

Medical Schemes Act No 131 of 1998
Regulations
Therapeutic Algorithms
Amendments

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MEDICAL SCHEMES ACT NO. 131 OF 1998

[ASSENTED TO 20 NOVEMBER, 1998]
[DATE OF COMMENCEMENT: 1 FEBRUARY, 1999]

(English text signed by the President)

as amended by

Medical Schemes Amendment Act, No. 55 of 2001

Medical Schemes Amendment Act, No. 62 of 2002

Intelligence Services Act, No. 65 of 2002

[with effect from 20 February, 2003—see title DEFENCE]

General Intelligence Laws Amendment Act, No. 52 of 2003

[with effect from 28 February, 2003—see title DEFENCE]

Prevention and Combating of Corrupt Activities Act, No. 12 of 2004

[with effect from 27 April, 2004—see title CRIMINAL LAW AND PROCEDURE]

ACT

To consolidate the laws relating to registered medical schemes; to provide for the establishment of the Council for Medical Schemes as a juristic person; to provide for the appointment of the Registrar of Medical Schemes; to make provision for the registration and control of certain activities of medical schemes; to protect the interests of members of medical schemes; to provide for measures for the co-ordination of medical schemes; and to provide for incidental matters.

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CHAPTER 1
DEFINITIONS

1. Definitions.—(1) In this Act, unless inconsistent with the context—

“Academy” means the Academy as defined in section 1 of the Intelligence Services Act, 2002;

[Definition of “Academy” inserted by s. 40 of Act No. 65 of 2002.]

“**actuary**” means any fellow of an institute, faculty, society or chapter of actuaries approved by the Minister of Finance;

“**administrator**” means any person who has been accredited by the Council in terms of section 58, and shall, where any obligation has been placed on a medical scheme in terms of this Act, also mean a medical scheme;

“**Agency**” means the Agency as defined in section 1 of the Intelligence Services Act, 2002;

[Definition of “Agency” inserted by s. 40 of Act No. 65 of 2002.]

“**Appeal Board**” means the Appeal Board established by section 50 (1);

“**beneficiary**” means a member or a person admitted as a dependant of a member;

[Definition of “beneficiary” inserted by s. 1 (a) of Act No. 55 of 2001.]

“**board of trustees**” means the board of trustees charged with the managing of the affairs of a medical scheme, and which has been elected or appointed under its rules;

“**broker**” means a person whose business, or part thereof, entails providing broker services, but does not include—

- (i) an employer or employer representative who provides service or advice exclusively to the employees of that employer;
- (ii) a trade union or trade union representative who provides service or advice exclusively to members of that trade union; or
- (iii) a person who provides service or advice exclusively for the purposes of performing his or her normal functions as a trustee, principal officer, employee or administrator of a medical scheme,

unless a person referred to in subparagraph (i), (ii) or (iii) elects to be accredited as a broker, or actively markets or canvasses for membership of a medical scheme;

[Definition of “broker” inserted by s. 1 (b) of Act No. 55 of 2001 and substituted by s. 1 (a) of Act No. 62 of 2002.]

“**broker services**” means—

- (a) the provision of service or advice in respect of the introduction or admission of members to a medical scheme; or
- (b) the ongoing provision of service or advice in respect of access to, or benefits or services offered by, a medical scheme;

[Definition of “broker services” inserted by s. 1 (b) of Act No. 62 of 2002.]

“**business of a medical scheme**” means the business of undertaking liability in return for a premium or contribution—

- (a) to make provision for the obtaining of any relevant health service;
- (b) to grant assistance in defraying expenditure incurred in connection with the rendering of any relevant health service; and
- (c) where applicable, to render a relevant health service, either by the medical scheme itself, or by any supplier or group of suppliers of a relevant health service or by any person, in association with or in terms of an agreement with a medical scheme;

“complaint” means a complaint against any person required to be registered or accredited in terms of this Act, or any person whose professional activities are regulated by this Act, and alleging that such person has—

- (a) acted, or failed to act, in contravention of this Act; or
- (b) acted improperly in relation to any matter which falls within the jurisdiction of the Council;

[Definition of “complaint” substituted by s. 1 (c) of Act No. 55 of 2001.]

“Comsec” means Electronic Communications Security (Pty) Ltd established by section 2 of the Electronic Communications Security (Pty) Ltd Act, 2002 (Act No. 68 of 2002);

[Definition of “Comsec” inserted by s. 25 (2) of Act No. 52 of 2003.]

“condition-specific waiting period” means a period during which a beneficiary is not entitled to claim benefits in respect of a condition for which medical advice, diagnosis, care or treatment was recommended or received within the twelve-month period ending on the date on which an application for membership was made;

[Definition of “condition-specific waiting period” inserted by s. 1 (d) of Act No. 55 of 2001.]

“Council” means the Council for Medical Schemes established by section 3;

“curator” means a curator appointed under section 56;

“dependant” means—

- (a) the spouse or partner, dependant children or other members of the member’s immediate family in respect of whom the member is liable for family care and support; or
- (b) any other person who, under the rules of a medical scheme, is recognised as a dependant of a member;

[Para. (b) substituted by s. 1 (e) of Act No. 55 of 2001.]

“financial year” means each period of 12 months ending on 31 December;

“general waiting period” means a period in which a beneficiary is not entitled to claim any benefits;

[Definition of “general waiting period” inserted by s. 1 (f) of Act No. 55 of 2001.]

“Master” means the Master of the High Court;

“medical scheme” means any medical scheme registered under section 24 (1);

“member” means a person who has been enrolled or admitted as a member of a medical scheme, or who, in terms of the rules of a medical scheme, is a member of such medical scheme;

“Minister” means the Minister of Health;

“officer” means any member of a board of trustees, any manager, principal officer, treasurer, clerk or other employee of the medical scheme, but does not include the auditor of the medical scheme;

“prescribed” means prescribed by regulation;

“principal officer” means the principal officer appointed in terms of section 57 (4) (a);

“Registrar” means the Registrar of Medical Schemes appointed in terms of section 18;

“reinsurance contract” means any contractual arrangement whereby some element of risk contained in the rules of the medical scheme is transferred to a reinsurer in return for some consideration;

[Definition of “reinsurance contract” inserted by s. 1 (g) of Act No. 55 of 2001.]

“reinsurer” means an insurer—

- (a) registered as a long-term insurer in terms of section 9 of the Long-term Insurance Act, 1998 (Act No. 52 of 1998), unless that insurer is prohibited from engaging in the practice of reinsurance in terms of section 10 of that Act; or
- (b) registered as a short-term insurer in terms of section 9 of the Short-term Insurance Act, 1998 (Act No. 53 of 1998), unless that insurer is prohibited from engaging in the practice of reinsurance in terms of section 10 of that Act;

[Definition of “reinsurer” inserted by s. 1 (g) of Act No. 55 of 2001.]

“relevant health service” means any health care treatment of any person by a person registered in terms of any law, which treatment has as its object—

- (a) the physical or mental examination of that person;
- (b) the diagnosis, treatment or prevention of any physical or mental defect, illness or deficiency;
- (c) the giving of advice in relation to any such defect, illness or deficiency;
- (d) the giving of advice in relation to, or treatment of, any condition arising out of a pregnancy, including the termination thereof;
- (e) the prescribing or supplying of any medicine, appliance or apparatus in relation to any such defect, illness or deficiency or a pregnancy, including the termination thereof; or
- (f) nursing or midwifery,

and includes an ambulance service, and the supply of accommodation in an institution established or registered in terms of any law as a hospital, maternity home, nursing home or similar institution where nursing is practised, or any other institution where surgical or other medical activities are performed, and such accommodation is necessitated by any physical or mental defect, illness or deficiency or by a pregnancy;

“restricted membership scheme” means a medical scheme, the rules of which restrict the eligibility for membership by reference to—

- (a) employment or former employment or both employment or former employment in a profession, trade, industry or calling;
- (b) employment or former employment or both employment or former employment by a particular employer, or by an employer included in a particular class of employers;
- (c) membership or former membership or both membership or former membership of a particular profession, professional association or union; or

- (d) any other prescribed matter;

“**rules**” means the rules of a medical scheme and include—

- (a) the provisions of the law, charter, deed of settlement, memorandum of association or other document by which the medical scheme is constituted;
- (b) the articles of association or other rules for the conduct of the business of the medical scheme; and
- (c) the provisions relating to the benefits which may be granted by and the contributions which may become payable to the medical scheme;

“**Service**” means the South African Secret Service as defined in section 1 of the Intelligence Services Act, 2002;

[Definition of “Service” inserted by s. 40 of Act No. 65 of 2002.]

“**this Act**” includes the regulations.

(2) For the purposes of this Act, any reference in this Act to a medical scheme shall be construed as a reference to that medical scheme or to the board of trustees of that medical scheme, as the case may be.

CHAPTER 2 APPLICATION OF ACT

2. Application of Act.—(1) If any conflict, relating to the matters dealt with in this Act, arises between this Act and the provisions of any other law save the Constitution or any Act expressly amending this Act, the provisions of this Act shall prevail.

(2) This Act shall also apply to a medical scheme established by any organ of the State including those medical schemes established under section 28 (g) of the Labour Relations Act, 1995 (Act No. 66 of 1995).

(3) Notwithstanding the provisions of subsections (1) and (2), this Act shall not apply to the Agency, the Academy, the Service and the directors and staff of Comsec.

[Sub-s. (3) added by s. 40 of Act No. 65 of 2002 and substituted by s. 25 (2) of Act No. 52 of 2003.]

CHAPTER 3 COUNCIL FOR MEDICAL SCHEMES

Part 1: Council

3. Establishment of Council for Medical Schemes.—(1) There is hereby established a juristic person called the Council for Medical Schemes.

(2) The Council shall be entitled to sue and be sued, to acquire, possess and alienate moveable and immovable property and to acquire rights and incur liabilities.

(3) The registered office of the Council shall be situated in Pretoria or such other address as the Council may from time to time determine.

(4) The Council shall, at all times, function in a transparent, responsive and efficient manner.

4. Constitution of Council.—(1) The Council shall consist of up to 15 members appointed by the Minister taking into account the interests of members and of medical schemes, expertise in law, accounting, medicine, actuarial sciences, economics and consumer affairs.

(2) The Minister may appoint any member of the Council on a full-time or a part-time basis for such a period as the Minister may deem necessary.

(3) The Minister shall appoint a member of the Council as chairperson.

(4) Members of the Council shall elect from amongst themselves a vice-chairperson.

(5) When the chairperson is unable to perform his or her functions in terms of this Act, the vice-chairperson shall act as chairperson of the Council.

(6) The chairperson or the vice-chairperson or, in their absence, a member of the Council designated by the members present, shall preside at a meeting of the Council.

(7) If a member dies or by virtue of section 5 (2) ceases to be a member, the Minister may, subject to the provisions of this section, appoint a person in that member's place for the unexpired period of his or her term of office.

(8) The Minister may at any time discharge a member of the Council from office if such a member is absent, except with the leave of the chairperson, from more than three consecutive meetings of the Council, or is guilty of misconduct.

(9) The Minister shall cause the name of every person appointed as a member of the Council and the period for which he or she has been appointed to be published in the *Gazette*.

5. Disqualification as member of Council, and vacation of office.—(1) No person shall be appointed as a member of the Council if he or she—

- (a) is an unrehabilitated insolvent;
- (b) is disqualified under any law from carrying on his or her profession;
- (c) is not permanently resident in the Republic of South Africa; or
- (d) has at any time been convicted (whether in the Republic of South Africa or elsewhere) of theft, fraud, forgery or uttering a forged document, perjury, an offence under the Prevention of Corruption Act, 1958 (Act No. 6 of 1958), the Corruption Act, 1992 (Act No. 94 of 1992), Part 1 to 4, or section 17, 20 or 21 (in so far as it relates to the aforementioned offences) of Chapter 2 of the Prevention and Combating of Corrupt Activities Act, 2004, or any offence involving dishonesty, and has been sentenced therefor to imprisonment without the option of a fine.

[Para. (d) substituted by s. 36 (1) of Act No. 12 of 2004.]

(2) A member of the Council shall vacate his or her office if he or she—

- (a) becomes subject to any disqualification referred to in subsection (1);
 - (b) becomes mentally incompetent;
 - (c) by written notice resigns as a member;
 - (d) is discharged of his or her office by the Minister under section 4 (8);
 - (e) is in terms of the provisions of the Electoral Act, 1993 (Act No. 202 of 1993), nominated as a candidate for election as a member of Parliament;
- or

- (f) is in terms of the provisions of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), elected as a member of Parliament or holds a political office at a provincial or local government level.

6. Term of office of member of Council.—A member of the Council shall be appointed for no more than three years but he or she may be re-appointed for one further term.

7. Functions of Council.—The functions of the Council shall be to—

- (a) protect the interests of the beneficiaries at all times;
[Para. (a) substituted by s. 2 of Act No. 55 of 2001.]
- (b) control and co-ordinate the functioning of medical schemes in a manner that is complementary with the national health policy;
- (c) make recommendations to the Minister on criteria for the measurement of quality and outcomes of the relevant health services provided for by medical schemes, and such other services as the Council may from time to time determine;
- (d) investigate complaints and settle disputes in relation to the affairs of medical schemes as provided for in this Act;
- (e) collect and disseminate information about private health care;
- (f) make rules, not inconsistent with the provisions of this Act for the purpose of the performance of its functions and the exercise of its powers;
- (g) advise the Minister on any matter concerning medical schemes; and
- (h) perform any other functions conferred on the Council by the Minister or by this Act.

8. Powers of Council.—The Council shall, in the exercise of its powers, be entitled to—

- (a) appoint such staff as the Council may deem necessary to employ to assist the Council in the performance of its functions and the execution of its duties;
- (b) hire, purchase or otherwise acquire such moveable or immovable property for the performance of its functions, and may let, sell or otherwise dispose of such property;
- (c) enter into an agreement with any person including the State or any other institution for the performance of any specific act or function or the rendering of any service;
- (d) insure itself against any loss, damage, risk or liability which it may suffer or incur;
- (e) approve business plans and the budget for the Council and the functions performed by the Registrar;
- (f) approve the registration, suspension, and cancellation of registration, of medical schemes or a benefit option;
- (g) invest, loan, advance on interest and place on deposit, moneys not needed immediately for the current expenditure of the Council or the functions performed by the Registrar or to deal therewith in any other way against such securities and in such manner as the Council may determine from time to time, and to convert investments into money, adjust such

securities, re-invest the proceeds thereof or to deal therewith in any other manner as determined by the Council;

- (h) exempt, in exceptional cases and subject to such terms and conditions and for such period as the Council may determine, a medical scheme or other person upon written application from complying with any provision of this Act;

[Para. (h) substituted by s. 3 of Act No. 55 of 2001.]

- (i) authorise the Registrar from time to time to sign any contract, cheque or other document which binds the Council or which authorises any action on behalf of the Council;
- (j) determine the terms and conditions of service of any person appointed by the Council or who is under contract; and
- (k) in general, take any appropriate steps which it deems necessary or expedient to perform its functions in accordance with the provisions of this Act.

9. Committees of Council.—(1) The Council may—

- (a) appoint from amongst its members an executive committee consisting of the chairperson, the vice-chairperson and three other members to attend to the day to day tasks of the Council, and may delegate to such executive committee such functions and powers as it may from time to time determine; and
- (b) appoint from amongst its members or any other persons, any other committee in regard to any matter falling within the scope of the Council's functions and powers under this Act, and may delegate to any such committee such of its functions and powers as it may determine from time to time.

(2) The chairperson of the Council shall be the chairperson of the executive committee and in his or her absence the vice-chairperson shall act as chairperson.

(3) Any other committee appointed by the Council shall elect its own chairperson.

(4) All resolutions taken by the executive committee or any other committee shall be by a majority vote.

(5) The quorum for a meeting of the Council or any committee shall be half of the members of the Council or of such committee plus one member.

10. Meetings of Council.—(1) The Council shall hold at least four ordinary meetings each year.

(2) Special meetings of the Council may be convened by the chairperson or at the written request of the majority of the members setting forth clearly the purpose for which the meeting is to be held.

(3) The Minister may at any time request that a meeting of the Council be convened in order to advise him or her on a specific matter.

(4) The executive committee shall meet at least once a month or at such intervals as the chairperson may deem it necessary for the efficient performance of the Council's functions.

(5) The Council may determine its own rules regarding the procedures at its meetings or those of its committees.

(6) All resolutions taken by the Council shall be by a majority vote.

11. Remuneration of members of Council and committees.—The chairperson, vice-chairperson, other members of the Council and members of committees of the Council who are not members of the Council, excluding any such member—

- (a) who is in the full-time service of the State; or
- (b) who is in the full-time service of an employer by whom such member is remunerated in respect of such service and with whose consent such member was appointed as such,

shall be paid such remuneration and allowances out of the funds of the Council as the Minister, with the concurrence of the Minister of Finance, may determine from time to time.

12. Funds of Council.—(1) The funds of the Council shall consist of—

- (a) moneys appropriated by Parliament on such terms and conditions as the Minister, with the concurrence of the Minister of Finance, may determine;
- (b) fees raised on services rendered by the Registrar in the performance of his or her functions under the provisions of this Act;
- (c) penalties contemplated in section 66 (3); and
- (d) interest on overdue fees and penalties in respect of services rendered by the Registrar.

(2) The Council—

- (a) may accept moneys or other goods donated or bequeathed to the Council; and
- (b) shall specify details of any such donation or bequest in the annual report to the Minister.

(3) The Council shall utilise its funds for the defrayal of expenses incurred by the Council and the office of the Registrar in the performance of their functions under this Act.

(4) The Council shall cause an account to be opened with an institution registered as a bank and shall deposit in that account all moneys received in terms of this section.

(5) The Council may invest money, which is deposited in terms of subsection (4) and which is not required for immediate use, in any manner as it may deem fit.

(6) Any money which at the close of the Council's financial year stands to the credit of the Council shall be carried forward to the next financial year as a credit in the account of the Council.

13. Accounting officer.—(1) The Registrar shall be the accounting officer of the Council charged with accounting for all moneys received and payments authorised by and made on behalf of the Council and the Registrar.

(2) The financial year of the Council shall end on 31 December in each year.

(3) The Registrar shall—

- (a) keep full and proper records of all moneys received and expenses incurred by, and of all assets, liabilities and financial transactions of, the Council and the Registrar; and
- (b) as soon as is practicable, but not later than four months after the end of each financial year referred to in subsection (2), prepare annual financial statements in respect of the financial year in question.

(4) The records and annual financial statements referred to in subsection (3) shall be audited by the Auditor-General.

(5) Any moneys payable to the Council in terms of this Act, shall be a debt due to the Council and recoverable by the Registrar in any competent court.

14. Annual report.—(1) The Council shall submit to the Minister before the end of June of each year a report on the Council's activities during the previous financial year.

(2) The report referred to in subsection (1) shall be accompanied by audited financial statements and notes thereon in respect of the financial year concerned.

(3) The financial statements referred to in subsection (2) shall—

- (a) be in conformity with general accepted accounting practice;
- (b) fairly present the state of affairs and functions of the Council and the results thereof and of the Registrar; and
- (c) refer to any material matters not specifically required in terms of this Act which have affected or are likely to affect the affairs of the Council and the Registrar.

(4) The Council shall publish or make available the annual report and audited financial statements after submission thereof to the Minister.

15. Consultation between Minister and Council.—(1) The Council may consult with the Minister in the exercise of the powers and the performance of the functions under this Act or on any other law, and in connection with any other matter which the Council deems necessary.

(2) The Minister may consult with the Council on any matter falling under this Act.

16. Cases of improper or disgraceful conduct.—Whenever it appears to the Council—

- (a) that the conduct of any person registered under any Act of Parliament which regulates the professional conduct of any health care supplier constitutes improper or disgraceful conduct relating to a medical scheme, the Council shall report this matter to any body or organisation which has jurisdiction over the person concerned; or
- (b) that an offence has been committed,

the Council shall refer the matter to the National Prosecuting Authority.

17. Liquidation.—(1) The Council shall only be placed under liquidation by an Act of Parliament.

(2) In the event of the liquidation of the Council, the assets and liabilities of the Council, if any, shall accrue to the State.

Part 2: Registrar, Deputy Registrar and staff of Council

18. Appointment of Registrar and Deputy Registrar of Medical Schemes.—

(1) The Minister shall, after consultation with the Council, appoint a Registrar and one or more Deputy Registrars of Medical Schemes.

(2) The Registrar shall be the executive officer of the Council and shall manage the affairs of the Council.

(3) The Registrar shall act in accordance with the provisions of this Act and the policy and directions of the Council.

(4) The Registrar may assign to any staff member such of his or her functions or duties as he or she may from time to time determine.

(5) The Registrar shall supervise the staff appointed under section 8 (a) or (c) or placed at his or her disposal in terms of section 19 (1).

(6) A Deputy Registrar shall assist the Registrar in the performance of his or her functions and the carrying out of his or her duties and may, subject to the approval of the Registrar, exercise any power conferred upon the Registrar by the Council or by this Act.

19. Staff of Council.—(1) The Council may, in addition to the staff appointed or a person under contract under section 8 (a) or (c) respectively, request the Director-General of Health to place at the disposal of the Registrar, officers and employees in the public service in terms of section 15 (3) of the Public Service Act, 1994 (Proclamation No. 103 of 1994) to assist the Registrar in the performance of his or her functions and duties.

(2) The staff of the Council, excluding the officers and employees referred to in subsection (1), shall be paid such remuneration and allowances as the Council may, after consultation with the Minister and with the concurrence of the Minister of Finance, determine from time to time.

(3)

[Sub-s. (3) deleted by s. 4 of Act No. 55 of 2001.]

CHAPTER 4 MEDICAL SCHEMES

20. Business of Medical Scheme.—(1) No person shall carry on the business of a medical scheme unless that person is registered as a medical scheme under section 24.

(2) No medical scheme shall purchase any insurance policy in respect of any relevant health service other than to reinsure a liability in terms of section 26 (1) (b).

(3) Where a medical scheme intends entering into any reinsurance contract, or effecting any amendment of such reinsurance contract, the board of trustees shall furnish to the Registrar—

- (a) a copy of any such reinsurance contract or amendment of such reinsurance contract; and
- (b) an evaluation of the need for the proposed reinsurance contract undertaken by a person with the necessary expertise to conduct such an evaluation, and who has no direct or indirect financial interest in the relevant reinsurance contract.

[Sub-s. (3) added by s. 5 of Act No. 55 of 2001.]

(4) The Registrar may in writing raise, within 30 days of having received any such reinsurance contract or amendment and evaluation, any matter in respect of the terms of such contract or amendment, taking into account whether—

- (a) due consideration has been given by the medical scheme concerned to the need for reinsurance, based upon an assessment of the financial risks to which that medical scheme is exposed;
- (b) the reinsurance contract is in the best interests of the members of the medical scheme concerned; and

- (c) there is conflict of interests between the parties to the reinsurance contract.

[Sub-s. (4) added by s. 5 of Act No. 55 of 2001.]

(5) The board of trustees is obliged to address, to the satisfaction of the Registrar, any matter raised prior to the implementation of the reinsurance contract or amendment to any such contract.

[Sub-s. (5) added by s. 5 of Act No. 55 of 2001.]

(6) The board of trustees shall certify that a reinsurance contract or amendment submitted in terms of section 20 (3) constitutes the entire agreement between the medical scheme and reinsurer with respect to the business being re-insured thereunder, and that there are no arrangements between the medical scheme and the reinsurer other than those expressed in the contract or amendment.

[Sub-s. (6) added by s. 5 of Act No. 55 of 2001.]

(7) Failure to comply with sections 20 (3), 20 (5) and 20 (6) shall result in such reinsurance contract or amendment being null and void.

[Sub-s. (7) added by s. 5 of Act No. 55 of 2001.]

21. Use of designation “medical scheme”.—No person shall, without the consent of the Registrar, apply to his or her business a name which includes the words “medical scheme” or any other name which is calculated to indicate, or is likely to lead persons to believe that he or she carries on the business of a medical scheme, unless such business is registered under this Act.

21A. Marketing.—(1) It is an offence to market, advertise or in any other way promote the business of any person in a manner likely to create the impression that such person conducts, will conduct, or is entitled to conduct, the business of a medical scheme unless that person is registered as a medical scheme in terms of section 24 (1) of this Act.

(2) The admission of a person as a member or dependant of a medical scheme may not be made directly or indirectly conditional upon that person purchasing or participating in any product, benefit or service provided by a person other than the medical scheme in terms of its rules.

(3) It is an offence to market, advertise or in any other way promote a medical scheme in a manner likely to create the impression that membership of such medical scheme is conditional upon an applicant purchasing or participating in any product, benefit or service provided by a person other than the medical scheme in terms of its rules.

[S. 21A inserted by s. 6 of Act No. 55 of 2001.]

22. Application for registration.—(1) Any person who wishes to carry on the business of a medical scheme shall apply to the Registrar for registration under this Act.

(2) An application under subsection (1) shall be accompanied by such documents and particulars as may be prescribed from time to time.

23. Name of medical scheme and change of name.—(1) The Registrar shall not register a medical scheme under a name, nor change the name of a medical scheme to a name—

- (a) which has already been registered;
- (b) which so closely resembles the name of a medical scheme already registered that the one is likely to be mistaken for the other; or

(c) which is likely to mislead the public.

(2) A medical scheme shall not use or refer to itself by a name other than the name under which it is registered or a literal translation or an abbreviation thereof which has been approved by the Registrar.

(3) A medical scheme may, with the consent of the Registrar, in conjunction with its registered name, use, or refer to itself by, the name of a medical scheme with which it has amalgamated or which it has absorbed or, in the case of a change of name, the name by which it was previously known.

(4) A medical scheme shall not change its name without the prior written consent of the Registrar.

24. Registration as medical scheme.—(1) The Registrar shall, if he or she is satisfied that a person who carries on the business of a medical scheme which has lodged an application in terms of section 22, complies or will be able to comply with the provisions of this Act, register the medical scheme, with the concurrence of the Council, and impose such terms and conditions as he or she deems necessary.

(2) No medical scheme shall be registered under this section unless the Council is satisfied that—

(a) members of the board of trustees and the principal officer of the proposed medical scheme are fit and proper persons to hold the offices concerned;

[Para. (a) substituted by s. 7 (a) of Act No. 55 of 2001.]

(b) the medical scheme complies with or will be able to comply with any other provision of this Act;

(c) the medical scheme is or will be financially sound;

(d) the medical scheme has a sufficient number of members who contribute or are likely to contribute to the medical scheme;

(e) the medical scheme does not or will not unfairly discriminate directly or indirectly against any person on one or more arbitrary grounds including race, age, gender, marital status, ethnic or social origin, sexual orientation, pregnancy, disability and state of health; and

[Para. (e) substituted by s. 7 (b) of Act No. 55 of 2001.]

(f) the registration of the medical scheme is not contrary to the public interest.

(3) The Registrar shall transmit to the applicant a certificate of registration and a copy of the rules of the medical scheme reflecting the date of registration of such rules.

(4) If an application for registration is rejected, the Registrar shall in writing indicate to the applicant in what respect the medical scheme in question does not comply with the provisions of this Act.

(5) The Registrar may demand from the person who manages the business of a medical scheme which is in the process of being established, such financial guarantees as will in the opinion of the Council ensure the financial stability of the medical scheme.

25. Notification of registration.—The Registrar shall publish in the *Gazette* a notification of the registration of a medical scheme setting out—

(a) the name and address of the medical scheme;

(b) the date of registration; and

(c) any terms and conditions imposed.

26. Effect of registration.—(1) Any medical scheme registered under this Act shall—

- (a) become a body corporate capable of suing and being sued and of doing or causing to be done all such things as may be necessary for or incidental to the exercise of its powers or the performance of its functions in terms of its rules;
- (b) assume liability for and guarantee the benefits offered to its members and their dependants in terms of its rules; and
- (c) establish a bank account under its direct control into which shall be paid every amount—
 - (i) received as subscription or contribution paid by or in respect of a member; and
 - (ii) received as income, discount, interest, accrual or payment of whatsoever kind.

(2) No person shall have any claim on the assets or rights or be responsible for any liabilities or obligations of a medical scheme, except in so far as the claim has arisen or the responsibility has been incurred in connection with transactions relating to the business of the medical scheme.

(3) The assets, rights, liabilities and obligations of a medical scheme, including any assets held in trust for the medical scheme by any person, as existing immediately prior to its registration, shall vest in and devolve upon the medical scheme without any formal transfer or cession.

(4) No amount shall be debited to the account contemplated in subsection 1 (c) other than—

- (a) payments by a medical scheme of any benefit, payable under the rules of a medical scheme;
- (b) costs incurred by the medical scheme in the carrying on of the business as a medical scheme; or
- (c) amounts invested by the board of trustees in accordance with section 35 (7).

(5) No payment in whatever form shall be made by a medical scheme directly or indirectly to any person as a dividend, rebate or bonus of any kind whatsoever.

(6) No person other than an employer shall receive, hold or in any manner deal with the subscription or contribution which is payable to a medical scheme by or on behalf of a member of such medical scheme.

(7) All subscriptions or contributions shall be paid directly to a medical scheme not later than three days after payment thereof becoming due.

(8) The officer in charge of a deeds registry in which is registered any deed or other document relating to any asset or right which in terms of subsection (3) vests in or devolves upon a medical scheme, shall, upon production to him or her by the medical scheme of its certificate of registration and of the deed or other document aforesaid, without payment of transfer duty, stamp duty, registration fees or charges, make the endorsements upon such deed or document and the alterations in his or her registers that are necessary by reason of such vesting or devolution.

(9) All moneys and assets belonging to a medical scheme shall be kept by that medical scheme and every medical scheme or the administrator, as the case may be, shall maintain such books of accounts and other records as may be necessary for the purposes of such medical scheme.

(10) Every medical scheme shall have a registered office in the Republic.

(11) No medical scheme shall carry on any business other than the business of a medical scheme and no medical scheme shall enrol or admit any person as a member in respect of any business other than the business of a medical scheme.

27. Cancellation and suspension of registration.—(1) The Registrar may, with the concurrence of the Council, after investigation and after having afforded the medical scheme, or its legal representative an opportunity of being heard, cancel the registration of a medical scheme—

- (a) on proof that the medical scheme has ceased to operate;
- (b) if the medical scheme was registered by virtue of misleading information;
- (c) if the medical scheme is unable to maintain a financially sound condition as contemplated by this Act;
- (d) if the medical scheme is unable to enrol within the period determined by the Council, or to maintain the minimum number of members required for the registration of a medical scheme; and
- (e) if the medical scheme, after written notice from the Registrar, persists in violating any provision of this Act.

(2) The Council may, in lieu of cancellation, suspend the cancellation, in terms of subsection (1), if the Registrar is satisfied that the medical scheme will be able to rectify the situation contemplated in paragraph (c), (d) or (e) of subsection (1) in a manner consistent with the provisions of this Act.

(3) The Registrar shall inform the medical scheme concerned of any decision taken in terms of subsection (1) by means of a written notice served upon the medical scheme and shall come into operation on a date specified in such notice.

28. Prohibition of membership of, and claims against, more than one medical scheme.—No person shall—

- (a) be a member of more than one medical scheme;
- (b) be admitted as a dependant of—
 - (i) more than one member of a particular medical scheme; or
 - (ii) members of different medical schemes; or
- (c) claim or accept benefits in respect of himself or herself or any dependant from any medical scheme other than the medical scheme of which he or she is a member.

[Para. (c) substituted by s. 8 of Act No. 55 of 2001.]

CHAPTER 5 RULES OF MEDICAL SCHEME

29. Matters for which rules shall provide.—(1) The Registrar shall not register a medical scheme under section 24, and no medical scheme shall carry on any business, unless provision is made in its rules for the following matters:

- (a) The appointment or election of a board of trustees consisting of persons who are fit and proper to manage the business contemplated by the medical scheme.

- (b) The appointment of a principal officer by the board of trustees who is a fit and proper person to hold such office.
- (c) The appointment, removal from office, powers and remuneration of officers of a medical scheme.
- (d) The manner in which contracts and other documents binding the medical scheme shall be executed.
- (e) The custody of the securities, books, documents and other effects of the medical scheme.
- (f) The appointment of the auditor of a medical scheme and the duration of such appointment.
- (g) The power to invest funds.
- (h) Subject to the provisions of this Act, the manner in which and the circumstances under which a medical scheme shall be terminated or dissolved.
- (i) The appointment of a liquidator in the case of a voluntary dissolution.
- (j) The settlement of any complaint or dispute.
- (k) The amendment of the rules in accordance with the provisions of section 31.
- (l) The giving of advance written notice to members of any change in contributions, membership fees or subscriptions and benefits or any other condition affecting their membership.
- (m) The manner of calling the annual general meeting and special general meetings of members, the quorum necessary for the transaction of business at such meetings and the manner of voting thereat.
- (n) The terms and conditions applicable to the admission of a person as a member and his or her dependants, which terms and conditions shall provide for the determination of contributions on the basis of income or the number of dependants or both the income and the number of dependants, and shall not provide for any other grounds, including age, sex, past or present state of health, of the applicant or one or more of the applicant's dependants, the frequency of rendering of relevant health services to an applicant or one or more of the applicant's dependants other than for the provisions as prescribed.
- (o) The scope and level of minimum benefits that are to be available to beneficiaries as may be prescribed.

[Para. (o) substituted by s. 9 (a) of Act No. 55 of 2001.]
- (p) No limitation shall apply to the re-imbusement of any relevant health service obtained by a member from a public hospital where this service complies with the general scope and level as contemplated in paragraph (o) and may not be different from the entitlement in terms of a service available to a public hospital patient.
- (q) The payment of any benefits according to—
 - (i) a scale, tariff or recommended guide; or
 - (ii) specific directives prescribed in the rules of the medical scheme.
- (r) The dependants of a member are entitled to participate in the same benefit option as the member.

- (s) The continuation, subject to such conditions as may be prescribed, of the membership of a member, who retires from the service of his or her employer or whose employment is terminated by his or her employer on account of age, ill-health or other disability and his or her dependants.

[Para. (s) substituted by s. 9 (b) of Act No. 55 of 2001.]

- (t) For continued membership of a member's dependants, subject to such conditions as may be prescribed, after the death of that member, until such dependant becomes a member of, or is admitted as a dependant of a member of another medical scheme.

[Para. (t) substituted by s. 9 (c) of Act No. 55 of 2001.]

- (u) If the members of a medical scheme who are members of that medical scheme by virtue of their employment by a particular employer terminate their membership of the said medical scheme with the object of obtaining membership of another medical scheme or of establishing a new medical scheme, such other or new medical scheme shall admit to membership, without a waiting period or the imposition of new restrictions on account of the state of his or her health or the health of any of his or her dependants, any member or a dependant of such first mentioned medical scheme who—

- (i) is a person or persons contemplated in paragraph (s); or

- (ii) is a person or persons contemplated in paragraph (t).

(2) A medical scheme shall not cancel or suspend a member's membership or that of any of his or her dependants, except on the grounds of—

- (a) failure to pay, within the time allowed in the medical scheme's rules, the membership fees required in such rules;
- (b) failure to repay any debt due to the medical scheme;
- (c) submission of fraudulent claims;
- (d) committing any fraudulent act; or
- (e) the non-disclosure of material information.

(3) A medical scheme shall not provide in its rules—

- (a) for the exclusion of any applicant or a dependant of an applicant, subject to the conditions as may be prescribed, from membership except for a restricted membership scheme as provided for in this Act;
- (b) for the exclusion of any applicant or a dependant of an applicant who would otherwise be eligible for membership to a restricted membership scheme; and
- (c) for the imposition of waiting periods other than as provided for in section 29A.

[Para. (c) substituted by s. 9 (d) of Act No. 55 of 2001.]

29A. Waiting periods.—(1) A medical scheme may impose upon a person in respect of whom an application is made for membership or admission as a dependant, and who was not a beneficiary of a medical scheme for a period of at least 90 days preceding the date of application—

- (a) a general waiting period of up to three months; and
- (b) a condition-specific waiting period of up to 12 months.

(2) A medical scheme may impose upon any person in respect of whom an application is made for membership or admission as a dependant, and who was previously a beneficiary of a medical scheme for a continuous period of up to 24 months, terminating less than 90 days immediately prior to the date of application—

- (a) a condition-specific waiting period of up to 12 months, except in respect of any treatment or diagnostic procedures covered within the prescribed minimum benefits;
- (b) in respect of any person contemplated in this subsection, where the previous medical scheme had imposed a general or condition-specific waiting period, and such waiting period had not expired at the time of termination, a general or condition-specific waiting period for the unexpired duration of such waiting period imposed by the former medical scheme.

