

## **NHI set to cull small medical schemes**

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SWEEPING changes to medical schemes on the road to National Health Insurance came a step closer last week when the medical scheme regulator announced the potential closure of small schemes, the rationalisation of scheme options and an accelerated alignment of scheme benefits with the government's health policy. At the Board of Healthcare Funders' conference in Cape Town last week, a senior Department of Health official also announced that the Council for Medical Schemes would start consulting on how to make scheme membership mandatory for all who can afford it. The conference heard that the council was considering dissolving 29 medical schemes that have fewer than 6 000 members to better cross-subsidise risk. There are 83 medical schemes with 323 options for 8.8-million lives. The department has set January 31 as the deadline for development of a plan to create bigger risk pools to lower contributions. Dr Siphso Kabane, acting registrar of the Council for Medical Schemes, told the conference that the council's interpretation of this objective was that it should examine all schemes with fewer than 6 000 members - the number a scheme is required to have by law. The council's annual report shows a number of restricted schemes such as those for Afrox, Anglovaal, Barloworld, BMW, BP, De Beers, Engen, PG Group, Tsogo Sun, Tiger Brands, SABC as well as Rhodes, Wits and KwaZulu-Natal universities, have fewer than 6 000 members. Barry Childs, a healthcare actuary at Insight Actuaries & Consultants, said restricted medical schemes with fewer options than open medical schemes had better cross-subsidisation and offered better value. Johan Pretorius, CEO of administrator Universal Healthcare, said a scheme's size did not necessarily determine its sustainability and many employer schemes were better value than open schemes. He said a more scientific approach to addressing fragmented risk pools was required.

Jonathan Broomberg, CEO of medical scheme administrator Discovery Health, said merging schemes was a complex process requiring several regulatory steps that typically took more than six months.

*Laura du Preez: Business Times*