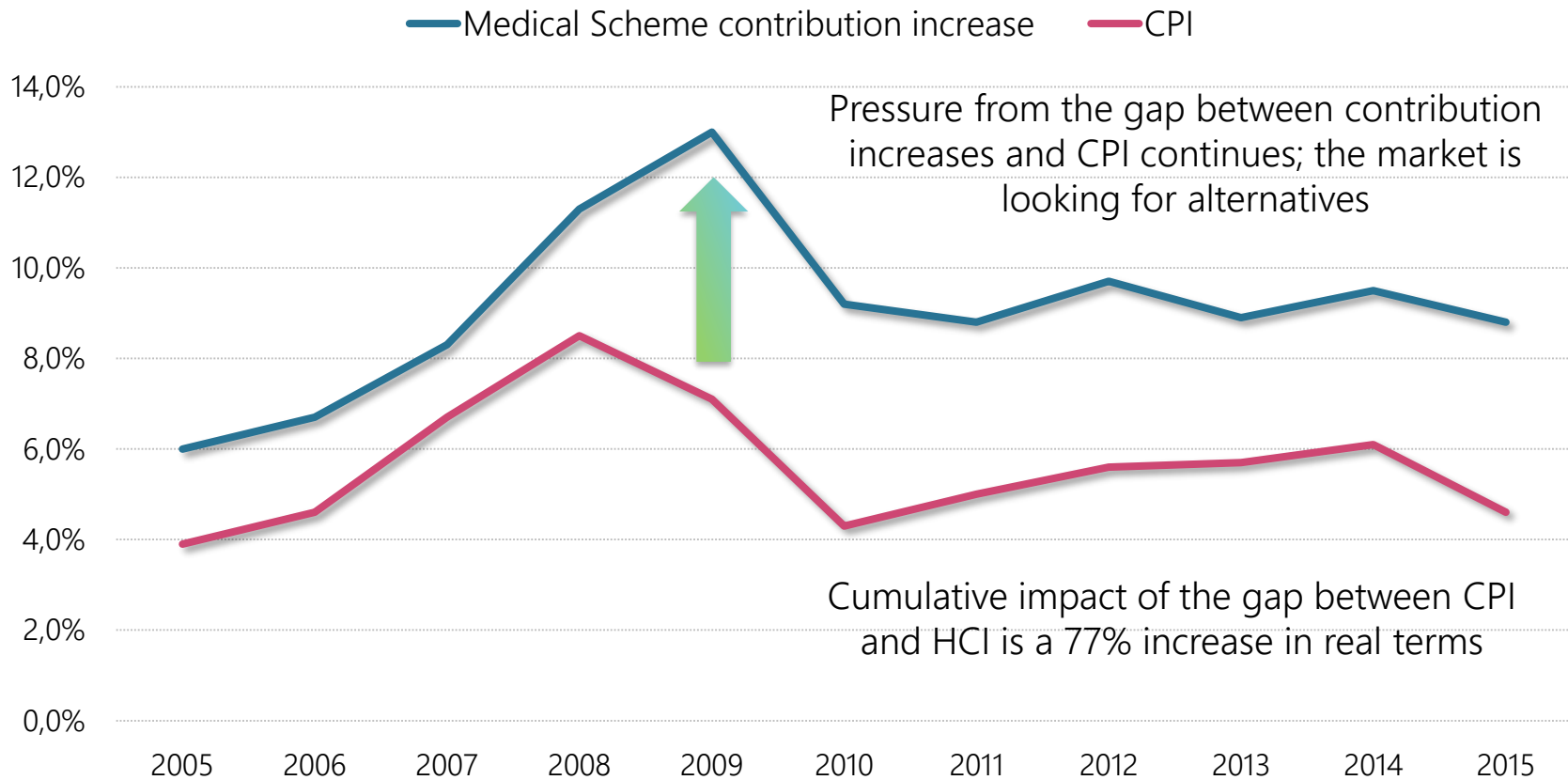