(3) A medical scheme may impose upon any person in respect of whom an application is made for membership or admission as a dependant, and who was previously a beneficiary of a medical scheme for a continuous period of more than 24 months, terminating less than 90 days immediately prior to the date of application, a general waiting period of up to three months, except in respect of any treatment or diagnostic procedures covered within the prescribed minimum benefits.

(4) A medical scheme may not impose a general or a condition-specific waiting period on a beneficiary who changes from one benefit option to another within the same medical scheme unless that beneficiary is subject to a waiting period on the current benefit option, in which case any remaining period may be applied.

(5) A medical scheme may not impose a general or a condition-specific waiting period on a child-dependant born during the period of membership.

(6) A medical scheme may not impose a general or condition-specific waiting period on a person in respect of whom application is made for membership or admission as a dependant, and who was previously a beneficiary of a medical scheme, terminating less than 90 days immediately prior to the date of application, where the transfer of membership is required as a result of—

- (a) change of employment; or
- (b) an employer changing or terminating the medical scheme of its employees, in which case such transfer shall occur at the beginning of the financial year, or reasonable notice must have been furnished to the medical scheme to which an application is made for such transfer to occur at the beginning of the financial year.

(7) A medical scheme may require an applicant to provide the medical scheme with a medical report in respect of any proposed beneficiary only in respect of a condition for which medical advice, diagnosis, care or treatment was recommended or received within the 12 month period ending on the date on which an application for membership was made.

(8) In respect of members who change medical schemes in terms of subsection (6), where the former medical scheme had imposed a general or condition-specific waiting period and such waiting period had not expired at the time of termination, the medical scheme to which the person has applied may impose a general or condition-specific waiting period for the unexpired duration of such waiting period imposed by the former medical scheme.

[S. 29A inserted by s. 10 of Act No. 55 of 2001.]

30. General provisions to be contained in rules.—(1) A medical scheme may in its rules make provision for—

- (a) donations to any hospital, clinic, nursing home, maternity home, infirmary or home for aged persons in the interest of all or some of its beneficiaries;

[Para. (a) substituted by s. 11 of Act No. 55 of 2001.]

- (b) the granting of loans to any of its members or to make *ex gratia* payments on behalf of or to members in order to assist such members to meet commitments in regard to any matter specified in the definition of “business of a medical scheme” in section 1;
- (c) the contribution to any association instituted for the benefit of medical schemes;
- (d) the contribution to any fund of any kind whatsoever which is conducted for the benefit of the officers of the said medical scheme or to pay for insurance policies on the lives of officers of the said medical scheme for the benefit of such officers or their dependants;
- (e) the allocation to a member of a personal medical savings account, within the limit and in the manner prescribed from time to time, to be used for the payment of any relevant health service; or
- (f) the membership of a minor who is assisted by his or her parent or guardian.

(2) Notwithstanding the provisions of section 41 (1) and (2), a medical scheme shall provide free of charge to every member of that medical scheme on admission with a detailed summary of the rules specifying such member’s rights and obligations.

31. Amendment of rules.—(1) A medical scheme may, in the manner provided for in its rules, amend or rescind any of such rules or make any additional rule.

(2) No amendment, rescission or addition of any rule referred to in subsection (1) shall be valid unless it has been approved by the Registrar in accordance with any directive given by the Council and registered as contemplated in subsection (3).

(3) On receipt of a written notice from a medical scheme setting out the particulars of any amendment or rescission of its rules, certified by the principal officer, the chairperson and one other member of the board of trustees as having been adopted in accordance with the provisions of the rules of the medical scheme, the Registrar shall—

- (a) if he or she is satisfied that the amendment or rescission of the rules will not be unfair to members or will not render the rules of the medical scheme inconsistent with this Act, register the amendment or the rescission of the rules and return it to the medical scheme with the date of registration endorsed thereon; or
- (b) if he or she is not so satisfied, in writing advise the medical scheme accordingly and indicate the reasons for his or her rejection of the amendment or rescission.

(4) The Registrar may order a medical scheme to—

- (a) within a period of 30 days as from the date on which he or she addressed the request to the medical scheme concerned, amend the rules in the manner indicated by him or her; or
- (b) apply in the manner indicated by him or her,

any rule of such medical scheme which is, in his or her opinion, being applied in a manner which is inconsistent with the provisions of this Act.

32. Binding force of rules.—The rules of a medical scheme and any amendment thereof shall be binding on the medical scheme concerned, its members, officers and on any person who claims any benefit under the rules or whose claim is derived from a person so claiming.

CHAPTER 6 BENEFIT OPTIONS

33. Approval and withdrawal of benefit options.—(1) A medical scheme shall apply to the Registrar for the approval of any benefit option if such a medical scheme provides members with more than one benefit option.

(2) The Registrar shall not approve any benefit option under this section unless the Council is satisfied that such benefit option—

- (a) includes the prescribed benefits;
- (b) shall be self-supporting in terms of membership and financial performance;
- (c) is financially sound; and
- (d) will not jeopardise the financial soundness of any existing benefit option within the medical scheme.

(3) The Registrar may demand from the principal officer such financial guarantees as will in the opinion of the Council ensure the financial soundness of benefit options.

(4) The Registrar may, on account of an inspection or investigation in terms of this Act or on account of any report, document, statement or information furnished to him or her, if he or she is of the opinion that a benefit option is or may not be financially sound, withdraw the approval of such benefit option and the medical scheme shall amend its rules accordingly with effect from the date directed by notice by the Registrar.

(5) The Registrar may amend the rules of a medical scheme if such medical scheme fails to amend its rules as directed by the Registrar under the provisions of subsection (4) within the period specified in the notice, and such amendment shall be deemed to be an amendment within the meaning of the provisions of section 31.

34. Prohibition on cession and attachment of benefits.—(1) No benefit or right in respect of a benefit payable under this Act shall be capable of being assigned or transferred or otherwise ceded or of being pledged or hypothecated or be liable to be attached or subjected to any form of execution under a judgement or order of a court of law.

(2) A medical scheme may withhold, suspend or discontinue the payment of a benefit to which a member is entitled under this Act or any right in respect of such benefit or payment of such benefit to such a member, if a member attempts to assign or transfer or otherwise cede or to pledge or hypothecate such benefit.

CHAPTER 7
FINANCIAL MATTERS

35. Financial arrangements.—(1) A medical scheme shall at all times maintain its business in a financially sound condition by—

- (a) having assets as contemplated in subsection (3);
- (b) providing for its liabilities; and
- (c) generally conducting its business so as to be in a position to meet its liabilities at all times.

(2) A medical scheme shall be deemed to have failed to comply with the provisions of subsection (1) if it does not comply with subsection (3), (4), (5), (6) or (7).

(3) A medical scheme shall have assets, the aggregate value of which, on any day, is not less than the aggregate of—

- (a) the aggregate value on that day of its liabilities; and
- (b) the nett assets as may be prescribed.

(4) A medical scheme shall not be deemed to hold an asset for the purposes of this Act to the extent to which such asset is encumbered.

(5) A medical scheme shall have such assets in the Republic in the particular kinds or categories as may be prescribed.

(6) A medical scheme shall not—

- (a) encumber its assets;
- (b) allow its assets to be held by another person on its behalf;
- (c) directly or indirectly borrow money; or
- (d) by means of suretyship or any other form of personal security, whether under a primary or accessory obligation, give security in relation to obligations between other persons,

without the prior approval of the Council or subject to such directives as the Council may issue.

[Sub-s. (6) amended by s. 12 (a) of Act No. 55 of 2001.]

(7) Subject to the provisions of this section a medical scheme may invest its funds in any manner provided for by its rules.

(8) A medical scheme shall not invest any of its assets in the business of or grant loans to—

- (a) an employer who participates in the medical scheme or any administrator or any arrangement associated with the medical scheme;
- (b) any other medical scheme;
- (c) any administrator; and
- (d) any person associated with any of the above-mentioned.

(9) For the purposes of this Act, the liabilities of a medical scheme shall include—

- (a) the amount which the medical scheme estimates will be payable in respect of claims which have been submitted and assessed but not yet paid;
- (b) the amount which the medical scheme estimates will become payable in respect of claims which have been incurred but not yet submitted; and

(c) the amount standing to the credit of a member's personal savings account.

(10) A medical scheme which fails to comply with subsection (1) shall, within 30 days after becoming aware of it, notify the Registrar of such failure and state the reasons for it.

(11) The Registrar may, if a medical scheme gives notice to the Registrar in terms of subsection (10), or if the Registrar is satisfied that a medical scheme is failing, or is likely to fail within a reasonable period, to comply with subsection (1), (2), (3), (4), (5), (6) or (7) direct that the medical scheme by notice, submit to him or her, within a specified period—

- (a) specified information relating to the nature and causes of the failure; and
- (b) its proposals as to the course of action that it should adopt to ensure compliance therewith.

(12) The Registrar may, when he or she has received the information referred to in subsection (11), and in concurrence with the Council—

- (a) authorise the medical scheme concerned, by notice, to adopt a course of action, approved by him or her after having considered those proposals and which he or she is satisfied will reasonably ensure that the medical scheme complies with subsection (1), (2), (3), (4), (5), (6) or (7) within a specified time and he or she may at the same time, or at any time thereafter, by notice authorise the modification of that course of action to the extent he or she deems appropriate in the circumstances; or
- (b) if he or she is satisfied that it is necessary to do so in the interest of the beneficiaries of the medical scheme, at the same time, or at any time thereafter, and notwithstanding any steps already taken by him or her under paragraph (a), act in terms of any other provision of this Act.

[Para. (b) substituted by s. 12 (b) of Act No. 55 of 2001.]

(13) If a medical scheme fails to comply with any provision of this section, every officer of the medical scheme who is a party to the failure, shall be guilty of an offence.

36. Auditor and audit committee.—(1) A medical scheme shall appoint at least one auditor.

(2) The appointment of an auditor shall not take effect unless it has been approved by the Registrar, subject to such conditions as he or she may deem fit.

[Sub-s. (2) substituted by s. 13 (a) of Act No. 55 of 2001.]

(3) A medical scheme shall not appoint as its auditor—

- (a) a person who is a member of its board of trustees;
- (b) a person who is otherwise engaged as an employee, officer or contractor of the medical scheme;

[Para. (b) inserted by s. 13 (b) of Act No. 55 of 2001.]

- (c) a person who is an employee, director, officer or contractor of the medical scheme's administrator, or of the holding company, subsidiary, joint venture or associate of its administrator;

[Para. (c) inserted by s. 13 (b) of Act No. 55 of 2001.]

- (d) a person who is not engaged in public practice as an auditor; or

[Para. (d), previously para. (b), amended by s. 13 (b) of Act No. 55 of 2001.]

- (e) a person who is disqualified from acting as an auditor in terms of section 275 of the Companies Act, 1973 (Act No. 61 of 1973).

[Para. (e), previously para. (c), amended by s. 13 (b) of Act No. 55 of 2001.]

(4) The approval of an auditor of a medical scheme by the Registrar shall not lapse if an auditor of a medical scheme is a firm as contemplated in the Public Accountants' and Auditors' Act, 1991 (Act No. 80 of 1991), whose membership of the firm has changed, if not fewer than half of the members after the change, were members when the appointment of the firm was last approved by the Registrar.

(5) Notwithstanding anything to the contrary contained in any other law, the auditor of a medical scheme shall—

- (a) whenever he or she furnishes a report or other document of particulars as contemplated in section 20 (5) (b) of the Public Accountants' and Auditors' Act, 1991, also furnish a copy thereof to the Registrar;
- (b) inform the Registrar in writing of any matter relating to the affairs of the medical scheme of which he or she became aware in the performance of his or her functions as auditor and which, in the opinion of the auditor, may prejudice the medical scheme's ability to comply with this Chapter;
- (c) if his or her appointment is terminated for any reason—
 - (i) submit to the Registrar a statement of what he or she believes to be the reasons for that termination; and
 - (ii) if he or she would, but for that termination, have had reason to submit to the medical scheme a report as contemplated in section 20 (5) (a) of the Public Accountants' and Auditors' Act, 1991, submit such a report to the Registrar; and
- (d) if requested by the Registrar to do so, furnish him or her with written information relating to any matter referred to in this Chapter.

(6) An auditor who in terms of this section furnishes a report in good faith shall not contravene a provision of a law or breach a provision of a code of professional conduct, to which he or she is subject.

[Sub-s. (6) substituted by s. 13 (c) of Act No. 55 of 2001 (English only).]

(7) An auditor's failure, in good faith, to furnish a report or information in terms of this section shall not confer upon any person a right of action against the auditor which, but for that failure, that person would not have had.

(8) The auditor shall, in addition to the duties imposed upon the auditor of a medical scheme by any other Act—

- (a) in respect of a return or statement which he or she is required to examine in terms of this Chapter, certify whether that return or statement complies with the requirements of this Act and whether the return or statement, including any annexure thereto, presents fairly the matters dealt with therein as if such return or statement were a financial statement contemplated in section 20 of the Public Accountants' and Auditors' Act, 1991; and
- (b) carry out the other duties provided for in this Act.

(9) The Registrar may, notwithstanding the provisions of any other Act, appoint an auditor for a medical scheme if that medical scheme for any reason fails to appoint an auditor, and such an auditor shall be deemed to have been appointed by the medical scheme.

(10) The board of trustees of a medical scheme shall, subject to the provisions of subsection (13), appoint an audit committee of at least five members of which at least two shall be members of that board of trustees.

(11) The majority of the members, including the chairperson of the audit committee, shall be persons who are not officers of the medical scheme or the administrator of the medical scheme, the controlling company of the administrator or any subsidiary of its controlling company.

(12) The objects of the audit committee shall, *inter alia*, be to—

- (a) assist the board of trustees in its evaluation of the adequacy and efficiency of the internal control systems, accounting practices, information systems and auditing processes applied by that medical scheme or its administrator in the day-to-day management of its business;
- (b) facilitate and promote communication and liaison regarding the matters referred to in paragraph (a) or a related matter, between the board of trustees, principal officer, administrator and, where applicable, the internal audit staff of the medical scheme;
- (c) recommend the introduction of measures which the committee believes may enhance the credibility and objectivity of financial statements and reports concerning the affairs of the medical scheme; and
- (d) advise on any matter referred to the committee by the board of trustees.

(13) The Council may, if it is satisfied that the appointment of an audit committee, in a particular case, is inappropriate or impractical or would serve no useful purpose, subject to the conditions it deems fit to impose, exempt the medical scheme concerned from the requirements of subsection (10).

37. Annual financial statements.—(1) The board of trustees shall in respect of every financial year cause to be prepared annual financial statements and shall within four months after the end of a financial year furnish copies of the statements concerned together with the report of the board of trustees to the Registrar.

(2) The annual financial statements referred to in subsection (1) shall be furnished to the Registrar in the medium and form determined by the Registrar and shall *inter alia* consist of—

- (a) a balance sheet dealing with the state of affairs of the medical scheme;
- (b) an income statement;
- (c) a cash-flow statement;
- (d) a report by the auditor of the medical scheme; and
- (e) such other returns as the Registrar may require.

(3) The annual financial statements of a medical scheme shall, subject to the provisions of the Public Accountants' and Auditors' Act, 1991, be audited by an accountant and auditor registered in terms of that Act except where such accounts are to be audited by the Auditor-General in terms of any law.

(4) The annual financial statements shall—

- (a) be prepared in accordance with general accepted accounting practice;
- (b) fairly present the state of affairs and the business of the medical scheme and the results thereof at the end of the financial year concerned and the surplus or deficiency of the medical scheme for that financial year;

- (c) by means of figures and a descriptive report, set out and explain any matter or information material to the affairs of the medical scheme; and
 - (d) be accompanied by the management accounts in respect of every benefit option offered by the medical scheme indicating the financial performance thereof and the number of members enrolled per option.
- (5) The board of trustees' report referred to in subsection (1) shall—
- (a) deal with every matter which is material for the appreciation by members of the medical scheme of the state of affairs and the business of the medical scheme and the results thereof; and
 - (b) contain relevant information indicating whether or not the resources of the medical scheme have been applied economically, efficiently and effectively.

(6) Notwithstanding anything to the contrary in this section, and without derogating from other powers conferred on the Registrar in terms of this Act, the Registrar may, on a quarterly basis, require the board of trustees to prepare and furnish to him or her financial statements, in any specified medium or form.

[Sub-s. (6) added by s. 14 of Act No. 55 of 2001.]

38. Registrar may reject returns.—The Registrar, if he or she is of the opinion that any document furnished in terms of section 37 does not comply with any of the provisions of this Act or does not correctly reflect the revenue and expenditure or financial position, as the case may be, of that medical scheme, may reject the document in question, and in that event—

- (a) he or she shall notify the medical scheme concerned of the reasons for such rejection; and
- (b) the medical scheme shall be deemed not to have furnished the said document to the Registrar.

CHAPTER 8 DOCUMENTS

39. Requirements in regard to documents to be deposited with Registrar.—

(1) A medical scheme shall be deemed not to have complied with any provision of this Act which imposes upon such a medical scheme the obligation to furnish to the Registrar a document prepared by the medical scheme, unless such document is signed by the principal officer and one other person authorised in accordance with the rules of the medical scheme to sign documents.

(2) The following persons, other than an auditor or valuator, shall sign any document which in terms of any provision of this Act must be furnished by a medical scheme to the Registrar:

- (a) In the case of a board of trustees, the chairperson of the board of trustees, and by one other member of such board; and
- (b) in any other case, persons designated by the Registrar who exercise control over the business of the medical scheme concerned.

(3) A medical scheme shall be deemed not to have complied with the provisions of section 38 unless any income statement, cash-flow statement, balance sheet or return required to be submitted, is certified by the auditor of the medical scheme.

(4) Any person who is required in terms of this Act to furnish to the Registrar—

- (a) any original document; or
- (b) a copy of any document,

shall furnish one copy thereof certified as correct—

- (i) in the case of a medical scheme, by its principal officer; and
- (ii) in any other case, by the person by whom such copy is required to be furnished,

together with so many additional copies as the Registrar may require.

40. Effect of Registrar's certificate on documents.—Every document which purports to have been duly certified by the Registrar to be a document deposited at his or her office under this Act, or to be a copy of such a document, shall *prima facie* be deemed to be such a document, or a copy thereof, and every such copy shall be admissible as evidence in a court of law as if it were the original document.

41. Right to obtain copies of, or to inspect certain documents.—(1) A medical scheme shall deliver to a beneficiary on demand by such beneficiary, and on payment of such fee as may be determined by the rules of the medical scheme, a copy of any of the following documents:

- (a) The rules of the medical scheme.
- (b) The latest annual financial statements prepared under section 37 (1).
- (c) Any other document referred to in section 37 (2) and (4) (d).

[Sub-s. (1) amended by s. 15 (a) of Act No. 55 of 2001.]

(2) A beneficiary shall be entitled to inspect, without charge, at the registered office of a medical scheme of which he or she is a member, the documents referred to in subsection (1) and to make extracts therefrom.

[Sub-s. (2) substituted by s. 15 (b) of Act No. 55 of 2001.]

(3) Any person may, upon payment of the prescribed fee, inspect at the office of the Registrar any document referred to in subsection (1) and may make an extract thereof or obtain from the Registrar a copy thereof or extract therefrom.

(4) The Registrar may exempt any person from the obligation to pay fees under this section if the Registrar is satisfied that the inspection, copy or extract in question is desired for the purpose of furthering the public interest.

CHAPTER 9 POWERS OF REGISTRAR

42. Registrar may require additional particulars.—(1) The Registrar may, if he or she is of the opinion that—

- (a) an application for registration of a medical scheme;
- (b) any amendment to the rules of a medical scheme; or
- (c) any statement, account, return or document relating to the financial condition of a medical scheme,

does not disclose sufficient information to enable a decision to be made, request the principal officer of that medical scheme to furnish such additional particulars as the Registrar may deem necessary.

(2) If the Registrar is of the opinion that a certificate or special report by an actuary or by the auditor of a medical scheme is necessary in regard to any matter set out

in subsection (1), the principal officer of that medical scheme shall on request furnish such certificate or report as the Registrar may require.

(3) The Registrar may require such information as to enable the Council to make recommendations to the Minister on the matters referred to in section 7 (c).

43. Enquiries by Registrar.—The Registrar may address enquiries to a medical scheme in relation to any matter connected with the business or transactions of the medical scheme, and the medical scheme shall reply in writing thereto within a period of 30 days as from the date on which the Registrar addressed the enquiry to it, or within such other period as the Registrar may specify.

[S. 43 substituted by s. 16 of Act No. 55 of 2001.]

44. Inspections and reports.—(1) A medical scheme shall, at the written request of the Registrar, or during an inspection of the affairs of a medical scheme, by the Registrar or such other person authorised by him or her, produce at any place where it carries on business, its books, documents and annual financial statements in order to enable the Registrar or such other person authorised by him or her to obtain any information relating to the medical scheme required in connection with the administration of this Act.

(2) The Registrar, or such other person authorised by him or her, shall in addition to the powers and duties conferred or imposed upon him or her by this Act, have all the powers and duties conferred or imposed upon an inspector appointed under section 2 of the Inspection of Financial Institutions Act, 1984 (Act No. 38 of 1984), as if he or she has been appointed an inspector under that Act.

(3) Any reference in this Act to an inspection made under this section shall also be construed as a reference to an inspection made under the Inspection of Financial Institutions Act, 1984.

(4) The Registrar may order an inspection in terms of this section—

- (a) if he or she is of the opinion that such an inspection will provide evidence of any irregularity or of non-compliance with this Act by any person; or
- (b) for purposes of routine monitoring of compliance with this Act by a medical scheme or any other person.

[Sub-s. (4) inserted by s. 17 of Act No. 55 of 2001.]

(5) The Registrar may, at any time by notice in writing, direct a medical scheme to furnish to him or her within a period specified in that notice, or within such further period as the Registrar may allow—

- (a) a statement of its assets and liabilities, including contingent liabilities; and
- (b) any other document or information specified in the notice, relating to the financial or other affairs of the medical scheme over a period likewise specified.

[Sub-s. (5), previously sub-s. (4), amended by s. 17 of Act No. 55 of 2001.]

(6) The Registrar may direct that any statement furnished to him or her under subsection (4), or any document so furnished and which relates to the financial affairs of that medical scheme, shall be accompanied by a report thereon by the auditor of the medical scheme, and in which the auditor shall state—

- (a) in what manner and to what extent he or she has satisfied himself or herself as to the amount of the liabilities and contingent liabilities shown in the statement;

- (b) in what manner and to what extent he or she has satisfied himself or herself as to the existence of the assets shown in the statement;
- (c) to what extent he or she has satisfied himself or herself that the particulars of such assets which are shown in the statement are correct;
- (d) whether or not, in his or her opinion, the basis of valuation of each of the various kinds of assets adopted by the medical scheme is financially sound;
- (e) whether or not, in his or her opinion, the medical scheme is in a sound financial condition;
- (f) if he or she is of the opinion that the medical scheme is not in a sound financial condition—
 - (i) in what respects the condition of the medical scheme is in his or her opinion unsound; and
 - (ii) what the causes or probable causes are of such unsound condition;
- (g) such other particulars as he or she deems relevant for the purposes of this Act; and
- (h) such other particulars as the Registrar may deem necessary.

[Sub-s. (6), previously sub-s. (5), amended by s. 17 of Act No. 55 of 2001.]

(7) The Registrar may, if he or she, on account of any statement, document or information furnished to him or her by virtue of subsection (4), deems it necessary in the interest of the members of the medical scheme concerned, and, after consultation with the Financial Services Board established by section 2 of the Financial Services Board Act, 1990 (Act No. 97 of 1990), by notice in writing direct the medical scheme to furnish to him or her a report compiled by an actuary, in the form and relating to the matters specified by the Registrar in the notice.

[Sub-s. (7), previously sub-s. (6), amended by s. 17 of Act No. 55 of 2001.]

(8) The Registrar may, on the authority and in accordance with the instructions and directions of the Council, from time to time place any restriction on the administration costs of a medical scheme in respect of any financial year, and may for this purpose prescribe the basis on which such costs shall be calculated.

[Sub-s. (8), previously sub-s. (7), amended by s. 17 of Act No. 55 of 2001.]

(9) The Registrar may, if he or she is, on account of an inspection or investigation in terms of this Act or on account of any report, document, statement or information furnished to him or her under this section, of the opinion that a medical scheme is or may be rendered not financially sound—

- (a) by notice in writing direct the medical scheme to take such steps as may be specified in the notice which are, in the opinion of the Registrar, necessary—
 - (i) to ensure the financial soundness of the medical scheme; or
 - (ii) in the interests of the members of the medical scheme;
- (b) at any time demand from the medical scheme such financial guarantees and guarantee deposits as will in the opinion of the Registrar ensure the financial stability of the medical scheme; and
- (c) subject to the provisions of this Act, take such other steps as may in his or her opinion be necessary to ensure the financial soundness of the medical scheme.

[Sub-s. (9), previously sub-s. (8), amended by s. 17 of Act No. 55 of 2001.]

(10) The Registrar may, for the purposes of paragraph (a) of subsection (8), by notice in writing direct the medical scheme concerned—

- (a) to amend, within a period specified in the notice, the rules of the medical scheme in the manner indicated in the notice; or
- (b) to conduct, within a period or for a period specified in the notice, the business of the medical scheme in a manner determined by the Registrar and specified in the notice.

[Sub-s. (10), previously sub-s. (9), amended by s. 17 of Act No. 55 of 2001.]

(11) The Registrar may, if a medical scheme fails to amend its rules as directed by the Registrar under subsection (9) (a) within the period specified in the notice concerned, amend such rules, and such amendment shall be deemed to be an amendment within the meaning of section 31.

[Sub-s. (11), previously sub-s. (10), amended by s. 17 of Act No. 55 of 2001.]

45. Persons not registered to furnish information.—(1) The Registrar may, by notice in writing, require any person who he or she has reason to suspect is carrying on the business of a medical scheme which is not registered, to transmit to him or her, within a period stated in such notice, a copy of the rules, if any, under which such person is operating and such other information as he or she may require.

(2) The Registrar may, if the person referred to in subsection (1) fails to comply with his or her requirements to his or her satisfaction, require such person to produce at any place where that person carries on the business in question, the records, documents, statements or accounts relating to that business in order to enable the Registrar to ascertain whether that business constitutes the business of a medical scheme.

46. Removal of member of board of trustees.—(1) The Council may, by notice in writing, remove from office a member of the board of trustees of a medical scheme if it has sufficient reason to believe that the person concerned is not a fit and proper person to hold the office concerned.

(2) The Council shall, before issuing the notice referred to in subsection (1), furnish such person with full details of all the information the Council has in its possession in regard to any allegations of the member of the board of trustees not being a fit and proper person and to request that person to furnish the Council with his or her comments thereon within 30 days or such further period as the Council may allow.

(3) The Council may not issue the notice referred to in subsection (1) until it has considered the comments, if any, referred to in subsection (2).

CHAPTER 10 COMPLAINTS AND APPEALS

47. Complaints.—(1) The Registrar shall, where a written complaint in relation to any matter provided for in this Act has been lodged with the Council, furnish the party complained against with full particulars of the complaint and request such party to furnish the Registrar with his or her written comments thereon within 30 days or such further period as the Registrar may allow.

(2) The Registrar shall, as soon as possible after receipt of any comments furnished to him or her as contemplated in subsection (1), either resolve the matter or submit the complaint together with such comments, if any, to the Council, and the Council shall thereupon take all such steps as it may deem necessary to resolve the complaint.

48. Appeal to Council.—(1) Any person who is aggrieved by any decision relating to the settlement of a complaint or dispute may appeal against such decision to the Council.

[Sub-s. (1) substituted by s. 18 of Act No. 55 of 2001 (English only).]

(2) The operation of any decision which is the subject of an appeal under subsection (1) shall be suspended pending the decision of the Council on such appeal.

(3) An appeal contemplated in subsection (1) shall be in the form of an affidavit directed to the Council and shall be furnished to the Registrar not later than three months, or such further period as the Council may, for good cause shown, allow, after the date on which the decision concerned was made.

(4) The date, time and place for the hearing of an appeal shall be determined by the Council and shall, not less than 14 days before such hearing, be made known in writing by the Registrar to the parties concerned.

(5) The persons contemplated in subsection (1) may appear before the Council and tender evidence or submit a written argument or explanation to the Council in person or through a representative.

(6) The Council may for the purposes of an appeal—

- (a) in writing request any person who, in its opinion, may be able to give material information concerning the subject of the appeal or who in its opinion has in his or her possession or custody or under his or her control any document which has any bearing upon the subject of the appeal, to appear before it at a time and place specified in the written request, to be examined or to produce that document, and may retain for examination any document so produced;
- (b) administer an oath to or accept an affirmation from any person called as a witness at the appeal; and
- (c) call any person present at the hearing of the appeal as a witness and examine him or her and require him or her to produce any document in his or her possession or custody or under his or her control.

(7) The procedure at the hearing of an appeal shall be determined by the Council.

(8) The Council may after hearing the appeal confirm or vary the decision concerned, or rescind it and give such other decision as it may deem just.

(9) The decision of the Council shall be in writing and a copy thereof shall be furnished to the persons contemplated in subsection (1).

49. Appeal against decision of Registrar.—(1) Any person who is aggrieved by any decision of the Registrar under a power conferred or a duty imposed upon him or her by or under this Act, excluding a decision that has been made with the concurrence of the Council, may within 30 days after the date on which such decision was given, appeal against such decision to the Council and the Council may make such order on the appeal as it may deem just.

(2) The operation of any decision which is the subject of an appeal under subsection (1) shall be suspended pending the decision of the Council on such appeal.

(3) The Registrar or any other person who lodges an appeal in terms of subsection (1) may in person or through a representative appear before the Council and tender evidence or submit any argument or explanation to the Council in support of the decision which is the subject of the appeal.

50. Appeal Board.—(1) There is hereby established an Appeal Board, consisting of three persons appointed by the Minister, of whom—

- (a) one shall be a person appointed on account of his or her knowledge of the law, who shall be the chairperson; and
- (b) two shall be persons appointed on account of their knowledge of medical schemes.

(2) The Registrar shall designate a staff member to act as secretary of the Appeal Board.

(3) Any person aggrieved by a decision of the Registrar acting with the concurrence of the Council or by a decision of the Council under a power conferred or a duty imposed upon it by or under this Act, may within a period of 60 days after the date on which such decision was given and upon payment to the Registrar of the prescribed fee, appeal against such decision to the Appeal Board.

(4) Any person who lodges an appeal under subsection (3) shall submit with his or her appeal written arguments or explanations of the grounds of his or her appeal.

(5) A member of the Appeal Board shall, if before or during the hearing of any appeal it transpires that he or she has any direct or indirect personal interest in the outcome of that appeal, recuse himself or herself and shall be replaced for the duration of the hearing by—

- (a) in the case of the member referred to in subsection (1) (a), a person appointed by the Minister with due consideration of the provisions of that subsection; and
- (b) in the case of a member referred to in subsection 1 (b), a member appointed by the Minister under the provisions of that subsection.

(6) A member of the Appeal Board shall hold office for a period of three years and shall on the expiration of his or her term of office be eligible for re-appointment.

(7) Subject to the provisions of subsection (1), any casual vacancy that occurs on the Appeal Board shall be filled by the appointment by the Minister of another person, and any person so appointed shall hold office for the unexpired period of office of his or her predecessor.

(8) An appeal shall be heard on the date and at the place and time fixed by the Appeal Board and the secretary shall notify the appellant as well as the Council thereof in writing.

(9) For the purpose of ascertaining any matter relating to the subject of its investigation, the Appeal Board shall have the powers which a High Court has to summon witnesses, to cause an oath or affirmation to be administered by them, to examine them, and to call for the production of books, documents and objects.

(10) A summons for the attendance of a witness or for the production of any book, document or object before the Appeal Board shall be signed and issued by the secretary in a form prescribed by the chairperson and shall be served in the same manner as a summons for the attendance of a witness at a criminal trial in a High Court at the place where the attendance or production is to take place.

(11) A witness shall, if required to do so by the chairperson of the Appeal Board, before giving evidence, take an oath or make an affirmation, which oath or affirmation shall be administered by the chairperson.

(12) Any person who has been summoned to attend any sitting of the Appeal Board as a witness or who has given evidence before the Appeal Board shall be entitled to the same witness fees from public funds, as if he or she had been summoned to attend or had given evidence at a criminal trial in a High Court held at the place of such sitting,

and in connection with the giving of any evidence or the production of any book or document before the Appeal Board, the law relating to privilege as applicable to a witness giving evidence or summoned to produce a book or document in such a court, shall apply.

(13) All the evidence and addresses heard by the Appeal Board shall be heard in public: Provided that the chairperson may, in his or her discretion, exclude from the place where such evidence is to be given or such address is to be delivered any class of persons or all persons whose presence at the hearing of such evidence or address is, in his opinion, not necessary or desirable.

(14) The procedure at the hearing of an appeal shall be determined by the chairperson of the Appeal Board.

(15) The appellant as well as the Registrar or the Council shall be entitled to be represented at an appeal by a legal practitioner.

(16) The Appeal Board may, after hearing the appeal—

- (a) confirm, set aside or vary the relevant decision; or
- (b) order that the decision be given effect to.

(17) The decision of a majority of the members of the Appeal Board shall be the decision of the Appeal Board.

(18) The decision of the Appeal Board shall be put in writing, and a copy thereof shall be furnished to the appellant as well as to the Council.

(19) If the Appeal Board sets aside any decision by the Council, the prescribed fees paid by the appellant in respect of the appeal in question shall be refunded to him or her, and if the Appeal Board varies any such decision, it may in its discretion direct that the whole or any part of such fee be refunded to the appellant.

(20) A member of the Appeal Board who is not in the full-time employment of the State, shall in respect of his or her services as such a member be paid such remuneration, including re-imbusement for transport, travelling and subsistence expenses incurred by him or her in the performance of his or her functions as a member of the Appeal Board, as may from time to time be determined by the Minister with the concurrence of the Minister of Finance.

(21) Any person who wilfully interrupts the proceedings of the Appeal Board or who wilfully hinders or obstructs the Appeal Board in the performance of its functions shall be guilty of an offence.

(22) Any person summoned to attend and give evidence or to produce any book, document or object before the Appeal Board who, without sufficient cause, the onus of proof whereof shall rest upon him or her, fails to attend at the time and place specified in the summons, or to remain in attendance until the conclusion of the appeal or until he or she is excused by the chairperson of the Appeal Board from further attendance, or having attended, refuses to be sworn or to make affirmation as a witness after he or she has been required by the chairperson of the Appeal Board to do so or, having been sworn or having made affirmation, fails to answer fully and satisfactorily any question lawfully put to him or her, or fails to produce any book, document or object in his or her possession or custody or under his or her control, which he or she has been summoned to produce, shall be guilty of an offence.

(23) Any person who after having been sworn or having made affirmation, gives false evidence before the Appeal Board on any matter, knowing such evidence to be false or not knowing or believing it to be true, shall be guilty of an offence.

CHAPTER 11
JUDICIAL MATTERS

51. Application to High Court.—(1) The Registrar may, with the concurrence of the Council, in regard to any medical scheme apply to the High Court for an order contemplated in paragraph (b), (c), (d) or (e) of subsection (5) if the Registrar is of the opinion that it is in the interest of beneficiaries or because material irregularities have come to his or her notice.

[Sub-s. (1) substituted by s. 19 (a) of Act No. 55 of 2001.]

(2) A medical scheme may, in regard to itself, apply to the High Court for an order contemplated in paragraph (b), (d) or (e) of subsection (5), if the medical scheme is of the opinion that it is desirable, because the medical scheme is not in a sound financial condition or for any other reason that such an order be made in regard to the medical scheme: Provided that a medical scheme shall not make such an application except by leave of the High Court and the court of appeal shall not grant such leave unless the medical scheme has given security to an amount specified in the Rules of the High Court for the payment of such costs.

(3) Any member or one or more creditors of a medical scheme may make an application to the High Court for an order in terms of paragraph (b), (d) or (e) of subsection (5), and the proviso to subsection (2) shall apply in regard to such an application.

(4) If an application to the High Court in terms of subsection (3) is made by a person other than the Registrar—

- (a) it shall not be heard unless a copy of the notice of motion and of all accompanying affidavits and other documents filed in support of the application are also lodged with the Registrar at least 15 days, or such shorter period as the High Court may allow on good cause shown, before the application is set down for hearing; and
- (b) the Registrar may, if he or she is of the opinion that the application is contrary to the interest of the beneficiaries of the medical scheme concerned, make application to join the application as a party and file affidavits and other documents in opposition to the application.

[Para. (b) substituted by s. 19 (b) of Act No. 55 of 2001.]

