

PRESS RELEASE

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Discriminatory health insurance products and prescribed minimum benefits

Out of concern for the possible dilution of the right of health protection through medical schemes, a letter has been sent by civil society organisations, in the form of SECTION27, the Helen Suzman Foundation, and the Chair of Social Security at Wits University, to the Ministers of Finance and of Health. The letter warns of the possible consequences that will arise due to damaging regulations that may soon be published in terms of the Insurance Acts (short and long-term). These provisions would seek to allow unregulated insurance products to be sold as parallel insurance coverage to medical schemes.

This will, through the back door, undermine those explicit protections that prohibit medical schemes from discriminating against the old, sickly, and those with pre-existing medical conditions. This will occur as a result of the switching of coverage by the young and healthy into insurance products, thereby destroying the risk pooling that keeps the vulnerable covered by medical schemes.

Reinforcing this outcome, the proposed regulatory framework also seeks to permit a regulator of insurance products unfettered discretion to decide which products are harmful to the system of medical schemes, despite having no competence to make any such determination, and having no mandate to supervise health care policy.

The simultaneous downgrading of prescribed minimum benefits (PMB) protections, heavily lobbied for by vested industry interests on the grounds that they increase costs, will in fact destroy equitable coverage in favour of discriminatory coverage. The driving commercial imperative to remove or diminish PMBs actually seeks to establish contrived markets for the sale of for-profit health insurance products (medical schemes are by law not-for-profit) into benefit gaps, designed for this purpose, within medical schemes. Health insurance companies often work in close collaboration with medical scheme administrators and brokers to engineer these lucrative outcomes.

To date the related government processes to consider parallel health insurance products (to medical schemes) and to cut PMBs have involved bilateral discussions between industry interests and government officials, to the exclusion of any party able to represent the interests of consumers of health care. These discussions are in fact only happening behind closed doors.

The signatories to this letter consequently call on the Ministers of Finance and of Health to enter into a properly constituted inclusive dialogue on the role of health insurance products and PMBs to ensure that the interests of the right to health care is protected. This is especially important where the technical complexity of the policy area provides a ready-made natural barrier to public participation from the most affected parties. Under such circumstances, where the obligation to consult is increased rather than diminished, government needs to adjust accordingly to insure that policy is based on informed engagement and evidence.

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