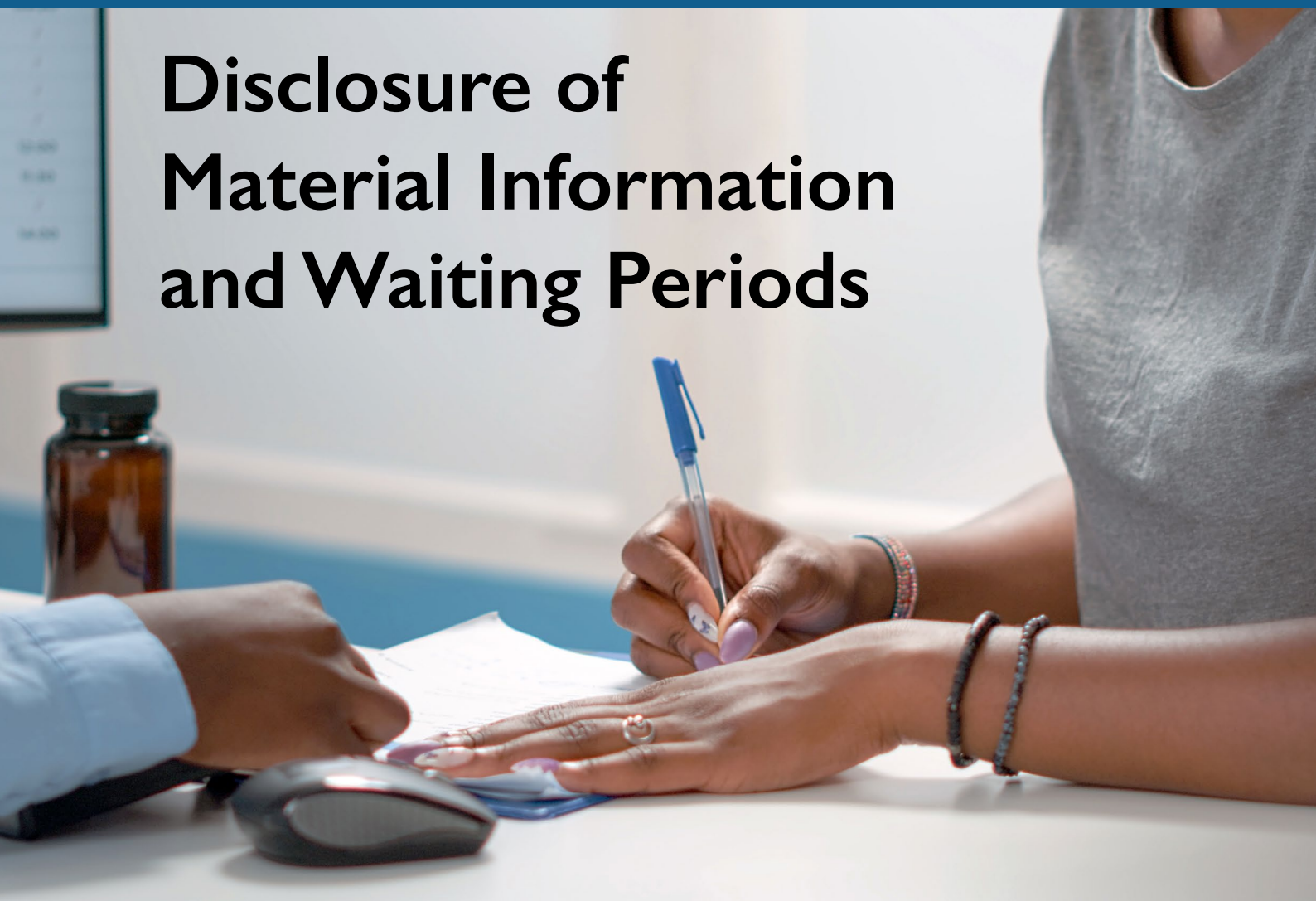
CMScript
Issue 6 of 2024
Member of a medical scheme? Know your guaranteed benefits!

