 1, Leukemia
R 2.4m	Male, Age 84, skin cancer
R 2.2m	Female, Age 39, lymphoma
R 2.0m	Male, Age 13, bone
R 1.7m	Female, Age 10, non-specific

DHMS PROVIDES EXTENSIVE ONCOLOGY COVER TO MEMBERS

Since the introduction of the Oncology Benefit in 2010:



R22bn

Total amount paid



115,800

Unique active claimants



95%

Oncology claims covered in 2022

UNIQUE BENEFITS TO SUPPORT ACCESS TO MOST EFFECTIVE TREATMENTS

Oncology Innovation Benefit enhanced in 2022



Enhanced cover

Cover for a defined list of non-PMB novel and ultra-high-cost cancer medicines



Extended access

Priority, Saver, Smart, Core and Classic Smart Comprehensives plans

CARING FOR MEMBERS THROUGH HOLISTIC MANAGEMENT OF DISEASE

MORE DHMS MEMBERS ARE BEING TREATED FOR A MENTAL HEALTH CONDITION

+19%

Increase in the prevalence of members claiming for mental health services between 2018-2022

INCREASED SUPPORT AVAILABLE THROUGH THE MENTAL HEALTH CARE PROGRAMME

Join the programme through referral



Premier Plus GP network



Psychologist network

Members have access to a risk funded basket of care



3 additional Premier Plus GP consultations



Medication



Additional individual and group psychotherapy sessions

Programme is available to all members with depression who meet programme criteria

POSITIVE OUTCOMES SET THE TONE FOR FUTURE SUCCESS

Increased enrollment



14%

Increase in enrollment on Mental Health Care Programme in 2022

Lower admissions



333

admissions avoided in 2022

Resulting in reduced costs to members and the Scheme



R5.1m

lower annual total costs for members on the programme

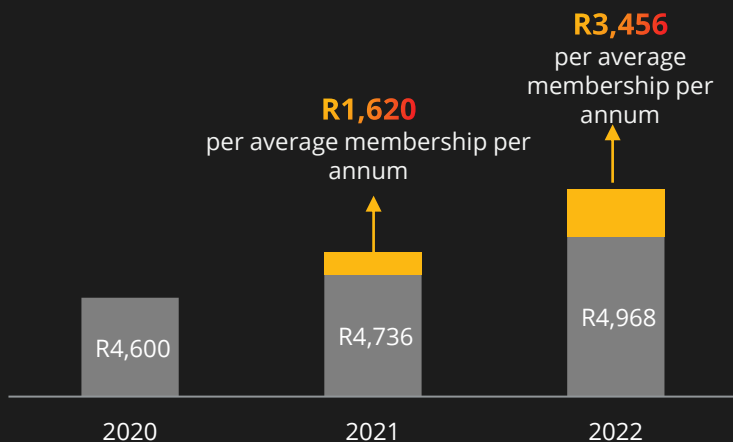
CONTRIBUTION INCREASE DEFERRAL STRATEGY RESULTED IN AFFORDABILITY, LOWER REAL INCREASES AND PRICING ACCURACY

IMMEDIATE AFFORDABILITY

R6.8bn or
R5 076 per average membership

worth of contributions saved for DHMS members in 2021 and 2022

Contribution savings



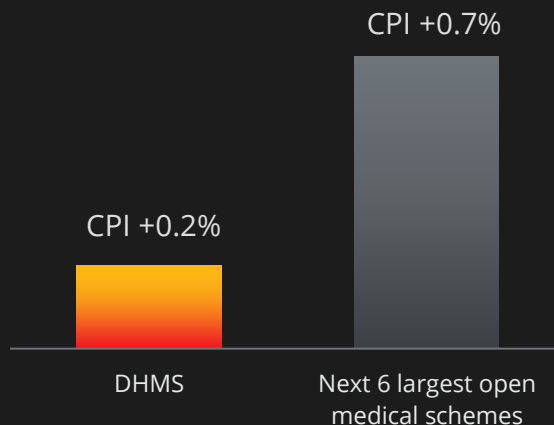
■ Reduction in contributions due to deferral
■ Monthly contribution - including impact of the deferral

LOWER REAL INCREASES

CPI + 0.2%

lowest weighted-average increase felt by all medical scheme members in 2021 and 2022

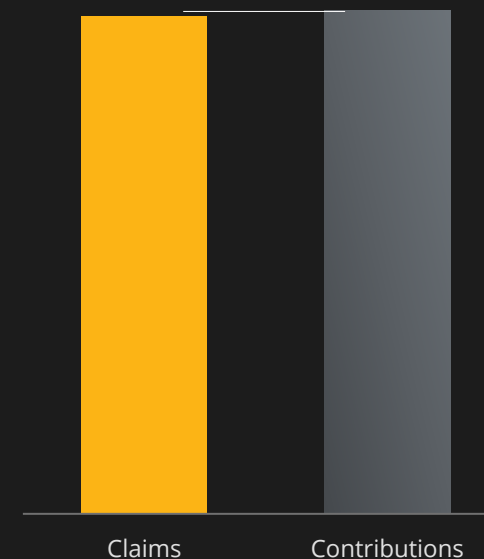
Weighted-average effective increases for 2021 and 2022



PRICING ACCURACY

DHMS is sustainably priced

Contributions closely matched to **claims experience** in 2022



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2022 DHMS FINANCIAL HIGHLIGHTS: THE SCHEME IS FINANCIALLY SECURE

FINANCIAL POSITION AT 31 DECEMBER 2022

Measure	2021 (R '000)	2022 (R '000)
Non-current assets	24,719,222	24,348,071
Current assets	16,566,181	15,478,904
Total assets	41,285,403	39,826,975
Members' funds	30,418,845	28,930,015
Non-current liabilities	8,671	7,735
Current liabilities	10,857,887	10,889,225
Total funds and liabilities	41,285,403	39,826,975

2022 DHMS FINANCIAL HIGHLIGHTS: THE SCHEME IS FINANCIALLY SECURE

PERFORMANCE FOR CURRENT YEAR

Measure	2021 (R '000)	2022 (R '000)	% change YoY
Gross contribution income	75,816,287	79,542,906	5%
Less savings contribution income	(13,356,990)	(13,911,979)	4%
Net contribution income	62,459,297	65,630,927	5%
Relevant healthcare expenditure ²	(56,271,074)	(60,971,703)	8%
Gross healthcare result (contributions – claims)	6,188,223	4,659,224	- 25%
Broker service fees	(1,438,916)	(1,612,455)	12%
Expenses for administration	(5,554,748)	(6,010,611)	8%
Other operating expenses	(360,201)	(316,842)	-12%
Net healthcare result (contributions – claims – expenses)	(1,165,642)	(3,280,684)	-181%
Net investment and other income ³	3,209,900	1,791,854	-44%
Net surplus for the year (including investment income)	2,044,258	(1,488,830)	- 173%

¹Per average member per month²Includes accredited managed healthcare fees³Net investment income and other income (net gains on financial assets at fair value through profit or loss, and sundry income) less other expenses (expenses for asset management services rendered and interest paid)

HOW DO WE ENSURE WE ARE HERE FOR OUR MEMBERS, TOMORROW AND INTO THE FUTURE?

We measure key metrics for a sustainable medical scheme:

Growth and sustainability



Membership size



Membership growth



Plan movements

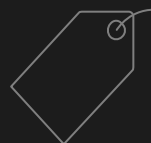


Contribution increases

Financial strength



Absolute reserves



Pricing sufficiency



Prudent investments



Value for money

HOW DO WE ENSURE WE ARE HERE FOR OUR MEMBERS, TOMORROW AND INTO THE FUTURE?

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Growth and sustainability



Membership size

Greater risk pooling means **more predictable claims experience** and accuracy in pricing, leading to stable performance.



Membership growth

Continuous growth of young and healthy **beneficiaries improves risk pooling** and reflects attractiveness and competitiveness of the Scheme through cross-subsidisation principles.



Plan movements

Indicates **satisfaction**, stability in benefit design and appropriate pricing.



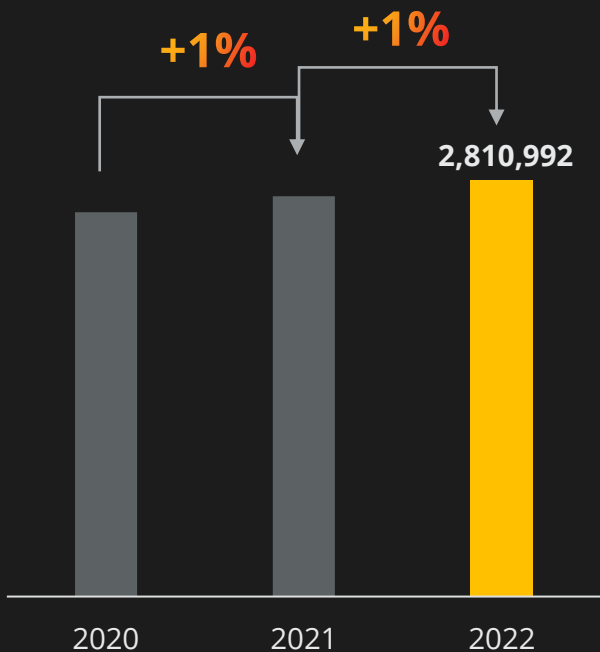
Contribution increases

Reflects **effective risk management** and **value proposition** to members.

DISCOVERY HEALTH MEDICAL SCHEME CONTINUES TO RECORD STRONG GROWTH

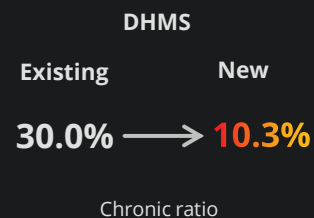
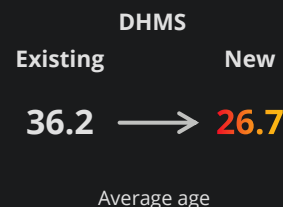
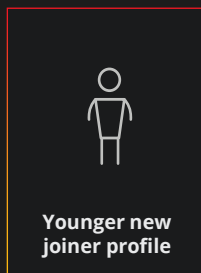
DHMS EXPERIENCING EXCEPTIONAL GROWTH IN 2021 AND 2022

DHMS beneficiaries



HEALTHY GROWTH ENSURES SCHEME SUSTAINABILITY

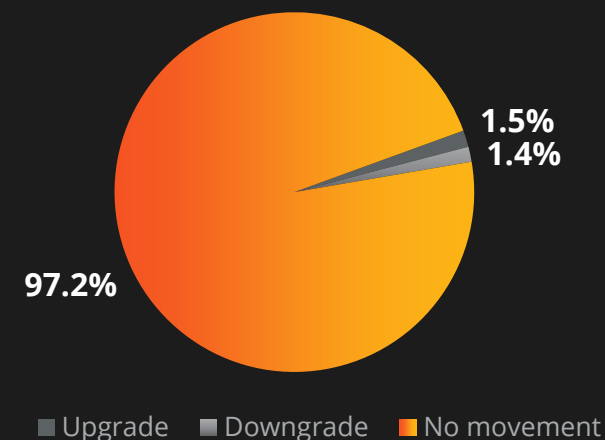
Young and healthy new joiner profile



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

STABLE MEMBERSHIP BASE

Low plan movement

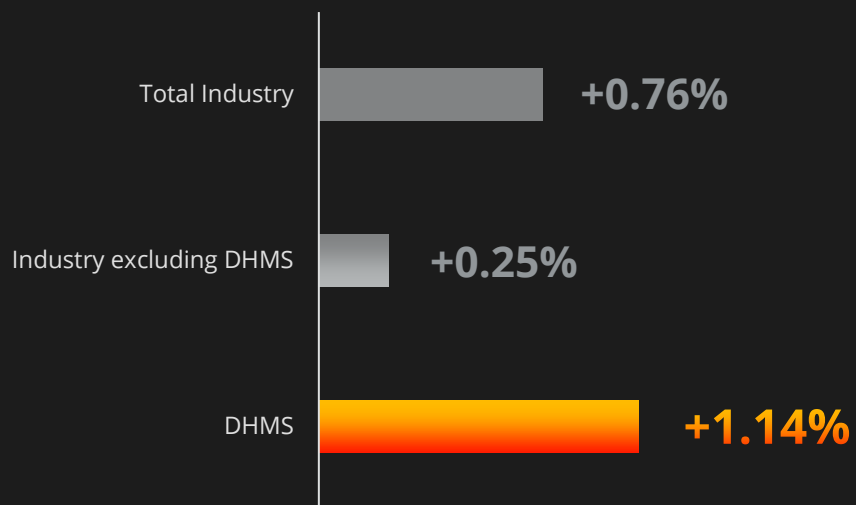


Low movement between plans indicates member satisfaction and appropriate benefit design and pricing (Jan 22-23)

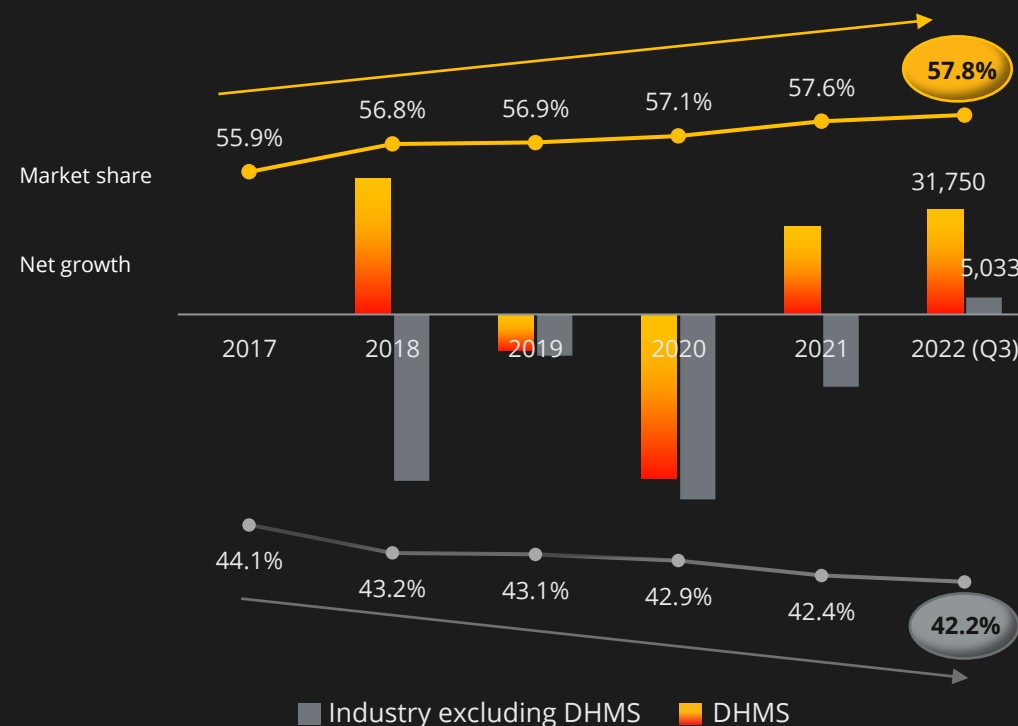
IN 2022, DHMS CONTINUED TO GROW AHEAD OF THE REST OF THE INDUSTRY

STRONG GROWTH IN THE FIRST NINE MONTHS OF 2022 RESULTED IN DHMS CONTINUING LONG-TERM MARKET SHARE GAINS

% growth in beneficiaries
(Sept '22 vs Dec '21)



DHMS continues to gain market share



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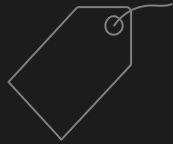
We measure key metrics for a sustainable medical scheme:

Financial strength



Absolute reserves

Demonstrates ability to **meet large, unexpected claims variation.**



Pricing sufficiency

Surplus year-on-year reflects **contribution levels** that are in line with expected membership and claims.



Prudent investments

Ensuring that **investment returns** are maximised within an acceptable and conservative level of risk



Value for money

Ensuring **value for money for members** through efficient and effective administration

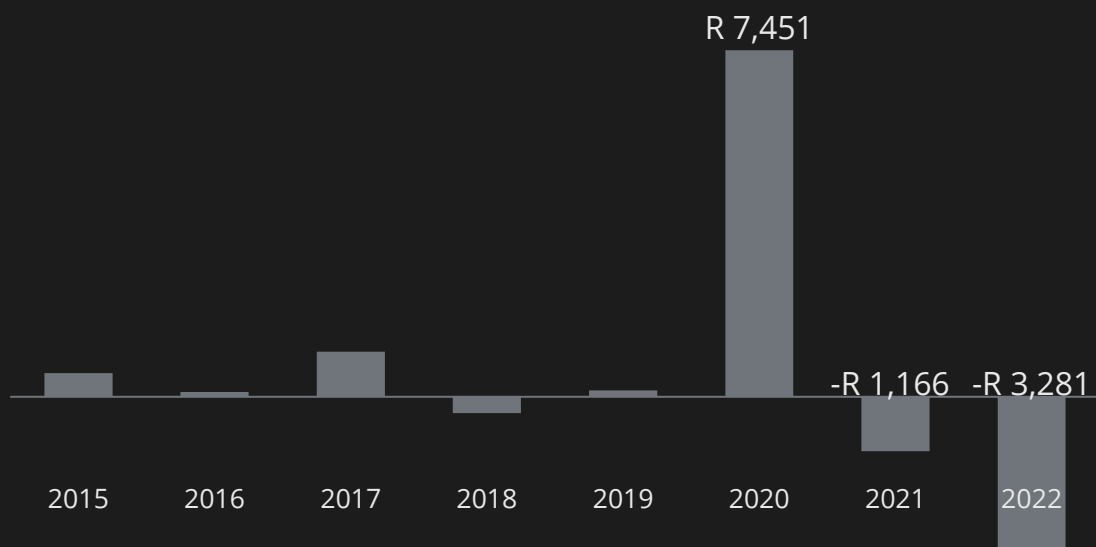
DHMS HAS RETURNED EXCESS RESERVES TO MEMBERS WHILE REMAINING WELL-PLACED TO MANAGE INCREASING HEALTHCARE UTILISATION

2022 DHMS PERFORMANCE

(R3.28bn)

DHMS net healthcare result 2022 – net deficit due to deferral

Net healthcare result

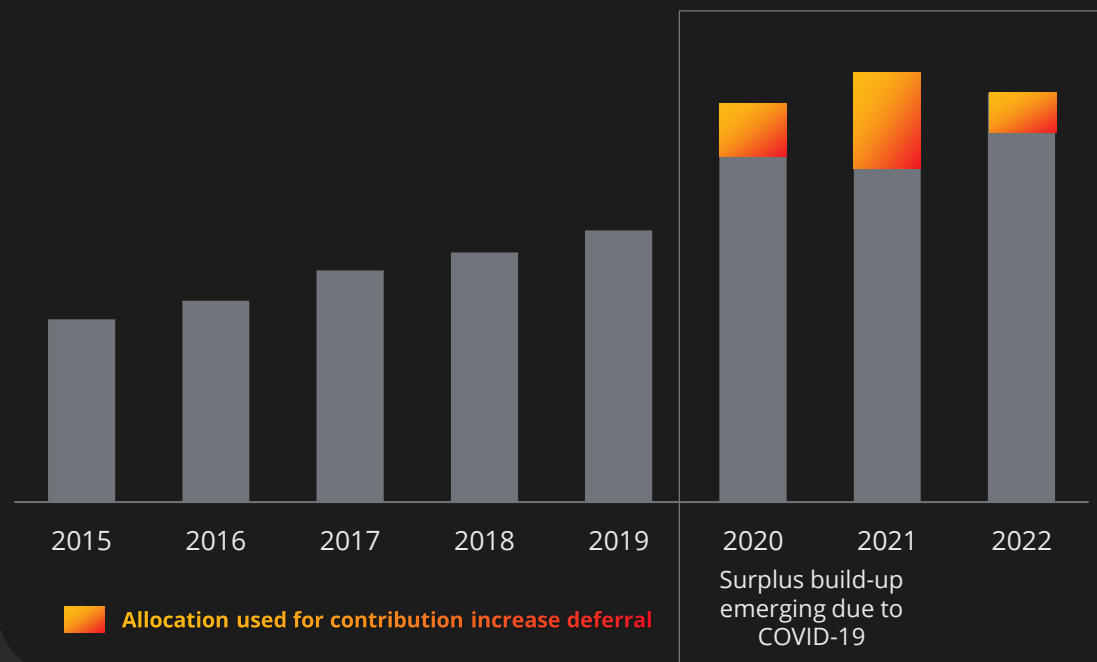


STRONG SECURITY AND SURPLUS TO MANAGE UTILISATION VOLATILITY IN 2022

AAA Credit rating

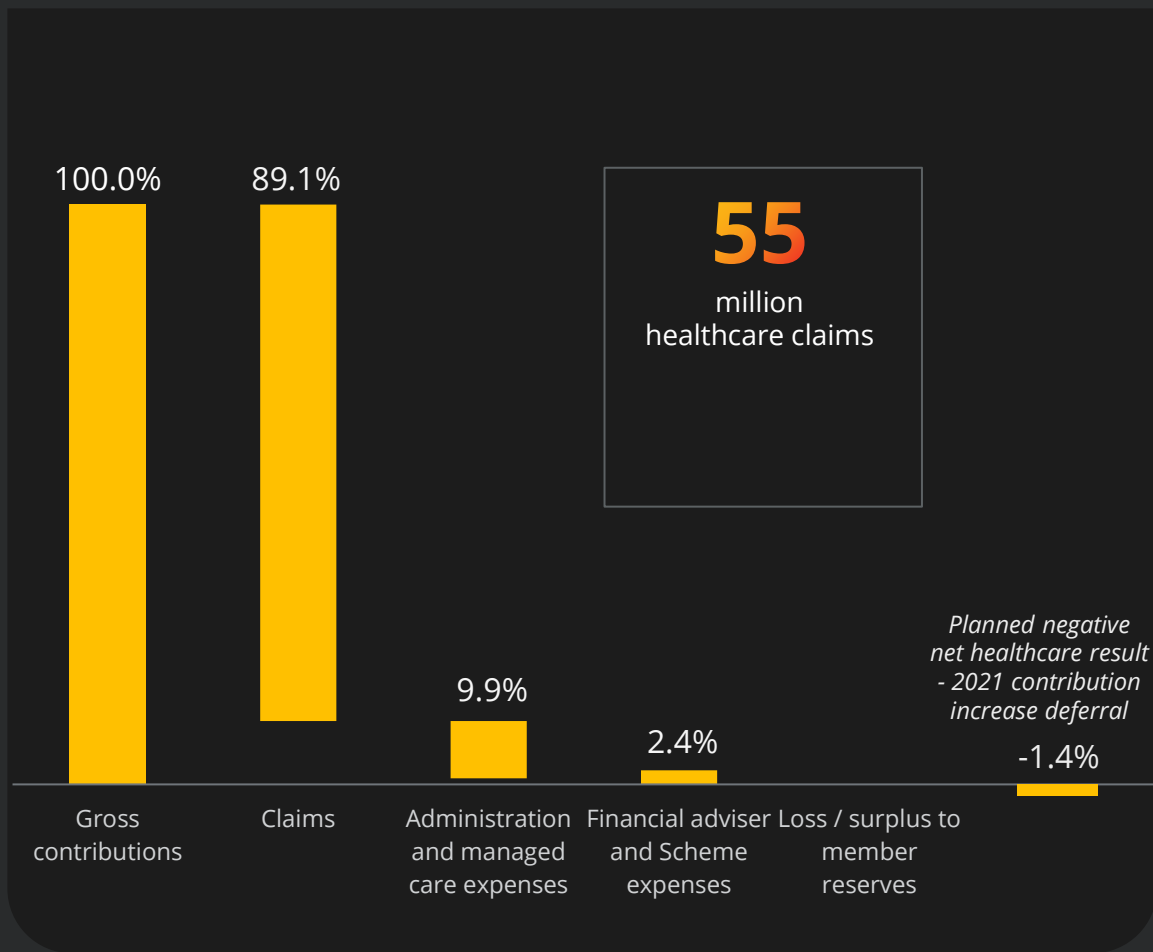
35.11% Solvency ratio

R28.9bn Reserves

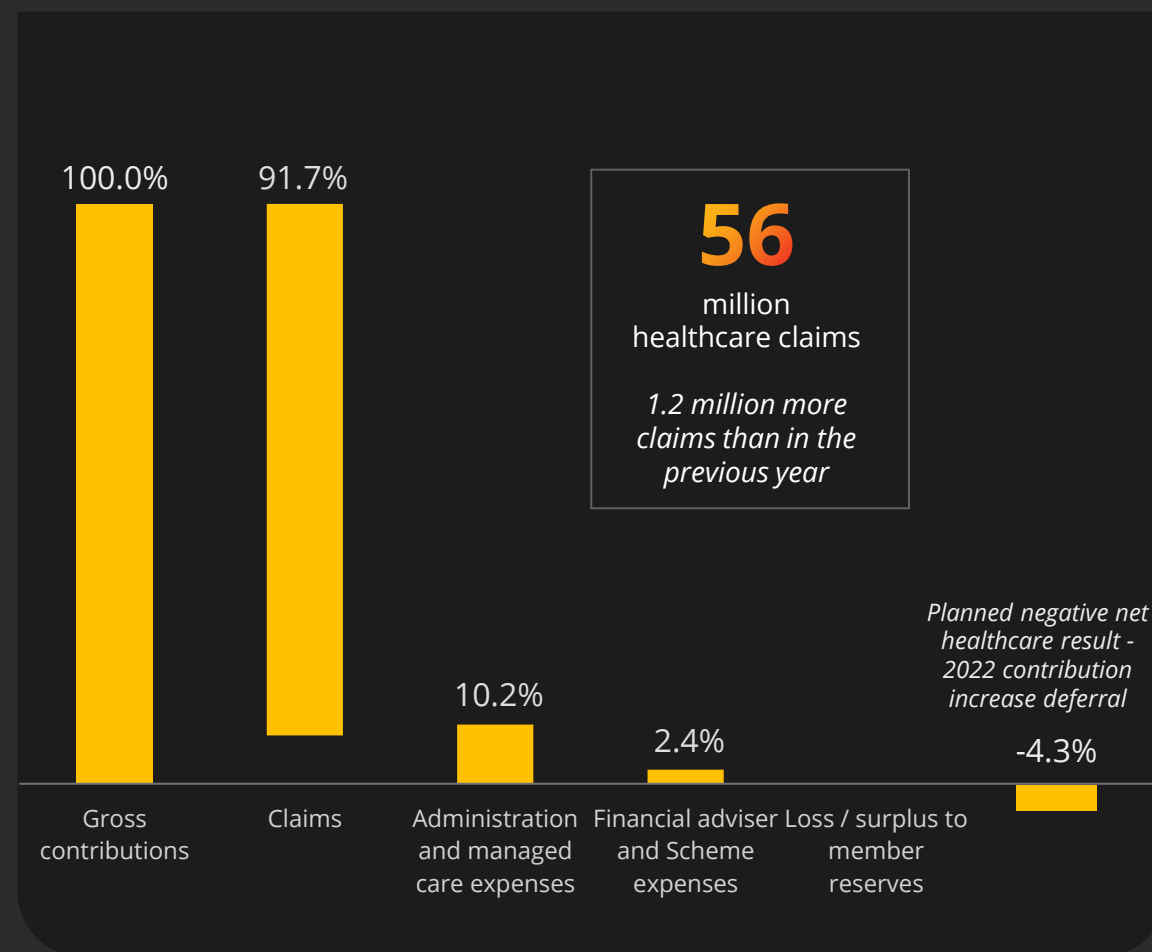


NET DHMS CLAIMS EXPENDITURE WAS 8.3% HIGHER IN 2022 DUE TO A RETURN OF HEALTHCARE UTILISATION

2021 EXPENSE BREAKDOWN

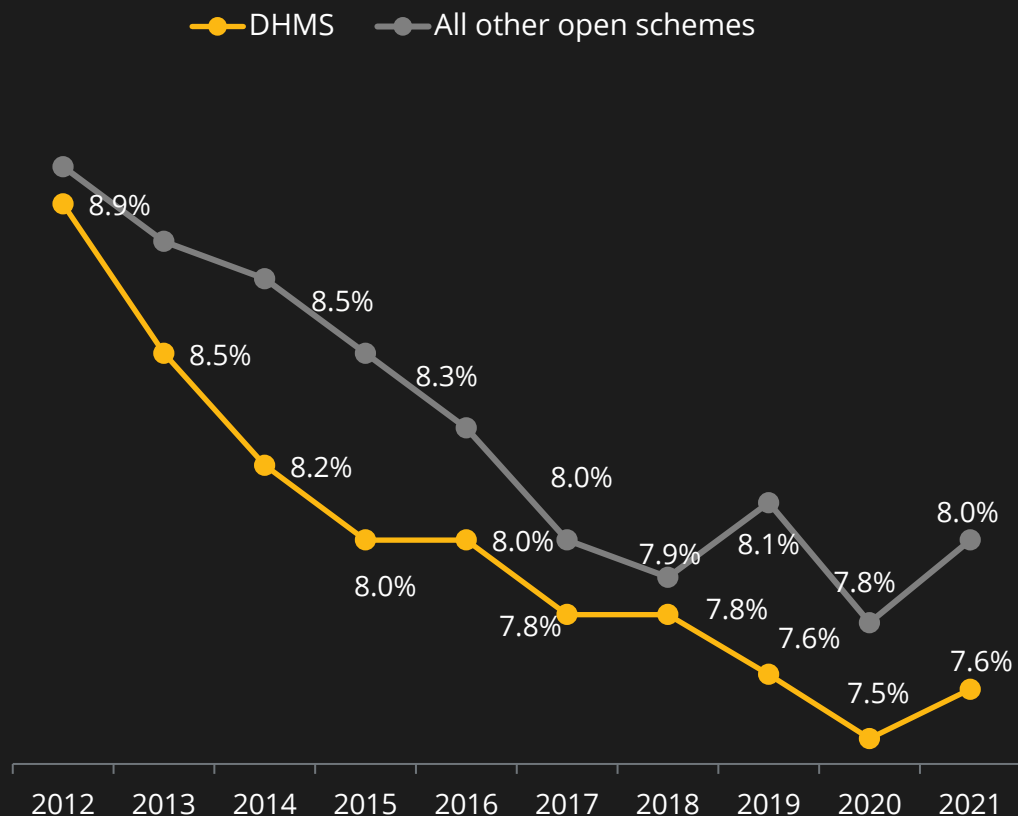


2022 EXPENSE BREAKDOWN

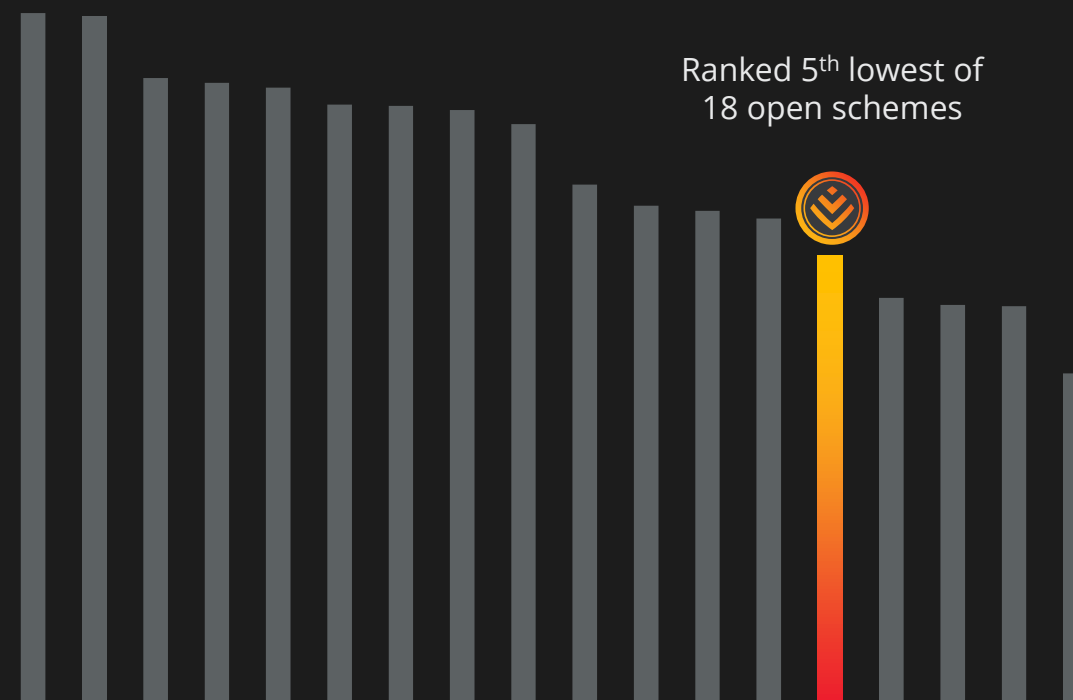


MEMBERS BENEFIT THROUGH REDUCING ADMINISTRATION EXPENDITURE THAT IS AMONG THE LOWEST IN THE INDUSTRY

ADMINISTRATION EXPENDITURE AS % OF GROSS CONTRIBUTION INCOME (2011 - 2021)



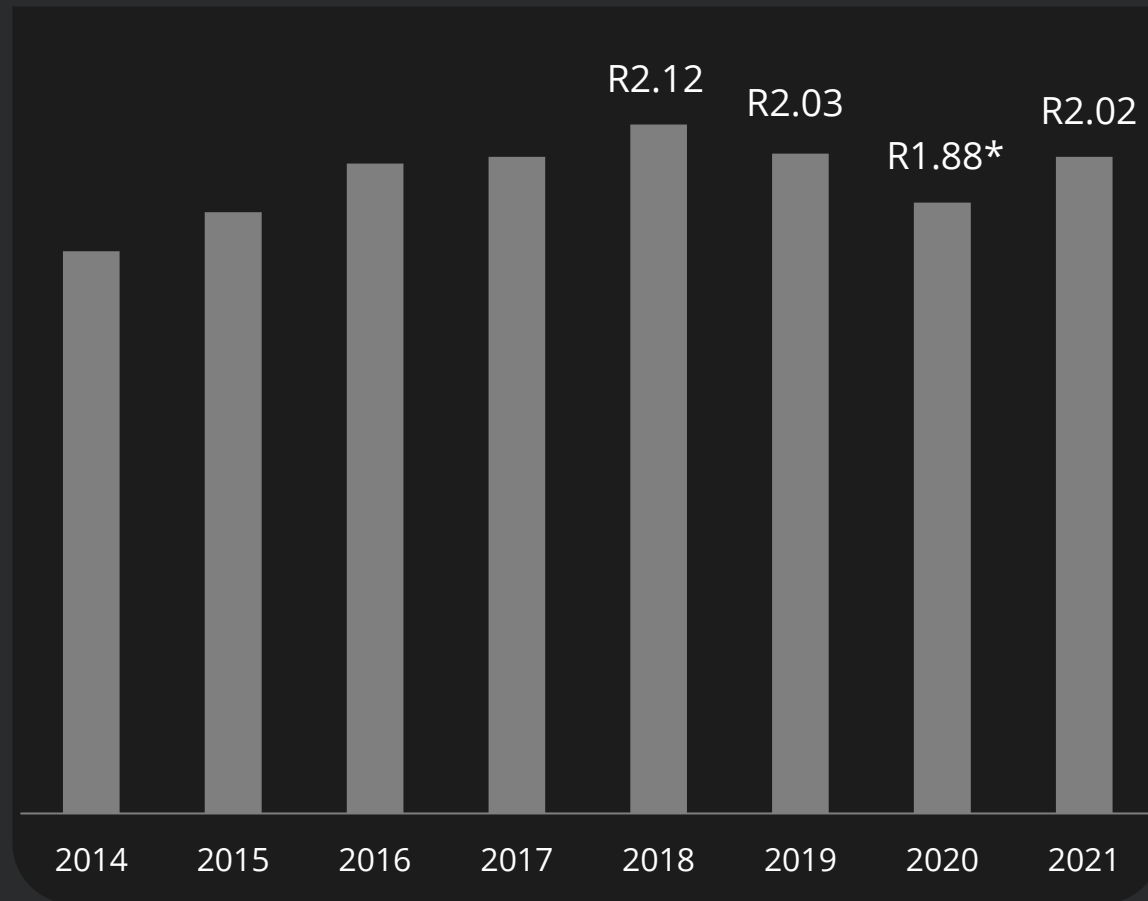
ADMINISTRATION EXPENDITURE AS % OF GROSS CONTRIBUTION INCOME (2021)



Notes: The latest CMS report is for 2021
 The admin expenditure as % of GCI figure is a weighted average for all other open schemes
 Source: CMS Industry Report 2021-22

OUR MEMBERS RECEIVE OUTSTANDING VALUE FROM DISCOVERY HEALTH

VALUE GENERATED FOR DHMS MEMBERS



Source: DHMS 2022 Integrated Report

For every R1 spent
on managed care and
administration fees,
members of DHMS derived
R2.02 in value

Deloitte.
Reviewed by Deloitte

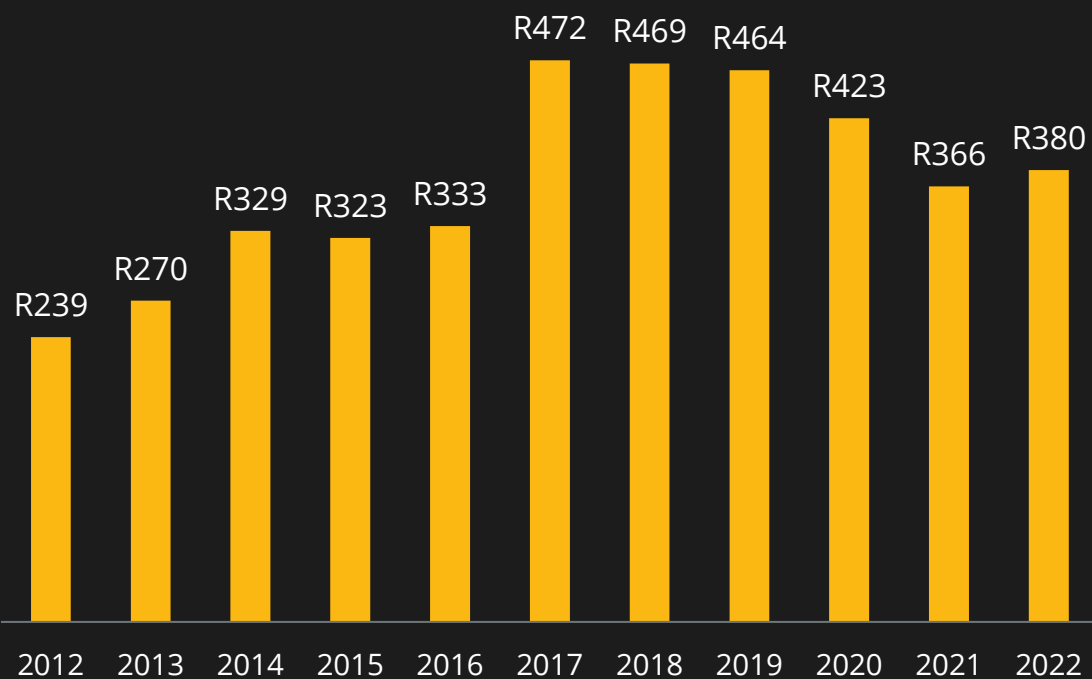
**Decrease is result of decrease in utilisation resulting from COVID-19, while the administration and managed care fees have remained at similar levels in real terms*

As the assessment uses industry information, results are only available for the preceding year.

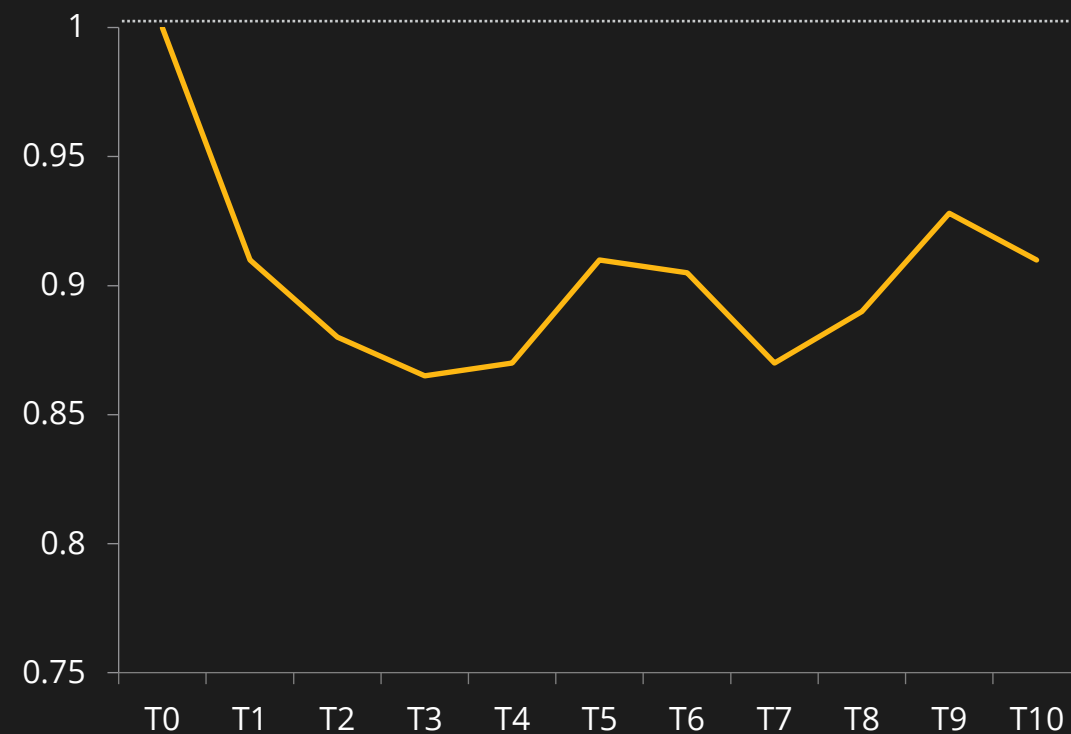
DISCOVERY HEALTH'S INTERNAL CONTROLS HAVE SAVED THE SCHEME ~ R1BN PER ANNUM

SIGNIFICANT FRAUD SAVINGS AND RECOVERIES

Fraud savings and recoveries (Rm)



CUMULATIVE HALO EFFECT OF R9.05 BILLION (2012-2022)



Members benefit through a 1.0% lower contribution increase every year

HOW DO WE ENSURE WE ARE HERE FOR OUR MEMBERS, TOMORROW AND INTO THE FUTURE?

We measure key metrics for a sustainable medical scheme:

Growth and sustainability



Membership size

2.81m
Beneficiaries

57.6%
Market share



Membership growth

26.7
Average age (yrs)

10.3%
Chronic profile



Plan movements

97.15%

Members remained on same plan



Contribution increases

2.0%

Headline contribution increase

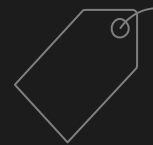
Financial strength



Absolute reserves

R28.9bn
Reserves

35.11%
Solvency



Pricing sufficiency

Net deficit due to deferral **-R1.489bn**



Prudent investments

6.18%

Gross investment return 2022



Value for money

For every R1 spent on managed care and administration fees, members of DHMS derived **R2.02 in value**

Working to **protect** our members

CURRENT LANDSCAPE FOR MEMBERS AND THE SCHEME



Macro-economic uncertainty and second-order COVID-19 effects in an evolving landscape

PROTECTING AND CARING FOR OUR MEMBERS



Leveraging innovation to deliver the highest quality of care for our members while protecting long-term affordability

ENSURING THE SUSTAINABILITY OF THE SCHEME



Financial strength, ability to pay claims and long-term sustainability are crucial to our members

REGULATORY AND GOVERNANCE EXCELLENCE



Strong focus on governance excellence, risk management and regulatory compliance

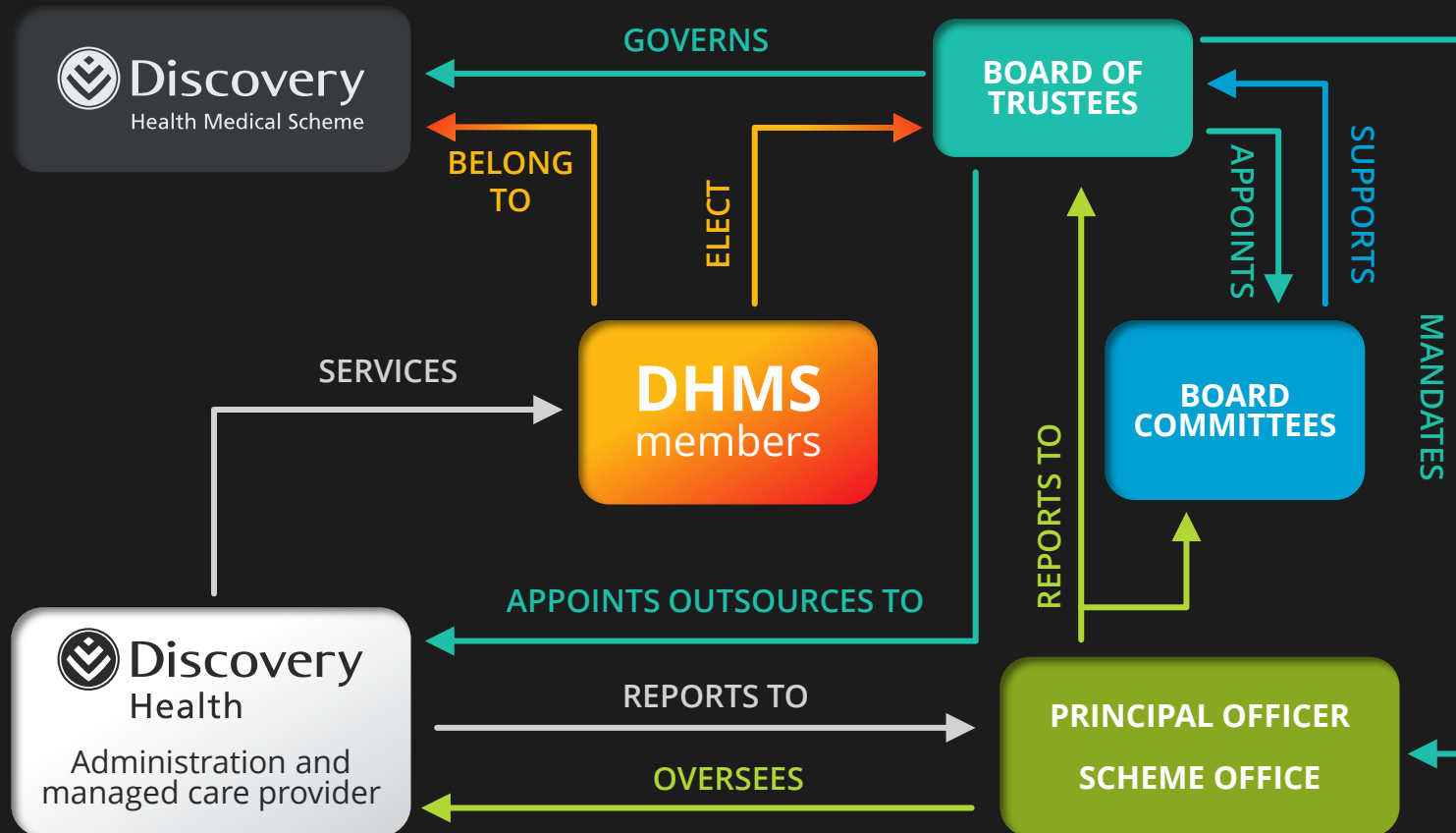
LOOKING AHEAD TO 2023 AND BEYOND



Investing in the long-term health of members in 2023 and beyond

STRONG INDEPENDENT GOVERNANCE STRUCTURES WITH MAJORITY MEMBER-ELECTED TRUSTEES

OUR GOVERNANCE STRUCTURES



To promote desired outcomes in accordance with King IV

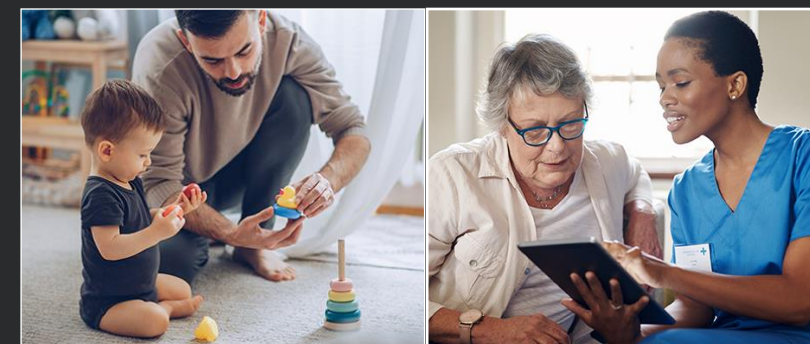
AN ETHICAL CULTURE

GOOD PERFORMANCE



EFFECTIVE CONTROL

LEGITIMACY



ROLES, RESPONSIBILITIES AND FIDUCIARY DUTIES OF TRUSTEES

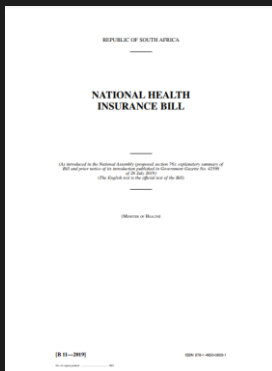


DHMS CONTINUES TO ACTIVELY ENGAGE IN BROADER INDUSTRY ISSUES

NATIONAL HEALTH INSURANCE UPDATE

DHMS will continue to engage on NHI Bill following PPC approval

Parliamentary Portfolio Committee (PPC) for Health approved on 24 May 2023



DHMS is in support of universal health access



Changes are needed to strengthen the health system in anticipation of UHC



Public and private collaboration needed to ensure equitable access to quality healthcare

LCBO FRAMEWORK ENGAGEMENTS TO EXTEND ACCESS TO HEALTHCARE

Low Cost Benefit Option guidelines at advanced stages

CMS submission to Minister of Health by June 2023



Medical scheme cover not currently affordable to many South Africans (PMB cover at R1000 per month is minimum cost of cover)



Medical scheme tax credit opens scheme coverage to wider markets



Focus of benefits is primary and promotive

PCR TESTING COMPLAINT LED BY HEALTH FUNDERS ASSOCIATION

DHMS participating in HFA-led complaint to Competition Commission



Complaint relates to excessive profits made by pathology groups during COVID-19 pandemic



Complaint aims to ensure **cost of excessive pricing of PCR tests are refunded** to medical schemes for members' benefit



Excess spend that could be refunded to all medical schemes estimated to be between **R1bn to R1.2bn**

Working to **protect** our members

CURRENT LANDSCAPE FOR MEMBERS AND THE SCHEME



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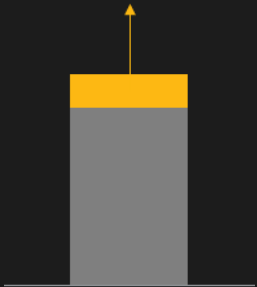
Investing in the long-term health of members in 2023 and beyond

STRATEGIC MANAGEMENT AND RAPID INNOVATION HAS DELIVERED BETTER HEALTHCARE AND IMPROVED ACCESS FOR OUR MEMBERS IN 2023

GREATER AFFORDABILITY THROUGH DEFERRAL IN 2023

Strong reserves allowed for third year of contribution deferral

1 April 2023 increase **R1.8bn** saved in contributions for members



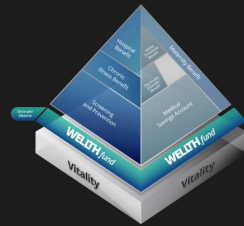
2023

Contributions reduced by **R1,296** per average membership per annum

MANAGING COVID-19 SECOND ORDER EFFECTS

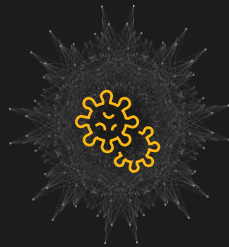
WELLTH Fund

WELLTH fund



A significant investment in the health of members and sustainability of the scheme

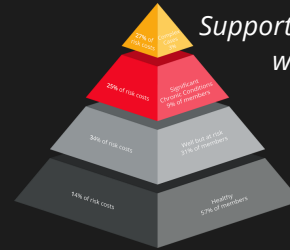
Disease Prevention Programme



Proactive AI-driven identification and support for members at risk of developing cardiometabolic syndrome

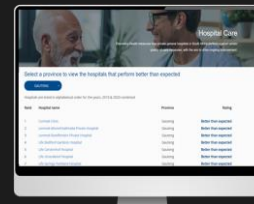
IMPROVING PATIENT OUTCOMES FOR DHMS MEMBERS

