

Medshield highlights successes and strong financial position at the 2022 Annual General Meeting

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Medshield Medical Scheme hosted its 53rd Annual General Meeting today. Acting Principal Officer Alan Fritz announced a healthy solvency ratio and strong credit rating maintained in an economically challenging year, explained the opportunities for the scheme's growth and thanked Medshield members for their loyalty and trust amidst an ailing economy.



"The year 2021 forms part of the most trying times in the history of humankind, as the world continued to grapple with the effects of Covid-19," stated Fritz. "The scheme, like many businesses and individuals, found itself in uncharted territory and had to adapt to the many business and operational challenges brought on by the pandemic while simultaneously ensuring that the scheme serviced its members' healthcare needs. However, we are proud to have sustained our stable financial position and achieved a good solvency ratio and credit rating despite the challenges," he says.

The Global Credit Rating Agency has, for the 15th consecutive year, awarded Medshield an AA-credit rating. This rating is the third-highest in the industry. It is worth highlighting that due to the significant reduction in healthcare expenditure, the scheme recorded an R11.3m (2020: R396.1m) net healthcare result for the year ended 31 December 2021. "Our Covid-19 response remained a priority with new waves of the pandemic causing us to prioritise member vaccinations. In total, 99,698 members have been vaccinated. The scheme spent R77.44m on testing costs and R33m on vaccinations," Fritz states.

The surplus for the year is R188.8m, which is R336m better than the budget. As a result, the scheme's solvency ratio increased to 57.4% (2020: 52.6%), which is more than twice the statutory requirement of 25%. This improved solvency ratio reflects the scheme's solid claims-paying ability.

"Medshield also became an authorised Financial Service Provider (FSP) in May 2021, unlocking opportunities for it to compete on an even playing field and better inform its members and potential members of the scheme's benefits when compared to competitors. The principal officer (PO) and the executive management team will continue implementing strategic objectives identified for sustainable membership growth," stated Fritz.

In the harsh economic environment, exacerbated by the Covid-19 pandemic, Medshield did not meet its membership growth target but the scheme is encouraged that the average age of new lives joining was 37.63, which is lower than the current average age of members. The scheme demographics are improving and contributing positively to its financial position.

"We must emphasise that the scheme's good financial performance is for the benefit of its members. Medshield is a not-for-profit organisation and exist purely for our members and the value it brings to them," says Fritz. "The monthly contributions paid by members are pooled into a trust fund used to pay for the healthcare claims of members according to the scheme rules and their particular choice of plan or benefit option. In addition, Medshield is also self-administered, so

we don't pay huge administration fees to a third party. Any surplus funds are transferred to the scheme's reserves to mitigate risk during rainy days or healthcare pandemics," he explains.

Amidst all the challenges encountered during this period, the scheme managed to be certified again as a Top Employer in 2022 by the Top Employer Institute, recognising the scheme's investment in world-class people practices for the second year. Medshield employs more than 270 employees implementing a member-centric service model.

According to Fritz, technology has a significant role in the healthcare sector, and the scheme is looking to enable more digital tools and service channels for its members, including digital and analytics strategies and the continued provision of virtual consultations. "Medshield will continue its focus on innovation to serve its members in the new pressurised and changed healthcare context by deploying useful digital tools and service channels and enabling virtual healthcare consultations via the Medshield app and website," he says.

Medshield ended the year more financially sound than it started and continues to be able to meet its obligations to members. The scheme still maintains that the constrained economic environment due to the impact of Covid-19 will further strain membership affordability, growth and retention. It heightens the call for member value, which the Medshield offering will continue to enhance as a focus area. The scheme is set to continue as a going concern for the foreseeable future. The Board is confident that under the leadership of the acting principal officer and the executive management, Medshield will continue to be sustainable and achieve its strategic objectives.

With a history of over 54 years, Medshield is driven by its mission to provide access to affordable, high-quality healthcare through partnerships at very competitive prices compared to the market. "We confirm our position as a transparent and sensible supporter of national initiatives to provide greater access to quality healthcare for all South Africans. We are confident that our member-centric business approach will continue to translate into quality healthcare and good value for money," Fritz concludes.

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