

## **Know exactly what your health cover insures you for – IOL 17 Nov 2020**

### **WORDS ON WEALTH:**

The health care environment in South Africa is a mess. On the one hand you have a collapsing state health system that can't even get the basics right, such as hospital hygiene. On the other hand you have a private health-care system that matches anything in the developed world but is so expensive you need medical scheme cover to make use of it, and which is out of reach for more than 80% of the population.

It's ironic that while medical schemes are highly regulated (and rightly so), there is a dearth of effective regulation of the private healthcare industry – specialists, for example, can charge what they like. Add to this the high costs of technology and drugs associated with new treatments and procedures, and the system becomes unsustainable.

Consumers are caught up in a spiral that sees medical schemes playing catch-up to out-of-control private healthcare costs, resulting in higher-than-inflation annual contribution increases and, in some cases, reduced benefits.

Even the top-tier scheme options will not cover all your medical expenses – for example, a scheme may, on its top options, pay out four times (400%) its standard rate for specialist consultations, but a specialist may arbitrarily charge more than that.

The government's intentions behind National Health Insurance (NHI), to somehow sort out this mess, are honourable, but is NHI doable? A widely-held concern, apart from whether South Africa can afford it or not, is that NHI will end up in the basket of failed state ventures, in the company of Eskom, the SABC and our national airline.

In the meantime, if you want to protect yourself and your family against the high costs of in-hospital procedures at private facilities, there's no feasible alternative to medical scheme membership, with those high specialists' bills paid for via top-up gap cover, if you can stretch to it.

Health insurance, offered by short-term insurers, falls far short. There may be a place for it among the poorer sectors of society, but it's not comparable to medical scheme cover, even if the marketing hype indicates otherwise.

I recently received an email from a highly stressed reader. Her daughter needed an operation and to have a prosthesis fitted. The quote for the daughter's six-day hospital stay, specialists' bills plus the prosthesis was R330 000 (the prosthesis on its own was almost half of that). The "medical aid scheme" the reader belonged to was prepared to pay only R77 000, leaving an out-of-pocket shortfall of R253 000.

When I investigated, I discovered it was not a medical scheme at all; it was short-term health insurance. The trouble was, the product was dressed up to look like medical-scheme cover on the website. Unless you went to the bottom of the webpage, where it states "This is not a medical aid scheme", you would be hard pressed to tell the difference between that site and a medical scheme site.

It is vitally important, when you buy any type of insurance, to know exactly what you are insured for. This applies especially to health cover.

While it is far from perfect, medical schemes offer the best cover you can get, even if you are on a budget-level option. Schemes fall under their own separate piece of legislation, the Medical Schemes Act, which demands a high level of consumer protection.

The most important features of medical schemes are:

- An open scheme (one that is not restricted to a certain worker group) cannot refuse you membership, even if you are sick and/or old. However, the scheme can impose a waiting period (a fixed initial period of, for example, six months, during which it will not pay claims) and higher premiums in the form of late-joiner penalties for people who join later in life and have not had medical scheme cover previously.
- The scheme must provide full cover for medical emergencies and the treatment of a list of life-threatening conditions, known as the prescribed minimum benefits, even on its lowest plans.
- A medical scheme cannot arbitrarily cancel your membership if you are deemed high-risk. Only if you fail to pay your premiums may a scheme stop covering you.