



RULINGS ISSUED BY THE OFFICE OF THE REGISTRAR

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Mr L v DISCOVERY HEALTH MEDICAL SCHEME

Unlawful linkage of loyalty programme to medical scheme membership

This complaint arose following the Scheme's refusal to fund pathology claims incurred by Mr. L's dependant due to suspension of his Vitality Rewards account, which was incorrectly linked to his medical scheme membership. Mr L (the Complainant) alleged that his dependant required daily pathology tests pursuant to treatment of neonatal jaundice. The claims were initially rejected by the Scheme based on reasons that the complainant's Vitality membership was suspended. The complainant argued that linking an optional, non-medical scheme product such as Vitality Rewards Programme to funding of essential healthcare services is unfair and misleading. He therefore requested the Registrar to investigate and instruct the Scheme to delink Vitality account from the medical scheme services.

In response to the complaint, the Scheme confirmed that Vitality is a wellness rewards program that is linked to the complainant's medical scheme membership. The Scheme further indicated that membership contributions and Vitality premiums are collected through a single monthly debit order. According to the Scheme, the complainant's Vitality membership was suspended due to non-payment of contributions. During this suspension, the Complainant's spouse was hospitalized and gave birth and subsequently, pathology tests were required for the newborn baby. The Scheme confirmed that the spouse's claims were funded but admitted that the baby's pathology claims were rejected.

The issue for determination was whether the Scheme was justified in linking Vitality membership to the medical scheme membership and the consequent risk of claim rejection.

Upon investigation, the submissions made by both the Complainant and the Scheme were reviewed. The complaint was referred to the CMS Benefits Management Unit (BMU) for guidance regarding the Vitality product. The BMU clarified that medical scheme benefits cannot be suspended due to Vitality arrears. Furthermore, the Scheme's registered rules make no provision for dual collection of Vitality contributions in a single debit with medical scheme contributions.

It is common cause that suspension of the complainant's Vitality account led to incorrect rejection of clinical pathology claims, despite the Scheme's assertion that other claims were unaffected. The BMU confirmed that Vitality and medical scheme benefits are distinct and that suspending medical scheme benefits due to non-payment of Vitality is impermissible. The inclusion of Vitality premiums in the medical scheme

contributions, coupled with the failure to clarify that Vitality is optional, may contravene Sections 21A(3) and 57(4)(d) of the Medical Schemes Act. The Scheme also admitted to a processing error by funding claims from the Complainant's MSA instead of from the risk benefit, indicating a lapse in internal control systems.

Accordingly, a ruling was issued confirming that the Scheme acted incorrectly by failing to process pathology claims due to the suspension of Vitality and that Vitality must not be linked to medical scheme membership.