

NAPOTEL

MEDICAL AID FUND



NEWSLETTER

DECEMBER
2019

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Administered by  Prosperity Health

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BENEFIT & PREMIUM CHANGES EFFECTIVE 01 JANUARY 2020

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Dear Members,

The performance of the Napotel Medical Aid Fund ('Napotel/ the Fund') and its long-term sustainability, like any other business organization, is influenced by industry-related factors such as medical inflation, claims, demographic profile and ageing of the fund. These factors are all considered annually by the trustees in consultation with the fund actuaries when determining the proposed percentage increase in contributions and benefits enhancements.

The sound financial position of the Fund is critical to provide members with peace of mind, and also to meet the regulatory requirements as set by the Registrar of Medical Funds/NAMFISA.

In terms of the Regulator (NAMFISA), each medical aid fund should hold a solvency ratio of 25%. Napotel's solvency ratio has been in excess 70% for the past 3 years (prior to 2019).

Therefore, in 2018 the Fund performed two exercises, namely:

1. A benchmarking analysis relative to competitors in the market

- A benchmark exercise based on the Fund benefits was conducted with other medical aid funds and the exercise indicated that the Fund's benefit is amongst the more comprehensive options of other Schemes in the market.
- The exercise further indicated that Napotel charged lower contribution increases relative to its competitors and;
- provides similar benefits (and in some categories stronger benefits) for lower contribution rates .

2. A risk-based capital assessment

- To determine the minimum appropriate solvency level for the Fund, the level should hold based on the Fund risk profile. The results indicated that a 50 % solvency level would be sufficient for a fund of this size.
- Consequently, the Board of Trustees agreed to adopt a strategy that would gradually lower the solvency level over a 5-year time period. This strategy would ensure fund sustainability while also releasing value to members in the form of stronger benefits and a relatively low contribution increase in 2019.
- At the time of setting the 2019 budget, Napotel's solvency was projected to be 68.3% in 2019, gradually declining to 50.2% in 2023. It was agreed that this would be achieved in part through benefit enhancements, and in part through a relatively low contribution increase in 2019. The initial contribution

increase for 2019 was 11.35% (required to break-even before investment income), however, the Board of Trustees agreed to a lower increase of 7.5% as part of the strategy.

A snapshot of the 2019 financial year has seen Napotel experiencing exceptionally high healthcare costs, mainly due to an increase in hospital claims. Based on the actuarial projections for 2019, Napotel is projected to end the year with a deficit of N\$7.5m, as at 30 September 2019. This deficit has lowered the solvency ratio from the budgeted 68.3% to 58.7%. Below is the Fund claims experience from 2017:

Financial Year	2017	2018	2019
			01 January till 30th September
Total Contributions	N\$ 90,691,391	N\$ 98,414,892	N\$ 77,613,173
Total Claims	N\$ 86,125,314	N\$ 95,381,321	N\$ 85,820,990
Claims Ratio	95%	97%	111%

As a direct consequence of the 2019 claims experience, the contribution increase required to break-even in 2020 is projected to be 13.5%. However, based on the benchmarking analysis findings and the Fund's strategy to maintain a solvency level of 50.2% to ensure the sustainability of the Fund, the Board of Trustees (supported by comprehensive risk calculations from the fund actuaries) have agreed to reduce the required contribution increase to 10.5% on all income brackets, by reducing some of Fund's more comprehensive benefits to be positioned in line with the market, yet still remaining affordable.

The Board of Trustees would like to re-iterate that the Fund members are one of our most important stakeholders, and we appreciate your support. We trust that you will understand the circumstances under which the above decisions have been made and that you would work with us towards ensuring that the Napotel Medical Aid Fund survives the challenges of time by reducing healthcare expenses, whilst remaining affordable and sustainable. We will continue to strive to do our best to live up to your expectations and offer initiatives to best manage the fund's healthcare expenses, reduce out-of-pocket expenses and continue to facilitate access to quality healthcare benefits and services. The new benefits and premium structure is included in this newsletter, the new premiums and benefits increase will commence at the 1 January 2020.

In conclusion the Board of Trustees would like to take this opportunity to wish all members and their loved ones a joyous festive season, and encourage members travelling during this period to adhere to the road rules and to drive safely.

