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Affordable and quality health cover for employer groups

NEWSLETTER

March 2016

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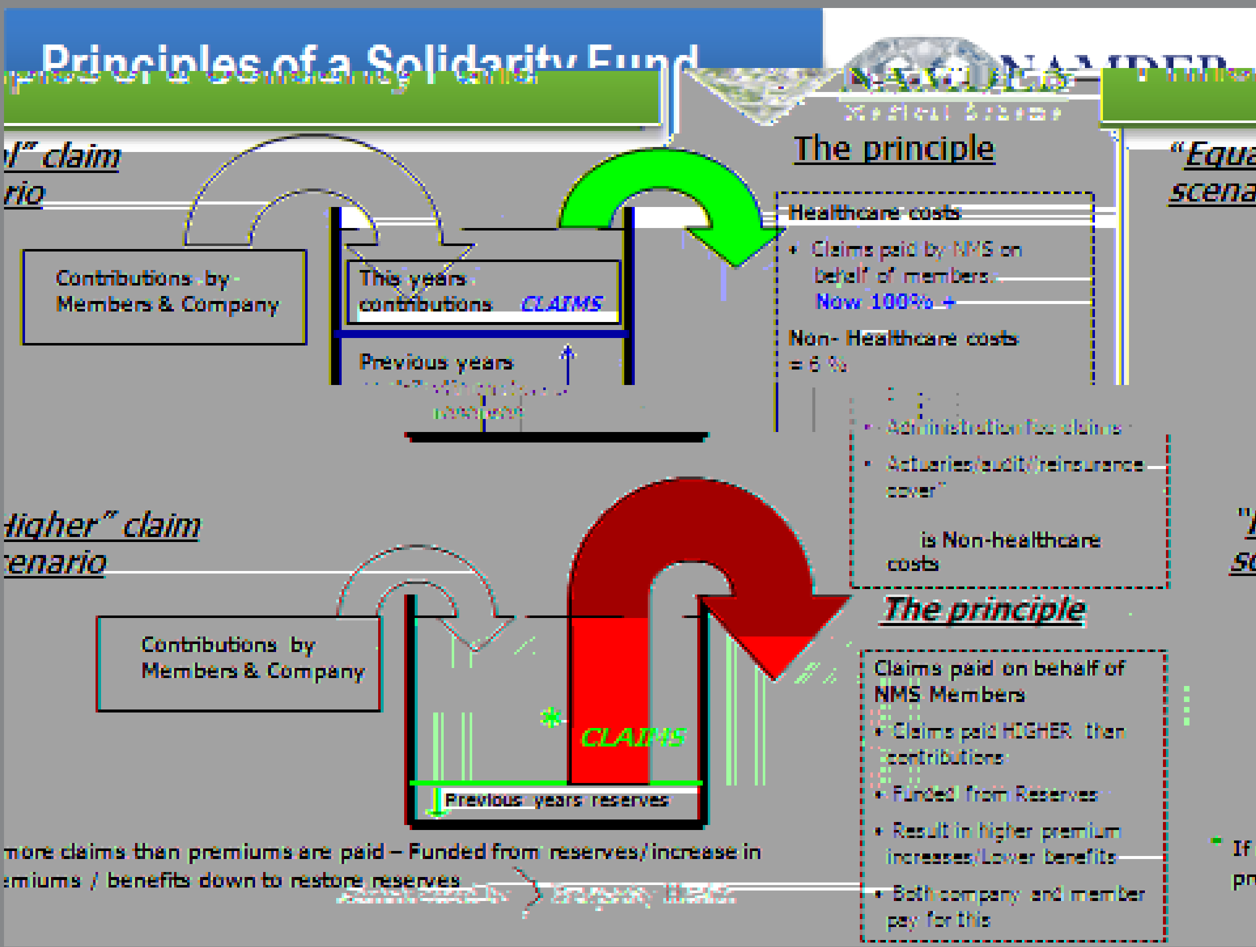
TABLE OF CONTENT

1. 2016 BENEFIT & PREMIUM INCREASES
2. INTRODUCTION OF THE NAMDEB OPTION B
3. 2016 BENEFIT SCHEDULES

1. 2015 BENEFIT & PREMIUM INCREASES EFFECTIVE 01 APRIL 2016

The performance of the Namdeb Medical Scheme and its long term sustainability is influenced by normal factors such as medical inflation, demographic and ageing of the Scheme and lastly the claim patterns of the members. This sound financial position of the Scheme is critical to provide members with peace of mind and also to meet the regulatory requirements as set by the Registrar of Medical Schemes/Namfisa. The Scheme works on the principle of a mutual or solidarity fund and the following schematic picture explains that to all members:

