

WELLTH *fund*

Screening rates amongst Discovery Health Medical Scheme members have dropped significantly since the end of 2019, and are yet to recover to pre-pandemic rates.

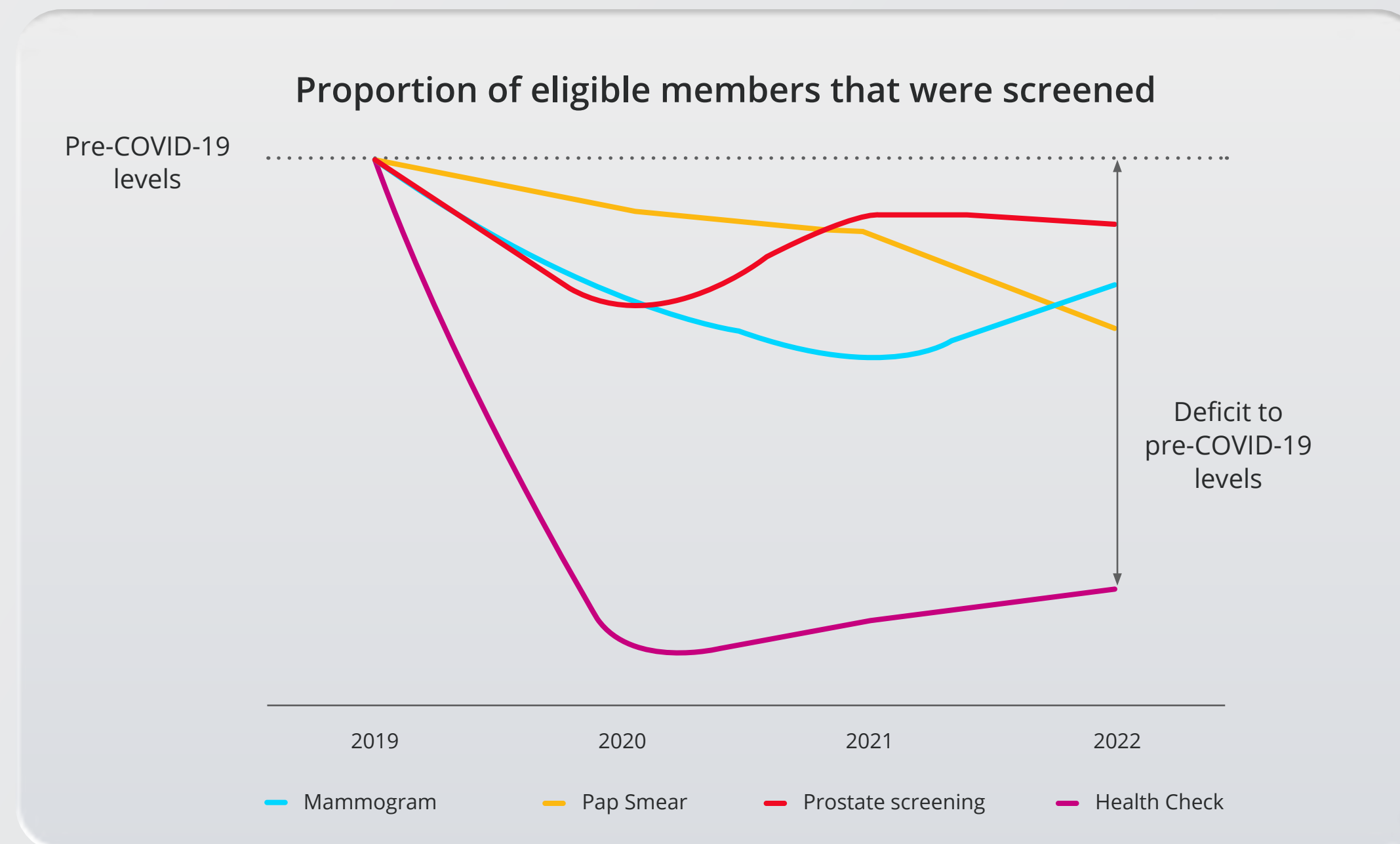
Regular screening for the early detection and management of conditions such as cancer and lifestyle diseases can have a significant impact on a person's lifespan and healthspan. During 2023, the Scheme will make its excess solvency reserves available to fund screening and preventative healthcare for members through the new WELLTH Fund. The WELLTH Fund will provide up to R10,000 per family to help members reset their understanding of their personal health status, and empower them to manage and improve their health in the long-term. This represents the best possible use of the Scheme's reserves, since the improvement in the health of members leads to a long-term reduction in claims that is equivalent to nine times the funding of the screening and preventative healthcare through the WELLTH Fund.



