

## Highlights of the CMS Quarter 3 of 2010 Report

The Council for Medical Schemes (CMS) had published the consolidated unaudited results for the period that ended on 30 September 2010. The report highlights some of the trends in the industry.

The most important trends identified were as follows:

- **Accumulated Funds and Solvency Levels**
  - Solvency declined from 32.9% at 31/12/2009 to 29.7%
  - 15 open and 7 restricted schemes did not meet the statutory solvency requirement of 25%
  - The net asset value per beneficiary decreased from R3 508.60 at 31/12/2009 to R3 467.30
- **Membership**
  - Number of principal members increased by 3.5% to 3 608 727
  - Number of beneficiaries increased by 2.7% to 8 284 250
- **Contributions and Relevant Health Care Expenditure**
  - Total gross contribution income was R72.1 billion
  - Gross contributions was R980.30 per average beneficiary per month (pabpm)
  - Gross relevant health care expenditure was R58.4 billion
  - Claims ratio was 89.2%
- **Non-Health Expenses**
  - Gross non-health expenditure was R8.5 billion
  - Gross non-health expenses was R115.90 pabpm
  - Non-health expenses expressed as a percentage of risk contributions was 13% compared to 14% at 31/12/2009
  - The various elements of non-health care expenditure expressed as a percentage of total gross non-health care expenses were as follows:
    - Gross administration expenses: 68.1% (2009: 69.3%)
    - Managed care management services: 19.6% (2009: 17.2%)
    - Broker service fees (including distribution costs): 11.3% (2009: 11.9%)
    - Net impairment losses: Trade and other receivables: 1.0% (2009: 1.5%)
- **Operating Results**
  - Operating loss of R1.4 billion
  - After taking investment and other income into account an industry surplus of R868.3 million was made
- **Investments**
  - Current assets to current liabilities ratio for open and restricted schemes were 2.3 and 2.8 respectively
  - Total assets to all liabilities ratio for open and restricted schemes were 3.1 and 3.6 respectively

**IMPACT ON BENEFICIARIES:** None

**IMPACT ON FINANCIAL ADVISERS:** The report provides information and trends about the involvement of the health care industry that financial advisers operate in.

**IMPACT ON MEDICAL SCHEMES:** None