BENEFITS & PREMIUM CHANGES

1.1 BENEFIT CHANGES

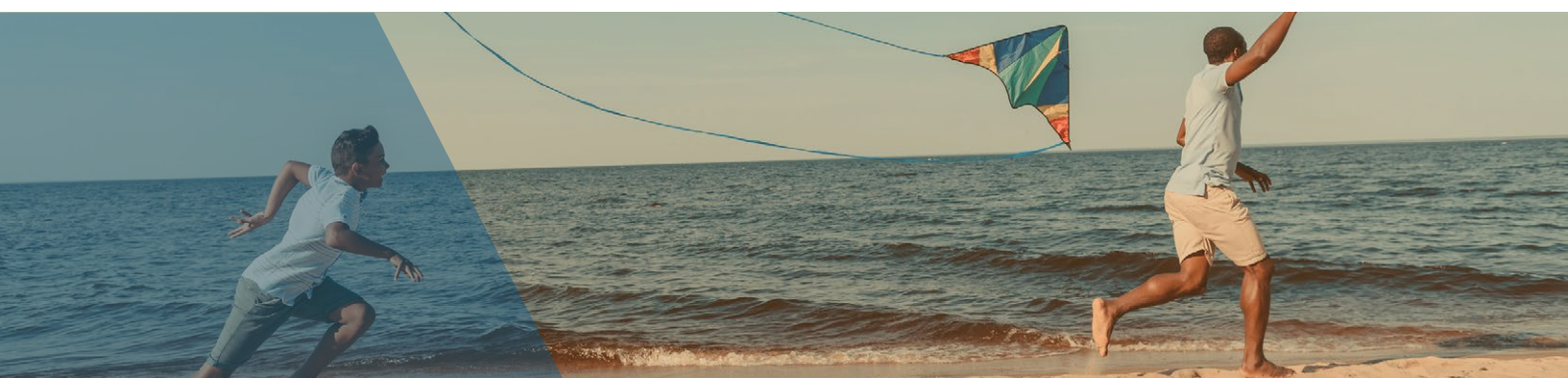
As a direct result of the current high claims experience, the Fund had to review the benefit offering, below is the summary of benefit changes effective 01 January 2020, the new benefit structure is attached as from page 5.

SUMMARY OF BENEFIT CHANGES

NO	BENEFIT	2019 CHANGES
IN-HOSPITAL BENEFITS		
1	<ul style="list-style-type: none"> In Hospital Pathology & Radiology Alcohol & Drug Rehabilitation Refractive Surgery Alternatives to Hospitalisation Ambulance Services HIV/AIDS Benefit 	Benefit limits increase by 3.75%
2	Internal Prosthesis	Benefit limit decreased by 39%
3	MRI & CT Scans(In & Out of Hospital	Benefit limit decreased by 29%
OUT OF HOSPITAL		
1	<ul style="list-style-type: none"> Chronic Medication OTC (Over the counter medicine) External Appliances Psychology Psychiatry Optical Frames 	Benefit increased by 3.75%
3	Acute Medication	Benefit limit decreased by 12%
4	Dentistry	Benefit limit decreased by 7%
5	Bi-focal lenses	Benefit limit decreased by 30%

1.2 NAPOTEL MEDICAL AID CONTRIBUTION TABLE: N\$ DOLLAR INCREASE (MEMBER PORTION ONLY)

INCOME CATEGORY	M0	M +1	M +2	M +3	M +4
N\$0 - N\$3,200	58	89	123	154	186
N\$ 3,201 - N\$5,800	94	137	181	224	269
N\$ 5,801 - N\$13,200	105	150	195	240	284
N\$ 13,201 - N\$18,500	106	152	197	242	286
N\$ 18,501 +	107	153	199	245	289