Screening deficit is evident **post the COVID-19 pandemic**

The outbreak of COVID-19 and its particularly devastating impact on those with underlying medical conditions brought personal health to the forefront in South Africa and across the world. Seldom before has there been such a need to be in the know about one's own health status than during the heightened risk of the pandemic. However - despite this need for greater understanding of personal health – restrictive COVID-19 lockdowns, lifestyle changes and people's understandable cautiousness in avoiding public spaces has resulted in a significant drop in preventive screenings.

While regular screening pre-pandemic was below optimum levels, the past couple of years have seen the development of a dangerous screening deficit which has the potential for severe long-term health impacts on both individuals and the Scheme. Screening rates amongst Discovery Health Medical Scheme members have dropped significantly since the end of 2019, including the Health Check and various tests for cancer. While screening levels have improved since 2020, they are yet to recover to at least pre-pandemic rates.



	Proportion of members screening		Screening levels compared to pre-COVID-19	
	2019		2022	
Health Check	17%	○-----□	-50%	
Mammogram	27%	○-----□	-15%	
Pap Smear	43%	○-----□	-12%	
Prostate screening	50%	○-----□	-10%	

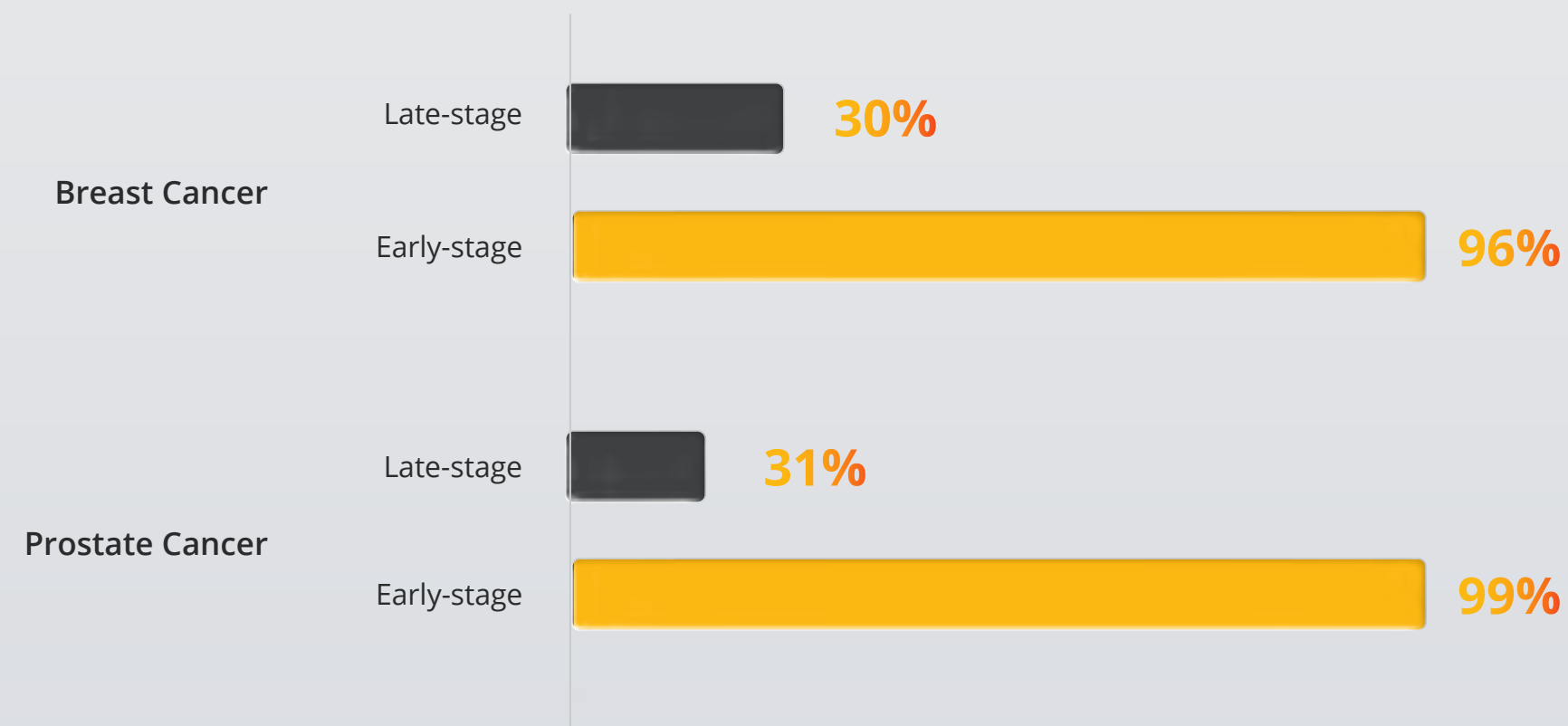
Regular screening has a significant impact on a member's **lifespan and healthspan**