Focus on population health management and value-based care



Supporting members living with high prevalence conditions

Hospital care



Assisting members to locate efficient hospitals for quality of care improvements

ENHANCING BENEFITS AND ACCESS TO QUALITY CARE

Increased oncology thresholds



Increase in oncology thresholds by 25% on 1 January 2023

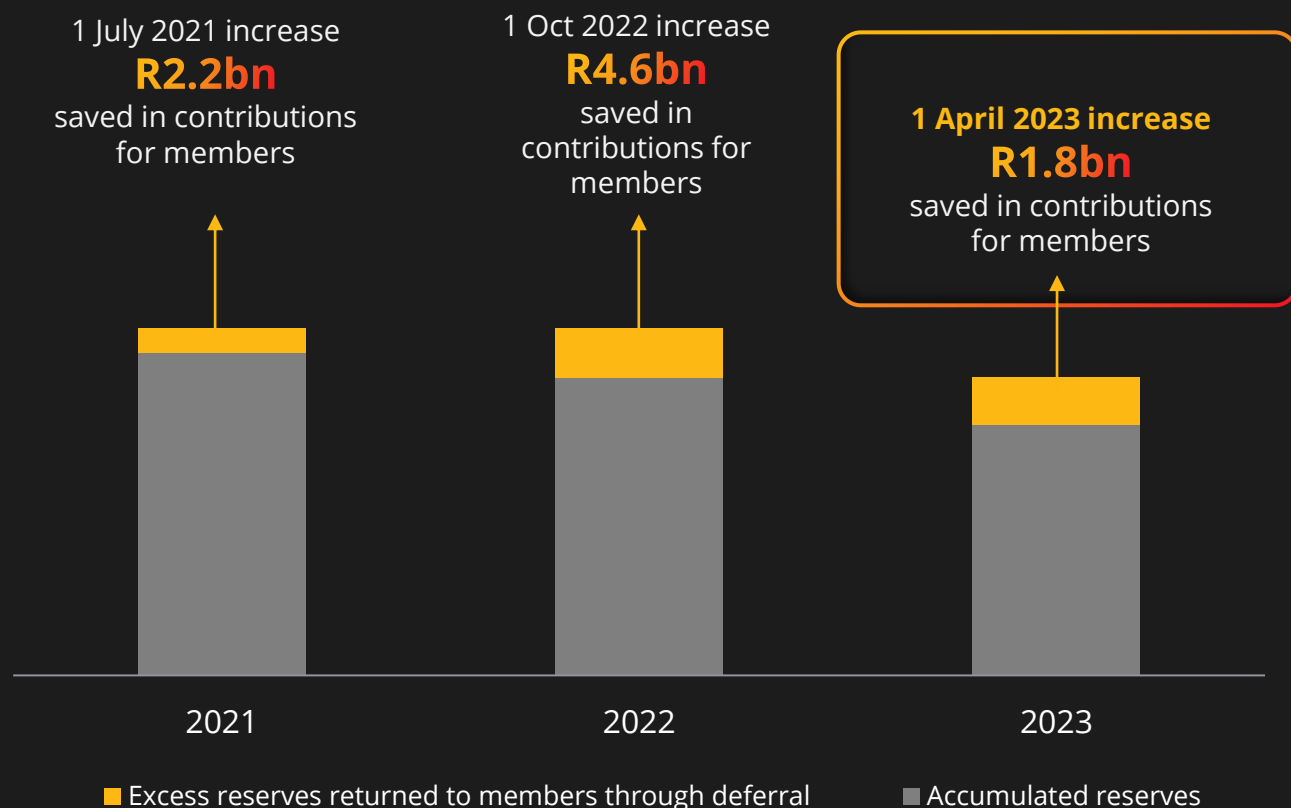
Essential Dynamic Smart Plan



Enhanced plan range to deliver the lowest price point per unit of cover

THE INCREASE WAS ONCE AGAIN DEFERRED IN 2023 TO PROVIDE GREATER AFFORDABILITY TO MEMBERS

DHMS CONTRIBUTION DEFERRAL STRATEGY



CUMULATIVE IMPACT OF DEFERRAL STRATEGY (2021 – 2023)



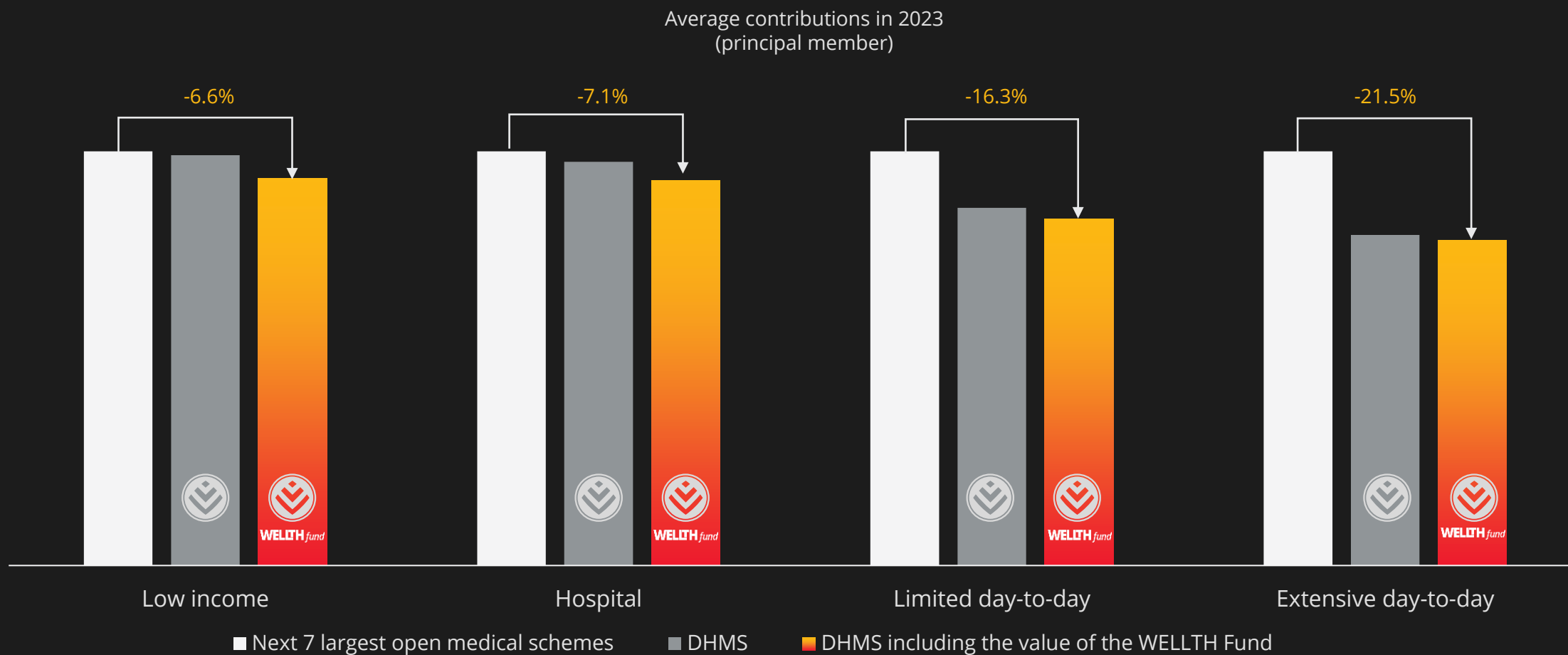
R8.6bn
saved in contributions for
members



Increases limited to
CPI+1.9% p.a.
Significantly below prevailing
medical inflation of CPI+3-4%

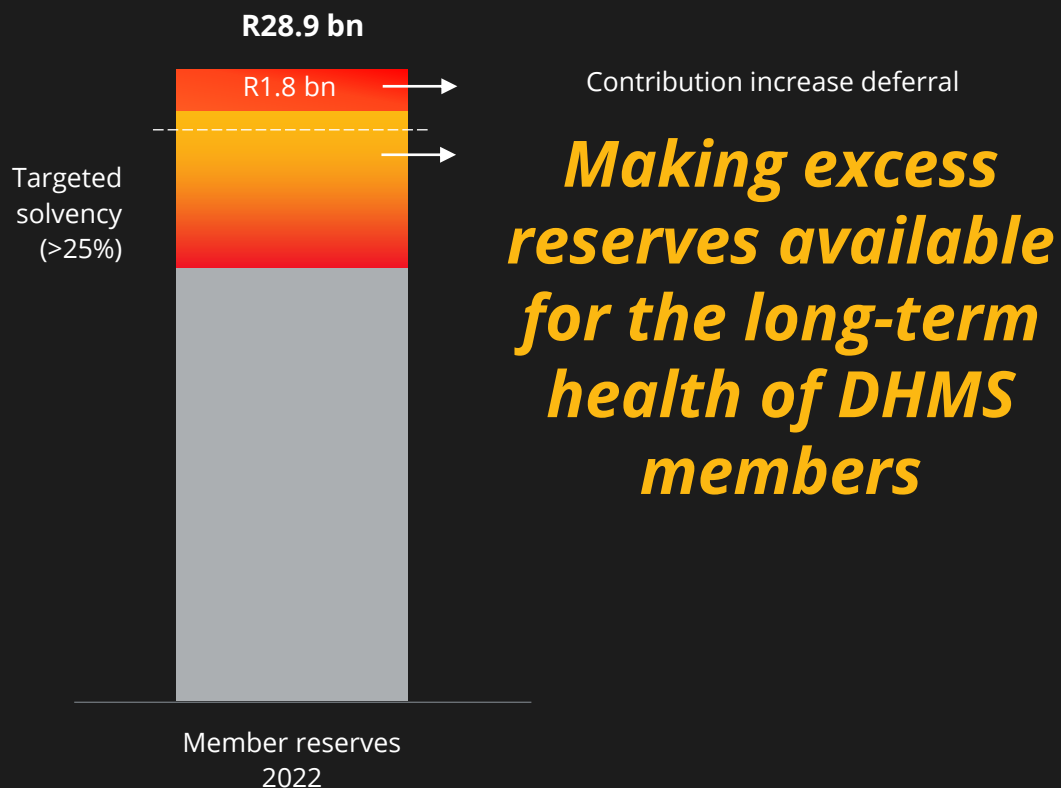
DISCOVERY HEALTH MEDICAL SCHEME CONTINUES TO OFFER MEMBERS HIGH-VALUE COVER ACROSS THE BENEFIT SPECTRUM

Highly competitive offering per benefit unit across the plan range



FROM 2023 DHMS IS MAKING A SIGNIFICANT INVESTMENT IN THE HEALTH OF OUR MEMBERS AND SUSTAINABILITY OF THE SCHEME

LEVERAGING EXCESS SOLVENCY FOR THE HEALTH OF OUR MEMBERS

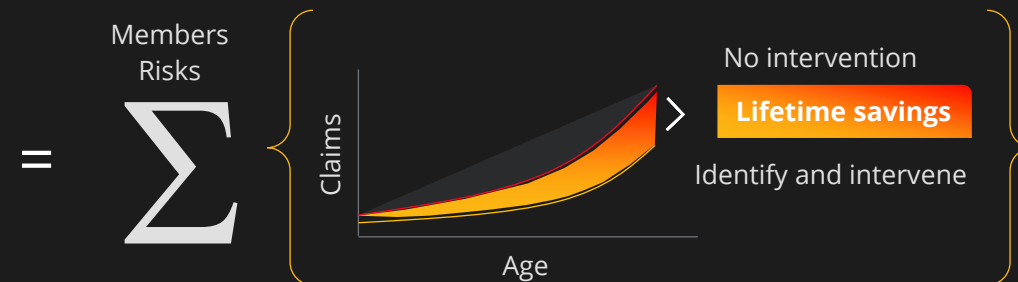


OPTIMAL INVESTMENT IN THE LONG-TERM HEALTH OF MEMBERS AND SUSTAINABILITY OF THE SCHEME

Regular health screening delivers exponential returns for both the member and the scheme

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

Claims savings



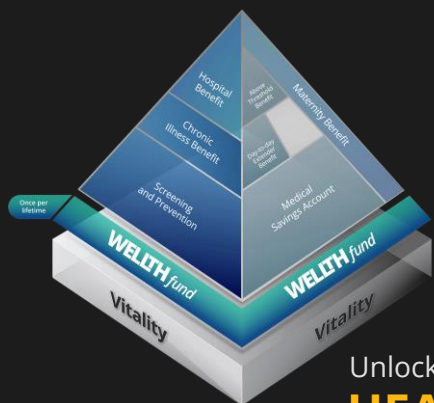
= 9 x investment

THE WELLTH FUND HAS BEEN INTRODUCED TO BOOST MEMBER SCREENING AND ACCESS TO PREVENTIVE HEALTHCARE SERVICES

AVAILABLE FOR ALL MEMBERS FROM 1 JAN 2023 TO PROACTIVELY ADDRESS THE SCREENING DEFICIT

MEMBERS HAVE ACCESS TO A BROAD RANGE OF DISCRETIONARY HEALTHCARE SERVICES COVERED BY THE FUND

WELLTH fund
Up to R10 000 in wellness benefits



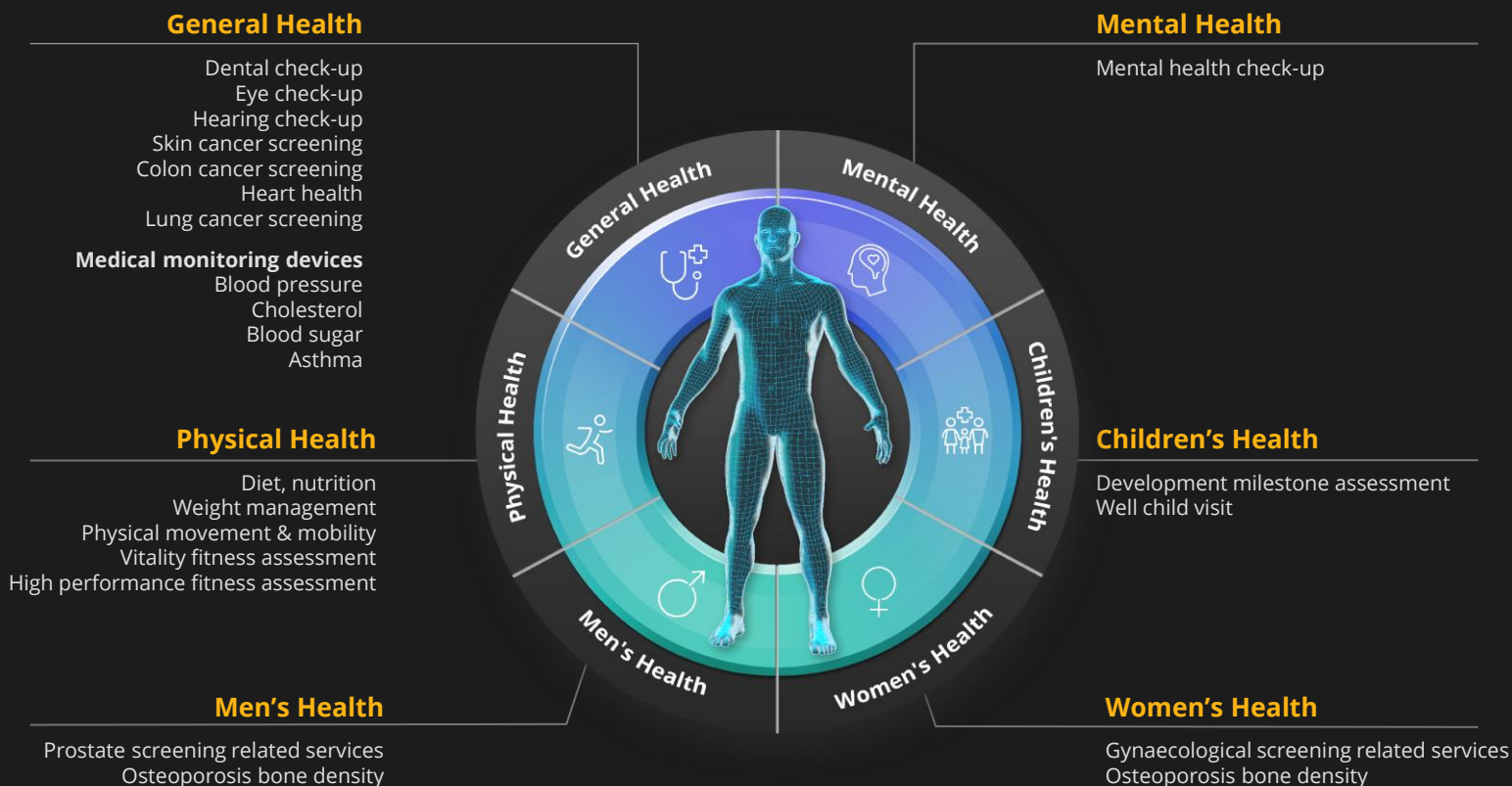
Unlocked with a **HEALTH CHECK**

304,000

Members have unlocked the WELLTH Fund

R201m

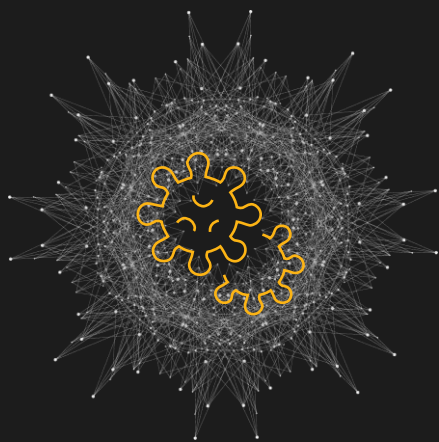
worth of benefits used from the WELLTH Fund



MEMBERS AT RISK OF DEVELOPING CARDIOMETABOLIC SYNDROME ARE PROACTIVELY IDENTIFIED AND OFFERED RISK-FUNDED SUPPORT

EARLY INTERVENTION IS FUNDAMENTAL IN PREVENTING LONG-TERM ILLNESS

Predictive modelling is used to **identify** members at high risk of developing **preventable illnesses like diabetes and cardiovascular disease**

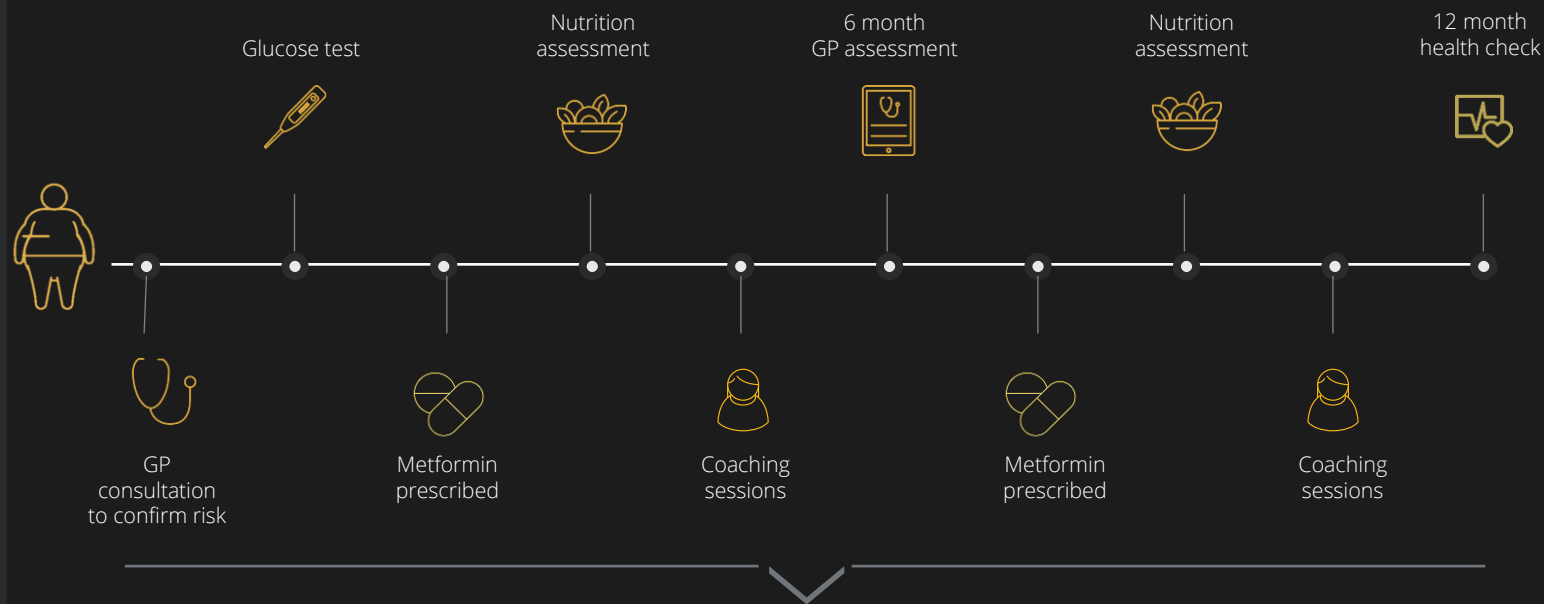


~38 000

At-risk members identified to date

THE DISEASE PREVENTION PROGRAMME PROVIDES RISK-FUNDED BENEFITS TO ASSESS, MONITOR AND MANAGE CARDIOMETABOLIC RISK

12 MONTH PROGRAMME



In-range
+
Exit programme



Controlled health risk
+
Extend programme



Chronic Illness Benefit
enrolment to
manage condition

POPULATION HEALTH MANAGEMENT PROGRAMS TARGETING MEMBERS LIVING WITH HIGH PREVALENCE CONDITIONS

OBJECTIVES

- 1 Improve the health of the target population
- 2 Enhance the experience of care (patient-centricity)
- 3 Reduce overall costs of healthcare and improve sustainability

Success is supported by appropriate shared value payment models (value-based care) and improved care coordination

STRATEGIC APPROACH

25% of members, accounting for 60% of costs, are targeted for PHM programs



PROGRAMMES



Prevention and management of high Impact non-communicable diseases



Complex cases



Oncology & end-of-life care



Mental health



End stage renal failure



HIV management

Working to **protect** our members



CURRENT LANDSCAPE FOR MEMBERS AND THE SCHEME



Macro-economic uncertainty and second-order COVID-19 effects in an evolving landscape

PROTECTING AND CARING FOR OUR MEMBERS



Leveraging innovation to deliver the highest quality of care for our members while protecting long-term affordability

ENSURING THE SUSTAINABILITY OF THE SCHEME



Financial strength, ability to pay claims and long-term sustainability are crucial to our members

REGULATORY AND GOVERNANCE EXCELLENCE



Strong focus on governance excellence, risk management and regulatory compliance

LOOKING AHEAD TO 2023 AND BEYOND



Investing in the long-term health of members in 2023 and beyond

ANNUAL GENERAL MEETING

CHARLOTTE MBEWU | PRINCIPAL OFFICER

8 JUNE 2023





DHMS ANNUAL GENERAL MEETING

Chief Executive Officer, Discovery Health | Dr Ryan Noach
June 2023



AGENDA



01

Review of industry performance



02

Regulatory update



03

Healthcare trends in 2023 and beyond



04

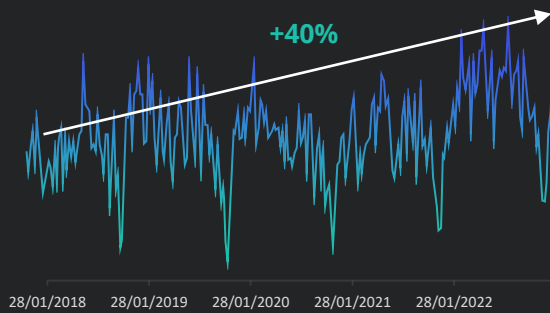
Maximising DHMS member value

DESPITE CURRENT ECONOMIC CHALLENGES, HEALTH IS OF KEY RELEVANCE AND TOP-OF-MIND FOR MOST SOUTH AFRICANS, ESPECIALLY SINCE COVID-19 PANDEMIC



...RESULTING IN DHMS MEMBERS PRIORITISING THEIR HEALTH COVER

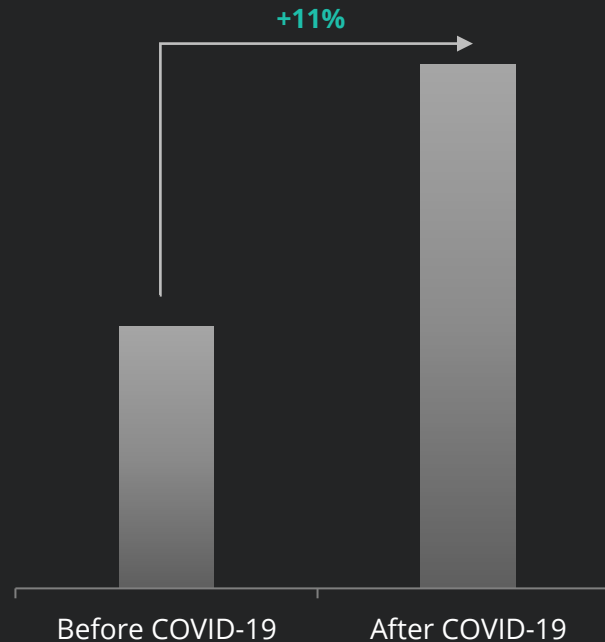
Google searches by South Africans about healthcare are on the rise



Following the Spanish flu in 1918, sales of insurance in the U.S. **increased by 80%**

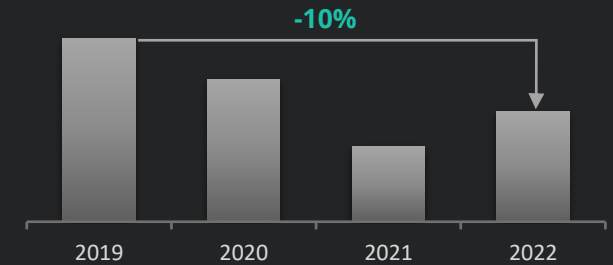
...WITH IMPROVED SENTIMENT TOWARDS HEALTH AND WELLNESS

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

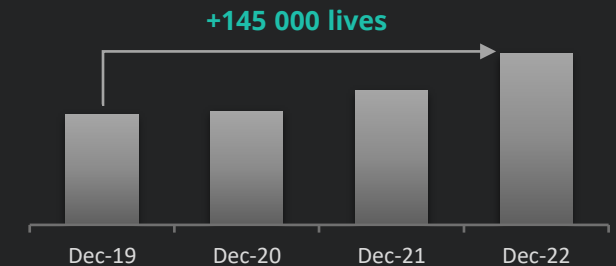


SEARCH TRENDS INDICATE ELEVATED INTEREST IN HEALTH AND HEALTHCARE...