(5) Upon any application in terms of the preceding subsections, the High Court may—

- (a) refuse the application;
- (b) order that an investigation be made and may issue such directions regarding such investigation as the High Court may deem desirable;
- (c) order that the rules of the medical scheme relating to the appointment, powers, remuneration and removal from office of any officer, or relating to such other matter as the High Court may regard appropriate, be altered in a manner to be specified in such order;
- (d) order that the medical scheme be placed under judicial management in terms of section 52; or
- (e) order that the whole or any part of the business of the medical scheme be wound-up in terms of section 53.

(6) The High Court shall, in exercising its discretion under subsection (5), consider the equitable interests of the members and of any other person who has rendered or who intends to render financial assistance to the medical scheme, and, subject to such

considerations as aforesaid, shall make such order as it deems most advantageous to the members.

(7) When a High Court has made an order under paragraph (b) of subsection (5) in regard to a medical scheme, it may at any time thereafter make an order under paragraph (c), (d) or (e) of that subsection in regard to that medical scheme, and when a High Court has made an order under paragraph (d) of subsection (5) in regard to the medical scheme, it may at any time thereafter make an order under paragraph (e) of that subsection in regard to that medical scheme.

(8) Notwithstanding anything to the contrary contained in the rules of a medical scheme, an order of the High Court made under paragraph (c) of subsection (5) shall take effect as from the date specified for that purpose in the order, or if no date has been so specified, as from the date of the order, and thereupon the said rules shall be deemed to have been amended in the manner specified by the High Court.

(9) Unless the High Court otherwise orders, the costs of the Registrar in or in connection with an application in terms of this section, shall be paid by the medical scheme and shall be a first charge upon the assets of such medical scheme.

52. Judicial management.—(1) Chapter XV of the Companies Act, 1973 (Act No. 61 of 1973), shall, subject to the provisions of this section and with the necessary changes, apply in relation to the judicial management of a medical scheme, and in such application the Registrar shall be deemed to be a person authorised by section 346 of the Companies Act, 1973, to make an application to the High Court for the winding-up of the medical scheme.

(2) The Registrar may, with the concurrence of the Council, make an application under section 427 (2) of the Companies Act, 1973, for a judicial management order in respect of a medical scheme if he or she is satisfied that it is in the interests of the members of that medical scheme to do so.

(3) In the application of Chapter XV of the Companies Act, 1973, as provided for by subsection (1)—

- (a) a reference which relates to the inability of a medical scheme to pay its debts or to meet its obligations shall be construed as relating also to its inability to comply with the requirements prescribed by section 35 (1) of this Act;
- (b) in addition to any question which relates to the nature of a medical scheme as a successful concern, there shall be considered also the question whether any course of action is in the interest of its members;
- (c) a reference to the members of a company in sections 432 (2) and 433 (d) shall be construed as a reference also to the members of a medical scheme;
- (d) a reference in sections 432 (2) (e) and 433 (d) to the Registrar of Companies shall be construed as a reference also to the Registrar;
- (e) a reference in sections 428 (3), 432 (4) and 433 (j) to the Master shall be construed as a reference also to the Registrar; and
- (f) a reference in section 433 (j) to a contravention of any provision of that Act shall be construed as a reference also to a contravention of any provision of this Act; and
- (g) a reference to a director shall be construed as referring also to a member of the board of trustees.

(4) If an application to the High Court for the judicial management of a medical scheme is made by a person other than the Registrar—

- (a) it shall not be heard unless copies of the notice of motion and of all accompanying affidavits and other documents filed in support of the application are lodged with the Registrar at least 15 days, or such shorter period as the High Court may allow on good cause shown, before the application is set down for hearing; and
- (b) the Registrar may, if he or she is satisfied that the application is contrary to the interests of the beneficiaries of the medical scheme concerned, make application to the High Court to join the application as a party and file affidavits and other documents in opposition to the application.

[Para. (b) substituted by s. 20 of Act No. 55 of 2001.]

(5) As from the date on which a provisional or final judicial management order is granted in respect of a medical scheme—

- (a) any reference in this Act to a medical scheme shall, unless clearly inappropriate, be construed as a reference to the provisional or final judicial manager, as the case may be; and
- (b) the provisional or final judicial manager of a medical scheme shall not admit members unless he or she has been granted permission to do so by the High Court in the provisional or final judicial management order or any variation thereof.

53. Winding-up.—(1) Chapter XIV of the Companies Act, 1973 (Act No. 61 of 1973), shall, subject to the provisions of this section and with the necessary changes, apply in relation to the winding-up of a medical scheme and in such application the Registrar shall be deemed to be a person authorised by section 346 of the Companies Act, 1973, to make an application to the High Court for the winding-up of the medical scheme.

(2) The Registrar may, with the concurrence of the Council and with the approval of the High Court, make an application under section 346 of the Companies Act, 1973, for the winding-up of a medical scheme if he or she is satisfied that it is in the interest of the beneficiaries of that medical scheme to do so.

[Sub-s. (2) substituted by s. 21 (a) of Act No. 55 of 2001.]

(3) In the application of Chapter XIV of the Companies Act, 1973, as provided for by subsection (1)—

- (a) a reference which relates to the inability of a medical scheme to pay its debts shall be construed as relating also to its inability to comply with the requirements prescribed by section 35 (1) of this Act;
- (b) in addition to any question whether it is just and equitable that a medical scheme should be wound up, there shall be considered also the question whether it is in the interests of the beneficiaries of that medical scheme that it should be wound up;

[Para. (b) substituted by s. 21 (b) of Act No. 55 of 2001.]

- (c) notwithstanding any other provision of that Chapter, there shall be considered whether a person is acting in contravention of section 20 of this Act;
- (d) a reference in sections 392, 394 (5) and 400 to the Master shall be construed as a reference also to the Registrar;
- (e) a reference to the Registrar of Companies in sections 375 (5) (a) and 419 (1) shall be construed as a reference also to the Registrar;

- (f) a reference in section 400 to a contravention of any provision of that Act shall be construed as a reference also to a contravention of any provision of this Act;
- (g) section 346 (3) of the Companies Act, 1973, shall not apply where the Registrar makes the application to the High Court; and
- (h) a reference to a company shall be construed as referring also to a medical scheme, and a reference to a director shall be construed as referring also to a member of a board of trustees.

(4) If an application to the High Court for or in respect of the winding-up of a medical scheme is made by any person other than the Registrar—

- (a) it shall not be heard unless copies of the notice of motion and of all accompanying affidavits and other documents filed in support of the application are lodged with the Registrar at least 15 days, or such shorter period as the High Court may allow on good cause shown, before the application is set down for hearing; and
- (b) the Registrar may, if satisfied that the application is contrary to the interests of the members of the medical scheme concerned, make application to the High Court to join the application as a party and file affidavits and other documents in opposition to the application.

54. Compromise.—(1) Where any compromise or arrangement is proposed between a medical scheme and its creditors or any class of them, or between a medical scheme and its members or any group of them, the High Court may, on the application of the medical scheme or any creditor or member thereof or, in the case of a medical scheme being wound up, of the liquidator, or if the medical scheme is subject to a judicial management order, of the judicial manager, or if the medical scheme is subject to a curatorship order, of the curator, order a meeting of the creditors or class of creditors, or of the members of the medical scheme or a group of members, as the case may be, to be summoned in such manner as the High Court may direct.

(2) If the compromise or arrangement is agreed to by—

- (a) a majority in number representing 75 per cent in value of the creditors or class of creditors; or
- (b) a majority representing 75 per cent of the votes exercisable by the members or group of members, as the case may be, present and voting either in person or by proxy at the meeting,

such compromise or arrangement shall, if sanctioned by the High Court, be binding on all the creditors or the class of creditors, or on the members or group of members, as the case may be, and also on the medical scheme, liquidator, judicial manager or curator, as the case may be.

(3) No such compromise or arrangement shall affect the liability of any person who is a surety for the medical scheme.

(4) If the compromise or arrangement provides for the discharge of a winding-up order, a judicial management order or curatorship order or for the dissolution of the medical scheme without winding-up, the liquidator or judicial manager or curator of the medical scheme, as the case may be, shall lodge with the Master and the Registrar a report as to whether or not any individual, organisation, person or persons or officer of the medical scheme is or appears to be personally liable for damages or compensation to the medical scheme or for any debts or liabilities of the medical scheme under any provision of this Act, and the Master and the Registrar shall report thereon to the High Court.

(5) The High Court, in determining whether the compromise or arrangement should be sanctioned or not, shall have regard to the number of members present or represented at the meeting referred to in subsection (2) and voting in favour of the compromise or arrangement, and to the report of the Master and the Registrar referred to in subsection (4).

55. Information as to compromise.—(1) Where a meeting of creditors or members is summoned under section 54 for the purpose of agreeing to a compromise or arrangement, there shall—

- (a) with every notice summoning the meeting which is sent to a creditor or member, be sent also a statement explaining the effect of the compromise or arrangement and stating all relevant information material to the proposed transaction; and
- (b) in every notice summoning the meeting which is given by advertisement, be included either such a statement as referred to in paragraph (a) or a notification of the place at which and the manner in which creditors or members entitled to attend the meeting may obtain copies of such a statement.

(2) Where a notice given by advertisement includes a notification that copies of the statement referred to in subsection (1) (a) may be obtained by creditors or members entitled to attend the meeting, every such creditor or member shall, on making application in the manner indicated by the notice, be furnished by the medical scheme free of charge with a copy of such statement.

(3) Where a medical scheme is in default of complying with any requirement of this section, such medical scheme and every officer who is a party to the default, shall be guilty of an offence, and for the purpose of this subsection any liquidator, judicial manager or curator of the medical scheme shall be deemed to be an officer.

(4) A person shall not be liable under subsection (3) if he or she shows that the default was due to the refusal of any other person to supply the necessary particulars as to his or her interests and that fact has been stated in the statement referred to in subsection (1) (a).

56. Appointment of curator.—(1) The Registrar may, notwithstanding the provisions of section 52 and 53, if he or she is of the opinion that it is in the interest of beneficiaries or that it is desirable to do so, because material irregularities have come to his or her notice, or because a medical scheme is not in sound financial condition or as a result of an inspection of the affairs of a medical scheme, apply, with the concurrence of the Council, to the High Court, for the appointment of a curator to take control of and to manage the business of that medical scheme.

[Sub-s. (1) substituted by s. 22 of Act No. 55 of 2001.]

(2) The provisions of the Financial Institutions (Investment of Funds) Act, 1984 (Act No. 39 of 1984), insofar as those provisions relate to the appointment of a curator in terms of the said Act, and insofar as they are not inconsistent with the provisions of this Act, shall apply with the necessary changes to the appointment of a curator of a medical scheme in terms of this section.

(3) In the application of the Financial Institutions (Investment of Funds) Act, 1984 as provided for by subsection (1)—

- (a) a reference to a company and the registrar in section 1 of the Financial Institutions (Investment of Funds) Act, 1984, shall be construed as a reference also to a board of trustees and the Registrar, respectively;

- (b) a reference in that Act to a director, official, employee or agent shall be construed as a reference also to a member of the board of trustees or the principal officer, as the case may be; and
- (c) a reference in that Act to a financial institution shall be construed as a reference also to a medical scheme.

CHAPTER 12 GENERAL

57. General provisions on governance.—(1) Every medical scheme shall have a board of trustees consisting of persons who are fit and proper to manage the business contemplated by the medical scheme in accordance with the applicable laws and the rules of such medical scheme.

(2) At least 50 per cent of the members of the board of trustees shall be elected from amongst members.

(3) A person shall not be a member of the board of trustees of a medical scheme, if that person is—

- (a) an employee, director, officer, consultant or contractor of the administrator of the medical scheme concerned, or of the holding company, subsidiary, joint venture or associate of that administrator; or
- (b) a broker.

[Sub-s. (3) substituted by s. 23 (a) of Act No. 55 of 2001.]

(4) The duties of the board of trustees shall be to—

- (a) appoint a principal officer who is a fit and proper person to hold such office and shall within 30 days of such appointment give notice thereof in writing to the Registrar;
- (b) ensure that proper registers, books and records of all operations of the medical scheme are kept, and that proper minutes are kept of all resolutions passed by the board of trustees;
- (c) ensure that proper control systems are employed by or on behalf of the medical scheme;
- (d) ensure that adequate and appropriate information is communicated to the members regarding their rights, benefits, contributions and duties in terms of the rules of the medical scheme;
- (e) take all reasonable steps to ensure that contributions are paid timeously to the medical scheme in accordance with this Act and its rules;
- (f) take out and maintain an appropriate level of professional indemnity insurance and fidelity guarantee insurance;
[Para. (f) substituted by s. 23 (b) of Act No. 55 of 2001.]
- (g) obtain expert advice on legal, accounting and business matters as required, or on any other matter of which the members of the board of trustees may lack sufficient expertise;
- (h) ensure that the rules, operation and administration of the medical scheme comply with the provisions of this Act and all other applicable laws; and
- (i) take all reasonable steps to protect the confidentiality of medical records concerning any member's state of health.

(5) Any notice required or permitted to be given to a medical scheme in terms of this Act shall, if given to the principal officer, be deemed to have been duly given to the medical scheme.

(6) The board of trustees shall—

(a) take all reasonable steps to ensure that the interests of beneficiaries in terms of the rules of the medical scheme and the provisions of this Act are protected at all times;

[Para. (a) substituted by s. 23 (c) of Act No. 55 of 2001.]

(b) act with due care, diligence, skill and good faith;

(c) take all reasonable steps to avoid conflicts of interest; and

(d) act with impartiality in respect of all beneficiaries.

[Para. (d) substituted by s. 23 (d) of Act No. 55 of 2001.]

(7) A person shall not be a principal officer of a medical scheme if that person is—

(a) an employee, director, officer, consultant or contractor of the administrator of the medical scheme concerned, or of the holding company, subsidiary, joint venture or associate of that administrator; or

(b) a broker.

[Sub-s. (7) added by s. 23 (e) of Act No. 55 of 2001.]

(8) The members of the Board of trustees shall disclose annually in writing to the Registrar any payment or considerations made to them in that particular year by the medical scheme.

[Sub-s. (8) added by s. 23 (e) of Act No. 55 of 2001.]

58. Administration by intermediary.—(1) No person shall administer a medical scheme as an intermediary unless the Council has, in a particular case or in general, granted accreditation to such a person.

(2) An application to administer a medical scheme shall be made to the Council in the manner and be accompanied by such information, as may be prescribed, and any other information as the Council may require.

(3) The Council may—

(a) approve the application;

(b) limit such approval to the performance of specified functions; and

(c) review the approval from time to time.

(4) Application for approval in terms of subsection (2) shall be accompanied by the fees prescribed.

59. Charges by suppliers of service.—(1) A supplier of a service who has rendered any service to a beneficiary in terms of which an account has been rendered, shall, notwithstanding the provisions of any other law, furnish to the member concerned an account or statement reflecting such particulars as may be prescribed.

[Sub-s. (1) substituted by s. 24 of Act No. 55 of 2001.]

(2) A medical scheme shall, in the case where an account has been rendered, subject to the provisions of this Act and the rules of the medical scheme concerned, pay to a member or a supplier of service, any benefit owing to that member or supplier of

service within 30 days after the day on which the claim in respect of such benefit was received by the medical scheme.

(3) Notwithstanding anything to the contrary contained in any other law a medical scheme may, in the case of—

- (a) any amount which has been paid *bone fide* in accordance with the provisions of this Act to which a member or a supplier of health service is not entitled to; or
- (b) any loss which has been sustained by the medical scheme through theft, fraud, negligence or any misconduct which comes to the notice of the medical scheme,

deduct such amount from any benefit payable to such a member or supplier of health service.

60. Preservation of secrecy.—(1) A member of the Council or of its staff shall not disclose any information relating to the affairs of the Council where the Council meets in committee or in those instances where the chairperson so determines, except for the purposes of the performance of his or her duties or the exercise of his or her powers in terms of this Act or any other law or when required to do so under any law before a court of law.

(2) No person shall, except in the performance of his or her functions or duties under this Act or when called upon to do so as a witness before a court of law, disclose any information relating to the affairs of any medical scheme and furnished to or obtained by him or her in connection with any enquiry or investigation under this Act.

61. Undesirable business practices.—(1) Notwithstanding the provisions of any other law, the Registrar may, with the concurrence of the Council and the Minister, by notice in the *Gazette*, declare a particular business practice as undesirable for—

- (a) all or a particular category of medical schemes; or
- (b) all or a particular category of persons who render contractual, administrative or intermediary services.

(2) The Registrar shall not publish the declaration referred to in subsection (1) unless he or she has, at least 60 days before that declaration is given, by notice in the *Gazette* published his or her intention to make the declaration and invited interested persons thereby to make written representations regarding the proposed declaration so as to reach him or her within 21 days after the date of publication of that notice.

(3) The Registrar may, if he or she is satisfied that a medical scheme or any other person is carrying on a business practice which, in his or her opinion, may become the subject of a declaration under subsection (1), in writing, direct that medical scheme or person to suspend that particular business practice for such a period, not exceeding three months, as he or she deems necessary to enable the matter to be dealt with in terms of subsection (1).

(4) No medical scheme or other person shall, on or after the date of a notice referred to in subsection (1), or of a directive referred to in subsection (3), carry on the business practice referred to in the directive referred to in subsection (3).

(5) The Registrar may, in writing, direct a medical scheme or other person who has, on or after the date of a notice referred to in subsection (1), or a directive referred to in subsection (3), carried on the business practice concerned, to rectify, to his or her satisfaction, anything which he or she is satisfied was caused by or arose out of that carrying on of the business practice concerned.

(6) A medical scheme or other person who is under subsection (5) directed to rectify anything, shall do so within 60 days after it has so been directed.

62. Limitation of liability.—The Minister, the Council, a member of the Council or of the Appeal Board, the Registrar, Deputy Registrar or other staff member of the Council shall not be liable in respect of any *bona fide* exercise of a discretion in the performance of any function under this Act.

63. Amalgamation and transfer.—(1) No transaction involving the amalgamation of the business of a medical scheme with any business of any other person (irrespective of whether that other person is or is not a medical scheme) or the transfer of any business from a medical scheme to any other medical scheme or the transfer of any business from any other person to a medical scheme, shall be of any force, unless such amalgamation or transfer is carried out in accordance with the provisions of this section.

[Sub-s. (1) substituted by s. 25 (a) of Act No. 55 of 2001.]

(2) The medical scheme contemplated in subsection (1) shall deposit with the Registrar a copy of the exposition of the proposed transaction, including a copy of every actuarial or other statement taken into account for the purpose of the proposed transaction, and shall furnish the Registrar with particulars of the voting at any meeting of its members at which the proposed transaction was considered and with such additional information as the Registrar may require.

(3) The Registrar may require a medical scheme to comply with any of the following provisions regarding the proposed transaction:

- (a) A report on the proposed transaction to be drawn up by an independent valuator or other competent person nominated by the Registrar at the expense of the medical schemes concerned.
- (b) A copy of the exposition of the proposed transaction and of the report, if any, referred to in paragraph (a) to be forwarded by the parties concerned to every member and creditor of those medical schemes.
- (c) The publication of the proposed transaction of the parties concerned in a form approved by the Registrar in the *Gazette* and in such newspaper or newspapers as the Registrar may direct.

(4) Copies of the exposition of the proposed transaction and of the report, referred to in subsection (3) (a) shall, for such period but not less than 21 days or within such further period as the Registrar may, on request, allow, be made available for the inspection of any member or creditor of any party to the proposed transaction or by any other person or body having an interest therein—

- (a) at the registered office of any medical scheme concerned;
- (b) at the registered office or other principal place of business in the Republic of any other party; and
- (c) at the office of the Registrar.

(5) A person who has an interest in the proposed transaction may, in writing, submit to the Registrar within 21 days after the period specified in terms of subsection (4), such representations concerning the transaction as are relevant to his, her or its interests.

(6) The Registrar shall, if he or she is satisfied that the requirements of subsection (4) have been complied with, consider the exposition of the proposed transaction and thereafter he or she may—

- (a) confirm the exposition; or

- (b) suggest that the parties to the proposed transaction modify the exposition in certain respects, and if they so modify the exposition he or she may confirm the exposition as modified; or
- (c) decline to confirm the exposition.

(7) The Registrar shall not confirm the proposed exposition unless he or she is satisfied that the transaction concerned—

- (a) would not be detrimental to the interests of the majority of the beneficiaries of the medical scheme or medical schemes concerned; and
[Para. (a) substituted by s. 25 (b) of Act No. 55 of 2001.]
- (b) would not render any of the medical schemes concerned which will continue to exist if the proposed exposition is completed, unable to meet the requirements of this Act or to remain in a sound financial condition, or, in the case of a medical scheme which is not in a sound financial condition, to attain such a condition within a period of time deemed by the Registrar to be satisfactory.

(8) If the Registrar has declined to confirm the exposition, the parties to the proposed transaction may, after notice of not less than 14 days to the Registrar, apply to the Council for confirmation of the exposition.

(9) The Registrar shall be entitled to be heard personally or through a representative at any consideration by the Council of such application.

(10) The Council may confirm the exposition as submitted to it or with such modifications as the Council may deem fit, or decline to confirm the exposition.

(11) Any exposition confirmed by the Registrar or the Council in accordance with this section shall be binding on all parties concerned, and shall have effect notwithstanding any conflicting provision contained in the rules of any medical scheme concerned, in the memorandum or other document under which any other party to the transaction is constituted or in the articles of association or other rules of such party.

(12) Any person who is aggrieved by a decision of the Registrar in terms of subsection (6) or a decision of the Council in terms of subsection (10), may within 30 days after the date on which such decision was given, appeal against such decision to the Appeal Board or the High Court as the case may be, and the Appeal Board or the High Court may make such order as it may deem necessary.

(13) As soon as the exposition of the proposed transaction has been confirmed by the Registrar or the Council, as the case may be, the person controlling the amalgamated business or the person to whom any business has been transferred in terms of the transaction, as the case may be, shall within 14 days after such confirmation deposit with the Registrar a declaration, duly signed in accordance with the provisions of section 39, on behalf of each of the parties to the transaction, and also stating that, to the best of their belief, every payment made or to be made or other valuable consideration given or to be given to any person whatsoever on account of the amalgamation or transfer is fully set forth in the exposition of the proposed transaction and that all the conditions of the transaction have been complied with.

(14) Upon the confirmation of the exposition of a proposed transaction in accordance with the provisions of this section, the relevant assets and liabilities of the parties to the amalgamation shall vest in and become binding upon the amalgamated body or, as the case may be, the relevant assets and liabilities of the party effecting the transfer shall vest in and become binding upon the party to which transfer is effected.

(15) The officer in charge of a deeds registry in which is registered any deed or other document relating to any asset which is transferred in accordance with the provisions of subsection (14), shall, upon the production to him or her by the person

concerned of such deed or other document and of a certificate by the Registrar of the confirmation of the transaction of amalgamation or of transfer, as the case may be, make the endorsements upon such deed or document and the alterations in his or her registers necessitated by the amalgamation or transfer.

(16) A transaction in terms of this section shall not deprive any creditor of a party thereto, other than in his or her capacity as a member or a shareholder of such party of any right or remedy which he or she had immediately prior to the date of the transaction against any party to the transaction or against any member or shareholder or officer of such party.

(17) No transfer duties, registration fees or charges shall be payable in respect of a transaction contemplated in this section in the execution of a transaction entered into at the insistence of the Registrar, upon written confirmation by the Registrar that the Minister of Finance, on the recommendation of such Registrar and after consultation with the Commissioner of the South African Revenue Service, has consented to waive such duties, fees or charges.

64. Voluntary or automatic dissolution.—(1) In the event of the rules of a medical scheme providing for the dissolution or termination of such medical scheme upon the expiry of a period or upon the occurrence of an event, or upon a resolution by the members that such medical scheme shall be terminated, then upon the expiry of such period, or the occurrence of such event, or the passing of such resolution, such medical scheme shall, subject to the provisions of this section, be liquidated in the manner provided for by the rules of such medical scheme, and the assets of that medical scheme shall, subject to the provisions of this Act, be distributed in the manner provided for by the rules of the medical scheme.

(2) The board of trustees of the medical scheme shall appoint a person or persons as liquidator who shall be approved by the Registrar and the liquidation shall be deemed to commence as from the date of such approval.

(3) During such liquidation the provisions of this Act shall continue to apply to such medical scheme as if the liquidator was the person managing the business of the medical scheme.

(4) The liquidator shall, as soon as possible, deposit with the Registrar a preliminary account and a preliminary balance sheet signed and certified by him or her as correct, showing the assets and liabilities of the medical scheme at the commencement of the liquidation and the manner in which it is proposed to realise the assets and to discharge the liabilities, including any liabilities and contingent liabilities to or in respect of members.

(5) The Registrar may direct the liquidator to furnish a report drawn up by an independent valuator or other competent person nominated by the Registrar.

(6) The preliminary account, preliminary balance sheet and report, if any, referred to in subsections (4) and (5), shall lie open at the office of the Registrar, and at the registered office of such medical scheme, and where the registered office of the medical scheme is in any district other than the district wherein the office of the Registrar is situated, at the office of the magistrate of the district in which the registered office of the medical scheme is situated, for inspection by interested persons for a period of 30 days.

(7) The liquidator shall, at the cost of such medical scheme, cause to be published in the *Gazette* or in a newspaper circulating in the district in which the registered office of such medical scheme is situated, or in both the *Gazette* and such newspaper, a notice stating the period during which and the places at which the preliminary account, preliminary balance sheet and report, if any, shall lie open for inspection as aforesaid, and such notice shall call upon all interested persons who have any objection to the said preliminary account, preliminary balance sheet and report, if any, to lodge their

objections in writing with the Registrar within a period stated in the notice, not being less than 14 days as from the last day on which the aforesaid documents lie open for inspection.

(8) If no objections are lodged with the Registrar in terms of subsection (7), he or she shall direct the liquidator to complete the liquidation.

(9) The Registrar may, if objections are lodged with him or her in terms of subsection (7), after considering the said objections, direct the liquidator to amend the preliminary account and preliminary balance sheet, or give such other directions relating to the liquidation as he or she thinks fit: Provided such directions are not inconsistent with the rules of the medical scheme, and any such directions shall be binding upon the liquidator.

(10) The liquidator shall, within 14 days of the receipt by him or her of any direction of the Registrar in terms of subsection (9), post a copy thereof to every member and creditor of the medical scheme, and the liquidator or any person aggrieved by any such direction of the Registrar, may apply to the Council or by motion to the High Court within 28 days after such direction has been communicated to the liquidator, for an order setting aside the Registrar's decision, and the Council or the High Court may confirm the said decision or make such order as it deems necessary.

(11) If the Registrar is satisfied that his or her directions, in so far as they have not been varied or set aside by the Council or the High Court, have been given effect to, he or she shall direct the liquidator to complete the liquidation.

(12) The liquidator shall, within 30 days after the completion of the liquidation, lodge with the Registrar a final account and a final balance sheet, signed and certified by him or her as correct, showing the assets and liabilities of the medical scheme at the commencement of the liquidation and the manner in which the assets have been realised and the liabilities, including any liabilities and contingent liabilities to or in respect of the members, have been discharged.

(13) The provisions of section 53, in so far as they are applicable to the voluntary winding up of a medical scheme and are not inconsistent with the provisions of this section, shall apply to the dissolution of a medical scheme in terms of this section.

(14) All claims against the medical scheme shall be proved to the satisfaction of the liquidator, subject to a right of appeal to the High Court, and the liquidator may require any claim to be made on affidavit.

(15) If the Registrar is satisfied that the said account and balance sheet are correct and that the liquidation has been completed, he or she shall cancel the registration of the medical scheme, and thereupon such medical scheme shall be deemed to be dissolved.

(16) Any member of the board of trustees, principal officer or liquidator who fails to take all reasonable steps to ensure compliance with the provisions of this section, shall be guilty of an offence.

65. Broker services and commission.—(1) No person may act or offer to act as a broker unless the Council has granted accreditation to such a person on payment of such fees as may be prescribed.

[Sub-s. (1) substituted by s. 26 (a) of Act No. 55 of 2001 and by s. 2 (a) of Act No. 62 of 2002.]

(2) The Minister may prescribe the amount of the compensation which, the category of brokers to whom, the conditions upon which, and any other circumstances under which, a medical scheme may compensate any broker.

[Sub-s. (2) substituted by s. 26 (b) of Act No. 55 of 2001 and by s. 2 (b) of Act No. 62 of 2002.]

(3) No broker shall be compensated for providing broker services unless the Council has granted accreditation to such broker in terms of subsection (1).

[Sub-s. (3) substituted by s. 26 (c) of Act No. 55 of 2001 and by s. 2 (c) of Act No. 62 of 2002.]

(4) An application for accreditation shall be made to the Council in the manner and be accompanied by such information as may be prescribed, and any other information as the Council may require.

(5) A medical scheme may not directly or indirectly compensate a broker other than in terms of this section.

[Sub-s. (5) added by s. 26 (d) of Act No. 55 of 2001.]

(6) A broker may not be directly or indirectly compensated for providing broker services by any person other than—

- (a) a medical scheme;
- (b) a member or prospective member, or the employer of such member or prospective member, in respect of whom such broker services are provided; or
- (c) a broker employing such broker.

[Sub-s. (6) added by s. 26 (d) of Act No. 55 of 2001 and substituted by s. 2 (d) of Act No. 62 of 2002.]

66. Offences and penalties.—(1) Any person who—

- (a) contravenes any provision of this Act or fails to comply therewith;
- (b) makes or causes to be made any claim for the payment of any benefit allegedly due in terms of the rules of a medical scheme, knowing such claim to be false;
- (c) knowingly makes or causes to be made a false representation of any material fact to a medical scheme, for use in determining any right to any benefit allegedly due in terms of the rules of the medical scheme;
- (d) having knowledge of any fact or the occurrence of any event affecting his or her right to receive any benefit in terms of the rules of a medical scheme, and who fails to disclose such fact or event to the medical scheme with the intent to obtain from the medical scheme a benefit to which he or she is not entitled or a larger benefit than that to which he or she is entitled;
- (e) renders a statement, account or invoice to a member or any other person, knowing that such statement, account or invoice is false and which may be used by such member or other person to claim from a medical scheme any benefit or a benefit greater than the benefit to which he or she is entitled in terms of the rules of the medical scheme; or
- (f)

[Para. (f) deleted by s. 27 (a) of Act No. 55 of 2001.]

shall, subject to the provisions of subsection (2), be guilty of an offence, and liable on conviction to a fine or to imprisonment for a period not exceeding five years or to both a fine and imprisonment.

[Sub-s. (1) amended by s. 27 (b) of Act No. 55 of 2001.]

(2) No contravention or failure to comply with any provision of this Act shall be punishable under subsection (1) if the act or omission constituting that contravention or

failure to comply with any request or requirement is punishable as an offence under the provisions of any other Act of Parliament which controls the professional conduct of any health care provider.

(3) Any person who fails to furnish the Council or the Registrar with a return, information, financial statement, document or a reply to an enquiry addressed to him or her, as provided for by this Act or any directive under this Act, within the prescribed or specified period or any extension thereof, shall irrespective of any criminal proceedings instituted under this Act, be liable to a penalty as prescribed for every day which the failure continues, unless the Registrar, for good cause shown, waives the penalty or any part thereof.

(4) Any penalty imposed under subsection (3) shall be a debt due to the Council.

67. Regulations.—(1) The Minister may, after consultation with the Council, make regulations relating to—

- (a) the provision by medical schemes to their members of written proof of membership, and the particulars such proof shall or may contain;
- (b) the conditions subject to which any person who has terminated his or her membership of a medical scheme shall be enrolled as a beneficiary of any other medical scheme;
[Para. (b) substituted by s. 28 (a) of Act No. 55 of 2001.]
- (c) the assets to be held by a medical scheme in the Republic including the limiting of the amount which or the extent to which such a medical scheme may invest in particular assets or in particular kinds or categories of assets;
- (d) the manner in which any payment due by a medical scheme shall be made;
- (e) the administration of the affairs of medical schemes, including the regulating, controlling, restricting or prohibiting of any act relating to such administration;
- (f) the fees to be paid to the Council in respect of—
 - (i) an application for the registration of a medical scheme;
 - (ii) the registration of a medical scheme;
 - (iii) the change of the name of a medical scheme in terms of section 23;
 - (iv) the registration of an amendment or rescission of a rule, or an addition to the rules of a medical scheme, in terms of section 31;
 - (v) the fees payable by an appellant in terms of section 50 (3); and
 - (vi) the fees payable by an intermediary in terms of section 58 (4);
- (g) the prescribed scope and level of minimum benefits to which members and their registered dependants shall be entitled to under the rules of a medical scheme;
- (h) the minimum membership required for registration of a medical scheme;
- (i) the conditions under which a medical scheme may provide benefits in terms of a personal savings account;
- (j) the conditions under which a person may act as an administrator of a medical scheme;
- (k) the nett assets to be held by a medical scheme;

- (l) open enrolment periods, premium penalties within defined bands for persons joining only late in life and such other measures against adverse selection as may be appropriate;
[Para. (l) substituted by s. 28 (b) of Act No. 55 of 2001.]
- (m) provisions associated with the manner of providing managed health care to beneficiaries and requirements for managed health care contracts;
[Para. (m) substituted by s. 28 (c) of Act No. 55 of 2001.]
- (n) the conditions under which a broker may provide advice and other services to, or on behalf of, a medical scheme, beneficiary or any other person;
[Para. (n) inserted by s. 28 (d) of Act No. 55 of 2001 and substituted by s. 3 of Act No. 62 of 2002.]
- (o) penalties to be applied to a medical scheme or administrator in respect of the late payment of benefits owing to a member or a supplier of service, in contravention of section 59 (2);
[Para. (o) inserted by s. 28 (d) of Act No. 55 of 2001.]
- (p) reporting of acts or omissions of any person in contravention of the provisions of this Act; and
[Para. (p) inserted by s. 28 (d) of Act No. 55 of 2001.]
- (q) all other matters which he or she considers necessary or expedient to prescribe in order that the purposes of this Act may be achieved.
[Para. (q), previously para. (n), amended by s. 28 (d) of Act No. 55 of 2001.]

(2) The Minister shall, not less than three months before any regulation is made under subsection (1), cause a copy of the proposed regulation to be published in the *Gazette* together with a notice declaring his or her intention to make that regulation and inviting interested persons to furnish him or her with their comments thereon or any representations they may wish to make in regard thereto.

(3) The provisions of subsection (2) shall not apply in respect of—

- (a) any regulation made by the Minister which, after the provisions of that subsection have been complied with, has been amended by the Minister in consequence of comments or representations received by him or her in pursuance of a notice issued thereunder; or
- (b) any regulation in respect of which the Minister, after consultation with the Council, is of the opinion that the public interest requires it to be made without delay.

68. Repeal of laws, and transitional arrangements.—(1) Each of the laws referred to in the first two columns of Schedule 1 is hereby repealed to the extent specified opposite that law in the third column of that Schedule.

(2) The repeal of those laws does not effect any transitional arrangements made in Schedule 2.

(3) The transitional arrangements in Schedule 2 must be read and applied as substantive provisions of this Act.

69. Short title and commencement.—This Act shall be called the Medical Schemes Act, 1998, and shall come into operation on a date fixed by the President by proclamation in the *Gazette*.

Schedule 1
LAWs REPEALeD BY SECTION 68 (1)

<i>Number and year of law</i>	<i>Short title</i>	<i>Extent of repeal</i>
Act No. 72 of 1967	Medical Schemes Act, 1967	The whole
Act No. 95 of 1969	Medical Schemes Amendment Act, 1969	The whole
Act No. 49 of 1972	Medical Schemes Amendment Act, 1972	The whole
Act No. 43 of 1975	Medical Schemes Amendment Act, 1975	The whole
Act No. 51 of 1978	Medical Schemes Amendment Act, 1978	The whole
Act No. 42 of 1980	Medical Schemes Amendment Act, 1980	The whole
Act No. 72 of 1981	Medical Schemes Amendment Act, 1981	The whole
Act No. 59 of 1984	Medical Schemes Amendment Act, 1984	The whole
Act No. 23 of 1993	Medical Schemes Amendment Act, 1993	The whole

Schedule 2
TRANSITIONAL ARRANGEMENTS

1. Council for Medical Schemes.—The Council for Medical Schemes established by section 3 and any committee appointed under section 10 of the Medical Schemes Act, 1967 (Act No. 72 of 1967), shall be deemed to have been appointed in terms of sections 3 (1) and 9 (1), respectively, of this Act for a period of six months as from the date of commencement of this Act.

2. Assets and liabilities.—(1) Immovable property of the State used by the Council and its employees immediately before the date of commencement of this Act remains at the disposal of the Council on terms and conditions as may be agreed on between the Council and the Minister.

