

Medical scheme body presses on with consolidation draft plan Business Day 19 April

The Council for Medical Schemes expects to finalise a draft consultative framework on consolidating the medical schemes industry within two months, acting CEO Siphokhelo Kabane says.

Industry consolidation is in line with government policy on National Health Insurance (NHI), but is likely to run into fierce opposition from industry players and civil servants.

The framework would contain proposals for consolidating government-funded schemes for public servants, reducing the number of the scheme's benefit options and consolidating schemes that had less than the statutory requirement of 6,000 members, Kabane said.

The notion of scrapping schemes with fewer than 6,000 members was first floated by Kabane in 2017 shortly after Health Minister Aaron Motsoaledi released the government's White Paper on NHI.

His proposal ran into immediate criticism from industry experts, who warned that such a move posed a risk to the 230,000 people who belonged to such schemes.

All but three of the 31 medical schemes with fewer than 6,000 members at the end of 2015 were restricted employer groups, which generally subsidised members on low incomes, enabling them to buy cover they could not afford on the open market. While the Medical Schemes Act says schemes must have at least 6,000 members to be registered, it has never enforced this threshold and has permitted small stable schemes to continue with their operations.

Kabane said the aim of medical scheme consolidation was to merge risk pools to lower costs, noting that medical schemes were forced to dip into their reserves to meet their obligations to settle claims in 2016-17. He was speaking on the sidelines of a briefing to Parliament on the council's annual performance plan for 2018-19.

The number of medical schemes had declined steadily over the past decade, and there were 82 schemes in 2016-17, he said. There were more than 320 benefit options, which made it difficult for consumers to choose between medical schemes. The ultimate aim was to have three or four standardised benefit options, he said.

Alex van den Heever, University of the Witwatersrand chairman of Social Security Systems Administration and Management Studies, warned in 2017 that consolidation would harm consumers as it would limit choice.

Closing small schemes due to their size was indefensible, he said at the time.

The Council for Medical Schemes told Parliament it had received a sharp increase in complaints from medical scheme members in the 2017-18 financial year, said its

complaints manager Thembekile Phaswane. The council had received 4,536 complaints from members during 2017-18, which was 1,017 more than the year before, she said.

The medical scheme industry had 8.87-million members at the end of 2016.