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Brand Management in Medical Schemes: Outsourcing and Website Dynamics

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Abstract: Outsourcing has become a widely adopted strategy to enhance operational efficiency in the rapidly changing medical schemes sector. However, it also poses challenges in maintaining brand identity and differentiating between medical schemes and third-party administrators. This study examines the impact of outsourcing on brand extension and website development within medical schemes, utilizing a mixed-method research approach that includes a comprehensive literature review and detailed case study analyses. It explores the distribution of administration fees, identifying distinct patterns and potential anomalies in fee rates across various operational models. Additionally, the research investigates complaints about medical scheme websites, emphasizing the crucial role of accurate and reliable online resources in ensuring member satisfaction. Complaints about these websites predominantly concern failures to update content and discrepancies in network information, each accounting for 28% of the issues reported. Other concerns include transparency, accuracy of information, claims disputes, and unmet coverage expectations, underscoring the need for significant improvements in website management to build trust and enhance the member experience. The analysis also highlights that schemes managing operations internally incur higher administration expenses than those outsourcing these functions. The study recommends that medical schemes focus on clearly distinguishing themselves from third-party administrators in branding and communication by developing distinct brand identities that reflect their unique value propositions and services. There is a critical need to improve the functionality and transparency of scheme websites to enhance member engagement and satisfaction, especially for schemes with their unique sites. This study provides a comprehensive overview of the importance of brand identity and customer service in shaping the healthcare experience for members of medical schemes, offering practical recommendations for industry stakeholders and policymakers.

Keywords: Outsourcing, Brand Extension, Website Development, Medical Schemes, Brand Identity, Brand Dilution, Operational Efficiency.

JEL Classification Code: I13, L22, M31, O33

1. INTRODUCTION

Outsourcing is common in medical schemes, particularly for administrative functions, claims processing, and member services (Roberts et al., 2013; Da Costa & Akhunjonov, 2018). This strategic move allows medical schemes to focus on their core competencies while leveraging the expertise of third-party providers to handle specialized tasks. Outsourcing can significantly enhance operational efficiency by streamlining processes, reducing costs, and improving service delivery (Nazeri, 2012; Da Costa & Akhunjonov, 2018). Outsourcing non-core functions, such as administrative functions, can free up internal resources, enabling the scheme to focus more on strategic initiatives and member engagement. Hill (2002) outlines three pricing strategies: predatory pricing, aimed at eliminating weaker competitors through sustained low pricing; multipoint pricing, where competitors offer differentiated add-on services to different clients; and experience curve pricing, where inexperienced firms provide competitive rates to gain market experience. Similarly, third-party providers often have advanced technological capabilities to expedite claims processing, resulting in faster turnaround times and improved member satisfaction (Da Costa & Akhunjonov, 2018).



However, outsourcing also introduces complexities in brand management and member perceptions (Young, 2007; Du Preez & Bendixen, 2019). One major challenge is maintaining a consistent brand identity when multiple entities deliver services. As Aaker (1996) defined, brand identity comprises the unique associations representing what a brand stands for and promises to its customers. When third-party administrators are involved, it becomes critical to ensure they convey the same brand values and standards (*Compcare Wellness Medical Scheme v Registrar of Medical Schemes*, 2020). Any deviation in service quality or messaging can lead to inconsistencies that confuse members and weaken the brand's overall impact.

Furthermore, the involvement of third-party providers can obscure the medical scheme's brand, making it difficult for members to distinguish between the scheme and the administrator (CMS, 2006; *Compcare Wellness Medical Scheme v Registrar of Medical Schemes*, 2020). This can dilute the scheme's identity and reduce its visibility in the marketplace. Members might associate their experiences with the third-party provider more than the medical scheme itself, potentially undermining its efforts to build a strong, recognizable brand. Outsourcing significantly influences member perceptions, especially in the healthcare sector, where trust and reliability are critical (Leeman & Reynolds, 2012; Vel, Suhail, Satyanarayan & Easo, 2011; Skipworth, Delbufalo & Mena, 2020).

Members depend on medical schemes to manage their health needs, making these attributes paramount effectively; according to Keller (2003), brand extension leverages existing brand equity to introduce new products or services. This concept is difficult to grasp in medical schemes as services offered by third parties are not entirely owned by the scheme (Leeman & Reynolds, 2012; Da Costa & Akhunjonov, 2018).

Suppose a medical scheme extends its brand to include new services managed by third parties. In that case, it must ensure these services meet the same standards of quality and reliability. Any shortcomings of the third-party provider can negatively impact member perceptions and erode trust in the brand (Swaminathan, 2003; Martínez, Montaner & Pina, 2009).

Outsourcing can also complicate the differentiation between not-for-profit medical schemes and for-profit administrators. Not-for-profit schemes are member-focused entities that operate primarily for the benefit of their members, while for-profit administrators aim to generate profit from their services. This distinction is crucial for maintaining member trust and ensuring regulatory compliance. However, when third-party administrators manage significant aspects of the scheme's operations, members may find it challenging to discern the not-for-profit nature of the scheme, potentially leading to confusion and mistrust.