Reduced DHMS withdrawals since COVID-19



Increased take-up of Discovery Health products

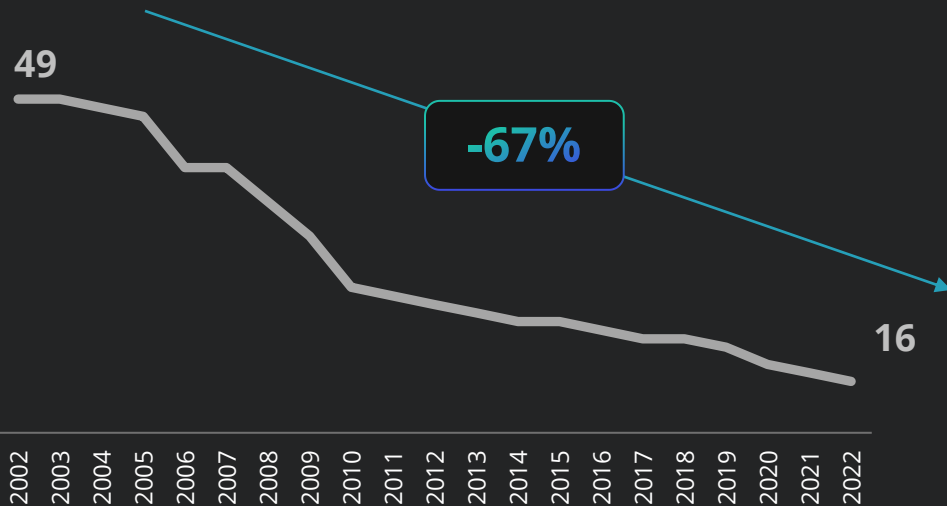


LONG-TERM TREND OF OPEN SCHEME CONSOLIDATION REFLECTS CONSUMER PREFERENCES



CONSOLIDATION REFLECTS CONSUMER DESIRE FOR SAFETY IN LARGER SCHEMES

Open medical schemes in South Africa reduced from 49 to 16 over the last 20 years

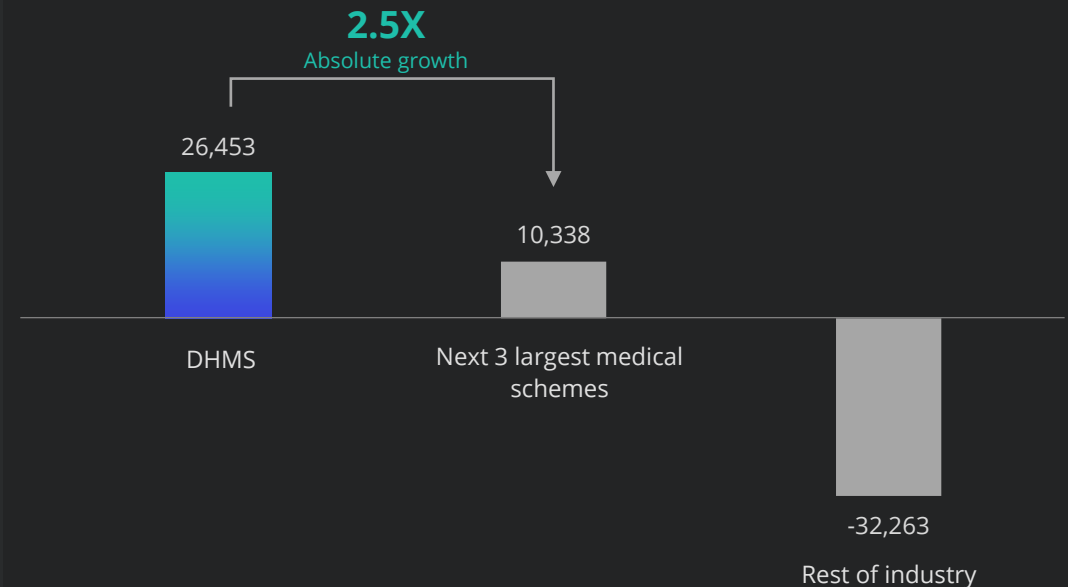


Consolidation towards fewer, larger schemes is in line with successful international models

In the Netherlands, **10 private health insurers cover 17 million lives** alongside a successful National Health Insurance fund

Larger medical schemes attracting greater proportion of scheme growth

Open Schemes Net growth in lives (2021)

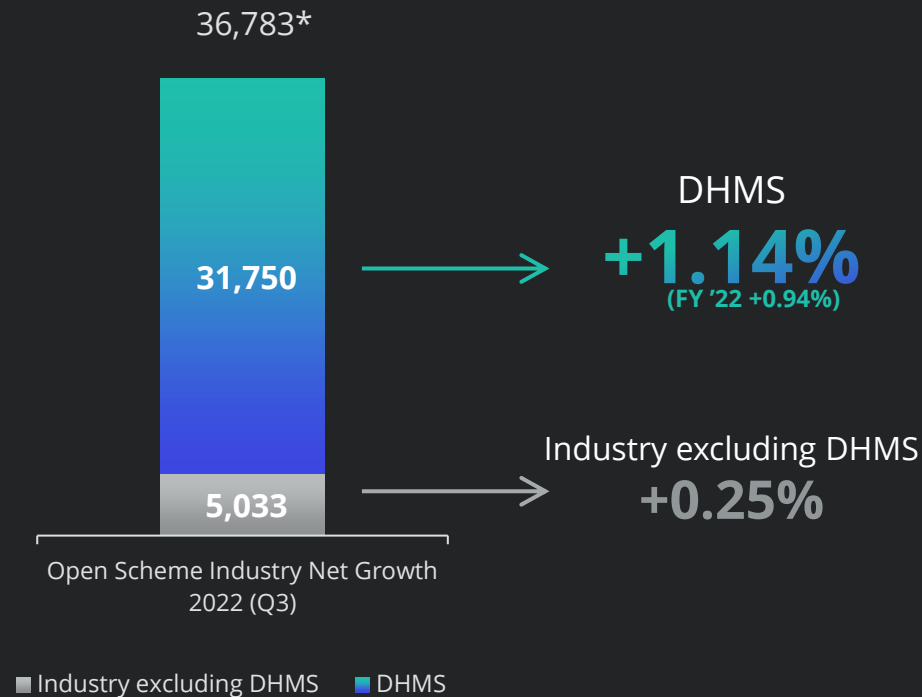


IN 2022, DHMS CONTINUED TO GROW AHEAD OF THE REST OF THE INDUSTRY

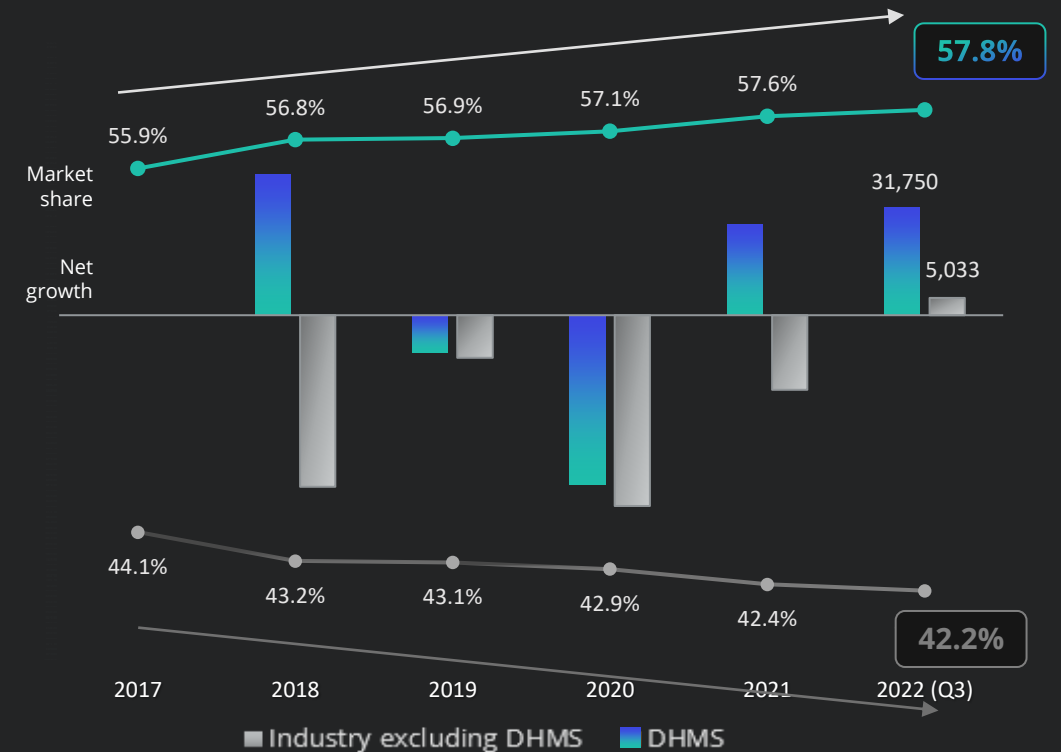


STRONG GROWTH IN THE FIRST NINE MONTHS OF 2022 RESULTED IN DHMS CONTINUING LONG-TERM MARKET SHARE GAINS

Net growth in beneficiaries (Dec '21 vs Sept '22)



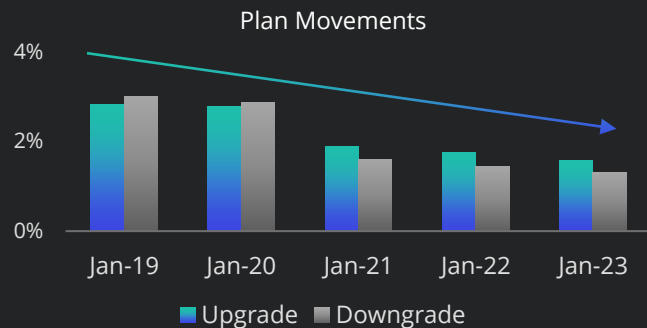
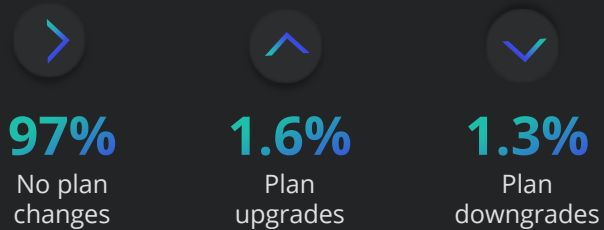
DHMS continues to gain market share



CONTINUED GROWTH IS INDICATIVE OF A FLIGHT TO QUALITY

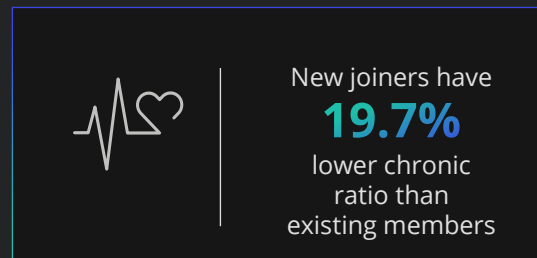
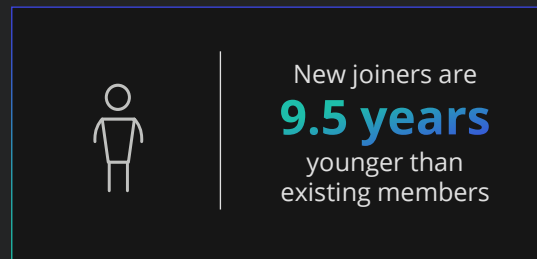


STABLE MEMBERSHIP BASE



Low movement between plans indicates member satisfaction and appropriate benefit design and pricing (Jan 22-23)

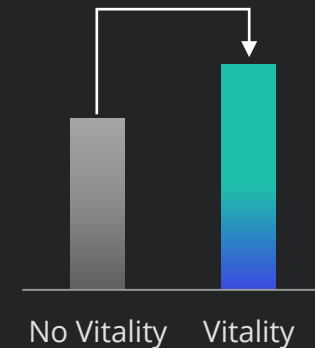
HEALTHY GROWTH CONTINUES TO IMPROVE SCHEME SUSTAINABILITY



Attracting healthy new joiners limits the annual ageing of the Scheme to just **0.3 years** per annum

GREATER RETENTION AND SURPLUS CREATION THROUGH INTEGRATION

32% Improved retention on Vitality integrated memberships

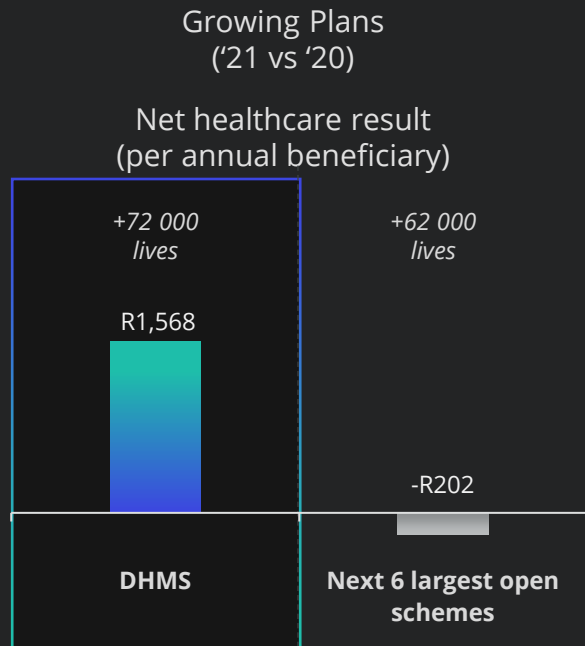


- ✓ **38%** Integration with Vitality on new DHMS memberships
- ✓ **2.1x** improved surplus generated by integrated DHMS memberships

GROWTH DYNAMICS AND BALANCE OF DHMS PLANS SUPPORT THE LONG-TERM FINANCIAL SUSTAINABILITY OF THE SCHEME



GROWING PLANS ACCURATELY PRICED FOR LONG-TERM SUSTAINABILITY



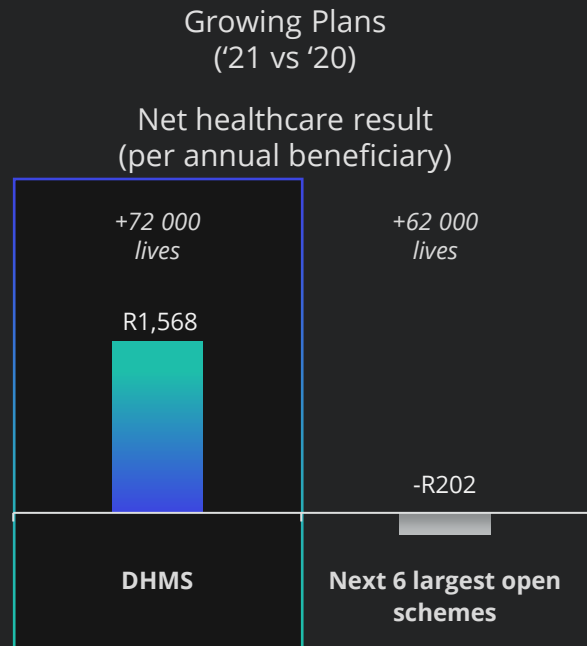
DHMS growing plans delivered a combined surplus of **R2bn**

GROWTH DYNAMICS AND BALANCE OF DHMS PLANS SUPPORT THE LONG-TERM FINANCIAL SUSTAINABILITY OF THE SCHEME

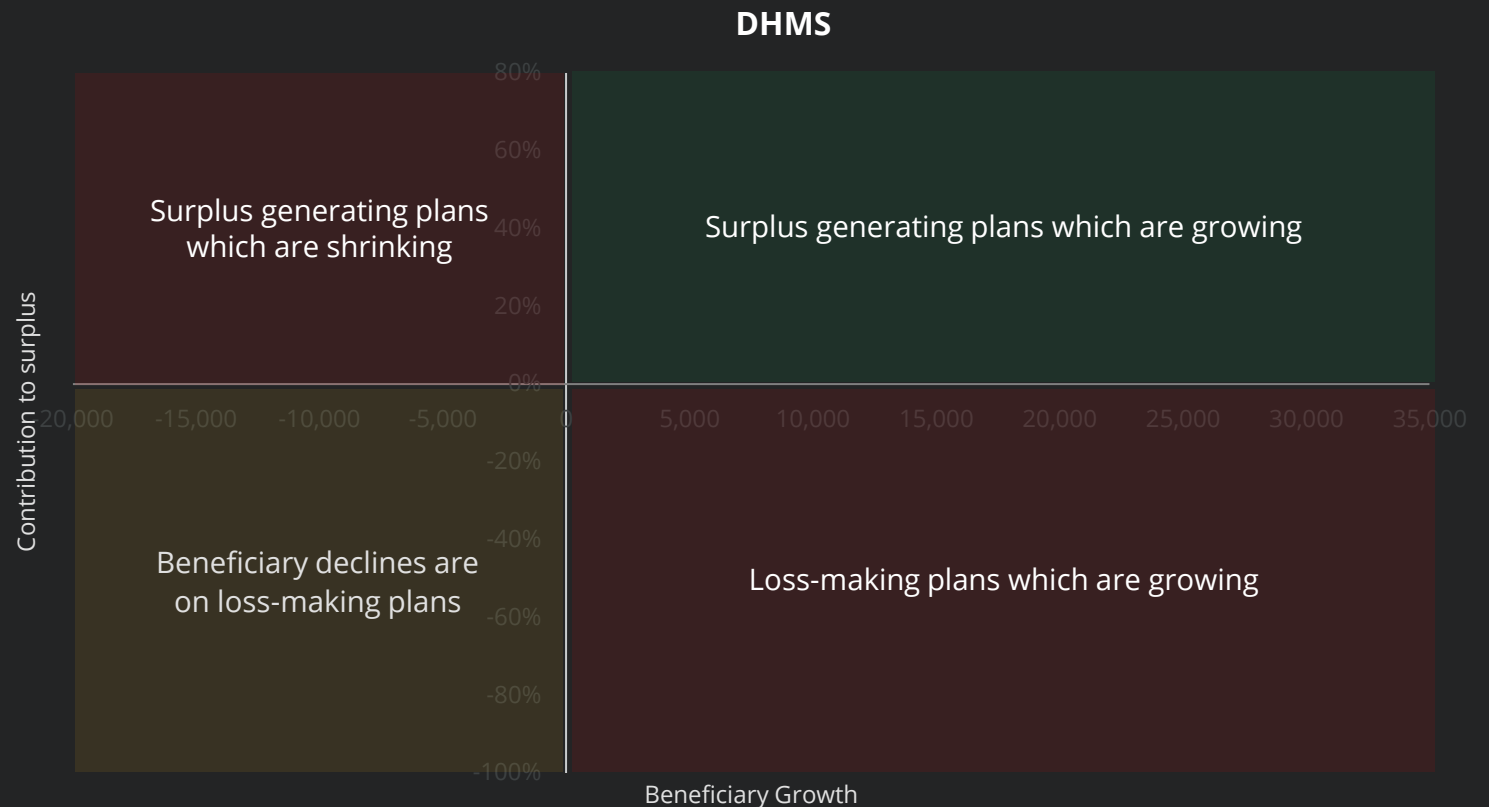


GROWING PLANS ACCURATELY PRICED FOR LONG-TERM SUSTAINABILITY

SURPLUS GENERATING GROWTH SUPPORTS LONG-TERM SCHEME SUSTAINABILITY



DHMS growing plans delivered a combined surplus of **R2bn**

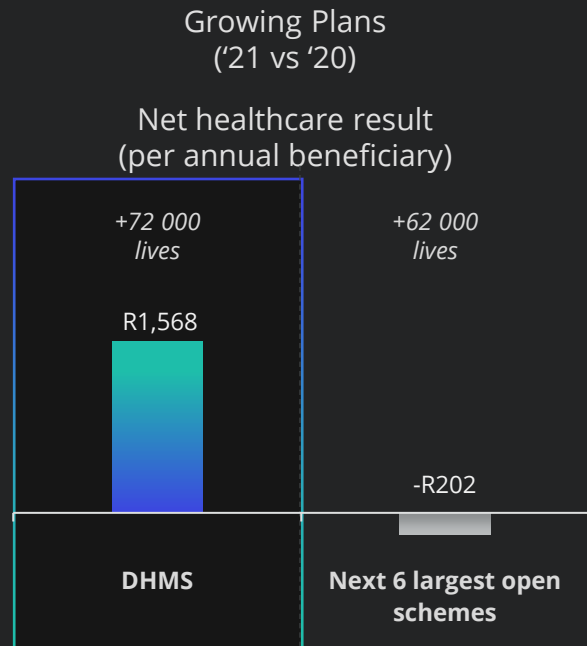


GROWTH DYNAMICS AND BALANCE OF DHMS PLANS SUPPORT THE LONG-TERM FINANCIAL SUSTAINABILITY OF THE SCHEME

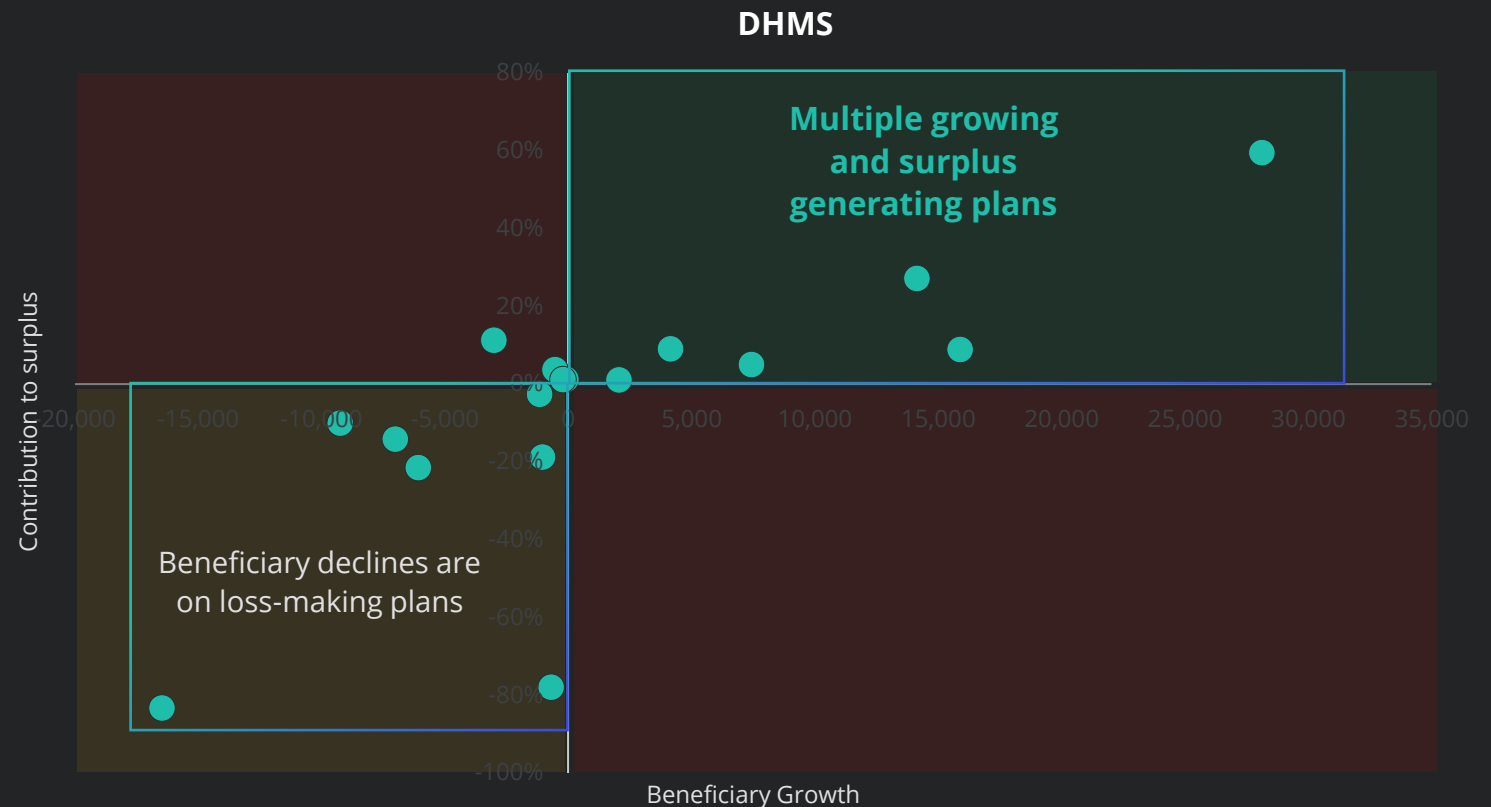


GROWING PLANS ACCURATELY PRICED FOR LONG-TERM SUSTAINABILITY

SURPLUS GENERATING GROWTH SUPPORTS LONG-TERM SCHEME SUSTAINABILITY



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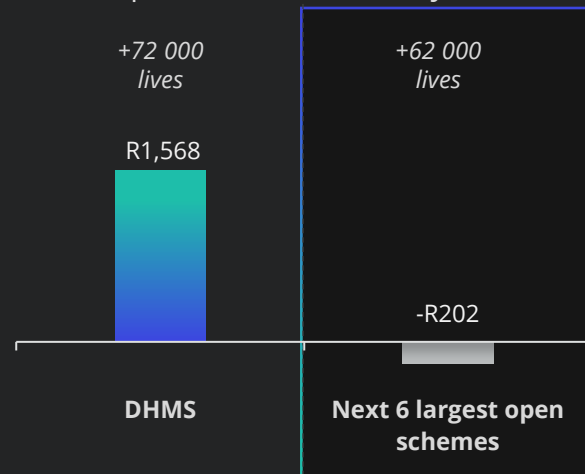


UNDERPRICING EVIDENT IN LOSS-MAKING GROWTH OF INDUSTRY COMPETITORS

COMPETITOR SCHEMES: OVERLY RELIANT ON 'BREADWINNER' PLANS

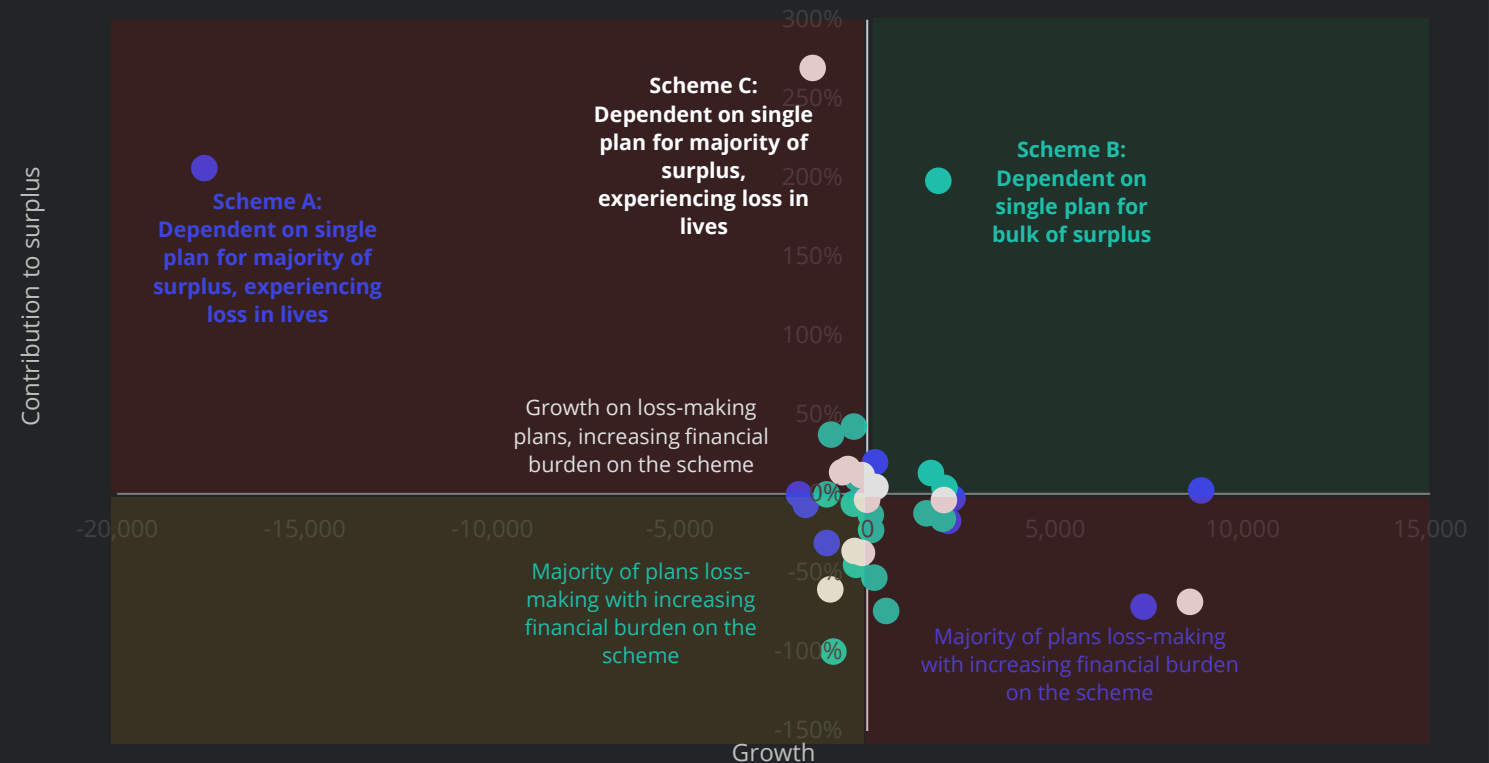
Growing Plans ('21 vs '20)

Net healthcare result (per annual beneficiary)



Growing plans of next 6 largest open schemes delivered a combined deficit of **~R300 million**

Competitor Scheme A, B and C

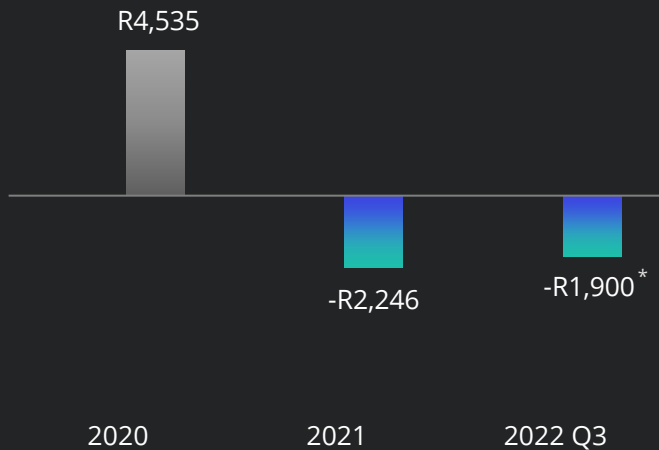


SCHEMES WITH CLAIMS IN EXCESS OF CONTRIBUTIONS MUST TRADE OFF BENEFIT CUTS AGAINST PRICE INCREASES...



