



Medical Schemes as Mutual Societies: Collaboration with Government towards NHI

Research Profile



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Medical schemes in South Africa operate as mutual benefit societies, governed by the Medical Schemes Act of 1998. However, challenges exist that impede their full realisation of this model. Despite possessing the foundational principles, operational divergence from the intended ideals is prevalent. Mutual benefit societies represent groups formed by beneficiaries sharing the values of independence, mutuality, solidarity, and voluntary participation. These entities pool funds to finance health benefits, with accurate record-keeping and resource allocation being crucial within the regulatory framework.

Mutuality dictates that medical schemes collectively accumulate reserves to provide equal access to services for all beneficiaries. Each beneficiary holds an ownership stake and voluntary participation allows for establishment, joining, and departure according to the scheme's rules. Independence grants the freedom to set service scope and business policies within the legal framework. For this reason, the PMB policy, put into effect in 2000, mandates the coverage scope and level of healthcare services, known as prescribed minimum benefits.

Under the principle of solidarity, contribution payments are standardised regardless of individual risks and settlements, whilst the non-profit operation prevents profit distribution as dividends, emphasising the use of profits for healthcare services.

The Act and PMB Regulations mandate coverage of prescribed minimum benefits and supplementary health insurance. As the country moves towards NHI, National Health Insurance will afford mandatory coverage of essential healthcare services based on need, akin to benefits currently provided under the PMB Policy. Additionally, medical schemes may finance complementary/supplementary health services not covered by the NHI. The NHI will effectively enhance the PMB Benefit package based on the country's finite resources.

Therefore, collaboration between medical schemes, the Council of Medical Schemes and the National Department of Health is imperative to review the PMB policy, allowing for a new care-quality benefit package addressing the health needs of the majority of South Africans, along with the design of complementary/supplementary benefit package offered by Medical Schemes ready for implementation under the NHI umbrella. It is now time for medical schemes to fulfil the responsibilities of the third sector in addressing health needs in partnership with the government. "Better to light a candle than to curse the darkness."