2. LITERATURE REVIEW

This paper explores the importance of distinguishing between not-for-profit medical schemes and for-profit administrators and examines the challenges related to brand identity, visibility, and differentiation. According to Aaker (1996), brand identity is a unique set of associations representing what a brand stands for and promises to its customers. It encompasses elements such as logos, colors, slogans, and overall messaging that create a distinct and recognizable image in the minds of consumers (Farhana, 2012; Zwakala & Steenkamp, 2023). Brand identity is critical in medical schemes because trust and reliability are paramount. Websites are a crucial cornerstone of brand identity, particularly for medical schemes. Notably, some medical schemes lack dedicated websites, which poses a significant challenge for members in quickly identifying them. This issue becomes pronounced in cases where a single administrator manages more than ten schemes under contract. The absence of scheme-specific websites exacerbates the difficulty of accessing pertinent information and services, hindering efficient communication and engagement with members (Borghouts, Eiskey, Mark, et al., 2021).

The operational model utilized within the medical schemes sector significantly influences the brand extension process. This impact manifests through two primary mechanisms: brand extension by association and outsourcing services. Keller (2003) defines brand extension as using an established brand name to introduce new products or services in related or unrelated categories. This strategy leverages existing brand equity to gain acceptance and market share for new offerings. In medical schemes, brand extension can involve adding new health services or wellness programs under the

scheme's umbrella (Keller & Aaker, 1992; Pitta & Katsanis, 1995). The outsourced model represents a brand extension that has not been extensively discussed in the literature. Specifically, some organizations outsource administrative functions, while others handle these functions internally or in a hybrid manner.

Outsourcing refers to contracting out certain business functions or processes to third-party providers, as Leimeister (2010) defines. Outsourcing, an increasingly prevalent strategic business practice across diverse industries, entails delegating operational functions to external entities. Other reasons for the use of outsourcing include improving IS service quality through access to specialized services, facilitating access to highly-qualified staff and making it easier to have state-of-the-art technology available, passing the risk of equipment obsolescence on to the service provider (Baldwin, Irani & Love, 2001; Taylor, 2001). While offering potential cost efficiencies and specialized expertise, its impact on brand equity has attracted significant attention in academic discourse. This review synthesizes existing literature to explore the adverse effects of outsourcing on brand equity, specifically focusing on its repercussions on brand image, personality, and culture. The operational structure of medical schemes heavily depends on third-party administrators, with a significant portion of the industry, 84%, dominated by four of the nine administrators (CMS, 2023). The Herfindal index also depicts a concentrated market with HHI: 2 468, which indicates a moderate concentration. Moreover, CMS (2023) research demonstrates that closed schemes consistently pay considerably lower fees for administration services than open schemes.

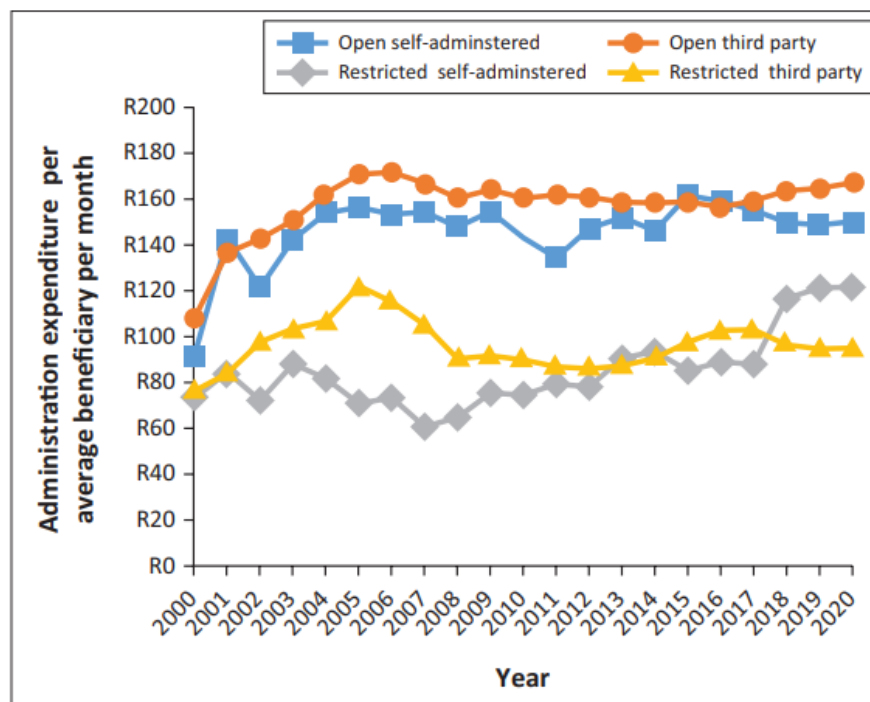


Figure 1. Administration expenditure per average monthly beneficiary (2000-2020). Willie (2023) and CMS (2023)

The reliance on a limited number of administrators within the schemes poses a potential risk of exacerbating challenges related to brand dilution. Additionally, Willie (2023) conducted a study on outsourcing marketing services over an extended period, emphasizing the absence of a short-term view on insourcing and its failure to generate value. Furthermore, there is a lack of empirical research exploring the value-added benefits to members resulting from long-term contracting of administration services. An in-depth examination of brand dilution will address this gap, incorporating a comprehensive review of relevant academic literature. This review will integrate scholarly sources to elucidate the adverse effects of brand dilution, particularly emphasizing its negative impact on organizational identity and consumer perception.