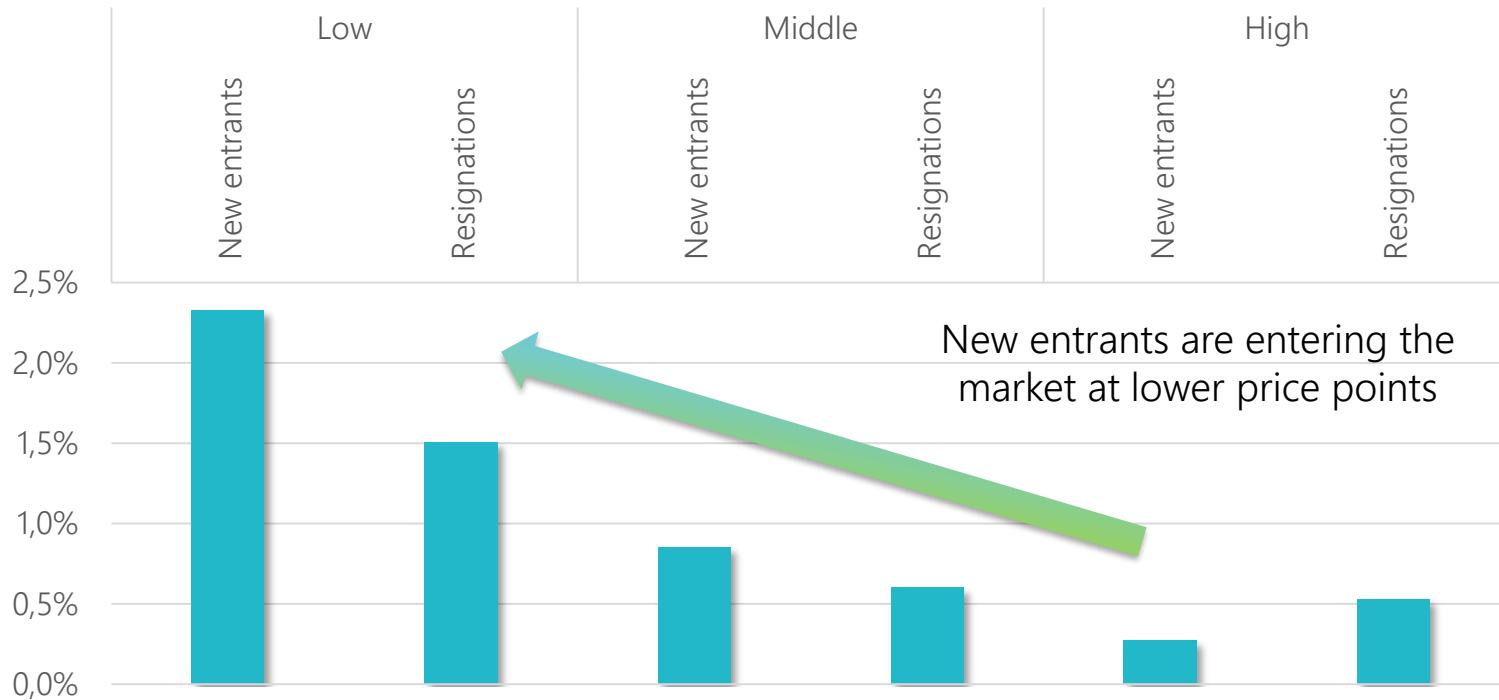


