

contribution increases

Effective 1 April 2017

Dear Member

Contribution increases in respect of the BP Medical Aid Society take effect on 1 April each year.

The Board of Trustees has agreed to a 5.3% increase in contributions effective from 1 April 2017. This year's average contribution increase is low and very competitive, considering that the increase is significantly lower than the increases announced by most of the open medical schemes, and some closed schemes.

The following open schemes' increases have been provided for comparative purposes:

◆ Discovery Health	10.2%	◆ Medihelp	10.9%
◆ Bestmed	11.0%	◆ Medshield	9.6%
◆ Bonitas	11.9%	◆ Momentum	11.0%
◆ Fedhealth	12.7%	◆ Resolution Health	13.5%
◆ Genesis	4.7%	◆ Spectramed	12.0%
◆ Hosmed	7.8%	◆ Sizwe	8.9%

The pensionable income bands in the contribution table have been increased by an average of 6.5%, further minimising the impact of the contribution increases on members.

As a result of this high increase in income bands, most members will either remain in the same income band or they will drop into a lower income band and hence the rand effect of the increase has been constrained as much as possible.

As in the past, some factors influenced the Board's decision in calculating the contribution increase. The following had a significant impact:

- 1 the Board's objective, in response to the 2016 member survey results, is to have as low as possible increases to alleviate the effects on members;
- 2 the Board continues to negotiate fees with service providers to ensure that members' contributions are under control and that the Society remains competitive;
- 3 general tariffs for medicine and services such as hospitalisation were increased at an average of 6%;
- 4 benefit limits, including benefit enhancements, were increased by 6%;
- 5 administration costs were increased at the consumer price index (CPI) rate for managed healthcare and general administration of the Society;
- 6 benefit utilisation increased; and
- 7 the Board continues to ensure that contribution rates for children are levied only on the first three children.

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Below are the contribution rates per income band with effect from 1 April 2017.

PENSIONABLE INCOME CATEGORY	PRINCIPAL MEMBER (R)	ADULT DEPENDANT (R)	CHILD DEPENDANT (R)
R0 – R1 200	389	276	93
R1 201 – R2 960	1 193	843	309
R2 961 – R3 160	1 656	1 183	425
R3 161 – R3 980	1 891	1 338	483
R3 981 – R4 930	2 204	1 529	547
R4 931 – R7 420	2 349	1 606	575
R7 421 – R9 690	2 525	1 737	627
R9 691 – R12 200	2 722	1 905	671
R12 201 – R13 720	2 888	2 033	720
R13 721 – R19 550	3 071	2 185	747
R19 551 – R29 500	3 209	2 272	798
R29 501 – R41 840	3 329	2 349	829
R41 841 – R51 460	3 445	2 430	863
R51 461 – R61 420	3 559	2 504	897
R61 421 +	3 680	2 588	933

Contribution rates for children are only levied on the first three children.

PLEASE
NOTE

The above contribution table reflects the total monthly contributions due to the Society. Any subsidies paid by the employer in respect of qualifying continuation members will continue. Active principal members who are part of the bargaining sector will continue to receive the employer's subsidy in terms of their current legal employment agreement. Active principal members who have converted to total cost of employment (TCOE) remuneration packages, pay the full contribution indicated above.

Pensioners and retirees' income (that is used to determine their income bands and contributions) is based on 50% of their last BPSA pensionable earnings before retirement. This amount is increased by the consumer price index (CPI) every year.

By now you would have received your new membership card. To prevent possible fraudulent use of your card, please destroy your old card.

Kind regards

BOARD OF TRUSTEES
BP MEDICAL AID SOCIETY