In today's digital age, establishing a comprehensive online presence is essential for effectively reaching and engaging a broader audience. To increase brand awareness and drive growth, businesses need an effective online strategy (Paun, 2020). A strong digital presence provides a crucial platform for engaging with consumers and shaping the brand narrative, distinguishing your business from competitors (Denga, Vajjhala & Asortse, 2023). This presence encompasses all online touchpoints where consumers interact with your brand. Channels such as the website serve as a virtual storefront for medical schemes, offering a platform to showcase their services, benefits, and unique offerings to potential members (Aaker, 1996; Garrett, Chiu, Zhang, & Young, 2016). Moreover, a well-designed website significantly enhances brand visibility and recognition by effectively communicating the company's brand identity, values, and distinctive features (Keller, 1993; Garrett, Chiu, Zhang, & Young, 2016). Through strategic content and design elements, medical schemes can reinforce brand recall and visitor awareness (Vallone, Greenberg, Xiao et al., 2017). The accessibility of information is a key aspect facilitated by websites, allowing current and prospective members to easily access pertinent details about coverage, benefits, enrolment procedures, and contact information (Borghouts, Eikay, Mark, et al., 2021). This accessibility empowers members to make informed decisions regarding their healthcare needs, enhancing their overall experience and satisfaction with the scheme (Kan Yeung, Torkamani, Butte et al., 2023). Additionally, websites facilitate seamless communication between medical schemes and their members (Aaker, 1996; Garrett, Chiu, Zhang & Young, 2016; Rusho & Raban, 2020; Labadze, Grigolia & Machaidze, 2023). Features such as online contact forms, chatbots, and FAQ sections enable members to seek assistance, resolve queries, and provide feedback conveniently (Keller, 1993).

Furthermore, a well-optimized website ensures an enhanced user experience by offering intuitive navigation, fast loading times, and mobile responsiveness (Bansal, 2024). This user-friendly interface fosters higher levels of engagement and encourages visitors to explore the website further, ultimately leading to increased conversions and member retention (Turner, 2023). Notably, a professionally designed website also plays a crucial role in instilling credibility and trust in the minds of visitors (Ganguly, Dash, Cyr & Head, 2010). By showcasing a modern and reliable online presence, medical schemes signal to potential members their commitment to delivering quality services and fostering long-term relationships (Keller, 1993). Moreover, in a competitive market landscape, having a website provides medical schemes with a distinct competitive advantage (Aaker, 1996).

A well-executed website demonstrates professionalism and innovation, setting schemes apart from competitors who may lack a robust online presence (Paun, 2020). This competitive edge positions medical schemes as industry leaders and enhances their ability to attract and retain members. Overall, websites are invaluable for medical schemes, offering numerous benefits ranging from brand visibility and member communication to credibility and competitive advantage (Garrett, Chiu, Zhang & Young, 2016; Rusho & Raban, 2020; Labadze, Grigolia & Machaidze, 2023).

3. LITERATURE REVIEW

A mixed research approach integrating qualitative and quantitative methods investigated outsourcing challenges within the medical schemes sector. A comprehensive literature review initially focused on brand identity (Aaker, 1996) and encompassed relevant academic articles, industry reports, and case studies. This review synthesized existing knowledge to inform the research objectives (Luft, Jeong, Idsardi, & Gardner, 2021). In addition to the literature review, several case studies were analyzed to provide real-world examples of outsourcing challenges and their impact on brand equity within the medical schemes sector. Case studies involve rigorous investigations into specific instances to understand phenomena (Crowe et al., 2011) comprehensively. Yin's guide on case study research methods provided detailed approaches to studying unique cases and phenomena (Yin, 2014), enriching the research findings with insights into successful strategies for mitigating brand identity risks associated with outsourcing.

Furthermore, a secondary quantitative descriptive analysis of data from the CMS was conducted to summarise variables of interest, including administration expenditure and analysis of complaints related to the website as a channel and source of information (Wickham, 2019). This analysis included reporting on relative averages and proportions. Whisker Box plots and distribution functions were

also depicted to describe further the data points and the distribution function of administration fees. Operational definitions used in the study are outlined in Table 1, providing further clarity on these concepts.

Table 1. Operational definitions and framework

Concept	Description
Brand Identity	Unique brand associations represent what a brand stands for and promise to its customers.
Brand Differentiation	Strategies distinguish medical schemes from third-party administrators, particularly in brand image, values, and service offerings.
Outsourcing Challenges	The difficulties and complexities associated with delegating operational functions to external providers in the medical schemes sector.
Brand Equity	Brand image, loyalty, and perceived quality influence a brand's value and strength in the marketplace.
Trust and Reliability	The extent to which members trust medical schemes to manage their health needs and deliver reliable services effectively.
Website Development	The process of creating and maintaining websites to enhance brand visibility, communication, and engagement with scheme members.
Brand Dilution	There is a risk of weakening brand identity and impact due to outsourcing, leading to inconsistencies in service quality and messaging.
Scheme size	A large scheme has more than 30,000 beneficiaries. A medium scheme has less than 30,000 beneficiaries and more than 6,000 members. A small scheme has fewer than 6,000 members.
Scheme type	The Medical Schemes Act of 1998 defines open schemes as open membership. As a result, they accept anyone who wants to become a member and pay the premium (Medical Schemes Act 131 of 1998). Closed or restricted medical schemes are limited to an employer or union (Medical Schemes Act 131 of 1998).

Source: Keller, 1993; Aaker, 1996 MS Act, 1998; Pullig, Simmons & Netemeyer, 2006; Islami, Mustafa & Topuzovska Latkovikj, 2020; CMS, 2023; Zwakala & Steenkamp, 2023; Kimani & Kungu, 2024;

Expanding upon the operational definitions, this study aims to demonstrate this by evaluating the existence of scheme-specific websites, acknowledging their significance as indicated by the graph below.