INDUSTRY EXCL. DHMS: NET HEALTHCARE LOSSES INDICATIVE OF CLAIMS EXCEEDING CONTRIBUTIONS

Net healthcare result
adjusted for increase deferrals
(R'm)



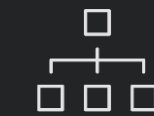
Industry (ex-DHMS) incurred an operational loss of **R1.9bn*** in the first nine months of 2022, after adjusting for increase deferrals

Health Squared liquidation is a reminder of the **implications of underpricing**

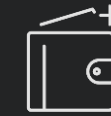


Health Squared solvency plummeted from **21%** to **2%** in 4 years

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



hospital networks



MSA
ATB



Benefit cuts



Variable increases

Implementation of **mid-year contribution increases**



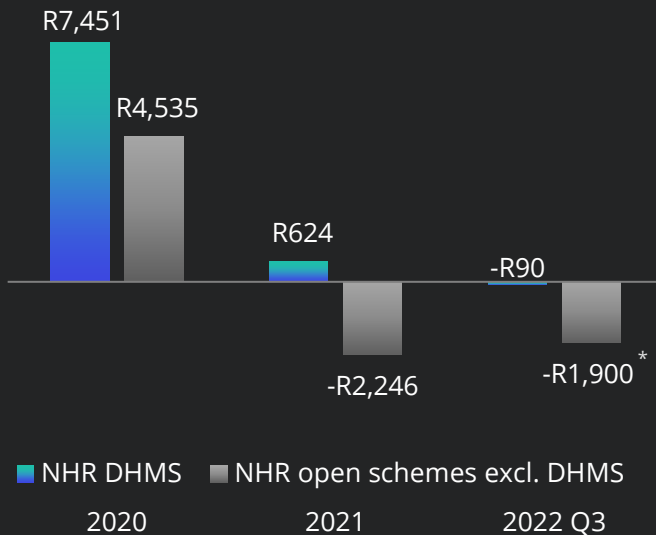
Competitor mid-year increases result in **double-digit, compounded pricing** effect in 2023

...WHILE DHMS REMAINS ACCURATELY PRICED TO MAINTAIN SUSTAINABILITY AND LONG-TERM AFFORDABILITY AS WELL AS ENHANCE BENEFITS FOR MEMBERS



DHMS PRICING ACCURACY REFLECTED IN 2022 Q3 NET HEALTHCARE RESULTS

Net healthcare result adjusted for increase deferrals (R'm)



DHMS claims and contributions matched in 2022 reflecting a **negligible pricing gap**

Supporting **affordability** for members

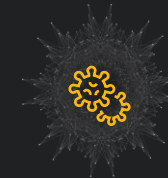
R8.6bn

Lower contributions paid by members ('21-'23)

CPI +1.9%

Effective contribution increases ('21-'23)

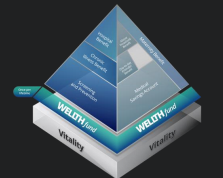
Continued **investment in benefits** that provide exceptional value



Disease Prevention Programme



Oncology thresholds increased



WELTH fund

Ensuring **sustainable future increases** without price shocks or benefit corrections



CPI + 3-4%

DHMS contribution increases maintained in line with expected medical inflation



AGENDA



01

Review of industry
performance



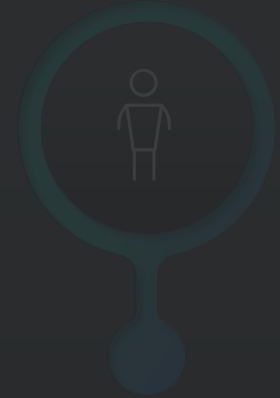
02

Regulatory
update



03

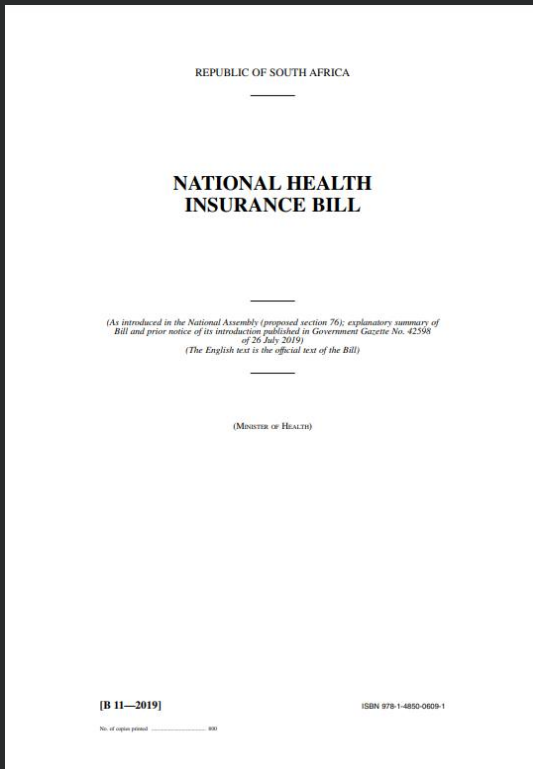
Healthcare trends
in 2023 and beyond



04

Maximising DHMS
member value

NHI FRAMEWORK | DH REMAINS IN FULL SUPPORT OF ACHIEVING UNIVERSAL HEALTH COVERAGE TO ADDRESS INEQUITIES AND STRENGTHEN THE HEALTH SYSTEM IN SA



On Wednesday 24 May, **amended NHI bill** was approved by the Parliamentary Portfolio Committee despite the outstanding legal issues

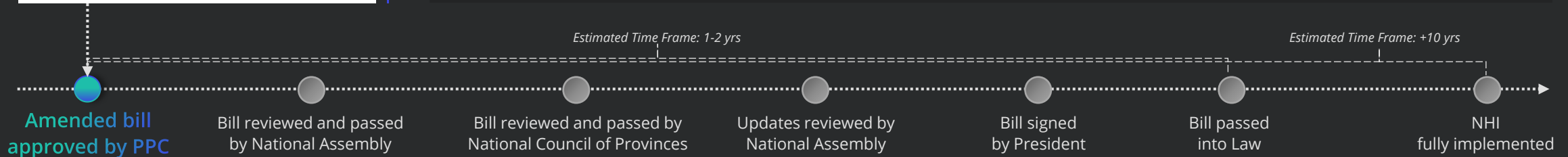
Clause 33 states:

“Once National Health Insurance has been fully implemented as determined by the Minister through regulation in the Gazette, medical schemes may only offer complementary cover for services not reimbursable by the fund.”

Key challenges & risks:

- **Disregards the extensive and material input** from private healthcare providers, hospital groups, medical schemes and labor unions (only minor, cosmetic changes made)
- **Funding of the NHI** remains unclear; input from National treasury and Money Bill not disclosed
- Full implementation likely to take at least a decade; presents **lengthy period of uncertainty** which may result in further loss of healthcare professionals

Discovery continues to advocate for a feasible NHI framework on a **multi-fund basis** to allow for faster expansion with lower fiscal risk. Collaboration between public & private sectors is critical to develop a workable NHI framework





FOLLOWING PUBLISHING OF THE NHI BILL IN 2019, DH HAS TAKEN SEVERAL STEPS TO ADDRESS STAKEHOLDER CONCERNS

01

Provided **detailed submissions to** NDoH and Parliamentary Portfolio Committee supporting NHI and proposing **multi-funded model** for faster expansion and lower fiscal risk

02

Presented at **Parliamentary Portfolio Committee**

03

Supporting **BUSA's dedicated Health Policy Subcommittee** to lead business engagement with government

04

Collaborating with the **Health Funders Association (HFA)** to make industry wide constructive submissions and engagements

05

Communicating widely with all stakeholders, especially **healthcare professionals** to maintain calm and thoughtful engagements

LCBO FRAMEWORK | NHI IMPLEMENTATION WILL LIKELY BE INCREMENTAL & LONG-TERM; LCBOs PRESENT AN IMMEDIATE OPPORTUNITY TOWARDS UNIVERSAL COVERAGE



ENGAGEMENTS UNDERWAY ON LCBO FRAMEWORK



LCBO PRODUCT DESIGN

- **Contributions:** R150-R300 per beneficiary per month
- **Funding model:** employer subsidies & tax credits
- **Minimum benefits:** primary care (nurse-led), acute & chronic medication (subject to EML), basic pathology & ambulatory services
- **Additional cover:** GP access, dentistry, optometry, extended formulary & diagnostics, auxiliary out of hospital services
- **Exclusions:** Private Hospital Cover, PMBs, Accidental & Emergency cover, Dental & Optical benefits

REGULATORY STATUS

Circular 53 [September 2022]

- LCBO framework published after extensive consultations with advisory committees
- Includes proposal for benefits and transitional process for policyholders on exempted insurance products

Circular 13 [March 2023]

- LCBO guidelines at an **advanced stage**
- Framework being **developed under MSA**
- LBCO must **align with other policy developments** (PMB review and NHI)
- CMS aims to **submit framework** to Minister of Health by end of June 2023

Other points to note

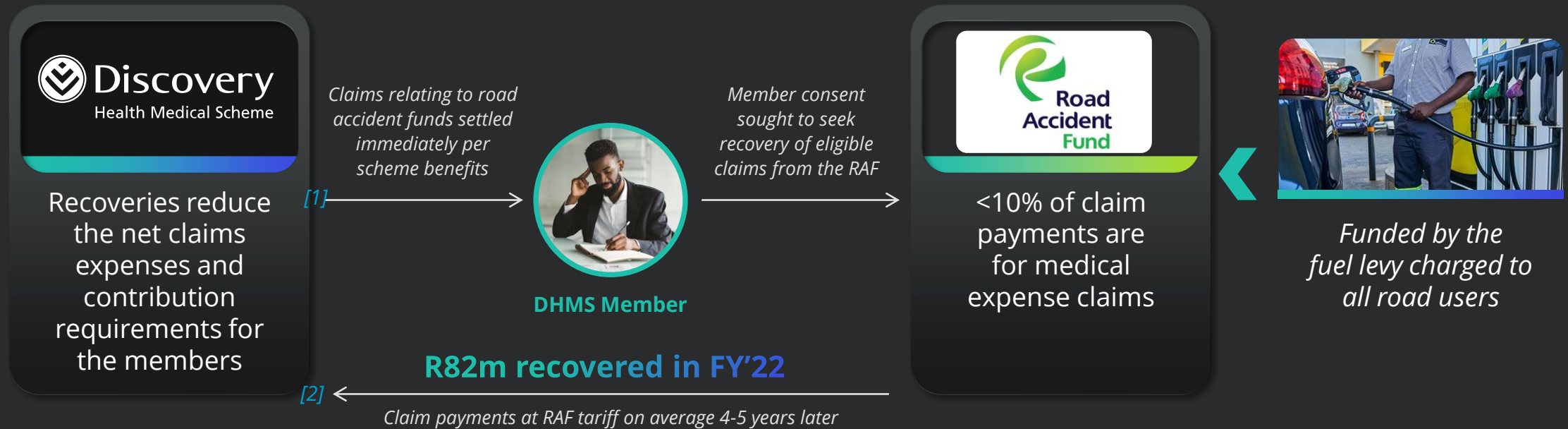
- Opportunity to include **6 million people** into medical scheme framework
- CMS has mandate to **grant exemptions to medical schemes** (e.g., EDOs)
- Closed group of exempted insurers not in consumers' best interests

DHMS IS READY TO IMPLEMENT LCBO OPTIONS WHICH WILL IMMEDIATELY EXPAND ACCESS TO LOWER INCOME EARNERS WITH ACCESS TO THE TAX CREDIT

THE ROAD ACCIDENT FUND PROCESS



ROAD ACCIDENT FUND MONEY FLOWS



LOWER RAF TARIFFS WILL REDUCE RECOVERIES AND MAKE PRIVATE COVER INACCESSIBLE FOR UNINSURED ROAD ACCIDENT VICTIMS

RAF LITIGATION PROGRESS TO DATE



-
- Aug 2022** ● RAF issues directive to stop payment of medical expense claims to road accident victims who are medical scheme members
 - DH takes immediate action in consultation with industry body (HFA) to interdict application of the illegal directive
 - Dec 2022** ● High court declares directive illegal and awards costs to Discovery.
 - Jan 2023** ● RAF petitions supreme court
 - Apr 2023** ● Supreme Court refuses appeal
 - May 2023** ● RAF petitions Constitutional Court and Discovery has filed response
 - Portfolio Committee expresses concern on wasteful legal expenditure

THE ROAD ACCIDENT FUND IS THE STATUTORY INSURER FOR ROAD ACCIDENT VICTIMS AND CANNOT EXCLUDE THOSE WHO HAVE PURCHASED MEDICAL SCHEME COVER FROM ACCESS TO THEIR RAF BENEFIT ENTITLEMENT – MEDICAL SCHEME MEMBERS SHOULD NOT HAVE TO PAY TWICE FOR ACCIDENT COVER!

SECTION 59 UPDATE



POLICY AND REGULATORY AFFAIRS

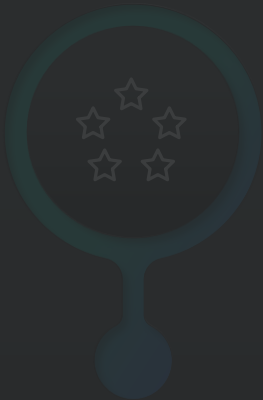


- The Section 59 Investigation Panel has recently indicated that they are **seeking to finalise** their report
- The interim report was **published in January 2019**
- DH and DHMS welcomed the findings that **forensic processes are conducted on a sound legal basis**
- DH and DHMS submitted detailed analysis demonstrating that the Panel relied on **flawed statistical analysis** for findings of racial discrimination
- The submission was **independently reviewed** by former Statistician General Dr Pali Lehlohla
- DH has convened an **independently facilitated forum** for engaging with health professional societies on forensic processes
- This has improved **mutual understanding and supported ongoing enhancements**





AGENDA



01

Review of industry
performance



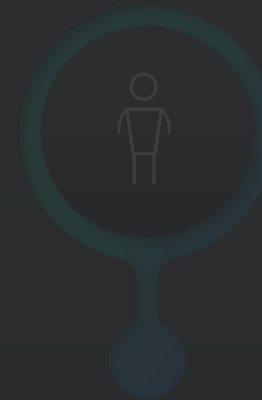
02

Regulatory
update



03

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in 2023 and beyond



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DISTINCTIVE TRENDS INFLUENCING SOUTH AFRICAN PRIVATE HEALTHCARE IN 2023

- 01 Major **restructure** of healthcare systems
- 02 Increasing **lifestyle diseases** resulting from rising chronic disease, ageing of populations and long-term impact of COVID-19
- 03 **Mental illness** continues to **escalate rapidly**
- 04 **Care backlogs and utilisation recovery** to 2019 levels; patient and member experience focus returns
- 05 Accelerated scaling of **value-based care (VBC)** payment arrangements
- 06 Advances in **Large Language Models (LLMs)**
- 07 Rise of the **empowered healthcare consumer**





THE HEALTHCARE SYSTEM IS RESTRUCTURING TO IMPROVE ACCESS AND EASE OF USE

ENHANCED ACCESS TO CARE THROUGH SEAMLESS PAYMENT OPTIONS



Plan to make **card technology available to 12 million people** across healthcare plans during 2023 aimed at addressing social determinants of health
 Users can pay for items covered under their benefits plan **from select grocers and pharmacies**



INVESTMENT IN DIRECT HEALTHCARE SOLUTIONS



Going **beyond traditional core** to take on direct healthcare
 Making a variety of AI/ML and life sciences tools, Core Health IT, Clinical Systems and Patient and Clinician Solutions **available on the cloud**

one medical

Acquisition of One Medical in 2022

amazon clinic

Launch of Amazon Clinic in 2022

pharmacy

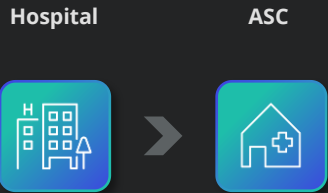
Launch of Amazon Pharmacy in 2020



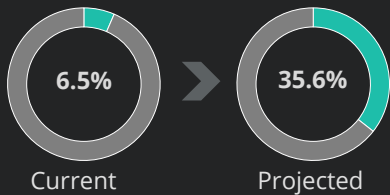
GROWING NEED FOR GREATER CONVENIENCE AND ACCESS IS DRIVING A SHIFT IN PLACES OF CARE

SURGICAL CARE

More complex surgeries are shifting from the hospital to freestanding Ambulatory Service Centers (ASC)

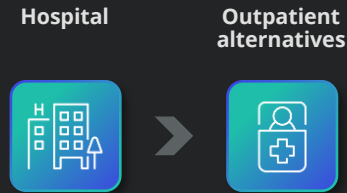


More than one-third of knee replacements will likely be performed in ASCs

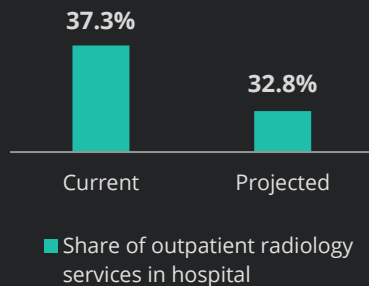


DIAGNOSTIC SERVICES

Imaging and lab services are shifting from the hospital to ambulatory sites

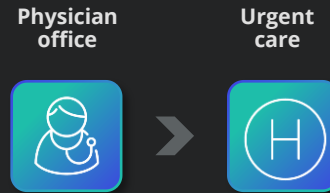


Share of outpatient radiology services expected to shift away from the hospital

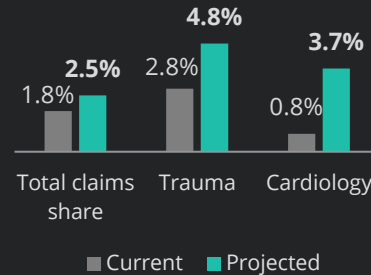


CONVENIENT CARE CLINICS

Physician visits are shifting from the office setting to urgent care centers and retail clinics

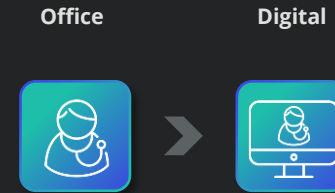


Share of total claims expected to shift to urgent care centers and retail clinics

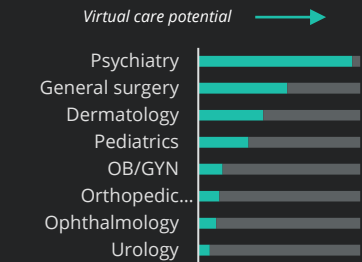


DIGITAL HEALTH

Physician visits, urgent care and triage are shifting from brick-and-mortar sites to digital platforms



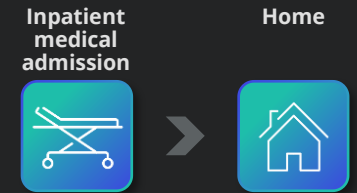
Greatest shift to virtual care expected in psychiatry



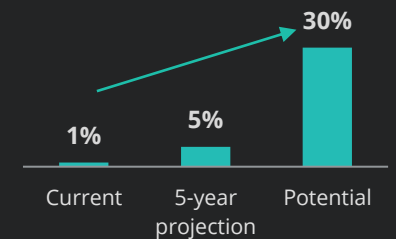
26% Estimated portion of outpatient visits that could be performed virtually

HOME-BASED CARE

In-patient medical admissions are shifting from the hospital to the home setting



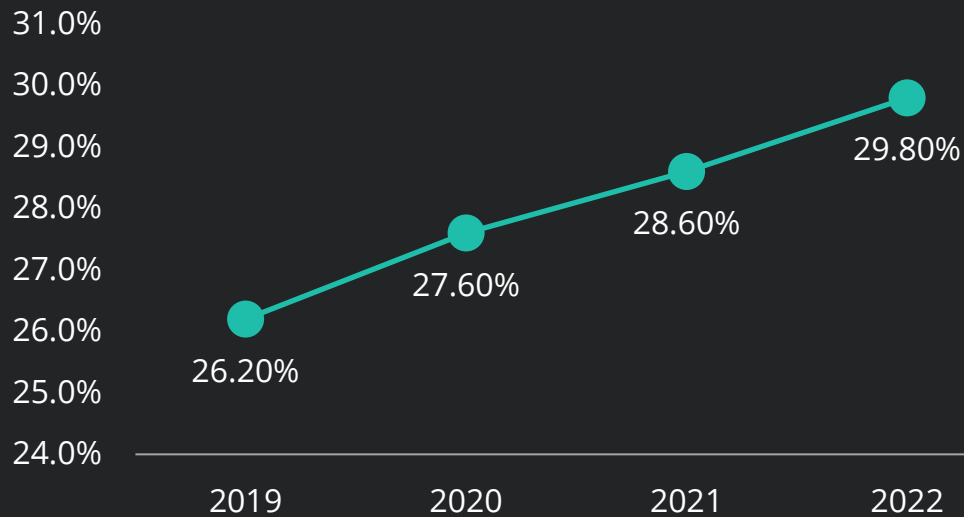
Up to 30% of inpatient volume expected to shift to Hospital at Home