These factors are all considered annually by the actuaries in determining the proposed percentage increase in contribution and any possible changes in benefits. The option for improving benefits is balanced with the impact on contributions and the affordability to members. To be able to ensure the long term sustainability of the Scheme, the Board of Trustees herewith announces an average premium increase of 8.00% and benefit changes effective 01 April 2016. With the drastic increase in percentage of pensioners of the Scheme since some members of the bargaining unit left and the unfavourable claims ratios of pensioners, the trustees were compelled to make additional adjustments to accommodate this and to balance the impact of it on the balance of the Scheme members. The following clearly demonstrates the challenge for the Namdeb Medical Aid Scheme:



NAMDEB
Medical Scheme

December 2014						
Number of Main Members	Number of Dependants	Total Beneficiaries	Avg. Family Size	Avg. Age Main	Number of Pensioners (60+)	Pensioners as % of Main Members
3,002	4,257	7,259	2.42	44.9	468	15.6%

December 2015						
Number of Main Members	Number of Dependants	Total Beneficiaries	Avg. Family Size	Avg. Age Main	Number of Pensioners (60+)	Pensioners as % of Main Members
2,067	3,021	5,088	2.46	46.9	509	24.6%

- Directly effect pricing i.e. claims versus income – funded from reserves
- Added a risk loading of additional 8% increase for pensioners

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Source: NMS

Claims as a perCentage (%) of Contributions ("Continuation" depiCts pensioners)

Claims Ratios
Continuation versus Active

Claims Ratios:

Claims as a percentage (%) of contributions

Year	Continuation Members	"Other" Members	Total Scheme
2012	109.9%	101.0%	102.9%
2013	124.4%	100.2%	105.0%
2014	119.2%	90.7%	96.1%
2015	115.7%	77.8%	85.0%

- Directly effect pricing i.e. claims versus income – funded from reserves
- Added a risk loading of additional 8% increase for pensioners

From the above you will notice that the escalation in pensioners' numbers in relation to total membership and the claims ratios for claims incurred required the intervention of the Trustees. One of the prime objectives of the Trustees is now to restore the reserve levels of the Scheme to protect the medium- and long-term interest of all members and more particularly that of the pensioners.

To be able to this the only options were to either decrease benefits or to increase premiums. Considering the impact of the expected escalation in the costs of healthcare services during 2016 and the requests from members to make further improvements in benefit limits it was resolved that the best option is to adjust contributions. The Trustees approved an 8% increase, which compares favourably with the adjustments by the open medical aid funds for 2016. An additional risk loading adjustment of 8% increase was approved for pensioners.

The deductions of the new increase will commence at the end of March 2016. Attached on page 2 are the new amended premiums. The actuaries have once again conducted a comparison with other medical aids on the open market and reported that the Namdeb Medical Aid Scheme offers good value for money to its members. The benefits offered are superior to that of most other comparable medical aids and the contributions very favorable.

NEW IMPROVED BENEFITS

NEW

NO	BENEFIT	CURRENT LIMIT	NEW CHANGES EFFECTIVE 01 APRIL
1. IN HOSPITAL BENEFITS			
1 .1	Overall Annual Benefit	787, 500 per beneficiary 1,575 000 per family	1000, 000 per beneficiary 1,600, 000 per family
1.2	HIV Medication	13,740	14,430
1.3	MRI & CT Scan	12 710	13 350
1.4	Ambulance Services (Non-emergency)	M 2160 M1 2700 M2 3310 M3 3810	M 2270 M1 2930 M2 3480 M3 4000
1.5	Internal Surgical Prosthesis	44,520	46,570
1.6	In Hospital Alternative Services	15 020 - Day sublimit 335	15,770 - Day sub limit 350
2. day to day (out of Hospital benefit)			
2.1	Day to Day Overall Limit	20,000 per beneficiary limited to 50, 000 per family	23,000 per beneficiary limited to 58, 000 per family
2.2	Ante Natal Consultations	Paid from the GP & Specialist consultation limit	New Limit Provision 6 per beneficiary
2.3	Chronic Consultations	Paid from the GP & Specialist consultation limit	New Limit Provision 4 per beneficiary
2.4	Dental Services	9,450 per beneficiary limited to 20,000 per family	9,920 per beneficiary limited to 21,000 per family
2.5	Medicine &Injections	Acute Medication: 10,000 per beneficiary Self medication: 5,170 per beneficiary limited to N$ 200 per script Vitamins: 430	Acute Medication: 10,500 per beneficiary Self medication: 5,430 per beneficiary Limited to N$ 210.00 per script Vitamins: 450
2.6	Optical Benefits	Lenses 3060 per beneficiary, frames limited to 670 Refractive Surgery – 10,570	Lenses 3210 per beneficiary, frames limited to 700 Refractive Surgery -11,100
2.7	Radiology & Pathology	10,280 per beneficiary	13,350 per beneficiary
2.8	Paramedical Services	11,070 per beneficiary	11,620 per beneficiary
2.9	Psychology & Psychiatry	10,950 per beneficiary	11,500 per beneficiary
2.10	Medical Appliances	15,140 per beneficiary	15,900 per beneficiary

