

# Medical schemes

## what workers need to know

Thousands of workers pay to belong to a medical scheme. Are they aware of their rights? The **Labour Bulletin** provides a brief introduction on how medical schemes work.

In terms of the Medical Schemes Act, medical schemes operate on a non-profit basis and are governed by trustees – as is the case of provident funds. Half of the trustees have to be elected by the members of the scheme. In theory, it is up to the trustees to decide how the scheme will be run. The majority of schemes employ an administration company (as in the case of retirement funds). Administration companies run the schemes and charge an administration fee. Some schemes have their own administration and that can cost members less. If, however, problems emerge around the scheme, it is still the responsibility of the trustees to ensure the scheme is managed properly.

Members of the scheme, could in theory, have more say over how the scheme operates but most do not attend AGMs.

### WHAT DO WORKERS NEED TO KNOW?

If you, as a worker, are a member of a medical scheme (or you are covered by your family's scheme) this does not mean that the scheme will be responsible for all your payments to doctors, hospitals and chemists.

Your membership does not give you unlimited access to free health care and guarantee that everything will be paid for by the scheme. At the same time your medical scheme card is not cash or a credit card. You cannot spend endlessly and you need to know the rules and the limits on spending.

Workers also need to know that medical schemes all have to be registered with the Council for Medical Schemes (see below).

### WHAT WORKERS ARE OFFERED IN TERMS OF BENEFITS?

Workers need to know what they are being offered in terms of benefits, which are covered by the scheme. Often these benefits are however, determined by the administrators who are profit-oriented and they will design them with this in mind. Workers should however, be aware that in terms of the Medical Schemes Act, medical schemes have to cover a minimum floor of benefits. These are known as Prescribed Minimum Benefits and they cover close to 300 illnesses, which have to be covered in full by the medical scheme. Aside from covering close to 300 illness or conditions, medical schemes are also required to extend cover to 25 chronic diseases. The scheme however, can set some limits on how these services are delivered. For example, the scheme can stipulate that you can receive treatment for these conditions from a specific list of doctors, hospitals etc.

### WHAT ARE YOUR RIGHTS?

As mentioned above, as a member of a scheme, you have a right to know who your trustees are and to approach them for help if your scheme is not dealing with your problems. It is questionable however, how many schemes inform their members of who the trustees are and whether they are accessible to members. Aside from this, you have a right to join a medical scheme of

your choice as long as you can afford it and provided your employer does not require you to join a specific scheme (see the rationalisation of medical schemes in the public service). As a worker, your employer might argue that, as a condition of employment, you have to join a specific scheme.

### WHAT CAN THE COUNCIL FOR MEDICAL SCHEMES DO FOR YOU?

The Council is the regulator of the industry in the same way as the Financial Services Board (FSB) is supposed to regulate the retirement industry. The Council seeks to fulfill, amongst others, the following functions:

- protect beneficiaries of medical schemes and the public by authorising the conduct of medical schemes and monitoring the financial performance and soundness of schemes;
- provide support and guidance to trustees;
- ensure compliance with the Medical Schemes Act by medical schemes, administrators and brokers;
- investigate and resolve complaints raised by the public and beneficiaries (you and your family or those covered by the scheme); and
- monitor the impact of the Act.

*If you have a problem with your medical scheme, you can go to the Council for assistance if the scheme has not been able to assist you. However, your first option should be to approach the person in your company who deals with medical schemes. If that does not apply in your workplace, then you can try your scheme. If your scheme cannot help you, then you should try and get hold of the trustees. If your scheme and/or trustee do not resolve your problem, then your final option would be to approach the Council. The Council can be contacted on 012-431 0500.*