

# CORPORATE ADVISORY SERVICES

Pension & Provident Funds  
Employee Benefits  
Retirement Planning  
Investments & Insurance  
Medical aid Schemes



3 April 2012

## DEMARCATIION OF HEALTH INSURANCE POLICIES

We are a brokerage based in Durban and have approximately 2400 medical aid members under our care. Of these members, approximately half of them have gap cover to assist in paying any shortfalls they would have to pay on the specialist accounts in-hospital. Some of the members have also taken out gap cover to pay for the co-payments charged by their Medical Scheme (e.g. MRI & CT scans as well as upfront co-payments on hospital admissions), and cover for the potential shortfalls in their cover for treatment of cancer.

Over the last few years, we have found amongst the medical aid members that there is an increasing need for the various forms of gap cover. This is based on the fact that medical aid members were suffering high out-of-pocket expenses in relation to specialist's accounts whilst in-hospital because the plans they could afford to be on in general didn't always cover these expenses adequately.

Although it is true that certain medical schemes have made arrangements with various specialists to charge their rates, there are many disciplines amongst these specialists who are not adequately represented and the arrangements overall are quite limited. Overall, medical schemes are not able to offer the full cover required by members to cover these expenses satisfactorily.

Members joining a medical aid these days are often more concerned with being covered properly in respect of their major medical aid expenses (as opposed to only being covered in respect of day to day medical expenses). These would be accounts relating to their in-hospital admissions as well as cover for treatment of cancer. It often happens that after an in-hospital admission, members can pay a significant portion of the related accounts to that hospital admission out of their own pocket.

The reason for these shortfalls is that there is a large difference these days between what a medical aid refunds the member and what a specialist is charging for their services. As a consumer, these members have the right to protect themselves against such high out-of-pocket expenses and there are policies which enable them to do so.

These policies furthermore do not take the place of their medical aid. They can only be taken out once they have got a medical aid already in place.

If they no longer have access to this gap cover, then they will have to bear the brunt of these shortfalls themselves. It very often happens that in fact, they simply cannot do so. This then leads to further problems with members not being able to fully pay an outstanding medical account.

We can cite numerous examples amongst our medical aid members who would have had large out of pocket expenses were it not for the fact that they had taken out gap cover. Please feel free to contact us if you want further details of these members.