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REGISTRAR OF MEDICAL SCHEMES CLARIFIES IMPLEMENTATION OF PRESCRIBED MINIMUM BENEFITS AND WAITING PERIODS

Responding to inconsistencies in the implementation of prescribed minimum benefits (PMBs) and the application of waiting periods by medical schemes, The Registrar of Medical Schemes, T. Patrick Masobe, has issued a circular outlining the manner in which these issues should be dealt with by medical schemes. Masobe is concerned that many schemes have not been providing members with the benefits they are entitled to in terms of the requirements of the minimum benefits legislation. Another concern which has prompted this action relates to the manner in which medical schemes impose waiting period on members, especially those who would normally be entitled to receive services regarded as prescribed minimum benefits.

The circular clarifies the policy objective of PMBs – which is to ensure that adequate cover is always available for essential and non-discretionary health care. Medical schemes are required by law to pay in full the costs of PMBs obtained by a member from specified providers. The communication to schemes also deals with five instances which Masobe believes greater certainty is required in order that members are treated more fairly:

- ***First, the circular underscores the point that PMBs are not envisaged as hospital based services only. They can also be provided in an ambulatory setting, and schemes are obliged to pay in full for these services.*** The Medical Schemes Act does not restrict the setting in which relevant care should be provided and therefore should not be construed as preventing the delivery of PMBs in outpatient settings where this is clinically appropriate.
- ***The second issue relates to designation by medical schemes of the public health sector as a provider of PMBs.*** Here, Masobe points out that, although the Medical Schemes Act allows schemes to designate the public sector as the provider of PMBs, schemes still have the obligation to ensure that the public sector services will be reasonably available and accessible to members. Any scheme that purports to designate the public sector without ensuring that these services are available will have



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their benefits rules rejected by the Registrar. In those cases, members will be free to approach any other provider, and the scheme may be liable for the full costs.

- ***PMBs, co-payments and deductibles*** - there are a limited number of instances where a medical scheme may charge a co-payment for PMBs. These include occasions when a member may elect to use a provider who is not part of the scheme's designated service providers (DSPs). This does not, however, extend to cases that are clearly of an emergency nature or the appointed DSP is not accessible to members. In all these cases the scheme is obliged to pay for PMBs in full and without co-payments or deductibles.
- ***PMBs, treatment protocols and formularies*** – there may be instances where a scheme uses treatment protocols and formularies to manage PMBs. In these instances, the law requires that these protocols and formularies should be formulated on basis of medical evidence. Schemes are also required to make these protocols and formularies available to members and the public on request. This is a fundamental part of engendering transparency in the operations of medical schemes.
- ***Finally, the circular clarifies the manner in which schemes can apply waiting periods on applicants with pre-existing conditions*** – Masobe's concern in this regard is that many schemes have been imposing waiting periods in a manner that is inconsistent with the provisions of the Act, leading to unfair treatment of members. He says that "waiting periods should only be used as a tool to mitigating adverse selection, and not to treat applicants unfairly". Condition specific waiting period can accordingly be imposed in respect of conditions that an applicant suffered from or sought medical treatment during the twelve month period before an application for membership of the scheme was made. While medical schemes may be entitled to request health related information from members for disease management purposes, condition specific waiting period may under no circumstances be imposed on members for conditions falling outside the twelve month period.

People who were beneficiaries on another medical scheme for at least two years and apply to join another scheme within three months of terminating their membership of the first scheme are also not liable for imposition of the condition specific waiting period. Once a scheme has elected to apply a waiting period, these must be applied consistently to all new applicants and cannot vary depending on applicant's situation otherwise this would constitute unfair discrimination in terms of the medical schemes Act.

Finally, Masobe has invited people who believe that waiting periods may have been



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imposed on them in contravention of the legislation to contact the Council for Medical Schemes' offices for redress. All reported cases will be investigated and appropriate steps will be taken where reasonable grounds of unfair treatment are established.

Notes for Editors

1. The Council for Medical Schemes was created in terms of Medical Schemes Act 131 of 1998 as a regulatory authority for medical schemes.
2. Prescribed Minimum Benefits (PMBs) are benefits set out in law which must be paid in full as long the service was obtained from a DSP.
3. A co-payment or deductible is a specific payment for which a member may be liable in terms of the rules of the schemes if the member fails to use the scheme's designated service provider.
4. Designated Service Provider (DSP) means a healthcare provider or group of providers selected by the scheme concerned as the preferred provider to provide PMBs to its members.
5. Treatment protocol means a set of guidelines in relation to the optimal sequence of diagnostic testing and treatments for specific conditions and includes clinical practice and treatment guidelines. A formulary is a restricted list of drugs available to a member.

More detailed information on the above mentioned Act and Regulations can be accessed under the "Publications Portal", at www.medicalschemes.com, and on Circular 32. Contacts" Patricia Sidley, on 012 431 0570 or Phumla Khanyile on 012