

EXAMINATION

20 October 2023

Subject F201 – Health and Care Fellowship Applications

Time allowed: Three hours and twenty minutes (which includes five minutes for downloading and uploading your answer document)

Total marks: 100

INSTRUCTIONS TO THE CANDIDATE

1. Ensure that you are logged in and authenticated through Examity before you attempt the examination.
2. The question paper is only available in the ASSA Exam Platform as a PDF download and may not be printed. Copy/paste of questions or parts thereof is allowed from the question paper to your Word answer document only.
3. Download the Word answer document template from the ASSA Exam Platform. Save this Word answer document on your desktop using your Candidate Number as filename. You are required to submit your answers in Word format ONLY using this document. No answers in any other format (e.g., handwritten) will be accepted. Save work regularly.
4. Ensure that your Candidate Number appears in the “header” of your Word answer document. [Double-click on the header at the top of the Word document, input your Candidate Number only in the header, then press “Esc” to close the header.] **Do not use your name or member number anywhere in your Word answer document.**
5. You may not access any file from your computer, use any other computer program (e.g., Email or Excel), or open any other browser during the examination. The use of Grammarly and Grammarly Premium or similar is also not permitted in examinations.
6. You may not use any other material (e.g., a Formulae and Tables book) during the examination. Any such information that may be required will be provided to you within the examination.
7. You are strongly encouraged to use the first 15 minutes as reading time only, however, you may start answering the paper whenever you are ready.
8. Mark allocations are shown in brackets.
9. Attempt all questions.
10. Show calculations where appropriate. You may use blank paper to carry out rough work calculations. You may use a calculator from the approved list only.
11. Upload your Word answer document only into the ASSA Exam Platform. Once you have uploaded your document, you must click on **Finish Attempt** to save your document. You will still be allowed to go back and make changes (**Review Attempt**) if you have time.
12. Once you are satisfied with your uploaded document, click **Finish attempt** and **Finish all and Submit**. Once you have submitted you will not be able to make any changes.
13. **You must submit your Word answer document BEFORE the end of the allotted examination time.** You must stop writing and start uploading during the last five minutes. Take this into account when planning your review and submission. There will be no time announcements.

Note: The Actuarial Society of South Africa will not be held responsible for loss of data where candidates have not followed instructions as set out above.

END OF INSTRUCTIONS

QUESTION 1

The following graphs have been compiled using data from Statistics South Africa and the Council for Medical Schemes' annual reports.

Figure 1 – Number of Medical Schemes by Calendar Year

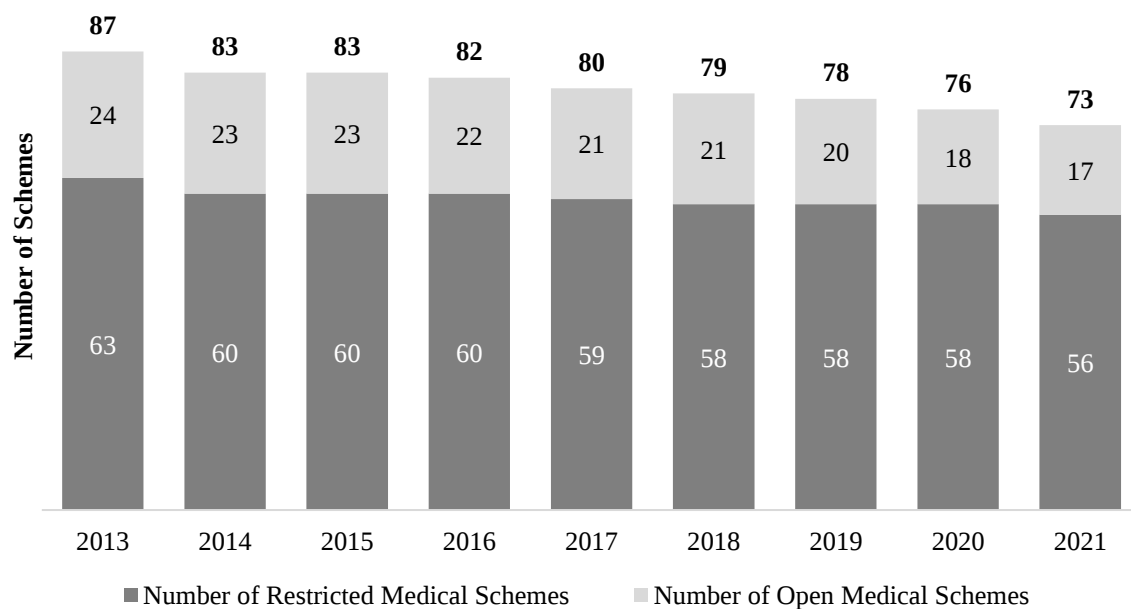
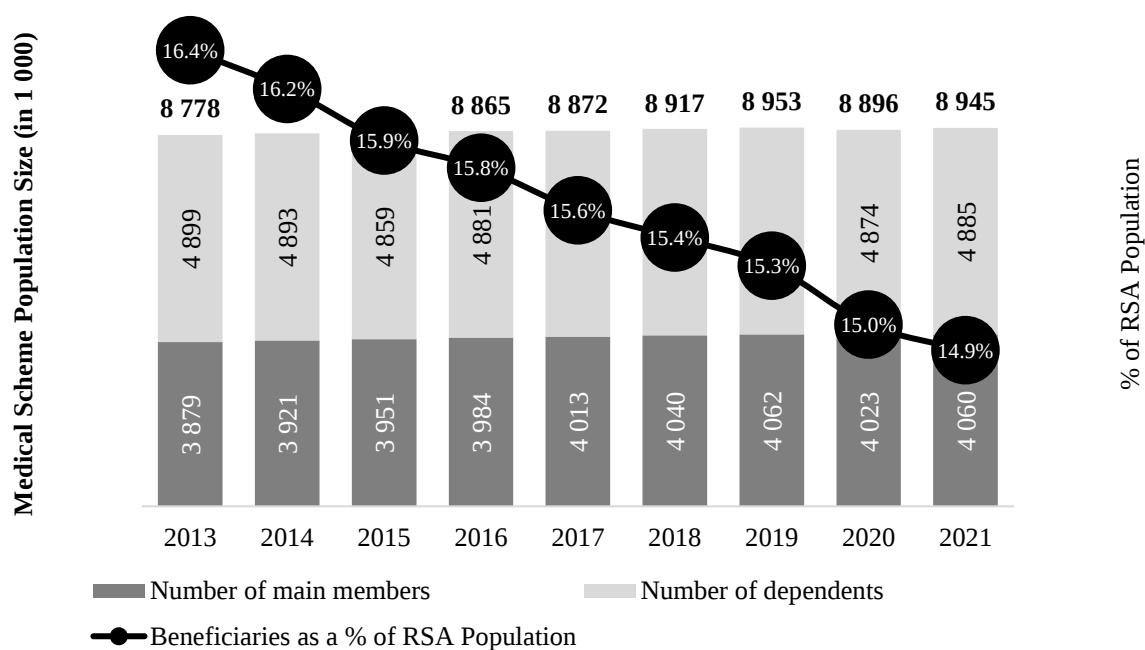