PREVALENCE AND COMPLEXITY OF LIFESTYLE DISEASE CONTINUES TO RISE IN SOUTH AFRICA

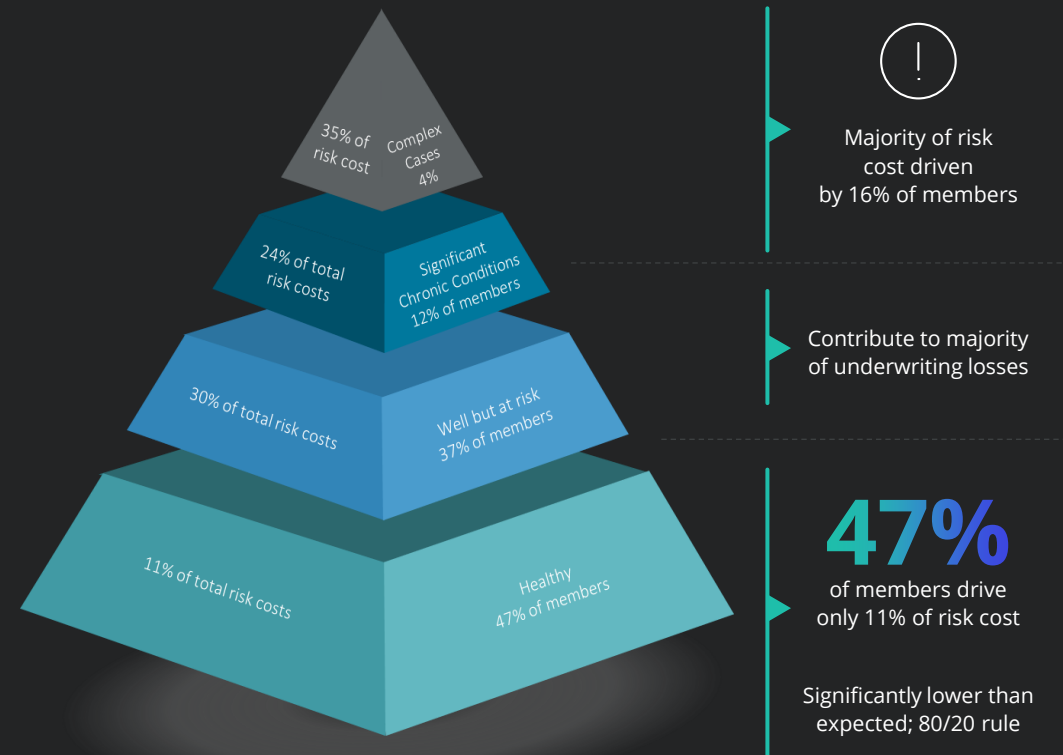
CHRONIC RATIOS CONTINUE TO INCREASE



Chronic members are **~6X** more expensive than a non-chronic member

Demographic impact on claims inflation
YTD December 2022 at **3%**

WHILE THERE IS ALSO AN INCREASE IN COMPLEX CASES





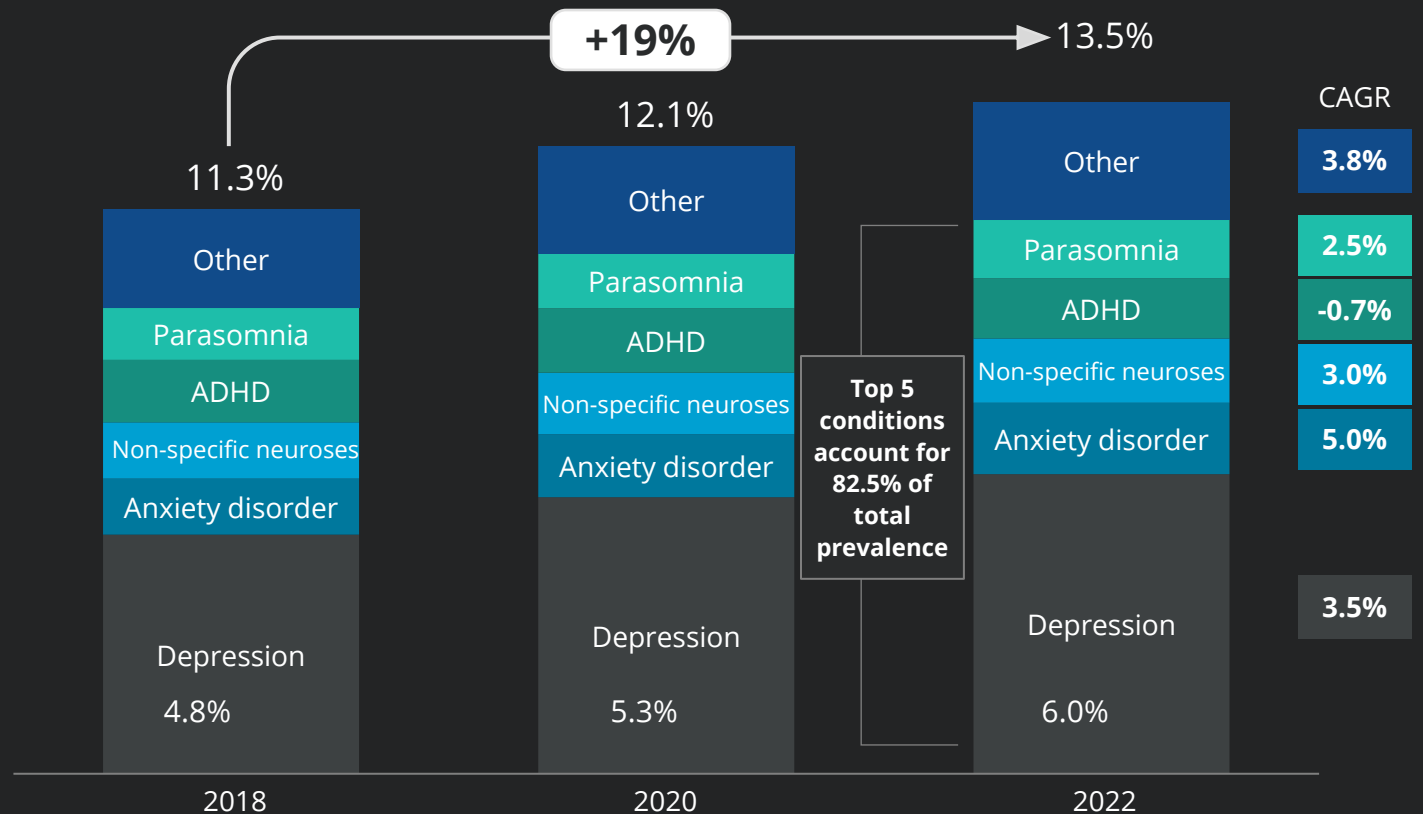
MENTAL HEALTH IS ON THE RISE WITH DEPRESSION BEING A KEY DRIVER OF THIS TREND ACROSS DHMS MEMBERS

GLOBAL PREVALENCE OF DEPRESSION AND ANXIETY

+25%

Increase in the prevalence of depression and anxiety globally – WHO (2022)

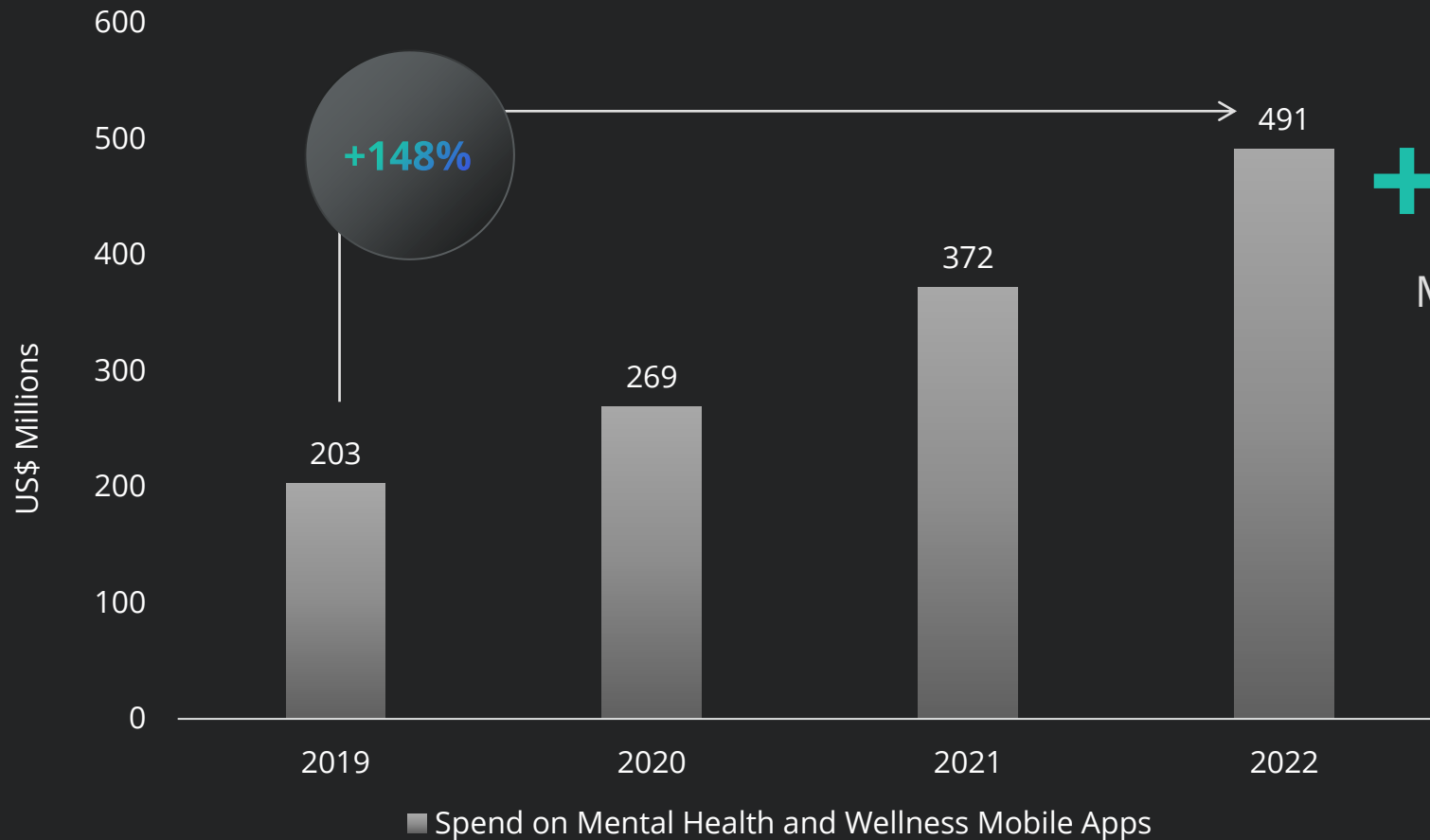
PREVALENCE OF MENTAL HEALTH CONDITIONS IN DHMS MEMBERS IS PRIMARILY DRIVEN BY DEPRESSION





MULTITUDE OF MENTAL HEALTH DIGITAL APPS NOW AVAILABLE IN THE MARKET

GLOBAL SPEND ON MENTAL HEALTH AND WELLNESS MOBILE APPS*



+20 000

Mental Health Apps on the Market

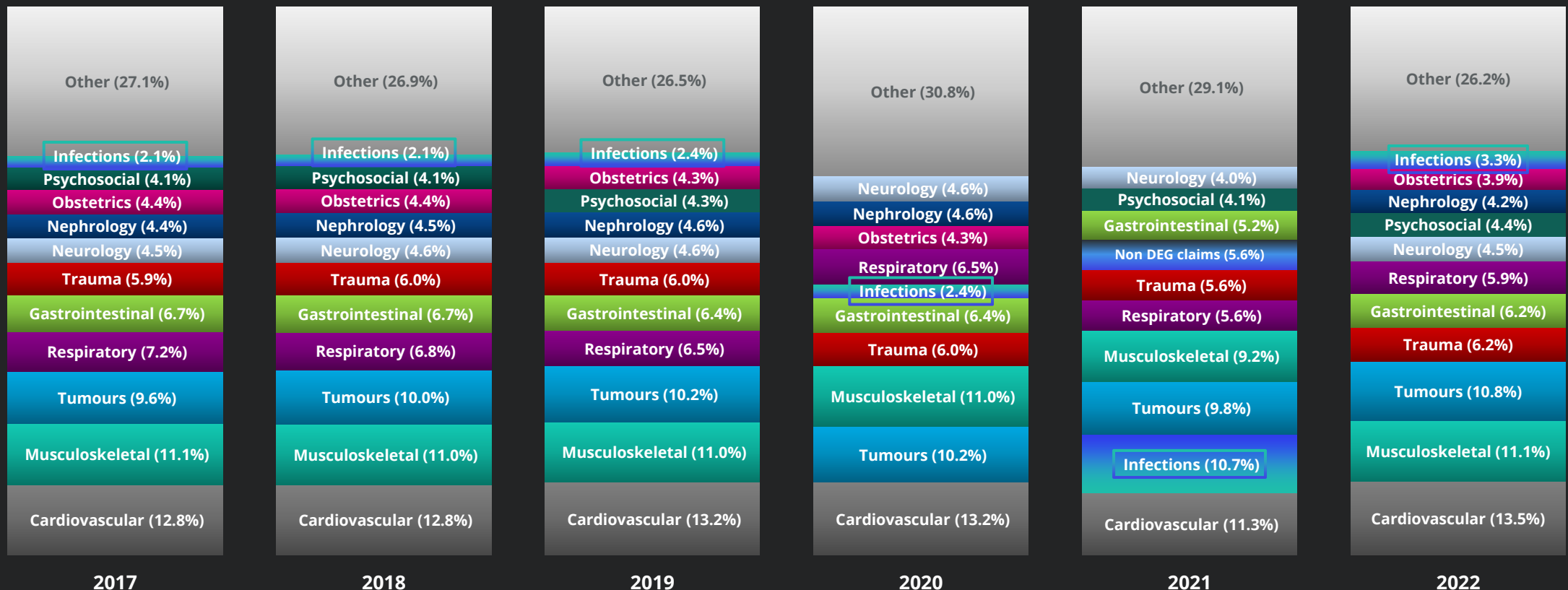




A ONCE IN A LIFETIME COVID-19 CLAIMS TREND IS RETURNING TO 2019 MIX

INFECTIONS HAVE DROPPED FROM PEAK IN 2021, WHILE CARDIOVASCULAR REMAINS LARGEST CHAPTER

TOP 10 DEG CHAPTERS BY RISK PAID OVER TIME

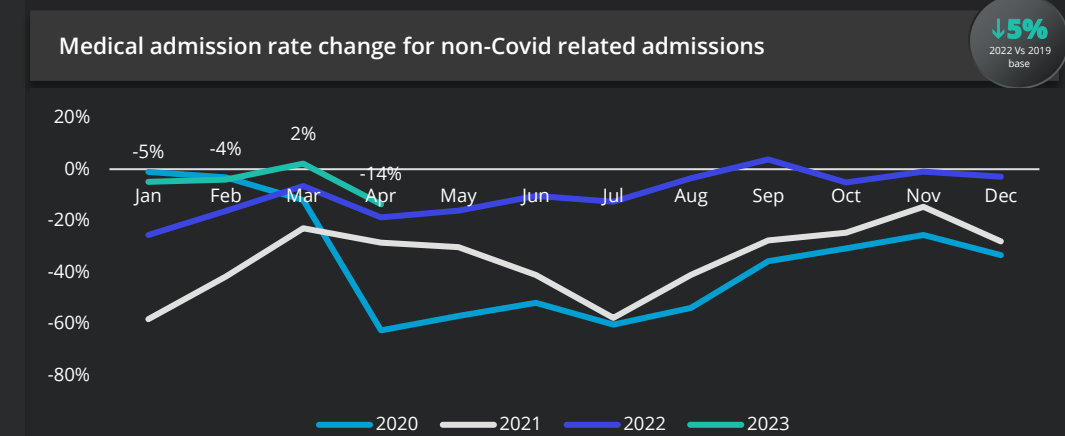
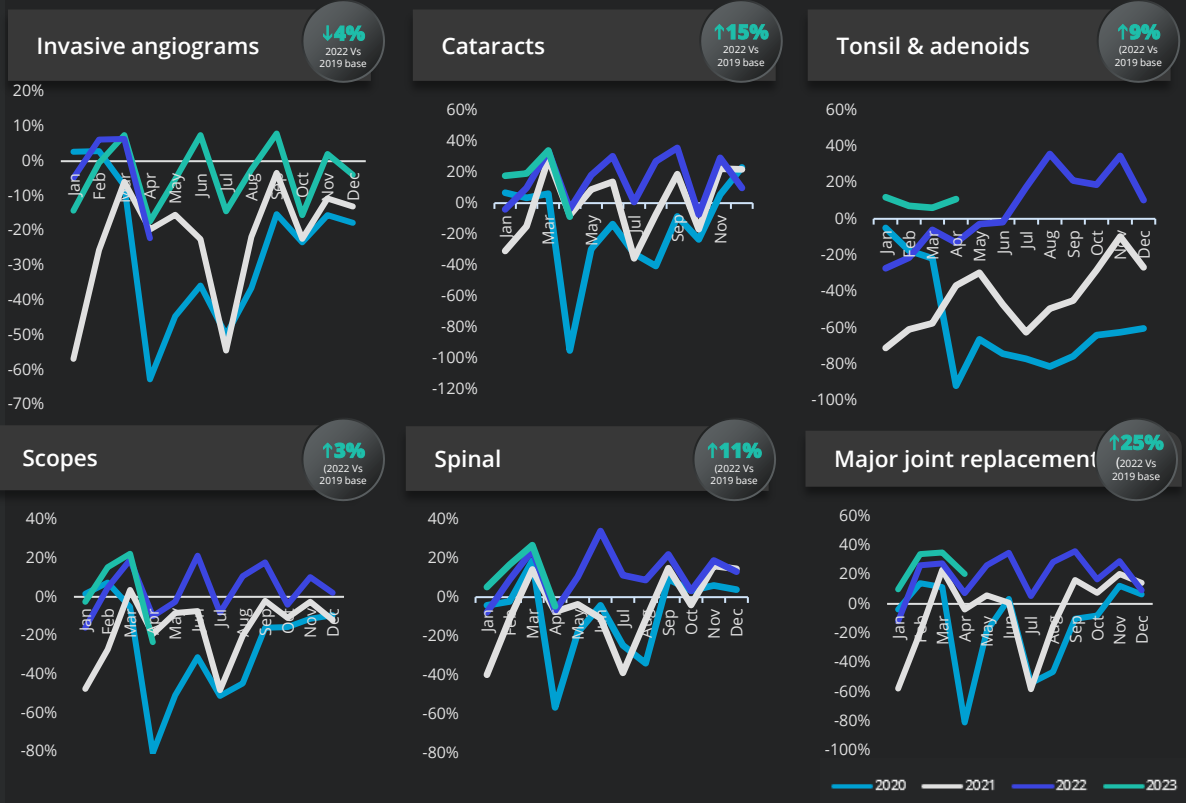


SURGICAL UTILISATION & MEDICAL ADMISSION RATES RETURNING TO 2019 LEVELS



SURGICAL UTILISATION RETURNING TO 2019 BASE LEVELS

MEDICAL ADMISSIONS IN 2023 ABOVE 2019 BASE LEVELS



TOP DRG DRIVERS OF DECREASE

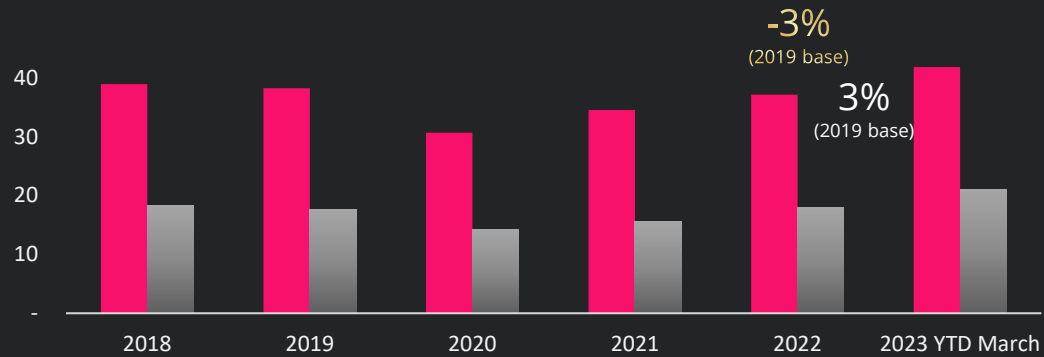
YTD APRIL 2023 (2019 BASE)

Digestive System	↓	18%
Nervous System	↓	14%
Mental Health	↓	8%
Kidney & Urinary Tract	↓	8%
Ear, Nose, Mouth & Throat	↓	12%

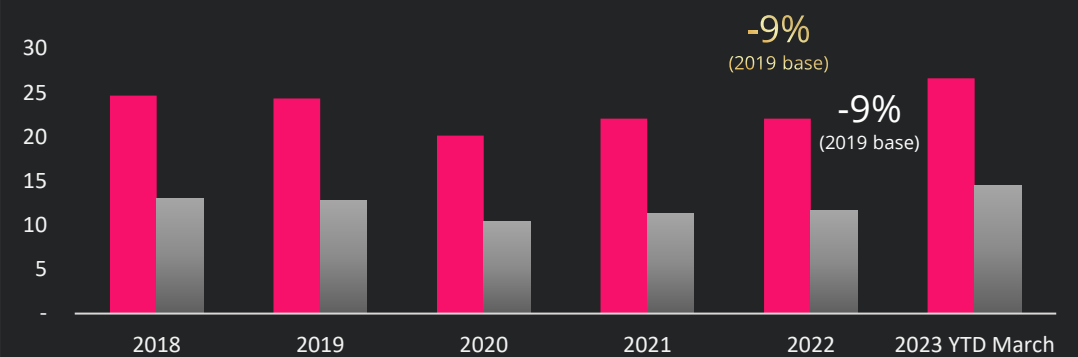


PREVENTION AND SCREENING VOLUMES ARE INCREASING, HOWEVER REMAIN LOWER THAN PRE-COVID19 LEVELS

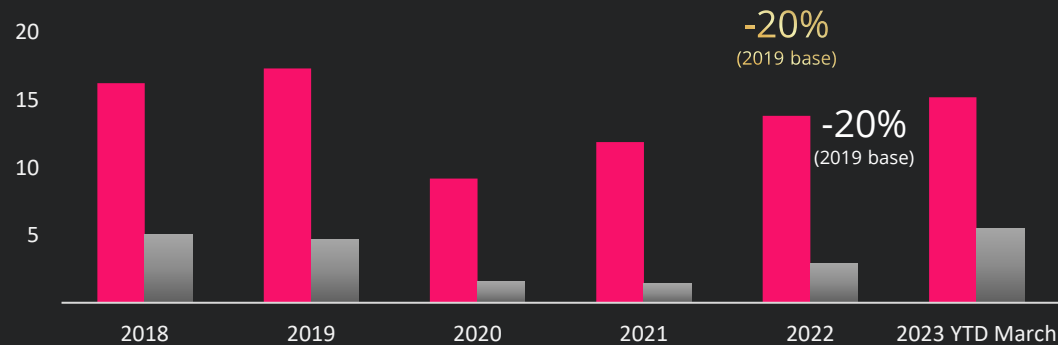
MAMMOGRAMS PER 1,000 FEMALE 50+ LIVES



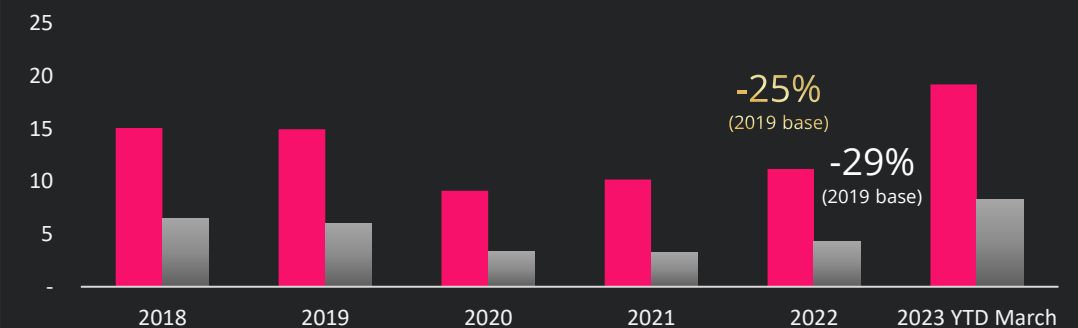
PAP SMEARS PER 1,000 FEMALE 25+ LIVES



WELLNESS EVENTS PER 1,000 LIVES



HIV SCREENINGS PER 1,000 LIVES

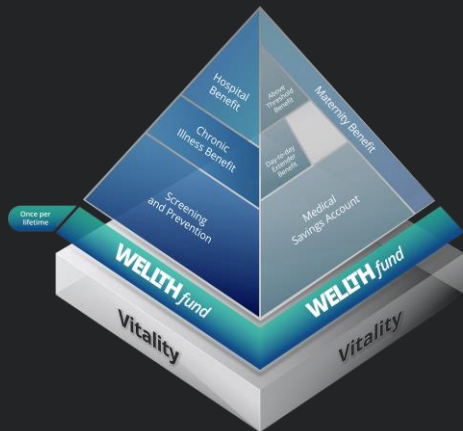




IN 2023, DHMS INTRODUCED THE WELLTH FUND TO BOOST MEMBER SCREENING AND ACCESS TO PREVENTIVE HEALTHCARE SERVICES

ADDITIONAL BENEFIT TO REVERSE IMPLICATIONS OF SCREENING DEFICIT FOR ALL MEMBERS

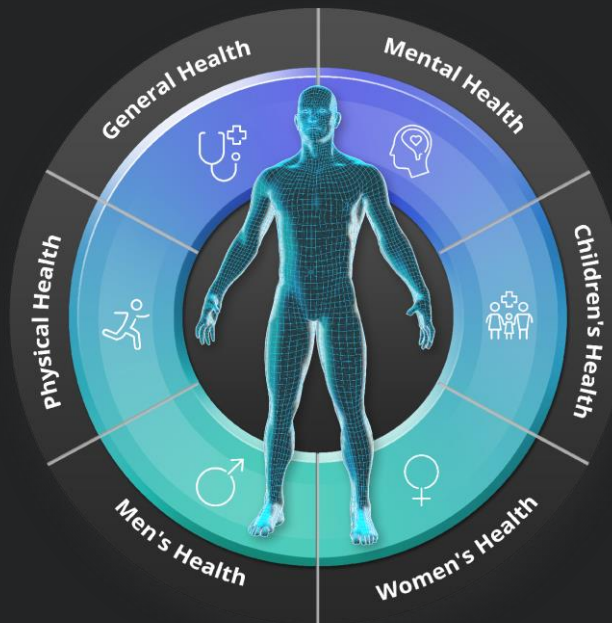
WELLTH fund
Up to R10 000 in wellness benefits



Unlocked with a **HEALTH CHECK**

Available from 1 January 2023 for 24 months

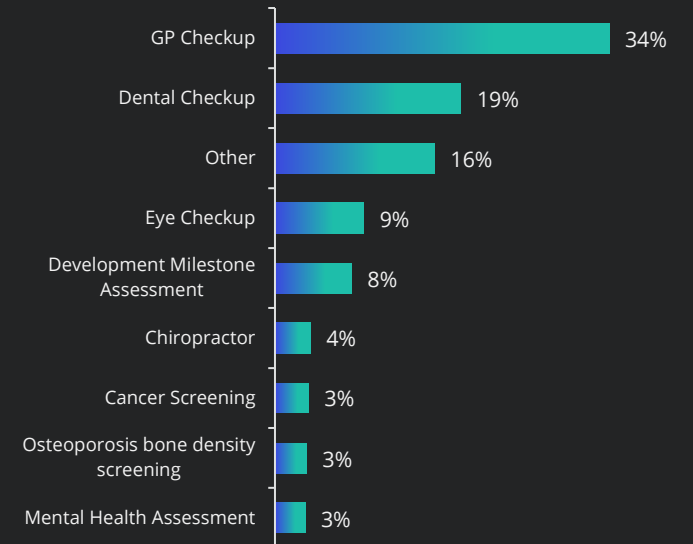
COVERS A BROAD RANGE OF DISCRETIONARY HEALTHCARE SERVICES



SIGNIFICANT VALUE ALREADY UNLOCKED BY MEMBERS

+56% increase in Health Checks
190,620 memberships with WELLTH Fund unlocked
R201m benefits paid from WELLTH Fund

WELLTH Fund utilisation by healthcare service



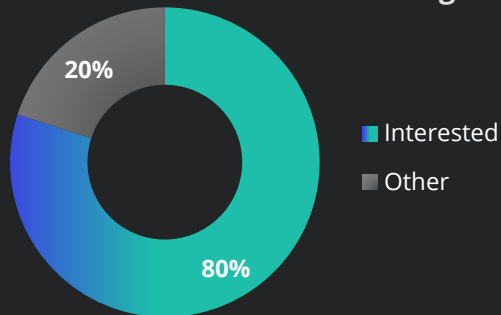


DH IS ACCELERATING SCALING OF VBC ARRANGEMENTS TO GUARANTEE QUALITY

GLOBAL INTEREST IS GROWING...

There is growing interest in VBC arrangements...

