

# Medical schemes hit back at CMS for impeding Covid-19 relief measures

The Board of Healthcare Funders (BHF) is hitting back at the Council of Medical Schemes' (CMS) claim that medical schemes aren't looking after their members during the Covid-19 pandemic, by challenging the regulatory body's lack of response to proposals from the industry.



Dr Katlego Mothudi, MD, Board of Healthcare Funders

The challenge stems from a circular issued by the CMS relating to Covid-19 exemptions and guidelines, which states that “medical schemes have not applied for exemption, they are denying beneficiaries relief despite extreme Covid-19 conditions”.

Dr Katlego Mothudi, managing director of the BHF, pointed out that at the beginning of the Covid-19 pandemic, the BHF approached the CMS to grant collective exemptions to allow schemes to extend relief such as financially distressed members a contribution holiday during Covid-19 period. “The CMS did not support the BHF recommendations noting that the regulator would not allow for a collective application; but requested that medical aid schemes make individual applications for exemption consideration.”

While some schemes submitted individual applications, others looked at their rules to establish areas in which they could provide support without making the applications to the CMS, given that members needed an immediate solution. Individual exemption application would have been a lengthy process, especially after the collective application was declined. These processes were assessed against the schemes’ rules and any departure from these would have been adequately addressed through a resolution by the scheme’s board of trustees.

“ The fact that some schemes did not apply for the exemption does not mean that they did not offer assistance, it means they were able to identify areas within the scheme rules to support members without going through the individual exemption application process. ”

The BHF further clarified that, over the past three months, medical aid schemes have come up with various innovative solutions to support members in these testing times. Some schemes have allowed members to buy down temporarily during this period to ensure that members remain covered while they manage their finances. Others have provided payment holidays, determined through an individual needs assessment basis, while others have allowed members to utilise their accumulated savings to pay for contributions.

“Since the beginning of the pandemic, the BHF has made a number of submissions to the CMS to support medical schemes to provide relief to members. This includes a request for CMS to set up a framework to enable medical aid schemes to collectively negotiate costs for all Covid-19 related cases. In April, the BHF submitted a draft framework to support this proposal. It was accepted by the CMS with a view to seek ratification of the process from the National Department of Health, however, to date the industry is yet to receive feedback on the status of the proposed framework.”

## **Non-responsive regulatory environment**

A non-responsive regulatory environment presents a big challenge to the various stakeholders, particularly the beneficiaries, says Mothudi. “At the moment, medical aid schemes are compromised as they cannot collectively negotiate for effective pricing for hospital admissions or anything related to Covid-19, to increase affordability for members; because the proposed negotiation chamber has not been established, as per our submission to the council.”

The BHF further raised concerns on the delay in finalising the low-cost benefit options (LCBO) framework, which would have allowed the schemes to register these options as part of their service offering. The LCBOs would have provided a much-needed financial buffer for members who can no longer afford to pay premiums during this time. This process was initiated almost four years ago when the BHF submitted an application on behalf of the 52 medical aid schemes represented under the funding representative body. The CMS declined the application at the time as well.

## **Crisis**

“We are now in a crisis, and medical aid schemes find themselves in a space where they have to carefully navigate the regulatory environment to ensure that they continue to provide support to their beneficiaries. The solutions that medical schemes came up with are in fact commendable under the circumstances and it is very encouraging to see how BHF members have stepped up in various other interventions to tackle the challenges presented by Covid-19,” he says.

The CMS needs to further engage with the recommendations that have been put forward to enable medical schemes to do more for members. In addition, constant, clear communication between the regulator and the medical schemes is essential for the council to understand interventions that have been put in place by medical schemes for those members in financial distress. The BHF is concerned that no attempts have however been made to achieve this,” says Mothudi.