Progressive medical scheme benefit design









Efficiency Discount Options

Efficiency-discounted options (EDOs) were introduced in 2008.

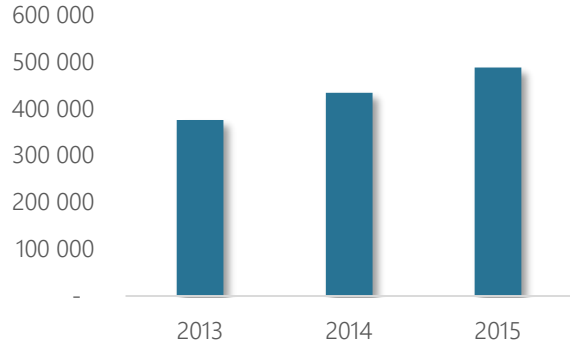
Parallel benefit design
restricted to a provider
network

Price discounts and
efficiencies for provider
selection

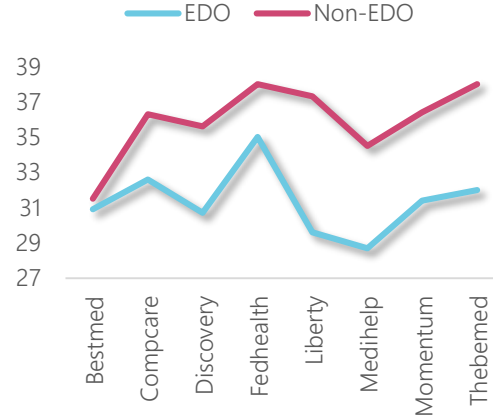
Pass cost efficiencies onto
members via lower
contributions

Permitted contravention of
the MS Act (differentiate
contributions by more than
income and family size)

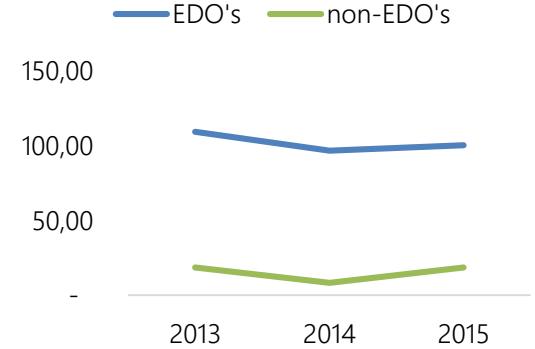
▶ Performance of EDO's



Hold 24% of beneficiaries of schemes with EDO's



Lower age profile (On average 4.6 years younger than mainstream option)



Overall surplus generating; Contribute over 63% of the surplus on the 8 schemes with these options



GEMS Emerald Value Option

The Emerald Value Option offers the same comprehensive set of benefits as the Emerald option except that it is underpinned by an efficiency network *and* care coordination



