



## **MEDIA ADVISORY ALL EDITORS/ HEALTH JOURNALISTS**

**31 July 2024**

### **REGULATOR PLACES SIZWE HOSMED MEDICAL SCHEME UNDER STATUTORY MANAGEMENT**

By joint agreement, the Council for Medical Schemes (CMS) has placed the Sizwe-Hosmed Medical Scheme under statutory management, in terms of Section 5A of the Financial Institutions (Protection of Funds) Act 28 of 2001 ("FI Act") Protection of Funds Act.

The agreement by the Board of Trustees and CMS to place the Scheme under statutory management is to enable the two parties to work together to stabilise the Scheme, ensure its sustainability and protect the interests of Sizwe Hosmed beneficiaries.

In 2021, Sizwe Medical Fund and Hosmed Medical Scheme merged resulting in the Scheme amassing combined reserves of R1.4 billion and a solvency level of 49.4%. However, the Scheme's performance has continued to deteriorate i.e., the deterioration of financial reserves due to several reasons including benefit under- pricing and historically unreliable budgetary and forecasting processes.

Both parties agree that the Scheme has a solid and good member profile, many of whom are young.

**It is important to note that this process is not a curatorship where the affairs of the Scheme are run solely by a Curator. It is a statutory management intervention where the appointed Statutory Manager and the Board of Trustees will be jointly running the Scheme.**

Therefore, CMS strongly advises accredited healthcare brokers and brokerages to refrain from taking any drastic measures that could potentially harm both the members and the Scheme.

By mutual agreement, CMS and the Sizwe Hosmed Board of Trustees have appointed Mr Joe Seoloane as the Scheme's Statutory Manager with immediate effect. In arriving at this decision, the CMS Registrar took into consideration the fact that Mr Joe Seoloane was already appointed by the Board of Trustees to

assist the Scheme with a turnaround strategy and Mr Joe Seoloane' s track record in turning around schemes.

In terms of Section 5A (5) of the FI Act, Mr Joe Seoloane must advise the office of the Registrar on steps to be taken to ensure that the Scheme:

- (i) complies with the law;
- (ii) becomes financially sound; and
- (iii) is properly administered.

Mr Seoloane will be responsible for assisting the Scheme to comply with Regulation 29 of the MSA including measures to reconstitute its Board of Trustees in line with the MSA and the Scheme rules. Further, he will also be expected to ensure that all the circumstances which led to the non-compliance with Regulation 29 are fully investigated and reported to the Office of the Registrar.

The CMS urges Sizwe Hosmed members to remain with the scheme as this regulatory intervention is to ensure that the Scheme complies with the minimum statutory solvency requirements.

**Ends.**

## **ISSUED BY CMS AND SIZE HOSMED BOARD OF TRUSTEES**

### **Media Enquiries**

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## NOTE TO EDITORS:

### JOE SEOLOANE PROFILE

Joe Seoloane is a respected and renowned South African healthcare business rescue specialist and a go-to expert on healthcare governance and ethics. During his career spanning over 30 years, Joe has turned around several medical aid schemes in South Africa, and Botswana. Amongst them are well-known schemes such as KeyHealth, SAMWUMED, Sizwe, ProSano, POLMED and Medicovert 2000.



Due to his extensive healthcare knowledge and experience, Joe has also been a technical advisor for various institutions including the Department of Health. Joe Seoloane has also led multiple healthcare organisations including Sanlam Health, the healthcare subsidiary of Sanlam, one of South Africa's top insurance companies, as CEO.

He utilises his corporate experience to serve, mentor and give back. As a result, he has served on multiple boards of companies including the Board of Healthcare Funders (BHF), where he was appointed as the institution's first chairman in 1999 and the Nelson Mandela Children's Hospital, where he is a trustee and board member.

Joe is a Senior Pastor of his church, Good News of Hope Ministries with multiple branches in Gauteng.

### ABOUT CMS

The CMS is a regulatory body as established by the Medical Schemes Act, 1998 (Act No. 131 of 1998) ("the Medical Schemes Act") which requires the regulator to; protect the interests of the beneficiaries at all times; control and co-ordinate the functioning of medical schemes in a manner that is complementary with the national health policy; make recommendations to the Minister on criteria for the measurement of quality and outcomes of the relevant health services provided for by medical schemes, and such other services as the CMS may from time to time determine; investigate complaints and settle disputes in relation to the affairs of medical schemes as provided for in this Act; collect and disseminate information about private health care; make rules, not inconsistent with the provisions of the Act for the purpose of the performance of its functions and the exercise of its powers; advise the Minister on any matter concerning medical schemes; and perform any other functions imposed on the Council by the Minister or by the Act. Visit [www.medicalschemes.co.za](http://www.medicalschemes.co.za)

## **ABOUT SIZWE HOSMED**

Sizwe Hosmed Medical Scheme is a non-profit, open medical Scheme registered in terms of the Medical Schemes Act No. 131 of 1998, under registration number 1486. The Scheme was established on 1 November 2021 following the amalgamation of Sizwe Medical Fund (founded in 1978) and Hosmed Medical Scheme (founded in 1988). Both Schemes had a long, proud history of serving their members with care and diligence, contributing a combined 82 years of experience in the Medical Aid industry. Sizwe Hosmed has a very clear purpose, to deliver unparalleled value and access to quality healthcare for our members. The scheme, one of the biggest open schemes in South Africa, is headquartered in Pretoria and currently serves 130 650 beneficiaries as at the end of July 2024. Visit [www.sizwehosmed.co.za](http://www.sizwehosmed.co.za)