(2) All movable assets of the State which were used by or which were at the disposal of the Council and its employees immediately before the date of the commencement of this Act, except those assets excluded by the Minister, become the property of the Council.

(3) As from the date on which this Act shall come into operation, all contractual rights, obligations and liabilities of the Department of Health which relate to the activities of the Council, are vested in the Council.

(4) All financial, administrative and other records of the Department of Health which relate to the activities of the Council, including all documents in the possession of that Department immediately before the date on which this Act shall come into operation, shall be transferred to the Council.

3. Transfer of officers and employees.—(1) Any person appointed in terms of section 13 of the Medical Schemes Act, 1967 shall be deemed to have been appointed in terms of section 18 of this Act for a period of nine months from the date of the commencement of this Act on the same terms and conditions under which he or she previously served.

(2) Any officer or employee in the employment of the State may, with his or her written consent and the consent of the head of the Department in which he or she is employed, be transferred to a post at the Council to assist the Registrar in the performance of his or her functions or duties, after which he or she shall from the date of his or her transfer be deemed to have been appointed under section 8 (a) of this Act: Provided that—

- (a) his or her salary or salary scale in respect of the post shall not be less favourable than the salary or salary scale which was applicable to him or her as a person employed by the State;

- (b) any sick or vacation leave which stood to his or her credit immediately prior to his or her transfer, shall be deemed to be leave credited to him or her in the employment of the Council;
- (c) pensionable service accrued or bought back by him or her before his or her transfer shall be deemed to be pensionable service performed by him or her in the employment of the Council;
- (d) any other conditions of service shall not be less favourable than those under which he or she previously served; and
- (e) no person shall, as a consequence of such transfer and appointment, acquire a retirement age which is higher than that which applied to him or her in the employment of the State.

(3) The salary or salary scale referred to in subsection (2) (a) may not be reduced without the written consent of the person concerned.

4. Medical Schemes.—(1) Any medical scheme which immediately prior to the commencement of this Act was registered as a medical scheme under section 15 of the Medical Schemes Act, 1967, shall be deemed to be registered as a medical scheme in terms section 24 (1) read with sections 26 and 32 of this Act.

(2) Any medical scheme which immediately prior to the commencement of this Act was established as a medical scheme under the South African Police Services Act, 1995 (Act No. 68 of 1995), and the Correctional Services Act, 1959 (Act No. 8 of 1959), shall be exempt from the provisions of this Act until the Registrar registers that medical scheme in terms of section 24 of this Act.

[Sub-item (2) substituted by s. 29 (a) of Act No. 55 of 2001.]

(3) Any medical scheme which immediately prior to the commencement of this Act was established as a medical scheme under the Legal Succession to the South African Transport Services Act, 1989 (Act No. 9 of 1989), and the Labour Relations Act, 1995 (Act No. 66 of 1995), shall be deemed to be a medical scheme registered in terms of section 24 (1) read with sections 26 and 32 of this Act.

[Sub-item (3) inserted by s. 29 (b) of Act No. 55 of 2001.]

(4) A medical scheme shall within six months from the date of the commencement of this Act amend its rules in order to comply with the provisions of this Act; and shall submit such rules to the Registrar in terms of section 31 of this Act.

[Sub-item (4), previously sub-item (3), amended by s. 29 (b) of Act No. 55 of 2001.]

(5) The Registrar may, on good cause shown, grant extension to a medical scheme to comply with the provisions of subsection (3) for a further period of up to 3 months.

[Sub-item (5), previously sub-item (4), amended by s. 29 (b) of Act No. 55 of 2001.]

(6) A person who fails to comply with the provisions of subsection (3) shall be guilty of an offence.

[Sub-item (6), previously sub-item (5), amended by s. 29 (b) of Act No. 55 of 2001.]

5. Reinsurance contracts.—A reinsurance contract or any amendment thereof, which—

- (a) was lawfully entered into prior to the commencement of the Medical Schemes Amendment Act, 2001;
- (b) was legally valid and enforceable at the date of commencement of the Medical Schemes Amendment Act, 2001,
- (c)

[Editorial Note: Sub-item (c) has been omitted from the original *Government Gazette*.]

is deemed to be valid until its date of expiry as provided for in the contract, or for a period of one year from date of commencement of the Medical Schemes Amendment Act, 2001, whichever is the sooner.

[Item 5 added by s. 30 of Act No. 55 of 2001.]

6. Principal officers.—A person who, immediately prior to commencement of the Medical Schemes Amendment Act, 2001, was a principal officer of a medical scheme in contravention of section 57 (7) of this Act, will be deemed to comply with that section for the period terminating on 1 January 2004.

[Item 6 added by s. 30 of Act No. 55 of 2001.]

MEDICAL SCHEMES ACT 131 OF 1998

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GNR.1262 of 20 October 1999: Regulations

DEPARTMENT OF HEALTH

as amended by

Notice	Government Gazette	Date
R.570	21256	5 June 2000
R.650	21313	30 June 2000
R.247	23193	1 March 2002
R.1360	24007	4 November 2002
1397	25537	6 October 2003

The Minister of Health has, in terms of section 67 of the Medical Schemes Act, 1998 (Act No. 131 of 1998), after consultation with the Council for Medical Schemes, made the regulations in the Schedule.

M.E. TSHABALALA MSIMANG
Minister of Health

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CHAPTER 1

DEFINITIONS

1. Definitions.—In these Regulations any expression defined in the Act bears that meaning and, unless the context otherwise indicates—

“broker”

[Definition of “broker” deleted by GNR.1360 of 2002 wef 1 January 2003.]

“child dependant” means a dependant who is under the age of 21 or older if he or she permitted under the rules of a medical scheme to be a dependant;

“creditable coverage”

[Definition of “creditable coverage” deleted by GNR.1360 of 2002 wef 1 January 2003.]

“enhanced option”

[Definition of “enhanced option” deleted by GNR.1360 of 2002 wef 1 January 2003.]

“hospital treatment”

[Definition of “hospital treatment” deleted by GNR.1360 of 2002 wef 1 January 2003.]

“late joiner”

[Definition of “late joiner” deleted by GNR.1360 of 2002 wef 1 January 2003.]

“managed health care”

[Definition of “managed health care” deleted by GNR.1360 of 2002 wef 1 January 2003.]

“practice code number” means the number allotted to a supplier of a relevant health service as a practice number by an organisation or body approved by the Council;

“pre-existing sickness condition”

[Definition of “pre-existing sickness condition” deleted by GNR.1360 of 2002 wef 1 January 2003.]

“public hospital system”

[Definition of “public hospital system” deleted by GNR.1360 of 2002 wef 1 January 2003.]

“the Act” means the Medical Schemes Act, 1998 (Act No. 131 of 1998).

CHAPTER 2
ADMINISTRATIVE REQUIREMENTS

2. Registration of medical scheme.—(1) Every application for registration of a medical scheme must be in writing and signed by the person applying for the registration of the medical scheme and must contain—

- (a) the full name under which the proposed medical scheme is to be registered;
- (b) the date on which the proposed medical scheme is to come into operation;
- (c) the physical and postal addresses of the registered office of the proposed medical scheme;
- (d) two copies of the rules of the proposed medical scheme, which must comply with regulation 4 (1), and must be duly certified by the applicant as being true copies of the rules which will come into operation on the date of registration of the proposed medical scheme or the date of commencement of the medical scheme, whichever date is applicable;
- (e) the full names, physical and postal addresses and *curriculum vitae* of the principal officer and trustees of the proposed medical scheme;
- (f) in the case of a restricted membership medical scheme, the name or names of the participating employer(s);
- (g) the name and address of the person who will administer the medical scheme;
- (h) a copy of the administration agreement, in the case where the proposed medical scheme is to be administered by an administrator;
- (i) a copy of any other joint-administration agreement between a medical scheme and any other party;
- (j) the guarantees and the guarantee deposit vouchers as the Registrar may require;
- (k) a detailed statement of services to be undertaken, directly or indirectly, on behalf of the proposed medical scheme by an administrator, broker and managed care organisation;

- (l) a detailed business plan; and
- (m) such other information as the Registrar may require.

(2) The application referred to in subregulation (1) must be accompanied by an application and registration fees as prescribed by regulation 31 (a) and (b).

(3) The minimum number of members required for the registration of a medical scheme established after these regulations have come into operation is 6 000, and this number must be admitted within a period of three months of registration of the medical scheme.

3. Proof of membership.—(1) Every medical scheme must issue to each of its members, written proof of membership containing at least the following particulars—

- (a) the name of the medical scheme;
- (b) the surname, first name, other initials if any, gender, and identity number of the member and his or her registered dependants;
- (c) the membership number;
- (d) the date on which the member becomes entitled to benefits from the medical scheme concerned;
- (e) if applicable, details of waiting periods in relation to specific conditions;
- (f) if applicable, the fact that the rendering of relevant health services is limited to a specific provider of service or a group or category of providers of services; and
- (g) if applicable, a reference to the benefit option to which the member is admitted.

(2) A medical scheme must, within 30 days of the termination of membership or at any time at the request of any former member, or dependant, provide that member or dependant with a certificate, stating the period of cover, type of cover and whether or not the person qualified for late joiner status.

(3) A copy of the certificate contemplated in subregulation (2) must be forwarded on request to any medical scheme to which the former member or dependant subsequently applies for membership.

4. Administration of a medical scheme.—(1) The rules of a medical scheme which are sent to the Registrar and any amendment thereto must comply with the following requirements:

- (a) they must be printed in at least 1,5 spacing and a font of at least 12 on A4 paper of at least 80 grams;
- (b) they must be printed on one side of the paper only, with a margin of at least 30 mm on the left side and at least 25 mm at the top and bottom and on the right side;
- (c) headings and subheadings must be printed in bold print;
- (d) no underlining must be made in the document containing the rules; and
- (e) the document referred to in paragraph (d) must at the beginning contain a detailed table of contents of the rules, with references to the relevant page numbers.

(2) A medical scheme that provides more than one benefit option may not in its rules or otherwise, preclude any member from choosing, or deny any member the right to

participate in, any benefit option offered by the medical scheme, provided that a member or a dependant shall have the right to participate in only one benefit option at a time.

(3) A medical scheme may in its rules provide that a member may only change to any benefit option at the beginning of the month of January each year, and by giving written notice of at least three months before such change is made.

(4) A medical scheme must not in its rules or in any other manner structure any benefit option in such a manner that creates a preferred dispensation for one or more specific groups of members or to provide for the creation of ring-fenced net assets by means of such benefit option or to transfer accumulated *pro rata* net assets of such option to another medical scheme.

5. Accounts by suppliers of services.—The account or statement contemplated in section 59 (1) of the Act must contain the following—

- (a) The surname and initials of the member;
- (b) the surname, first name and other initials, if any, of the patient;
- (c) the name of the medical scheme concerned;
- (d) the membership number of the member;
- (e) the practice code number, group practice number and individual provider registration number issued by the registering authorities for providers, if applicable, of the supplier of service and, in the case of a group practice, the name of the practitioner who provided the service;
- (f) the relevant diagnostic and such other item code numbers that relate to such relevant health service;
- (g) the date on which each relevant health service was rendered;
- (h) the nature and cost of each relevant health service rendered, including the supply of medicine to the member concerned or to a dependant of that member; and the name, quantity and dosage of and net amount payable by the member in respect of the medicine;
- (i) where a pharmacist supplies medicine according to a prescription to a member or to a dependant of a member of a medical scheme, a copy of the original prescription or a certified copy of such prescription, if the scheme requires it;
- (j) where mention is made in such account or statement of the use of a theatre—
 - (i) the name and relevant practice number and provider number contemplated in paragraph (e) of the medical practitioner or dentist who performed the operation;
 - (ii) the name or names and the relevant practice number and provider number contemplated in paragraph (e) of every medical practitioner or dentist who assisted in the performance of the operation; and
 - (iii) all procedures carried out together with the relevant item code number contemplated in paragraph (f); and
- (k) in the case of a first account or statement in respect of orthodontic treatment or other advanced dentistry, a treatment plan indicating—
 - (i) the expected total amount in respect of the treatment;
 - (ii) the expected duration of the treatment;
 - (iii) the initial amount payable; and

the monthly amount payable.

6. Manner of payment of benefits.—(1) A medical scheme must not in its rules or in any other manner in respect of any benefit to which a member or former member of such medical scheme or a dependant of such member is entitled, limit, exclude, retain or withhold, as the case may be, any payment to such member or supplier of service as a result of the late submission or late re-submission of an account or statement, before the end of the fourth month—

- (a) from the last date of the service rendered as stated on the account, statement or claim; or
- (b) during which such account, statement or claim was returned for correction.

(2) If a medical scheme is of the opinion that an account, statement or claim is erroneous or unacceptable for payment, it must inform both the member and the relevant health care provider within 30 days after receipt of such account, statement or claim that it is erroneous or unacceptable for payment and state the reasons for such an opinion.

[Sub-r. (2) substituted by GNR.1360 of 2002 wef 1 January 2003.]

(3) After the member and the relevant health care provider have been informed as referred to in subregulation (2), such member and provider must be afforded an opportunity to correct and resubmit such account or statement within a period of sixty days following the date from which it was returned for correction.

[Sub-r. (3) substituted by GNR.1360 of 2002 wef 1 January 2003.]

(4) If a medical scheme fails to notify the member and the relevant health care provider within 30 days that an account, statement or claim is erroneous or unacceptable for payment in terms of subregulation (2) or fails to provide an opportunity for correction and resubmission in terms of subregulation (3), the medical scheme shall bear the onus of proving that such account, statement or claim is in fact erroneous or unacceptable for payment in the event of a dispute.

[Sub-r. (4) inserted by GNR.1360 of 2002 wef 1 January 2003.]

(5) If an account, statement, or claim is correct or where a corrected account, statement or claim is received, as the case may be, a medical scheme must, in addition to the payment contemplated in section 59 (2) of the Act, dispatch to the member a statement containing at least the following particulars—

- (a) the name and the membership number of the member;
- (b) the name of the supplier of service;
- (c) the final date of service rendered by the supplier of service on the account or statement which is covered by the payment;
- (d) the total amount charged for the service concerned; and
- (e) the amount of the benefit awarded for such service.

[Sub-r. (5), previously sub-r. (4), renumbered by GNR.1360 of 2002 wef 1 January 2003.]

6A. Disclosure of trustee remuneration.—The annual financial statements of a medical scheme shall contain the following information in relation to trustee remuneration, either in the income statement or by means of a note thereto, the amount paid, per trustee, in the following categories:

- (a) disbursements, including but not limited to:

- (i) travelling and other expenses for attendance of meetings or conferences;
- (ii) accommodation and meals; and
- (iii) telephone expenses for business purposes;
- (b) fees for attendance of meetings of the board or committees of the board;
- (c) fees due for holding particular office on the board or committees of the board;
- (d) fees for consultancy work performed for the medical scheme by a trustee; and
- (e) other remuneration paid to a trustee.

[R. 6A inserted by GNR.1360 of 2002 wef 1 January 2003.]

CHAPTER 3 CONTRIBUTIONS AND BENEFITS

7. **Definitions.**—For the purposes of this chapter—

“designated service provider” means a health care provider or group of providers selected by the medical scheme concerned as the preferred provider or providers to provide to its members diagnosis, treatment and care in respect of one or more prescribed minimum benefit conditions;

“emergency medical condition” means the sudden and, at the time, unexpected onset of a health condition that requires immediate medical or surgical treatment, where failure to provide medical or surgical treatment would result in serious impairment to bodily functions or serious dysfunction of a bodily organ or part, or would place the person’s life in serious jeopardy;

“prescribed minimum benefits” means the benefits contemplated in section 29 (1) (o) of the Act, and consist of the provision of the diagnosis, treatment and care costs of—

- (a) the Diagnosis and Treatment Pairs listed in Annexure A, subject to any limitations specified in Annexure A; and
- (b) any emergency medical condition;

“prescribed minimum benefit condition” means a condition contemplated in the Diagnosis and Treatment Pairs listed in Annexure A or any emergency medical condition.

[R. 7 substituted by GNR.1360 of 2002 wef 1 January 2003.]

8. Prescribed Minimum Benefits.—(1) Subject to the provisions of this regulation, any benefit option that is offered by a medical scheme must pay in full, without co-payment or the use of deductibles, the diagnosis, treatment and care costs of the prescribed minimum benefit conditions.

(2) Subject to section 29 (1) (p) of the Act, the rules of a medical scheme may, in respect of any benefit option, provide that—

- (a) the diagnosis, treatment and care costs of a prescribed minimum benefit condition will only be paid in full by the medical scheme if those services are obtained from a designated service provider in respect of that condition; and

- (b) a co-payment or deductible, the quantum of which is specified in the rules of the medical scheme, may be imposed on a member if that member or his or her dependant obtains such services from a provider other than a designated service provider, provided that no co-payment or deductible is payable by a member if the service was involuntarily obtained from a provider other than a designated service provider.

(3) For the purposes of subregulation (2) (b), a beneficiary will be deemed to have involuntarily obtained a service from a provider other than a designated service provider, if—

- (a) the service was not available from the designated service provider or would not be provided without unreasonable delay;
- (b) immediate medical or surgical treatment for a prescribed minimum benefit condition was required under circumstances or at locations which reasonably precluded the beneficiary from obtaining such treatment from a designated service provider; or
- (c) there was no designated service provider within reasonable proximity to the beneficiary's ordinary place of business or personal residence.

(4) Subject to subregulations (5) and (6) and to section 29 (1) (p) of the Act, these regulations must not be construed to prevent medical schemes from employing appropriate interventions aimed at improving the efficiency and effectiveness of health care provision, including such techniques as requirements for pre-authorisation, the application of treatment protocols, and the use of formularies.

(5) When a formulary includes a drug that is clinically appropriate and effective for the treatment of a prescribed minimum benefit condition suffered by a beneficiary, and that beneficiary knowingly declines the formulary drug and opts to use another drug instead, the scheme may impose a co-payment on the relevant member.

(6) A medical scheme may not prohibit, or enter into an arrangement or contract that prohibits, the initiation of an appropriate intervention by a health care provider prior to receiving authorisation from the medical scheme or any other party, in respect of an emergency medical condition.

[R. 8 substituted by GNR.1360 of 2002 wef 1 January 2004.]

9. Limits on benefits.—A medical scheme may, in respect of the financial year in which a member joins the scheme, reduce the annual benefits with the exception of the prescribed minimum benefits, *pro rata* to the period of membership in the financial year concerned calculated from the date of admission to the end of the financial year concerned.

9A. Non-accumulation of benefits.—A medical scheme may not provide in its rules for the accumulation of unexpended benefits by a beneficiary from one year to the next other than as provided for in personal medical savings accounts.

[R. 9A inserted by GNR.1360 of 2002 wef 1 January 2003.]

9B. Contributions in respect of dependants.—A medical scheme may in its rules provide that contributions in respect of a child dependant may be less than those determined in respect of other beneficiaries.

[R. 9B inserted by GNR.1360 of 2002 wef 1 January 2003.]

10. Personal medical savings accounts.—(1) A medical scheme, on behalf of a member, must not allocate to a member's personal medical savings account an amount

that exceeds 25% of the total gross contribution made in respect of the member during the financial year concerned.

[Sub-r. (1) substituted by GNR.1360 of 2002 wef 1 January 2003.]

(2) The limit on contributions into personal medical savings accounts apply to each individual member of a medical scheme.

(3) Funds deposited in a member's personal medical savings account shall be available for the exclusive benefit of the member and his or her dependants but may not be used to offset contributions, provided that the medical scheme may use funds in a member's personal medical savings account to offset debt owed by the member to the medical scheme following that member's termination of membership of the medical scheme.

[Sub-r. (3) substituted by GNR.1360 of 2002 wef 1 January 2003.]

(4) Credit balances in a member's personal medical savings account shall be transferred to another medical scheme or benefit option with a personal medical savings account, as the case may be, when such member changes medical schemes or benefit options.

[Sub-r. (4) substituted by GNR.1360 of 2002 wef 1 January 2003.]

(5) Credit balances in a member's personal medical savings account must be taken as a cash benefit, subject to applicable taxation laws, when the member terminates his or her membership of a medical scheme or benefit option and then—

- (a) enrolls in another benefit option or medical scheme without a personal medical savings account; or
- (b) does not enrol in another medical scheme.

[Sub-r. (5) substituted by GNR.1360 of 2002 wef 1 January 2003.]

(6) The funds in a member's medical savings account shall not be used to pay for the costs of a prescribed minimum benefit.

[Sub-r. (6) substituted by GNR.1360 of 2002 wef 1 January 2003.]

(7) Every medical scheme must provide the following to the Registrar with regard to members' personal medical savings accounts—

- (a) details of amounts paid into members' personal medical savings accounts;
- (b) details on both debit and credit balances in members' personal medical savings accounts;
- (c) details on amounts paid to members or their estates on termination through resignation or death;
- (d) details on benefits, by category, paid out of members' personal medical savings accounts; and
- (e) any other reports that the Council may specify from time to time.

CHAPTER 4 WAITING PERIODS AND PREMIUM PENALTIES

11. Definitions.—For the purposes of this chapter—

“creditable coverage” means any period in which a late joiner was—

- (a) a member or a dependant of a medical scheme;

- (b) a member or a dependant of an entity doing the business of a medical scheme which, at the time of his or her membership of such entity, was exempt from the provisions of the Act;
- (c) a uniformed employee of the South African National Defence Force, or a dependant of such employee, who received medical benefits from the South African National Defence Force; or
- (d) a member or a dependant of the Permanent Force Continuation Fund, but excluding any period of coverage as a dependant under the age of 21 years;

“late joiner” means an applicant or the adult dependant of an applicant who, at the date of application for membership or admission as a dependant, as the case may be, is 35 years of age or older, but excludes any beneficiary who enjoyed coverage with one or more medical schemes as from a date preceding 1 April 2001, without a break in coverage exceeding three consecutive months since 1 April 2001.

[R. 11 repealed by GNR.247 of 2002 and reinserted by GNR.1360 of 2002 wef 1 January 2003.]

12. Medical reports.—If a medical scheme requires a medical report to be provided to it by an applicant in terms of section 29A (7) of the Act, the medical scheme shall pay to the applicant or relevant health care provider the costs of any medical tests or examinations required by the medical scheme for the purposes of compilation of this report.

[R. 12 repealed by GNR.247 of 2002 and reinserted by GNR.1360 of 2002 wef 1 January 2003.]

13. Premium penalties for persons joining late in life.—(1) A medical scheme may apply premium penalties to a late joiner and such penalties must be applied only to the portion of the contribution related to the member or any adult dependant who qualifies for late joiner penalties.

[Sub-r. (1) substituted by GNR.1360 of 2002 wef 1 January 2003.]

(2) The premium penalties referred to in subregulation (1) shall not exceed the following bands:

Penalty bands	Maximum penalty
1–4 years.....	0,05 × contribution
5–14 years.....	0,25 × contribution
15–24 years.....	0,5 × contribution
25+ years	0,75 × contribution

[Sub-r. (2) substituted by GNR.1360 of 2002 wef 1 January 2003.]

(3) To determine the applicable penalty band to be applied to a late joiner in terms of the first column of the table in subregulation (2), the following formula shall be applied:

$$A = B \text{ minus } (35 + C)$$

Where:

“A” means the number of years referred to in the first column of the table in subregulation (2), for purposes of determining the appropriate penalty band;

“B” means the age of the late joiner at the time of his or her application for membership or admission as a dependant; and

“C” means the number of years of creditable coverage which can be demonstrated by the late joiner.

[Sub-r. (3) substituted by GNR.1360 of 2002 wef 1 January 2003.]

(4) Where an applicant or his or her dependant produces evidence of creditable coverage after a late joiner penalty has been imposed, the scheme must recalculate the penalty and apply such revised penalty from the time such evidence is provided.

[Sub-r. (4) substituted by GNR.1360 of 2002 wef 1 January 2003.]

(5) Late joiner penalties may continue to be applied upon transfer of the member or adult dependant to other medical schemes.

(6) For the purposes of subregulations (3) and (4), it shall be sufficient proof of creditable coverage if the applicant produces a sworn affidavit in which he or she declares—

- (a) the relevant periods in which he or she was a member or dependant and the name or names of the relevant medical schemes or other relevant entities corresponding with such period or periods; and
- (b) that reasonable efforts have been made to obtain documentary evidence of such periods of creditable coverage, but have been unsuccessful.

[Sub-r. (6) substituted by GNR.570 of 2000 and by GNR.1360 of 2002 wef 1 January 2003.]

(7) A medical scheme must report annually to the Registrar on the number of late joiners enrolled in each band during the previous year and cumulatively.

14.

[R. 14 repealed by GNR.1360 of 2002 wef 1 January 2003.]

CHAPTER 5 PROVISION OF MANAGED HEALTH CARE

15. **Definitions.**—For the purposes of this Chapter—

“**capitation agreement**” means an arrangement entered into between a medical scheme and a person whereby the medical scheme pays to such person a pre-negotiated fixed fee in return for the delivery or arrangement for the delivery of specified benefits to some or all of the members of the medical scheme;

“**evidence-based medicine**” means the conscientious, explicit and judicious use of current best evidence in making decisions about the care of beneficiaries whereby individual clinical experience is integrated with the best available external clinical evidence from systematic research;

“**managed health care**” means clinical and financial risk assessment and management of health care, with a view to facilitating appropriateness and cost-effectiveness of relevant health services within the constraints of what is affordable, through the use of rules-based and clinical management-based programmes;

“**managed health care organisation**” means a person who has contracted with a medical scheme in terms of regulation 15A to provide a managed health care service;

“participating health care provider” means a health care provider who, by means of a contract directly between that provider and a medical scheme in terms of regulation 15A, or pursuant to an arrangement with a managed health care organisation which has contracted with a medical scheme in terms of regulation 15A, undertakes to provide a relevant health service to the beneficiaries of the medical scheme concerned;

“protocol” means a set of guidelines in relation to the optimal sequence of diagnostic testing and treatments for specific conditions and includes, but is not limited to, clinical practice guidelines, standard treatment guidelines, disease management guidelines, treatment algorithms and clinical pathways;

“rules-based and clinical management-based programmes” means a set of formal techniques designed to monitor the use of, and evaluate the clinical necessity, appropriateness, efficacy, and efficiency of, health care services, procedures or settings, on the basis of which appropriate managed health care interventions are made.

[R. 15 substituted by GNR.1360 of 2002 wef 1 January 2003.]

15A. Prerequisites for managed health care arrangements.—(1) If a medical scheme provides benefits to its beneficiaries by means of a managed health care arrangement with another person—

- (a) the terms of that arrangement must be clearly set out in a written contract between the parties;
- (b) with effect from 1 January 2004, such arrangement must be with a person who has been granted accreditation as a managed health care organisation by the Council; and
- (c) such arrangement must not absolve a medical scheme from its responsibility towards its members if any other party to the arrangement is in default with regard to the provision of any service in terms of such arrangement.

(2) To the extent that managed health care undertaken by the medical scheme itself or by a managed health care organisation results in a limitation on the rights or entitlements of beneficiaries, the medical scheme must furnish the Registrar with a document clearly stating such limitations, which document must be resubmitted to the Registrar within 30 days of any amendment to such limitations taking effect, including the relevant amendments.

(3) Limitations referred to in subregulation (2) include, but are not limited to, restrictions on coverage of disease states, protocol requirements, and formulary inclusions or exclusions.

[R. 15A inserted by GNR.1360 of 2002 wef 1 January 2003.]

15B. Accreditation of managed health care organisations.—(1) Any person desiring to be accredited as a managed health care organisation must apply in writing to the Council.

(2) An application for accreditation as a managed health care organisation must be accompanied by—

- (a) the full name and *curriculum vitae* of the person who is the head of the managed health care organisation's business;
- (b) the home and business address and telephone numbers of the person referred to in paragraph (a);

- (c) a copy of the proposed managed health care agreement or agreements between the managed health care organisation and the medical scheme or medical schemes concerned; and
- (d) such information as the Council may deem necessary to satisfy it that such person—
 - (i) is fit and proper to provide managed health care services;
 - (ii) has the necessary resources, systems, skills and capacity to render the managed health care services which it wishes to provide; and
 - (iii) is financially sound.

(3) In considering an application for accreditation in terms of this regulation, the Council may take into consideration any other information regarding the applicant, derived from whatever source, if such information is disclosed to the applicant and she or he is given a reasonable opportunity to respond thereto.

- (4) The Council must, after consideration of an application—
 - (a) if satisfied that an applicant meets the criteria listed in items (i), (ii) and (iii) of subregulation (2) (d), grant the application subject to any conditions that it may deem necessary; or
 - (b) if not so satisfied, refuse the application and provide reasons to the applicant for such refusal.

(5) If accreditation is granted by the Council in terms of subregulation (4) (a), it shall be granted for twenty-four months, and shall be accompanied by a certificate from the Registrar clearly specifying the expiry date of the accreditation and any conditions imposed by the Council in terms of subregulation (4) (a).

(6) The Council may at any time after the issue of a certificate of accreditation, on application by a managed health care organisation or on own initiative add, withdraw or amend any condition or restriction in respect of the accreditation, after having given the relevant managed health care organisation a reasonable opportunity to make submissions on the proposed addition, withdrawal or amendment and having considered those submissions, if the Council is satisfied that any such addition, withdrawal or amendment is justified and will not unfairly prejudice the interests of the clients of the managed health care organisation, and must in every such case issue an appropriately amended certificate to the managed health care organisation.

(7) A person wishing to renew accreditation as a managed health care organisation shall apply to the Council for such renewal in such format as the Council may from time to time determine, provided that—

- (a) such application for renewal shall be made at least three months prior to the date of expiry of the accreditation; and
- (b) such person shall furnish the Council with any information that the Council may require.

(8) The provisions of subregulations (4) to (6) shall apply *mutatis mutandis* to an application for renewal of accreditation in terms of subregulation (7).

[R. 15B inserted by GNR.1360 of 2002 wef 1 January 2003.]

15C. Suspension or withdrawal of accreditation.—(1) The Council may, subject to subregulation (2), at any time suspend or withdraw any accreditation granted in terms of regulation 15B if the Council is satisfied on the basis of available information, that the relevant managed health care organisation—

- (a) no longer meets the criteria contemplated in regulation 15B (2) (d);

- (b) did not, when applying for accreditation, make a full disclosure of all relevant information to the Council, or furnished false or misleading information;
- (c) has, since the granting of such accreditation, contravened or failed to comply with any provision of this Act;
- (d) has, since the granting of such accreditation, conducted his or her business in a manner that is seriously prejudicial to clients or the public interest;
- (e) is financially unsound; or
- (f) is disqualified from providing managed health care services in terms of any law.

(2) (a) Before suspending or withdrawing any accreditation, the Council must inform the managed health care organisation concerned of—

- (i) the intention to suspend or withdraw the accreditation and the grounds therefor;
- (ii) in the case of suspension, the intended period therefor; and
- (iii) any terms attached to the suspension or withdrawal, including such measures as the Council may determine for the protection of the interests of the clients of the managed health care organisation,

and must give the managed health care organisation a reasonable opportunity to make a submission in response thereto.

(b) The Council must consider any such response, and may thereafter decide to withdraw or suspend or not to withdraw or suspend the accreditation, and must notify the managed health care organisation of the decision.

(c) Where the accreditation is suspended or withdrawn, the Council must make known the terms of the suspension or withdrawal or subsequent lifting thereof, by means of any appropriate public media announcement.

(3) During the period that the accreditation of a managed health care organisation has been suspended, such person may not apply for renewal of the accreditation or reapply for accreditation.

(4) On withdrawal of the accreditation of a person as a managed health care organisation, the Council may determine a reasonable period within which such person may not reapply for accreditation as a managed health care organisation, taking into account the nature of the circumstances giving rise to such withdrawal.

[R. 15C inserted by GNR.1360 of 2002 wef 1 January 2003.]

15D. Standards for managed health care.—If any managed health care is undertaken by the medical scheme itself or by a managed health care organisation, the medical scheme must ensure that—

- (a) a written protocol is in place (which forms part of any contract with a managed health care organisation) that describes all utilisation review activities, including a description of the following:
 - (i) procedures to evaluate the clinical necessity, appropriateness, efficiency and affordability of relevant health services, and to intervene where necessary, as well as the methods to inform beneficiaries and health care providers acting on their behalf, as well as the medical scheme trustees, of the outcome of these procedures;
 - (ii) data sources and clinical review criteria used in decision-making;

- (iii) the process for conducting appeals of any decision which may adversely affect the entitlements of a beneficiary in terms of the rules of the medical scheme concerned;
 - (iv) mechanisms to ensure consistent application of clinical review criteria and compatible decisions;
 - (v) data collection processes and analytical methods used in assessing utilisation and price of health care services;
 - (vi) provisions for ensuring confidentiality of clinical and proprietary information;
 - (vii) the organisational structure (e.g. ethics committee, managed health care review committees, quality assurance or other committee) that periodically assesses managed health care activities and reports to the medical scheme; and
 - (viii) the staff position functionally responsible for day-to-day management of the relevant managed health care programmes;
- (b) the managed health care programmes use documented clinical review criteria that are based upon evidence-based medicine, taking into account considerations of cost-effectiveness and affordability, and are evaluated periodically to ensure relevance for funding decisions;
 - (c) the managed health care programmes use transparent and verifiable criteria for any other decision-making factor affecting funding decisions and are evaluated periodically to ensure relevance for funding decisions;
 - (d) qualified health care professionals administer the managed health care programmes and oversee funding decisions, and that the appropriateness of such decisions are evaluated periodically by clinical peers;
 - (e) health care providers, any beneficiary of the relevant medical scheme or any member of the public are provided on demand with a document setting out—
 - (i) a clear and comprehensive description of the managed health care programmes and procedures; and
 - (ii) the procedures and timing limitations for appeal against utilisation review decisions adversely affecting the rights or entitlements of a beneficiary; and
 - (iii) any limitations on rights or entitlements of beneficiaries, including but not limited to restrictions on coverage of disease states; protocol requirements and formulary inclusions or exclusions.

[R. 15D inserted by GNR.1360 of 2002 wef 1 January 2003.]

15E. Provision of health services.—(1) If managed health care entails an agreement between the medical scheme or a managed health care organisation, on the one hand, and one or more participating health care providers, on the other—

- (a) the medical scheme is not absolved from its responsibility towards its members if any other party is in default to provide any service in terms of such contract;
- (b) no beneficiary may be held liable by the managed health care organisation or any participating health care provider for any sums owed in terms of the agreement;

- (c) a participating health care provider may not be forbidden in any manner from informing patients of the care they require, including various treatment options, and whether in the health care provider's view, such care is consistent with medical necessity and medical appropriateness;
- (d) such agreement with a participating health care provider, may not be terminated as a result of a participating health care provider—
 - (i) expressing disagreement with a decision to deny or limit benefits to a beneficiary; or
 - (ii) assisting the beneficiary to seek reconsideration of any such decision;
- (e) if the medical scheme or the managed health care organisation, as the case may be, proposes to terminate such an agreement with a participating health care provider, the notice of termination must include the reasons for the proposed termination.

(2) A managed health care organisation or a medical scheme, as the case may be, may place limits on the number or categories of health care providers with whom it may contract to provide relevant health services, provided that—

- (a) there is no unfair discrimination against providers on the basis of one or more arbitrary grounds, including race, religion, gender, marital status, age, ethnic or social origin or sexual orientation; and
- (b) selection of participating health care providers is based upon a clearly defined and reasonable policy which furthers the objectives of affordability, cost-effectiveness, quality of care and member access to health services.

[R. 15E inserted by GNR.1360 of 2002 wef 1 January 2003.]

15F. Capitation agreements.—A medical scheme shall not enter into a capitation agreement, unless—

- (a) the agreement is in the interests of the members of the medical scheme;
- (b) the agreement embodies a genuine transfer of risk from the medical scheme to the managed health care organisation;
- (c) the capitated payment is reasonably commensurate with the extent of the risk transfer.

[R. 15F inserted by GNR.1360 of 2002 wef 1 January 2003.]

15G. Limitation on disease coverage.—If managed health care entails limiting coverage of specific diseases—

- (a) such limitations or a restricted list of diseases must be developed on the basis of evidence-based medicine, taking into account considerations of cost-effectiveness and affordability; and
- (b) the medical scheme and the managed health care organisation must provide such limitation or restricted list to health care providers, beneficiaries and members of the public, upon request.

[R. 15G inserted by GNR.1360 of 2002 wef 1 January 2003.]