Regular screening for the early detection and management of conditions such as cancer and lifestyle diseases can have a significant impact on a person's life expectancy (lifespan) and their years spent in good health (healthspan). Early detection also has a positive impact on the Scheme, with early diagnoses of cancer and the management of diabetes and hypertension resulting in an estimated 131 000 less days in hospital per year for Discovery Health Medical Scheme members and annual savings of around R120m.

CANCER

The early detection of cancer through regular screening can have a significant impact on expected life years. For example, on average, a person diagnosed with an early-stage breast cancer has a three times higher likelihood of surviving five years post diagnosis and is expected to live 22 additional years, assuming an age of 40 at diagnosis.

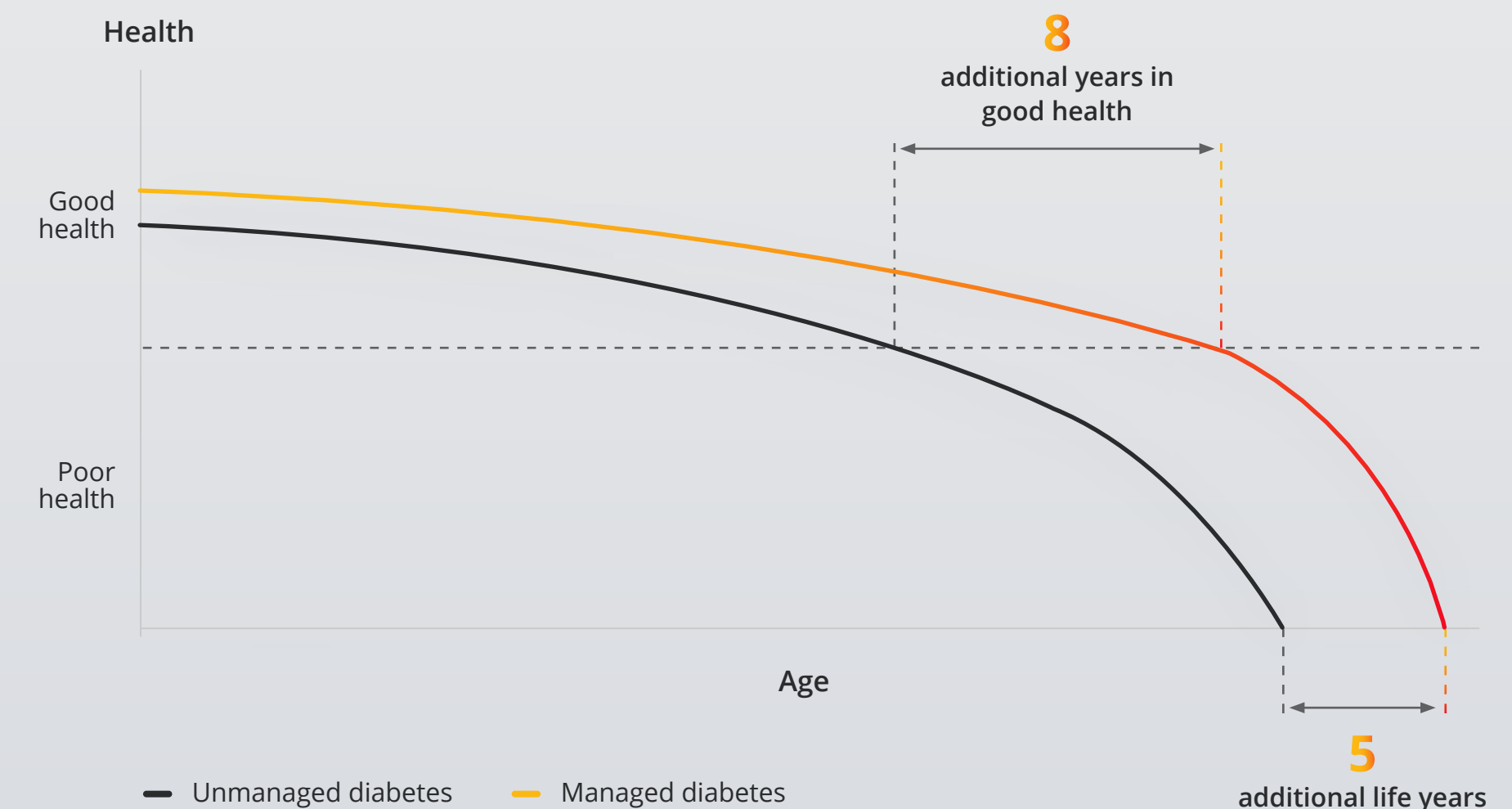
5-year survival rate at age 40



LIFESTYLE DISEASES

For lifestyle conditions such as diabetes and hypertension, regular screening to inform condition management is crucial for enhanced quality of life. For example, through effective screening and management a 40-year-old with diabetes is expected to increase their lifespan by five years, and their healthspan by eight years.

Expected lifespan and healthspan at age 40



Discovery Health Medical Scheme makes an **unprecedented investment in the long-term health** of members and the Scheme in 2023

During 2023, the Scheme will make its excess solvency reserves available for preventative screening and healthcare services for members, to address the impact of the screening deficit on the long-term health of members and the long-term sustainability of the Scheme.

