



Reference: Industry update on COVID-19 exemptions and guidelines  
Contact person: Ms Maninie Molatseli  
Tel: 0861 123 267  
E-mail: [m.molatseli@medicalschemes.com](mailto:m.molatseli@medicalschemes.com)  
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## Circular 50 of 2020: Industry Update on Developments Relating to COVID-19 Exemptions and Guidelines

There are indications that the economy is under pressure and will contract sharply this year due to the COVID-19 pandemic and related national lockdown. This has a direct impact on the livelihood of many medical scheme members and their ability to service their medical cover premiums as retrenchments and business closures escalate.

The Council for Medical Schemes' (CMS) mandate is to protect the interest of medical scheme members during these uncertain times, ensuring that they continue to receive the full benefits of their chosen medical scheme options. To this end, the CMS is concerned about:

- How the cost of testing and treatment of COVID-19 affects members (particularly out-of-pocket payments);
- How the national lockdown affects a member's ability to pay their monthly contributions;
- How to ensure that members that experience financial hardships due to the lockdown do not experience disruptions in their medical cover;
- How to ensure that medical schemes that assist their distressed members remain sustainable and financially sound.

With this in mind, the Council for Medical Schemes (CMS) issued [Circular 25](#), [28](#) and [33 of 2020](#) to the industry in March, April and May 2020, respectively. These circulars sought to set out options that schemes could use to provide financial relief for their members to maintain their medical cover. Such options included the:

- Declaration of COVID-19 as a clinical emergency and as a **Prescribed Minimum Benefit (PMB)** meaning that coronavirus infection is funded in full irrespective of medical scheme benefit option;
- Publication of **Clinical guidelines** to support implementation and funding decisions;
- Initiation of a process to develop a **framework for tariff and price negotiations** on key goods and services;
- **Offering of financial relief** to members whose income was affected by the lockdown as a result of COVID-19 through:
  - a. Use of accumulated savings funds to offset contributions

- b. Ex-gratia payments to offset contributions
- c. Contribution reduction for three months
- d. Deferment of contribution payable for up to three months

The CMS received exemption applications for financial relief to members from 19 medical schemes. Circular 28 of 2020 outlined the approach and criteria for Section 26(7) exemption consideration which was used to evaluate these applications.

Table 1 below depicts schemes that applied for COVID-19 relief related exemptions, 60% of which, are open schemes accounting for more than 90% of lives in the open schemes market. Fewer than expected restricted schemes applied for COVID-19 relief related exemptions – less than 13% – accounting for a mere 5% of lives. Overall, the 19 scheme total is equivalent to nearly 5 million lives, which is near half of the 2019 medical scheme population. Access the list of medical schemes that have applied for COVID-19 relief to assist members of medical schemes here: [Covid-19 relief related exemptions 06072020.xlsx](#)

Table 1: Summary statistics of schemes that have applied for COVID-19 related exemptions

| Exemption application   |           |           |           |
|-------------------------|-----------|-----------|-----------|
| Number of schemes       |           |           |           |
| Scheme Type             | Yes       | No        | Total     |
| Open scheme             | 12        | 9         | 21        |
| Restricted scheme       | 7         | 51        | 58        |
| Grand Total             | 19        | 60        | 79        |
| Number of beneficiaries |           |           |           |
| Scheme Type             | Yes       | No        | Total     |
| Open scheme             | 4,668,001 | 301,620   | 4,969,621 |
| Restricted scheme       | 188,930   | 3,758,144 | 3,947,074 |
|                         | 4,856,931 | 4,059,764 | 8,916,695 |

Note: On 2018 Beneficiaries

Since there are currently no actual figures of members that have applied for COVID-19 relief directly from medical schemes, the table above reflects the exemption applications only at scheme level.

The CMS is concerned that a significant number of schemes, which account for nearly half of the medical scheme population, have not applied for this dispensation from Council. Medical scheme beneficiaries have been denied of this relief despite extreme COVID-19 conditions and their schemes seem not to be acting in their best interests. As such, the CMS will continue to monitor this inaction in the interest of protecting medical scheme members.

Yours sincerely,



Dr Siphon Kabane  
 Chief Executive & Registrar  
 Council for Medical Schemes