



POST~ RETIREMENT HEALTHCARE FUND PRESENTATION

SEPTEMBER 2018





WHY SAVE FOR POST RETIREMENT HEALTH CARE

- There is need for health care cover at retirement
- Access to health care for the aged
- Members of Registered Retirement Benefits Schemes enjoy tax advantages on their savings
- They improve the standard of living by providing a avenue for the retirees to enjoy medical over without affecting their monthly pension
- In case of Job loss, the members retirement savings provides for a safe fall back ground



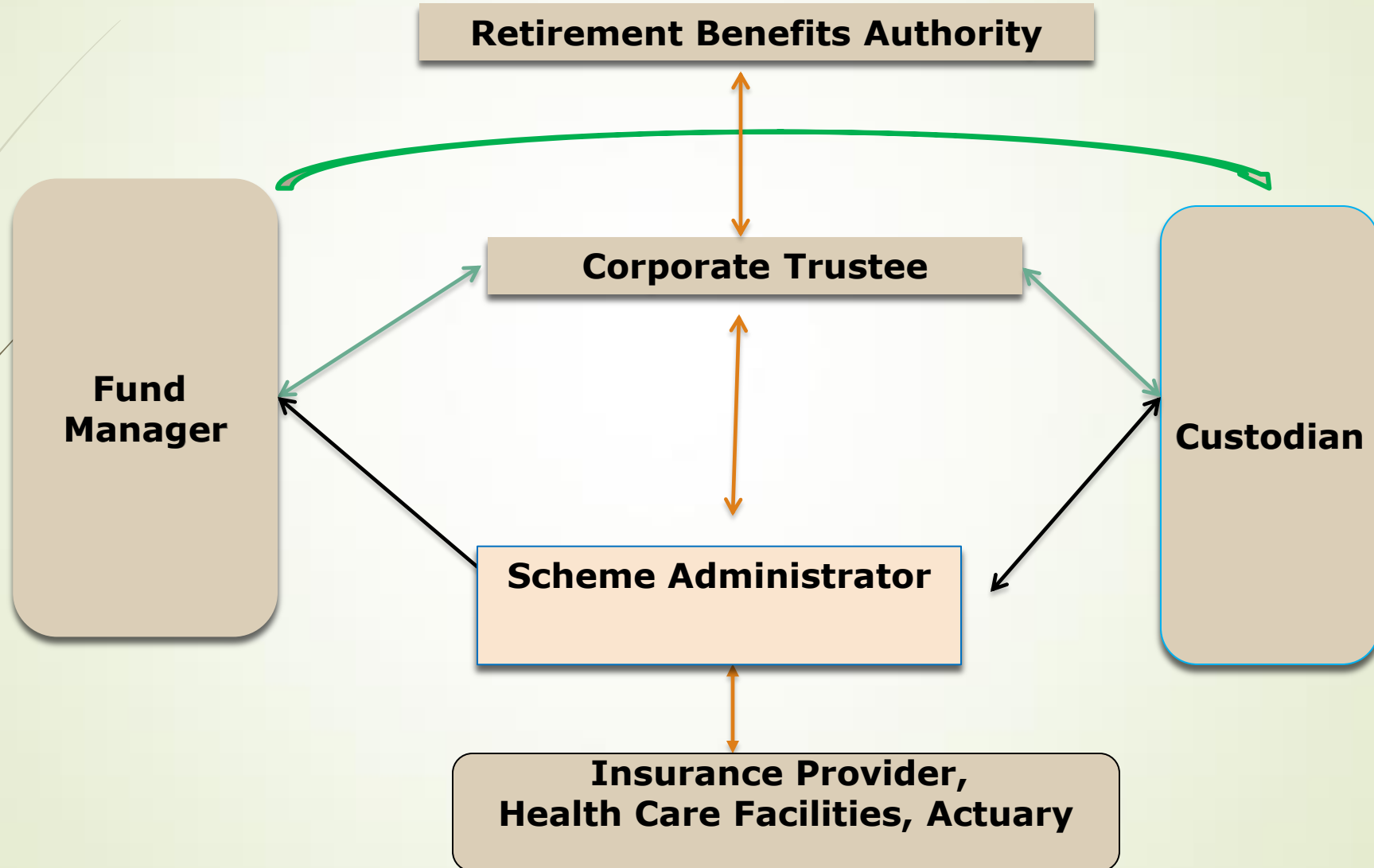
WHY SAVE FOR POST RETIREMENT HEALTH CARE