Know your rights & responsibilities

Disclosure of Material Information and Waiting Periods



This issue of the CMScript will focus on the rights and responsibilities of members with regards to:

- **Disclosure of medical information on application of membership**
- **Waiting periods for new members**

It is important for members of medical schemes to be fully informed about their rights and responsibilities to ensure they can effectively utilise their benefits and comply with the scheme's requirements.

Member Rights

- **Access to Information:** Members have the right to receive detailed information about their medical scheme, including the benefits, exclusions, and the rules governing the scheme.
- **Fair Treatment:** Members should be treated fairly and without discrimination. This includes non-discriminatory practices in terms of age, gender, and health status.
- **Claims Processing:** Members have the right to prompt and fair processing of their claims. Any delays or issues should be communicated clearly.
- **Complaints and Appeals:** Members can lodge complaints or appeal decisions made by the scheme.
- **Privacy and Confidentiality:** Members' personal and medical information should be kept confidential and only used for purposes directly related to their healthcare and scheme administration.

Member Responsibilities

- **Accurate Information:** Members must provide accurate and up-to-date information when applying for membership and when there are changes to their personal circumstances.
- **Adherence to Rules:** Members must follow the medical scheme's rules and guidelines, including those related to the submission of claims and notification of hospital admissions.
- **Payment of Contributions:** Members are responsible for paying their contributions on time to ensure continuous coverage.
- **Utilisation of Benefits:** Members should use the benefits responsibly, avoiding unnecessary medical procedures or services that could lead to increased costs for the scheme and other members.
- **Reporting Changes:** Any changes in personal details, such as dependents or contact information, should be promptly reported to the scheme.

By understanding these rights and responsibilities, members can better navigate their medical scheme and ensure they receive the maximum benefits available to them.

Membership application and termination

Applicants and members of medical schemes have rights but also responsibilities as explained above. The Medical Schemes Act, No. 131 of 1998 specify some of these rights and responsibilities.

Section 29 (1)(n) specifies that the terms and conditions applicable to a membership application may not be influenced by an applicant's age, sex and past or present state of health. This means that you have the right not to be unfairly discriminated against or charged a higher membership fee based on:

- Race
- Age
- Gender
- Marital status
- Ethnic or social origin
- Sexual orientation
- Pregnancy
- Disability
- State of health

Section 29(2) states that your membership may not be cancelled or suspended except on the grounds of:

- failure to pay, within the time allowed in the medical scheme's rules, the membership fees required in such rules
- failure to repay any debt due to the medical scheme
- submission of fraudulent claims
- committing any fraudulent act
- non-disclosure of material information

Non-disclosure of material information

To understand what non-disclosure of material information entails, it is essential to first define what "*material information*" means.

Material Information refers to any information that could influence the decision-making process of the medical scheme when assessing an application for membership. This includes:

- **Medical History:** Details of past and current medical conditions, treatments, and surgeries.
- **Lifestyle Information:** Habits and lifestyle choices that may affect health, such as smoking, alcohol consumption, and exercise.
- **Family Medical History:** Health conditions and diseases that run in the family, which may indicate a predisposition to certain illnesses.
- **Medication:** Information about any medications being taken, including dosage and purpose.
- **Doctor Visits:** Frequency and reasons for visiting healthcare professionals.

Non-Disclosure of Material Information occurs when an applicant fails to provide complete and accurate information regarding their health and medical history. This can be intentional or unintentional, however, it can have serious implications, including:

- Denial of Claims: If the medical scheme discovers that material information was withheld, it may deny claims related to the undisclosed condition.
- Termination of Membership: The medical scheme may terminate the member's coverage if it finds that there was a deliberate attempt to conceal material information.
- Legal Consequences: In some cases, non-disclosure can lead to legal action against the member for fraud or misrepresentation.

A medical scheme may require the applicant to provide it with a report in respect of a condition for which medical advice, diagnosis, care, or treatment was recommended or received in the ***12-month period ending on the date on which an application for membership was made***.

Regulation 12 determines that if a medical scheme requires a medical report to be provided to it by an applicant, the medical scheme shall pay to the applicant or relevant healthcare provider the costs of any medical tests or examinations required by the medical scheme for the purposes of compilation of this report.

