



## CIRCULAR

Reference: Evaluation of contribution increase assumptions for 2020  
Contact person: Ms Carrie-Anne Cairncross  
Tel: 0861 123 267  
E-mail: [c.cairncross@medicalschemes.com](mailto:c.cairncross@medicalschemes.com)  
Date: 23 July 2020

### Circular 49 of 2020: Evaluation of cost increase assumptions by medical schemes for the 2020 financial year

This Circular provides an evaluation of industry assumptions submitted by medical schemes for the 2020 financial year as provided in the benefit review submissions. The Council for Medical Schemes (CMS) releases this information to increase the transparency of schemes' pricing decisions and the quality of provider negotiations.

As far back as 2010, the CMS embarked on a process of stringently reviewing medical schemes contributions and cost increases to limit the transfer of inappropriate cost increases to beneficiaries.

#### Legislative requirement

The Medical Schemes Act outlines legislative requirements which inform the CMS on how it conducts its work with regards to benefit content configuration as well as pricing of options:

- *Regulation 8 (1) of the Medical Schemes Act regulations requires that "any benefit option that is offered by a medical scheme must pay in full, without co-payments or use of deductibles, the diagnosis, treatment and care costs of the prescribed minimum benefit conditions."*
- *Section 24 (2) (e) state that " ... medical scheme does not or will not unfairly discriminate directly or indirectly against any person on one or more arbitrary grounds including race, age, gender, marital status, ethnic or social origin, sexual orientation, pregnancy, disability and the state of health."*
- *Section 29 (1) makes it mandatory for the scheme to communicate with their members on any change in contributions, membership fees, or subscription, benefits or any other condition affecting their membership.*
- *Section 29 (2) and Section 35 of the Act which seeks to encourage financial soundness of Medical Schemes.*
- *Section 31 seeks to ensure that the scheme rules registration promotes equity in rule amendments, discourage prejudice towards the member through unlawful exclusion/limitation of benefits also promote public accountability and transparency.*
- *Section 33 (2) outlines that "approval of benefit options will be subject to provision of prescribed benefits, self-supporting in-terms of membership and financial performance, financially sound, the option should not jeopardize the financial soundness of any existing options within the medical scheme"*

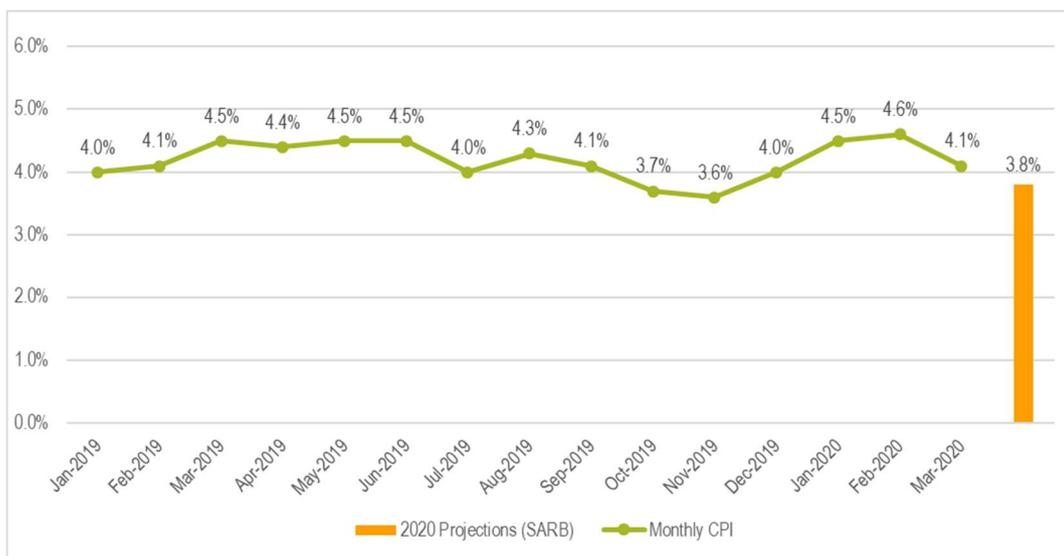
## Overview

The following is a retrospective analysis of contribution increase assumptions for the 2020 financial year, of standard cost items and utilisation stratified by scheme size, scheme type, facility type, professional services, medicine costs, non-healthcare costs, ex gratia payments and all other relevant cost variables.

## Economic indicators trends

The CMS published [Circular 50 of 2019](#) in July 2019 advising medical schemes that cost increase assumption for 2020 should be limited to 5.4% for each cost item. The assumption was mainly based on headline inflation as measured by the Consumer Price Index (CPI). The headline inflation for May 2019 was 4.5%. The 2020 annual average headline inflation is projected at 3.8% by the South African Reserve Bank.

Figure 1: Consumer Price Index changes for 2019/20



Source: CPI History: Stats SA; 2020 Projections: Monetary Policy Review – April 2020

## Industry cost assumption data

The analysis undertook a quantitative review of 2019 Annual Statutory Return data, medical schemes cost assumptions for the 2020 financial year and review of actuarial reports triangulated with a contextual analysis of the medical schemes market.

All 76 schemes registered at the end of 2019 submitted data and were used in the analysis presented below. Quarter 4 2019 demographic data for the industry is presented in table 1 below. Slightly over 55% of the medical scheme population were registered in 18 open medical schemes, and close to 43% of all beneficiaries were in three very large open medical schemes. Around 4.02 million beneficiaries (45%) were registered in 58 restricted medical schemes, with close to 65% of those beneficiaries accounted for by three very large schemes.

Table 1: Medical Schemes size categories, Q4 2019

Scheme type	Size*	Number of schemes	Average age 2019	Dependent ratio	Members	Percentage of members	Beneficiaries	Percentage of beneficiaries
Open	Small	3	36.56	0.82	10 608	0.45%	19 283	0.39%
	Medium	3	30.36	1.22	29 293	1.23%	64 965	1.32%
	Large	9	37.75	1.09	490 324	20.62%	1 022 639	20.71%
	Very Large	3	34.25	1.07	1 847 194	77.70%	3 829 901	77.58%
Total open		18	34.93	1.08	2 377 419	100.00%	4 936 788	100.00%
Restricted	Small	27	34.52	1.18	88 063	5.23%	191 799	4.78%
	Medium	14	32.06	0.99	144 324	8.57%	286 663	7.14%
	Large	14	32.9	1.08	440 157	26.12%	917 068	22.83%
	Very Large	3	30.46	1.59	1 012 372	60.08%	2 620 805	65.25%
Total restricted		58	31.33	1.38	1 684 916	100.00%	4 016 335	100.00%
All Schemes	Small	30	34.71	1.2	98 671	2.43%	211 082	2.36%
	Medium	17	31.74	1.03	173 617	4.27%	351 628	3.93%
	Large	23	35.46	1.26	930 481	22.91%	1 939 707	21.67%
	Very Large	6	32.71	1.26	2 859 566	70.39%	6 450 706	72.05%
All schemes		76	33.31	1.25	4 062 335	100.00%	8 953 123	100.00%

\*small: members < 6 000; medium: ≥ 6 000 but < 30 000 beneficiaries; large: > 30 000 beneficiaries; very large > 220 000 beneficiaries

Table 2 below lists the per average beneficiary changes in expenditure over the period 2013 to 2018, highlighting the year to year changes per beneficiary for each of the cost items analysed as part of the contribution increase analysis. Expenditure on Surgical and Medical specialists had the highest average increases of 9.83% and 9.77% respectively. The expenditure on general practitioners remains consistently the lowest at an average of 4.06%.