Figure 1. The importance and factors related to having a scheme-specific website.

4. RESULT AND DISCUSSION

4.1. Total Administration fees paid – 2022

Three major administrators predominantly control The medical schemes industry, representing 82.1% of the market. Self-administered schemes comprise 8.9% of the industry, with the remaining balance managed by other administrators. In 2022, the total administration fees per average beneficiary per month (ppm) varied significantly among health administrators and schemes. 3Sixty Health (Pty) Ltd charged R196.32, while Discovery Health (Pty) Ltd and Discovery Administration Services (Pty) Ltd charged R229.25 and R169.62, respectively. Medscheme Holdings (Pty) Ltd's fee was R79.71, Metropolitan Health Corporate (Pty) Ltd charged R44.50, and Momentum Health Solutions (Pty) Ltd had the highest fee at R290.51. Momentum Thebe Ya Bophelo (Pty) Ltd charged R75.94, Professional Provident Society Healthcare Administrators (Pty) Ltd charged R189.47, and Universal Healthcare Administrators (Pty) Ltd charged R160.17. In contrast, self-administered schemes paid significantly less, with an average fee of just R15.36 per beneficiary per month, reflecting that these functions are done in-house and thus attract lower fees than third parties.

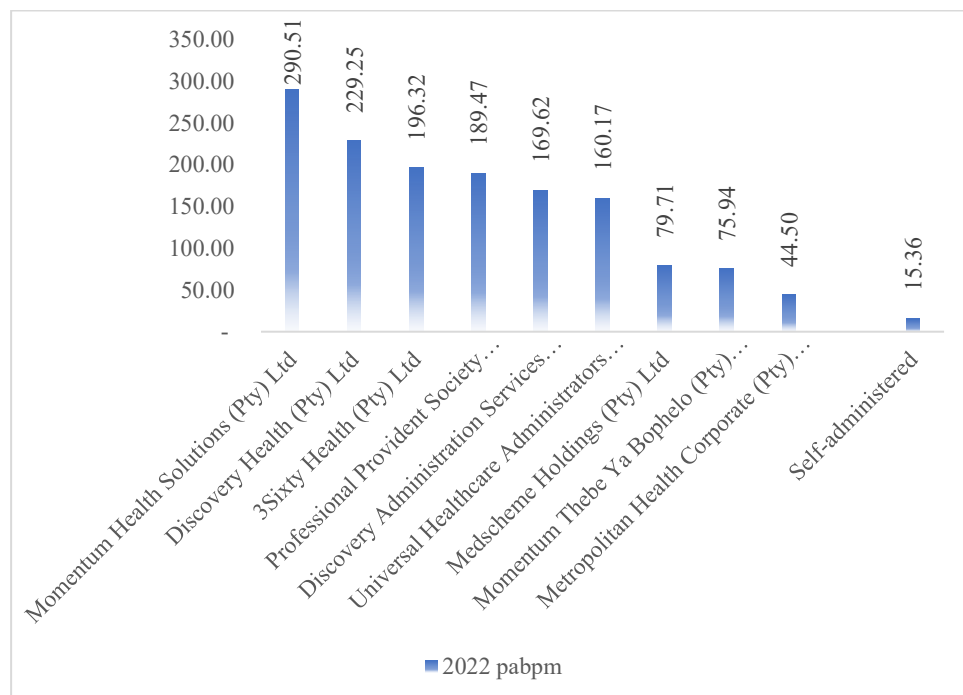


Figure 2. Total fees received per average beneficiary per month.

Analyzing administration fees across insourced and outsourced models within the medical schemes industry reveals notable trends and disparities. Table 2 below highlights distinct patterns and potential outliers in fee rates, with schemes handling administration internally tending to exhibit higher fees, while outsourced models show variability, particularly in smaller schemes. Additionally, the data on total administration fees paid in 2022 underscores the dominance of a few administrators in the market, alongside a notable presence of self-administered schemes, which often demonstrate cost advantages compared to those relying on external administrators. Larger schemes generally incur higher fees, reflecting the increased complexity of managing larger beneficiary bases. Furthermore, the variability of fees among different health administrators and schemes underscores the importance of scale and operational models when assessing administration fee structures within the medical schemes industry. While some administrators charge notably higher fees, self-administered schemes stand out for their considerably lower average fees, highlighting potential cost savings opportunities.

Table 2. Administration fees by Operating model/ scheme size

Operating model/ scheme size	N	GAE ppm	GAE as % GCI
Insourced	15	152,1	7,3
Large schemes	7	151,9	7,2
Medium schemes	3	139,6	10,0
Small schemes	5	180,9	6,8
Outsourced	56	145,8	6,8
Large schemes	15	146,7	6,8
Medium schemes	17	128,4	7,0
Small schemes	24	142,3	6,1
Total	71	146,5	6,8

Table 3 highlights Administration fees by scheme type/ scheme size, indicating that, on average, schemes with outsourced administrative functions tend to have lower administration expenses than insourced schemes, both in absolute terms and as a percentage of GCI. Notably, closed schemes across both operating models consistently showed lower administration fees than open schemes, highlighting the potential cost efficiency of serving a more defined membership base.

