



Prescribed minimum benefits: Here to stay or gone tomorrow?

Last year, Genesis Medical Scheme lodged an application in the Cape High Court against the Minister of Health, Dr Aaron Motsoaledi. Their aim was to have Regulation 8 of the Medical Schemes Act ('the Act') struck down as ultra vires (beyond the law).

What does this regulation state?



Regulation 8 of the Act states that medical schemes must pay in full for the treatment of Prescribed Minimum Benefits (PMBs), regardless of what a healthcare provider charges. This requirement is often cited as one of the key reasons for spiraling costs in the private healthcare sector, because the tariffs providers are able to charge are unregulated. Consumers therefore ultimately bear the cost of increased claims via higher contributions.

However, removing the regulation might mean that medical scheme members must pay a portion of the bill when they are treated for PMBs, which could have severely negative consequences.

Where does this leave medical scheme members?



It is clear that PMBs are placing medical schemes under pressure, and they are having to find ways to deal with this – although not always as drastically as Genesis! Some of the common steps taken by schemes are:

- introducing provider networks
- appointing designated service providers
- relying on medication formularies

This means that it is more important than ever for medical scheme members to make sure that they understand their benefits (and how to access them).

Where to from here?



Fortunately, the Department of Health has confirmed that it is in the process of drafting an amendment to the regulation, which will be published for comment in due course. (This will in all likelihood depend on the outcome of the case.) However, it probably means that restrictions will be introduced on the amounts providers can charge for PMBs. This will afford medical schemes and their members protection.

What does this mean for your medical scheme choice?



Interestingly, the case reinforces the importance of choosing a medical scheme based on factors beyond benefits and affordability. Given the increasingly complex (and hostile) environment medical schemes operate in, a scheme's financial soundness is also critical. This will give members peace of mind that the scheme will be able to continue meeting their claims.

How can your healthcare consultant help you?



Your healthcare consultants regularly analyse a scheme's demographics, reserve levels and recent operational track record (both including and excluding investment returns). You therefore have peace of mind that a recommendation from your healthcare consultant about a medical scheme is underpinned by a substantial amount of research into factors that impact the long-term viability of the scheme.