Prior to COVID-19, Discovery Health Medical Scheme was in a strong financial position, and held R19.2 billion in reserves at the end of 2019 to meet its regulatory solvency obligation. The reserves represented a solvency ratio of 27.5%, which was above the regulated minimum solvency requirement of 25%.

The healthcare utilisation discontinuities caused by COVID-19 in 2020, increased the Scheme's reserves and solvency to R28.2 billion and 36.9%, respectively, at the end of 2020. At that time, the Scheme committed to keeping contributions in line with expected claims in the long-term by increasing contributions in line with medical inflation, while keeping contributions affordable for members in the short-term by deferring those contribution increases. Using the excess solvency of the Scheme, members benefitted from R6.8 billion in contribution savings during 2020 and 2021 and effective contribution increases that were 0.5% below the market average. The Scheme's sustainability remains uncompromised, since contributions are in line with actual claims experience that excludes the COVID-19 discontinuities, and the Scheme projects a solvency ratio of 34.4% at the end of December 2022 based on reserves of R27.3 billion.

In 2023, the Scheme will use an estimated R1.9 billion of excess solvency to defer the required contribution increase for 2023 by three months. **The Scheme will also make excess solvency available to fund a range of additional preventative screening and healthcare services for members through the introduction of the WELLTH Fund.** The WELLTH Fund will allow members to reset their understanding of their personal health status following COVID-19 and empower them to manage and improve their health in the long-term. The expected long-term improvement in the health of members leads to a **long-term reduction in claims, with every R1 of reserves spent leading to a R9 reduction in long-term claims.**