15H. Protocols.—If managed health care entails the use of a protocol—

- (a) such protocol must be developed on the basis of evidence-based medicine, taking into account considerations of cost-effectiveness and affordability;

- (b) the medical scheme and the managed health care organisation must provide such protocol to health care providers, beneficiaries and members of the public, upon request; and
- (c) provision must be made for appropriate exceptions where a protocol has been ineffective or causes or would cause harm to a beneficiary, without penalty to that beneficiary.

[R. 15H inserted by GNR.1360 of 2002 wef 1 January 2003.]

15I. Formularies.—If managed health care entails the use of a formulary or restricted list of drugs—

- (a) such formulary or restricted list must be developed on the basis of evidence-based medicine, taking into account considerations of cost effectiveness and affordability;
- (b) the medical scheme and the managed health care organisation must provide such formulary or restricted list to health care providers, beneficiaries and members of the public, upon request; and
- (c) provision must be made for appropriate substitution of drugs where a formulary drug has been ineffective or causes or would cause adverse reaction in a beneficiary, without penalty to that beneficiary.

[R. 15I inserted by GNR.1360 of 2002 wef 1 January 2003.]

15J. General provisions.—(1) Any managed health care contract, contemplated in Regulation 15A, must require either party to give at least 90 days notice before terminating the contract, except in cases of material breach of the provisions of the contract, or where the availability or quality of health care rendered to beneficiaries of a medical scheme is likely to be compromised by the continuation of the contract.

(2) Notwithstanding anything to the contrary in these regulations—

- (a) a medical scheme and a managed health care organisation may not use any incentive that directly or indirectly compensates or rewards any person for ordering, providing, recommending or approving relevant health services that are medically inappropriate;
- (b) any information pertaining to the diagnosis, treatment or health of any beneficiary of a medical scheme must be treated as confidential;
- (c) subject to the provisions of any other legislation, a medical scheme is entitled to access any treatment record held by a managed health care organisation or health care provider and other information pertaining to the diagnosis, treatment and health status of the beneficiary in terms of a contract entered into pursuant to regulation 15A, but such information may not be disclosed to any other person without the express consent of the beneficiary;
- (d) where provision is made by a managed care provider for complaints or appeals procedures or mechanisms, such provision shall in no way impact upon the entitlement of a beneficiary to—
 - (i) complain to, or lodge a dispute with, his or her medical scheme;
 - (ii) lodge a complaint with Council; or
 - (iii) take any other legal action to which he or she would ordinarily be entitled.

[R. 15J inserted by GNR.1360 of 2002 wef 1 January 2003.]

CHAPTER 6
ADMINISTRATORS OF MEDICAL SCHEMES

16. In this Chapter—

“**internal financial controls**” means controls which are established in order to ensure a reasonable safeguarding of assets against unauthorized use or disposition, the maintenance of proper accounting records and the reliability of financial information used within the business of the administrator.

17. **Accreditation of administrators.**—(1) Any person desiring to be accredited as an administrator must apply in writing to the Council.

(2) An application for accreditation as an administrator must be accompanied by—

- (a) the full name and *curriculum vitae* of the person who is the head of the administrator's business;
- (b) the home and business addresses and telephone numbers of the person referred to in paragraph (a);
- (c) the name of the auditor referred to in regulation 20;
- (d) a report prepared by the auditor in the form set out in Part 1 of Annexure C, indicating whether or not the administrator's system of financial control is adequate for the size and complexity of the business of the medical scheme or schemes to be administered;
- (e) a copy of the proposed administration agreement or agreements between the administrator and the medical scheme or medical schemes concerned; and
- (f) such information as the Council may deem necessary to satisfy it that such person—
 - (i) is fit and proper to provide administration services;
 - (ii) has the necessary resources, systems, skills and capacity to render the administration services which it wishes to provide; and
 - (iii) is financially sound.

(3) In considering an application for accreditation in terms of this regulation, the Council may take into consideration any other information regarding the applicant, derived from whatever source, if such information is disclosed to the applicant and she or he is given a reasonable opportunity to respond thereto.

(4) The Council must, after consideration of an application—

- (a) if satisfied that an applicant meets the criteria listed in subregulation (2) (f), grant the application subject to any conditions that it may deem necessary; or
- (b) if not so satisfied, refuse the application and provide reasons to the applicant for such refusal.

(5) If accreditation is granted by the Council in terms of subregulation (4) (a), it shall be granted for twenty-four months, and shall be accompanied by a certificate from the Registrar clearly specifying the expiry date of the accreditation and any conditions imposed by the Council in terms of subregulation (4) (a).

(6) The Council may at any time after the issue of a certificate of accreditation, on application by an administrator or on own initiative add, withdraw or amend any

condition or restriction in respect of the accreditation, after having given the relevant administrator a reasonable opportunity to make submissions on the proposed addition, withdrawal or amendment and having considered those submissions, if the Council is satisfied that any such addition, withdrawal or amendment is justified and will not unfairly prejudice the interests of the clients of the administrator, and must in every such case issue an appropriately amended certificate to the administrator.

(7) A person wishing to renew accreditation as an administrator shall apply to the Council for such renewal in such format as the Council may from time to time determine, provided that—

- (a) such application for renewal shall be made at least three months prior to the date of expiry of the accreditation; and
- (b) such person shall furnish the Council with any information that the Council may require.

(8) The provisions of subregulations (4) to (6) shall apply *mutatis mutandis* to an application for renewal of accreditation in terms of subregulation (7).

[R. 17 substituted by GNR.1360 of 2002 wef 1 January 2003.]

17A. Suspension or withdrawal of accreditation.—(1) The Council may, subject to subregulation (2), at any time suspend or withdraw any accreditation granted in terms of regulation 17 if the Council is satisfied on the basis of available information, that the relevant administrator—

- (a) no longer meets the criteria contemplated in regulation 17 (2) (f);
- (b) did not, when applying for accreditation, make a full disclosure of all relevant information to the Council, or furnished false or misleading information;
- (c) has, since the granting of such accreditation provided direct or indirect compensation to a broker resulting in a contravention of regulation 28 (6) (b);

[Para. (c) corrected by GN 1397 of 2003 wef 6 October 2003.]

- (d) has, since the granting of such accreditation, contravened or failed to comply with any provision of this Act;
- (e) has, since the granting of such accreditation, conducted his or her business in a manner that is seriously prejudicial to clients or the public interest;
- (f) is financially unsound; or
- (g) is disqualified from providing administration services in terms of any law.

(2) (a) Before suspending or withdrawing any accreditation, the Council must inform the administrator concerned of—

- (i) the intention to suspend or withdraw the accreditation and the grounds therefor;
- (ii) in the case of suspension, the intended period therefor; and
- (iii) any terms attached to the suspension or withdrawal, including such measures as the Council may determine for the protection of the interests of the clients of the administrator,

and must give the administrator a reasonable opportunity to make a submission in response thereto.

(b) The Council must consider any such response, and may thereafter decide to withdraw or suspend or not to withdraw or suspend the accreditation, and must notify the administrator of the decision.

(c) Where the accreditation is suspended or withdrawn, the Council must make known the terms of the suspension or withdrawal or subsequent lifting thereof, by means of any appropriate public media announcement.

(3) During the period that the accreditation of an administrator has been suspended, such person may not apply for renewal of the accreditation or reapply for accreditation.

(4) On withdrawal of the accreditation of a person as an administrator, the Council may determine a reasonable period within which such person may not reapply for accreditation as an administrator, taking into account the nature of the circumstances giving rise to such withdrawal.

[R. 17A inserted by GNR.1360 of 2002 wef 1 January 2003.]

18. Agreement in respect of administration.—(1) Prior to an administrator commencing administrative functions with regard to a particular medical scheme, the medical scheme must enter into a written agreement with the administrator in which the terms and conditions of the administration of the medical scheme are recorded.

[Sub-r. (1) substituted by GNR.1360 of 2002 wef 1 January 2003.]

(2) The agreement referred to in subregulation (1) must provide—

- (a) for the scope and duties of the administrator;
- (b) that the administrator must, on behalf of the medical scheme, administer the business of a medical scheme in accordance with the Act and as provided for in the rules of the medical scheme;
- (c) for the basis on which the administrator is to be remunerated;
- (d) for the termination of the agreement at the instance of either party after notice in writing of not less than three calendar months and not more than twelve calendar months;

[Para. (d) substituted by GNR.1360 of 2002 wef 1 January 2003.]

- (e) that all registers, minute books, records and all other data pertaining to the medical scheme, must at all times remain the sole property of the medical scheme concerned, and that no lien may be held over them by the administrator.

[Para. (e) substituted by GNR.1360 of 2002 wef 1 January 2003.]

(3) Any changes to the agreement referred to in subregulation (1) must be in writing and must be effected by way of an addendum to the existing agreement or a new agreement between the administrator and the medical scheme.

(4) If on the date of coming into operation of this Chapter, an agreement is in force in terms of which an administrator is administering a medical scheme and the existing agreement does not comply with the requirements of this Chapter, such administrator must enter into a new agreement which complies with this Chapter with every medical scheme within six months from the date of coming into operation of this Chapter, unless the medical scheme notifies the Registrar that the interests of the medical scheme are protected in terms of the existing agreement.

19. Termination of administration agreements.—(1) If the administration agreement between a medical scheme and an administrator is terminated, such

administrator must furnish a report to the Registrar not later than 60 days after such termination, confirming—

- (a) that all documents of title relating to assets, the assets register, minute books, members' records and other records and information pertaining to the medical scheme have been delivered to the trustees of the medical scheme or the new administrators, as the case may be;
- (b) the date and address of such delivery; and
- (c) the name of the trustee or person at the new administrator's business to whom the documents referred to in paragraph (a) have been delivered.

(2) If an administrator is for any reason unable to comply fully or partially with this regulation, the report referred to in subregulation (1) must contain full particulars regarding documentation which has not been delivered, the reasons therefor as well as a plan with the dates on which compliance will take place, to enable the Registrar to approve of such further period as may be determined by him or her.

(3) In the circumstances contemplated in subregulation (1), the trustees of the medical scheme concerned must take steps to ensure the integrity of all documents, data and information transferred to the new administrator.

[Sub-r. (3) added by GNR.1360 of 2002 wef 1 January 2003.]

20. Appointment of auditor.—An administrator must appoint an auditor who must examine the accounting records and annual financial statements of the administrator in accordance with the South African auditing standards and satisfy himself or herself that—

- (a) the accounting records comply with the requirements of the Act and these regulations; and
- (b) that the annual financial statements are in agreement with the accounting records and properly drawn up to fairly present the financial position, changes in equity, results of operations and cash flows of the administrator in accordance with generally accepted accounting practice and in the manner required by the Act and these regulations.

21. Indemnity and fidelity guarantee insurance.—An administrator must take out and maintain an appropriate level of indemnity and fidelity guarantee insurance.

[R. 21 substituted by GNR.1360 of 2002 wef 1 January 2003.]

22. Maintenance of financially sound condition.—An administrator must at all times maintain his or her business in a financially sound condition by—

- (a) having assets which are at least sufficient to meet current liabilities;
- (b) providing for liabilities; and
- (c) generally conducting the business to ensure that the business is at all times in a position to meet its liabilities.

23. Depositing of medical scheme moneys.—(1) An administrator must deposit any medical scheme moneys under administration, not later than the business day following the date of receipt thereof, into a bank account opened in the name of the medical scheme.

(2) When medical scheme moneys, including contributions, are paid by means of electronic funds transfer, such moneys shall be deposited directly into a bank account opened in the name of the medical scheme.

(3) Moneys contemplated in subregulations (1) or (2) shall at no time be deposited in any bank account other than that of the medical scheme.

[R. 23 substituted by GNR.1360 of 2002 wef 1 January 2003.]

24. Safe custody of documents of title.—(1) Whenever a document of title relating to assets held by a medical scheme or to be held on behalf of a medical scheme comes into possession of the administrator, the administrator must make adequate arrangements to ensure the continued safety of the assets held in safe custody.

(2) The administrator must mark the document referred to in subregulation (1) in a manner which will render it possible to establish readily that the medical scheme is the owner of such assets, and maintain a register to identify ownership of assets.

25. Annual report.—Within four months after the end of the financial year of the administrator, the administrator must furnish the Registrar with—

(a) a report by the auditor of the administrator in the format set out in Part 2 of Annexure C; and

[Para. (a) substituted by GNR.1360 of 2002 wef 1 January 2003.]

(b) a representation letter from the management of the administrator in the format set out in Annexure D.

26. Furnishing of other information.—(1) An administrator must furnish the Registrar with such information concerning the administrator's shareholders, directors, members, partners and senior employees as the Registrar may from time to time require.

(2) If there is a change of owners, directors, members or shareholders and such change has an effect on the control of the administrator in question, the administrator must apply for accreditation in terms of regulation 17 (2).

27. Ceasing, dissolution or liquidation of business.—(1) If an administrator ceases to conduct business, is dissolved, liquidated or the administrator's accreditation has been withdrawn, the administrator's auditor must furnish a report to the Registrar confirming—

(a) that all documents of title relating to assets, the assets register, minute books, computer records, data and other records pertaining to the medical scheme under administration have been delivered to the trustees of the medical scheme or the new administrators, as the case may be;

(b) the date and address of delivery contemplated in paragraph (a); and

(c) the name of the trustee or other person at the administrator to whom the documents referred to in paragraph (a) have been delivered.

(2) If the auditor is for any reason unable to comply fully or partially with subregulation (1), the report must contain full particulars concerning the documents which have not been delivered, full reasons therefor as well as a plan with the dates on which compliance will take place to enable the Registrar to approve of such further period as may be determined by him or her.

CHAPTER 7
CONDITIONS TO BE COMPLIED WITH BY BROKERS

28. Compensation of brokers.—(1) No person may be compensated by a medical scheme in terms of section 65 for acting as a broker unless such person enters into a prior written agreement with the medical scheme concerned.

(2) Subject to subregulation (3), the maximum amount payable to a broker by a medical scheme in respect of the introduction of a member to a medical scheme by that broker and the provision of ongoing service or advice to that member, shall not exceed—

- (a) R50, plus value added tax (VAT), per month, or such other monthly amount as the Minister shall determine annually in the *Government Gazette*, taking into consideration the rate of normal inflation; or
- (b) 3% plus value added tax (VAT) of the contributions payable in respect of that member,

whichever is the lesser.

(3) A medical scheme may not differentiate the amount of compensation offered to brokers for the introduction of members to the scheme based upon the anticipated claims experience, age, health status or employment status of the members being introduced.

(4) Subregulation (2) must not be construed to restrict a medical scheme from applying a sliding scale based on the size of the group being introduced provided that—

- (a) the maximum amount in respect of any member introduced as specified in subregulation (2) is not exceeded; and
- (b) a medical scheme may not pay a lesser amount for the introduction of individual members than the per capita amount payable in respect of introduction of members who form part of a group.

(5) Payment by a medical scheme to a broker in terms of subregulation (2) shall be made on a monthly basis and upon receipt by the scheme of the relevant monthly contribution in respect of that member.

(6) The ongoing payment by a medical scheme to a broker in terms of this regulation is conditional upon the broker—

- (a) continuing to meet service levels agreed to between the broker and the medical scheme in terms of the written agreement between them; and
- (b) receiving no other direct or indirect compensation in respect of broker services from any source, other than a possible direct payment to the broker of a negotiated professional fee from the member himself or herself (or the relevant employer, in the case of an employer group).

(7) A medical scheme shall immediately discontinue payment to a broker in respect of services rendered to a particular member if the medical scheme receives notice from that member (or the relevant employer, in the case of an employer group), that the member or employer no longer requires the services of that broker.

(8) A medical scheme may not compensate more than one broker at any time for broker services provided to a particular member.

(9) Any person who has paid a broker compensation where there has been a material misrepresentation, or where the payment is made consequent to unlawful conduct by the broker, is entitled to the full return of all the money paid in consequence of such material misrepresentation or unlawful conduct.

[R. 28 amended by GNR.570 of 2000 and substituted by GNR.1360 of 2002 wef 1 January 2003.]

28A. Admission of members to a medical scheme.—A medical scheme must not prevent a person from applying for membership of a medical scheme for the reason that that person is not using a broker to apply for such membership.

[R. 28A inserted by GNR.1360 of 2002 wef 1 January 2003.]

28B. Accreditation of brokers.—(1) Any person desiring to be accredited as a broker must apply in writing to the Council, and the application must be accompanied by—

- (a) documentary proof of a recognised educational qualification and appropriate experience;
- (b) documentary evidence of having passed or current enrolment in a relevant course of study recognised by the Council;
- (c) in the case of a juristic person, documentary proof and a sworn affidavit that any person employed by the person, or acting under the auspices of the person, who provides or will provide advice on medical schemes to clients, is accredited with Council as a broker or an apprentice broker; and
- (d) such additional information as the Council may deem necessary.

(2) A recognized educational qualification and appropriate experience, for the purposes of this regulation, means—

- (a) Grade 12 education or equivalent educational qualification; and
- (b) a minimum of two years demonstrated experience as broker or apprentice broker in health care business.

(3) Individuals not meeting the qualifications for a broker may apply to the Council for accreditation as apprentice brokers and such applications must be accompanied by documentary proof of—

- (a) Grade 12 education or equivalent educational qualification;
- (b) agreement by a fully accredited broker to supervise the applicant;
- (c) current accreditation of the supervising broker;
- (d) having passed or current enrolment in a relevant course of study recognised by the Council; and
- (e) such additional information as the Council may deem necessary.

(4) In the case of a natural person, an application for accreditation as a broker or an apprentice broker must also be accompanied by information to satisfy the Council that the applicant complies with—

- (a) any requirements for fit and proper brokers which may be determined by the Council, by notice in the *Gazette*; and
- (b) any relevant requirements for fit and proper financial services providers or categories of providers which may be determined by the Registrar of Financial Service Providers in terms of section 8 (1) of the Financial Advisory and Intermediary Services Act, 2002.

(5) In considering an application for accreditation in terms of this regulation, the Council may take into consideration any other information regarding the applicant, derived from whatever source, if such information is disclosed to the applicant and she or he is given a reasonable opportunity to respond thereto.

(6) The Council must, after consideration of an application—

- (a) if satisfied that an applicant complies with the requirements of this Act, grant the application subject to any conditions that he or she may deem necessary; or
- (b) if not so satisfied, refuse the application and provide reasons to the applicant for such refusal.

(7) If accreditation is granted by the Council to a broker or an apprentice broker, it shall be granted for twenty-four months, and shall be accompanied by a certificate from the Registrar clearly specifying the expiry date of the accreditation and any conditions imposed by the Council in terms of subregulation (6) (a).

(8) The Council may at any time after the issue of a certificate of accreditation, on application by the broker or apprentice broker or on own initiative add, withdraw or amend any condition or restriction in respect of the accreditation, after having given the relevant broker or apprentice broker a reasonable opportunity to make submissions on the proposed addition, withdrawal or amendment and having considered those submissions, if the Council is satisfied that any such addition, withdrawal or amendment is justified and will not unfairly prejudice the interests of the clients of the broker or apprentice broker, and must in every such case issue an appropriately amended certificate to the broker or apprentice broker, as the case may be.

(9) A broker or apprentice broker wishing to renew his or her accreditation shall apply to the Council for such renewal in such format as the Council may from time to time determine, provided that—

- (a) such application for renewal shall be made by the broker or apprentice broker at least three months prior to the date of expiry of the accreditation;
- (b) the broker or apprentice broker shall furnish the Council with any information that the Council may require.

(10) The provisions of subregulations (6) to (8) shall apply *mutatis mutandis* to an application for renewal of accreditation in terms of subregulation (9).

(11) A person is disqualified from accreditation as a broker or an apprentice broker if he or she—

- (a) is an unrehabilitated insolvent;
- (b) is disqualified under any law from carrying on his or her profession; or
- (c) has at any time been convicted (whether in the Republic of South Africa or elsewhere) of theft, fraud, forgery or uttering a forged document, perjury, an offence under the Corruption Act, 1992 (Act No. 94 of 1992), or any offence involving dishonesty, and has been sentenced therefor to imprisonment without the option of a fine.

[R. 28B inserted by GNR.1360 of 2002 wef 1 January 2003.]

28C. Suspension or withdrawal of accreditation.—(1) The Council may, subject to subregulation (2), at any time suspend or withdraw any accreditation granted in terms of regulation 28B if the Council is satisfied on the basis of available information, that the relevant broker or apprentice broker—

- (a) no longer meets the requirements contemplated in regulation 28B;
- (b) did not, when applying for accreditation, make a full disclosure of all relevant information to the Council, or furnished false or misleading information;
- (c) has, since the granting of such accreditation, contravened or failed to comply with any provision of this Act;

- (d) has, since the granting of such accreditation, failed to comply in a material manner with any relevant code of conduct for financial service providers published in terms of section 15 of the Financial Advisory and Intermediary Services Act, 2002;
- (e) has, since the granting of such accreditation, conducted his or her business in a manner that is seriously prejudicial to clients or the public interest;
- (f) or is disqualified from performing broker services in terms of regulation 28B (11).

(2) (a) Before suspending or withdrawing any accreditation, the Council must inform the broker or apprentice broker concerned of—

- (i) the intention to suspend or withdraw the accreditation and the grounds therefor;
- (ii) in the case of suspension, the intended period therefor; and
- (iii) any terms attached to the suspension or withdrawal, including such measures as the Council may determine for the protection of the interests of the clients of the broker or apprentice broker,

and must give the broker or apprentice broker a reasonable opportunity to make a submission in response thereto.

(b) The Council must consider any such response, and may thereafter decide to withdraw or suspend or not to withdraw or suspend the accreditation, and must notify the broker or apprentice broker of the decision.

(c) Where the accreditation is suspended or withdrawn, the Council must make known the terms of the suspension or withdrawal or subsequent lifting thereof, by means of any appropriate public media announcement.

(3) During the period that the accreditation of a broker or apprentice broker has been suspended, such person may not apply for renewal of the accreditation or reapply for accreditation.

(4) On withdrawal of the accreditation of a person as a broker or apprentice broker, the Council may determine a reasonable period within which such person may not reapply for accreditation as a broker or apprentice broker, taking into account the nature of the circumstances giving rise to such withdrawal.

[R. 28C inserted by GNR.1360 of 2002 wef 1 January 2003.]

CHAPTER 8 ACCUMULATED FUNDS AND ASSETS

29. Minimum accumulated funds to be maintained by a medical scheme.—

(1) In this Regulation “accumulated funds” means the nett asset value of the medical scheme, excluding funds set aside for specific purposes and unrealised non-distributable reserves.

(2) Subject to subregulations (3), (3A) and (4), a medical scheme must maintain accumulated funds expressed as a percentage of gross annual contributions for the accounting period under review which may not be less than 25%.

[Sub-r. (2) substituted by GNR.1360 of 2002 wef 1 January 2003.]

(3) A medical scheme must maintain accumulated funds, expressed as percentage of gross annual contributions, of not less than 10% during the first year after these

regulations have come into operation, 13,5% during the second year, 17,5% during the third year, and not less than 22% during the fourth year.

(3A) Notwithstanding the provisions of subregulation (3), a medical scheme which is registered for the first time after the coming into operation of these regulations must maintain accumulated funds, expressed as a percentage of gross annual contributions, of not less than —

- (a) 10% during the first year after the scheme was registered;
- (b) 13,5% during the second year;
- (c) 17,5% during the third year; and
- (d) 22% during the fourth year.

[Sub-r. (3A) inserted by GNR.1360 of 2002 wef 1 January 2003.]

(4) A medical scheme that for a period of 90 days fails to comply with subregulations (2), (3) or (3A) must notify the Registrar in writing of such failure, and must provide information relating to—

- (a) the nature and causes of the failure, and
- (b) the course of action being adopted to ensure compliance therewith.

[Sub-r. (4) substituted by GNR.1360 of 2002 wef 1 January 2003.]

30. Limitation on assets.—(1) A medical scheme must have assets of the kinds and categories specified in column 2 of Annexure B, the aggregate fair value of which, on any day, is not less than—

- (a) the aggregate of the aggregate fair value on that day of its liabilities; and
- (b) the minimum accumulated funds to be maintained in terms of Regulation 29,

excluding accounts receivable and intangible assets.

[Sub-r. (1) substituted by GNR.1360 of 2002 wef 1 January 2003.]

(2) The assets that a medical scheme is required to have in terms of subregulation (1), when expressed as a percentage of the aggregate fair value of the liabilities and the minimum accumulated funds to be maintained in terms of Regulation 29, must not exceed the percentage specified against it in column 3 of Annexure B.

[Sub-r. (2) substituted by GNR.1360 of 2002 wef 1 January 2003.]

(3) Subject to subregulation (3A), assets held in excess of the aggregate fair value of the liabilities and the minimum accumulated funds to be maintained in terms of Regulation 29 must be held in the kinds and categories specified in column 2 of Annexure B.

[Sub-r. (3) substituted by GNR.1360 of 2002 wef 1 January 2003.]

(3A) Assets referred to in subregulation (3) must be allocated according to the relevant percentages specified against them in column 3 of Annexure B, unless the medical scheme can provide the Registrar with a certified statement from a suitably qualified professional, who has no direct or indirect financial interest in the relevant transaction, that—

- (a) alternative percentages should apply to such assets; and
- (b) the medical scheme is in full compliance with subregulation (2),

provided that the relevant percentages specified in column 3 of Annexure B, corresponding to items 3, 4 (b), 5 (b), 6 (b) and 7 of Annexure B, may not be exceeded.

(4) In this Regulation and Annexure B—

“convertible debenture” means a debenture which is convertible into equity shares of a company;

“fair value” in relation to—

- (i) a credit balance, deposit or margin deposit, means the amount thereof;
- (ii) property, plant and equipment, means the difference between the cost and the total amount provided or written off for depreciation or reduction in value since the date of acquisition;
- (iii) an asset which is listed on a licensed stock exchange, means the selling price at which it was quoted on that stock exchange on the date at which the value is calculated;
- (iv) an asset which is a long-term policy, means the amount which would be payable to the policyholder upon the surrender of the policy on the date at which the value is calculated;
- (v) an asset referred to as a unit trust, means the price at which the unit would have been repurchased by the unit trust management company on the date at which the value is calculated, and, in the case of a property unit trust, the market value on the date at which the value is calculated, and, if it is listed on a stock exchange, the selling price at which it was quoted on that stock exchange on the date at which the value is calculated;
- (vi) a futures contract, means the mark-to-market value, as defined in the rules of SAFEX referred to in section 17 of the Financial Markets Control Act, 1989;
- (vii) an option contract, means the price at which it was quoted on a stock exchange on the date at which the value is calculated;
- (viii)
[Item (viii) deleted by GNR.1360 of 2002 wef 1 January 2003.]
- (ix) any other asset or liability, means the price at which the asset could be exchanged, or the liability settled, between knowledgeable, willing parties in an arm’s length transaction, as estimated by the medical scheme;

“linked policy” means a long-term policy in relation to which the liabilities of the long-term insurer are linked liabilities as defined in the Long-term Insurance Act, 1998 (Act No. 52 of 1998);

“margin” in relation to a stock exchange, means the margin as defined in regulations issued or approved by the appropriate authority of the state in which the stock exchange is situated or which is required by that stock exchange;

“margin deposit” means a margin with SAFEX and a stock exchange;

“margin with SAFEX” means the margin as defined in the rules of SAFEX referred to in section 17 of the Financial Markets Control Act, 1989 (Act No. 55 of 1989);

“property company” means a company—

- (a) whose ownership of—
 - (i) immovable property; or

- (ii) all of the shares in the company whose principal business consists of the ownership of immovable property or which exercises control over a company whose principal business consists of the ownership of immovable property; or
- (iii) a linked policy, to the extent that the policy benefits thereunder are determined by reference to the value of immovable property, constitutes in the aggregate, 50 per cent or more of the market value of its assets;
- (b) which derives 50 per cent or more of its income, in the aggregate, from—
 - (i) investments in immovable property; or
 - (ii) investments in another company which derives 50 per cent or more of its income from investments in immovable property; or
 - (iii) a linked policy to the extent that the policy benefits thereunder are determined by reference to the value of immovable property; or
- (c) which exercises control over a company referred to in paragraphs (a) or (b);

“regulated market”

[Definition of “regulated market” deleted by GNR.1360 of 2002 wef 1 January 2003.]

“SAFEX” means the South African Futures Exchange;

“securities” include bills, bonds, debentures and debenture stock, loan stock, promissory notes, annuities, negotiable certificates of deposit and other financial instruments of whatever nature; and

“shares” include share stock.

(5)

[Sub-r. (5) deleted by GNR.1360 of 2002 wef 1 January 2003.]

(6) For the purposes of calculating the fair value of assets there must be disregarded—

- (a) any amount of premium, excluding a premium in respect of a reinsurance policy, which is due and payable;
- (b) an amount, excluding a premium in respect of a reinsurance policy, which remains unpaid after the expiry of a period of 12 months from the date on which it became due and payable;
- (c) an amount representing administrative, organisational or business extension expenses incurred directly or indirectly in the carrying on of the business of a medical scheme;
- (d) an amount representing a liability or a reinsurance contract in terms of which the medical scheme concerned is the policy holder; and
- (e) an asset to the extent to which such asset is encumbered.

(7) If the Registrar is satisfied that the value of an asset or liability, when calculated in accordance with subregulations (4), (5) and (6) does not reflect a fair value, he or she may direct the medical scheme to appoint another person, at the cost of the medical scheme, to place a fair value on that asset or liability, or the Registrar may direct the medical scheme to calculate the value in another manner which he or she determines and which will produce a fair value for that asset or liability.

(8) A medical scheme that for a period of 30 days fails to comply with subregulations (1) and (2) must notify the Registrar in writing of such failure, providing information relating to—

- (a) the nature and causes of the failure, and
- (b) the course of action being adopted to ensure compliance therewith.

CHAPTER 9 GENERAL MATTERS

31. Fees payable.—The following fees are payable in respect of the matters as indicated—

- (a) an application for registration of a medical scheme: R5 000,00;
- (b) the registration of a medical scheme: R1 000,00;
- (c) to change the name of a medical scheme: R500,00;
- (d) registration of amendments, rescissions or additions to the rules of a medical scheme in terms of section 31 of the Act, per A4 page or part thereof: R50,00;
- (e) inspection of documents in terms of section 41 (3) of the Act, per document: R50,00;
- (f) a copy or extract made by the Registrar of or from a document referred to in section 41 (3) of the Act, per A4 page or part thereof: R20,00;
- (g) application for approval as an administrator contemplated in section 58 (4) of the Act: R10 000,00;
- (h) application for accreditation as a broker contemplated in section 65 of the Act: R1 000,00;
- (i) an appeal contemplated in section 50 (3) of the Act: R2 000,00;
- (j) An application for accreditation to provide a managed health care service to a medical scheme: R10 000,00.

32. Penalties.—The penalty for every day which a failure contemplated in section 66 (3) of the Act continues, is R1 000,00.

33. Commencement of the regulations.—These regulations, with the exception of chapters 3, 4 and 8 come into operation on **1 November 1999**. Chapters 3, 4, 8, and Annexures A and B come into operation on **1 January 2000**.

Annexure A EXPLANATORY NOTE

[Annexure A amended by [GNR.1360 of 2002 wef 1 January 2004 and by GN 1397 of 2003 wef 6 October 2003.]

The objective of specifying a set of Prescribed Minimum Benefits within these regulations is two-fold:

- (i) To avoid incidents where individuals lose their medical scheme cover in the event of serious illness and the consequent risk of unfunded utilisation of public hospitals.
- (ii) To encourage improved efficiency in the allocation of Private and Public health care resources.

The Department of Health recognises that there is constant change in medical practice and available medical technology. It is also aware that this form of regulation is new in South Africa. Consequently, the Department shall monitor the impact, effectiveness and appropriateness of the Prescribed Minimum Benefits provisions. A review shall be conducted at least every two years by the Department that will involve the Council for Medical Schemes, stakeholders, Provincial health departments and consumer representatives. In addition, the review will focus specifically on development of protocols for the medical management of HIV/AIDS. These reviews shall provide recommendations for the revision of the Regulations and Annexure A on the basis of—

- (i) inconsistencies or flaws in the current regulations;
- (ii) the cost-effectiveness of health technologies or interventions;
- (iii) consistency with developments in health policy; and
- (iv) the impact on medical scheme viability and its affordability to Members.

