# NATIONAL ASSEMBLY

**FOR WRITTEN REPLY**

**QUESTION NO. 2210**

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**(INTERNAL QUESTION PAPER NO. 22)**

**Ms N N Chirwa (EFF) to ask the Minister of Health:**

What (a) are the reasons that (i) the Council for Medical Schemes is responsible for medical insurance when its jurisdiction is medical aids, which is completely different from medical insurance, and (ii) surveillance of medical insurance is not done by an entity overseeing insurance and (b) legal provisions is this allowed to happen in the Republic?

###### NW2618E

**REPLY:**

1. (i) The Council for Medical Schemes (CMS) regulates medical schemes, and in terms of the Medical Schemes Act 131 of 1998, any entity that conducts the business of a medical scheme must be registered with CMS. Insurance companies that were previously offering primary health care products as insurance products are prohibited by the Demarcation Regulations from doing so, as primary health care products are no longer regarded as insurance products but products doing the business of a medical scheme. This has been in effect from 1 April 2017. These insurance companies could not afford to immediately convert into medical schemes due to the nature and pricing of insurance products as opposed to those for pricing health insurance products.

(ii) Medical insurance products, as defined by the Demarcation Regulations published in terms of the Long- and Short-term Insurance Acts on 23 December 2016 (Government Gazette No. 40515), are regulated by the Financial Sector Conduct Authority (FSCA).

1. To safeguard the interests of people who were already policyholders of the primary health care products offered by the affected insurance companies (prior to 1 April 2017), the Ministers of Health and of Finance concurred that the insurance companies must approach the CMS to apply for an exemption from complying with the provisions of section 20(1) of the Medical Schemes Act, until a Low-Cost Benefit Option (LCBO) framework is adopted. This would allow current policyholders to migrate into the LCBO medical schemes environment when finalised and implemented. Insurance companies that applied and received an exemption from the CMS in terms of section 8(h) of the MSA are now offering primary health care products under the oversight of CMS.

END.