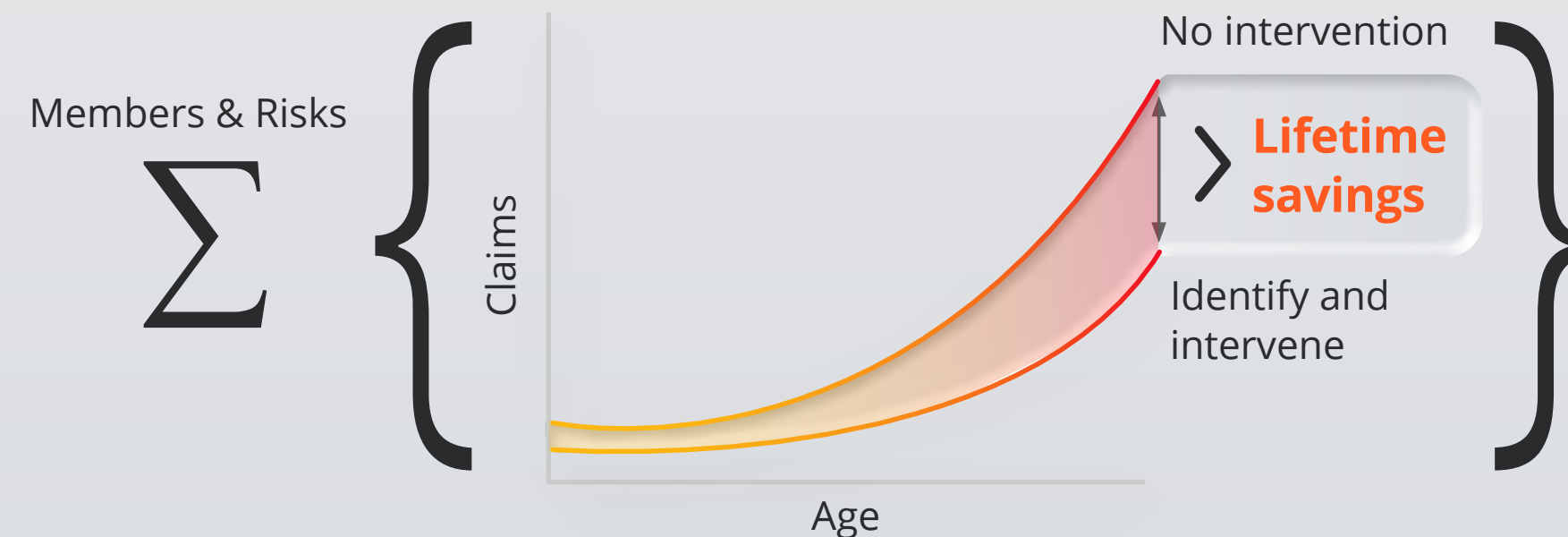
GREATEST POSSIBLE LONG-TERM RETURN ON INVESTMENT OF SCHEME RESERVES

By identifying health risks earlier, effective interventions can reduce the expected lifetime claims for a member. The long-term savings for the Scheme can be estimated by aggregating the expected reductions in claims for all risks and all members, with appropriate allowance for the likelihood of screening and intervention.

The return on the investment of the Scheme's reserves in health screening and preventative healthcare services can be measured by expressing the estimated lifetime savings in healthcare expenses as a result of early identification and intervention as a proportion of the costs incurred in the early identification of health risks.

$$\text{Return on investment} = \frac{\text{Claims savings}}{\text{Cost of screening}}$$

