



MEDICAL SCHEME

26 AUGUST 2005

Dear Member

PICK 'N PAY MEDICAL SCHEME'S PREFERRED PROVIDER NETWORK (PPN) HOSPITALS

Thank you for the interest shown regarding our communication dated 9 July 2005 on the implementation of the Scheme's PPN Hospitals.

Pick 'n Pay Medical Scheme's principal objective is to ensure that you, our valued member, have affordable cover to meet your medical needs. Hospitalisation expenditure has increased greatly (8.8% above inflation each year for the past six years) and therefore the Scheme has deemed it necessary to promote hospitals that are more cost-effective without compromising on care and service to you.

We would like to take this opportunity to provide you with further detail on our PPN Hospitals.

We would like to emphasise that you will not be liable for a co-payment:

1. Should you be admitted to a non-PPN hospital in the event of an emergency;
2. Should there be no PPN hospital in your immediate area; or
3. In the event of an admission to a non-PPN hospital for a justifiable reason acceptable to the Scheme.

Please note that you still need to obtain pre-authorisation for the above-mentioned via the Scheme's hospital pre-authorisation line on 0800 118 884.

The list of hospitals previously communicated includes hospitals that are currently offering you the most cost-effective treatment, whilst at the same time providing you with excellent service. Kindly note that this is not the complete list of PPN hospitals.

Additionally, the PPN hospitals communicated to provide the following services **free of charge** as from 1 October 2005:

- Inoculation to babies from birth to one year of age;*
- Glucose, cholesterol and blood pressure tests as well as flu vaccines;
- Upgrades to private or semi-private wards where available.

To establish which PPN hospital is the nearest to you and will provide these additional free services, please call the Scheme's hospital pre-authorisation line.

If you prefer to make use of a hospital which is not a scheme PPN contracted hospital, a member choice levy or co-payment will be payable. This will not be payable in exceptional cases, with satisfactory reasons acceptable to the Scheme. You will be informed of the member choice levy amount when you phone for pre-authorisation.

We are confident that this initiative, amongst many others, could result in much lower contribution increases for 2006. We also believe that hospitals will align their prices to a reasonable level, to ensure inclusion in our Scheme's hospital network.

Yours faithfully

MR GT JONES
PRINCIPAL OFFICER

**Conditions apply*