Physicians Interested in VBC Arrangements



However, willingness to accept down-side risk arrangements from payors is low

<20%

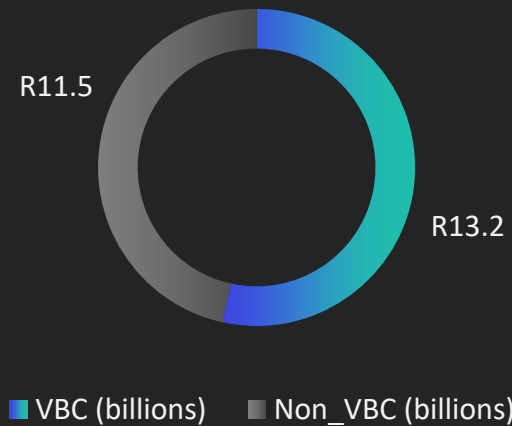
Payment models that take into account both upside and downside risk

40 – 60%

of spend to be covered by VBC contracts to realize meaningfully long-term cost impact

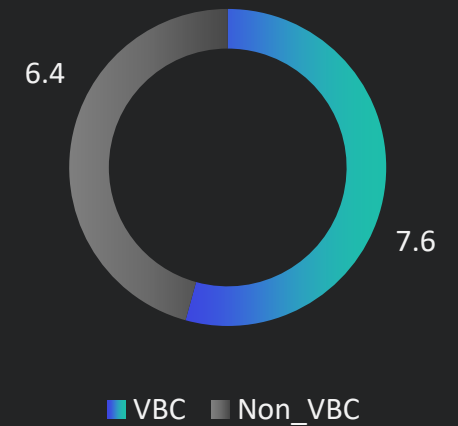
...AND DH HAS MADE SIGNIFICANT PROGRESS IN SECURING IH VBC ARRANGEMENTS

In-Hospital Spend



53% of In-Hospital Spend is under value-based contracting

In-hospital lives

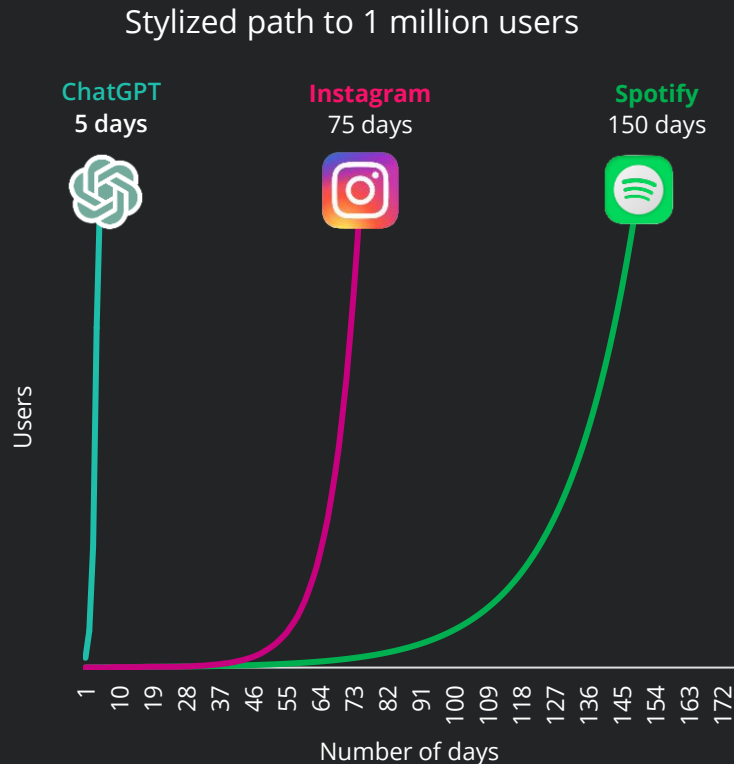


54% of In-Hospital patients treated in hospital are treated by healthcare providers under VBC











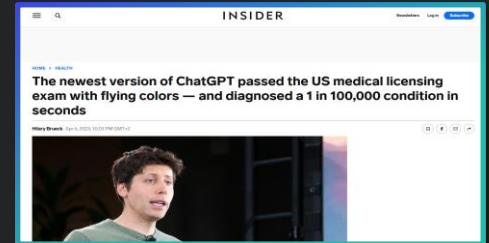
LARGE LANGUAGE MODELS (LLMs) LIKE CHATGPT ARE SHAPING THE WORLD ON A SCALE NOT SEEN SINCE THE IPHONE REVOLUTION

RAPID USER UPTAKE OF CHATGPT NOT SEEN BEFORE



SIGNIFICANT APPLICATIONS FOR HEALTHCARE

-  Virtual assistants for telemedicine
-  Clinical decision support
-  Medical record keeping
-  Medication management
-  Remote patient monitoring
-  Clinical trial recruitment
-  Symptom checkers
-  Patient triage

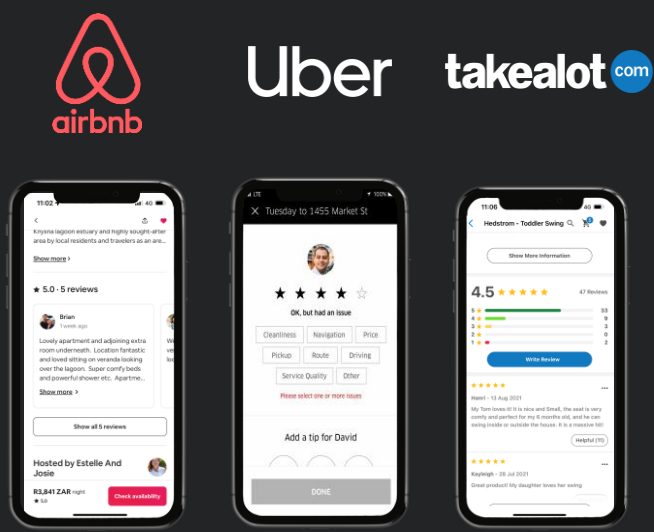




THE RISE OF THE EMPOWERED HEALTHCARE CONSUMER IS DRIVING DEMAND FOR TRANSPARENCY TO INFLUENCE DECISION MAKING & CHOICES








THE RISE OF THE EMPOWERED HEALTHCARE CONSUMER

Increasing demand for the same level of experience and rating functionality in healthcare as routinely found in other sectors



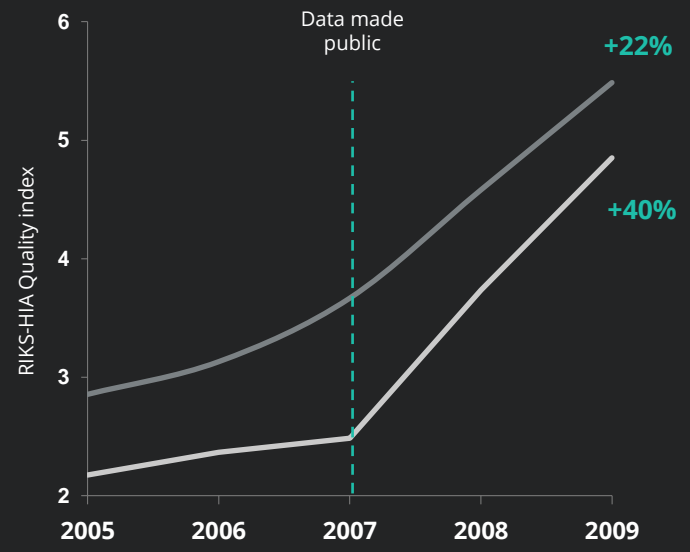
GLOBAL EXPANSION OF REPORTING AND RANKING OF HOSPITAL PERFORMANCE

Proliferation of hospital rating tools globally

-  **CANADA**
Canadian Institute for Health Information
-  **USA**
Centers for Medicare & Medicaid Services
-  **DENMARK**
Government mixed stewardship
-  **UK**
NHS Public-private partnership
-  **NETHERLANDS**
Zorginstituut Nederland
-  **NEW ZEALAND**
Health Quality and Safety Commission
-  **SWEDEN**
RIKS-HIA, publicly-funded register

PROVEN SUCCESS IN IMPROVING QUALITY OF CARE

Public reporting in Sweden accelerated improvement & compliance





AGENDA



01

Review of industry performance



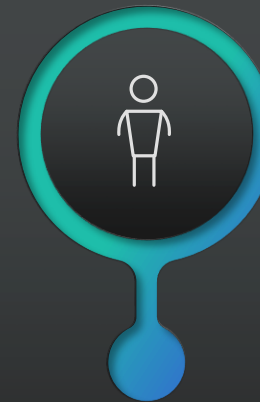
02

Regulatory update



03

Healthcare trends in 2023 and beyond



04

Maximising DHMS member value

DH CONTINUES TO INVEST IN CAPABILITIES THAT MAXIMISE DHMS MEMBER VALUE



01

DIGITAL
INNOVATION



02

HEALTHCARE SYSTEM
TRANSFORMATION



03

POPULATION HEALTH
MANAGEMENT

04 CLINICAL RISK INTELLIGENCE 

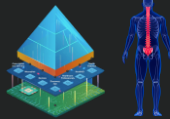
05 QUALITY MEASUREMENT 

06 PROACTIVE SERVICING 

MULTI-YEAR INVESTMENT IN DIGITAL ASSETS TO DIFFERENTIATE HEALTHCARE DELIVERY FOR DHMS MEMBERS



R600M
INVESTMENT



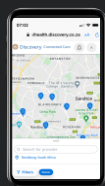
PLACING MEMBERS AT THE CENTRE OF A
DIGITAL HEALTHCARE ECOSYSTEM

EXTENDING REACH AND ACCESS

Connected Care: entry point for access to remote healthcare



Virtual Consults Find-a-provider Order and track medicine



IMPROVE QUALITY OF CARE

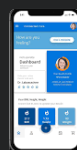
Benefits enabling high quality remote healthcare



24/7 remote monitoring and care escalation

Enhanced management programmes

Virtual Check-ins and consults



Medication adherence

ENHANCED MEMBER EXPERIENCE

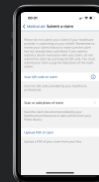
Patient history, benefit recommendations and support



HealthID 2.0

Digital servicing support

Digital self-servicing



Whatsapp chat



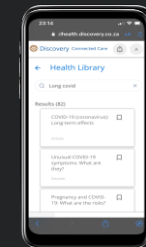
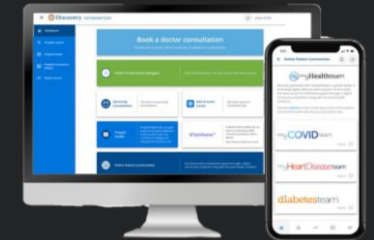
AI virtual agent



DRIVING PERSONALISED EXPERIENCES

Condition specific content, health library and online patient communities

myHealthTeams

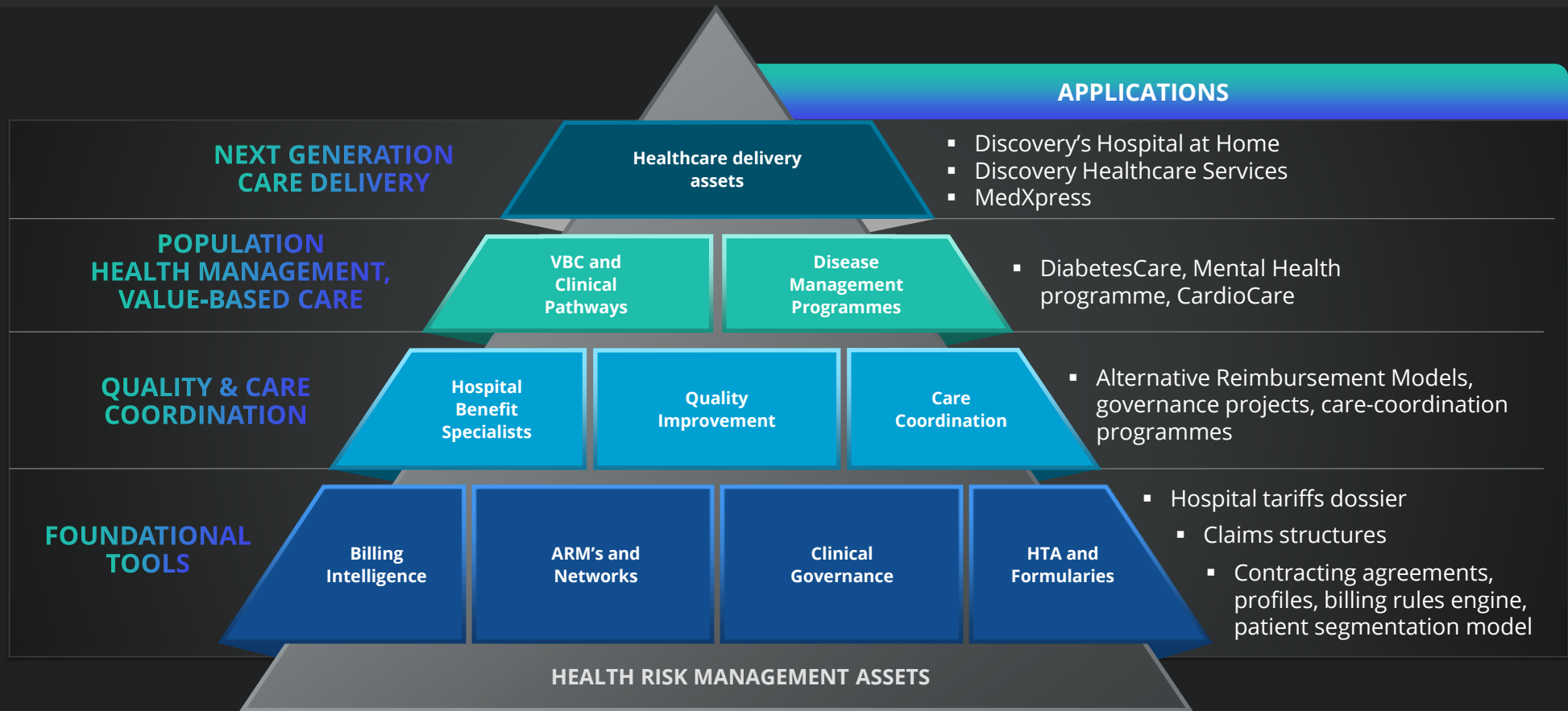


Connected Care Health Library



SOPHISTICATED ASSETS & CAPABILITIES TO SUPPORT HEALTHCARE SYSTEM TRANSFORMATION...

SOPHISTICATED SET OF HEALTH RISK MANAGEMENT ASSETS





...SUPPORTING SHIFTS IN PLACES OF CARE

HOSPITAL-AT-HOME PROGRAMME

South Africa's largest private hospital with ~750 bed capacity



>200
Admissions

8%
Care escalation

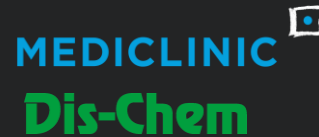
6% vs 2%
30-day readmission rate

5.3 days
Average LOS

4% vs 11%
30-day ED utilization rate

29-47%
Lower CPE vs. IH

NANO-LABS PARTNERSHIP (POINT OF CARE PATHOLOGY)



61% Private pathology testing that could be conducted on point-of-care devices

R2.8b Estimated Rand value that will be channelled to point-of-care devices

500+ Estimated market potential of 500+ sites

VIRTUAL CONSULTS AT-SCALE

Connected Care platform for remote access to healthcare services



>19k virtual consults completed

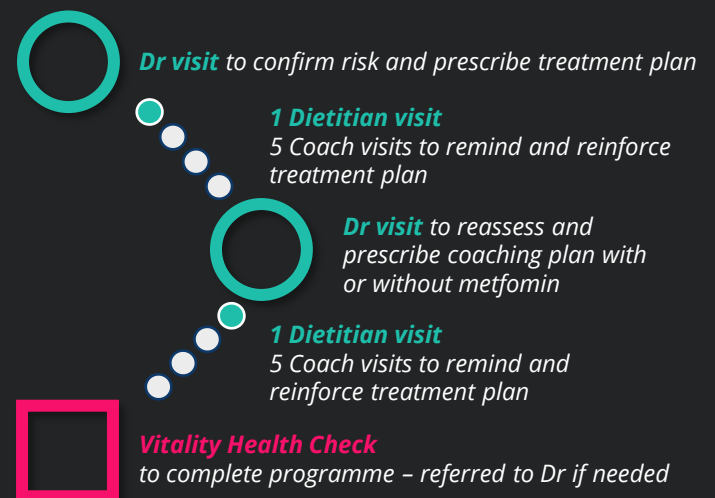
>620k unique users



DELIVERING COMPREHENSIVE DISEASE MANAGEMENT INTERVENTIONS FOR HIGH-RISK MEMBERS

PRE-DIAGNOSIS [DISEASE PREVENTION PROGRAMME]

Early intervention programmes increase life expectancy by >19%; The Disease Prevention Programme supports members at risk of developing cardiometabolic syndrome

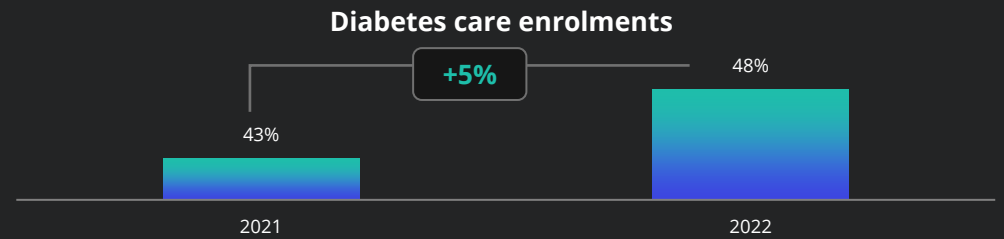


~37 800 members identified

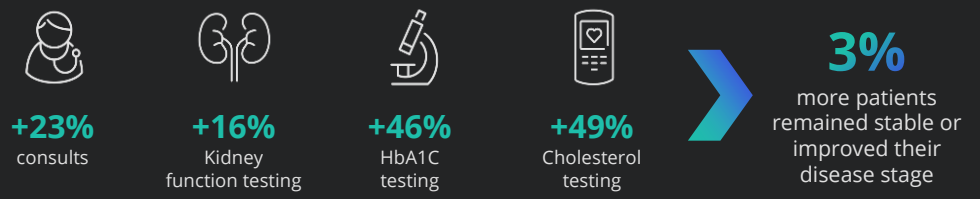
50% enrolment rate on successful calls

DISEASE MANAGEMENT [CLINICAL MANAGEMENT ORGANISATION]

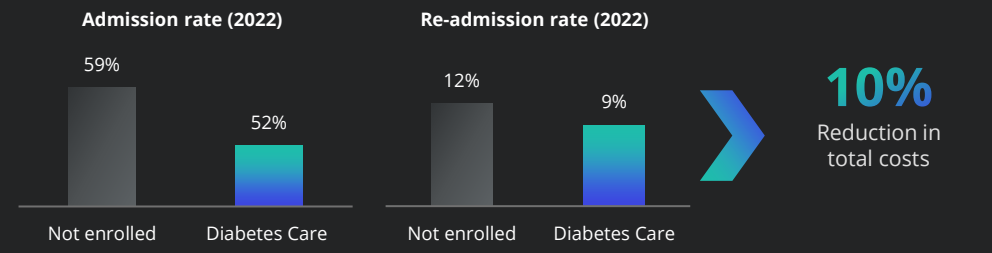
Increased programme enrolments



Improved Out-of-Hospital quality of care

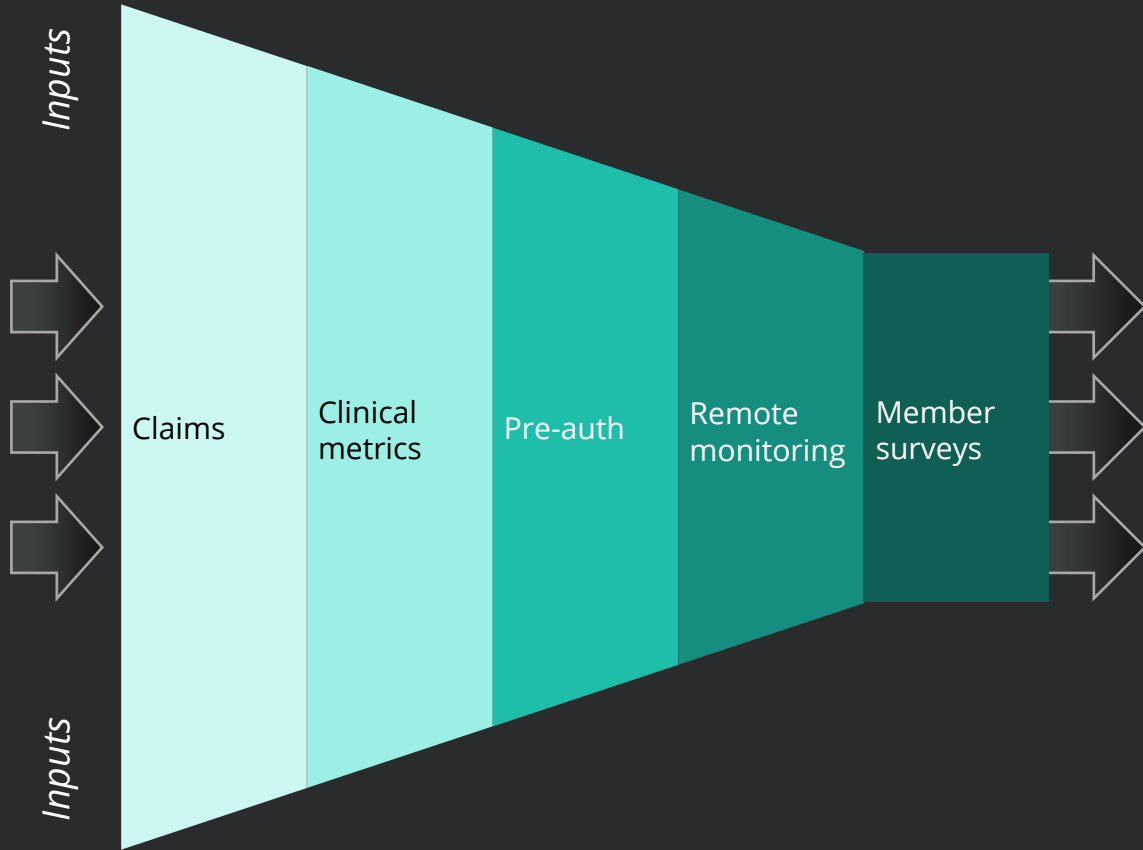


Lower hospital costs





BIG DATA & PREDICTIVE ANALYTICS TO IDENTIFY MEMBERS MOST LIKELY TO BENEFIT MOST FROM DISEASE MANAGEMENT INTERVENTIONS



PREDICTING FUTURE EVENTS

- **31,000** identified at high risk of developing diabetes within 12 to 14 months
- **15,200** members likely to be admitted to hospital within 6 months

IDENTIFYING CARE DISRUPTIONS

- **21%** have 2 or more medication gaps
- **40%** did not receive required monitoring
- **12%** did not see a GP or specialist
- If not addressed result in **poor outcomes** and **7% higher costs**

DETERMINING HOW VALUE CAN BE IMPROVED

- **Members with HbA1c In range have 4 to 9% lower claims**
- **50-160%** higher overall costs plpm as a result of disease progression

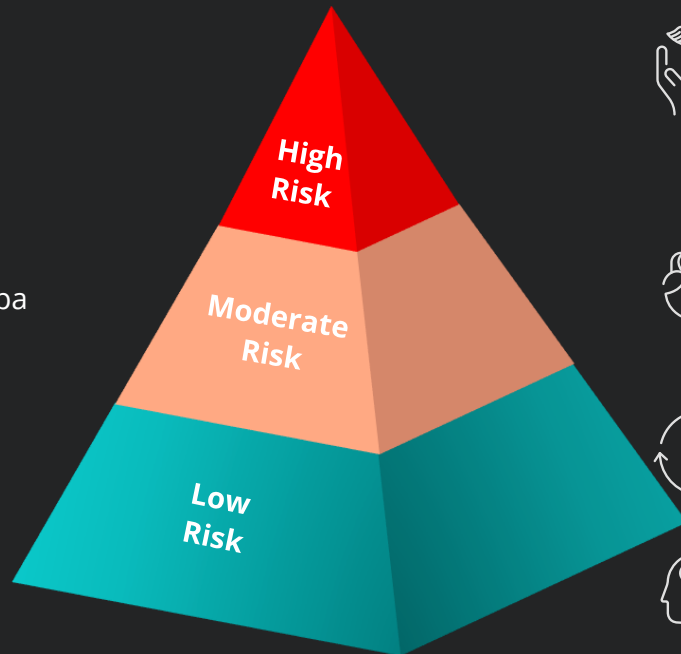
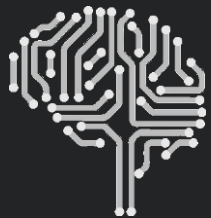
FOR MEMBERS ELIGIBLE FOR MULTIPLE INTERVENTIONS / DISEASE MANAGEMENT PROGRAMMES, PROPENSITY MODELS ARE USED TO ORDER THE INTERVENTIONS BASED ON LIKELIHOOD FOR MEMBER TO EFFECTIVELY ENGAGE, THEREFORE MAXIMIZING POTENTIAL IMPACT



"PATIENT X" PREDICTIVE MODEL FOR IDENTIFYING MEMBERS ELIGIBLE FOR CLINICAL CARE PROGRAMMES



13 models
475M entity predictions pa



Members with complex conditions at high risk for hospital admission
Member Care Programme

R41.2m
lower costs for members registered vs. not registered



Members at high risk of hospital admission identified for enrolment on specialised health coaching programme
CardioCare Programme / DiabetesCare

R116.0m
lower costs for members registered vs. not registered



High Risk of death
Advanced Illness Member

R11.6m
lower costs for members registered vs. not registered



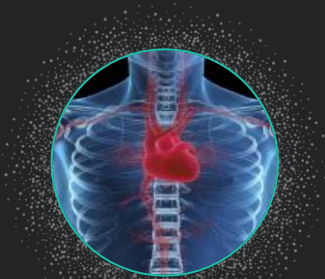
High risk of mental health admission:
Mental Health Relapse Prevention



COLLABORATIVE VBC ARRANGEMENTS FOR IMPROVED OUTCOMES

CAD CARE PROGRAMME

Compulsory CTCA prior to angiogram for low to intermediate risk patients with network HID override subject to peer review



- Defined pathway for CAD
- Single global fee that aligns risk incentives
- 48% of practices enrolled

- 37%** reduction in angiograms (vs. 2022)
- +66%** increase in CTCAs (vs. 2022)
- R17m** savings for DHMS