Table 3: Administration fees by Operating model/scheme type

Operating model/ scheme type	N	GAE ppm	GAE as % GCI
Insourced	15	152,07	7,34
Closed schemes	10	130,62	7,24
Open schemes	5	165,50	7,39
Outsourced	56	145,82	6,78
Closed schemes	45	102,68	5,14
Open schemes	11	184,34	8,05
Total	71	146,50	6,84

Table 4 highlights administration fees by scheme type/ scheme size; the average GAE ppm was R146.50, and the GAE as a percentage of GCI was 6.84%. This overall average masks significant variations based on scheme size and type. Closed schemes consistently showed lower administration costs across all sizes, suggesting that limited membership models offer cost efficiencies. In contrast, regardless of their size, open schemes faced higher administrative costs in absolute terms and as a percentage of their income, reflecting the broader administrative requirements needed to serve a more diverse membership.

Table 4. Administration fees by scheme type/ scheme size

Scheme type/ scheme size	N	GAE ppm	GAE as % GCI
Large schemes	22	147,27	6,83
Closed schemes	13	101,98	5,16
Open schemes	9	182,23	7,94
Medium schemes	20	130,00	7,35
Closed schemes	16	118,56	6,73
Open schemes	4	174,38	9,70
Small schemes	29	148,53	6,24
Closed schemes	26	147,89	6,01
Open schemes	3	154,74	9,62
	71	146,50	6,84

4.2. Distribution of administration fees as a proportion of gross contribution

The study examined the distribution of administration fees relative to gross contribution income across different operating models. It observed distinct patterns in fee rates between two strata, with

potential outliers identified, particularly in schemes that handle administration services internally, where the rate reached 40%. Among smaller schemes, an outlier was observed at slightly over 20%, primarily in schemes utilizing an outsourced model. Similarly, medium-sized schemes exhibited two outliers, one below the 25th percentile and another at the 75th percentile. Additionally, the analysis revealed that, on average, schemes with an insourced model had higher average fees compared to those employing an outsourced model.

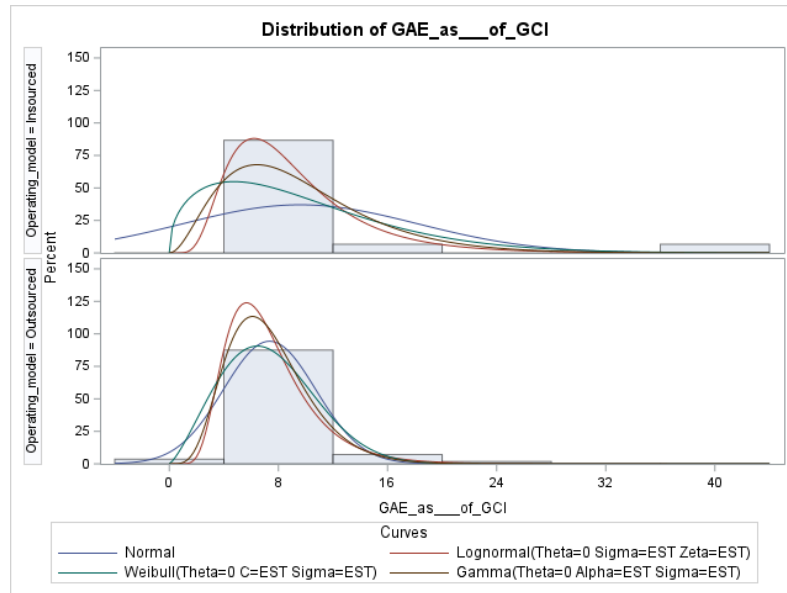


Figure 3. Distributions function of gross administration fee as a percentage of GCI by operating model-2022

Administration expenses were higher for schemes that handle operations internally than those that outsource, although the difference was not statistically significant. Specifically, the Gross Administration Expenses (GAE) or Gross Contribution Income (GCI) for schemes operating on an insourced model averaged 7.3%, whereas for schemes employing an outsourced model, it averaged 6.8%. When adjusting for the number of beneficiaries, the per capita expenses were R152 for insourced schemes and R146.7 for outsourced schemes.

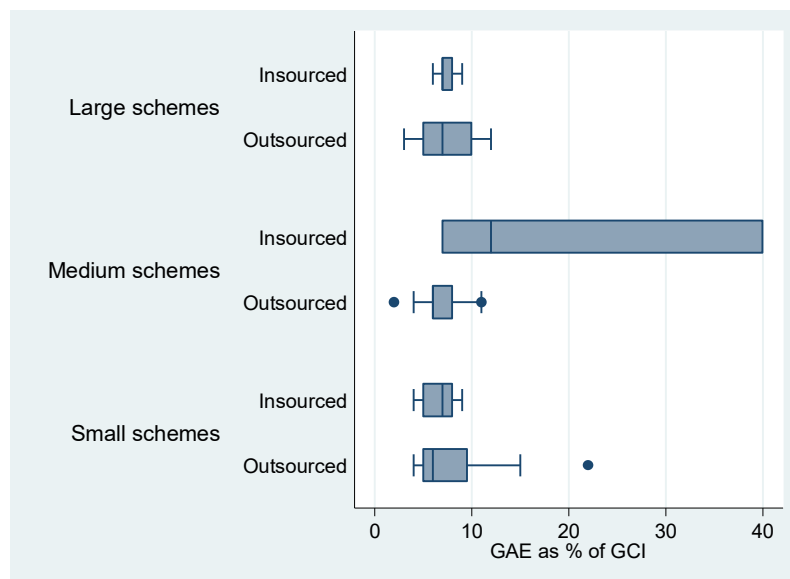


Figure 5. Whisker Box plot of gross administration fee relative to gross contribution income

