

# South Africa's 'shock' medical aid changes explained –

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Chief executive officer of the Council for Medical Schemes (CMS), Dr Siphon Kabane, says that the medical regulator made the controversial decision to scrap Low-Cost Benefit Options to protect consumers and make way for the incoming National Health Insurance (NHI).

In an opinion column for [News24](#), Kabane said that the move will promote the NHI which will address the ever-widening disparities in access to healthcare and not 'aggravate unfairness'.

In December 2019, the CMS published a [circular](#) prohibiting South African medical aids from offering Low-Cost Benefit Options (LCBO) to low-income market segments.

LCBOs are intended to increase the affordability of medical schemes and membership through the development of a product aimed at a specific group of the population, mainly low-income households, so they are able to afford medical scheme cover.

The surprise changes were met with condemnation by the private sector, with hundreds of thousands of South Africans set to lose cover because of the move.

However, Kabane argued that the CMS is protecting South Africans who were previously covered by the LCBOs.

"We believe that they do not guarantee value for money, and they fail to protect the interests of their members and are likely to drive them to access health care from public facilities due to their limited inferior benefits," he said.

"We instead prefer to promote a discussion that will lead to the implementation of a single comprehensive basic option that should be implemented across all schemes as recommended by the Health Market Inquiry.

"This we believe will reduce information asymmetry, promote competition, drive prices down and provide a sound basis for the introduction of Universal Health Coverage."

## **Left in the dark**

While the country's largest medical aids have indicated that they are still studying the impact of the circular, other groups have been more vocal in their criticism.

The Free Market Foundation (FMF) said that hundreds of thousands of people will be stripped of their cover and that poor and middle-income South Africans cannot 'afford this form of social engineering'.

"It is difficult to understand what the motive behind this move is, given that the CMS and the private sector have been working together to develop the LCBO for the past 5 years," said Michael Settas, a member of the FMF's Health Policy Unit.

“Industry leaders are also none the wiser since absolutely no stakeholder engagement preceded this shock move.”