PRESCRIBED MINIMUM BENEFITS

Categories (Diagnosis and Treatment Pairs) constituting the Prescribed Minimum Benefits Package under section 29 (1) (o) of the Medical Schemes Act (listed by Organ-System chapter)

BRAIN AND NERVOUS SYSTEM		
<i>Code:</i>	<i>Diagnosis:</i>	<i>Treatment:</i>
906A	Acute generalised paralysis, including polio and Guillain-Barre	Medical management; ventilation and plasmapheresis
341A	Basal ganglia, extra-pyramidal disorders; other dystonias nos	Initial diagnosis; initiation of medical management
950A	Benign and malignant brain tumours, treatable	Medical and surgical management, which includes radiation therapy and chemotherapy
49A	Compound/depressed fractures of skull	Craniotomy/craniectomy
213A	Difficulty in breathing, eating, swallowing, bowel, or bladder control due to non-progressive neurological (including spinal) condition or injury	Medical and surgical management; ventilation
83A	Encephalocele; congenital hydrocephalus	Shunt; surgery
902A	Epilepsy (status epilepticus, initial diagnosis, candidate for neurosurgery)	Medical management; ventilation; neurosurgery
211A	Intraspinal and intracranial abscess	Medical and surgical management
905A	Meningitis – acute and subacute	Medical and surgical management
513A	Myasthenia gravis; muscular dystrophy; neuro-myopathies nos	Initial diagnosis; initiation of medical management; therapy for acute complications and exacerbations
510A	Peripheral nerve injury with open wound	Neuroplasty
940A	Reversible CNS abnormalities due to other systemic disease	Medical and surgical management
1A	Severe/moderate head injury: haematoma/edema with loss of consciousness	Medical and surgical management; ventilation

84A	Spina bifida	Surgical management
941A	Spinal cord compression, ischaemia or degenerative disease nos	Medical and surgical management
901A	Stroke – due to haemorrhage, or ischaemia	Medical management; surgery
28A	Subarachnoid and intracranial haemorrhage/haematoma; compression of brain	Medical and surgical management
305A	Tetanus	Medical management; ventilation
265A	Transient cerebral ischemia; life-threatening cerebrovascular conditions nos	Evaluation; medical management; surgery
109A	Vertebral dislocations/fractures, open or closed with injury to spinal cord	Repair/reconstruction; medical management; inpatient rehabilitation up to 2 months
684A	Viral meningitis, encephalitis, myelitis and encephalomyelitis	Medical management

EYE		
<i>Code:</i>	<i>Diagnosis:</i>	<i>Treatment:</i>
47B	Acute orbital cellulitis	Medical and surgical management
394B	Angle-closure glaucoma	Iridectomy; laser surgery; medical and surgical management
586B	Bell's palsy; exposure keratoconjunctivitis	Tarsorrhaphy; medical and surgical management
950B	Cancer of eye and orbit – treatable	Medical and surgical management, which includes radiation therapy and chemotherapy
901B	Cataract; aphakia	Extraction of cataract; lens implant
911B	Corneal ulcer; superficial injury of eye and adnexa	Conjunctival flap; medical management
405B	Glaucoma associated with disorders of the lens	Surgical management
386B	Herpes zoster and herpes simplex with ophthalmic complications	Medical management
389B	HypHEMA	Removal of blood clot; observation
485B	Inflammation of lacrimal passages	Incision; medical management
909B	Open wound of eyeball and other eye structures	Medical and surgical management
407B	Primary and open angle glaucoma with failed medical management	Trabeculectomy; other surgery
419B	Purulent endophthalmitis	Vitrectomy
922B	Retained intraocular foreign body	Surgical management
904B	Retinal detachment, tear and other retinal disorders	Vitrectomy; laser treatment; other surgery
906B	Retinal vascular occlusion; central retinal vein occlusion	Laser surgery

409B	Sympathetic uveitis and degenerative disorders and conditions of globe; sight-threatening thyroid optopathy	Enucleation; medical management; surgery
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EAR, NOSE, MOUTH AND THROAT

<i>Code:</i>	<i>Diagnosis:</i>	<i>Treatment:</i>
33C	Acute and chronic mastoiditis	Mastoidectomy; medical management
482C	Acute otitis media	Medical and surgical management, including myringotomy
900C	Acute upper airway obstruction, including croup, epiglottitis and acute laryngotracheitis	Medical management; intubation; tracheostomy
950C	Cancer of oral cavity, pharynx, nose, ear, and larynx – treatable	Medical and surgical management, which includes chemotherapy and radiation therapy
241C	Cancrum oris	Medical and surgical management
38C	Choanal atresia	Repair of choanal atresia
133C	Cholesteatoma	Medical and surgical management
910C	Chronic upper airway obstruction, resulting in cor pulmonale	Surgical and medical management
901C	Cleft palate and/or cleft lip without airway obstruction	Repair
12C	Deep open wound of neck, including larynx; fracture of larynx or trachea, open	Medical and surgical management; ventilation
346C	Epistaxis – not responsive to anterior packing	Cautery/repair/control haemorrhage
521C	Foreign body in ear and nose	Removal of foreign body; and medical and surgical management
29C	Foreign body in pharynx, larynx, trachea, bronchus and oesophagus	Removal of foreign body
339C	Fracture of face bones, orbit, jaw; injury to optic and other cranial nerves	Medical and surgical management
219C	Leukoplakia of oral mucosa, including tongue	Incision/excision; medical management
132C	Life-threatening diseases of pharynx nos, including retropharyngeal abscess	Medical and surgical management
457C	Open wound of ear-drum	Tympanoplasty; medical management
240C	Peritonsillar abscess	Incision and drainage of abscess; tonsillectomy; medical management
347C	Sialoadenitis; abscess/fistula of salivary glands	Surgery
543C	Stomatitis, cellulitis and abscess of oral soft tissue; Vincent's angina	Incision and drainage; medical management

RESPIRATORY SYSTEM

<i>Code:</i>	<i>Diagnosis:</i>	<i>Treatment:</i>
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903D	Bacterial, viral, fungal pneumonia	Medical management, ventilation
158D	# Respiratory failure, regardless of cause	# Medical management; oxygen; ventilation
157D	Acute asthmatic attack; pneumonia due to respiratory syncytial virus in persons under age 3	Medical management
125D	Adult respiratory distress syndrome; inhalation and aspiration pneumonias	Medical management; ventilation
315D	Atelectasis (collapse of lung)	Medical and surgical management; ventilation
340D	Benign neoplasm of respiratory and intrathoracic organs	Biopsy; lobectomy; medical management; radiation therapy
950D	Cancer of lung, bronchus, pleura, trachea, mediastinum and other respiratory organs – treatable	Medical and surgical management, which includes chemotherapy and radiation therapy
170D	Empyema and abscess of lung	Medical and surgical management
934D	Frank haemoptysis	Medical and surgical management
203D	Hypoplasia and dysplasia of lung	Medical and surgical management
900D	Open fracture of ribs and sternum; multiple rib fractures; flail chest	Medical and surgical management, ventilation
5D	Pneumothorax and haemothorax	Tube thoracostomy/thoracotomy

HEART AND VASCULATURE		
<i>Code:</i>	<i>Diagnosis:</i>	<i>Treatment:</i>
155E	Myocarditis; cardiomyopathy; transposition of great vessels; hypoplastic left heart syndrome	Medical and surgical management; cardiac transplant
108E	Pericarditis	Medical and surgical management
907E	Acute and subacute ischemic heart disease, including myocardial infarction and unstable angina	Medical management; surgery; percutaneous procedures
284E	Acute pulmonary heart disease and pulmonary emboli	Medical and surgical management
35E	Acute rheumatic fever	Medical management
908E	Aneurysm of major artery of chest, abdomen, neck, unruptured or ruptured nos	Surgical management
26E	Arterial embolism/thrombosis: abdominal aorta, thoracic aorta	Medical and surgical management
204E	Cardiac failure: acute or recent deterioration of chronic cardiac failure	Medical treatment
98E	Complete, corrected and other transposition of great vessels	Repair
97E	Coronary artery anomaly	Anomalous coronary artery ligation
309E	Diseases and disorders of aortic valve nos	Aortic valve replacement
210E	Diseases of endocardium; endocarditis	Medical management

314E	Diseases of mitral valve	Valvuloplasty; valve replacement; medical management
902E	Disorders of arteries: visceral	Bypass graft; surgical management
18E	Dissecting or ruptured aortic aneurysm	Surgical management
915E	Gangrene; severe atherosclerosis of arteries of extremities; diabetes mellitus with peripheral circulatory disease	Medical and surgical management including amputation
294E	Giant cell arteritis, kawasaki disease, hypersensitivity angiitis	Medical management
450E	Hereditary haemorrhagic telangiectasia	Excision
901E	Hypertension – acute life-threatening complications and malignant hypertension; renal artery stenosis and other curable hypertension	Medical and surgical management
111E	Injury to major blood vessels – trunk, head and neck, and upper limbs	Repair
19E	Injury to major blood vessels of extremities	Ligation
903E	Life-threatening cardiac arrhythmias	Medical and surgical management, pacemakers, cardioversion
900E	Life-threatening complications of elective cardiac and major vascular procedures	Medical and surgical management
497E	Multiple valvular disease	Surgical management
355E	Other aneurysm of artery – peripheral	Surgical management
905E	Other correctable congenital cardiac conditions	Surgical repair; medical management
100E	Patent ductus arteriosus; aortic pulmonary fistula – persistent	Ligation
209E	Phlebitis and thrombophlebitis, deep	Ligation and division; medical management
914E	Rheumatic pericarditis; rheumatic myocarditis	Medical management
16E	Rupture of papillary muscle	Medical and surgical management
627E	Shock/hypotension – life threatening	Medical management; ventilation
99E	Tetralogy of fallot (TOF)	Total repair tetralogy
93E	Ventricular septal defect – persistent	Closure

<i>Code:</i>	<i>Diagnosis:</i>	<i>Treatment:</i>
920F	Anal fissure; anal fistula	Fissurectomy; fistulectomy; medical management
41F	Abscess of intestine	Drain abscess; medical management
489F	Acquired hypertrophic pyloric stenosis and other disorders of the stomach and duodenum	Surgical management

254F	Acute diverticulitis of colon	Medical and surgical management, including colon resection
124F	Acute vascular insufficiency of intestine	Colectomy
337F	Amoebiasis; typhoid	Medical management
264F	Anal and rectal polyp	Excision of polyp
9F	Appendicitis	Appendectomy
952F	Cancer of retroperitoneum, peritoneum, omentum and mesentery – treatable	Medical and surgical management, which includes chemotherapy and radiation therapy
950C	Cancer of the gastro-intestinal tract including oesophagus, stomach, bowel, rectum, anus – treatable	Medical and surgical management, which includes radiation therapy and chemotherapy
95F	Congenital anomalies of upper alimentary tract – excluding tongue	Medical and surgical management
214F	Oesophageal stricture	Dilation; surgery
516F	Oesophageal varices	Medical management; surgical shunt; sclerotherapy
902F	Gastric or intestinal ulcers with haemorrhage or perforation	Surgery; endoscopic diagnosis; medical management
901F	Gastroenteritis and colitis with life-threatening haemorrhage or dehydration, regardless of cause	Medical management
6F	Hernia with obstruction and/or gangrene; uncomplicated hernias under age 18	Repair; bowel resection
20F	Intestinal obstruction without mention of hernia; symptomatic foreign body in stomach, intestines, colon and rectum	Excision; surgery; medical management
232F	Paralytic ileus	Medical management
498F	Peritoneal adhesion	Surgical management
3F	Peritonitis, regardless of cause	Medical and surgical management
555F	Rectal prolapse	Partial colectomy
292F	Regional enteritis; idiopathic proctocolitis – acute exacerbations and complications only	Medical and surgical management
900F	Rupture of intra-abdominal organ	Repair; splenectomy; resection
507F	Thrombosed and complicated haemorrhoids	Haemorrhoidectomy; incision

LIVER, PANCREAS AND SPLEEN

<i>Code:</i>	<i>Diagnosis:</i>	<i>Treatment:</i>
325G	Acute necrosis of liver	Medical management
327G	Acute pancreatitis	Medical management, and where appropriate, surgical management
36G	Budd-Chiari syndrome, and other venous embolism and thrombosis	Thrombectomy/ligation

910G	Calculus of bile duct with cholecystitis	Medical management; cholecystectomy; other open or closed surgery
950G	Cancer of liver, biliary system and pancreas – treatable	Medical and surgical management
255G	Cyst and pseudocyst of pancreas	Drainage of pancreatic cyst
156G	Disorders of bile duct	Excision; repair
910G	Gallstone with cholecystitis and/or jaundice	Medical management; cholecystectomy; other open or closed surgery
743G	Hepatorenal syndrome	Medical management
27G	Liver abscess; pancreatic abscess	Medical and surgical management
911G	Liver failure; hepatic vascular obstruction; inborn errors of liver metabolism; biliary atresia	Liver transplant, other surgery, medical management
231G	Portal vein thrombosis	Shunt

MUSCULOSKELETAL SYSTEM; TRAUMA NOS

<i>Code:</i>	<i>Diagnosis:</i>	<i>Treatment:</i>
353H	Abscess of bursa or tendon	Incision and drainage
32H	Acute osteomyelitis	Medical and surgical management
950H	Cancer of bones – treatable	Medical and surgical management, which includes chemotherapy and radiation therapy
206H	Chronic osteomyelitis	Incision and drainage
902H	Closed fractures/dislocations of limb bones/epiphyses – excluding fingers and toes	Reduction/relocation
85H	Congenital dislocation of hip; coxa vara and valga; congenital clubfoot	Repair/reconstruction
147H	Crush injuries of trunk, upper limbs, lower limb, including blood vessels	Surgical management; ventilation; acute renal dialysis
491H	Dislocations/fractures of vertebral column without spinal cord injury	Medical management; surgical stabilisation
500H	Disruptions of the achilles/quadiceps tendons	Repair
178H	Fracture of hip	Reduction; hip replacement
445H	Injury to internal organs	Medical and surgical management
900H	Open fracture/dislocation of bones or joints	Reduction/relocation; medical and surgical management
34H	Pyogenic arthritis	Medical and surgical management
901H	Traumatic amputation of limbs, hands, feet, and digits	Replantation/amputation

SKIN AND BREAST

<i>Code:</i>	<i>Diagnosis:</i>	<i>Treatment:</i>
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465J	Acute lymphadenitis	Incision and drainage; medical management
900J	Burns, greater than 10% of body surface, or more than 5% involving head, neck, hands, perineum	Debridement; free skin graft; medical management
950J	Cancer of breast – treatable	Medical and surgical management, which includes chemotherapy and radiation therapy
954J	Cancer of skin, excluding malignant melanoma – treatable	If histologically confirmed, medical and surgical management, which includes radiation therapy
952J	Cancer of soft tissue, including sarcomas and malignancies of the adnexa – treatable	Medical and surgical management, which includes chemotherapy and radiation therapy
349J	Cellulitis and abscesses with risk of organ or limb damage or septicemia if untreated; necrotising fasciitis	Medical and surgical management
901J	Disseminated bullous skin disease, including pemphigus, pemphigoid, epidermolysis bullosa, epidermolytic hyperkeratosis	Medical management
951J	Lethal midline granuloma	Medical management, which includes radiation therapy
953J	Malignant melanoma of the skin – treatable	Medical and surgical management, which includes radiation therapy
373J	Non-superficial open wounds – non life-threatening	Repair
356J	Pyoderma; body, deep-seated fungal infections	Medical management
112J	Toxic epidermal necrolysis and staphylococcal scalded skin syndrome; Stevens-Johnson syndrome	Medical management

ENDOCRINE, METABOLIC AND NUTRITIONAL		
<i>Code:</i>	<i>Diagnosis:</i>	<i>Treatment:</i>
331K	Acute thyroiditis	Medical management
951K	Benign and malignant tumours of pituitary gland with/without hypersecretion syndromes	Medical and surgical management; radiation therapy
30K	Benign neoplasm of islets of Langerhans	Excision of tumor; medical management
950K	Cancer of endocrine system, excluding thyroid – treatable	Medical and surgical management, which includes chemotherapy and radiation therapy
952K	Cancer of thyroid – treatable; carcinoid syndrome	Medical and surgical management, which includes chemotherapy and radiation therapy
61K	Congenital hypothyroidism	Medical management
902K	Disorders of adrenal secretion nos	Medical management; adrenalectomy

447K	Disorders of parathyroid gland; benign neoplasm of parathyroid gland	Medical and surgical management
904K	Hyper and hypothyroidism with life-threatening complications or requiring surgery	Medical management; surgery
31K	Hypoglycemic coma; hyperglycemia; diabetic ketoacidosis	Medical management
236K	Iron deficiency; vitamin and other nutritional deficiencies – life-threatening	Medical management
901K	Life-threatening congenital abnormalities of carbohydrate, lipid, protein and amino acid metabolism	Medical management
903K	Life-threatening disorders of fluid and electrolyte balance, nos	Medical management

URINARY AND MALE GENITAL SYSTEM

<i>Code:</i>	<i>Diagnosis:</i>	<i>Treatment:</i>
354L	Abscess of prostate	Turp; drain abscess
904L	Acute and chronic pyelonephritis; renal and perinephric abscess	Medical and surgical management
903L	Acute glomerulonephritis and nephrotic syndrome	Medical management
954L	Cancer of penis and other male genital organ – treatable	Medical and surgical management, which includes chemotherapy and radiation therapy
953L	Cancer of prostate gland – treatable	Medical and surgical management, which includes chemotherapy and radiation therapy
950L	Cancer of testis – treatable	Medical and surgical management, which includes chemotherapy and radiation therapy
952L	Cancer of urinary system including kidney and bladder – treatable	Medical and surgical management, which includes chemotherapy and radiation therapy
906L	Congenital anomalies of urinary system – symptomatic and life threatening	Nephrectomy/repair
901L	End stage renal disease regardless of cause	Dialysis and renal transplant where Department of Health criteria are met only (see criteria published in GPS 004-9001)
900L	Hyperplasia of the prostate, with acute urinary retention or obstructive renal failure	Transurethral resection; medical management
905L	Obstruction of the urogenital tract, regardless of cause	Catheterization; surgery; endoscopic removal of obstructing agent: lithotripsy
436L	Torsion of testis	Orchidectomy; repair
43L	Trauma to the urinary system including ruptured bladder	Cystorrhaphy; suture; repair

289L	Ureteral fistula (intestinal)	Nephrostomy
359L	Vesicoureteral reflux	Medical management; replantation

FEMALE REPRODUCTIVE SYSTEM		
<i>Code:</i>	<i>Diagnosis:</i>	<i>Treatment:</i>
539M	Abscesses of Bartholin's gland and vulva	Incision and drainage; medical management
288M	Acute pelvic inflammatory disease	Medical and surgical management
954M	Cancer of cervix – treatable	Medical and surgical management, which includes radiation therapy and chemotherapy
952M	Cancer of ovary – treatable	Medical and surgical management, which includes chemotherapy and radiation therapy
950M	Cancer of uterus – treatable	Medical and surgical management, which includes chemotherapy and radiation therapy
953M	Cancer of vagina, vulva and other female genital organs nos – treatable	Medical and surgical management, which includes radiation therapy and chemotherapy
960M	Cervical and breast cancer screening	Cervical smears; periodic breast examination
645M	Congenital abnormalities of the female genitalia	Medical and surgical management
266M	Dysplasia of cervix and cervical carcinoma-in-situ; cervical condylomata	Medical and surgical management
53M	Ectopic pregnancy	Surgery
460M	Fistula involving female genital tract	Closure of fistula
951M	Hydatidiform mole; choriocarcinoma	D and C; hysterectomy; chemotherapy
902M	Infertility	Medical and surgical management
528M	Menopausal management, anomalies of ovaries, primary and secondary amenorrhoea, female sex hormones abnormalities nos, including hirsutism	Medical and surgical management, including hormone replacement therapy
434M	Non-inflammatory disorders and benign neoplasms of ovary, fallopian tubes and uterus	Salpingectomy; oophorectomy; hysterectomy; medical and surgical management
237M	Sexual abuse, including rape	Medical management; psychotherapy
903M	Spontaneous abortion	Medical and surgical management
435M	Torsion of ovary	Oophorectomy; ovarian cystectomy
530M	Uterine prolapse; cystocele	Surgical repair
296M	Voluntary termination of pregnancy	Induced abortion; medical and surgical management

PREGNANCY AND CHILDBIRTH		
<i>Code:</i>	<i>Diagnosis:</i>	<i>Treatment:</i>

67N	# Low birth weight (under 1 000g) with respiratory difficulties	# Medical management not including ventilation
967N	# Low birth weight (under 2 500 grams and > 1 000g) with respiratory difficulties	Medical management, including ventilation; intensive care therapy
71N	Birth trauma for baby	Medical management; surgery
901N	Congenital systemic infections affecting the newborn	Medical management, ventilation
904N	Haematological disorders of the newborn	Medical management
54N	Necrotizing enterocolitis in newborn	Medical and surgical management
74N	Neonatal and infant gut abnormalities and disorders, including malrotation and atresia	Medical and surgical management
902N	Neonatal endocrine, metabolic and toxin-induced conditions	Medical management
903N	Neurological abnormalities in the newborn	Medical management
52N	Pregnancy	Antenatal and obstetric care necessitating hospitalisation, including delivery
56N	Respiratory conditions of newborn	Medical management; ventilation

HAEMATOLOGICAL, INFECTIOUS AND MISCELLANEOUS SYSTEMIC CONDITIONS

<i>Code:</i>	<i>Diagnosis:</i>	<i>Treatment:</i>
50S	Syphilis – congenital, secondary and tertiary	Medical management
168S	# HIV-infection	# HIV voluntary counselling and testing Co-trimoxazole as preventative therapy Screening and preventative therapy for TB Diagnosis and treatment of sexually transmitted infections Pain management in palliative care Treatment of opportunistic infections Prevention of mother-to-child transmission of HIV Post-exposure prophylaxis following occupational exposure or sexual assault
260S	# Imminent death regardless of diagnosis	# Comfort care; pain relief; hydration
113S	Acquired haemolytic anaemias	Medical management
901S	Acute leukaemias, lymphomas	Medical management, which includes chemotherapy, radiation therapy, bone marrow transplantation

277S	Anaerobic infections – life-threatening	Medical management; hyperbaric oxygen
48S	Anaphylactic shock	Medical management; ventilation
900S	Aplastic anaemia; agranulocytosis; other life-threatening hereditary immune deficiencies	Bone marrow transplantation; medical management
197S	Botulism	Medical management
338S	Cholera; rat-bite fever	Medical management
196S	Chronic granulomatous disease	Medical management, which includes radiation therapy
916S	Coagulation defects	Medical management
246S	Cysticercosis; other systemic cestode infection	Medical management
903S	Deep-seated (excluding nail infections), disseminated and systemic fungal infections	Medical management; surgery
44S	Erysipelas	Medical management
179S	Hereditary angioedema; angioneurotic adema	Medical and surgical therapy
174S	Hereditary haemolytic anaemias (eg. sickle cell); dyserythropoietic anaemia (congenital)	Medical management
201S	Herpetic encephalitis; Reye's syndrome	Medical management
913S	Immune compromise nos and associated life-threatening infections nos	Medical management
912S	Leprosy and other systemic mycobacterial infections, excluding tuberculosis	Medical management
336S	Leptospirosis; spirochaetal infections nos	Medical management
252S	Life-threatening anaemia nos	Medical management; transfusion
908S	Life-threatening conditions due to exposure to the elements, including hypo- and hyperthermia; lightning strikes	Medical management
907S	Life-threatening rickettsial and other arthropod-borne diseases	Medical management
172S	Malaria; trypanosomiasis; other life-threatening parasitic disease	Medical management
904S	Metastatic infections; septicemia	Medical management
910S	Multiple myeloma and chronic leukaemias	Medical management; which includes chemotherapy and radiation therapy
247S	Poisoning by ingestion, injection, and non-medicinal agents	Medical management
911S	Sexually transmitted diseases with systemic involvement not	Medical management

	elsewhere specified	
128S	Tetanus; anthrax; Whipple's disease	Medical management
122S	Thalassemia and other haemoglobinopathies – treatable	Medical management; bone marrow transplant
316S	Toxic effect of gases, fumes, and vapours	Medical therapy
11S	Tuberculosis	Diagnosis and acute medical management; successful transfer to maintenance therapy in accordance with DoH guidelines
937S	Tumour of internal organ (excludes skin): unknown whether benign or malignant	Biopsy
15S	Whooping cough, diphtheria	Medical management

MENTAL ILLNESS

<i>Code:</i>	<i>Diagnosis:</i>	<i>Treatment:</i>
182T	Abuse or dependence on psychoactive substance, including alcohol	Hospital-based management up to 3 weeks/year
910T	Acute stress disorder accompanied by recent significant trauma, including physical or sexual abuse	Hospital admission for psychotherapy/counselling up to 3 days, or up to 12 outpatient psychotherapy/counselling contacts
901T	Acute stress disorder accompanied by recent significant trauma, including physical or sexual abuse	Hospital admission for medical/psychotherapy up to 3 days; counselling
910T	Alcohol withdrawal delirium; alcohol intoxication delirium	Hospital-based management up to 3 days leading to rehabilitation
908T	Anorexia nervosa and bulimia nervosa	Hospital-based management up to 3 weeks/year or minimum of 15 outpatient contacts per year
903T	Attempted suicide, irrespective of cause	Hospital-based management up to 3 days or up to 6 outpatient contacts
184T	Brief reactive psychosis	Hospital-based management up to 3 weeks/year
910T	Delirium: amphetamine, cocaine, or other psychoactive substance	Hospital-based management up to 3 days
902T	Major affective disorders, including unipolar and bipolar depression	Hospital-based medical management up to 3 weeks/year (including inpatient electro-convulsive therapy and inpatient psychotherapy) or outpatient psychotherapy of up to 15 contacts
907T	Schizophrenic and paranoid delusional disorders	Hospital-based medical management up to 3 weeks/year
909T	Treatable dementia	Admission for initial diagnosis; management of acute psychotic symptoms – up to 1 week

CHRONIC CONDITIONS

<i>Diagnosis:</i>	
Addison's Disease	Epilepsy
Asthma	Glaucoma
Bipolar Mood Disorder	Haemophilia
Bronchiectasis	Hyperlipidaemia
Cardiac Failure	Hypertension
Cardiomyopathy	Hypothyroidism
Chronic Renal Disease	Multiple Sclerosis
Chronic Obstructive Pulmonary Disease	Parkinson's Disease
Coronary Artery Disease	Rheumatoid Arthritis
Crohn's Disease	Schizophrenia
Diabetes Insipidus	Systemic Lupus Erythematosus
Diabetes Mellitus Type 1 & 2	Ulcerative Colitis
Dysrhythmias	

<i>Treatment:</i>
Diagnosis, medical management and medication, to the extent that this is provided for by way of a therapeutic algorithm for the specified condition, published by the Minister by notice in the <i>Gazette</i>

Explanatory notes and definitions to Annexure A

- (1) Interventions shall be deemed hospital-based where they require:
- An overnight stay in hospital.
- or
- The use of an operating theatre together with the administration of a general or regional anaesthetic.
- or
- The application of other diagnostic or surgical procedures that carry a significant risk of death, and consequently require on-site resuscitation and/or surgical facilities.
- or
- The use of equipment, medications or medical professionals not generally found outside hospitals.
- (2) Where the **treatment component of a category in Annexure A is stated in general terms** (i.e. “medical management” or “surgical management”), it should be interpreted as referring to prevailing hospital-based medical or surgical diagnostic and treatment practice for the specified condition. Where significant differences exist between Public and Private sector practices, the interpretation of the Prescribed Minimum Benefits should follow the predominant Public Hospital practice, as outlined in the relevant provincial or national public hospital clinical protocols, where these exist. Where clinical protocols do not exist, disputes should be settled by consultation with provincial health authorities to ascertain prevailing practice. The following interventions shall however be excluded from the generic medical/surgical management categories unless otherwise specified:
- (i) Tumour chemotherapy

- (ii) Tumour radiotherapy
 - (iii) Bone marrow transplantation/rescue
 - (iv) Mechanical ventilation
 - (v) Hyperbaric oxygen therapy
 - (vi) Organ transplantation
 - (vii) Treatments, drugs or devices not yet registered by the relevant authority in the Republic of South Africa.
- (2A) In respect of treatments denoted as “medical management” or “surgical management”, note (2) above describes the standard of treatment required, namely “prevailing hospital-based medical or surgical diagnostic and treatment practice for the specified condition.” Note (2) does not restrict the setting in which the relevant care should be provided, and should not be construed as preventing the delivery of any prescribed minimum benefit on an outpatient basis or in a setting other than a hospital, where this is clinically most appropriate.
- (3) **“Treatable” cancers.**—In general, solid organ malignant tumours (excluding lymphomas) will be regarded as treatable where:
- (i) they involve only the organ of origin, and have not spread to adjacent organs
 - (ii) there is no evidence of distant metastatic spread
 - (iii) they have not, by means of compression, infarction, or other means, brought about irreversible and irreparable damage to the organ within which they originated (for example brain stem compression caused by a cerebral tumour) or another vital organ
 - (iv) or, if points (i) to (iii) do not apply, there is a well demonstrated five-year survival rate of greater than 10% for the given therapy for the condition concerned.
- (4) **Tumour chemotherapy with or without bone marrow transplantation and other indications for bone marrow transplantation.**—These are included in the prescribed minimum benefits package only where Annexure A explicitly mentions such interventions. Management may include a first full course of chemotherapy (including, if indicated, induction, consolidation and myeloablative components). Where specified in terms of Annexure A, this may be followed by bone marrow transplantation/rescue, according to tumour type and prevailing practice. The following conditions would also apply to the bone marrow transplantation component of the prescribed minimum benefits:
- (i) the patient should be under 60 years of age
 - (ii) allogeneic bone marrow transplantation should only be considered where there is an HLA matched family donor
 - (iii) the patient should not have relapsed after a previous full course of chemotherapy
 - (iv) (points (i) and (ii) shall also apply to bone marrow transplantation for non-malignant diseases).
- (5) **Solid organ transplants.**—The prescribed minimum benefits Annexure includes solid organ transplants (liver, kidney and heart) only where these are provided by Public hospitals in accordance with Public sector protocols and subject to public sector waiting lists.
- (6) In certain cases, **specified categories shall take precedence** over others present. Such “overriding” categories are preceded by the sign “#” in their descriptions

within Annexure A. For example, where someone is suffering from pneumonia and HIV, because the HIV category (168S) is an overriding category, the entitlements guaranteed by the “pneumonia” category (903D) are overridden.

- (7) **Hospital treatment where the diagnosis is uncertain and/or admission for diagnostic purposes.**—Urgent admission may be required where a diagnosis has not yet been made. Certain categories of prescribed minimum benefits are described in terms of presenting symptoms, rather than diagnosis, and in these cases, inclusion within the prescribed minimum benefits may be assumed without a definitive diagnosis. In other cases, clinical evidence should be regarded as sufficient where this suggests the existence of a diagnosis that is included within the package. Medical schemes may, however, require confirmatory evidence of this diagnosis within a reasonable period of time, and where they consistently encounter difficulties with particular providers or provider networks, such problems should be brought to the attention of the Council for Medical Schemes for resolution.
- (8) NOS – not otherwise specified.
- (9) In respect of Code 902M (Diagnosis: Infertility), ‘medical and surgical management’ shall be limited to the following procedures or interventions:
- (a) hysterosalpingogram
 - (b) the following blood tests:
 - a. Day 3 FSH/LH
 - b. Oestradiol
 - c. Thyroid function (TSH)
 - d. Prolactin
 - e. Rubella
 - f. HIV
 - g. VDRL
 - h. Chlamydia
 - i. Day 21 Progesterone
 - (c) laparoscopy
 - (d) hysteroscopy
 - (e) surgery (uterus and tubal)
 - (f) manipulation of ovulation defects and deficiencies
 - (g) semen analysis (volume; count; mobility; morphology; MAR-test)
 - (h) basic counselling and advice on sexual behaviour, temperature charts, etc.
 - (i) treatment of local infections.

Annexure B
LIMITATION ON ASSETS

[Annexure B substituted by GNR.1360 of 2002 w.e.f. 1 January 2003.]

<i>Item</i>	<i>Categories or kinds of assets</i>	<i>Maximum percentage of aggregate fair value of liabilities and the minimum accumulated funds to be maintained in terms of Regulation 29</i>
1.	<p>(a) Inside the Republic—</p> <p>Deposits and balances in current and savings accounts with a bank, including negotiable deposits, money market instruments and structured bank notes in terms of which such a bank or mutual bank is liable, as well as margin deposits with SAFEX, and collateralised deposits:</p> <p style="padding-left: 20px;">(i) Per bank with net qualifying capital and reserve funds per Reserve Bank DI900 return greater than R5 billion</p> <p style="padding-left: 20px;">(ii) Per bank with net qualifying capital and reserve funds per Reserve Bank DI900 return greater than R100 million</p> <p style="padding-left: 20px;">(iii) Deposits collateralised with securities issued by the government of the RSA where an appropriate International Securities Masters Agreement (ISMA) has been concluded</p> <p>(b) Territories outside the Republic</p> <p>Deposits and balances in current and savings accounts with a bank, including negotiable deposits, and money market instruments in terms of which such a bank is liable:</p> <p style="padding-left: 20px;">(i) Per bank</p>	<p>100%</p> <p>35%</p> <p>10%</p> <p>20%</p> <p>15%</p> <p>10%</p>
2.	<p>Bills, bonds and securities issued or guaranteed by and loans to or guaranteed by:</p> <p>(a) Inside the Republic</p> <p style="padding-left: 20px;">(i) Instruments guaranteed by the government of the RSA</p> <p style="padding-left: 20px;">(ii) A local authority authorized by law to levy rates upon immovable property</p> <p style="padding-left: 20px;">(iii) Development Bank</p> <p style="padding-left: 20px;">(iv) Industrial Development Corporation (IDC)</p> <p style="padding-left: 20px;">(v) Infrastructure Finance Corporation Limited (INCA)</p> <p style="padding-left: 20px;">(vi) Land and Agricultural Bank</p> <p style="padding-left: 20px;">(vii) Trans-Caledonian Tunnel Authority (TCTA)</p> <p style="padding-left: 20px;">(viii) SA Roads Board</p> <p style="padding-left: 20px;">(ix) Eskom</p> <p style="padding-left: 20px;">(x) Transnet</p> <p style="padding-left: 20px;">(xi) Per bank with net qualifying capital and reserve funds per Reserve Bank DI900 return greater than R5 billion</p> <p style="padding-left: 20px;">(xii) Per bank with net qualifying capital and reserve funds per Reserve Bank DI900 return greater than R100 million</p> <p style="padding-left: 20px;">(xiii) Per corporate institution not included in above</p>	<p>100%</p> <p>100%</p> <p>10%</p> <p>20%</p> <p>20%</p> <p>20%</p> <p>20%</p> <p>20%</p> <p>20%</p> <p>20%</p> <p>20%</p> <p>35%</p> <p>10%</p> <p>10%</p>

	categories where debt is traded on the Bond Exchange of South Africa and included in the Other Bond Index (OTHI) or All Bod Index (ALBI)	
	(xiv) Per other institution not included in above categories, which is approved by the Registrar	10%
	(b) Territories outside the Republic	15%
	(i) Per institution	10%
3.	Immovable property and claims secured by mortgage bonds thereon. Units in unit trust schemes in property shares and shares in, loans to and debentures, both convertible and non-convertible, of property companies—	
	(a) Inside the Republic	10%
	(i) Per single property, property company or development project	2.5%
	(b) Territories outside the Republic	0%
4.	Preference and ordinary shares in companies excluding shares in property companies. Convertible debentures, whether voluntary or compulsory convertible, exchange traded funds, units in equity unit trust schemes with the objective to invest mainly in shares and linked policies of insurance with the proceeds and value determined by the performance of an underlying equity portfolio. These investments are subject to the following limitations—	
	(a) Inside the Republic	40%
	(i) Unlisted shares, unlisted debentures and shares and convertible debentures listed in the Development Capital and Venture Capital sectors of the JSE Securities Exchange	2.5%
	(ii) Shares and convertibles listed on the JSE Securities Exchange other than in the Development Capital and Venture Capital sectors—	
	i. Per company with a market capitalisation of more than R50 billion	7.5%
	ii. Per company with a market capitalisation of between R5 billion and R50 billion	5%
	iii. Per company with a market capitalisation of less than R5 billion	2.5%
	(iii) Exchange traded funds traded on the JSE Securities Exchange—	
	i. Per fund with diversified holdings across the component sectors of the JSE Securities Exchange	20%
	ii. Per fund with holdings focused in sub-sectors of the JSE Securities Exchange	10%
	(iv) Units in equity unit trusts or pooled equity managed funds—	
	i. Per unit trust with diversified holdings across the component sectors of the JSE Securities Exchange	40%
	ii. Per fund with holdings focused in sub-sectors of the JSE Securities Exchange	20%
	(v) Policies of insurance linked to the performance of underlying equities or equity indices—	
	i. Per policy of insurance with diversified	20%

	equity holdings across the component sectors of the JSE Securities Exchange	
	ii. Per policy of insurance with underlying equity investment focused in sub-sectors of the JSE Securities Exchange	10%
	(b) Territories outside the Republic	0%
5.	Listed and unlisted debentures—	
	(a) Inside the Republic	5%
	(b) Territories outside the Republic	0%
6.	Policies of insurance with—	
	(a) Insurers registered in the Republic	90%
	(i) Per registered insurer where the policy proceeds are not directly linked to the market value of the underlying assets	35%
	(ii) Per registered insurer where the policy proceeds are directly linked to the market value of the underlying assets and the underlying assets are invested in a balanced manner across the asset classes and categories stipulated in sections 1–7 above — complying with all the stated maxima and minima	90%
	(b) Insurers registered in territories outside of the Republic ..	0%
7.	Any other assets not referred to elsewhere in this Annexure—	
	(a) Inside the Republic	2.5%
	(i) Where inventories are included, inclusion at the smaller of book and realisable value	2.5%
	(ii) Other	2.5%
	(b) Territories outside the Republic	0%

Explanatory notes and conditions for Annexure B

- In respect of items 1 (a) (i) and 1 (a) (ii), for banks that are subsidiaries of foreign banks, the foreign parent’s capital may not be taken into account.
- The sum of deposits in categories 1 (a) (i) and 1 (a) (ii) shall not be less than 20%.
- Total amounts in categories 1 (b) and 2 (b) are subject to an aggregate maximum of 15%.
- The aggregate of amounts in categories 1 (a) (ii), 2 (a) (ii) and 2 (a) (xiii) shall be subject to a maximum limit of 30%.
- The total exposure allowance per bank, being the aggregate of amounts included in categories 1 (a) (i) and 2 (a) (xi) is subject to an aggregate maximum of 35%.
- The total exposure allowance per bank, being the aggregate of amounts included in categories 1 (a) (ii) and 2 (a) (xii) is subject to an aggregate maximum of 10%.
- The total exposure allowance for all banks within categories 1 (a) (ii) and 2 (a) (xii) is subject to an aggregate maximum of 30%.
- Unit trusts and policies of insurance may not be utilised to circumvent the limitations of these regulations. Medical schemes are required to demonstrate on a “look through” basis that such avenues have not been utilised to bypass the limitations imposed by Annexure B.

(b) Annexure C

Part C1

Report of the independent auditors of (name of the administrator) to the Registrar of Medical Schemes in compliance with Regulation 17 (2) (d) under the Medical Schemes Act, 1998

[Heading substituted by GNR.1360 of 2002 wef 1 January 2003.]

1. We have reviewed the [proposed] system of internal financial control of (name of administrator)/[that name of administrator] intends to implement from].
2. The [implementation and] maintenance of an adequate system of internal financial control [are] is the responsibility of the directors/partners/sole proprietor. Our responsibility is to report on whether or not, based on our review, anything has come to our attention that would indicate that the [proposed] system of internal financial control is not adequate for the size and complexity of the business of the medical scheme or medical schemes [to be] administered.

Scope

3. We conducted our review in accordance with the statement of South African Auditing Standards applicable to review engagements. This standard requires that we plan and perform the review to obtain moderate assurance with regard to the [proposed] system of internal financial control. A review is limited primarily to inquiries of personnel of the administrator, inspection of evidence and observation of, and enquiry about, the operation of the internal control procedures for a small number of transactions. [A review is limited primarily to inquiries of personnel of the administrator about the proposed operation of the system of internal financial control and inspection of related evidence.]

Inherent limitations

4. Because of the inherent limitations of a system of internal financial control, including concealment through collusion or forgery, it is possible that errors and irregularities may occur and not be detected.

A review is not designed to detect all weaknesses in the system of internal financial control as it is not performed continuously throughout the period and the tests performed are on a sample basis. [A review is not designed to detect all weaknesses in the proposed system of internal financial control.]

[As the proposed system of internal financial control has not yet been implemented, we do not provide any assurance as to whether or not the system will operate adequately.]

5. Any projections of the evaluation of the system of internal financial control to future periods is subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.
6. Also, a review does not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

(b) Review opinion

7. Based on our review, nothing of significance has come to our attention that causes us to believe that the [proposed] system of internal financial control is not adequate for the size and complexity of the business of the medical scheme or schemes [to be] administered.