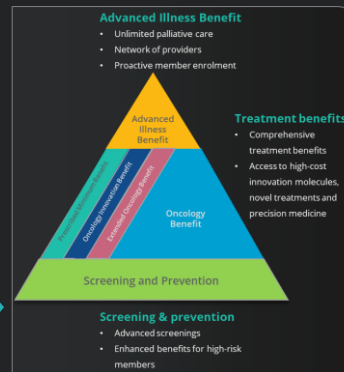
ONCOLOGY VALUE BASED CARE

Oncology is the 4th largest cost driver with 56% of oncology spend associated with members also living with one of the top 3 conditions

Vitality cancer score
(currently built for breast & colon)



Targeted additional screenings



240

Oncologists



49

Radiation units

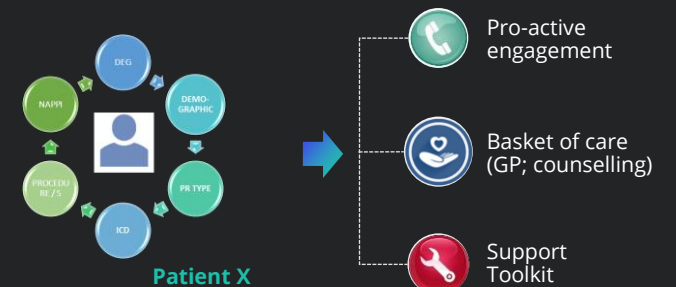


>120

Chemotherapy facilities

PALLIATIVE VALUE BASED CARE

Palliative care programme enrolments have increased by 163% (2016-2022), with 90% of cases related to oncology



epilog

PALPRAC

icon
Managed Care

In collaboration with Prof Dan Ariely – Duke University – developing human-centered digital member companion

45

Palliative care doctors

2/7

metrics already tracked in quality scorecard

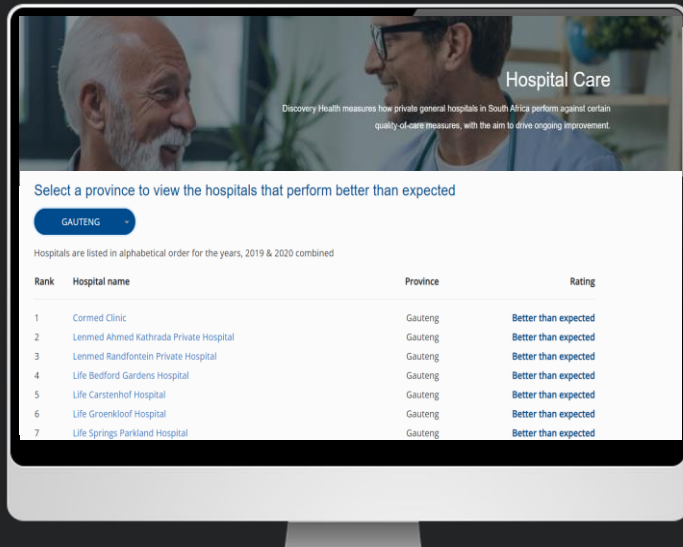


FOR THE FIRST TIME IN SA, MEMBERS CAN VIEW HOW A HOSPITAL PERFORMS AGAINST OTHERS ON MEASURES OF QUALITY

HOSPITAL CARE ASSISTS MEMBERS TO NAVIGATE TO EFFICIENT HOSPITALS AND ENCOURAGES QUALITY IMPROVEMENTS

SUPPORTED BY A SOPHISTICATED AND VALIDATED METHODOLOGY

HOSPITAL CARE



2014



PATIENT EXPERIENCE

NEW



COST-EFFICIENCY

NEW



MORTALITY

NEW

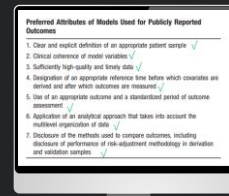


READMISSION



RISK ANALYTICS

Risk intelligence tools and analytics to ensure robust & fair data comparisons



INTERNATIONAL STANDARDS

Endorsed & tested methodology based on Centers for Medicare and Medicaid Services



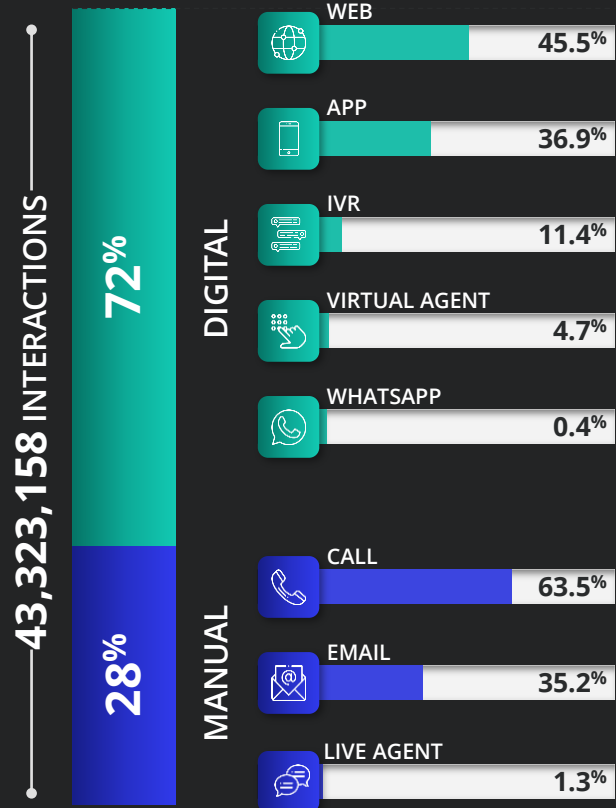
LOCALLY VALIDATED

Validated by the South African Medical Journal & an external review process

NEW DIGITAL CAPABILITIES TO MEET THE SHIFT IN DIGITAL SERVICING DEMANDS

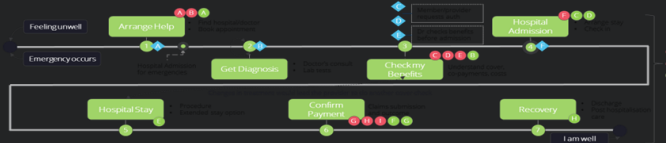


ENGAGEMENT CHANNELS 2022

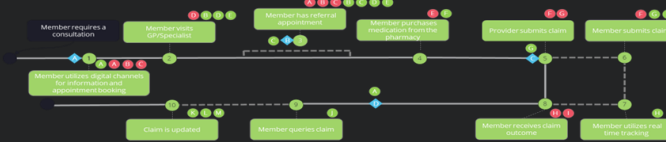


BUILDING A CUSTOMER JOURNEY-LED SERVICE ORGANISATION THAT CREATES SEAMLESS OMNICHANNEL MEMBER EXPERIENCES

HOSPITALISATION JOURNEY



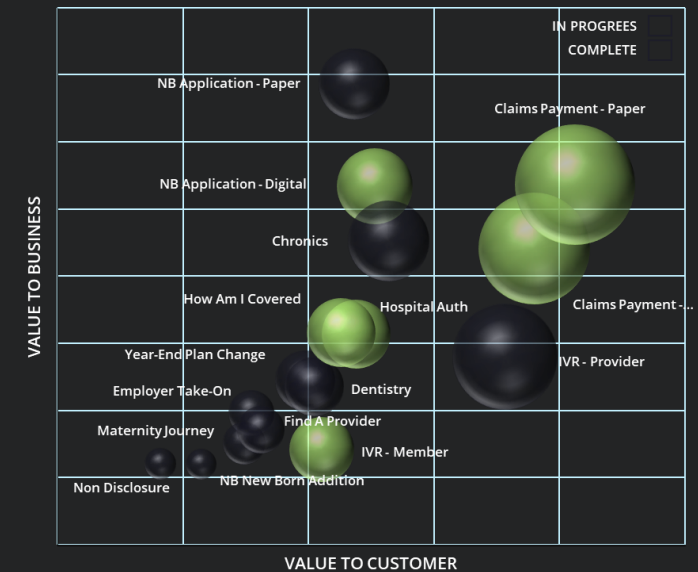
OUT-OF-HOSPITAL CLAIMS JOURNEY



HOW AM I COVERED JOURNEY



JOURNEYS IDENTIFIED

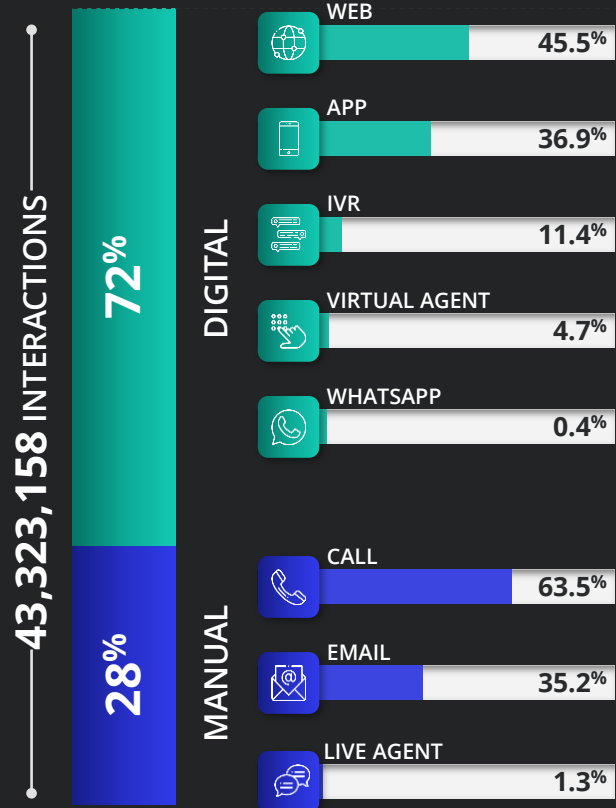


WE HAVE MAPPED OUT SOME KEY JOURNEYS TO BETTER UNDERSTAND HOW MEMBERS NAVIGATE OFFLINE AND ONLINE CHANNELS...

NEW DIGITAL CAPABILITIES TO MEET THE SHIFT IN DIGITAL SERVICING DEMANDS



ENGAGEMENT CHANNELS 2022



BUILDING A CUSTOMER JOURNEY-LED SERVICE ORGANISATION THAT CREATES SEAMLESS OMNICHANNEL MEMBER EXPERIENCES

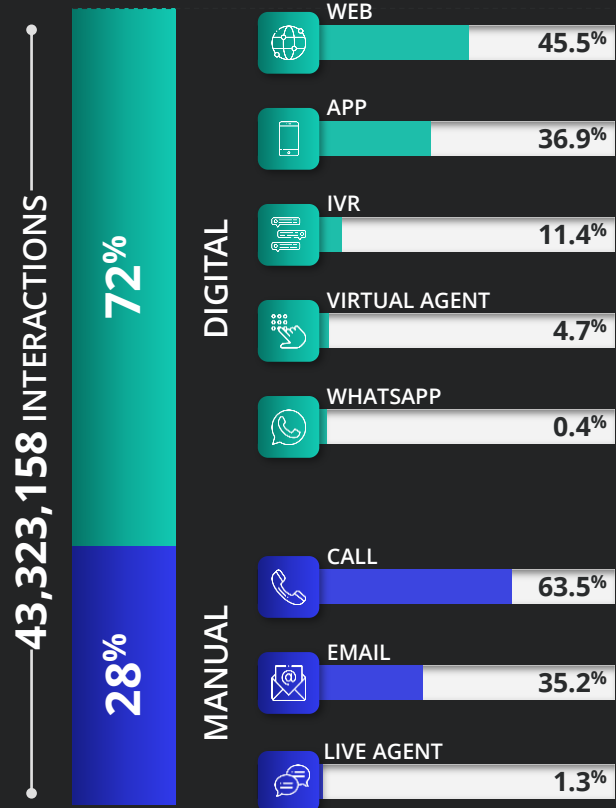
SENTIMENT MODEL Correspondence assessed and sentiment scored as negative, neutral or positive.	MEMBER DIGITAL INDEX Rating level of member digital engagement, and educate low engaged users.	CONTACTABILITY Predict times with highest likelihood of reaching the member successfully.
TOPIC MODEL Identifying topics in real-time and routing to agents best suited to deal with them.	FREQUENTLY USED CHANNEL Identify service channels most often used for inbound interactions.	REPEAT CALLERS Real-time routing and escalation support to repeat interactions.
SPAM FILTER Proactively identifying waste and routing to a spam pool.	SERVICE LOAD TRIGGERS Flag members with frequent interaction and intervene proactively.	HIGH-TOUCH & COMPLEX Clients who have experienced traumatic events, to offer proactive support.
CALL-BACK PROMISE SPOTTER Identifying interactions where call-backs are promised and completed.	CUSTOMER EXPERIENCE INDEX Metric representing member sentiment, giving insights to operational intervention.	SERVICE STORMS Identifying customers caught in multiple referrals and hand-offs, for intervention.
NEGATIVE SENTIMENT TRACKER Identifying interactions with negative phrases and routed for proactive intervention.	CALLER FREQUENCY INDEX Classify members by calling patterns and behaviours, to identify self-service gaps.	ONBOARDING MODEL Onboarding new clients with a special welcome and orientate to services.
PREMIUM COLLECTION Prioritised contact list based on members with highest likelihood to settle balance.	SENTIMENT INDEX Roll-up or recent sentiment across channels and predict policy lapses.	CONSERVATION MODEL Targeted conservation interactions and intervention, with smart insights.
AFFINITY MATCHING Matching callers to a consultant, which they are likely to have a good experience with.	SENTIMENT & TOPIC MODELLING Output of NLP models to ensure no interaction information is lost.	DISEASE PREDICTION Identify clients at risk of developing conditions for clinical support intervention.

...AND HAVE DEVELOPED A RANGE OF ANALYTICAL ALGORITHMS TO ENHANCE OUR SERVICING, AND TO IMPROVE MEMBER SENTIMENT...

NEW DIGITAL CAPABILITIES TO MEET THE SHIFT IN DIGITAL SERVICING DEMANDS



ENGAGEMENT CHANNELS 2022



DIGITAL

MANUAL

BUILDING A CUSTOMER JOURNEY-LED SERVICE ORGANISATION THAT CREATES SEAMLESS OMNICHANNEL MEMBER EXPERIENCES



SENTIMENT MODEL
Correspondence assessed and sentiment scored as negative, neutral or positive.



TOPIC MODEL
Identifying topics in real-time and routing to agents best suited to deal with them.



SPAM FILTER
Proactively identifying waste and routing to a spam pool.



CALL-BACK PROMISE SPOTTER
Identifying interactions where call-backs are promised and completed.



NEGATIVE SENTIMENT TRACKER
Identifying interactions with negative phrases and routed for proactive intervention.



PREMIUM COLLECTION
Prioritised contact list based on members with highest likelihood to settle balance.



AFFINITY MATCHING
Matching callers to a consultant, which they are likely to have a good experience with.

8% UPLIFT IN CONSERVATION CALLS ANSWERED



FREQUENTLY USED CHANNEL
Identify service channels most often used for inbound interactions.



SERVICE LOAD TRIGGERS
Flag members with frequent interaction and intervene proactively.



100 DAILY PREDICTIONS
IMPROVED CUSTOMER EXPERIENCE
REDUCED SERVICE LOAD



CALLER FREQUENCY INDEX
Classify members by calling patterns and behaviours, to identify self-service gaps.



SENTIMENT INDEX
Roll-up or recent sentiment across channels and predict policy lapses.



2B DAILY PREDICTIONS
5% INCREASE IN MBR SCORE



CONTACTABILITY
Predict times with highest likelihood of reaching the member successfully.



REPEAT CALLERS
Real-time routing and escalation support to repeat interactions.



HIGH-TOUCH & COMPLEX
Clients who have experienced traumatic events, to offer proactive support.



SERVICE STORMS
Identifying customers caught in multiple referrals and hand-offs, for intervention.



ONBOARDING MODEL
Onboarding new clients with a special welcome and orientate to services.



CONSERVATION MODEL
Targeted conservation interactions and intervention, with smart insights.



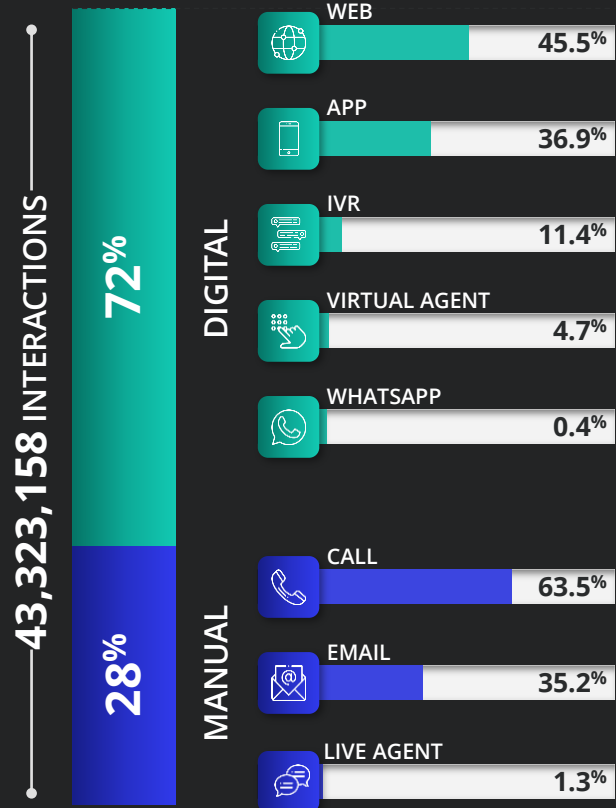
DISEASE PREDICTION
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...AND HAVE DEVELOPED A RANGE OF ANALYTICAL ALGORITHMS TO ENHANCE OUR SERVICING, AND TO IMPROVE MEMBER SENTIMENT...

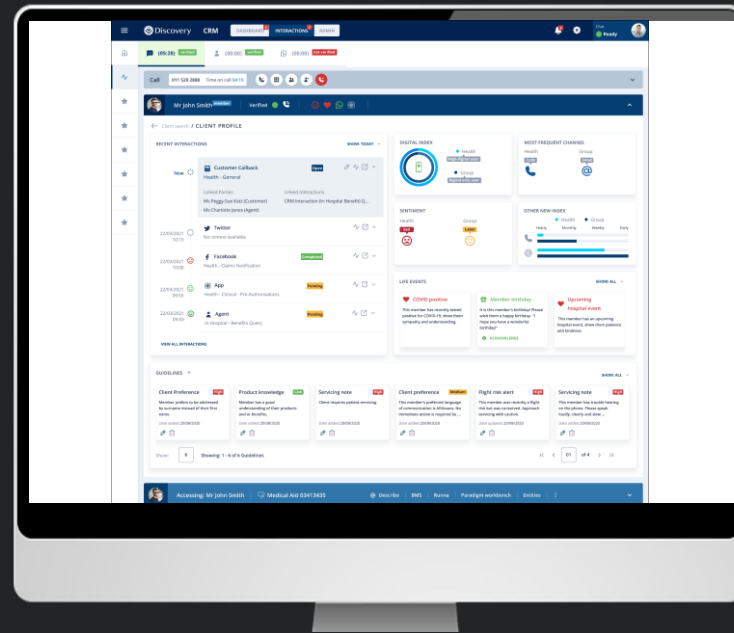
NEW DIGITAL CAPABILITIES TO MEET THE SHIFT IN DIGITAL SERVICING DEMANDS



ENGAGEMENT CHANNELS 2022



BUILDING A CUSTOMER JOURNEY-LED SERVICE ORGANISATION THAT CREATES SEAMLESS OMNICHANNEL MEMBER EXPERIENCES



INTELLIGENT AGENT DASHBOARD

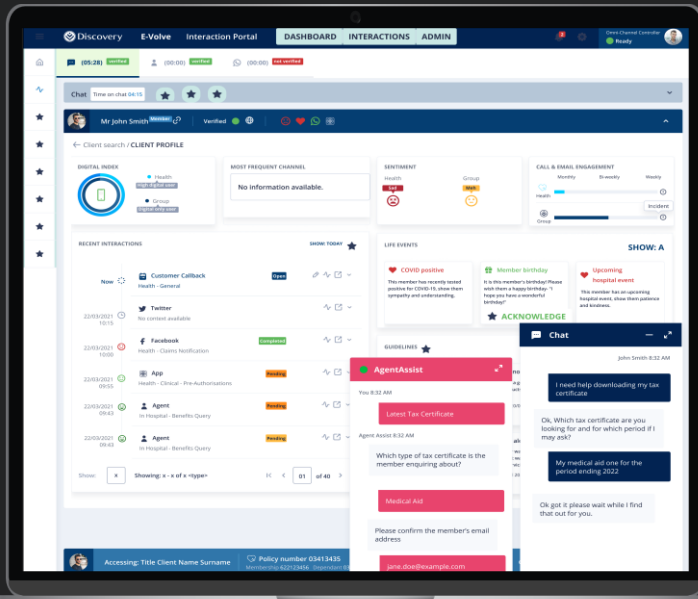
- New Client Relationship Management
- 17 data models & indices
- Omni Channel Servicing Capability
- Interaction Data Repository
- Customer Journey Framework

...WITH ANALYTICAL INSIGHTS DISPLAYED ON THE AGENT'S PLATFORM, EMPOWERING THEM SO THEY CAN ADAPT THEIR SERVICE APPROACH TO CATER FOR UNIQUE CUSTOMER REQUIREMENTS

LARGE LANGUAGE MODELS (LLMs) TO IMPROVE MEMBER SERVICING EXPERIENCES



USING ARTIFICIAL INTELLIGENCE TO CREATE A BESPOKE DISCOVERY SERVICING EXPERIENCE



Artificial Intelligence through large language modelling improves:



VIRTUAL AGENT CAPABILITIES

replacing generalized information with **instant, accurate and personalised responses** to member queries



SUPPORT FOR SERVICING AGENTS

through real-time access to **accurate information, efficient responses and relevant detail**



FURTHER BUILDING ON DISCOVERY'S BRAND, RATED AS THE "BEST DOMESTIC CALL CENTRE" IN SOUTH AFRICA - *CCMG 2022*

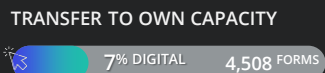
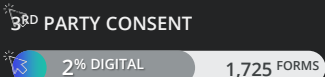
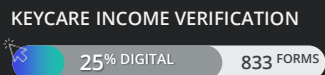


ENHANCING MEMBER DIGITAL EXPERIENCES

DIGITISE PAPER-BASED FORMS

4 forms moved to digital

9%
Service load reduction



ENHANCE MEMBER DIGITAL EXPERIENCES

Virtual Assistant with contextual awareness

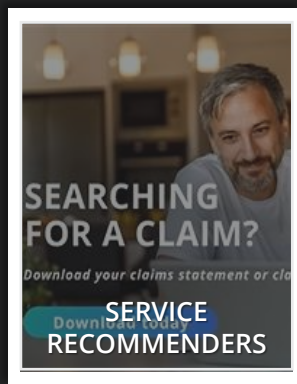


CUSTOMER EFFORT SCORE
72%



BREAK-OUT RATE
15% - 20%

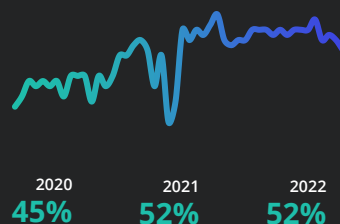
Service Recommender



50%
clickthrough rate

New Business Online Journey

DIGITAL UPTAKE



PERCEPTION



IMPROVE MEMBER OUTREACH

Proactive Services

NEW BUSINESS

CONTACTS NPS MBR
69,713 57% 8.98

MATERNITY

CONTACTS NPS MBR
17,721 61% 9.29

DIGITAL RESISTANCE

CONTACTS NPS MBR
3,948 53% 8.85

CLAIMS REWORK

165,000 CONTACTS

DH Truecaller



14% improvement in contactability



EXCEPTIONAL SERVICE SCORES RECORDED ACROSS STAKEHOLDERS

GLOBAL BENCHMARKING (2022)

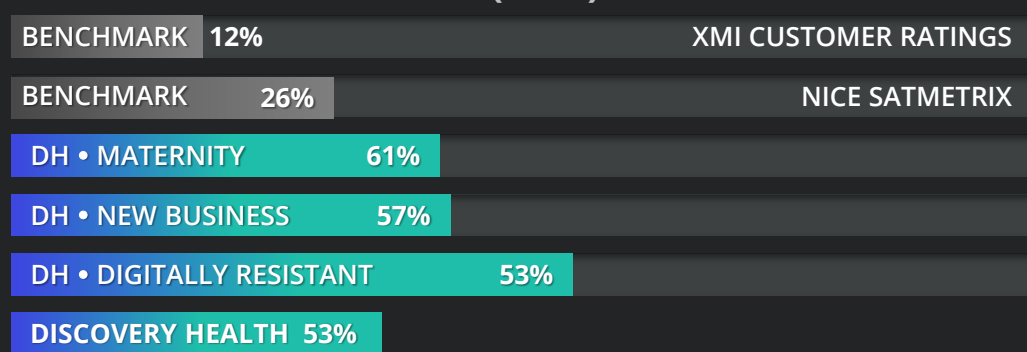
FIRST CALL RESOLUTION (FCR)



CUSTOMER SENTIMENT



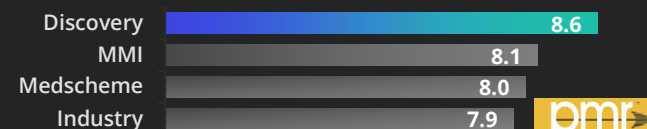
NET PROMOTER SCORE (NPS)



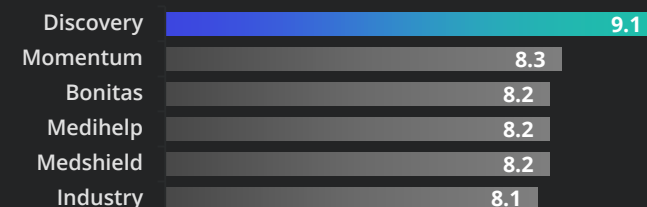
INDUSTRY RECOGNITION AND AWARDS

AS RATED BY OUR CUSTOMERS

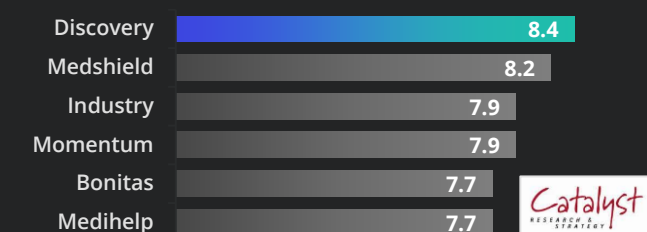
EMPLOYER RATING



PROVIDER RATING



BROKER RATING



AWARDED TO DISCOVERY



CONTACT CENTRE MANAGEMENT GROUP AWARD 2022

INTERNATIONAL CUSTOMER EXPERIENCE AWARDS 2021



BUSINESS LEADER OF THE YEAR



AWARDED TO DISCOVERY CHIEF PEOPLE OFFICER