Efficient hospital network

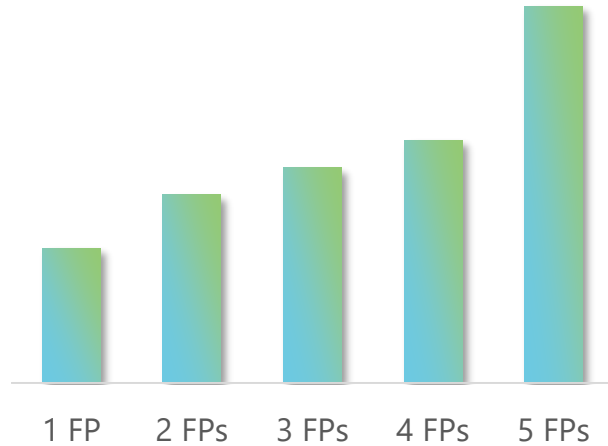
Family practitioner nomination

Family Practitioner to specialist referrals

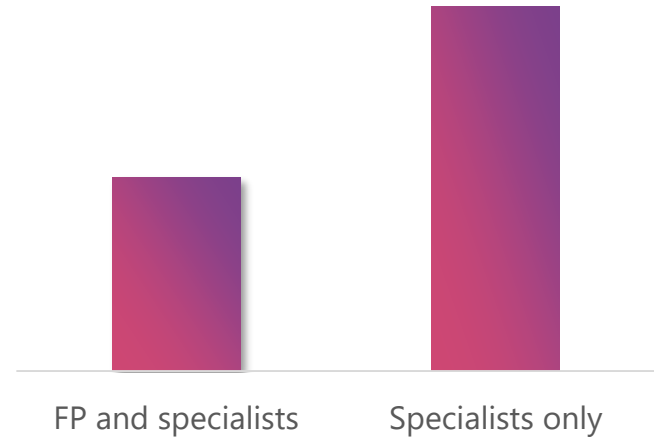
10% contributions discount to members

► Impact of Family practitioner

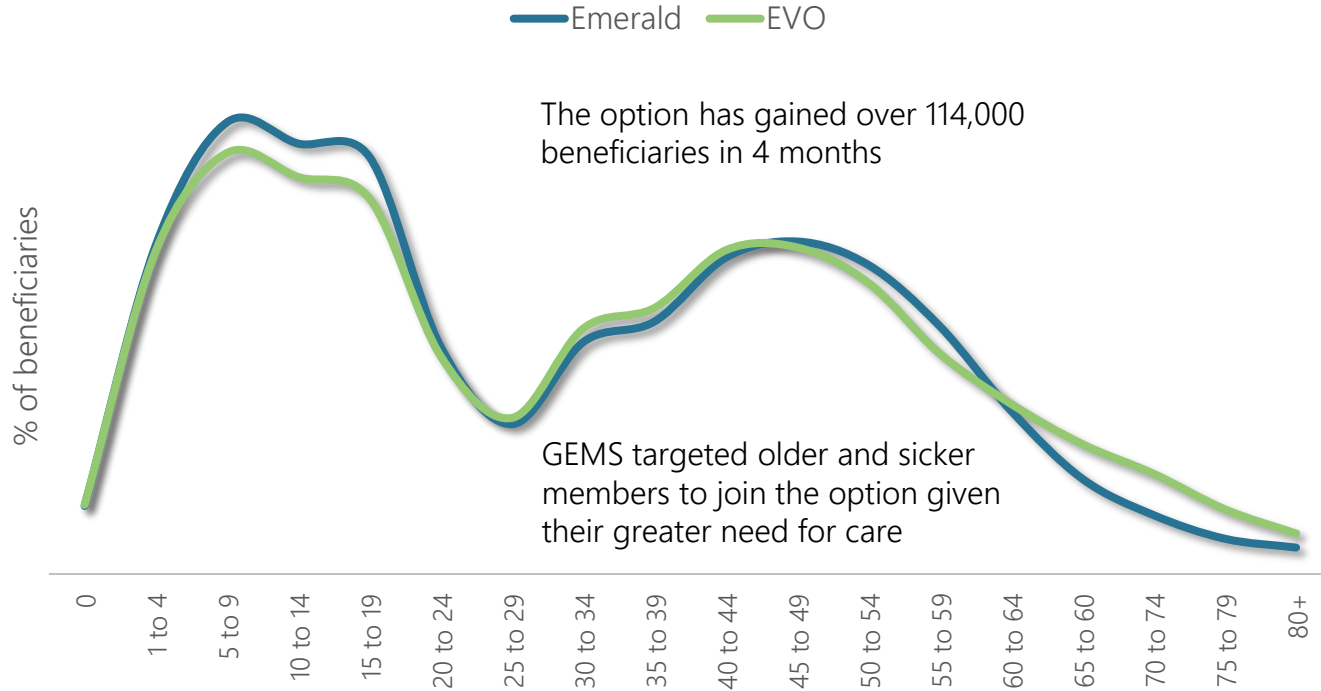
Family practitioner hopping increases the cost of care



Bypassing family practitioners increases the cost of care



▶ Emerald Value Option





Claims experience

The cost of care has **decreased by more than 10%**

Hospital costs decreased by 24.7%
in real terms per life per month
(14.5% admission rate decrease)

OH FP costs increased by 1.1%
in real terms per life per month
(1.3% consultation rate increase)

OH specialist costs decreased by
21.8% in real terms per life per
month
(16.9% consultation rate decrease)