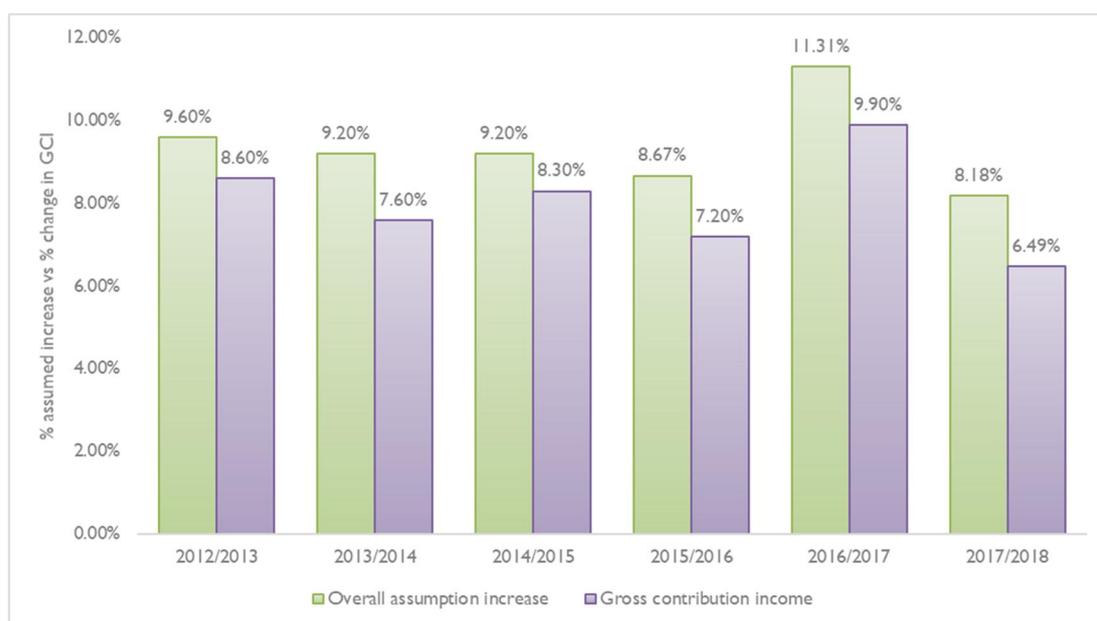
Table 2: Per average beneficiary per annum (pabpa) changes in expenditure 2013 to 2018

Cost Items	Assumed 2018	Actual expenditure					Average percentage
		2017/2018	2016/2017	2015/2016	2014/2015	2013/2014	
General practitioners	9.28%	3.60%	1.82%	2.71%	5.52%	6.65%	4.06%
All Specialists	9.51%	9.90%	5.91%	9.61%	10.94%	10.99%	9.47%
Anaesthetists	9.57%	11.70%	3.02%	9.20%	10.08%	12.11%	9.22%
Pathology	9.26%	8.50%	6.71%	8.63%	10.81%	10.87%	9.10%
Radiology	9.41%	9.70%	4.01%	10.86%	10.57%	10.53%	9.13%
Medical Specialists	9.64%	9.60%	7.22%	9.54%	11.52%	10.95%	9.77%
Surgical Specialists	9.52%	11.10%	6.14%	9.83%	10.99%	11.11%	9.83%
Dentists	9.12%	2.50%	5.04%	4.88%	5.48%	6.25%	4.83%
Dental Specialists	9.29%	5.00%	4.27%	4.16%	6.17%	8.61%	5.64%
Supplementary and Allied Health Professionals	9.36%	8.00%	7.03%	7.11%	12.69%	13.41%	9.65%
Hospitals	9.83%	7.00%	4.23%	9.77%	9.29%	10.56%	8.17%
Medicines Dispensed (SEP increase)	8.94%	3.40%(1.26)	7.61%	4.10%	7.13%	7.88%	6.02%
Ex gratia payments	9.03%	-9.60%	11.50%	3.95%	8.36%	23.63%	3.28%
Managed care services (out of hospital)	4.87%	3.90%	10.16%	3.22%	4.41%	2.20%	9.06%

## Assumed increases and gross contribution increase observed 2013 – 2018

Figure 2 below highlights the disparity between the assumed increase assumptions and the actual contribution income growth ultimately experienced by schemes each subsequent year. The weighted average assumed increase per beneficiary per month (pbpm) was between 0.9 to 1.69 percentage points higher than the actual contribution increases pbpm recorded by schemes between 2012/2013 and 2017/2018. This could be attributed to the movement of beneficiaries between options either due to affordability, or healthcare needs.

Figure 2: Assumed increase vs growth in contribution income 2013 – 2018

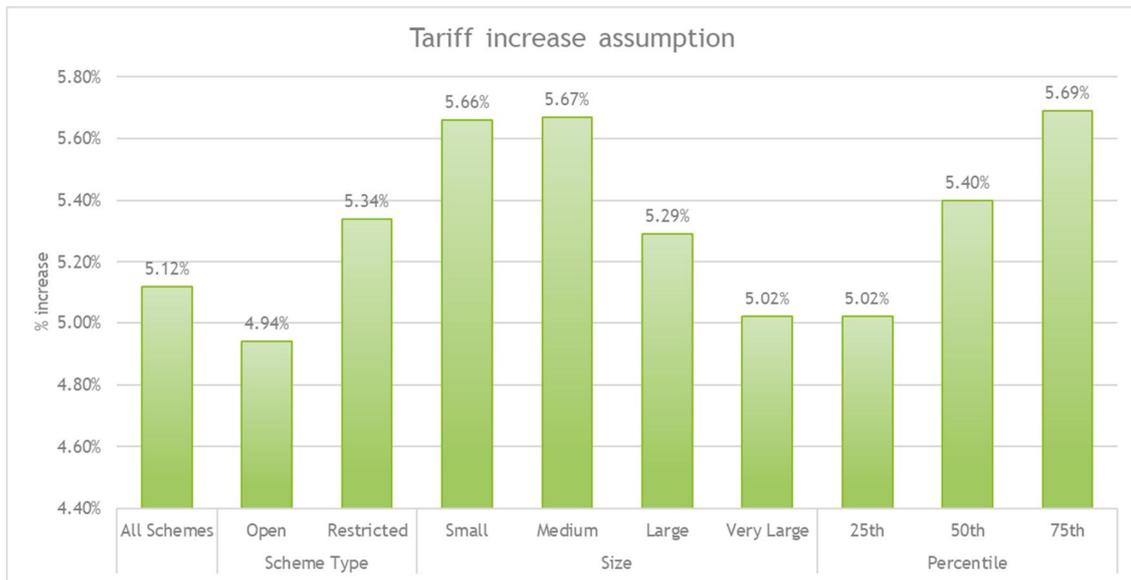


## Scheme tariff increase assumptions for 2020

The overall weighted tariff increase assumption for 2020 was 5.12%, 12 basis points lower than the 2019 assumption of 5.38%. The tariff increase assumption has been increasing at a decreasing rate from 2015, with a slight deviation observed in 2018 when the tariff increase assumption was 6.2%.

below highlights the tariff increase assumption that was highest for small and medium-sized schemes at 5.66% and 5.67%. Very large and open schemes had the lowest tariff increase assumptions at 5.02% and 4.94%, followed by large schemes with 5.29%. Small and medium-sized schemes faced larger tariff increases at 5.66% and 5.67%, which highlights the bargaining power of larger schemes in negotiating favourable tariffs.

Figure 3: Tariff increase assumption



The tariff increase attributed to non-healthcare expenditure was 5.38% for all schemes, but slightly higher at 5.89% for restricted schemes. Medium and very large schemes had the highest assumed increases to 5.81% and 5.84%, respectively. Figure 4 and Figure 5 presents the assumed increase by schemes size and the proportion of beneficiaries impacted by these increases. Close to 77% of beneficiaries were affected by non-healthcare increases of below 5.4% and a small proportion (6%) by increases above 10%.