Claims savings =

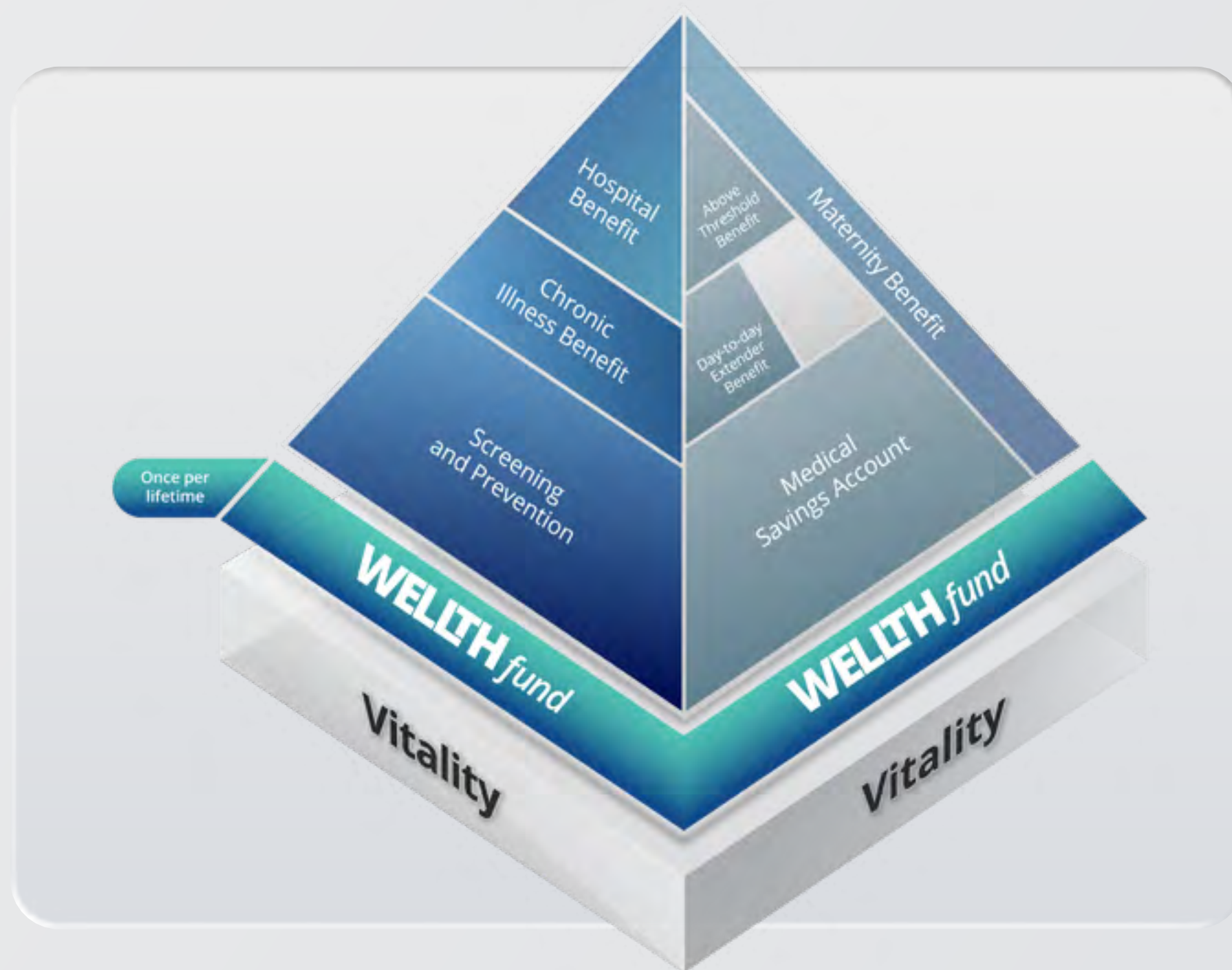


= 9 x cost of screening



The Discovery Health Medical Scheme **WELLTH**fund

The WELLTH Fund enables Discovery Health Medical Scheme members to better understand their own health status by providing up to R10,000 of risk funding for a wide range of health screening and preventative healthcare services. The knowledge gained by members from undertaking these services will empower them to manage and improve their health, and will benefit the long-term sustainability of the Scheme through the improved health of its members.



UP TO R10,000 TO UNDERSTAND YOUR PERSONAL HEALTH STATUS

The WELLTH Fund will be activated in 2023 where members completed their Health Check in 2022 or 2023. This sets the baseline for a member's health status, given that the Health Check captures the most essential health metrics. It can be completed at a Discovery Store, accredited pharmacy or GP, or at an employer's Wellness Day. The cost of the Health Check will be covered by Discovery Health Medical Scheme from the Screening and Prevention Benefit.

Once the member and all their dependants have completed their Health Checks, they will have access to up to R10,000 in their WELLTH Fund. Each adult on the policy is allocated an amount of R2,500, and each child 2 years or older is allocated an amount of R1,250.

Per adult

+R2,500

Per child

+R1,250

Per family

Up to R10,000

The WELLTH Fund can be used to cover a range of healthcare services focused on preventative care, over and above the services covered by the Screening and Prevention Benefit. This allows members to maximise the knowledge of their health status and the actions needed to manage and improve their health status in the future.

Improved knowledge of **personal health status**

The WELLTH Fund covers a comprehensive list of health screening and preventative healthcare services, over and above the annual Screening and Prevention Benefit.

Members have access to six broad categories of health screening and preventative healthcare services, including general health, physical health, mental health, women's health, men's health, and children's health. Medical monitoring devices for certain health measurements are also covered by the WELLTH Fund.

Discovery Health Medical Scheme will provide members with guidance regarding the screening and preventative care services that are most appropriate to them and their family, but members will have full discretion to select services from these categories that they deem most appropriate for them and their families.

