

## Low cost benefit healthcare options no longer to be offered by medical schemes, insurers – fin24 6 December 2019

The Council for Medical Schemes plans to disallow low-cost benefit options for healthcare to better align offerings of medical schemes and insurers to National Health Insurance policy.

The medical schemes regulator on Wednesday issued a circular, signed off by its chief executive and registrar Dr Siphon Kabane, informing the public of its plans.

"The purpose of this circular serves to inform medical schemes, insurers and other interested parties that no Low-Cost Benefit Options (LCBO) will be allowed for low-income market segments going forward," Kabane said in the circular.

"This decision is to align such products with the broader health policy discussion that seeks to ensure adequate access to care, irrespective of the economic status of the population," the circular read.

In August this year, Health Minister Zweli Mkhize tabled the National Health Insurance bill before Parliament. NHI is a policy that will ensure the provision of universal healthcare access to South Africans subscribed to the fund. Government wants it to be fully implemented by 2026.

In the circular Kabane outlined why low-cost benefit options were first introduced – these healthcare options were targeted to a "specific group of the population", low-income households so that they would be able to afford medical scheme cover.

Generally, these households cannot afford high medical scheme premiums – the premiums paid determine the quality of benefits medical scheme members can receive. While higher premiums covered "richer" benefits, there was an opportunity to offer lower-income earners "inferior benefits," according to the Council for Medical Schemes (CMS).

"Mainly, such products potentially use the State as a designated service provider without entering into the necessary agreements with the State and lack prescribed minimum benefits," the circular read.

However the South African economy has come under "a lot of strain" and higher levels of unemployment suggests that a low-cost benefit option for low-income earners could be difficult to realise, according to the CMS.

The CMS has since been working with the prescribed minimum benefits committee – and developed a prescribed minimum benefits package with a specific focus on primary healthcare (PHC).

Prescribed Minimum Benefits or PMBs are a set of defined benefits that ensures all medical scheme members have "access to certain minimum health services", regardless of their benefit option, according to the CMS.

"In addition, the CMS considers the proposed PHC package as a basis for the discussions that will lead to the development of an affordable and quality healthcare financing package to citizens of South Africa," the circular read.

"The CMS has been undergoing an extensive review process of the benefit composition and costing of the PMB package which medical schemes must offer all its members, with the emphasis on PHC.

"The CMS considers the proposed PHC package as a more direct and efficient manner in which to bring affordable and quality healthcare financing packages to citizens of South Africa, as opposed to the current low-cost benefit option considerations and demarcation products on the market," the circular read.

*Compiled by Lameez Omarjee*