- Members can access medical services from NHIF accredited service providers including top-end hospitals countrywide.
- It has been provided for within the law the budgetary changes of 2016/17 through legal notices 101 of 2016 with effect from 8th June 2016, now make it possible for members of retirement saving schemes to save for health care at retirement
- Access to quality health care services is too costly
- Depletion of one's savings and pension due to high medical costs

Legislative Framework

- ▶ The fund can be registered as a separate legal entity from the founding company
- ▶ It can be registered as a sub fund of a pension scheme or income draw down fund
- ▶ It is registered and regulated by the Retirement Benefits Authority (RBA) and the Kenya Revenue Authority (KRA)
- ▶ Scheme assets are held by a custodian through a nominee account, the assets of the Fund are therefore separate from the assets of the founder.
- ▶ Funds are invested by a licensed fund manager as per the requirements of a registered scheme under the Retirement Benefits Act.
- ▶ The fund has trustees who have been appointed to watch over the operations of the scheme on behalf of members

Legislative Framework



Funding Structures

- The healthcare fund can operate as a pooled fund which has a defined contribution structure.
- A defined contributions structure will accord the member of the scheme the following:
 - Each member will be able to enjoy the benefits afforded by the accumulation of contributions, investment income.
 - The member can also benefit from choosing from different classes of health care e.g. one can have classes or categories such as platinum, Gold, Silver, Bronze. Each category or class provides or affords one different class of cover and the premiums for each class vary.

Benefit Funding Options

- ▶ **Pre-funded Option-** This option allows the member to make voluntary contributions during active employment/working life based on the member's choice of one of the pre- determined benefit classes in the Fund.
- ▶ The contributions enjoy high investment returns during the period that the member will be saving thereby enhancing savings through compound interest and making healthcare insurance more affordable for participating members.
- ▶ **Lumpsum Transfer Option-** This option allows a member to transfer a lump sum amount on retirement. Premiums are then drawn from the lump sum to pay for annual health insurance premiums.
- ▶ **Tailor-Made Pre-Funded Option-** This option allows a corporate body to enjoy a tailor- made funding and benefits structure to suit the needs of their members. In this case, contribution rates are actuarially determined to ensure adequacy of funding rate for the desired benefit at retirement.

Benefit Funding Options Cont.

- **Premium Purchase Only**
- Alternatively, one can also enjoy the benefits as a retiree for the purpose of purchasing health care premiums only. Under this form of membership, the member is referred to as 'Premium Beneficiary'. In this case, the Premium Beneficiary may not have any cash lump sum accumulated over time but he/she is able to secure discounted premium rates to purchase health insurance every year.
- At retirement, the Premium Beneficiary will request for a medical insurance quotation from the fund provider. He/she will confirm cover by execution of the proposal form. Thereafter he/she pays for enrolment and subsequent annual policy renewal premium

Governance of The Fund

- ▶ The trustees appoint service providers as follows
- ▶ Administrator
- ▶ Fund Manager
- ▶ Custodian –
- ▶ Corporate Trustee
- ▶ Underwriter- Insurance Company

Eligibility~ To start Contributions

- One can commence contribution at age 18 while medical cover can start at 50 yrs depending on contributor's desired retirement age or for a corporate entity the Normal Retirement Age.
- The joining procedure for an individual are as follows:
 - Member/ employer requests for quotation.
 - Member joins by filling the application form and declares source of funds while the organization sign deed of adherence.



Eligibility~ To start Contributions

- Member employer begins to contribute and account is credited into individual members' account and funds invested.
- Members' receives timely annual statements reflecting the contributions and annual interest.
- On retirement, premium is drawn annually from the fund to cater for the medical expenses.