1.3 NAPOTEL MEDICAL AID CONTRIBUTION TABLE: EFFECTIVE 01 JANUARY 2020 TOTAL CONTRIBUTION (COMPANY AND MEMBER)

INCOME BAND 0-3270	M	M1	M2	M3	M4+
	1823	2818	3886	4851	5858
Employer	1215	1879	2591	3234	3905
Employee	608	939	1295	1617	1953
TOTAL	1823	2818	3886	4851	5858
INCOME BAND 3271-5880					
	2963	4322	5729	7073	8500
Employer	1975	2881	3819	4715	5667
Employee	988	1441	1910	2358	2833
TOTAL	2963	4322	5729	7073	8500
INCOME BAND 5881-13,290					
	3321	4749	6156	7584	8959
Employer	2214	3166	4104	5056	5973
Employee	1107	1583	2052	2528	2986
TOTAL	3321	4749	6156	7584	8959
INCOME BAND 13,291-18,660					
	3351	4793	6212	7655	9042
Employer	2234	3195	4141	5103	6028
Employee	1117	1598	2071	2552	3014
TOTAL	3351	4793	6212	7655	9042
INCOME BAND 18,661+					
	3385	4838	6271	7725	9126
Employer	2257	3225	4181	5150	6084
Employee	1128	1613	2090	2575	3042
TOTAL	3385	4838	6271	7725	9126



INSURANCE PREMIUMS (UNDERWRITTEN BY PROSPERITY LIFE) 2

The new insurance premiums effective 01 January 2020, are as follows:

E-Med Emergency evacuation cover - N\$ 63.75 per family
Funeral Cover - N\$ 15.00 per family

ADD-ON BENEFITS 3

Members are hereby notified that all Add-on benefits taken out during the course of the year will only be valid until 31 December 2019. No Add-On Benefits will be rolled over to the 2020 financial year.

Members who wish to continue with their add-on benefits for 2020 are urged to re-apply by submitting new application forms to the Napotel Office.

OPERATING HOURS OF ALL PROSPERITY HEALTH OFFICES OVER THE FESTIVE SEASON 4

NO	OFFICE	OPERATING HOURS & ADDITIONAL INFORMATION
1	Prosperity Head Office	<ul style="list-style-type: none"> Office will remain open, operating on all working days except Public Holidays: Normal working hours will be from 08h00 till 05h00:
2	Napotel Office (Telecom Head Office)	<ul style="list-style-type: none"> Office will be closed as from 20 December 2019 opening on Monday 13 January 2020. All Members enquiries should be directed to the Prosperity Head Office at: 083 2999 000
3	Tsumeb Oshakati Oranjemund Walvisbay Swakopmund	<ul style="list-style-type: none"> All Offices will remain open operating normal working hours from 08h00 till 05h00:
4	Luderitz	<ul style="list-style-type: none"> Office will be closed as from 21 December 2019 opening on Monday 04 January 2020. All Members enquiries should be directed to the Prosperity Head Office at: 083 2999 000



NEW BENEFIT STRUCTURE EFFECTIVE 01 JANUARY 2020

NAPOTEL			2020
B1	Hospital Benefits Group (Subject to clinical risk management protocols and pre-authorisation)		Overall Annual Limit of 799 500 per family per annum
	Private Hospitals including medicines, materials, hospital apparatus and 7 days take out medication	100% tariff	Part of the Overall Annual limit
	Provincial Hospitals including medicines, materials, hospital apparatus and 7 days take out medication		
	Step-down Nursing Facilities in lieu of hospitalisation		
	GP Consultation, treatment & services	225% tariff	
	Specialist consultations, treatment and services		
	Blood Transfusion	100% tariff	
	Pathology		10 562 per beneficiary
	Radiology		
B2	Internal Medical Prosthesis		39 010 per beneficiary
	Internal Prosthesis - example: Knee/Hip/Pacemakers. Including intra ocular lenses. Subject to pre-authorization and clinical risk management protocols.	100% cost	Part of the Sub-limit B2
B3	MRI/CT Scans (In/Out Hsp)		13 591 per beneficiary
	In and Out of Hospital Benefit. Subject to pre-approval and Clinical protocols.	100% tariff	Part of the Sub-limit B3
B4	Psychiatric Accommodation treatment and services		21 days
	including Psychiatric hospital Accommodation, treatment and services. Subject to clinical protocols and pre-authorisation	100% tariff	Subject to 21 days per beneficiary per annum
B5	Alcohol and Drug Rehabilitation		23 425 per beneficiary
	Alcohol & Drug Addiction, addiction Therapy, related Pathology and medication. (Part of treatment plan protocols) Annual benefit.	100% tariff	Part of the Sub-limit of B5
	Alcohol & Drug medication	100% NRP	Levy 15% minimum N\$30 maximum N\$60

