

**R**ECENT changes to the tax treatment of medical scheme contributions have opened the door to employers to provide a more tax effective package structuring. Minister Pravin Gordhan, in his Budget Speech in Parliament, announced that, in an effort to support further broadening of access to medical scheme membership, the monthly monetary caps for deductible medical scheme contributions have also increased.

But the question remains: with increasing medical costs, can companies afford to be restructuring packages in order to remain competitive and thereby attracting and keeping talent?

Andrew Edwards, Executive Principal Officer at Liberty Medical Scheme, says "Corporates that have made medical aid a condition of employment as part of the package find it tricky as they are

# Door opens for more tax effective packages

**Andrew Edwards,  
Executive Principal Officer  
at Liberty Medical  
Scheme**



not always able to subsidise the contributions. Companies experience a number of such challenges, especially if their employees are on cost to company salary structure."

Affordability, flexibility and convenience as well as strength and stability of the scheme are touch points that have a huge impact on whether employers

enforce medical aid as a condition of employment or not.

"Meeting these challenges is the direction Liberty Medical Scheme decided to take. We understand the need to make each rand stretch further and make the process of acquiring medical aid as convenient and cost-effective as possible.

"It is for this reason that we

have a targeted approach on our medical aid options to suit the various income ranges", adds Edwards.

A part of this offering includes the Titan plan which is affordable cover, best suited for people with families. This option affords the employee the benefit of having a combination of in-hospital, out-of-

hospital and threshold medical cover, which allows for freedom of choice and quality care – attributes that corporates can trust medical aids to provide for their staff.

One of the mistakes that employees and employers often make is not asking the right questions. Liberty is challenging corporates to instil a culture

LIBERTY Medical Scheme advises the following critical questions that people need to ask a medical scheme before signing on the dotted line:

- Can I afford it? – Low annual premium increases are obviously preferable but consumers should not automatically go for the cheapest medical aid because this can mean that the medical cover can be limited as well.

- Does the scheme see me as a number or an individual? – The 'one size fits all' approach rarely works for most people, so a comprehensive yet simple medical

aid product range is vital.

- Will the scheme be there in times of need? – Apart from stability and cost, client service is key. The best way to check that you will receive efficient service when you claim is to canvass other people who are members of your candidate medical aid and ask what they thought of the service they received.

- How financially stable is the scheme? – A good track record and sound corporate governance are vital to a company's longevity and survival in the market.

of understanding by encouraging their employees to invest the time in understanding the various offerings, so that the decision made is one that will be beneficial for both the employee and the employer.

Corporates will sometimes take it upon themselves to make sure that their employees are on the best possible

medical scheme, and this exercise entails looking into the following aspects:

- Innovative solutions – the evolution of products and services is a burning issue hence medical aids are often under pressure to diversify and innovate their products. The medical aid that provides diverse and flexible solutions will prove compet-

itive in the market.

- Stability of the scheme – corporates want to associate themselves and their staff with reputable medical schemes as the risks are often far less than with a developing Scheme.

Liberty Medical Scheme has a very strong solvency ratio and high financial reserves and can promise its members both competitive and price controlled costs and long term financial stability according to Edwards.

"In these challenging times it is significant that the scheme improved its global credit rating from A + last year to AA-this year, which is encouraging for both members and the scheme.

"This can be attributed to a consistent record of financial stability of our investment portfolio, coupled with a high claims-paying ability for the benefit of the members, which many corporates welcome," he reveals.