Eligibility~ To Join the Scheme

- For a corporate entity, eligibility conditions shall be determined by the Sponsor and the
- Trustees and laid out in the Scheme Rules with the support of appointed service providers

Exit Clauses

- Exit is allowable and the terms shall be provided and discussed during setting up of the Post Retirement medical scheme and laid down in the Scheme rules.
- Under a scheme design, where contributions are made by both the employer and the member, then upon exit from employment the member will be able to access only his/her individual accumulated contributions and 50% of the employer's accumulated contributions and investment income. The employer's contribution will remain locked until the member attains age 50 years and will be utilized to purchase insurance premiums or pay for medical expenses. The employer's contribution may also be transferred to any other registered post-retirement healthcare fund with the consent of the member.

Death of an Employee Before Accessing Benefits

- In case of member's demise, the accumulated savings will be transferred to the nominated beneficiary in form of a cash lump sum payout or it may be utilized to provide medical cover for minors until they attain the age of maturity.
- Therefore, it is fundamental that the member updates his/her beneficiary records appropriately.

Medical Cover Term

- ▶ Upon attaining the selected retirement age (between 50-60 years) members cease from making further contributions and are enrolled to a pre-selected healthcare insurance plan designed to provide the member with a lifetime of health cover. The accumulated lump sum is then drawn annually to pay for the members' medical insurance premium up to age 90 yrs.



Benefits of Post Health Care Fund

- Last expense insurance cover and other insurance benefits
- Flexible contribution modules ~ Platinum, Gold, Silver or Bronze
- High returns on investments
- Contributions may be tax deductible
- Mortgage access facilities to contributors
- On retirement, member enjoys accrued funds to meet health care needs
- Attractive Benefits; inpatient, outpatient cover and optional dental and optical benefits



Benefits Classes

Contribution Class	Inpatient (Kshs)	Outpatient (Kshs)
Bronze	0.5 M	60,000
Silver	1 M	100,000
Gold	3 M	150,000
Platinum	5 M	200,000



Illustrative Leveled Funding Table

Age	Bronze (IN 0.5 M & OT 60,000)	Silver (IN 1 M & OT 100,000)	Gold (IN 3M & OT 150,000)	Platinum (IN 5M & OT 200,000)
	Premium	Premium	Premium	Premium
20	1,265	1,628	2,007	2,754
25	1,537	1,978	2,438	3,346
30	1,941	2,498	3,078	4,224
35	2,513	3,234	3,986	5,469
40	3,379	4,349	5,360	7,355
45	4,833	6,220	7,666	10,520
50	7,759	9,987	12,309	16,890
55	16,663	21,448	26,435	36,273



Illustrative Level Funding

Age	Bronze(IN 0.5M&OT 60,000)	Silver (IN 1M & OT 100,000)	Gold (IN 3M & OT 150,000)	Platinum (IN 5M & OT 200,000)
56	22,600	29,100	35,900	49,200
56	31,500	40,600	50,000	68,600
58	51,200	65,800	81,200	111,000
59	130,000	167,000	206,000	282,000



PREMIUM CALCULATOR- MEMBERS AGED 50-65

POST-RETIREMENT HEALTH COVER 2018 RATES - MEMBER ONLY				
	Platinum	Gold	Silver	Bronze
Medical Benefit Member Only	5,000,000	2,000,000	1,000,000	500,000
	200,000	150,000	100,000	60,000
Annual Premium (Inpatient)	77,342	61,339	48,693	36,478
Annual Premium (Outpatient per person)	61,160	49,027	39,138	30,085
Total Annual Premium	138,502	110,366	87,831	66,563
Monthly Premium payable	11,542	9,197	7,319	5,547
POST-RETIREMENT HEALTH COVER 2018 RATES- FAMILY OF 2				
	Platinum	Gold	Silver	Bronze
Medical Benefit family of 2 (Member + Spouse) Inpatient per family and Outpatient per Member	5,000,000	2,000,000	1,000,000	500,000
	200,000	150,000	100,000	60,000
Annual Premium (Inpatient per family)	100,545	79,740	63,301	47,421
Annual Premium (Outpatient per family)	122,320	98,054	78,276	60,170
Total Annual Premium	222,865	177,794	141,577	107,591
Monthly Premium payable	18,572	14,816	11,798	8,966