NEW BENEFIT STRUCTURE EFFECTIVE 01 JANUARY 2020

B6	Refractive Surgery		20 750 per beneficiary
	Including Eximer Laser and Radial Keratotomy	100% tariff	Part of the Sub-limit B6
B7	Maternity		PART OF OAL
	Hospital Caesarean (Non-Emergency)	100% tariff	Part of the Overall Annual limit
	GP and specialist Caesarean(Non-Emergency)(Hsp)	225% tariff	10% co-payment
	Hospital Confinement/Caesarean (Emergency)	100% tariff	Part of the Overall Annual limit
	GP and Specialist Confinement/Caesarean(Emergency)(Hospital)	225% tariff	
	GP/Specialists Confinement(In Rooms)	100% tariff	12 visits
	Maternity scans	100% tariff	3 scans
B8	Circumcision		PART OF OAL
	Hospital Circumcision subject to authorisation	100% tariff	Part of the Overall Annual limit
	GP and specialists Circumcision(In Hospital)	225% tariff	10% co-payment
	GP and specialist circumcision done in Rooms	225% tariff	Part of the Overall Annual limit
B9	Gastroscopy & Colonoscopy		PART OF OAL
	Hospital Gastroscopy/Colonoscopy	100% tariff	5% co-payment
	GP and specialist Gastroscopy/Colonoscopy(Hospital)	225% tariff	5% co-payment
B10	Renal (Kidney) Dialysis		PART OF OAL
	Hospital Admission Renal/Kidney Dialysis	100% tariff	part of othe OAL
	GP and Specialists Kidney Dialysis (Hospital)	225% tariff	
	GP and Specialists Kidney Dialysis (Rooms)	100% tariff	
	Kidney/Organ Medication	100% NRP	
B11	Organ Transplant		PART OF OAL
	GP and Specialsits - Organ Transplants (Hospital)	225% tariff	Part of Overall annual limit
	GP and Specialists - Organ Transplants (Rooms)	100% tariff	
	Organ medication	100% NRP	

NEW BENEFIT STRUCTURE EFFECTIVE 01 JANUARY 2020

B12	Oncology Treatment		447 965 per beneficiary
	GP and Specialists - Oncology(Hospital)	225% tariff	Part of Overall sublimit B12
	GP and Specialists - Oncology(Rooms)	100% tariff	
	Chemo Medication	100% NRP	
B13	MVA/Third Party		362 237 per event
	MVA/Third Party(Hospital)	100% tariff	Part of the event limit B13
	GP and specialist treatment and services	225% tariff	
	MVA/Third Party(Rooms)	100% tariff	
	MVA Medication	100% NRP	
B14	Maxillo Facial		45 134 per beneficiary
	Non-Elective Maxillo Facial/Oral Surgery - Trauma. Including Dental extractions of more than 3 teeth or multiple fillings in children under the age of ten and disabled dependants/ Removal of impacted wisdom teeth. (All Inclusive Benefit - surgery, treatment and services). Part of Clinical protocols	225% tariff	Part of the sub-limit B14
B15	Auxiliary Services		PART OF OAL
	Including Physiotherapy, Biokenetics, Occupational therapy in Hospital	100% tariff	Part of the Overall Annual limit
B16	Alternatives to Hospitalisation		33 179 per family
	Frail Care, Private Nursing (home nursing and Hospice	100%	Part of the Sub-limit B16
B17	Ambulance Services		STIPULATED LIMITS
	Interhospital ambulance transfers	100% of cost	6 260 per beneficiary
	Travel assistance to South Africa		4 170 per beneficiary
	Travel assistance to Namibia on specialist referrals		2 820 per beneficiary
	Accommodation (specialist referral Namibia		N\$465 per day
	Accommodation (specialist referral South Africa		N\$598 per day

