

Keeping up Momentum

CEO says it won't lose members over NHI

Oct 4, 2010 11:36 PM | By HARRIET MCLEA

Momentum CEO Anthon Swart said: "Research shows that all over the world where NHIs are put into place there is always a certain percentage that will opt for private healthcare."

Swart said that in South Africa the percentage of private medical aid members had risen above that figure: "In South Africa, it's gone up in the past two years to between 16% and 17%."

But University of Cape Town health economics professor Di McIntyre said NHI would affect the medical schemes. "How it impacts our medical schemes depends on the changes. If really good services are provided under a universal system it's quite likely that some of the current medical scheme members will decide to opt out."

However she said the number of people who would opt out of private healthcare depended on the level of service provided. "If bad health services are provided people will stay in private medical schemes."

But Swart said it was too soon to tell how many could opt out because "official policy documents still need to be circulated".

Speaking at a briefing in Johannesburg yesterday, Swart also predicted that mergers in the South African medical scheme environment would continue.

"There is pretty much consensus that we'll see much consolidation in the medical scheme environment," he said, adding that there had been a 40% reduction in the industry of registered schemes.

Ingwe Health Plan (15219 principal members) merged recently with Momentum Health (75508 principal members) whose holding company Momentum joined with Metropolitan.

The Government Employees Medical Scheme has been one of the contributing factors to the challenges pressurising the industry, said Swart.

Gems has grown significantly from only 91800 beneficiaries in 2006 to the third-largest medical scheme in South Africa.

Gems said on its website that the firm's fast growth is "due to cannibalism from other medical schemes, but more than half the government scheme's growth so far has been from people who were not on a medical aid before."

I-Net Bridge reports that the Competition Tribunal will rule tomorrow on the proposed merger between Metropolitan and Momentum.

Metropolitan intends to acquire 100% of the issued share capital of Momentum and has applied to the competition authorities for approval of this merger.

The transaction will affect the long-term insurance, medical insurance, retirement fund administration, asset management and property investment markets.

The proposed transaction has a significant public interest component, given that a large number of jobs might be made redundant as a result of the merger.

The majority of the employees of the merging parties are represented by employee representatives. Nehawu represents about 6% of the employees of Momentum.

The merging parties, however, have made certain undertakings in an attempt to lessen job losses. The Competition Commission has recommended to the tribunal that the merger be approved subject to employment-related conditions.

The tribunal was not satisfied with the limited employment-related information submitted to the commission and has, in a pre-hearing of September 15, requested a more information relating to potential employment effects from the merging parties. The anticipated employment effects and proposed conditions will be further addressed at the hearing.

- Additional reporting - I-Net Bridge

<http://www.timeslive.co.za/business/article689379.ece/Keeping-up-Momentum>