Benefit summary

Core Plans Category Overall maximum benefit per year*	PLATINUM	GOLD	SILVER	BRONZE
	5,000,000	2,000,000	1,000,000	500,000
Prescription drugs and dressings	Covered	Covered	Covered	Covered
Physicians, Specialist & Surgical fees, anesthetist fees	Covered	Covered	Covered	Covered
Theatre charges, HDU & ICU	Covered	Covered	Covered	Covered
Diagnostic tests i.e. Laboratory tests, X-ray, CT, MRI & PET scans etc.	Covered	Covered	Covered	Covered
Pre-existing / chronic conditions/HIV/AIDS after 12 months of cover and on full disclosure at the time of joining	750,000	500,000	350,000	250,000
Psychiatry and psychotherapy (2nd year)	300,000	250,000	150,000	100,000
Day Care Surgery	Covered	Covered	Covered	Covered
Nursing at home	30 Days	30 Days	30 Days	30 Days
Local ambulance to hospital for emergency cases	Covered	Covered	Covered	Covered
Treatment outside Kenya RESTRICTED TO INDIA where treatment is not locally available including travel expenses	Allowed	Allowed	Allowed	Allowed
In Patient Ophthalmology & Dental care	75,000 Each	75,000 Each	60,000 Each	50,000 Each
Reconstructive surgery following an accident	Covered	Covered	Covered	Covered
Funeral expenses	75,000	75,000	60,000	50,000