Name

Registered Accountants and Auditors
Chartered Accountants (SA)

Date

Address

Note: In the case of a new administrator, i.e. where the system of internal financial control has not yet been implemented by the administrator, the text in the square brackets should be included in the report.

Part C2

[Heading inserted by GNR.1360 of 2002 wef 1 January 2003.]

Report of the independent auditors of (name of administrator) to the Registrar of Medical Schemes in compliance with Regulation 17 (25) under the Medical Schemes Act, 1998

A. Annual financial statements

1. We have audited the annual financial statements of (name of administrator) (“the administrator”) set out on pages to for the year ended The annual financial statements are the responsibility of the directors/partners/sole proprietor. Our responsibility is to express an opinion on these financial statements based on our audit.

[Para. A1 substituted by GNR.1360 of 2002 wef 1 January 2003.]

Scope

2. We conducted our audit in accordance with statements of South African Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual financial statements are free of material misstatement. An audit includes:
 - 2.1 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements;
 - 2.2 assessing the accounting principles used and significant estimates made by management; and
 - 2.3 evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

Audit opinion

3. In our opinion the annual financial statements fairly present, in all material respects, the financial position of the administrator at and the results of its operations and cash flows for the year then ended in accordance with generally accepted accounting practice and in the manner required by the Companies Act, 1973 (include where appropriate).

B. Consideration of the system of internal financial controls

4. In planning and performing the above-mentioned audit, we considered the system of internal financial control of the administrator in order to determine our audit procedures for the purpose of expressing our audit opinion on the annual financial statements, not to provide assurance on the system of the internal financial control.
5. The directors/partners/sole proprietor of (name of the administrator) are/is responsible for establishing and maintaining an effective system of internal financial control. In fulfilling this responsibility, estimates and judgements by the directors/partners/sole proprietor are required to assess the expected benefits and related costs of internal financial control policies and procedures. Two of the objectives of a system of internal financial control are to provide the directors/partners/sole proprietor with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorised use or disposition and that transactions are executed in accordance with their/his/her

authorisation and recorded properly to permit preparation of annual financial statements in conformity with generally accepted accounting practice.

6. Because of the inherent limitations of a system of internal financial control, it is possible that errors or irregularities may occur and not be detected. Furthermore, any projection of the evaluation of a system of internal financial control to future periods is subject to the risk that the procedures may become inadequate because of changes in circumstances, or that the degree of compliance with them may deteriorate.
7. Our consideration of the system of internal financial control would not necessarily disclose all matters in the system that might be material weaknesses. A material weakness is a condition in which the design or operation of the specific internal financial control does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the annual financial statements being audited, may occur and not be detected within a timely period by employees in the normal performance of their assigned functions.
8. However, based on our consideration of the system of internal financial control for purposes of our audit, nothing of significance has come to our attention that causes us to believe that the financial record keeping and the system of internal financial control are not adequate for the size and complexity of the business the administrator is presently conducting. All changes to the system of internal financial control that came to our attention during the course of our audit have been recorded in writing.
9. This report is intended solely for the use of the Registrar of Medical Schemes and is not to be distributed to other parties.

Name

Registered Accountants and Auditors

Chartered Accountants (SA)

Date

Address

Note: In the case of a sole proprietor, reference to “administrator” should be read as reference to the administration business of the sole proprietor.

Annexure D

(For completion on letterhead of Administrator)

Management representation letter to the Registrar of Medical Schemes in compliance with Regulation 25 under the Medical Schemes Act, 1998

This representation letter is provided in connection with the financial statements of (name of the administrator) for the year ended (date) to enable the Registrar to evaluate whether or not (name of the administrator) has complied with the Medical Schemes Act and related regulations.

We confirm, to the best of our knowledge and belief, the following representations:

1. We had (quantity) registered funds under our administration at the year-end.
2. The fidelity guarantee and professional indemnity insurance cover is adequate to cover the risks of losses due to fraud, dishonesty and negligence.
3. We deposited the moneys of the medical schemes under our administration in the bank accounts of the schemes on no later than the business day following the receipt of the schemes' moneys.

4. No changes in ownership, directors, members or shareholders having the effect of a *de facto* change of control took place during the year ended (date), without the approval of the Registrar.
5. Administration agreements entered into with medical schemes during the year ended are in writing and conform to regulation 18.
6. The following administration agreements were terminated during the year ended (date) and in respect of them, regulation 19 have been complied with:
7. For the year ended, we have maintained a register of documents of title in our safe custody as contemplated in regulation 24. Furthermore, all these assets are held in the names of the respective medical schemes.
8. We conducted the business in terms of the Act, the regulations, the agreements with medical schemes and the rules of these medical schemes.
9. The administration business is maintained in a financially sound condition as contemplated in regulation 22.
10. The system of internal control is adequate for the size and complexity of the business.
11. We believe that the business will continue in operational existence for the foreseeable future.

.....
 Managing Director

.....
 Financial Director

GN 1402 of 6 October 2003: Therapeutic Algorithms for Chronic Conditions

DEPARTMENT OF HEALTH

The Regulations made under the Medical Schemes Act, 1998, published under Government Notice No. R.1262 of 20 October 1999, as amended by the following Government Notices: No. R.570 of 5 June 2000, No. R.650 of 30 June 2000, No. R.247 of 1 March 2002 and No. R.1360 of 4 November 2002, provides, in Annexure A, as follows: “Treatment: diagnosis, medical management and medication, to the extent that this is provided for by way of a therapeutic algorithm for the prescribed condition, published by the Minister in the *Gazette*”.

I, ME Tshabalala-Msimang, Minister of Health, hereby issue therapeutic algorithms referred to in Annexure A to the regulations.

IHRM Notes:

For clarity, the page layout and pagination of the algorithms have been edited.

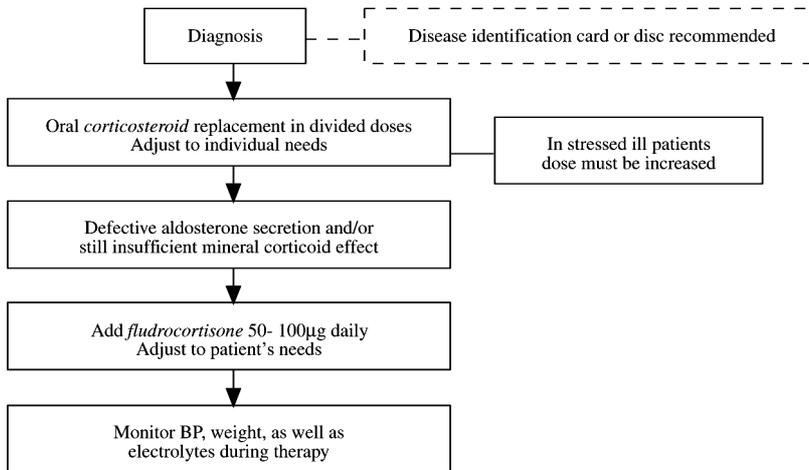
For each of the algorithms, the following note applies (in the Regulations, it appears below each algorithm).

Note:

1. Medical management reasonably necessary for the delivery of treatment described in this algorithm is included within this benefit, subject to the application of managed health care interventions by the relevant medical scheme.
2. To the extent that a medical scheme applies managed health care interventions in respect of this benefit, for example clinical protocols for diagnostic procedures or medical management, such interventions must—
 - a. not be inconsistent with this algorithm;
 - b. be developed on the basis of evidence-based medicine, taking into account considerations of cost-effectiveness and affordability; and
 - c. comply with all other applicable regulations made in terms of the Medical Schemes Act, 131 of 1998.
3. This algorithm may not necessarily always be clinically appropriate for the treatment of children. If this is the case, alternative paediatric clinical management is included within this benefit if it is supported by evidence-based medicine, taking into account considerations of cost-effectiveness and affordability.

THERAPEUTIC ALGORITHMS

ADDISON'S DISEASE



ASTHMA

Diagnosis

Made on symptoms and signs
Objective measurement:
FEV1 improvement possible $\geq 15\%$
[& 200ml increase after short acting β_2 agonist (400 μ g MDI and spacer)]

Aims of Management:
Control symptoms and prevent exacerbations
Achieve best possible peak flow
Minimise adverse effects

Stepwise Approach:

Start treatment at step most appropriate to initial severity
Achieve early control
Maintain stepping up or stepping down therapy

CLASSIFICATION OF SEVERITY

Management of Chronic Asthma in Adults

Classify Severity at Presentation

Category	Intermittent	Persistent		
	I	Mild II	Moderate III	Severe IV
Daytime symptoms	$\leq 2/\text{week}$	2-4/week	$> 4/\text{week}$	Continuous
Night-time symptoms	$\leq 1/\text{month}$	2-4/month	$> 4/\text{week}$	Frequent
PEF (predicted)	$\geq 80\%$	$\geq 80\%$	60-80%	$< 60\%$

START TREATMENT AT MOST APPROPRIATE STEP

Step 1: Mild Intermittent Asthma

Inhaled short acting β_2 agonist as required

Step 2: Mild Persistent Asthma

Reliever: β_2 agonist as required;
Preventer: Add inhaled corticosteroid 400-800 μ g/day
(Equivalent to beclomethasone MDI & spacer)

ASTMA

Step 3: Moderate Persistent Asthma

1. Short-acting β_2 agonist as required
2. Increase dose of inhaled corticosteroid to 1200 μ g/day (beclomethasone or equivalent)
If not controlled
3. Add inhaled long-acting β_2 agonist (LABA) to 1200 μ g/day inhaled corticosteroid (beclomethasone or equivalent)
4. Reassess control:
 - If adequate: continue LABA
 - If no response: stop LABA; consider SR theophylline

Step 4: Severe Persistent Asthma

1. Short-acting β_2 agonist as required
2. Increase inhaled steroid to 2000 μ g/day (beclomethasone or equivalent); plus LABA or SR theophylline

Step 5: Very Severe Persistent Asthma

1. Therapy as in Step 4
2. Review for oral steroids

Step Down

Step Up

Step Down

Step Up

Glossary:

- FEV1 – Forced expiratory volume in 1 second

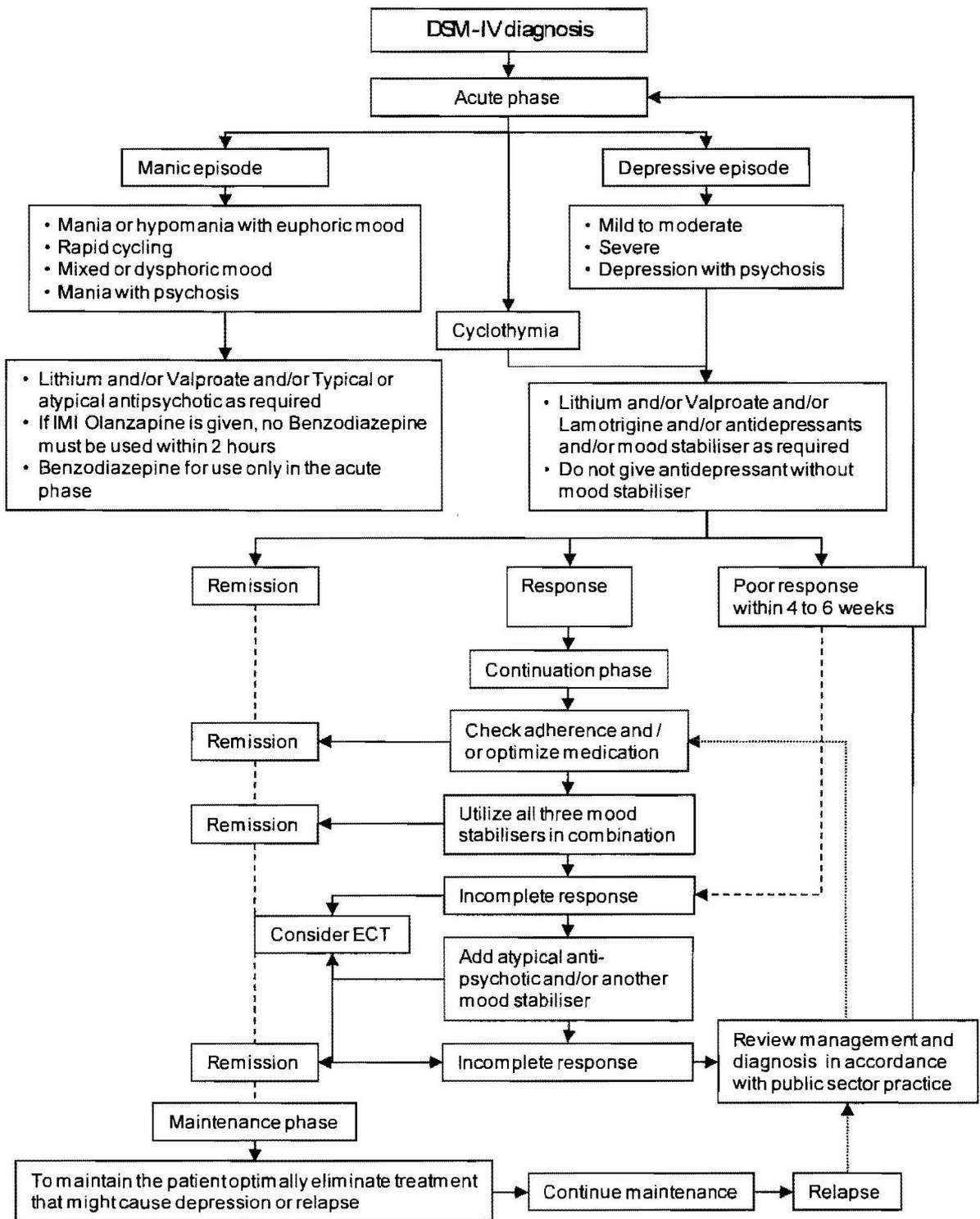
- $\beta 2$ – Beta-2 receptor
- MDI – Metered dosage inhaler
- PEF – Peak expiratory flow
- $L\beta A$ – Long acting beta-2 receptor agonist
- SR – Slow release

Applicable ICD 10 Coding:

- J45 Asthma
 - J45.0 Predominantly allergic asthma
 - J45.1 Nonallergic asthma

 - J45.9 Asthma, unspecified
- J46 Status asthmaticus

Bipolar mood disorder Algorithm



Glossary:

- DSM-IV: Diagnostic and Statistical manual of Mental Disorders- Fourth Edition
- ECT: Electroconvulsive therapy

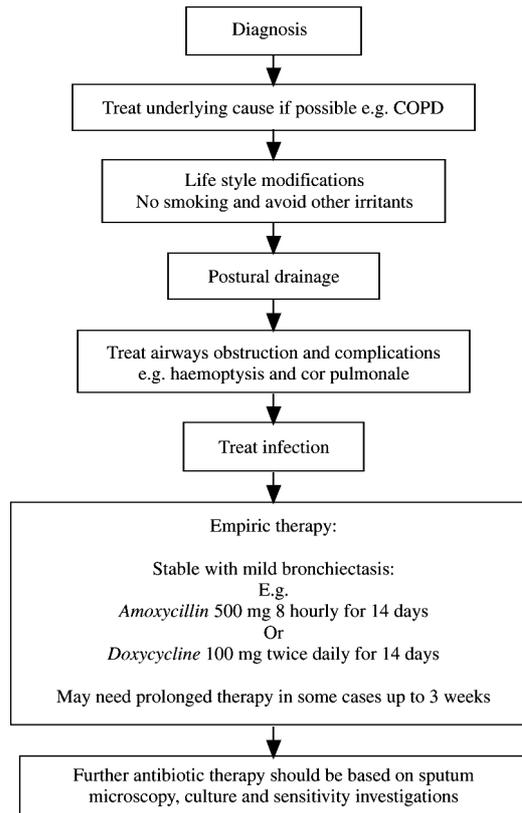
Applicable ICD10 Coding

- F31 Bipolar Affective Disorder
- F31.0 Bipolar affective disorder, current episode hypomanic
- F31.1 Bipolar affective disorder, current episode manic without psychotic symptoms
- F31.2 Bipolar affective disorder, current episode manic with psychotic symptoms
- F31.3 Bipolar affective disorder, current episode mild or moderate depression
- F31.4 Bipolar affective disorder, current episode severe depression without psychotic symptoms
- F31.5 Bipolar affective disorder, current episode severe depression with psychotic symptoms
- F31.6 Bipolar affective disorder, current episode mixed
- F31.7 Bipolar affective disorder, currently in remission
- F31.8 Other bipolar affective disorder
- F31.9 Bipolar affective disorder, unspecified

Note:

1. Medical management reasonably necessary for the delivery of treatment described in this algorithm. This management includes provision for allied health support, consultation(s) to collect collateral information, and group therapy where indicated, but is subject to the application of managed health care interventions by the relevant medical scheme.
2. To the extent that a medical scheme applies managed health care interventions in respect of this benefit, for example clinical protocols for diagnostic procedures or medical management, such interventions must—
 - a) not be inconsistent with this algorithm;
 - b) be developed on the basis of evidence-based medicine, taking into account considerations of cost-effectiveness and affordability; and
 - c) comply with all other applicable regulations made in terms of the Medical Schemes Act, 131 of 1998
3. This algorithm may not necessarily always be clinically appropriate for the treatment of children. If this is the case, alternative paediatric clinical management is included within this benefit if it is supported by evidence-based medicine, taking into account considerations of cost-effectiveness and affordability.

BRONCHIECTASIS



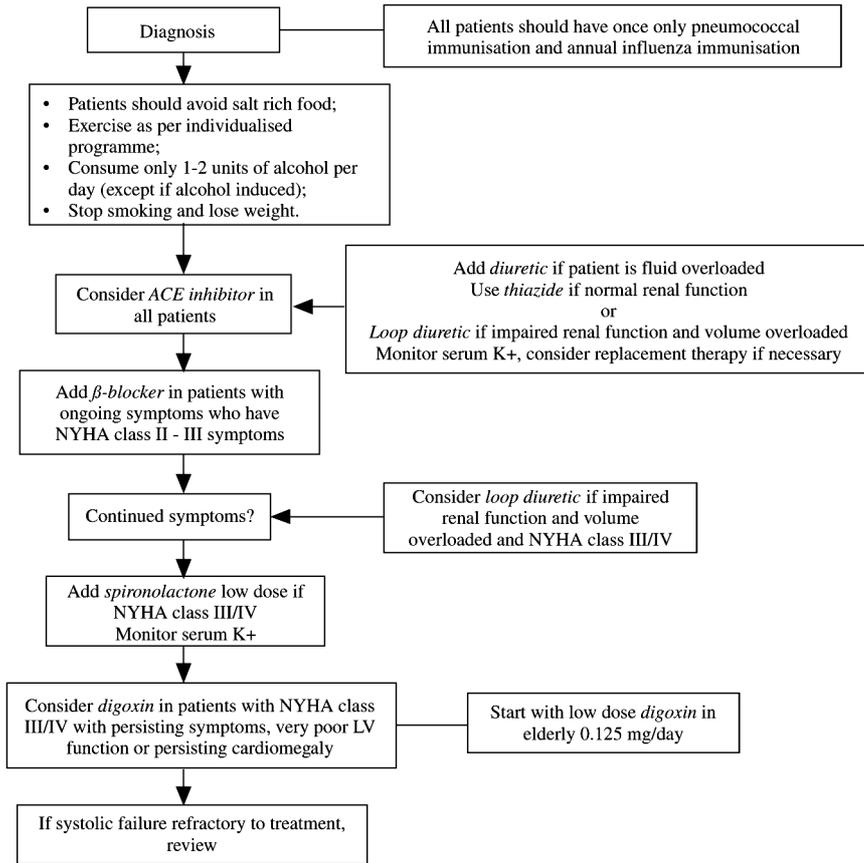
Glossary:

- COPD – Chronic obstructive pulmonary disease

Applicable ICD 10 Coding:

- J47 Bronchiectasis
- Q33.4 Congenital bronchiectasis

CARDIAC FAILURE



NOTE: If patient truly intolerant to *ACE inhibitor*, consider *hydralazine & isosorbide dinitrate* combination therapy

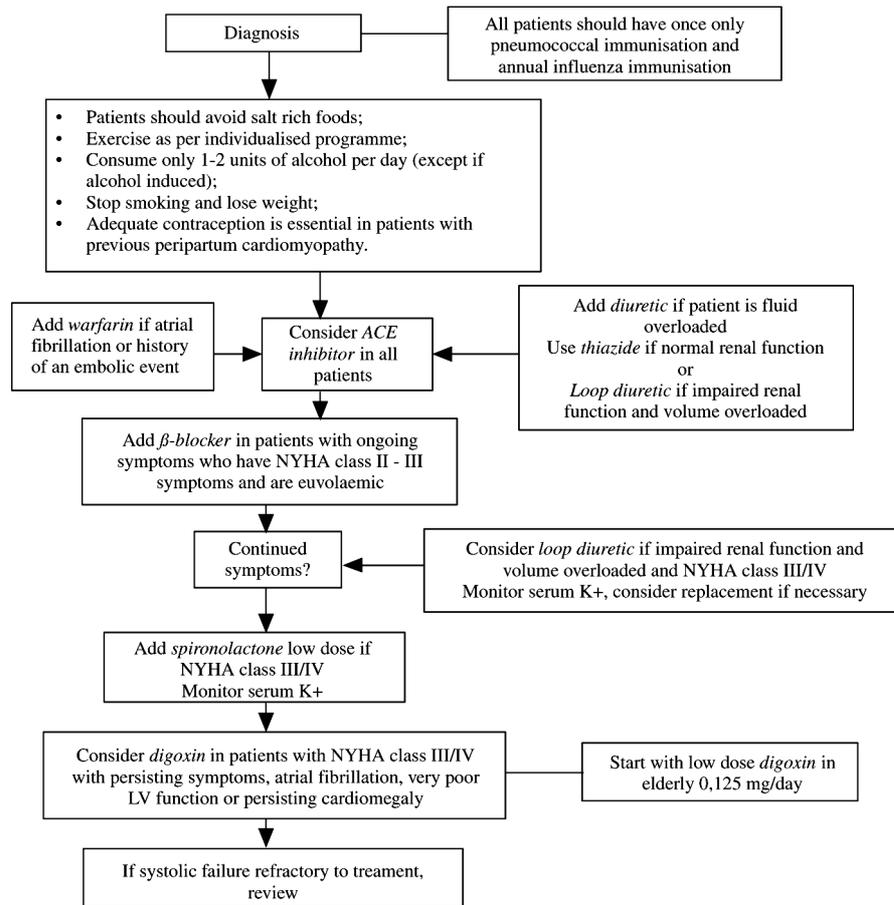
Glossary:

- *ACE inhibitor* – Angiotensin converting enzyme inhibitor
- Serum K+ – Serum potassium
- *β-blocker* – Beta-receptor blocker
- LV – Left ventricular

Applicable ICD 10 Coding:

- I50 Heartfailure
 - I50.0 Congestive heart failure
 - I50.1 Left ventricular failure
 - I50.9 Heart failure, unspecified
- I11.0 Hypertensive heart disease with (congestive) heart failure
- I13.0 Hypertensive heart and renal disease with (congestive) heart failure
- I13.2 Hypertensive heart and renal disease with both (congestive) heart failure and renal failure

CARDIOMYOPATHY



NOTE: If patient truly intolerant to ACE inhibitor, consider hydralazine & isosorbide dinitrate combination therapy

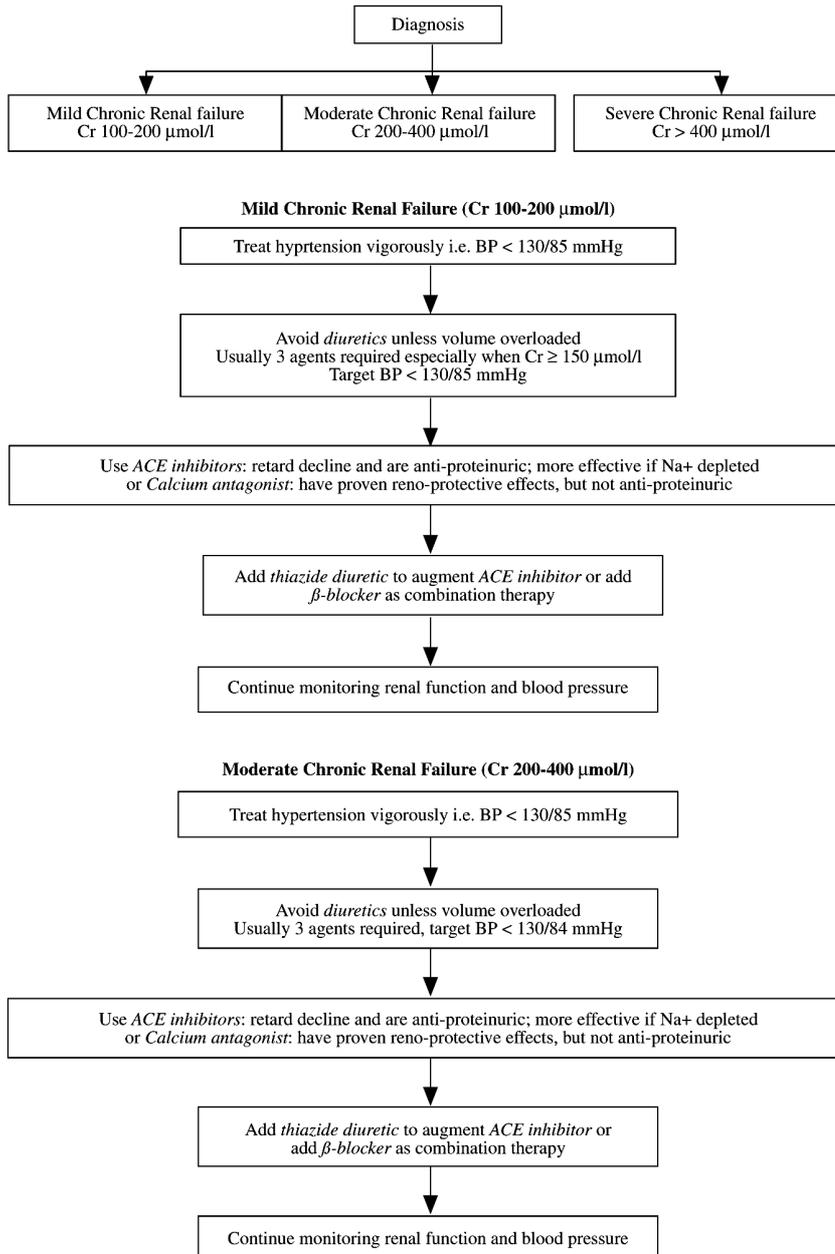
Glossary:

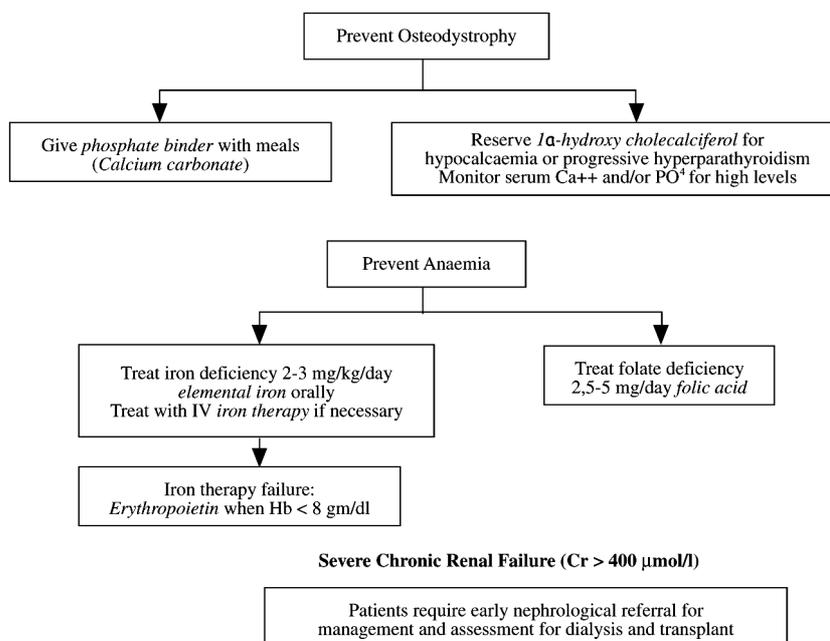
- ACE inhibitor – Angiotensin converting enzyme inhibitor
- Serum K+ – Serum potassium
- β -blocker – Beta-receptor blocker
- NYHA – New York Heart Association
- LV – Left ventricular

Applicable ICD 10 Coding:

- I42 Cardiomyopathy
 - I42.0 Dilated cardiomyopathy
 - I42.2 Other hypertrophic cardiomyopathy
 - I42.3 Endomyocardial (eosinophilic) disease
 - I42.4 Endocardial fibroelastosis
 - I42.5 Other restrictive cardiomyopathy
 - I42.6 Alcoholic cardiomyopathy
 - I42.7 Cardiomyopathy due to drugs and other external agents
 - I42.8 Other cardiomyopathies
 - I42.9 Cardiomyopathy, unspecified
- I25.5 Ischaemic cardiomyopathy

CHRONIC RENAL DISEASE





Glossary:

- *ACE inhibitor* – Angiotensin converting enzyme inhibitor
- Serum Na⁺ – Serum sodium
- *β -blocker* – Beta-receptor blocker
- BP – Blood pressure
- Hb – Haemoglobin
- Cr/Serum Cr – Serum creatinine
- Serum Ca⁺⁺ – Serum calcium
- *1 α -hydroxy* – 1-alpha-hydroxy
- PO⁴ – Phosphate

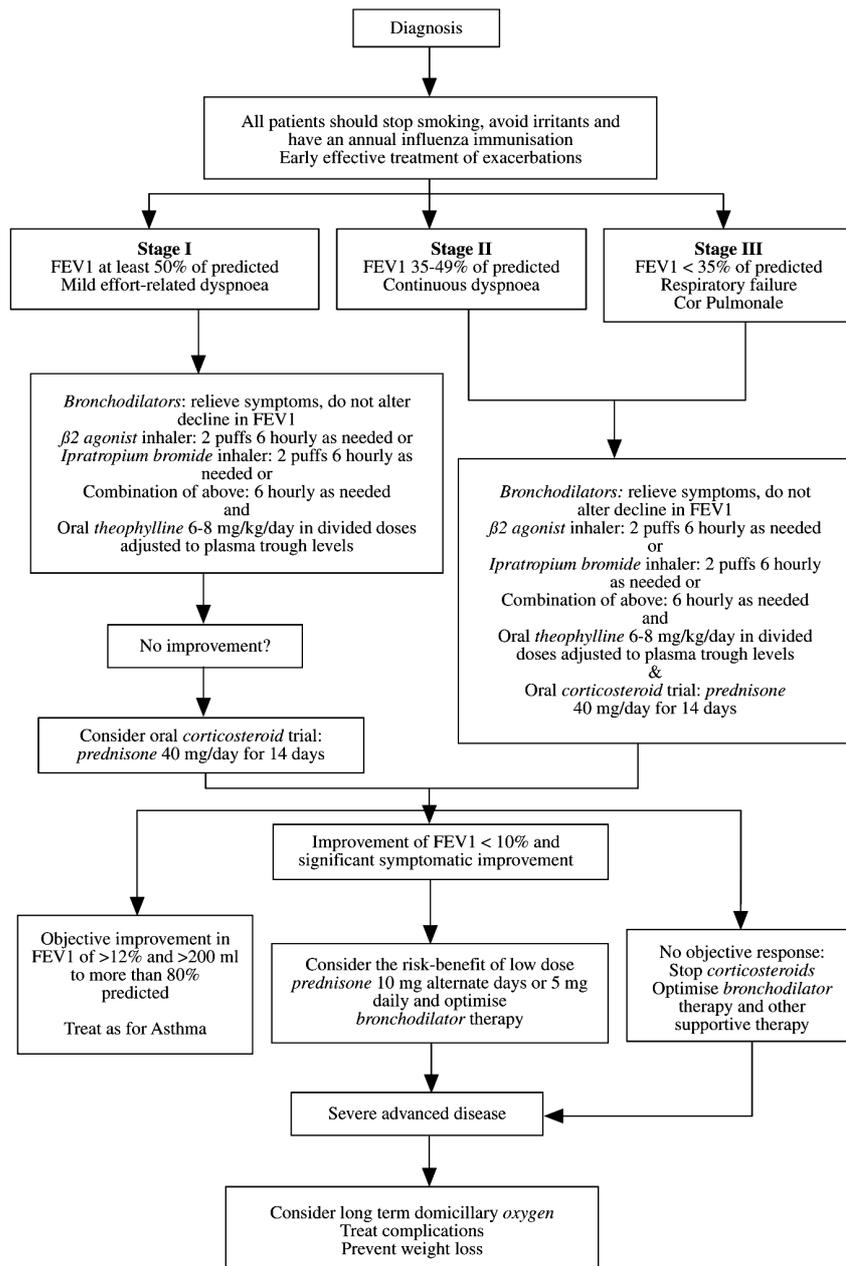
Applicable ICD 10 Coding:

- N03 Chronic nephritic syndrome
 - N03.0 Chronic nephritic syndrome, minor glomerular abnormality
 - N03.1 Chronic nephritic syndrome, focal and segmental glomerular lesions
 - N03.2 Chronic nephritic syndrome, diffuse membranous glomerulonephritis
 - N03.3 Chronic nephritic syndrome, diffuse mesangial proliferative glomerulonephritis
 - N03.4 Chronic nephritic syndrome, diffuse endocapillary proliferative glomerulonephritis
 - N03.5 Chronic nephritic syndrome, diffuse mesangiocapillary glomerulonephritis
 - N03.6 Chronic nephritic syndrome, dense deposit disease
 - N03.7 Chronic nephritic syndrome, diffuse crescentic glomerulonephritis
 - N03.8 Chronic nephritic syndrome, other
 - N03.9 Chronic nephritic syndrome, unspecified

- N11 Chronic tubulo-interstitial nephritis
 - N11.0 Nonobstructive reflux-associated chronic pyelonephritis
 - N11.1 Chronic obstructive pyelonephritis

- N11.9 Chronic tubulo-interstitial nephritis, unspecified
- N18 Chronic renal failure
 - N18.0 End-stage renal disease
 - N18.8 Other chronic renal failure
 - N18.9 Chronic renal failure, unspecified
- I12.0 Hypertensive renal disease with renal failure
- I13.2 Hypertensive heart and renal disease with both (congestive) heart failure and renal failure
- O10.2 Pre-existing hypertensive renal disease complicating pregnancy, childbirth and the puerperium
- O10.3 Pre-existing hypertensive heart and renal disease complicating pregnancy, childbirth and the puerperium

CHRONIC OBSTRUCTIVE PULMONARY DISEASE



Glossary:

- FEV1 – Forced expiratory volume in 1 second
- *β-blocker* – Beta-2 receptor

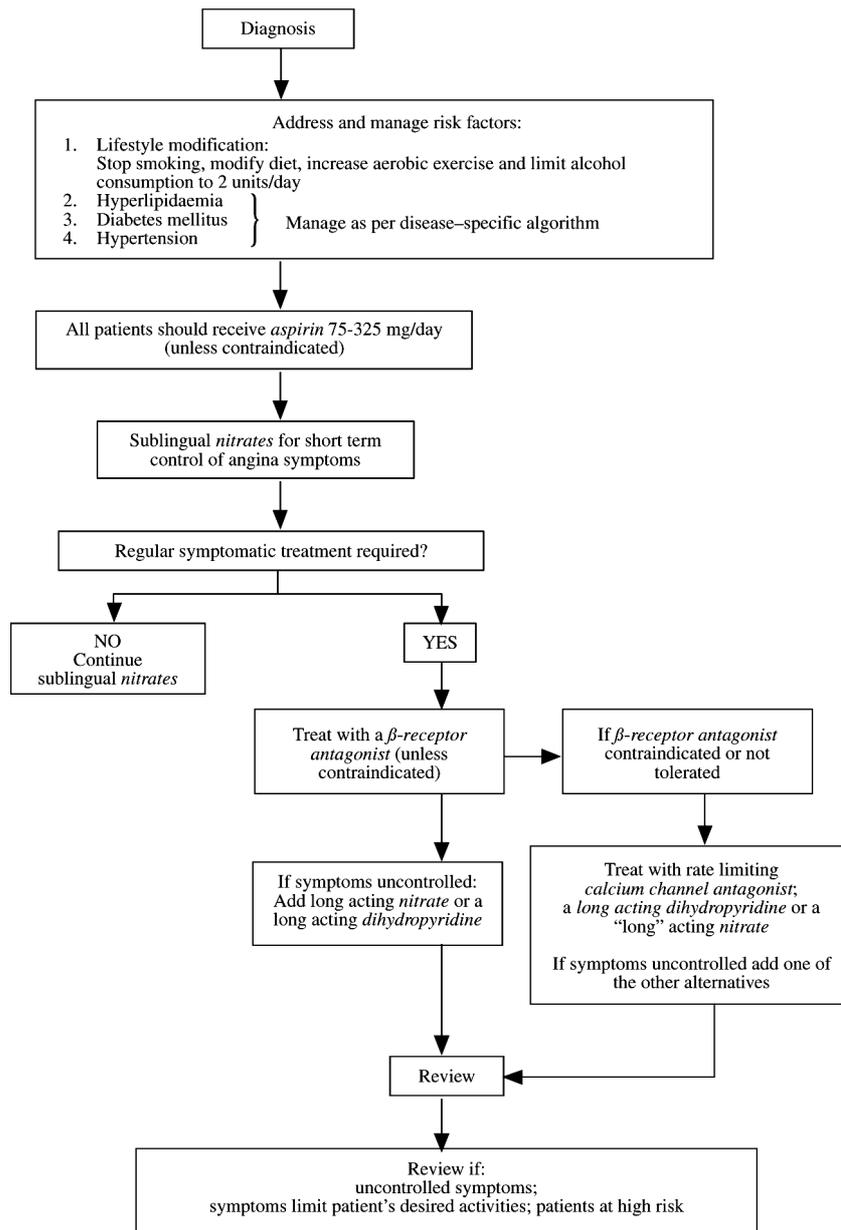
Applicable ICD 10 Coding:

