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GOVERNMENT NOTICE

DEPARTMENT OF HEALTH

No. 728

8 August 2001

PUBLICATION OF THE EXPLANATORY SUMMARY OF THE MEDICAL SCHEMES AMENDMENT BILL, 2001

The Minister of Health intends to introduce the Medical Schemes Amendment Bill, 2001 ("the Bill') in Parliament in 2001. The explanatory summary of the Bill in the Schedule is hereby published in accordance with Rule 241(c) of the Riles of the National Assembly.

Copies of the Bill can be obtained from:

S Ramasala

Department of Health

Room 2428

Civitas Building

Corner of Struben and Andries streets

PRETORIA

SCHEDULE

MEDICAL SCHEMES AMENDMENT BILL, 2001

The Bill seeks to amend the Medical Schemes Act, 1998 (Act No. 131 of 1998) ("the Act") by-

(a)   extending certain rights of members of medical schemes to their dependants;

(b)   explicitly prohibiting discrimination on the basis of age;

(c)   giving staff members of the Council for Medical Schemes ("the Council") a choice with regard to pension rights,

(d)   further regulating the practice of reinsurance; and

(e)   strengthening provisions of the principal Act dealing with governance of medical schemes.

1.   **DISCUSSION**

Clause 3 seeks to give the Council the power to approach the High Court in the interest of any person whose rights have been adversely affected by a medical scheme. The Council can therefore take up a case on behalf of beneficiaries against a medical scheme. This will assist beneficiaries who may not have the resources to take up challenges against medical schemes.

Clause 4 does away with a provision in the Act that requires staff of the Council to remain members of the Government Employee Pension Fund. Staff members will be given a choice.

Clause 5 further regulates the practice of reinsurance by giving the Registrar of Medical Schemes ("Registrar") more powers to ensure proper control of the practice.

Clause 6 deals with the marketing of medical schemes, that before medical schemes can be marketed, such marketing material must have been submitted to the Registrar for scrutiny. This ensures that there will be no improper marketing practices.

Clause 7 prohibits discrimination on the basis of age which has been widely practised in the industry.

Clause 14 prohibits medical schemes from appointing its staff members as auditors to ensure that medical schemes do not audit themselves as this could prejudice beneficiaries.

Clause 15 requires the board of trustees of medical schemes to furnish the Registrar with financial statements as and when the Registrar requires the financial statements.

Clause 17 authorises the Registrar to determine, in addition to the time frame specified in the Act, the timeframe within which responses to his or her enquiries must be submitted.

Clause 18 gives the Registrar the power to order inspections where irregularities or non-compliance with the Act are suspected. Clause 19 allows the Registrar to refuse to investigate a complaint in certain circumstances.

Clause 20

Clause 20 gives the Registrar the authority to issue urgent temporary orders including an order to a party complained against, eg a medical scheme, to perform certain acts or to suspend any activity or operation pending resolution of the complaint.

Clause 26 prohibits employees of medical schemes and employees of the medical schemes administrators from becoming members of the board of trustees of such medical schemes.

Clause 31 deals with regulations and includes the following matters as matters in respect of which regulations may be made:

(a)   penalties to be applied to the administrator for the late payment of benefits to a member or supplier of service;

(b)   reporting of acts or omissions by any person in contravention of the Act.; and

(c)   the professional conduct of the broker.