Figure 4: Non-healthcare tariff increase assumption by the size of the scheme

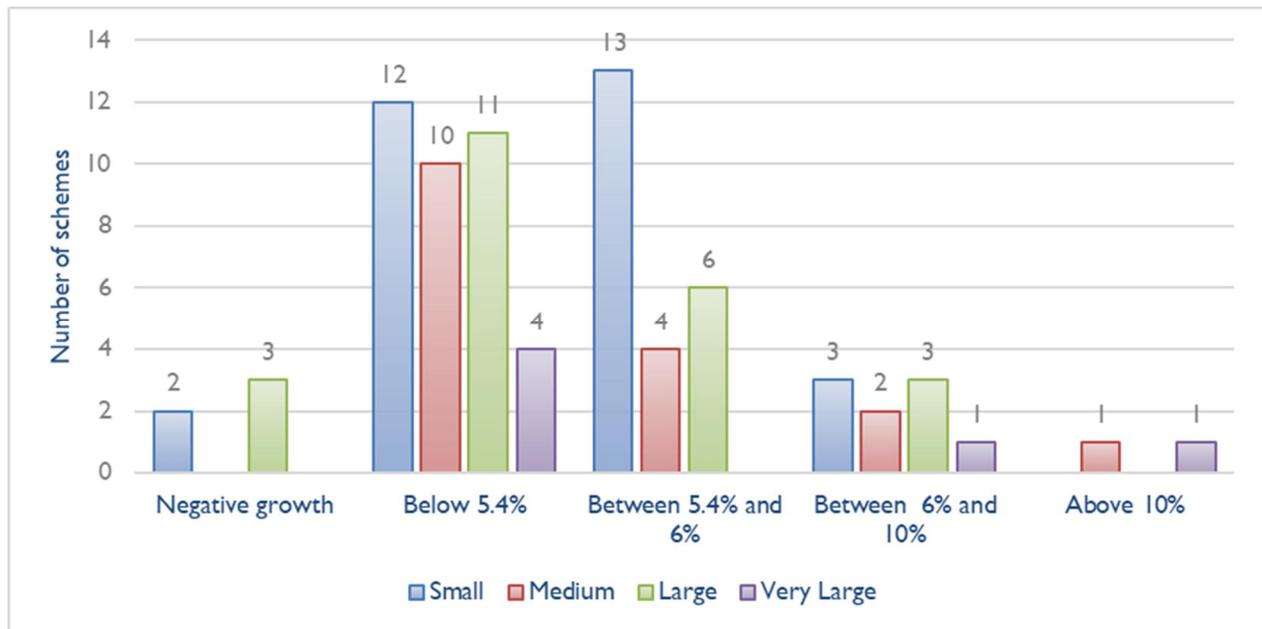


Figure 5: Non-healthcare tariff increase assumption by the proportion of beneficiaries

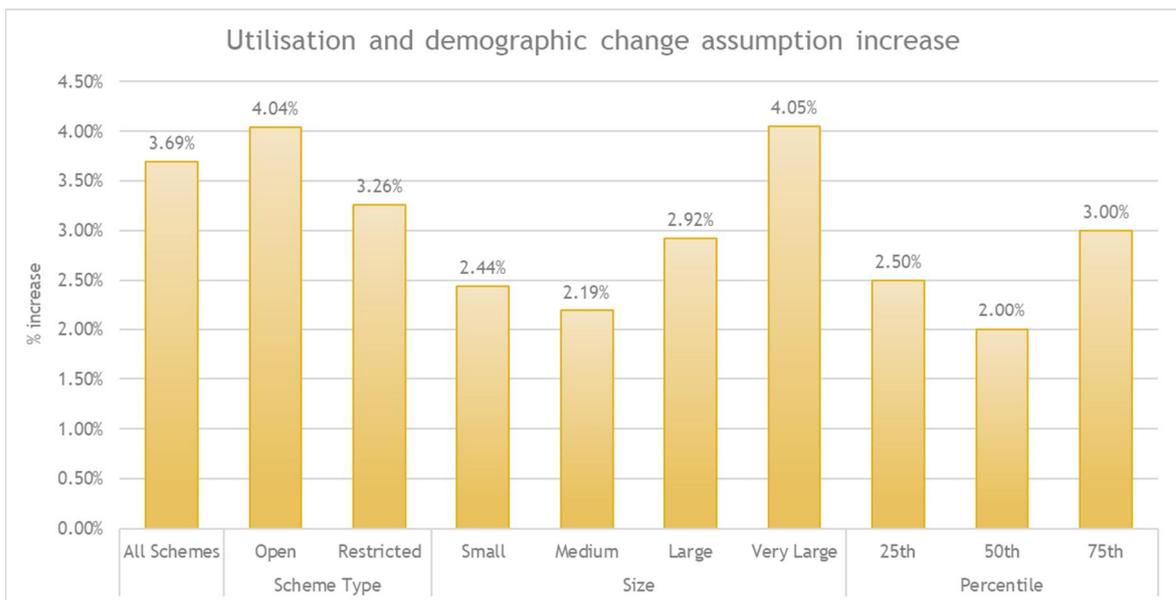


Scheme increase assumptions attributable to utilisation and demographic factors for 2019

The overall increase assumption attributable to utilisation and demographic changes was 3.68% (Figure 6).

Large schemes reported the overall increase assumptions attributable to utilisation and demographic factors of 3.97%, with the increase for hospital services estimated at 4.64%, with specialist and general practitioners estimated to increase by 4.61% and 4.28%, respectively. Open schemes reported the largest estimated increase to average at around 4.33%, largely due to the assumed increase in hospital services of 5.22%.

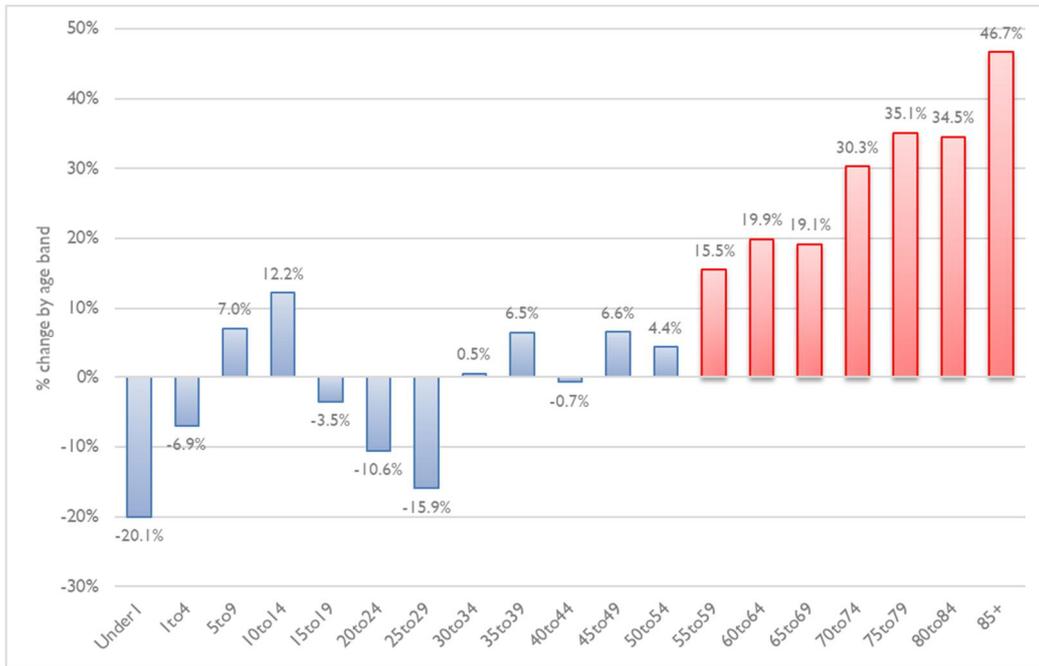
Figure 6: Utilisation and demographic change factors for 2020



Age is highly correlated with an increase in utilisation and therefore increased healthcare expenditure. In the analysis of the industry demographic profile (distribution of beneficiaries by age band) from 2013 to 2019, it was found that the medical schemes population average age increased by 1.41 years between 2013 and quarter 4 2019. The impact of this ageing

becomes clearer once evaluated at an age band level, as the growth observed in the older age bands that also attract high cost, had increases of over 15%, presented in Figure 7 below.

