



RESEARCH STUDY

A REVIEW OF GOVERNMENT FUNDED MEDICAL SCHEMES AND MEDICAL SCHEMES WITH LESS THAN 6000 MEMBERS

BACKGROUND

In 2018, the Council for Medical Schemes (CMS) drafted a framework for medical scheme consolidation outlining the approach to reducing risk-pool fragmentation whilst strengthening financial protection in the current medical scheme environment.

This report reviews state employees' medical schemes, and schemes with fewer than 6000 principal members and assesses how these compare to closed schemes and that of the industry. The 2021 CMS Industry Report data showed that the 11 state employees' medical schemes accounted for 1.1 million principal members and 2.9 million beneficiaries, making up about 33.1% of the medical scheme industry and 71% of restricted schemes in terms of beneficiaries.

RESULTS

In 2021, the state employees' medical schemes accounted for R69 billion in of medical scheme gross contribution income, accounting for 30% of the industry's contribution income. Gross contribution income per average beneficiary ranged between R976 and R5 554 per month. A large proportion of healthcare expenditure for government-funded schemes was paid towards hospital services, ranging from 24.85% to 40.88% of the total benefit paid. Solvency ratio was above the minimum threshold of 25% as prescribed by the Medical Schemes Act (ten of the 11 schemes complied with Regulation 29), and they were in good financial position with a year end reserve position of just over R34 billion as of December 2021. In terms of the governing structure, the board composition ranged between 7 and 25 trustees. This study found varying remuneration practices, with some schemes remunerating more than others. State-funded medical schemes had varying demographics and risk profiles, varied in terms of scheme size, were generally in good financial position with good reserves, which must be managed with care for the benefit of beneficiaries. [Click here for more details.](#)

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