



CIRCULAR

Reference: Revised Administrator and MCO Accreditation Standards – Evergreen contracts
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Circular 16 of 2026: Invitation for Comments on the Revised Accreditation Standards for Administrator and Managed Care Organisation “Evergreen Contracts”

The Council for Medical Schemes (CMS) is currently reviewing the Administrator and Managed Care accreditation standards relating to so-called “Evergreen contracts”. This initiative seeks to address specific concerns regarding these contracts, alongside issues highlighted by the Health Market Inquiry.

The CMS is concerned with these contracts for the following reasons:

- Lack of periodic assessment of performance and market testing to ensure cost effectiveness, innovation and value for money.
- They weaken medical scheme oversight and governance mechanisms since the administrators may have undue influence over the board of trustees.
- They create uncertainty regarding the termination date arrangements in instances where the medical scheme intends to test the market or go out on a procurement process.
- They create an oligopoly market structure and potentially restrict new administrators from entering the market.

The following revisions to the accreditation standards for administrators and managed care organisations are proposed, and stakeholders are invited to provide comments thereon:

- Administrator accreditation standard (Version 7)

Std ref	Standard description (Version 7)
1.2.2	<p>The commencement date, and <u>fixed duration</u> <u>and termination date</u> of the agreement are clearly provided for in the agreement.</p> <p>* The agreement duration shall not exceed 5 years and shall not be renewed more than once without a competitive process having been undertaken by the relevant medical scheme in respect of the provision of the services.</p>

- Managed care accreditation standard (Version 5)

Std ref	Standard description (Version 5)
1.3.2	<p>The commencement date, and <u>fixed duration</u> <u>and termination date</u> of the agreement are clearly provided for in the agreement.</p> <p>* The agreement duration shall not exceed 5 years and shall not be renewed more than once without a competitive process having been undertaken by the relevant medical scheme in respect of the provision of the services.</p>

Stakeholders are hereby invited to provide detailed comments on the revised accreditation standards by email to Ms Hannelie Cornelius via email at h.cornelius@medicalschemes.co.za by **Friday, 26 June 2026**.



Dr Musa Gumede
Chief Executive and Registrar
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