

### *Council to get tough on medical schemes*

THE Council for Medical Schemes and the Department of Health are planning new amendments to the Medical Schemes Act to beef up governance on medical scheme boards and stop unscrupulous trustees enriching themselves at members' expense. In the past decade, 10 medical schemes have been placed under curatorship after trustees milked their reserves to line their own pockets and dish out contracts to friends and family. The most recent examples include Medshield and Sizwe, placed under curatorship last week and last month, respectively. To date, not a single trustee from a scheme placed under curatorship had been convicted, and many of those identified by the council as behaving inappropriately were at liberty to circulate in the industry and join other schemes, according to its head of compliance and investigations, Stephen Mmatli. He said member apathy, combined with weaknesses in the Medical Schemes Act, meant there was insufficient control over the skills and qualifications of the people elected as trustees and too few checks and balances. While many schemes have highly qualified trustees, some of whom take home modest remuneration (or none at all), the converse is also true: the council's latest annual report shows trustees awarding themselves fees of up to R700 000 a year. In March 2008 the Cabinet approved the Medical Schemes Amendment Bill, which contained provisions to improve governance at schemes and measures to introduce a Risk Equalisation Fund to compensate schemes with older and sicker members. Although the bill was submitted to parliament, it was never processed since the government turned its attention to introducing National Health Insurance. Four-and-a-half years later, the council and the department are planning to revise aspects of the reform envisaged in the bill, and intend to strengthen the act's governance provisions for medical schemes to protect beneficiaries, according to Mmatli. Department of Health spokesman, Joe Maila, confirmed that amendments to the act were being drafted, but said work was still at an early stage. Mmatli said last year that the Council had introduced routine inspections of medical schemes in an attempt to identify governance failings before they got to the point where curatorship was required, but resource constraints meant that only a handful of schemes could be scrutinised. The council is also planning guidelines for trustee remuneration, according to its latest annual report, tabled in parliament last week, which says: "The aim (is to) eliminate abuses while ensuring that medical schemes are able to recruit and retain appropriately skilled individuals to serve on their boards."