Figure 7: Changes in medical schemes population from 2013 to 2019



In applying the Scheme Risk Measurement (SRM) 2019 weighting table to the two populations (2013 and 2019), an age only industry community rate (ICR) is produced. The difference observed between these rates represents a measure for demographic change, which increased on average 0.98% from 2013 to 2019 attributed to ageing. The percentage change in cost between 2018 and 2019 due to population ageing was only 1.07%. The results are depicted in Figure 8 below.

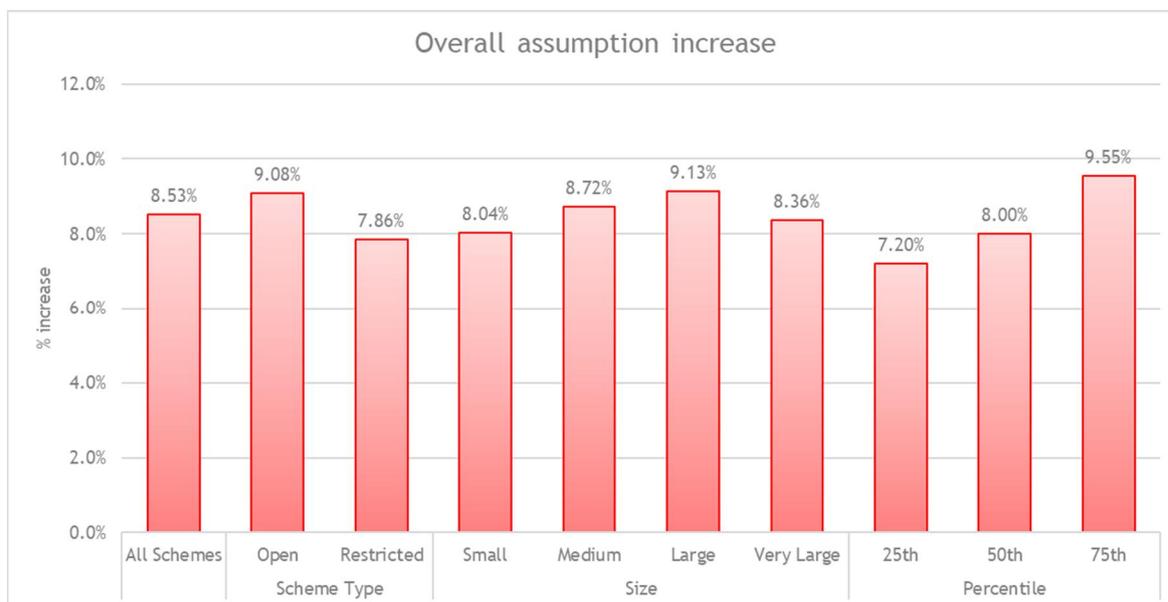
Figure 8: Percentage change in SCR due to changes in demographic profile (age only)



## Medical scheme total<sup>1</sup> increase assumptions for 2019

The overall weighted average increase for 2020 was 8.53%, with an allowance of -0.29% for reserve loading by medical schemes (figure 9). This represents a decrease of 0.10 percentage points on the 2019 assumption of 8.63% and is 3.13 percentage points higher than the advised 5.4%, as published in [Circular 50 of 2019](#). The highest weighted increase was 9.13% for large schemes, which were 1.09 percentage points higher than the lowest increase estimated for small schemes, at 8.04%. Open schemes total increase was higher than the restricted schemes increase at 9.08% and 7.86% respectively.

Figure 10: Overall assumption increase for 2020

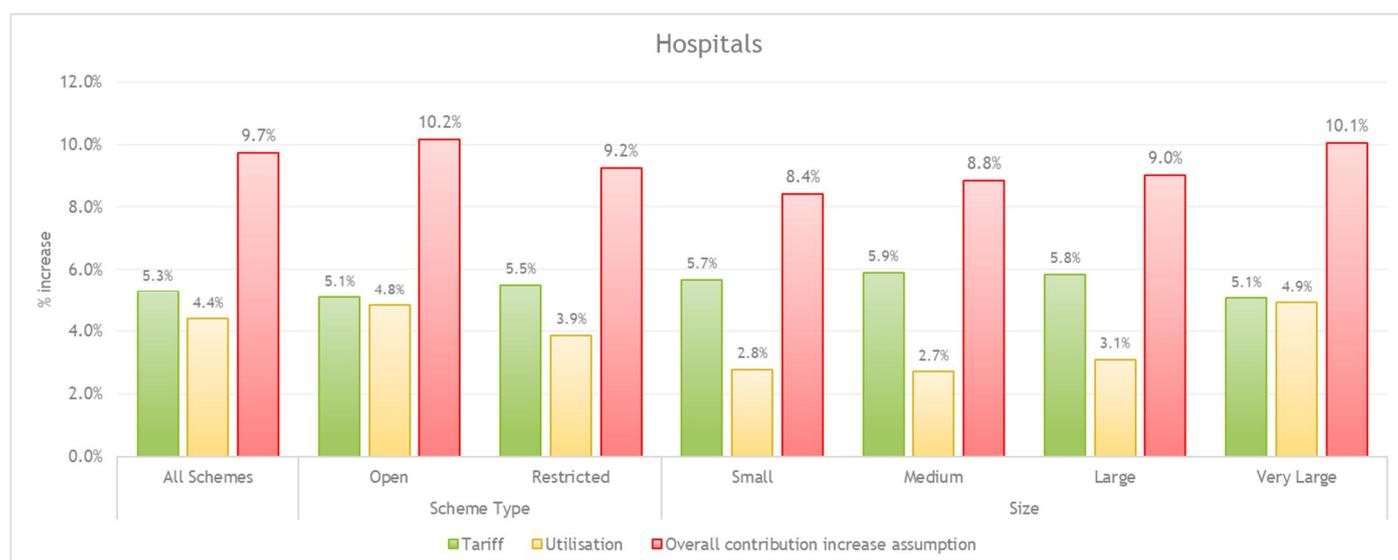


One of the cost drivers that had a significant impact on the overall increase assumption was hospitals, which amounted to 9.7%, presented in

Figure 11, below. Open and restricted schemes had a 1-percentage point difference with an assumed increase of 10.2 and 9.2%. The largest assumed increase by the size of the scheme was for very large schemes at 10.1%, which comprises of 72.05% of the medical schemes' population. Schemes apportion 45% of the increase in contributions attributed to hospital cost, to an increase in the utilisation of 4.39%. In the analysis of the utilisation of hospital services as published in the [CMS Annual Report 2018/2019](#), the number of admissions per 1 000 lives to private hospitals, decreased by 0.5% between 2017 and 2018, and admissions per 1 000 lives to provincial hospitals decreased by 6.2%. The average length of stay increased by 3.0% for private hospitals but decreased by 26.8% for provincial hospitals. Admissions to mental health institutions had a larger increase of 7.9% from 2017 to 2018, with the average length of stay increasing by 3.1%. A breakdown of the assumptions by cost driver are annexed in tables 4 to 6 below.

<sup>1</sup> Due to rounding and weighting, tariff assumption increase, and utilization tariff increase may not add up to the total cost assumption increase at level beyond one decimal.

Figure 11: Assumed increases for Hospitals



The tariff increase assumption for medicines dispensed was 5.29% for 2020, 0.4 percentage points above the gazetted SEP increase of 4.53% (Figure 12). There was 1.6-percentage points difference in the tariff increase assumptions between restricted and open schemes, with an estimated increase of 5.2% and 5.4%, respectively. The utilisation increase assumption of 4.37% was mainly driven by the utilisation increase assumption for very large schemes of 4.89%. The overall contribution increase assumption for medicines dispensed was 9.7%, 3.68 percentage points higher than the actual average increase in expenditure pabpa of 6.02% for medicines dispensed between 2013 and 2018. (Table 2).