Each scheme has its own application form that contains a medical questionnaire in which members must disclose all conditions/diseases that:

- A member or dependent suffers from on the date of application.
- Was diagnosed with in the past 12 months – this includes conditions that were diagnosed but also managed with lifestyle changes, e.g. high cholesterol.
- Was treated for in the past 12 months.
- Obtained medical advice for – even if it was not obtained from a doctor but another provider such as a pharmacist.
- Please note that most of the application forms also include a question where the member should indicate if he/she or any of the dependents had any symptoms or illnesses that were not specifically diagnosed by a doctor or for which no specific treatment was provided.

Waiting Periods

The Medical Schemes Act provide for waiting periods to be imposed on new applicants to a medical scheme and members who move from one scheme to another. The waiting periods and funding of PMB claims that may be implemented is determined by the following factors:

- Did the applicant previously belong to a medical scheme?
- If yes, how long was the break in coverage between the application and the termination of the previous medical scheme?
- Did the applicant belong to a previous medical scheme for more than two years?
- Is the application a result of involuntary transfer due to a change in employment?

The Act allows for two different waiting periods i.e.:

- 3-months General Waiting Period – during this general waiting period no claims will be funded by the scheme
- 12-months Condition Specific Waiting Period – this is a period during which a member is not entitled to claim benefits in respect of a condition for which medical advice, diagnosis, care, or treatment was recommended or received within the 12-month period ending on the date on which an application for membership was made.

A condition-specific waiting period may only be imposed if there is a direct causal link between the pre-existing condition and the related conditions. This means that if a new condition arises that is directly caused by the pre-existing condition, the waiting period for the original condition can apply to the new condition as well. Condition-specific waiting periods may not be extended to related conditions. Members should not be penalised for health issues that are not causally related to the pre-existing condition they disclosed.

In cases where an applicant did not belong to a medical scheme in the past or where the member had a break in coverage exceeding 90 days, the waiting periods may also include prescribed minimum benefit (PMB) conditions.

> ***Example: Member suffers from high blood pressure (hypertension), and in the 12 months preceding his application treatment for this was received. The condition is declared, and the scheme was informed of the medicine that is used for this condition.***
>
> ***The medical scheme imposed a 12-month condition-specific waiting period on the hypertension. The medical scheme, however, also indicated that the waiting period includes all related conditions that may be caused by hypertension. These conditions included stroke, heart attacks, other cardiac problems, and kidney failure.***
>
> ***The medical scheme acted within its rights by imposing the waiting period on hypertension, but it is incorrect to extend this waiting period to the related conditions.***
>
> ***The act specifically indicates that only conditions for which medical advice, diagnosis, care, or treatment was recommended or received within the 12-month period ending on the date of application may be included in a condition-specific waiting period.***

The table below indicates which one of the two waiting periods (or both) may be imposed in different circumstances.

NEW PROVISION APPLICABLE TO WAITING PERIOD			
CATEGORY	**3-Month General W/P**	**12-Month Conditional W/P**	**Application to PMB**
New applicants, or persons not members for preceding 90 days	Yes	Yes	Yes
Applicants, who were members for less than 2 years	No	Yes	No
Applicants, who were members for more than 2 years	Yes	No	No
Change of benefits	No	No	N/A
Child-dependent born during period of membership	No	No	N/A
Involuntary transfers due to change of employment or employer changing scheme	No	No	N/A

References

1. South Africa. 1998. Medical Schemes Act, No. 131 of 1998. Pretoria: Government Printer. Available at https://www.gov.za/sites/default/files/gcis_document/201409/a131-98.pdf [Accessed 26 June 2024]
2. South Africa. 1999. Regulations to the Medical Schemes Act, No. 131 of 1998. Government Notice R1262 in Government Gazette 20556 of 20 October 1999. Pretoria: Government Printer. Available at https://www.medicalschemes.com/files/Acts%20and%20Regulations/MSREGS-19July2004.pdf [Accessed 26 June 2024]