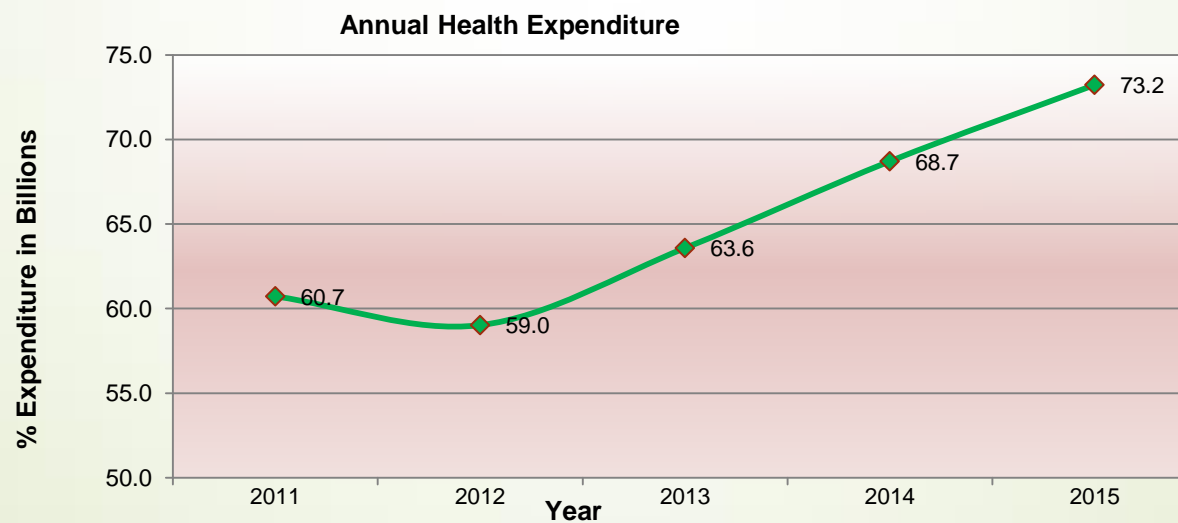
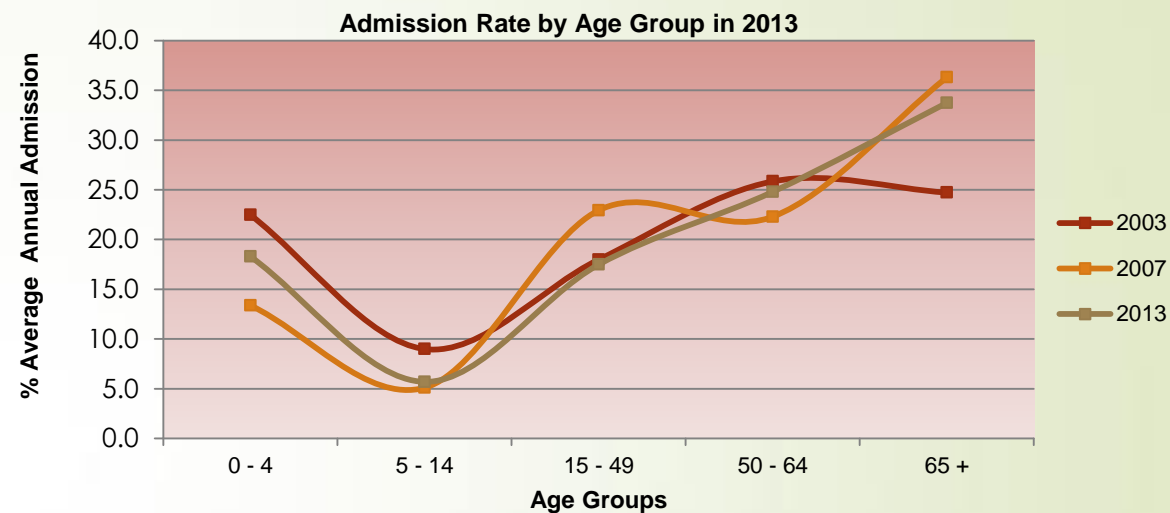
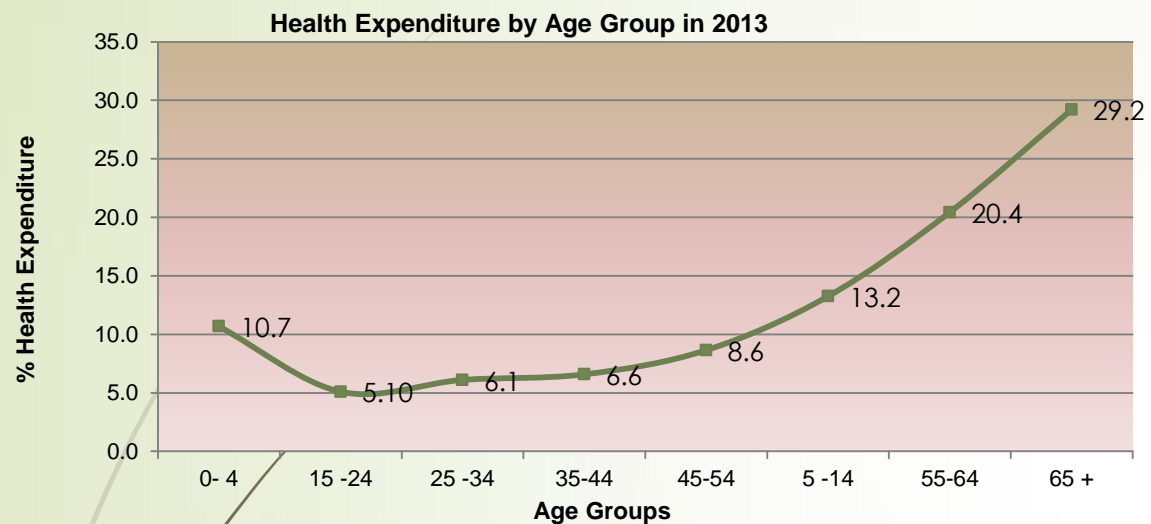
Benefit summary cont.....