All other costs decreased by
1.9% in real terms per life per
month



Year on year experience of members who moved to EVO from Emerald

Spend PLPM decreased by **3.7%**



Risk profile and
inflationary adjustment

In *real* terms then, spend PLPM risk adjusted **decreased** by **10.2%**



2017 Emerald members vs 2017 EVO members

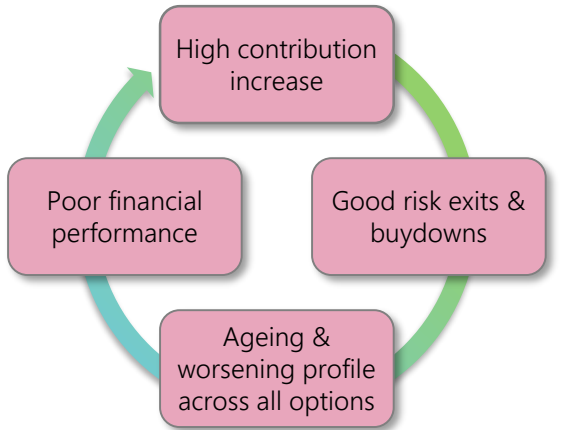
Spend PLPM **lower**
by **6.9%**



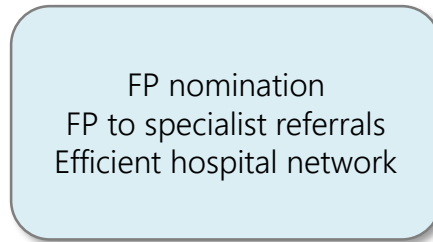
Risk profile and
inflationary adjustment

In real terms, spend PLPM risk adjusted **lower** by **16.5%**





Ongoing pressure from risk profile and utilization increases

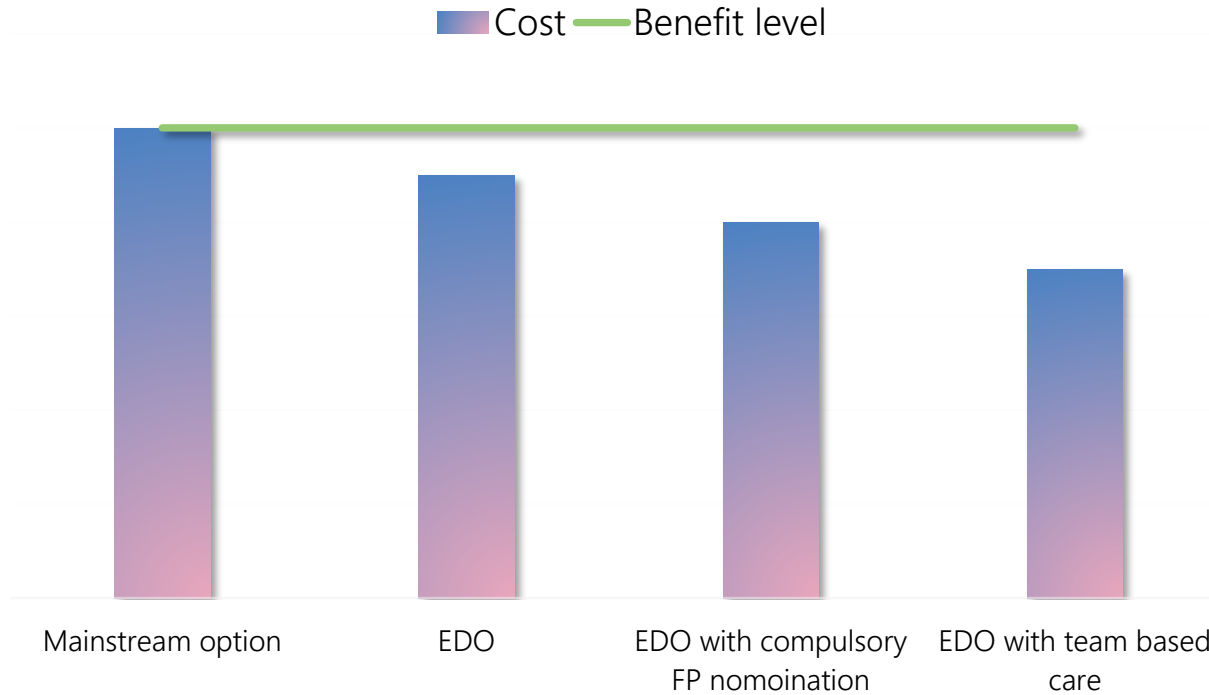


EDO option structure with care coordination



Benefits maintained with lower premiums

► Future of EDO's?



There is room for further improvements in design without sacrificing benefits

PLEASE NOTE

- ▶ **This presentation is incomplete without the accompanying narrative**