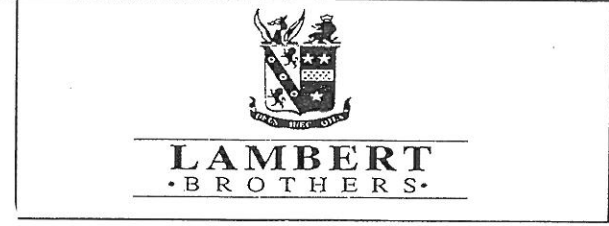


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15 March 2012

**National Treasury
Short term Insurance demarcation committee
Att: Dr Reshma Sheoraj**

Re: Draft Regulations regarding the Demarcation of Health Insurance policies

My name is David Lambert and I am an accredited health care broker (BR 6593). I provide healthcare advice to over 1100 (one thousand one hundred) clients and have been doing so for the last 11 (eleven) years. My clients depend on my extensive knowledge of the healthcare industry when selecting a medical scheme option. Using the medical scheme options and medical gap cover policies at my disposal, I have to tailor a medical scheme package to suit my clients' needs and budget, as my client base is primarily made up of the middle to lower income group, who do not have extensive disposable income.

Gap cover as I see it, does not replace a medical scheme, but rather enhances it by making it more affordable for my clients, as the majority of my clients will not be able to afford the more comprehensive scheme options. To give you a better idea of the current cost of healthcare, some of my clients are paying the same premium towards their medical aid as they are on their housing loans!!

In my opinion, Gap cover provides the client with the peace of mind that he/she will not have to bear the sometimes astronomical costs associated with an in-hospital procedure, created by the medical aid scheme not paying the attending specialist accounts, in full. In 2011 my healthcare clients that were on gap cover claimed a total of R735,715.00 (seven hundred and thirty five thousand seven hundred and fifteen rand) from their gap cover policy benefits. If it wasn't for their gap cover policy these clients would have been severely out of pocket for this amount.

If the regulations go through as proposed, many of my clients in my opinion, would not be able to afford to upgrade their medical scheme option, and would therefore have insufficient cover should they or their dependants be hospitalised into the future. Those clients that can afford to upgrade their medical scheme option will still have insufficient cover, as most medical schemes only provide cover to a maximum of 200 or 300% of the medical scheme rate. With specialists charging well in excess of these rates, my clients will again be disadvantaged by not being able to insure against this shortfall. I believe that these proposed regulations may well put more pressure on the already overloaded State Healthcare system as you may find that previous members of medical schemes will move away from private healthcare and take a chance on going it alone.