Despite the challenging conditions prevailing in the broader economy, Discovery Health Medical Scheme has achieved strong financial and operational performance in the year under review.

OVERVIEW

The net healthcare result (which is contributions less cost of claims, including all other expenses) for the year ended 31 December 2014 amounted to R753 million. Investment income of R859 million contributed to a substantial net surplus of R1.5 billion for the year.

The Scheme’s strong financial performance increased members’ funds to over R11.7 billion, increasing solvency to 25.76% of gross annual contribution income, exceeding the statutory solvency requirement of 25%. Scheme investments and cash exceeded R11.9 billion at the end of the financial year. The Scheme’s high level of financial strength and claims-payment ability was once again confirmed by a credit rating of AA+, the highest possible rating in the industry, by an independent credit rating agency, Global Credit Rating Co.

Discovery Health Medical Scheme continues to attract and retain members with a net growth in lives of 2.7%. At 31 December 2014, the Scheme provided cover to 2 634 819 lives, constituting 52% of the open medical scheme market. The ability of the Scheme to retain members is demonstrated by extremely low lapse rates with an annualised lapse rate of 4.5%.

The Scheme has maintained its strong focus on ensuring that non-healthcare expenses, the only cost component that reduces annually in real terms, remain on a steadily downward trajectory. Administration and managed healthcare fees have increased by 1.3% below the inflation rate for the period under review.

Stability in both annual contribution increases and benefit design has been of key importance in an environment characterised by complexity and volatility.

Please visit www.discovery.co.za to access the 2014 Integrated Annual Report, 2014 Audited Annual Financial Statements, and for all other information about the 2015 Annual General Meeting.