4.3. Medical schemes that do not have distinct websites.

Six schemes depicted below that do not have distinct scheme-specific websites that are not embedded on the administrator website, encompassing 64,000 beneficiaries, have collectively generated a gross contribution income of R1,7 billion (Table 5). These schemes, primarily closed schemes utilizing an outsourced model and linked to administrators, represent a significant portion of the market, accounting for 1% of all beneficiaries, despite their relatively small number. However, these schemes have faced various complaints about website issues, including outdated information, network discrepancies, transparency, claims disputes, unmet coverage expectations, and administrative failures. Addressing these issues is essential to enhance member satisfaction and ensure the provision of accurate, reliable information. Improving these areas will help maintain trust and efficiency, ensuring members receive the necessary coverage and support.

Table 5. Number of medical schemes without a uniquely identifiable website

Number of Schemes	Number of beneficiaries	Gross Contribution Income: R'000
6	63 920	1 648 736

4.4. Complaints related to medical scheme website content

The analysis included a sample of website complaints; 25 schemes were identifiable based on the synopsis provided in the complaint description, which was further classified into specific thematic areas. Based on the complaints provided, the issues have been categorized into six main themes (Table 6). The most prevalent categories comprising 28% of the complaints are the failure to update information on the website and network-related discrepancies. These complaints involve inaccuracies or outdated information regarding GP network provider details, misleading information on pregnancy-related benefits, and problems locating designated service providers (DSPs). Additionally, there are significant concerns about transparency and information accuracy, as well as claims and payment disputes, each constituting 16% of the complaints. These issues include unclear tariff rates, misleading benefits information, and discrepancies in claim payments despite verified benefits. Less frequently mentioned but still notable are expectations and coverage issues, accounting for 8% of the complaints, where members faced unmet expectations of coverage based on website and brochure information. Finally, administrative and procedural failures, such as failing to change a member's payment option as requested, represent 4% of the complaints.

Table 6. Complaints related to websites.

Complaints thematic category	N	%
Failure to update information on the website	7	28%
Network-related discrepancies	7	28%
Transparency and information accuracy	4	16%
Claims and payment disputes	4	16%
Expectations and coverage issues	2	8%
Administrative and procedural failures	1	4%
	25	

4.5. Brand identity Case studies

Medical schemes linked to employer groups are primarily prevalent in closed schemes; in terms of branding, these schemes have and share the same logo as the employer. Medical schemes that share colors similar to those of employers can provide a cohesive visual identity and potentially enhance team member brand association. Medical schemes associated with specific employers are often tailored benefit packages employers offer to their employees. These schemes are designed to meet the healthcare needs of a particular workforce and are typically provided as part of the overall team

member benefits package. While the specific medical schemes associated with employers can vary depending on factors such as industry, location, and company size, several common types exist.

4.6. The Post Office and PostMed Case Study

This visual consistency can help reinforce the employer's brand image and values, fostering a stronger connection between employees and the healthcare benefits provided. One example is the Post Office and Medipos brand images, which are similar in the logo and the colors used. Medscheme administers the scheme, has a different logo and brand identity, and has administered nine other medical schemes as of December 2022 (two open and seven closed schemes).



4.7. The Discovery Health and Discovery Health Medical Scheme Case Study

The graph below illustrates the logos and brand identities of Discovery Health Administrator and Discovery Health Medical Scheme, highlighting their operational differences. Despite their distinct functions—Discovery Health Medical Scheme as a healthcare provider and Discovery Health Administrator as a service administrator—they share the same logo and brand identity. This similarity in visual branding can create confusion among members, making it challenging to differentiate between entities. Discovery Health Administrator administered 17 other medical schemes, including Large Closed schemes. The Council for Medical Schemes (CMS) has previously issued reports, circulars, and declarations addressing concerns about such practices. When separate entities share identical logos despite operating independently, these practices are labeled undesirable business practices. This practice can blur the lines between different operational roles, potentially leading to misunderstandings and confusion among members regarding the services provided by each entity.

Each entity's distinctive visual identity is crucial for clarity and transparency. This will help members easily recognize and understand the specific roles and services of Discovery Health Administrator and Discovery Health Medical Scheme. Ensuring that logos and branding accurately reflect the separate functions of each entity can enhance trust and improve the overall member experience.



Momentum Health is a healthcare provider offering comprehensive medical coverage, including hospital plans, chronic illness coverage, and day-to-day medical expenses, directly enrolling members who pay premiums for these benefits. It operates under the broader Momentum brand, emphasizing health insurance and medical aid solutions, and generates revenue through member contributions. In contrast, Momentum Health Solutions serves as an administrator, offering extensive support to various medical schemes, including claims processing, customer service, network management, and data analytics, as well as targeting schemes and healthcare providers needing efficient administrative solutions. Members of Momentum Health may face difficulties distinguishing between the scheme and Momentum Health Solutions due to shared branding, similar logos, and color schemes, leading

to confusion about service provision, administrative roles, and potential delays in assistance. This confusion can complicate communication channels and affect perceptions of accountability, possibly resulting in frustration and diminished trust in the brand. Clear differentiation in branding and communication is crucial to mitigate these issues and ensure members effectively navigate and utilize the services offered by each entity.