Figure 12: Assumed increases for Medicine dispensed

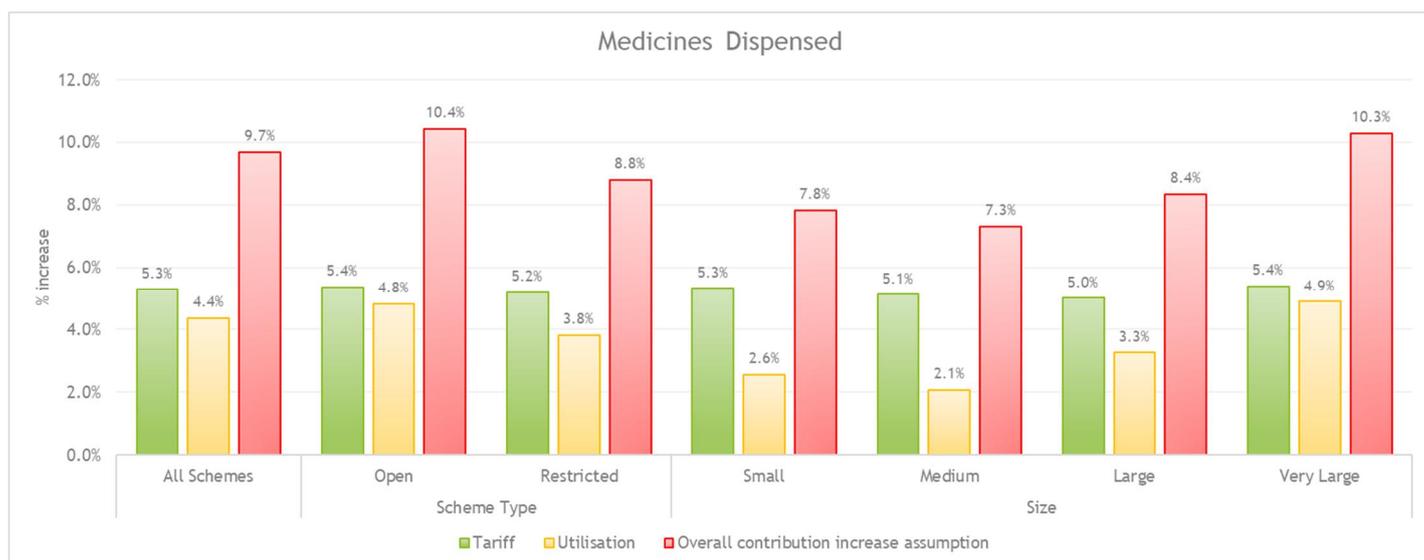
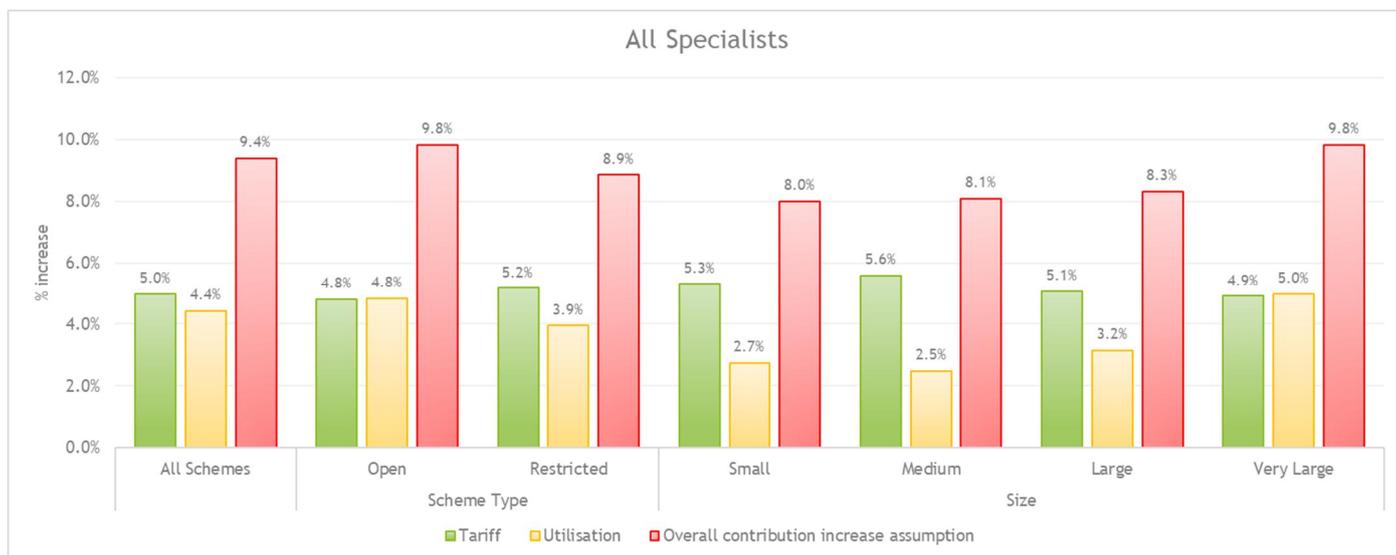


Figure 13 below highlights the weighted average tariff increase for specialists. Specialists' tariff increase assumption was 5.0%, with open schemes' projections averaging at 4.8% and restricted schemes at 5.2%. Very large schemes had the lowest tariff increase assumptions at 4.9%, however, the larger assumed utilisation increase of 5.0%, diminished the lower tariff increase to push the total overall increase for Very large schemes to 9.8%. Open schemes had the highest overall assumed increase for specialists at 9.8%, 1.1 percentage points higher than the assumed increase for restricted schemes at 8.9%.

Anaesthetists had the highest weighted average increase at 9.56% (tariff at 5.10% and utilisation of 4.5%), with a higher increase assumed for open schemes at 10.1% compared to 9.0% for restricted schemes. The increase in the number of patients per 1 000 lives treated in-hospital, increased by 3.51% and slightly decreased by 0.18% for patients treated out-of-hospital per 1 000 lives.

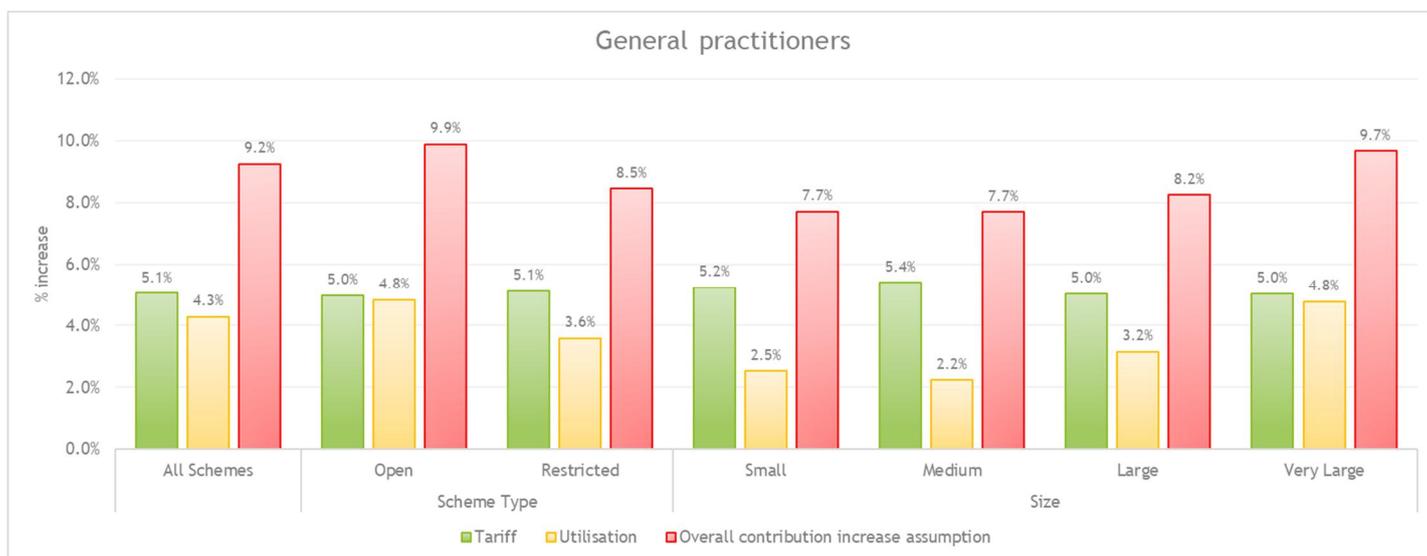
Figure 13: Assumed increase for all specialists



The tariff increase for general practitioners was 5.05%, which is 0.98 percentage points higher than the 4.16% in 2019 (Figure 14). The highest tariff increase assumption is attributed to medium-sized schemes at 5.4%. The utilisation increases assumption for small (2.5%) and medium (2.2%) sized schemes were lower by over 2 percentage points, compared to large and very large schemes, at 3.2% and 4.8%. Open schemes had the highest overall assumed to increase at 9.9%, which can be attributed to the assumed increase for very large schemes at 9.7%. Restricted schemes increase was assumed at 8.5%. Further information is presented in table 4 to table 6 below.