NEW BENEFIT STRUCTURE EFFECTIVE 01 JANUARY 2020

B18	HIV/AIDS BENEFIT		153 918 PER BENEFICIARY
	Hospital treatment and services	100% tariff	74 952 per beneficiary per annum sublimit to B18
	HIV/Aid medication	100% NRP	62 056 per beneficiary per annum sublimit to B18
	Counseling		4 369 per beneficiary per annum sublimit to B18
	Consultations	100% tariff	12 visits per beneficiary per annum sublimit to B18
	Radiology and Pathology		12 531 per beneficiary sublimit to B18
DAY TO DAY BENEFIT GROUP			
C1	Professional Services		(M) 13 625 (M1) 19 935 (M2) 23 650 (M3) 27 366 (M4) 31 082 (M5+) 34 799
	GP/Specialist and Primary Health Consultations including Out-patient Visits.	100% tariff	Part of the Sub-limit C1
	GP and specialists and Primary Health care Procedures in Rms	100% tariff	Part of the Sub-limit C1
	Radiology and Pathology	100% tariff	
C2	Acute Medication		(M) 5 988 (M1) 8 376 (M2) 10 764 (M3) 13 161 (M4) 14 674 (M5+) 16 205
	Acute medication including Primary Healthcare Scripts		
	GP/Specialist and Primary Health Care Injections and materials	100% NRP	15% levy minimum N\$30 maximum N\$65
	Homeopathic medication		
C3	Chronic Medication		10 375 per beneficiary
	Chronic medication (preferred)	100% NRP	no levy
	Chronic medication (non- preferred)	100% NRP	15% levy minimum N\$30 maximum N\$65

NEW BENEFIT STRUCTURE EFFECTIVE 01 JANUARY 2020

C4	OTC medication		(M) 967 (M1) 1 289 (M2) 1 611 (M3) 2 506 (M4) 2 577 (M5+) 2 864
	OTC medication	100% NRP	part of sublimit C4
C5	External Appliances		10 628 per beneficiary
	General appliances including artificial limbs, eyes, wheelchairs, hearing aids and all approved appliances	100% cost	Part of the Sub-limit C5
C6	Auxiliary Services		4 778 per beneficiary
	Including Physiotherapy, Social Workers, Speech, Audiology, Acousticians, Dieticians, Occupational Therapy, Biokenetics, Hom/ Chiro/ Osteopathy, Podiatry, Acupuncture etc.	100% tariff	Part of the Sub-limit C6
C7	Psychology & Psychiatry		5 629 per beneficiary
	Clinical Psychology	100% tariff	Part of the Sub-limit C7
C8	Psychiatry		5 629 per beneficiary
	Psychiatric treatment		Part of the Sub-limit C8
C9	Dentistry		(M) 6 968 (M1) 11 019 (M2) 11 397 (M3) 16 473 (M4) 17 927 (M5+) 19 718
	Including Conservative dentistry, specialised dentistry and selected maxillo facial procedures in rooms (orthodontic treatment)	100% tariff	Part of the Sub-limit C9

NEW BENEFIT STRUCTURE EFFECTIVE 01 JANUARY 2020

C10	Optical Services		4 310 per beneficiary benefit valid for 2 years
	Frames	100% cost	1 405 per beneficiary part of sublimit C10
	Eye Test	100% tariff	2 eye tests per beneficiary
	Lenses/Contact Lenses		Part of the Sub-limit 10
	Bi-Focal /Multi Focals & Tri Focals Lenses in addition to the Optical benefit limit - where a bi-focal lenses is prescribes members will have an additional amount of N\$2000	100%	N\$1 500 per beneficiary

	Complimentary Benefits		
	Preventative		Part of the OAL
	Baby Immunisations	100% NRP	0 - 6 years
	Cholestrol/Test Blood Sugar(Finger Prick)	100% tariff	1 per beneficiary
	Mammogram		1 per female beneficiary (>40 years)
	DEXA Bone Density scan)		1 per beneficiary (> 50 years)
	Pap Smear		1 per female beneficiary (>15 years)
	Glaucoma Screening		1 per beneficiary (>40 years)
	Prostate Screening		1 per male beneficiary (>40 years)
	HPV Vaccine	100% NRP	3 per beneficiary once in a lifetime - Females 9 - 26 years
	Pneumococcal Vaccine		1 per beneficiary adults (>65 years) Children \9<5 years)
	Flu Vaccines		1 Flu vaccination per beneficiary per year.