Figure 2 – Medical Scheme Membership Size by Calendar Year



- i. Discuss the medical scheme industry trends illustrated in the graphs above, including possible reasons for each observed trend. [10]

REMEMBER TO SAVE

PLEASE TURN OVER

Health R Us is an open medical scheme in South Africa with the following key measures as at 30 June 2022:

- **Number of beneficiaries:** 30 000 (exhibiting a consistent decline over time)
- **Average age:** 50 years (exhibiting a steady increase over time)
- **Solvency ratio:** 2.5% (exhibiting a consistent decline over time)
- **Number of benefit options:** 8 (exhibiting no change over time)

The Board of Trustees of *Health R Us* filed for liquidation and the reasons given by the Board of Trustees for the application were:

- Financial deterioration caused by the high claims associated with the COVID-19 pandemic;
- Older than industry average age profile;
- Substantial membership losses over the years.

ii. Outline the regulatory steps to be followed to liquidate *Health R Us*. [8]

iii. Critically evaluate the reasons that were provided by the Board of Trustees for liquidating *Health R Us*. [10]

Soon after *Health R Us* announced their liquidation, the Council for Medical Schemes proposed that any willing open medical scheme should absorb the members of *Health R Us* – as an alternative to liquidating.

iv. Identify the various stakeholders that are affected when a medical scheme absorbs members from another medical scheme, briefly explaining their vested interest. [12]

v. Explain how you would perform a benefit option mapping to ensure that the *Health R Us* members experience the same level of benefit richness when absorbed by another medical scheme. [10]

The Council for Medical Schemes also proposed -as an alternative- that the *Health R Us* members should be absorbed by the top 10 largest open medical schemes. The proposal is to split the *Health R Us* membership into 10 groups of equal size for each scheme to absorb.

vi. Discuss the advantages and disadvantages of this proposal. [10]

vii. Propose one alternative apportionment method that could overcome (some of) the disadvantages mentioned in part (vi), and discuss the merits thereof. [10]

[Total 70]

REMEMBER TO SAVE

PLEASE TURN OVER

QUESTION 2

The following are current topics of interest in the South African healthcare industry:

- Healthcare quality;
- Healthcare fragmentation – defined as occurring when different healthcare providers and/or healthcare organisations do not work well together, or not together at all. The lack of collaboration is caused by each healthcare provider working in their own silo.
- Healthcare coordination – defined as the deliberate organisation of patient care activities between two or more participants (including the patient) involved in the patient's care to facilitate the appropriate delivery of healthcare services. It involves organising personnel and other resources needed to carry out all required patient care activities and is often managed by the exchange of information among participants responsible for different aspects of care. Healthcare coordination includes the incentivisation for healthcare providers to work together as a team towards quality care and outcomes.

- i. Define healthcare quality. [2]
- ii. Discuss why each of the above should be measured. [6]
- iii. Explain how each of the above can be measured, giving examples. [10]
- iv. Discuss how each of the above can impact the healthcare cost of a medical scheme. [12]

[Total 30]

[GRAND TOTAL 100]

REMEMBER TO SAVE

END OF EXAMINATION