The increase in actual healthcare expenditure pabpa on general practitioners between 2017 and 2018 was 3.6%, and the average increase between 2013 to 2018 was 4.06%. There was a slight decrease of 1.24% in the number of patients per 1 000 beneficiaries treated out-of-hospital, compared to the 6.55% increase in the number of patients per 1 000 beneficiaries treated in-hospital.

Figure 14: Assumed increases for General practitioners



There was a downward trend in the assumed increases for 2020 compared to 2019, except for pathology and medicines dispensed, which was higher by 0.08 percentage points. However, 78.6% of cost drivers was projected to increase by over 9%, which is over 5 percentage points higher than the projected CPI for 2020. Table 3 below highlights the trend in cost increase assumptions from 2013 to 2020. Some items were not collected in previous years.

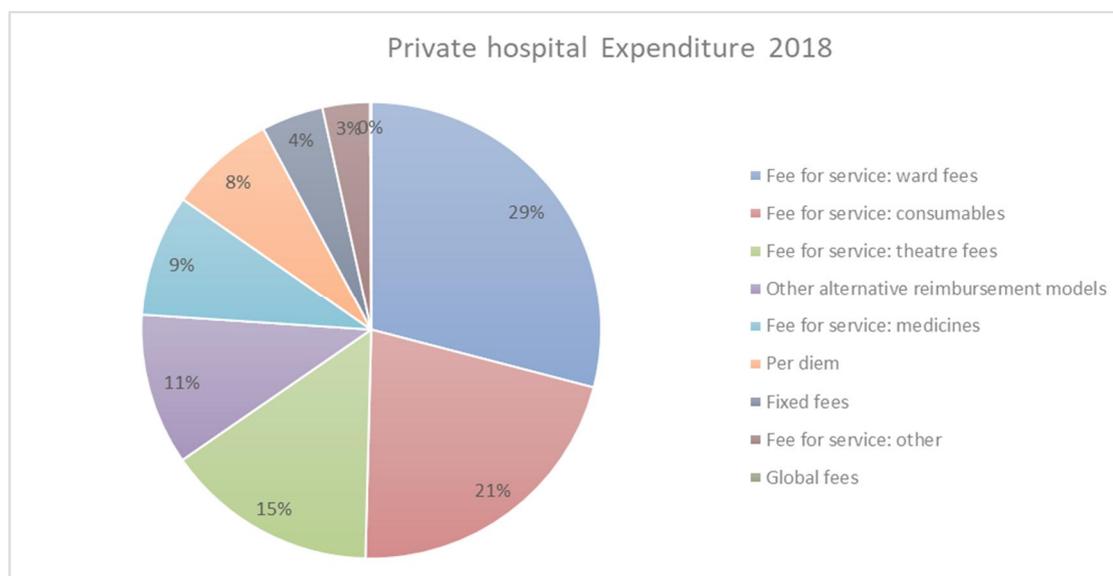
Table 3: Differences between the total contribution increase assumptions made in 2018 and 2019 for the different cost drivers

Cost item	Weighted average								Percentage points difference 2019 - 2020
	2020	2019	2018	2017	2016	2015	2014	2013	
General practitioners	9.24%	9.50%	9.28%	10.44%	9.02%	9.61%	9.3%	8.7%	0.26%
All Specialists	9.39%	9.77%	9.51%	10.54%		9.68%	9.1%	9.2%	0.38%
Anaesthetists	9.56%	9.90%	9.57%	10.74%					0.34%
Pathology	9.05%	8.97%	9.26%	10.18%					-0.08%
Radiology	8.98%	9.90%	9.41%	10.46%					0.92%
Medical Specialists	9.51%	9.91%	9.64%	10.63%					0.40%
Surgical Specialists	9.53%	9.88%	9.52%	10.64%					0.35%
Dentists	9.05%	9.40%	9.12%	10.36%	8.64%	9.51%	8.8%	8.7%	0.35%
Dental Specialists	9.15%	9.52%	9.29%	10.58%	6.77%				0.37%
Supplementary and Allied Health Professionals	9.45%	9.67%	9.36%	10.34%	8.73%	9.93%	9.2%	9.3%	0.22%
Medical Technology	9.08%	9.47%	9.17%	10.33%					0.39%
Hospitals	9.74%	9.95%	9.83%	10.80%					0.21%
Provincial Hospitals (056)	9.64%	9.86%	9.85%	10.46%					0.22%
Private Hospitals ('B' - Status) (058)	9.74%	9.95%	9.85%	10.80%					0.21%
Private Hospitals ('A' - Status) (057)	9.74%	9.95%	9.81%	10.80%					0.21%
Approved U O T U / Day clinics (077)	9.74%	9.95%	9.85%	10.64%					0.21%
Mental Health Institutions (055)	9.72%	9.92%	9.79%	10.73%					0.20%
Sub-Acute Facilities (049)	9.74%	9.95%	9.81%	10.67%					0.21%
Private Rehab Hospital (Acute) (059)	9.74%	9.95%	9.77%	10.65%					0.21%
Drug & Alcohol Rehab (047)	9.72%	9.91%	9.75%	10.64%					0.19%
Hospices (079)	9.71%	9.92%	9.78%	10.54%					0.21%
Unattached operating theatres / Day clinics (076)	9.70%	9.89%	9.78%	10.60%					0.19%
Other Health Services	7.52%	7.82%	9.79%	10.36%					0.30%
Medicines Dispensed	9.70%	9.62%	8.94%	11.63%	9.6%	10.11%	10.4%	9.0%	-0.08%
Ex gratia payments	8.87%	9.20%	9.03%	9.63%	7.92%	8.19%	8.0%	7.8%	0.33%
Managed care services (out of hospital)	5.09%	6.11%	4.87%	8.16%	8.09%	8.95%	7.8%	5.2%	1.02%
Accredited managed healthcare services	5.34%	5.73%	5.57%						0.39%
Non-healthcare expenditure	5.36%	5.61%	5.60%	5.67%	8.71%	6.74%	6.1%	5.9%	0.25%
Reserve Loading	-0.29%	-0.31%	0.01%	1.53%	-0.15%	-0.05%	0.0%	0.9%	-0.02%
Overall assumption increase	8.53%	8.63%	8.18%	11.31%	8.76%	9.20%	9.20%	9.6%	0.10%

The CMS continues to have the following concerns regarding the cost assumptions as submitted by the medical schemes:

The overall increase assumption of hospitals cost was 9.74%, with the tariff increase assumption at 5.3% and 4.39% apportioned to utilisation and demographic changes. Much of the gains made in tariff negotiation by large and very large schemes is diminished by the above-average utilisation increase assumption. Expenditure on hospitals make up the most significant part of healthcare benefits paid, just over 37% in 2018 financial year, and increased on average at 8.17% from 2013 to 2018. The expenditure by reimbursement method is shown in Figure 15 below.

Figure 15: Private hospital expenditure by reimbursement method



The overall increase assumption for medicines dispensed was 9.7%, with the tariff increase assumption at 5.29% and 4.37% for utilisation. This differs with the average increase in expenditure on medicines dispensed in previous years of around 6.02% pabpa. Furthermore, the increase assumption is 5.17 percentage points above the SEP increase of 4.53%.