momentum
health



momentum
health solutions

4.8. Government team member's medical scheme

The Government Employees Medical Scheme (GEMS) operating model predominantly relies on outsourcing, where various third-party entities handle different aspects of administration. Claims processing for the scheme is mainly administered by Metropolitan and Momentum, two well-known health administrators. Meanwhile, Medscheme typically manages the collection of contributions. This division of responsibilities allows for the specialized handling of different functions, theoretically enhancing efficiency and service delivery. However, unless these functions, roles, and relationships are clearly defined and transparently understood by the scheme's members, there is a risk that members may be unable to distinguish between the entities involved. The complexity of having multiple administrators can lead to confusion among members regarding who is responsible for various aspects of their healthcare management. Additionally, members must be aware that Metropolitan, Momentum, and Medscheme operate on a for-profit basis. This fact can sometimes be obscured by these entities' branding and operational integration within the scheme. The potential for misunderstanding arises when members are unaware that the administrators are separate from the medical scheme and that their primary goal includes generating profit.



The analysis of four selected medical schemes highlights potential challenges related to the members' inability to distinguish between the medical scheme, the employer group, and the contracted third-party administrators. This issue is particularly pronounced when there is significant overlap in branding or operational responsibilities, leading to confusion among members regarding the roles and functions of each entity involved in their healthcare management. One notable challenge identified is the ambiguity created when a medical scheme is closely associated with its employer group or uses a similar logo and branding. This can obscure the lines between the scheme, employer, and contracted administrator (s), making it difficult for members to understand who is responsible for their healthcare benefits. The lack of clear distinction can lead to coverage, accountability, and service provision misunderstandings. Another challenge arises when a medical scheme contracts with multiple large administrators for different aspects of its administrative functions. While this can offer potential solutions by leveraging the strengths of various administrators, it can also add complexity and create additional layers of management that members may find confusing. For instance, having one administrator handle claims processing and another manage customer service might lead to fragmented communication and service delivery, further complicating the members' experience. The analysis further illustrates that these challenges potentially impact nearly 70% of the membership across the four schemes studied. This significant percentage underscores the importance of addressing these issues to improve member satisfaction and streamline healthcare management.

4.9. Components of administration fees related to the select list of schemes

Analyzing the fees paid to administrators by these medical schemes highlights each scheme's varying priorities and strategies in managing its operations (Figure 6). While all schemes invest significantly in customer services and claims management, the allocation of fees to other components, such as information management, financial management, and broker remuneration, varies, reflecting different approaches to healthcare administration.

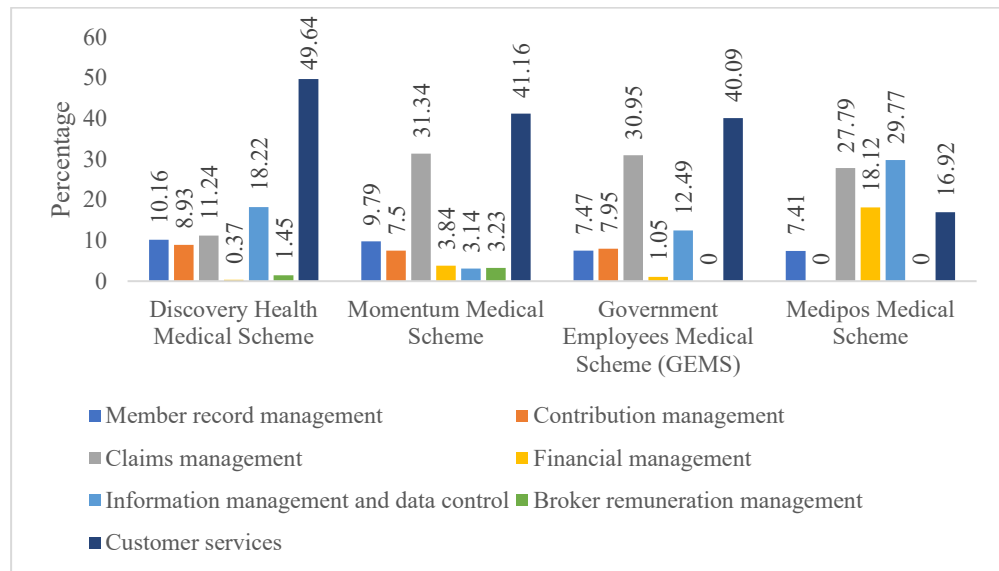


Figure 6. Fees paid to administrators -2021

4.10. Discussion

This paper explored challenges related to the distinction between not-for-profit medical schemes and for-profit administrators, emphasizing the critical issues of brand identity, visibility, and differentiation. According to Aaker (1996), brand identity comprises a unique set of associations defining what a brand represents and promises its customers. In the medical schemes sector, this involves logos, colors, slogans, and messaging, collectively creating a recognizable image that is mainly outsourced and managed by external parties on behalf of the schemes. The significance of brand identity in this context is heightened by the paramount importance of trust and reliability in healthcare services.

A notable finding from the literature is the crucial role of websites in establishing and maintaining brand identity for medical schemes (Garett, Chiu, Zhang & Young, 2016; Rusho & Raban, 2020; Labadze, Grigolia & Machaidze, 2023). However, many medical schemes lack dedicated websites, which creates significant challenges for members in identifying and accessing these schemes. This issue is particularly acute when a single administrator manages multiple schemes, as it can hinder efficient communication and member engagement.

The operating model of medical schemes, especially the reliance on third-party administrators, plays a significant role in shaping brand identity and its extension. Keller (2003) describes brand extension as using an established brand to introduce new services, leveraging existing brand equity to gain market acceptance. In medical schemes, brand extension can involve adding new health services or wellness programs.

The dominance of a few administrators in the industry raises concerns about brand dilution. Research by Willie (2023) illustrated that closed schemes often pay lower administration fees over a two-decade review period than open schemes, suggesting a potential cost advantage. However, the heavy reliance on a limited number of administrators can dilute brand identity, especially when long-term contracts are involved. Brand dilution becomes more pronounced when a medical scheme lacks a unique presence on online platforms such as websites and social media. Websites play a vital role in enhancing brand visibility and credibility. A well-designed website serves as a virtual storefront,

showcasing services and benefits, thereby reinforcing brand recall and awareness (Aaker, 1996; Keller, 1993).

The accessibility of information on these websites allows current and prospective members to make informed decisions, improving their overall experience and satisfaction (Garett, Chiu, Zhang & Young, 2016; Rusho & Raban, 2020; Labadze, Grigolia & Machaidze, 2023). Moreover, websites facilitate communication through features like contact forms and chatbots, enhancing user engagement and fostering trust (Huseynov, 2023; Labadze, Grigolia & Machaidze, 2023).

In analyzing administration fees, the study observed that schemes with insourced models tend to have higher average costs than those with outsourced models. This disparity reflects the complexity and resource requirements of managing larger beneficiary bases. The data also revealed that self-administered schemes often achieve considerable cost savings, paying significantly lower fees than those relying on external administrators. This cost advantage underscores the potential for efficiency gains through self-administration. Despite the benefits of outsourcing, several medical schemes face challenges related to brand identity when they lack distinct websites. The analysis identified six schemes without unique websites, encompassing 64 thousand beneficiaries, approximately one percent of the industry.

Complaints regarding these websites include outdated information, network discrepancies, and transparency issues, highlighting the need for accurate and reliable online resources to maintain trust and efficiency. The relationship between medical schemes and employer groups also presents branding challenges. Schemes linked to employers often share visual identities, which can create confusion regarding the roles and responsibilities of each entity involved in healthcare management. For instance, the similarity in branding between the Post Office and Medipos, as well as between Discovery Health Administrator and Discovery Health Medical Scheme, can blur the lines between different operational functions. This confusion can lead to misunderstandings about coverage and accountability.

5. CONCLUSION

This study sheds light on the importance of brand identity and customer service within the medical schemes sector. Several key insights have emerged by analyzing the challenges and considerations related to brand differentiation, website development, and administration fees. Firstly, the study highlighted the need for clear differentiation between medical schemes and third-party administrators to avoid confusion among members. Distinct brand identities and transparent communication are essential to build trust and ensure clarity regarding the roles and responsibilities of each entity. Secondly, the study emphasized the critical role of websites in enhancing member engagement and satisfaction. Medical schemes must invest in user-friendly websites that provide comprehensive and up-to-date information to empower members to make informed decisions about their healthcare needs. Finally, the analysis of administration fees underscored the importance of ongoing monitoring and evaluation to ensure cost-effectiveness and value for money for members. Regular review of fee structures can help schemes identify opportunities for cost savings while maintaining high service delivery standards.

The study has several limitations that should be acknowledged. Firstly, its scope was primarily confined to the South African context, potentially limiting the generalizability of findings to other regions with different healthcare systems and regulatory frameworks. Additionally, comprehensive data on administration fees and member perceptions was constrained, impacting the depth of analysis in certain areas. Furthermore, time constraints limited the study's exploration of additional factors influencing brand identity and member satisfaction. Despite these limitations, the study contributes valuable insights into the significance of brand identity in the medical schemes sector and its impact on member perception and satisfaction. Moving forward, recommendations are offered to enhance brand differentiation, improve website functionality, foster transparent communication, promote member education, monitor and address member complaints, and collaborate with regulators to establish industry-wide standards for branding and transparency (Aaker, 1996; Keller, 1993).

The study contributes to the existing body of knowledge by providing insights into the importance of brand identity and customer service within the medical schemes sector. The study enhances

understanding of the industry landscape's complex dynamics by exploring the challenges related to brand differentiation, visibility, and member satisfaction. Furthermore, analyzing administration fees and member complaints offers valuable empirical evidence on the factors influencing member perceptions and experiences. This contributes to developing strategies to improve brand differentiation, enhance website functionality, and foster transparent communication between schemes, administrators, and members. The study provides a comprehensive overview of the role of brand identity and customer service in shaping the healthcare experience for members of medical schemes, offering practical implications for industry stakeholders and policymakers alike.

Based on the study's findings, several recommendations can be proposed to address the challenges identified and enhance the effectiveness of brand identity and customer service within the medical schemes sector. Firstly, medical schemes should make a concerted effort to differentiate themselves clearly from third-party administrators in terms of branding and communication. This can be achieved by developing distinct brand identities that accurately reflect each scheme's unique value propositions and service offerings. Secondly, there is a pressing need to improve the functionality and transparency of scheme websites to enhance member engagement and satisfaction. Medical schemes should prioritize the development of user-friendly websites that provide comprehensive and up-to-date information on benefits, coverage, and claims processes. Transparent communication regarding the roles and responsibilities of both schemes and administrators is crucial to building trust and confidence among members. Furthermore, ongoing monitoring and evaluation of administration fees are essential to ensure cost-effectiveness and value for money for members. Schemes should regularly review their fee structures and explore opportunities for cost savings while maintaining high service delivery standards.

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