

# momentum health

## **Response to the draft insurance regulations as published in March 2012**

Momentum Health supports the proposed amendments to the Long Term Insurance Act of 1998, the Short Term Insurance Act of 1998 and the Medical Schemes Act of 1998 as published in the Government Gazette no 35114 on 2 March 2012.

The Scheme is of the opinion these amendments will support the stability and sustainability of the registered medical schemes in South Africa in the medium term. Furthermore, the legislative changes would provide stronger support to the schemes in protecting the more vulnerable individuals in the medical scheme population, such as the aged. However, in the absence of a risk equalisation system and compulsory membership, this sustainability may not extend over the long term horizon for a large number of schemes.

It is further noted that within the current legislative framework (especially the requirement to cover the prohibitively expensive Prescribed Minimum Benefits), medical schemes are not well positioned to cater for the needs of low income workers and a different solution is still required.

There may also be an unintended negative impact on dread disease cover and other insurance products aimed at providing cover to deal with the consequences of the health event and not aimed at indemnifying medical expenditure. These products do not pose a threat to the sustainability of medical schemes.

With thanks