Expenditure on specialists makes up almost 2% of total healthcare expenditure in 2018. The cost increase assumption of 9.39% (tariff increase of 4.97%; utilisation component of 4.43%) for specialists is 0.38 percentage points above the 9.77% estimated for 2019. Very large scheme and open schemes contributed to the total increase by average increases of 9.8%. The average utilisation increase for very large schemes was higher than the average tariff increased by 0.54 percentage points.

Below average assumed utilisation and tariff increases for out-of-hospital managed care services and accredited managed healthcare services ensured that the overall contribution increase assumptions fall below the recommended 5.4% at 5.09% and 5.34% respectively. Schemes are encouraged to continue value-based contracting and channelling patients to using these services.

Assumed increases in non-healthcare costs varied between 3.80% to 5.84% with an average cost assumption increase of 5.36% compared to 5.60% in 2018. A large proportion of beneficiaries (6.0%) faced increases in contributions due to non-healthcare costs that were estimated to increase above 10.0%.

## Conclusion

This retrospective analysis looked at increase assumptions for the 2020 financial year, which results in an overall contribution increase assumption of 8.53%, lower by 0.1-percentage point from the 8.63% in 2019. Increases due to tariffs varied between 4.94% to 5.67% and averaged at 5.12%.

A concern is that the weighted average increase in contributions due to utilisation and demographic changes has in some schemes, outweighed the increase due to tariffs. Schemes must ensure that the projections are in line with observed changes in demographic and disease risk profiles.

This analysis did not take into consideration the impact of the COVID-19 pandemic which is expected to have far-reaching effects on medical schemes and beneficiaries.

Yours sincerely,



---

Dr Siphon Kabane  
Chief Executive & Registrar  
Council for Medical Scheme

## Annexures

Table 4: Summary of tariff contribution increase assumptions for the 2020 financial year

Cost item	Weighted average: All schemes	Scheme type		Size				Percentile		
		Open	Restricted	Small	Medium	Large	Very large	25th	50th	75th
General practitioners	5.05%	4.98%	5.13%	5.24%	5.40%	5.04%	5.03%	5.00%	5.10%	5.40%
All Specialists	4.97%	4.81%	5.16%	5.31%	5.59%	5.07%	4.90%	5.00%	5.10%	5.50%
Anaesthetists	5.10%	5.04%	5.16%	5.32%	5.62%	5.07%	5.07%	5.00%	5.10%	5.50%
Pathology	4.67%	4.29%	5.15%	5.28%	5.44%	5.03%	4.51%	5.00%	5.10%	5.45%
Radiology	4.58%	4.13%	5.15%	5.30%	5.44%	5.07%	4.37%	5.00%	5.10%	5.45%
Medical Specialists	5.10%	5.04%	5.16%	5.31%	5.60%	5.07%	5.07%	5.00%	5.10%	5.50%
Surgical Specialists	5.10%	5.04%	5.16%	5.31%	5.60%	5.07%	5.07%	5.00%	5.10%	5.50%
Dentists	5.05%	4.98%	5.12%	5.24%	5.36%	5.04%	5.03%	5.00%	5.10%	5.40%
Dental Specialists	5.08%	5.04%	5.13%	5.24%	5.38%	5.04%	5.07%	5.00%	5.10%	5.40%
Supplementary and Allied Health Professionals	5.05%	4.98%	5.12%	5.16%	5.38%	5.04%	5.03%	5.00%	5.10%	5.40%
Medical Technology	5.05%	4.99%	5.12%	5.18%	5.36%	5.05%	5.03%	5.00%	5.10%	5.40%
Hospitals	5.28%	5.10%	5.50%	5.66%	5.89%	5.83%	5.07%	5.10%	5.51%	6.00%
Provincial Hospitals (056)	5.26%	5.10%	5.46%	5.64%	5.82%	5.83%	5.05%	5.06%	5.50%	6.00%
Private Hospitals ('B' - Status) (058)	5.28%	5.10%	5.50%	5.70%	5.89%	5.83%	5.07%	5.14%	5.59%	6.00%
Private Hospitals ('A' - Status) (057)	5.28%	5.10%	5.50%	5.70%	5.89%	5.83%	5.07%	5.14%	5.59%	6.00%
Approved U O T U / Day clinics (077)	5.28%	5.10%	5.50%	5.70%	5.89%	5.83%	5.07%	5.14%	5.59%	6.00%
Mental Health Institutions (055)	5.28%	5.10%	5.50%	5.65%	5.85%	5.83%	5.07%	5.10%	5.50%	6.00%
Sub-Acute Facilities (049)	5.28%	5.10%	5.50%	5.65%	5.89%	5.83%	5.07%	5.10%	5.56%	6.00%
Private Rehab Hospital (Acute) (059)	5.28%	5.10%	5.50%	5.65%	5.89%	5.83%	5.07%	5.10%	5.56%	6.00%
Drug & Alcohol Rehab (047)	5.28%	5.10%	5.50%	5.63%	5.84%	5.83%	5.07%	5.10%	5.50%	6.00%
Hospices (079)	5.28%	5.10%	5.50%	5.65%	5.89%	5.83%	5.07%	5.10%	5.56%	6.00%
Unattached operating theatres / Day clinics (076)	5.26%	5.10%	5.47%	5.70%	5.89%	5.75%	5.07%	5.14%	5.59%	6.00%
Other Health Services	5.19%	5.05%	5.36%	5.35%	5.66%	5.45%	5.08%	5.00%	5.40%	5.50%
Medicines Dispensed	5.29%	5.37%	5.19%	5.32%	5.12%	5.01%	5.39%	4.90%	5.05%	5.45%
Ex gratia payments	4.84%	4.64%	5.09%	4.62%	5.44%	4.41%	4.95%	4.95%	5.10%	5.40%
Managed care services (out of hospital)	4.73%	4.47%	5.05%	0.82%	4.93%	4.63%	4.88%	4.95%	5.23%	5.50%
Accredited managed healthcare services	5.23%	4.73%	5.85%	4.32%	5.64%	3.72%	5.70%	5.00%	5.20%	5.48%
Non-healthcare expenditure	5.05%	4.97%	5.15%	5.52%	4.81%	4.98%	5.07%	4.65%	5.10%	5.40%
Overall tariff assumption increase	5.12%	4.94%	5.34%	5.66%	5.67%	5.29%	5.02%	5.02%	5.40%	5.69%

Table 5: Weighted average contribution increase assumptions attributable to utilisation and demographic factors for 2020

