

## *NEWS FROM MEDICAL AIDS Jan - June*

### ***Subsidised vaccine rollout to cost medical schemes as much as R7bn***

Discovery Health anticipates that it will cost up to R7-bn for medical schemes to fund Covid-19 vaccines for 7.1-m of their own members as well as to subsidise an equal number of nonmembers in the public sector, according to CEO Ryan Noach (*BusinessLive* 7 January 2021).

Noach said the funding model would entail medical scheme members paying double the price for the vaccine with the scheme donating 50% of the cost to a funding vehicle, such as the Solidarity Fund.

Medical scheme members would receive the vaccine as a prescribed minimum benefit (PMB).

The cost to vaccinate 14.2-m people would range between R4-bn and R7-bn.

Though medical schemes have massive reserves - R87-bn as at the end of quarter two in 2020 - these reserves belong to members and cannot be tapped by schemes.

### ***Medical aids won't be subsidising non-members***

Three medical schemes, Discovery Health, Fedhealth and Profmed, have confirmed they will neither be subsidising non-members to be inoculated against COVID-19 nor approach vaccine manufacturers directly.

Discovery CEO Adrian Gore said as a result of global vaccine shortages, procurement should be left to the state, though with strong private sector collaboration.

However, Profmed CEO Craig Comrie said while manufacturers were not yet willing to sell vaccines directly to private business organisations, the scheme had had discussions with “many” manufacturers.

Medical aid schemes also poured cold water on the idea that they could subsidise vaccinations for people who do not have medical cover, reported *TimesLIVE* (14 April 2021).

Fedhealth principal officer Jeremy Yatt said subsidising vaccinations would be illegal as a medical aid is a not-for-profit organisation, and the funds therefore belong to the members who contribute every month.

### ***Discovery, Netcare defend prepaid doctors' vouchers***

Discovery Health and Netcare say their doctor consultation vouchers were supposed to provide a beacon of hope to millions of the South Africans who cannot afford medical aid. They have decided to appeal the CMS directive preventing them from selling prepaid vouchers for doctors' visits and prescribed medicine. The outcome of their appeal is yet to be announced. In the meantime, they continue to sell their products

In August last year NetcarePlus was launched, selling prepaid vouchers for doctors' visits and prescribed medicine. In December Discovery Health launched a voucher system making it possible for people without a medical aid to consult a private doctor and receive medication for just R300.

However, in mid-December the Council for Medical Schemes (CMS) issued a directive that the two companies must cease selling their recently launched prepaid doctor consultation vouchers. In the directive, the industry regulator said the two companies were conducting the business of medical schemes without the requisite approval.

### ***Department of Health declares certain DSP practices by medical schemes irregular***

Certain practices by medical schemes in selecting Designated Health Care Providers (DSPs), as well as imposing excessive co-payments on members, have been declared an irregular and undesirable practice by the Department of Health (in Terms of Section 61 of the Medical Schemes Act No131 of 1998 )

A notice to this effect was published in the *Government Gazette* (23 April 2021)

This follows information provided by the CMS regarding the way in which some medical schemes:  
Unilaterally and without restriction, determine the criteria to apply when selecting their DSPs;  
Select DSPs without engaging in a fair procurement process;  
Unfairly limits the number of selected service providers (including pharmacies) available to provide healthcare services to the members; and  
Oblige members to use only the selected limited number of DSPs or risk paying exorbitant co-payments.

***GEMS being investigated for fraud, of more than R300-m***

**On February 22, News24** reported that “The Government Employees’ Medical Scheme (GEMS) has been rocked by allegations of tender rigging, fraud, maladministration and corruption totalling more than R300-m. The accusations of graft at GEMS are detailed in a series of 10 forensic reports which show that over a period of five years the scheme appointed and paid more than R300-m to companies in which some of its executives had direct financial interests.

**On May 19,** Health Minister Zweli Mkhize told Parliament (19 May 2021) that the Government Employees Medical Scheme (GEMS) submitted forensic investigation reports to the CMS for the alleged fraud and corruption. The investigation is ongoing.

***Discovery announces price hike for medical scheme members***

After freezing its medical aid contributions at the same level for the first half of the year, Discovery Health Medical Scheme (DHMS) has announced a 5.9% increase across all its options, reported Fin24 (22 May 2021).

Last year, the Council for Medical Schemes recommended that medical aids freeze their price hikes for 2021 or limit their increases to around inflation, which is currently above 4%. This was to “insulate members facing financial hardship” during the pandemic, the CMS said.