

ACTUARIAL
 SOCIETY
OF SOUTH AFRICA

QUANTIFYING RISK, ENABLING OPPORTUNITY

Demarcation of Health Insurance

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Insurance Laws Amendment Act, 2008

- Authority to categorise products as Accident and Health (STIA) or Health (LTIA) policies even if can be construed to be doing the business of a Medical Scheme;
- Definition of business of Medical Scheme amended

Principles

- Not to undermine medical scheme risk pool based on social solidarity principles
- Consistency of approach

Draft regulations

(29 Apr 2014)

- Provides for:
 - Medical Expense Shortfall cover (STIA):
 - Medical Scheme membership
 - R50 000 (per ?) limit
 - Lump sum or income replacement:
 - R3 000 per day
 - Deferred period may apply
 - Motor and Property third party liability (STIA)

Draft regulations

(29 Apr 2014) cont.

- Provides for:
 - Frail care (LTIA)
 - Custodial
 - In kind or to service provider
 - Pre-funded or immediate needs
 - HIV and AIDS
 - Employee cover
 - In kind or to service provider

Draft regulations

(29 Apr 2014) cont.

- Provides for:
 - Travel insurance (STIA)
 - Emergency evacuation
 - Admission and stabilization
 - In kind or to service provider

Other provisions

- No “unfair” discrimination
 - Max waiting period of 6 months
 - No conditional membership
 - Stated sum benefits
 - Commission at same level as medical schemes
 - Not use “hospital” or “medical” in title
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- No combination of policies

Other provisions cont.

- Submission of product information
 - One month prior
- Transition arrangements
 - CMS / FSB

ASSA submission on first draft

- Need to consider all stakeholders
- Failure of current system to provide affordable cover:
 - The prescribed minimum benefit regulations;
 - Failure to introduce the risk equalisation fund;
 - Scrapping the National Health Reference Price List;
 - Lack of progress with the development of Low Income Medical Scheme (LIMS) options;
 - Failure to introduce proper risk based capital requirements of medical schemes.
- Problematic existing practices

Comments

- Recognition of social solidarity principles
 - Problems of affordability
 - Disability and dread disease excluded
 - Role of regulation:
 - Risk management
 - Fair treatment
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- But not stifle innovation / create barriers

Specific points

- Gap cover and hospital cash to remain
- HIV cover supported
- Risk rating measures
 - Pre-existing conditions
 - Banding
- Problematic structure of documentation
- Submission rather than approval process
- Exemption process

Let's hear it?