Cost item	Weighted average: All schemes	Scheme type		Size				Percentile		
		Open	Restricted	Small	Medium	Large	Very large	25th	50th	75th
General practitioners	4.27%	4.82%	3.59%	2.52%	2.23%	3.15%	4.78%	2.00%	3.00%	3.00%
All Specialists	4.43%	4.82%	3.94%	2.74%	2.48%	3.15%	4.97%	2.00%	3.00%	3.50%
Anaesthetists	4.47%	4.83%	4.04%	2.76%	2.82%	3.19%	5.00%	2.00%	3.00%	4.00%
Pathology	4.44%	4.82%	3.97%	2.65%	2.35%	3.26%	4.97%	2.00%	3.00%	3.00%
Radiology	4.42%	4.82%	3.92%	2.67%	2.35%	3.25%	4.94%	2.00%	3.00%	3.00%
Medical Specialists	4.43%	4.82%	3.94%	2.70%	2.48%	3.17%	4.97%	2.00%	3.00%	4.00%
Surgical Specialists	4.43%	4.82%	3.94%	2.71%	2.58%	3.15%	4.97%	2.00%	3.00%	3.50%
Dentists	3.98%	4.26%	3.65%	2.51%	2.13%	3.14%	4.39%	2.00%	3.00%	3.00%
Dental Specialists	3.99%	4.26%	3.66%	2.51%	2.25%	3.14%	4.39%	2.00%	3.00%	3.00%
Supplementary and Allied Health Professionals	4.42%	4.82%	3.91%	4.55%	2.23%	3.33%	4.86%	2.00%	3.00%	3.00%
Medical Technology	4.23%	4.82%	3.51%	2.43%	2.04%	2.87%	4.82%	2.00%	2.50%	3.00%
Hospitals	4.39%	4.82%	3.86%	2.78%	2.70%	3.09%	4.93%	2.00%	3.00%	3.50%
Provincial Hospitals (056)	4.31%	4.82%	3.67%	2.71%	2.48%	3.09%	4.82%	2.00%	3.00%	3.50%
Private Hospitals ('B' - Status) (058)	4.39%	4.82%	3.86%	2.78%	2.77%	3.09%	4.93%	2.00%	3.00%	3.50%
Private Hospitals ('A' - Status) (057)	4.39%	4.82%	3.86%	2.78%	2.70%	3.09%	4.93%	2.00%	3.00%	3.50%
Approved U O T U / Day clinics (077)	4.39%	4.82%	3.86%	2.78%	2.70%	3.09%	4.93%	2.00%	3.00%	3.50%
Mental Health Institutions (055)	4.37%	4.82%	3.82%	2.78%	2.60%	3.04%	4.93%	2.00%	3.00%	3.00%
Sub-Acute Facilities (049)	4.39%	4.82%	3.86%	2.78%	2.70%	3.09%	4.93%	2.00%	3.00%	3.50%
Private Rehab Hospital (Acute) (059)	4.39%	4.82%	3.86%	2.78%	2.70%	3.09%	4.93%	2.00%	3.00%	3.50%
Drug & Alcohol Rehab (047)	4.37%	4.82%	3.82%	2.73%	2.60%	3.04%	4.93%	2.00%	3.00%	3.00%
Hospices (079)	4.36%	4.82%	3.80%	2.78%	2.34%	3.04%	4.93%	2.00%	3.00%	3.00%
Unattached operating theatres / Day clinics (076)	4.37%	4.82%	3.81%	2.78%	2.70%	3.00%	4.93%	2.00%	3.00%	3.00%
Other Health Services	2.41%	1.41%	3.63%	2.52%	2.20%	3.08%	2.21%	2.00%	3.00%	3.00%
Medicines Dispensed	4.37%	4.82%	3.81%	2.56%	2.08%	3.26%	4.89%	2.00%	3.00%	3.00%
Ex gratia payments	4.02%	4.69%	3.20%	1.54%	1.36%	2.11%	4.82%	0.00%	2.00%	3.00%
Managed care services (out of hospital)	0.34%	0.27%	0.42%	0.94%	0.57%	0.90%	0.14%	0.00%	0.00%	1.50%
Accredited managed healthcare services	0.28%	0.27%	0.29%	0.36%	0.57%	0.69%	0.14%	0.00%	0.00%	0.00%
Overall assumption increase: utilisation & demographics factors	3.69%	4.04%	3.26%	2.44%	2.19%	2.92%	4.05%	2.50%	2.00%	3.00%

Table 6: Summary of overall contribution increase assumptions attributable to a tariff, utilisation and demographic factors for 2020

Cost item	Weighted average: All schemes	Scheme type		Size				Percentile		
		Open	Restricted	Small	Medium	Large	Very large	25th	50th	75th
General practitioners	9.24%	9.88%	8.45%	7.70%	7.69%	8.24%	9.67%	7.00%	7.85%	8.45%
All Specialists	9.39%	9.82%	8.85%	7.99%	8.09%	8.31%	9.83%	7.50%	8.05%	8.80%
Anaesthetists	9.56%	10.05%	8.96%	8.08%	8.46%	8.35%	10.04%	7.55%	8.15%	9.10%
Pathology	9.05%	9.21%	8.86%	7.86%	7.89%	8.36%	9.36%	7.10%	7.90%	8.40%
Radiology	8.98%	9.08%	8.86%	7.88%	7.87%	8.42%	9.24%	7.40%	8.00%	8.45%
Medical Specialists	9.51%	10.05%	8.85%	7.97%	8.16%	8.32%	10.00%	7.50%	8.10%	8.80%
Surgical Specialists	9.53%	10.05%	8.88%	8.00%	8.27%	8.31%	10.01%	7.50%	8.10%	8.80%
Dentists	9.05%	9.42%	8.59%	7.67%	7.51%	8.24%	9.42%	7.00%	7.85%	8.50%
Dental Specialists	9.15%	9.60%	8.61%	7.70%	7.67%	8.24%	9.56%	7.00%	7.85%	8.55%
Supplementary and Allied Health Professionals	9.45%	9.93%	8.86%	9.64%	7.72%	8.44%	9.85%	7.05%	7.95%	8.50%
Medical Technology	9.08%	9.60%	8.45%	7.53%	7.44%	7.99%	9.55%	6.80%	7.70%	8.45%
Hospitals	9.74%	10.15%	9.24%	8.42%	8.83%	9.01%	10.05%	8.00%	8.50%	9.55%
Provincial Hospitals (056)	9.64%	10.15%	9.01%	8.34%	8.56%	9.01%	9.93%	7.85%	8.45%	9.55%
Private Hospitals ('B' - Status) (058)	9.74%	10.15%	9.25%	8.47%	8.89%	9.01%	10.05%	8.00%	8.55%	9.55%
Private Hospitals ('A' - Status) (057)	9.74%	10.15%	9.24%	8.47%	8.82%	9.01%	10.05%	8.00%	8.50%	9.55%
Approved U O T U / Day clinics (077)	9.74%	10.15%	9.24%	8.47%	8.80%	9.01%	10.05%	8.00%	8.50%	9.55%
Mental Health Institutions (055)	9.72%	10.15%	9.20%	8.42%	8.69%	8.95%	10.05%	7.95%	8.50%	9.50%
Sub-Acute Facilities (049)	9.74%	10.15%	9.24%	8.42%	8.83%	9.01%	10.05%	8.00%	8.50%	9.55%
Private Rehab Hospital (Acute) (059)	9.74%	10.15%	9.24%	8.42%	8.83%	9.01%	10.05%	8.00%	8.50%	9.55%
Drug & Alcohol Rehab (047)	9.72%	10.15%	9.19%	8.35%	8.67%	8.96%	10.05%	7.85%	8.50%	9.45%
Hospices (079)	9.71%	10.15%	9.18%	8.42%	8.44%	8.95%	10.05%	7.95%	8.50%	9.45%
Unattached operating theatres / Day clinics (076)	9.70%	10.15%	9.16%	8.47%	8.83%	8.84%	10.05%	8.00%	8.50%	9.50%
Other Health Services	7.52%	6.47%	8.81%	7.82%	7.94%	8.59%	7.17%	7.05%	8.05%	8.60%
Medicines Dispensed	9.70%	10.43%	8.80%	7.83%	7.32%	8.35%	10.30%	7.00%	7.95%	8.60%
Ex gratia payments	8.87%	9.54%	8.06%	6.10%	6.82%	6.52%	9.78%	5.10%	7.00%	8.10%
Managed care services (out of hospital)	5.09%	4.78%	5.47%	1.74%	5.52%	5.56%	5.03%	5.00%	5.40%	6.90%
Non-healthcare expenditure	5.36%	4.93%	5.89%	4.32%	5.81%	3.80%	5.84%	5.00%	5.25%	5.50%
Accredited managed healthcare services	5.34%	5.26%	5.44%	5.88%	5.40%	5.72%	5.21%	4.90%	5.25%	6.25%
Reserve Loading	-0.29%	0.09%	-0.77%	-0.16%	0.24%	0.58%	-0.59%	0.00%	0.00%	0.00%
Total increase plus other unspecified factors (1)	-0.01%	-0.05%	0.05%	-0.05%	0.89%	0.55%	-0.22%	0.00%	0.00%	0.00%
Total increase plus other unspecified factors (2)	-0.11%	-0.12%	-0.09%	0.15%	-0.31%	-0.15%	-0.09%	0.00%	0.00%	0.00%
Overall assumption increase	8.53%	9.08%	7.86%	8.04%	8.72%	9.13%	8.36%	7.20%	8.00%	9.55%