General Health

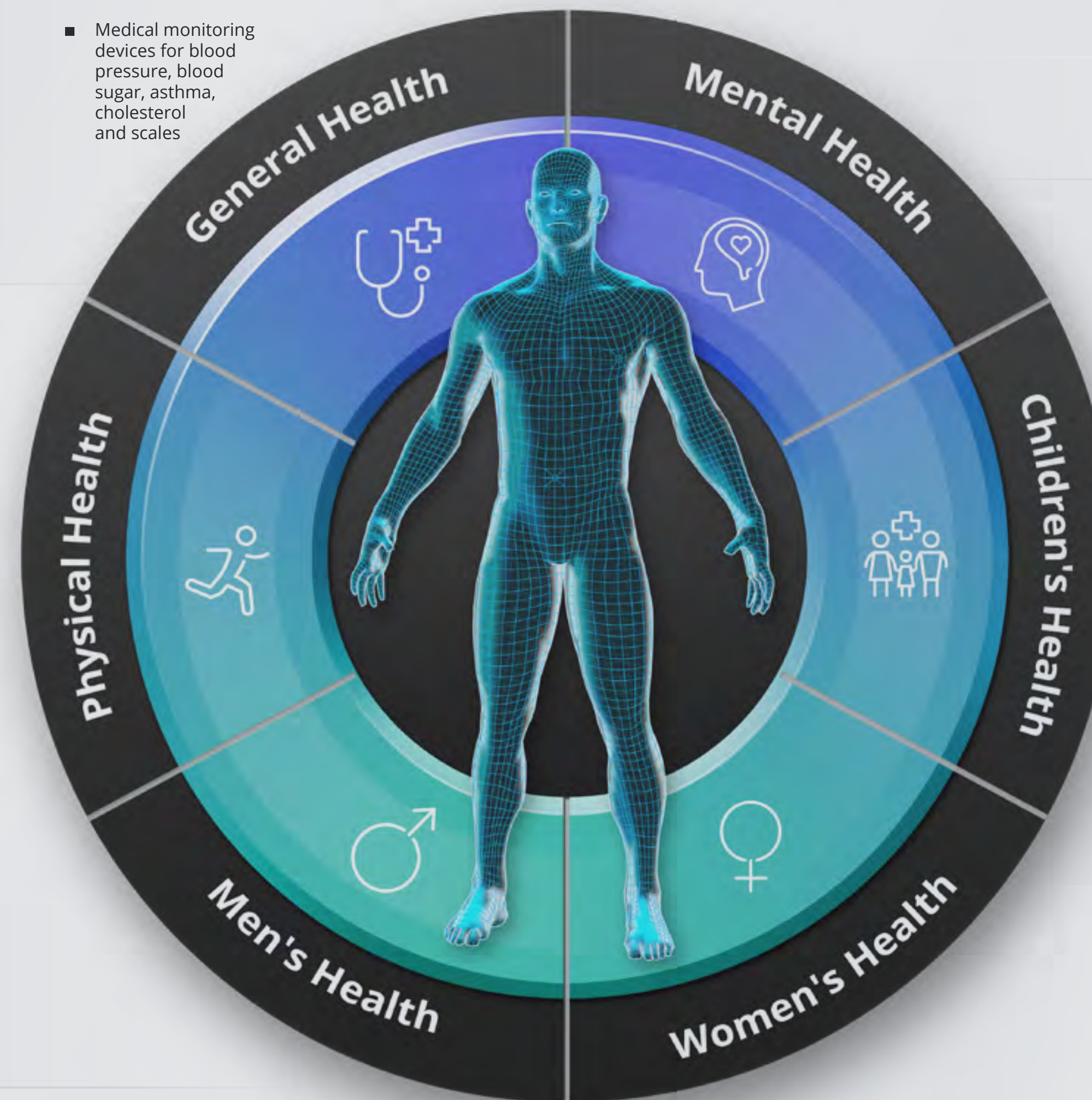
- Dental check-up
- Eye check-up
- Hearing check-up
- Skin cancer screening
- Colon cancer screening
- Heart health
- Lung cancer screening for long-term smokers
- Medical monitoring devices for blood pressure, blood sugar, asthma, cholesterol and scales

Physical Health

- Diet, nutrition and weight management at a dietitian
- Physical movement and mobility check at a biokineticist or physiotherapist
- Vitality Fitness Assessment
- Vitality high performance fitness assessment
- Foot health at a podiatrist

Men's Health

- Consultations related to prostate screening
- Osteoporosis bone density



Mental Health

- Mental Health assessment

Children's Health

- Developmental milestone assessment checks at a physiotherapist, or an occupational or speech therapist
- Well child visit at a GP, nurse or well child clinic

Women's Health

- Consultations related to:
- Pap Smear
 - HPV
 - Mammogram
- Gynaecology consultation
Osteoporosis bone density

Interactive dashboard supporting the **WELLTH** fund

The WELLTH Fund Dashboard will allow members to view all available health checks and recommended next best actions, book consultations and keep track of their use of the WELLTH Fund. Clients of Discovery Bank can also view their WELLTH Fund balance in the Discovery Bank app.