OPTIONAL OUT PATIENT COVER PER PERSON

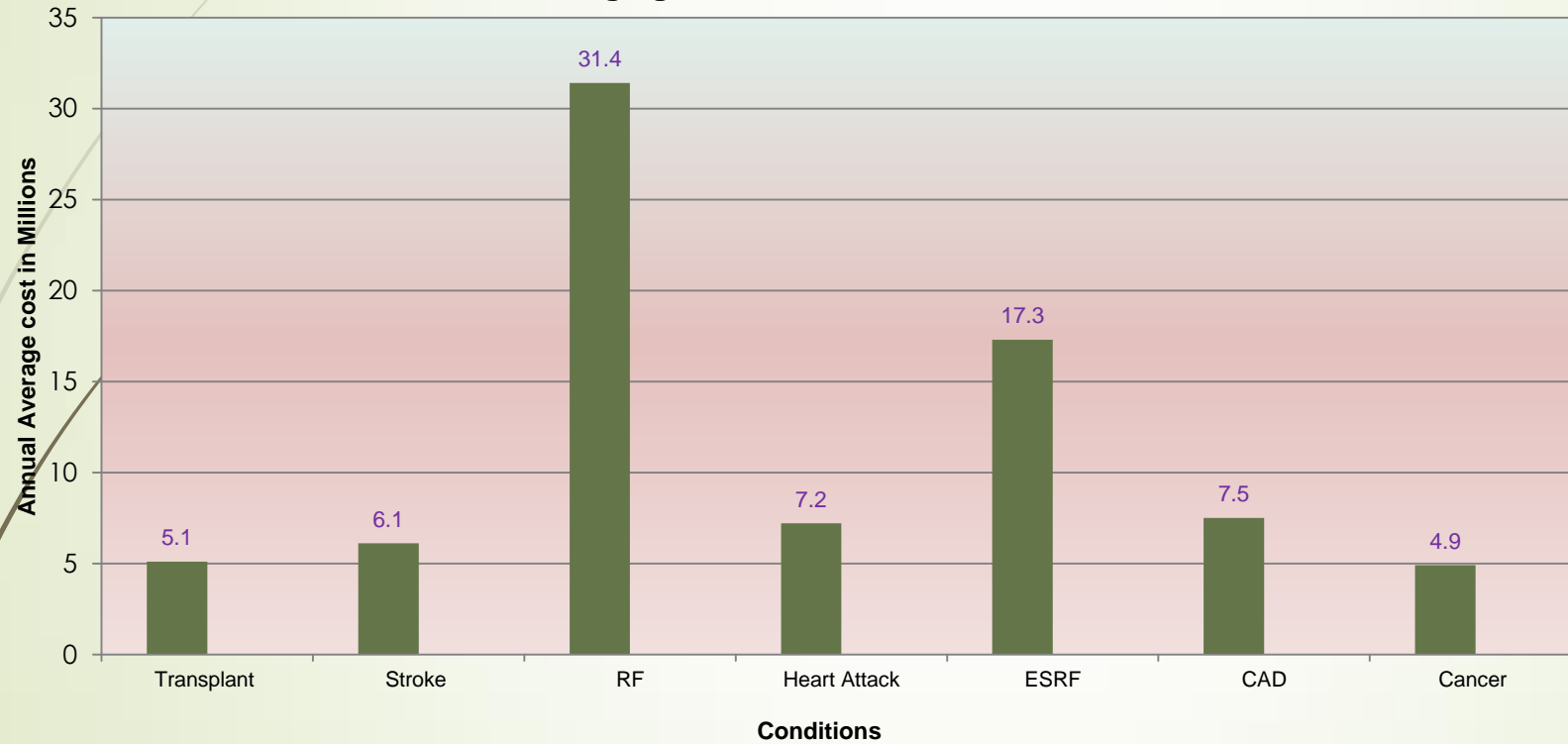
Annual Limits Per Person	200,000	150,000	100,000	60,000
Physicians consultation fees	Covered	Covered	Covered	Covered
Prescription drugs	Covered	Covered	Covered	Covered
Specialists fees	Covered	Covered	Covered	Covered
X-Ray, MRI's, CT and other diagnostic tests	Covered	Covered	Covered	Covered
Pre-existing/ Chronic Conditions/ HIV AIDS after 12 months of cover & full disclosure at the time of joining.	Covered	Covered	Covered	Covered

- Eligible cost of in-patient care is payable net of NHIF.
- If the benefits are to integrate with the National Hospital Insurance Fund (NHIF), members of the scheme should be registered members of NHIF.

Statistical Facts



Cost of Managing Chronic Illnesses



ABBREVIATION

RF - Respiratory Failure

ESRD - End-Stage Renal Disease

CAD - Coronary Artery Disease

Q&A

