

MEDIA STATEMENT

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Resolution resilient in medical scheme market facing downturn

In an industry that experienced a net healthcare deficit of almost R1 Billion last year, Resolution has shown a profit of over R10 million rand for the 2008 financial year. Seventy-seven schemes showed operating deficits in 2008, 26 of which exceeded R20 million. These included some of the top players in the medical scheme industry.

These and other financial contrasts between the market and Resolution became apparent last week with the release of the Council for Medical Schemes Annual Report, which detailed the financial and other relevant standings of medical scheme players.

Schemes such as Bonitas, Medcover, Pro Sano and Oxygen all experienced healthcare deficits in excess of R60 million with healthcare deficits of R218 million, R95 million, R67 million and R60.7 million respectively. Healthcare expenditure also featured negatively in the Report, with Gross Healthcare Expenditure as a percentage of Gross Contribution Income (GCI) exceeding 80% in schemes such as Bonitas, Discovery and Medihelp, while Resolution expenditure remained consistently low at 74.4%. "This is one of the key indicators that Resolution is looking after our member's money", said Adv Jannie Kotze, CEO of Resolution. "Resolution remains one of the top 12 leaders amongst the 37 large medical schemes in the country."

Affordability continues to play a key role in medical costs, with the man on the street needing to shop around for the best benefits and prices during the current recession. As in the past, Resolution has proved to be a highly affordable healthcare option coming in with a average Gross Contribution Income (GCI) of just R589 as opposed to other leaders in the market such as Discovery, Bestmed and Bonitas who came in with GCI's of R887, R870 and R704 respectively.

While pensioner ratios remained high in the market, with a ratio of 6.7%, Resolution recorded a ratio of just 1.62% and an average age per beneficiary of 29.29 years as opposed to the market average of 31.5 years.

Investments also proved to be a high point for Resolution in 2008, with average return on investment for the year set at 10.75 %. “ Markets have proved volatile during the recession and many schemes have seen investment losses,” said Kotze” however sound investments in money markets have meant good returns for Resolution.”

“The medical scheme market remains volatile and many factors contribute to the success of a well managed medical scheme”, said Kotze, “at the end of the day all these factors need to be considered together with quality of benefits and services to draw a conclusion as to who the market leaders are. In this regard, we believe Resolution is up there with the best.’

Resolution has assured its members that recent disputes which the administrator has had with the Council for Medical Schemes are in no way connected to the Medical Scheme and that the Scheme remains sound and able to administer itself should this be required at some point in the future.

“It is business as usual at Resolution Health Medical Scheme, said Kotze, “we continue to provide excellent services and benefits to all our members.”

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For more information contact: