Is your employee benefits strategy keeping pace with South Africa's changing healthcare reality?

For decades, medical aid has been one of the most valued employee benefits offered by South African employers. It has formed a central part of the employee value proposition, helping organisations attract talent, support workforce wellbeing and provide employees with access to quality healthcare. Today, however, the environment has changed dramatically.

Healthcare costs continue to rise well above inflation. Public healthcare remains under significant pressure, while private healthcare is becoming increasingly unaffordable for both employers and employees. At the same time, organisations face rising employment costs, changing workforce expectations, increasing mental health challenges, rapid advances in digital healthcare and continued uncertainty surrounding the future implementation of National Health Insurance (NHI).

The result is a difficult balancing act. Employers want to provide meaningful healthcare benefits that attract and retain talented employees, yet many simply cannot continue increasing medical aid subsidies at the pace healthcare costs are rising. Employees, meanwhile, are experiencing growing financial pressure, with many downgrading medical scheme options, delaying treatment or avoiding preventative healthcare because they cannot afford the out-of-pocket costs.

The reality is that South Africa's healthcare system presents challenges that no individual employer can solve. The strategic question therefore becomes “How do organisations continue supporting employee health and wellbeing within a healthcare system that is becoming increasingly difficult to navigate?”

Employee healthcare is now a business issue

Traditionally, healthcare benefits have been viewed as an employment cost or an HR responsibility. Increasingly, they are becoming a business performance issue.

Employees who cannot access appropriate healthcare are more likely to experience prolonged illness, financial stress, burnout and declining mental wellbeing. Organisations ultimately experience the consequences through increased absenteeism, lower productivity, higher turnover, growing disability costs and reduced employee engagement.

Conversely, employees who have access to appropriate healthcare support are generally healthier, recover more quickly, manage chronic conditions more effectively and remain productive for longer.

Healthcare benefits should therefore be viewed not simply as an employee cost but as an investment in organisational capability, workforce resilience and long-term business performance.

Employers cannot fix the healthcare system but they can respond differently

South Africa's healthcare challenges affect every organisation regardless of industry. Employers cannot control healthcare inflation, resolve pressure within the public healthcare system or determine the pace of healthcare reform. What they can control is how effectively they support employees within this changing environment. The most successful organisations are moving beyond the traditional approach of reviewing medical aid subsidies once a year. Instead, they are developing integrated employee wellbeing strategies that balance affordability, flexibility and long-term sustainability.

Rather than asking how much more they should spend on healthcare benefits, they are asking how they can generate greater value from every rand invested.

Moving beyond medical aid

Leading organisations increasingly recognise that employee wellbeing extends far beyond funding medical scheme contributions.

Many are redesigning their employee benefits strategies to include greater flexibility, preventative healthcare, mental wellbeing support and digital healthcare services. Flexible medical scheme contribution models, Employee Assistance Programmes, virtual GP consultations, wellness initiatives, financial wellbeing programmes and preventative health screening are becoming increasingly common.

These initiatives often improve employee outcomes without requiring significant increases in benefit expenditure.

More importantly, they help employees access support earlier, before relatively minor health issues become more complex, costly and disruptive.

Prevention delivers better returns than treatment

One of the most significant shifts taking place is the move from funding illness towards promoting health. Forward-thinking employers are investing in preventative healthcare because healthier employees are more productive employees.

Annual health assessments, chronic disease screening, vaccination programmes, nutrition initiatives and workplace wellness campaigns help identify health risks before they become serious medical conditions. Earlier intervention benefits employees while also reducing absenteeism, disability risk and long-term healthcare costs.

In an environment where healthcare affordability continues to deteriorate, prevention may prove to be one of the most valuable investments an employer can make.

Digital healthcare is reshaping employee expectations

The way healthcare is delivered is changing rapidly. Employees increasingly expect healthcare to be accessible, convenient and technology-enabled. Virtual consultations, online counselling, digital chronic disease management, prescription delivery services and health monitoring applications are becoming mainstream components of employee wellbeing programmes.

These services reduce travel time, improve access to healthcare and often provide more cost-effective support for both employers and employees. Digital healthcare is no longer a future trend—it is becoming an expected part of the employee experience.

Mental wellbeing deserves equal attention

The relationship between financial wellbeing, mental health and organisational performance has never been more evident.

Economic pressure, uncertainty, workload demands and rising living costs continue to affect employees across every sector.

Progressive employers are responding by expanding access to confidential counselling services, resilience programmes, manager awareness training and financial wellbeing support. These initiatives not only improve employee wellbeing but also contribute to stronger engagement, lower turnover and improved organisational performance.

Supporting mental wellbeing is no longer simply a wellbeing initiative—it is a business imperative.

Better communication often creates greater value than higher spend

One of the most overlooked opportunities lies in helping employees understand the benefits they already have.

Many employees are unaware of preventative healthcare benefits included within their medical scheme, the value of Employee Assistance Programmes, available mental health services or digital healthcare platforms already funded by their employer.

Clear communication enables employees to make better healthcare decisions, utilise preventative benefits more effectively and maximise the value of existing programmes without increasing organisational expenditure.

Sometimes better communication delivers greater value than higher investment.

Measure employee benefits like any other business investment

Leading organisations increasingly evaluate employee benefits using the same discipline applied to any other strategic investment.

They monitor trends in absenteeism, employee turnover, healthcare utilisation, engagement, productivity, disability rates and wellbeing indicators to understand whether benefit investments are improving organisational performance.

This enables evidence-based decisions rather than relying solely on annual contribution increases or historical benefit structures.

Questions every executive team should be asking

As South Africa's healthcare environment continues to evolve, executive teams should be asking:

- Does our employee benefits strategy reflect today's healthcare realities?
- Are we balancing affordability with meaningful employee value?
- Are our benefits supporting productivity, retention and workforce resilience?
- Are we investing sufficiently in prevention rather than treatment?

- Do employees fully understand the benefits available to them?
- Are we preparing our organisation for future healthcare reform?

The answers to these questions will increasingly influence an organisation's ability to attract, retain and engage talented employees.

How leading employers are responding

Across South Africa, leading organisations are rethinking healthcare benefits by moving beyond traditional medical aid subsidies.

Many are investing in preventative healthcare programmes, expanding mental health support, improving access to digital healthcare services and introducing greater flexibility into benefit design. Others are strengthening financial wellbeing initiatives or using workforce data to better understand where healthcare investment generates the greatest organisational value.

While the approaches differ, the objective remains the same: creating healthier, more resilient workforces while managing costs responsibly.

How Khokhela can help?

At Khokhela Remuneration Advisors, we believe employee benefits should support organisational performance just as much as employee wellbeing.

We work with Boards, Executive Teams and HR leaders to develop integrated reward and employee benefits strategies that balance affordability, competitiveness, governance and long-term sustainability.

Our services include total reward strategy development, employee benefits reviews, benefit benchmarking, reward governance, employee value proposition development, remuneration benchmarking and pay equity consulting.

South Africa's healthcare landscape will continue to evolve. Healthcare costs are unlikely to moderate significantly in the near future, workforce expectations will continue to change, and healthcare reform will remain firmly on the strategic agenda.

The organisations that succeed will not necessarily be those that spend the most on employee healthcare benefits. They will be those that invest wisely, communicate effectively, focus on prevention, use data to guide decisions and design employee benefits that support both organisational performance and employee wellbeing.

In an increasingly uncertain healthcare environment, employee benefits are no longer simply an HR responsibility, they are a strategic investment in business resilience, workforce capability and long-term organisational success.

Is your oganisation still funding yesterday’s employee benefits model while your workforce faces tomorrow's healthcare reality?

- **Geraldine Heynes – Senior Consultant @ Khokhela Remuneration Advisors**
- geraldine@khokhela.co.za