

SA medical schemes showing signs of recovery, study finds

After losing ground during the past three tough Covid years, South African medical schemes are starting to bounce back for the first time since 2019, as there has been an increase in perceived value by members over the last 12 months



Source: [Pexels](#)

Consulta polled 3,950 medical scheme members during the third and fourth quarter of 2022 and Bestmed emerged as the leader in overall customer satisfaction for the third year running, with all other schemes performing on, or below industry par in the 2022 index.

These findings are in the latest *South African Customer Satisfaction Index (SA-csi) for Medical Schemes 2022* conducted by Consulta, which provides scientific insights into the overall satisfaction of members of South Africa's largest open medical scheme providers – Bestmed, Bonitas, Discovery and Medihelp. Gems is the only closed medical scheme included in the survey.

Abigail Boikhutso, group chief executive at Consulta, explains: “Essentially the industry has levelled back to ground zero. During the pandemic, medical schemes were caught in the eye of the storm in a difficult and unsettled period where household incomes were impacted and job and financial security were in the balance.

"In line with this, consumer price tolerance was low and requirements may not have been perceived to have been met by

members. It follows that a high rate of complaints would have a marked negative impact on customer satisfaction scores.

"Now that we've come through the worst of Covid, the industry has experienced a slight increase in perceived value by members. However, the benchmark is low and this positive bounce is in reality, taking medical schemes back to where they were in 2019.

The industry is normalising

The strongest gauge in the customer satisfaction index model is "Customer Expectation" because it measures customer anticipation of the quality of a company's service.

This includes non-experiential information like advertising and word of mouth, as well as a forecast of the company's ability to deliver quality in the future.

The 2022 study shows that the industry is normalising back to the relevant range of between 80.1 - 82.2.

Boikhutso explains that this range contrasts with the notably high 2020 industry expectation of 85.0, which could be linked to the Covid-19 pandemic as customers expected more from their medical-aid schemes to assist them during that period.

Only Bestmed and Discovery exceeded the industry benchmark in 2022.



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Moving forward, the challenge to meet expectations is further complicated for medical schemes by the difference in cost and benefits between the different options being offered on the market.

"It is encouraging to see that the expectation-quality gap is closing in 2022 at 1.8 from 2.8 in 2021, and 2.0 in 2020.

All medical schemes, apart from Bonitas, showed an increase in customer satisfaction scores compared with 2021," says Boikhutso. "After reporting a six-year low in customer satisfaction and loyalty last year, these positive indicators are good for both the customers and the industry on the whole and the start of a bigger bounce back over the next 12 months."

Key take-outs from the SA-csi for medical schemes for 2022

Customer satisfaction – overall index

- Bestmed maintains its position as the leader at (78.6) and sits above the industry par (75.0).
- Discovery (74.2) and Medihelp (75.2) come in on industry par (75.0).
- Bonitas (71.8) and Gems (72.1) are below par on overall customer satisfaction.
- All medical schemes, apart from Bonitas, showed an increase in customer satisfaction scores compared with 2021.

Customer expectations and perceived quality

- The par score on customer expectations has not moved since 2021, and remains at (82.2) in 2022. While perceived quality still falls short of what customers expect in 2022, at a score of 80.4, there has been no further slide since 2021.

- Medihelp's member expectations have exceeded perceived quality this year by (0.1) and Bestmed has the lowest expectation-quality gap of (-0.6) compared with the industry par score of (-1.8), followed by Bonitas (-1.1).
- Discovery and Gems follow, both with an expectation-quality gap of -1.7.

Perceived value

Perceived value is a measure of the quality relative to the price paid. The perception of value for money is a robust predictor of future usage and company growth.

Over the last 12 months, the industry as a whole has shown an increase in perceived value (1.9), a bounce back from last year's drop in value score.



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Bestmed is the solo leader in terms of the perceived value delivered to customers as they feel they receive the most value.

All other players performed on par with the industry (an undifferentiated component).

Treating customers fairly

- The degree to which customers feel they are being treated fairly by their medical scheme is highest with Bestmed at (80.6), just above the industry average of (78.0).
- Medihelp (78.0), Bonitas (77.7) and Discovery (77.6) are on par with the industry average.
- Gems (76.6) is slightly lower than the rest of the industry but has improved from its 2021 score of (74.00).

But medical schemes are not yet out of the woods. One of the emerging challenges is the need for the industry to improve the way complaints are handled.

While medical schemes on the whole showed the first decrease in complaints in five years, the incidence of complaints in 2022 is high at 15% in comparison to the international best practice score which is below 10%.

The most prevalent complaints relate to claims not paid and co-payment costs.

Medihelp was the only medical insurance provider that was close to the 10% complaint incidence score.

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