3. NEW NAMDEB SCHEME SECOND OPTION EFFECTIVE 1 APRIL 2016

Members indicated over the last year or two that the Namdeb Scheme was too expensive and not affordable to mostly the lower income members. As indicated at the last AGM and at a number of member information sessions this had been investigated by the Trustees. The actuaries were then tasked to formulate a lower benefit option funded by a lower premium. It needs to be appreciated that any medical aid fund works on the principle of income versus expenditure (benefits paid) and that this also determine the ultimate premium payable. Thus a lower premium option is feasible only if it is understood that, to be able to offer it, the less expensive option will also offer fewer benefits.

Members should carefully consider their options and should not only choose an option based on the lower premiums, but also consider the benefit limits. The administrator will be able to assist you and to give you a report to show the actual benefits you utilised and claims paid on your behalf over the last 12-months. Once you have this, you should consider whether the lower benefit option does offer you sufficient benefits. Otherwise, you may be able to save some premiums, but you will run short of benefits, resulting in you having to pay for it out-of-pocket and it may cost you more!

Members will be given the opportunity to move to the new option effective 01 April 2016. Should you wish to change to the new option, you should complete an option change form and submit it to Human Resources before the 10th of March 2016.

No option changes will be allowed after 01 April 2016 and members will in future only be able to change on 1 January of each year.
The option change forms are available at all Human Resources Offices or can be requested by email from : namdebmember@prosperitynam.com

new benefits effeCtive 01 april 2016 (to be attaCHed)

option a (Current namdeb option)

OPTION	FAMILY STRUCTURE					
	M0	M1	M2	M3	M4	M5+
OPTION A						
N$0 - N$6 220	1,424	2,657	3,313	3,836	4,219	4,570
N$6 221 - N$8 010	1,547	2,879	3,581	4,148	4,544	4,923
N$8 011 - N$9 680	1,709	3,161	3,944	4,557	4,994	5,410
N$9 681 - N$11 130	1,830	3,400	4,229	4,891	5,352	5,798
N$11 131 - N$14 230	2,010	3,705	4,624	5,350	5,871	6,360
N$14 231 - N$17 470	2,138	3,963	4,937	5,674	6,243	6,762
N$17 471 - N$20 810	2,211	4,096	5,102	5,864	6,451	6,987
N$20 811 - N$24 030	2,337	4,327	5,385	6,188	6,809	7,375
N$24 031 - N$27 930	2,421	4,480	5,572	6,403	7,046	7,631
N$27 931 - N$52 500	2,501	4,630	5,761	6,621	7,283	7,890
N$52 501+	2,709	5,016	6,242	7,173	7,890	8,548

option b (new)

OPTION	FAMILY STRUCTURE					
	M0	M1	M2	M3	M4	M5+
OPTION B						
N$0 - N$6 220	997	1,860	2,319	2,685	2,953	3,199
N$6 221 - N$8 010	1,114	2,073	2,578	2,986	3,272	3,545
N$8 011 - N$9 680	1,265	2,339	2,918	3,372	3,696	4,004
N$9 681 - N$11 130	1,409	2,618	3,256	3,766	4,121	4,465
N$11 131 - N$14 230	1,608	2,964	3,699	4,280	4,697	5,088
N$14 231 - N$17 470	1,710	3,171	3,950	4,539	4,994	5,410
N$17 471 - N$20 810	1,835	3,400	4,235	4,867	5,355	5,799
N$20 811 - N$24 030	1,986	3,678	4,578	5,260	5,788	6,269
N$24 031 - N$27 930	2,106	3,898	4,848	5,570	6,130	6,639
N$27 931 - N$52 500	2,201	4,075	5,070	5,826	6,409	6,943
N$52 501+	2,438	4,514	5,618	6,456	7,101	7,693

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