

## MEDICAL SCHEMES

# Shake-out continues

**Protea Medical Society thought** it had discovered a lucrative niche market in foreign students studying in SA, who by law are required to have medical cover as part of their student visa.

The students paid R235/month; the scheme thought it could use these contributions to cover the R1m/month claimed by its 300 pensioner members.

Now Protea is being liquidated because a seven-month Council for Medical Schemes curatorship could not resolve concerns over the scheme's low membership, financial governance and the imbalance in which 91,6% of its 5 339 members are international students.

Curator Velaphi Petsana says it was only a matter of time before one or two major claims wiped out the funds of the 42-year-old scheme.

Says Petsana: "Protea relied heavily on this student base for its sustainability. The market is characterised by the annual rotation of student members who enrol at the beginning of their studies and exit once they have completed their studies. It was better to close now before the funds were completely depleted."

He says Momentum and Comp Care have shown an interest in absorbing Protea's members but they would need to include the pensioners.

Protea joins 13 medical schemes that have amalgamated with bigger schemes or been liquidated in the past two years.

Medicover, Telemed, prison warden scheme Medcor, Afrisam, Umed, Oxygen, Suremed, Clicks, Ingwe, and Bepmeds merged with bigger schemes. Purehealth and Genhealth were liquidated. The membership of these schemes has been absorbed by Discovery, the Government Employees Medical Scheme (Gems), Lib-

erty, Bestmed, Medshield, Thebemed, Momentum and Topmed. Sizwe Medical Fund is facing possible curatorship and the removal of its board of trustees.

The number of schemes dropped from 144 in 2000 to 110 in 2009. In the same period the number of open schemes fell from 47 in 2000 to 33 and restricted schemes from 97 to 77.

CMS registrar Monwabisi Gantsho says Protea's liquidation is unfortunate but emphasises the council's priority of ensuring scheme governance and financial sustainability to minimise member risk.

"We are mopping up the industry. The regulatory framework is getting stronger and stricter to protect members," he says.

In 10 years medical schemes have attracted only 1,3m new members.

Board of Healthcare Funders (BHF) CE Humphrey Zokufa says small schemes are struggling and with increased health-care costs driven by the ageing membership, more amalgamations and liquidations are possible.

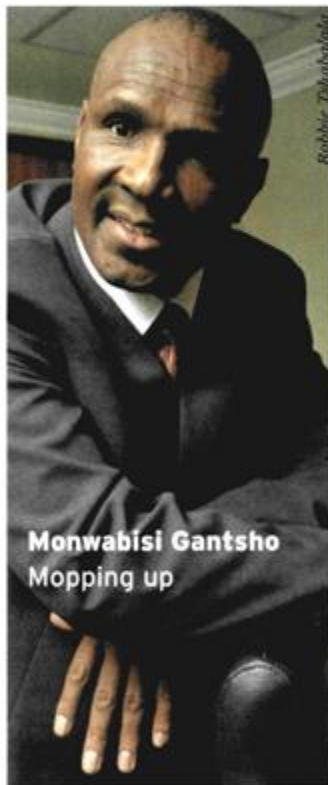
The BHF is challenging government's prescribed minimum benefit (PMB) regulation, which requires schemes to pay in full for over 270 chronic disease conditions, based on service provider rates.

Zokufa says the market is too segmented, with 98 medical schemes covering 8,3m members and ben-

eficiaries, and schemes are struggling to attract young members who claim less to subsidise older members.

"We need a smaller pocket of schemes, to have the right scale and balance of age demographics to continue to meet the demands of members," he says.

Zokufa says the PMB regulation has become an issue of survival for schemes and mergers will be necessary.



**Monwabisi Gantsho**  
Mopping up