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MediChoice

Authorised Financial Service Provider

License # 8887

National Treasury
Regulation Gazette 35114

8th March, 2012

Dear Sirs,

My name is Lyn Miles, I am a financial consultant who specialises in Medical Aid cover – 98% of my turnover is made up of Medical Aid commission and I have been in this industry for 14 years. I have a total of 850 principal lives on my books for who I give medical aid advice. Most of my clients are individuals who come to me seeking advice and help to ensure that when they take ill they will be looked after with the least amount of stress or worry possible.

The proposed new regulations are of grave concern to me and the reasons why I am particularly concerned are numerous:

1. I know that the majority of my clients will not **be able to afford this short-fall** coming from their pocket. I question them regarding the affordability of the various options they select on inception and know that they are already stretched to the maximum to afford to pay their medical aid contributions.
2. The **schemes used to offer cover at 300%** on some options and mostly have reduced the cover or removed it entirely due to the reason that **too few clients were able to afford the contributions** on those options. The majority of scheme options now only cover the client to 100% of the scheme rate which in most cases leaves a huge short-fall.
3. My view is that it is a person's **fundamental right** to be allowed to protect their health by insuring against risk that they cannot possibly afford on their own. Medical aids cannot afford to cover them in full at an affordable contribution. Without policies of this nature people will be left uninsured and that is just unacceptable.
4. If the Council for Medical Schemes are under the impression that members select lower a lower option on the scheme because GAP cover is available, they are under a misapprehension. Clients in most cases first select the medical scheme option and THEN select GAP cover that will top it up, NEVER THE OTHER WAY AROUND.

If the proposal goes ahead and GAP cover is outlawed I see dire consequences for the industry.

1. The man in the street will not be adequately insured and when a hospital event occurs they will be so annoyed at being left with the shortfall that they are likely to blame the whole system as being worthless and decide to simply self-insure i.e. become a State patient. I have found this to be a typical reaction when claims are not met especially large amounts.
2. Medical Schemes will be further stretched trying to fill this potential GAP when their resources would be much better employed offering more benefits on the primary level. Surely this level would be more helpful to the State as well? Surely the State's first duty is to offer primary care to all South Africans – this is the level that needs most regulation, control and the maximum finances that can be mustered. Leave the higher end of medical care to the insurance companies who can afford the risk and provide cover at a much more reasonable fee.
3. More of our top specialists will emigrate when they realize patients will simply not be able to afford their services. We do not want to drive out the good specialists and be left with the more desperate doctors simply by using laws that have not been thought through properly.

Instead of trying to fix something that is not broken I would really like to see Government bring back some measure of control on the fees that specialists charge. There used to be a SAMA rate which gave the market stability until the brilliance of the Competitions Board scrapped that! How on earth do they propose that a free market approach is going to work in the medical environment when one is not shopping for a simple product? The man in the street cannot possibly know what the specialist's services are worth! Only other doctors are in a position to make a call on what is a fair wage for a service. Medical aids are heavily governed as to what they can charge as contributions and yet the doctors charge whatever they like! I have had reports from patients whose doctor has informed them that they must just demand from the scheme that their claim is met because they are forced to pay whatever he feels like charging!

On behalf of all my clients I implore you not to go ahead with the proposed legislation.