CIRCULAR

Reference:	Designated Service Providers
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Date:	10 September 2026

Circular 25 of 2026: Notification of a Stakeholder Engagement Process on the Designated Service Providers Discussion Document

1. Introduction

1.1 The Council for Medical Schemes (CMS) analysed industry submissions made in response to the undesirable business practice relating to designated service provider arrangements, which was published in 2017.

1.2 In 2026, the Council published a discussion document setting out that analysis, together with the issues and interests it identified.

1.3 As stated in the discussion document, the CMS shall henceforth conduct stakeholder engagement. The envisaged engagement shall take the form of a consultative and participatory governance framework.

1.4 The intended outcome of the engagement is to collaboratively develop an industry code of conduct governing designated service provider arrangements, together with the arrangements for monitoring adherence to that code and for responding to conduct that departs from it.

2. Purpose and Status of this Circular

2.1 The purpose of this circular is to notify industry of the envisaged stakeholder engagement process, to outline its phases, and to invite participation.

2.2 Importantly, the circular is addressed to medical schemes, administrators, managed care organisations, healthcare providers and their representative bodies. It is also addressed to provincial departments of health whose facilities contract with medical schemes as designated service providers, and any other party with an interest in designated service provider arrangements.

2.3 The circular does not create any obligation, alter the rights of any party, or limit the CMS in the exercise of its statutory functions.

3. Envisaged Stakeholder Governance Framework

3.1 The stakeholder governance framework consists of four linked phases, set out in paragraphs 3.2 to 3.5 below.

3.2 First Phase: Structured Deliberation

3.2.1 The CMS will convene a structured deliberation process, in the form of a workshop, through which stakeholders will engage on the issues and interests identified in the discussion document.

3.2.2 Clarity will be provided on the results of the analysis, and participants will collectively test possible avenues for convergence.

3.2.3 Workstreams will be established during the workshop and industry representatives will be nominated.

3.2.4 Provincial departments of health whose facilities enter into designated service provider contracts with medical schemes are invited to participate, because the Council intends that a single code of conduct should govern all designated service provider contracting.

3.3 Second Phase: Impasse-breaking Submissions

3.3.1 The workstreams will be invited to submit further recommendations directed at breaking impasses and building bridges between positions.

3.3.2 These submissions are intended to assist in overcoming persistent areas of disagreement and in supporting co-ordinated problem-solving.

3.4 Third Phase: Preference Elicitation

3.4.1 The CMS will facilitate a stakeholder preference elicitation and aggregation process. In that, stakeholders will be asked to express their views on a menu of intervention alternatives and governance options emerging from the deliberative process.

3.4.2 The purpose of this phase is to support a transparent and orderly process for identifying areas of emerging consensus, acceptable compromise and feasible implementation priorities. Thus, the sanctity of DSP contracts will remain within the scope of the current dispensation. The CMS will play a responsive role in coordinating and enabling a stakeholder governance framework. The stakeholder collaborative governance process will be underpinned by mechanisms which uphold transparency, consultation and deliberative rounds of engagement.

3.4.3 The rules governing the participatory governance process will be published before that phase commences. Those rules will address at least eligibility to vote, the weighting of votes, and how outcomes will be reported.

3.4.4 The outcome of the voting process will inform the decision of the Council. It does not bind the Council in exercising its statutory functions.

3.5 Fourth Phase: Guidelines and Code of Conduct

3.5.1 The outputs of the process will inform the development of guidelines, a code of conduct, or both, to guide future engagement, implementation and conduct in matters relating to designated service providers.

3.5.2 The draft instrument will be published for comment before it is finalised.

4. First Phase: DSP Stakeholder Governance Workshop

4.1 The workshop will be held online via Microsoft Teams.
Date: 11 November 2026
Time: 09:30 - 16:00
The Microsoft Teams and online registration links will be shared with participants closer to the date.

5. Indicative timing of the remaining phases

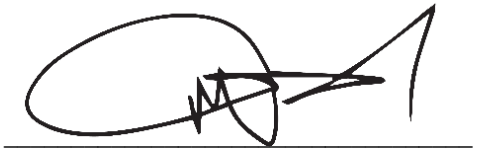
5.1 The second, third and fourth phases will be determined in consultation with the work streams established.

6. Conclusion

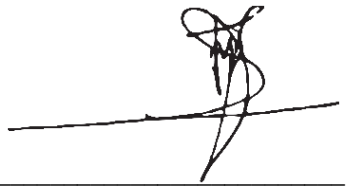
6.1 The CMS emphasises that these engagements are intended to support meaningful participation by affected stakeholders and to contribute to a governance framework that is principled, practical and responsive to the issues and interests identified.

6.2 The intended outcome is a more transparent, credible and sustainable basis for addressing matters relating to the implementation of designated service provider arrangements, supported by an agreed industry code of conduct.

Yours sincerely,



Dr Musa Gumede
Chief Executive and Registrar
Council for Medical Schemes



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