



Accredited Financial Services Provider # 43357

Date : 14 March 2012

Re : DEMARCATION OF HEALTH INSURANCE POLICIES

With regards to the above topic, we would like to take this opportunity to air our comments and objections.

Our Consultancy office has been working with various medical aid schemes for many years and can definitely see the absolute need for the Short Term Insurance cover that GAP policies offer to the public.

In our experience, members of the public are increasingly having major short falls in cover when it comes to hospitalization. The cost of medical aid is rising faster than inflation due to the exorbitant costs that our healthcare professionals are charging and it is just not feasible for the average man on the street to cover himself fully through his medical scheme alone. Gap policies therefore provide an option for the public to ensure that they will not be facing huge unforeseen costs in the event that they need to be hospitalized.

In all our years of working with our client's healthcare needs, I have never had an incident where a GAP policy has replaced (or performed the duty of) the medical scheme. Clients are aware at the time of taking out a GAP policy that they will not be covered for events that their medical scheme has rejected, and that their GAP policy will only cover the shortfall that is incurred when a healthcare professional is charging substantially above the medical aid rate of reimbursement.

It does not make sense to do away with GAP products as they play an integral part in providing all members with a sense of security when they need it most. Medical Schemes cannot increase their levels of reimbursement without raising their monthly premiums substantially and in our experience, more and more clients are battling to afford their medical aid premiums as it is. Therefore removing GAP policies from this industry would have a dramatic knock-on effect where members are either going to "avoid" necessary hospital treatment or they will go ahead with treatment and then not be able to pay the bill, which will cause the medical industry to be short of valuable funds that are needed for the sustainability of the healthcare structure in this country.

I trust that our comments will be taken into consideration