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20 April 2012

National Treasury  
South Africa

**RE: DRAFT HEALTH INSURANCE PRODUCT AND MEDICAL SCHEME  
DEMARCATIION REGULATIONS**

I have been in the insurance and health industries for over twenty years, firstly as a legal adviser with Old Mutual and thereafter mostly as an Independent Financial Advisor.

Over this time I have seen how these industries have evolved. Most of the time this evolution has been for the good of the consumer and the players in the industry.

This I believe is not the case in respect of the healthcare industry.

In the past, traditional medical aids covered most members needs. In short summary, hospital and savings plans were introduced which essentially had the same hospital tariffs as the old traditional schemes.

Since then, starting with Discovery Health in the early 1990's hospital tariffs have annually been whittled down and reduced, day-to-day benefits have been reduced or simply not covered and all the while the cost of the healthcare premium has escalated annually. At the current rate of annual increases (approximately 10%) one's medical aid premium costs will double every seven years.

Now as a financial planner, I have seen in practice how some clients have had a good medical scheme when working (as their employer has paid half of it), seen that members have had to reduce their scheme on retirement due to affordability, and then a few years after retirement have had to reduce their medical scheme to a hospital plan or less.

The above experience is traumatic to clients.

On the other end of the scale, young couples with children face the same dilemma with education, transport costs and general living being so high, many do not have adequate healthcare cover. What healthcare cover they do require is unaffordable. Employers now-a-days do not assist as most are employed at cost to company. So no guidance is had from employers.

In both cases, their saving grace if hospitalised, has been their "Gap" cover.

The amount of times my clients have phoned to say "thank you" if it were not for your advice in introducing Gap cover to me I would be financially embarrassed is countless.

My clients, both young and old, consider their Gap cover (via Complimed) to be their most affordable, appropriate and hassle free investment in themselves.

Accordingly, I view any attempt to do away with such products as an attack on my clients and myself. Clients will be financially prejudiced and not protected.

The measures proposed would play into the hands of medical aid schemes and administrators. This is what they want as they believe more members will join medical aids and of course shareholders would ultimately benefit.. as opposed to the consumer.

I implore you to not "attack" Gap cover products as ultimately you will be doing a disservice to the consumer.

Yours sincerely