- J43 Emphysema
 - J43.0 MacLeod's syndrome
 - J43.1 Panlobular emphysema
 - J43.2 Centrilobular emphysema
 - J43.8 Other emphysema
 - J43.9 Emphysema, unspecified
- J44 Other chronic obstructive pulmonary disease
 - J44.0 Chronic obstructive pulmonary disease with acute lower respiratory infection
 - J44.1 Chronic obstructive pulmonary disease with acute exacerbation,

unspecified

- J44.8 Other specified chronic obstructive pulmonary disease
- J44.9 Chronic obstructive pulmonary disease, unspecified

CORONARY ARTERY DISEASE



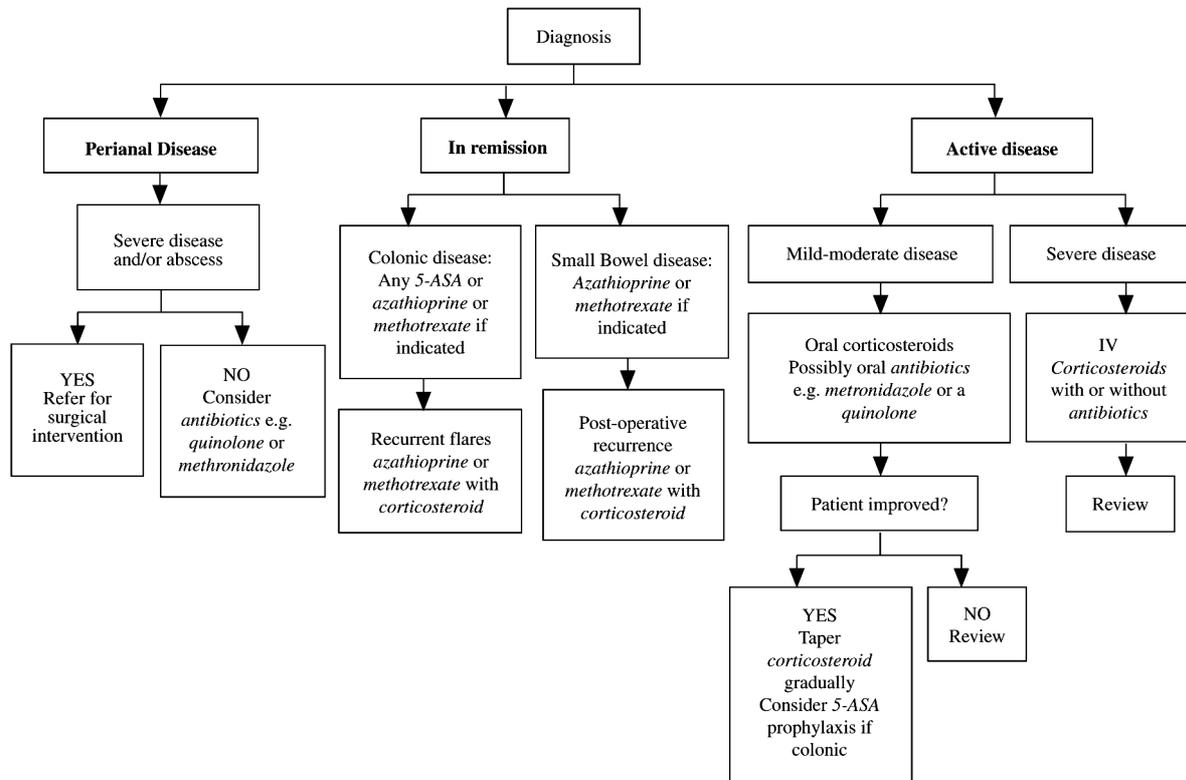
• *β-receptor antagonist* – Beta-receptor antagonist

Applicable ICD 10 Coding:

- I20 Angina pectoris
 - I20.0 Unstable angina
 - I20.1 Angina pectoris with documented spasm
 - I20.8 Other forms of angina pectoris
 - I20.9 Angina pectoris, unspecified
- I25 Chronic ischaemic heart disease
 - I25.0 Atherosclerotic cardiovascular disease, so described
 - I25.1 Atherosclerotic heart disease
 - I25.2 Old myocardial infarction
 - I25.3 Aneurysm of heart
 - I25.4 Coronary artery aneurysm

- I25.5 Ischaemic cardiomyopathy
- I25.6 Silent myocardial ischaemia
- I25.8 Other forms of chronic ischaemic heart disease
- I25.9 Chronic ischaemic heart disease, unspecified

CROHN'S DISEASE



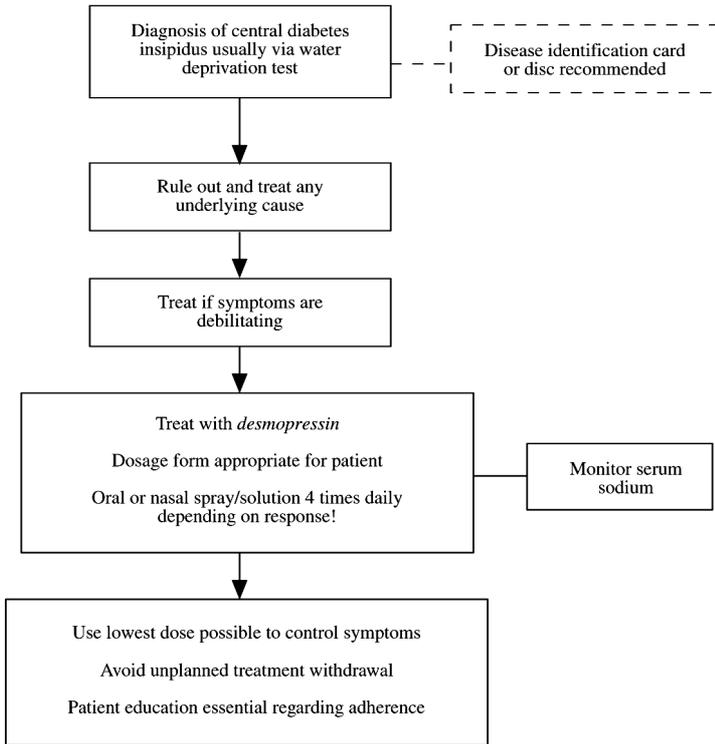
Glossary:

- 5-ASA – 5-Aminosalicylic acid
- IV – Intravenous

Applicable ICD 10 Coding:

- K50 Crohn's disease [regional enteritis]
 - K50.0 Crohn's disease of small intestine
 - K50.1 Crohn's disease of large intestine
 - K50.8 Other Crohn's disease
 - K50.9 Crohn's disease, unspecified

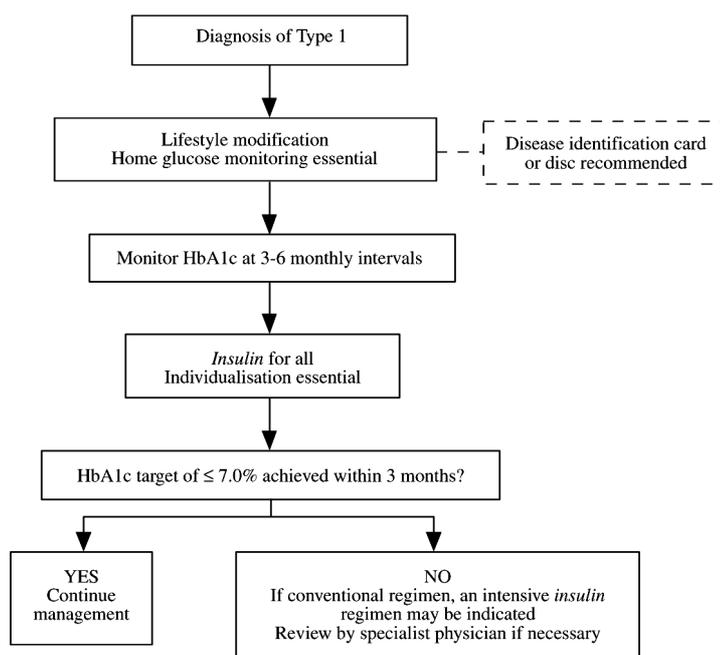
DIABETES INSIPIDUS



Applicable ICD 10 Coding:

- E23.2 Diabetes insipidus

DIABETES MELLITUS TYPE 1



Glossary:

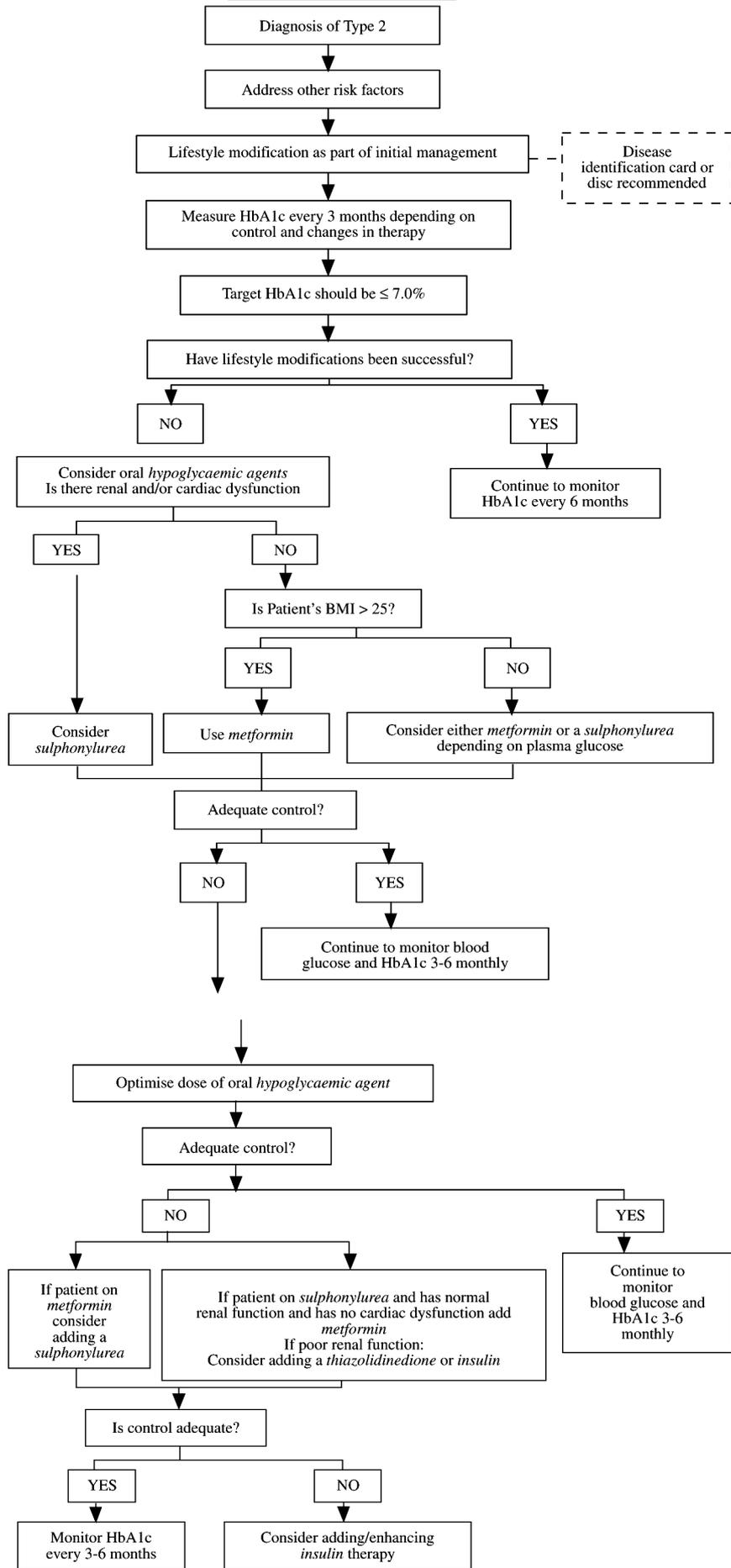
- HbA1c – Glycosylated haemoglobin

Applicable ICD 10 Coding:

- E10 Insulin-dependent diabetes mellitus
 - E10.0 Insulin-dependent diabetes mellitus with coma
 - E10.1 Insulin-dependent diabetes mellitus with ketoacidosis
 - E10.2 Insulin-dependent diabetes mellitus with renal complications
 - E10.3 Insulin-dependent diabetes mellitus with ophthalmic complications
 - E10.4 Insulin-dependent diabetes mellitus with neurological complications
 - E10.5 Insulin-dependent diabetes mellitus with peripheral circulatory complications
 - E10.6 Insulin-dependent diabetes mellitus with other specified complications
 - E10.7 Insulin-dependent diabetes mellitus with multiple complications
 - E10.8 Insulin-dependent diabetes mellitus with unspecified complications
 - E10.9 Insulin-dependent diabetes mellitus without complications
- E12 Malnutrition-related diabetes mellitus
 - E12.0 Malnutrition-related diabetes mellitus with coma
 - E12.1 Malnutrition-related diabetes mellitus with ketoacidosis
 - E12.2 Malnutrition-related diabetes mellitus with renal complications
 - E12.3 Malnutrition-related diabetes mellitus with ophthalmic complications
 - E12.4 Malnutrition-related diabetes mellitus with neurological complications
 - E12.5 Malnutrition-related diabetes mellitus with peripheral circulatory complications
 - E12.6 Malnutrition-related diabetes mellitus with other specified complications
 - E12.7 Malnutrition-related diabetes mellitus with multiple complications
 - E12.8 Malnutrition-related diabetes mellitus with unspecified complications
 - E12.9 Malnutrition-related diabetes mellitus without complications

- 024 Diabetes mellitus in pregnancy
 - 024.0 Pre-existing diabetes mellitus, insulin-dependent
 - 024.2 Pre-existing malnutrition-related diabetes mellitus
 - 024.3 Pre-existing diabetes mellitus, unspecified

DIABETES MELLITUS TYPE 2



Glossary:

- HbA1c – Glycosylated haemoglobin
- BMI – Body mass index

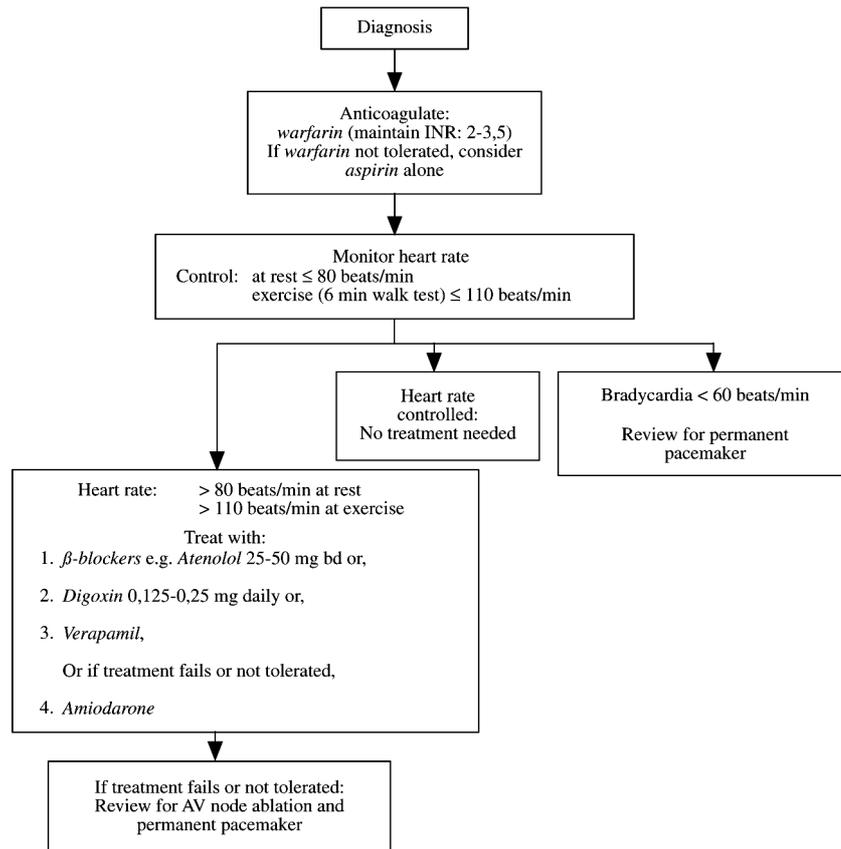
Applicable ICD 10 Coding:

- E11 Non-insulin-dependent diabetes mellitus
 - E11.0 Non-insulin-dependent diabetes mellitus with coma
 - E11.1 Non-insulin-dependent diabetes mellitus with ketoacidosis
 - E11.2 Non-insulin-dependent diabetes mellitus with renal complications
 - E11.3 Non-insulin-dependent diabetes mellitus with ophthalmic complications
 - E11.4 Non-insulin-dependent diabetes mellitus with neurological complications
 - E11.5 Non-insulin-dependent diabetes mellitus with peripheral circulatory complications
 - E11.6 Non-insulin-dependent diabetes mellitus with other specified complications
 - E11.7 Non-insulin-dependent diabetes mellitus with multiple complications
 - E11.8 Non-insulin-dependent diabetes mellitus with unspecified complications
 - E11.9 Non-insulin-dependent diabetes mellitus without complications

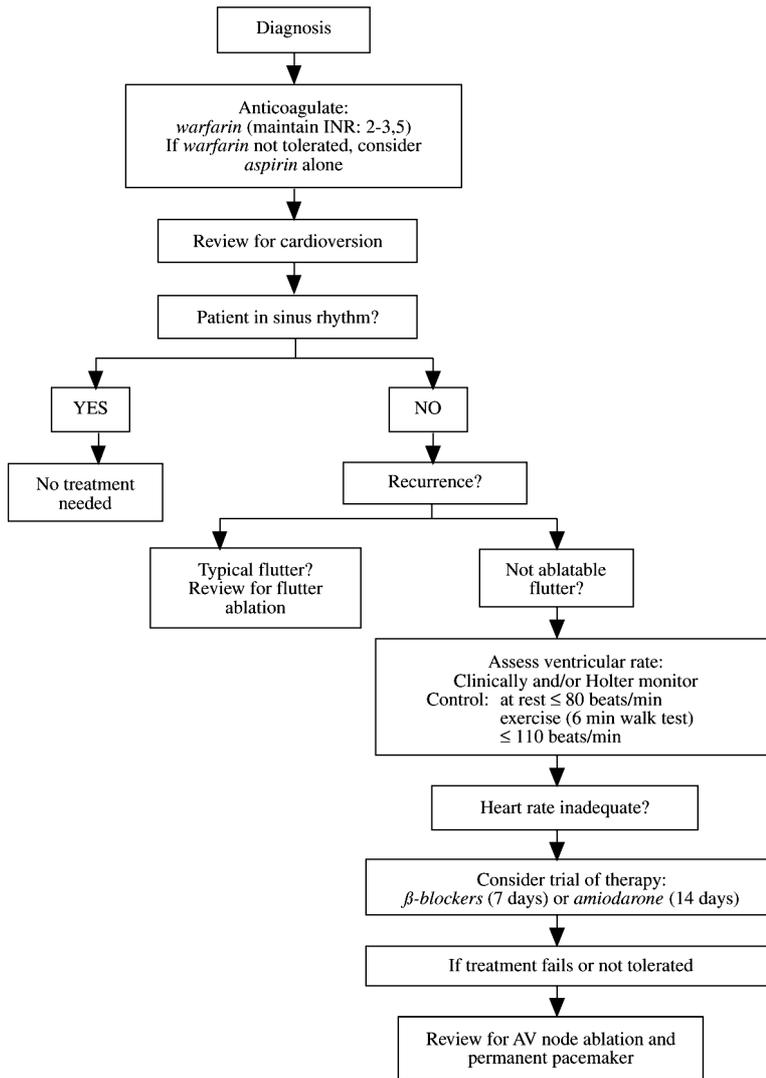
- E12 Malnutrition-related diabetes mellitus
 - E12.0 Malnutrition-related diabetes mellitus with coma
 - E12.1 Malnutrition-related diabetes mellitus with ketoacidosis
 - E12.2 Malnutrition-related diabetes mellitus with renal complications
 - E12.3 Malnutrition-related diabetes mellitus with ophthalmic complications
 - E12.4 Malnutrition-related diabetes mellitus with neurological complications
 - E12.5 Malnutrition-related diabetes mellitus with peripheral circulatory complications
 - E12.6 Malnutrition-related diabetes mellitus with other specified complications
 - E12.7 Malnutrition-related diabetes mellitus with multiple complications
 - E12.8 Malnutrition-related diabetes mellitus with unspecified complications
 - E12.9 Malnutrition-related diabetes mellitus without complications
- O24 Diabetes mellitus in pregnancy
 - O24.1 Pre-existing diabetes mellitus, non-insulin-dependent
 - O24.2 Pre-existing malnutrition-related diabetes mellitus
 - O24.3 Pre-existing diabetes mellitus, unspecified

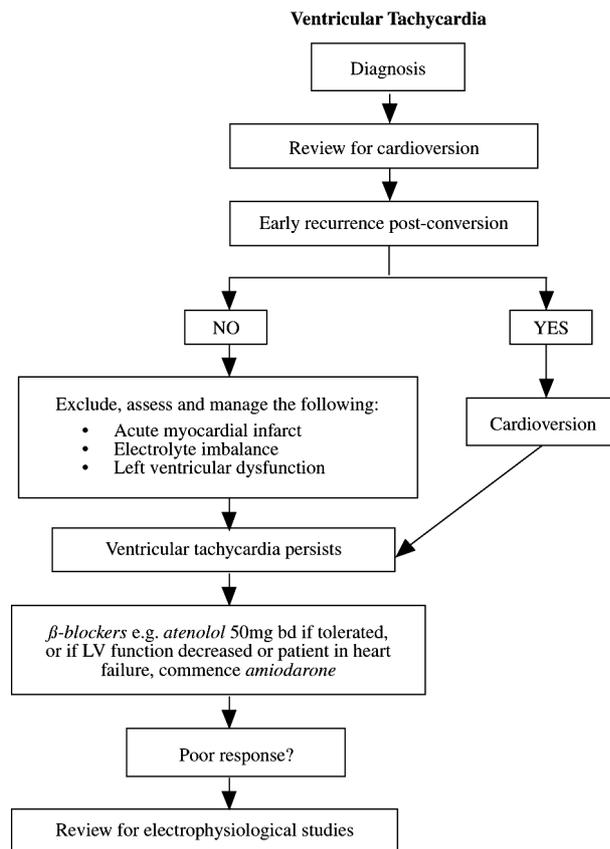
DYSRHYTHMIAS

Chronic Atrial Fibrillation



Chronic Atrial Flutter





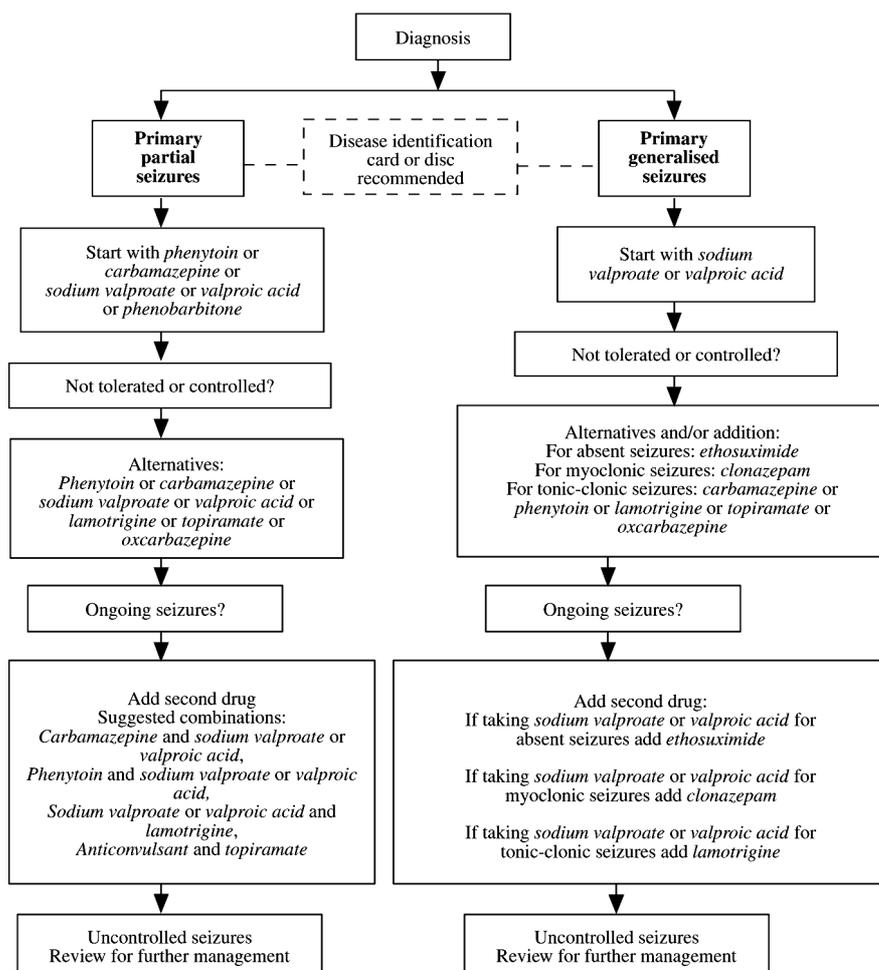
Glossary:

- INR – International normalized ratio
- *β-blocker* – Beta-receptor blocker
- AV node – Atrioventricular node
- LV – Left ventricular

Applicable ICD 10 Coding:

- I47.2 Ventricular tachycardia
- I48 Atrial fibrillation and flutter

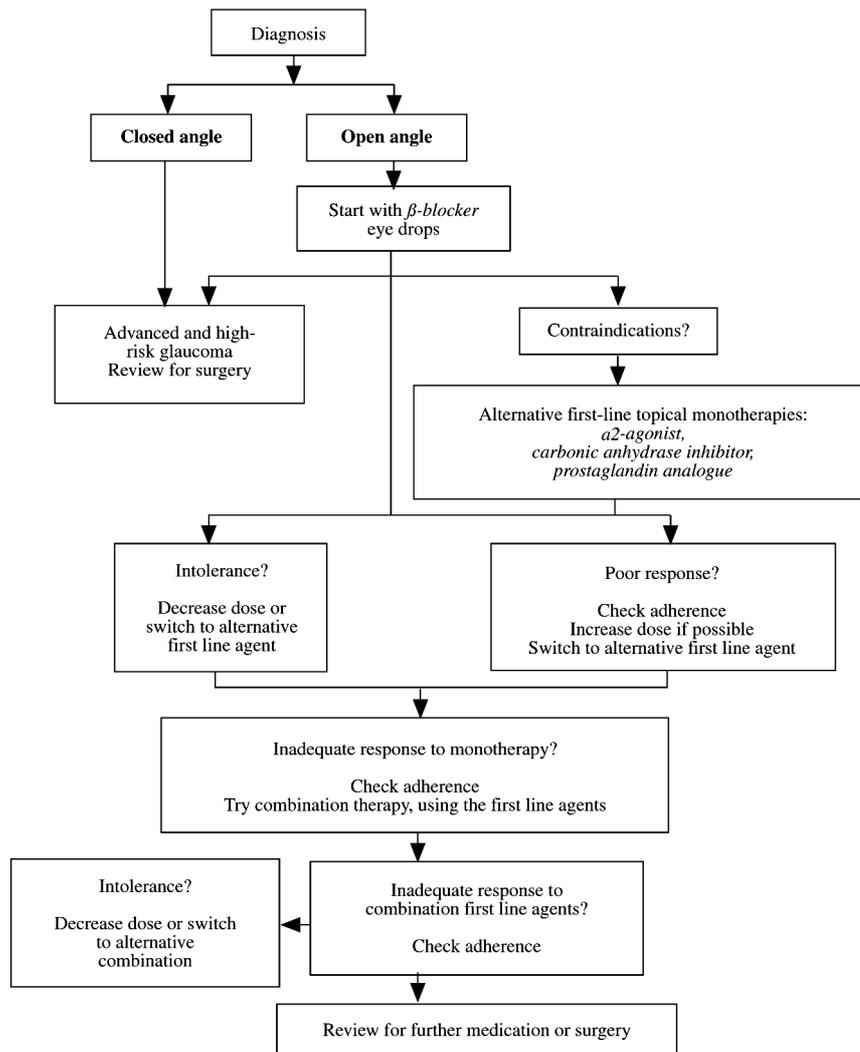
EPILEPSY



Applicable ICD 10 Coding:

- G40 Epilepsy
 - G40.0 Localization-related (focal)(partial) idiopathic epilepsy and epileptic syndromes with seizures of localized onset
 - G40.1 Localization-related (focal)(partial) symptomatic epilepsy and epileptic syndromes with simple partial seizures
 - G40.2 Localization-related (focal)(partial) symptomatic epilepsy and epileptic syndromes with complex partial seizures
 - G40.3 Generalized idiopathic epilepsy and epileptic syndromes
 - G40.4 Other generalized epilepsy and epileptic syndromes
 - G40.5 Special epileptic syndromes
 - G40.6 Grand mal seizures, unspecified (with or without petit mal)
 - G40.7 Petit mal, unspecified, without grand mal seizures
 - G40.8 Other epilepsy
 - G40.9 Epilepsy, unspecified
- G41 Status epilepticus
 - G41.0 Grand mal status epilepticus
 - G41.1 Petit mal status epilepticus
 - G41.2 Complex partial status epilepticus
 - G41.8 Other status epilepticus
 - G41.9 Status epilepticus, unspecified

GLAUCOMA



Glossary:

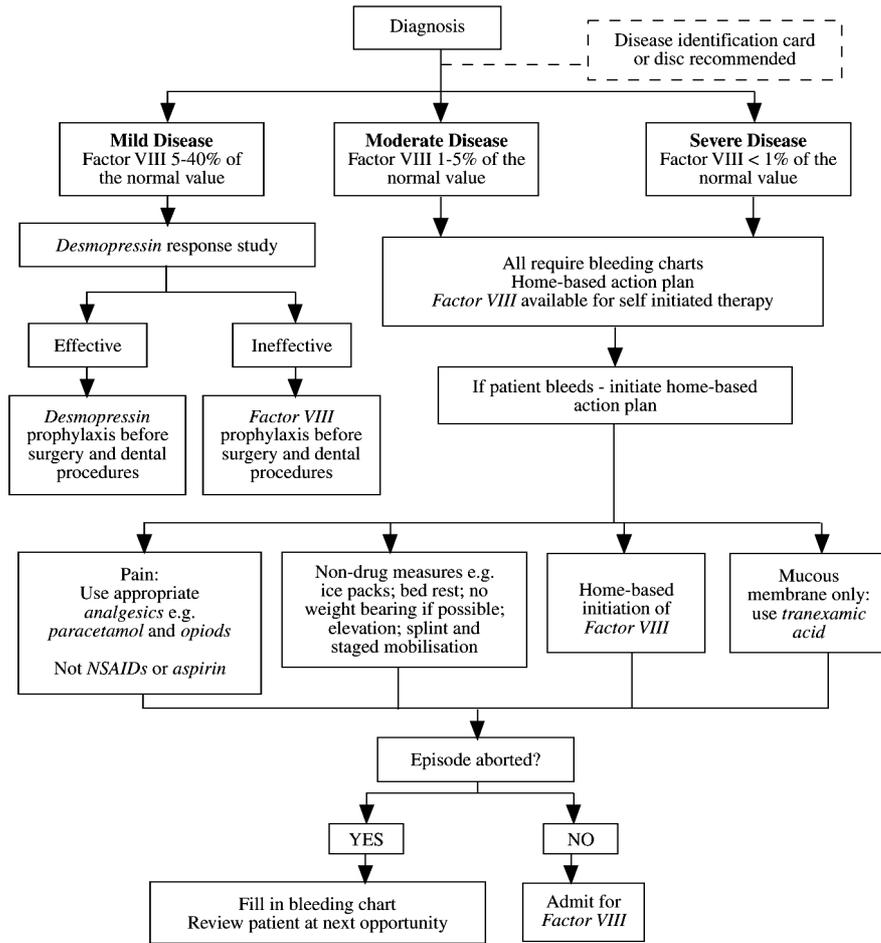
- *β-blocker* – Beta-receptor blocker
- *α2-agonist* – Alpha-2 receptor agonist

Applicable ICD 10 Coding:

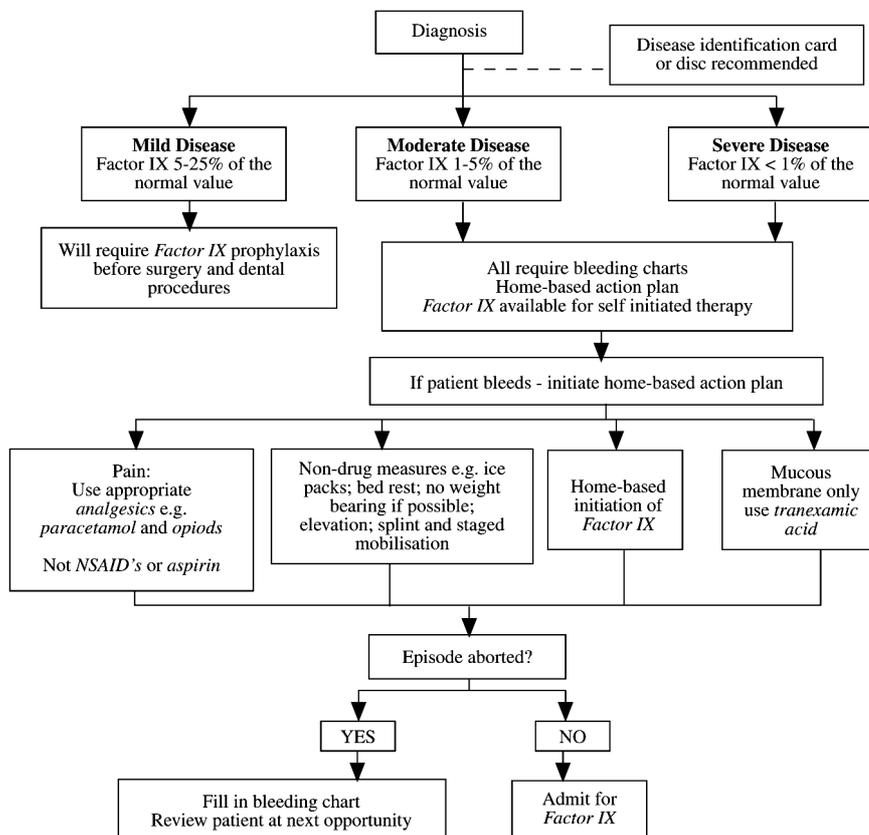
- H40 Glaucoma
 - H40.0 Glaucoma suspect
 - H40.1 Primary open-angle glaucoma
 - H40.2 Primary angle-closure glaucoma
 - H40.3 Glaucoma secondary to eye trauma
 - H40.4 Glaucoma secondary to eye inflammation
 - H40.5 Glaucoma secondary to other eye disorders
 - H40.6 Glaucoma secondary to drugs
 - H40.8 Other glaucoma
 - H40.9 Glaucoma, unspecified
- Q15.0 Congenital glaucoma

HAEMOPHILIA

Haemophilia A



Haemophilia B



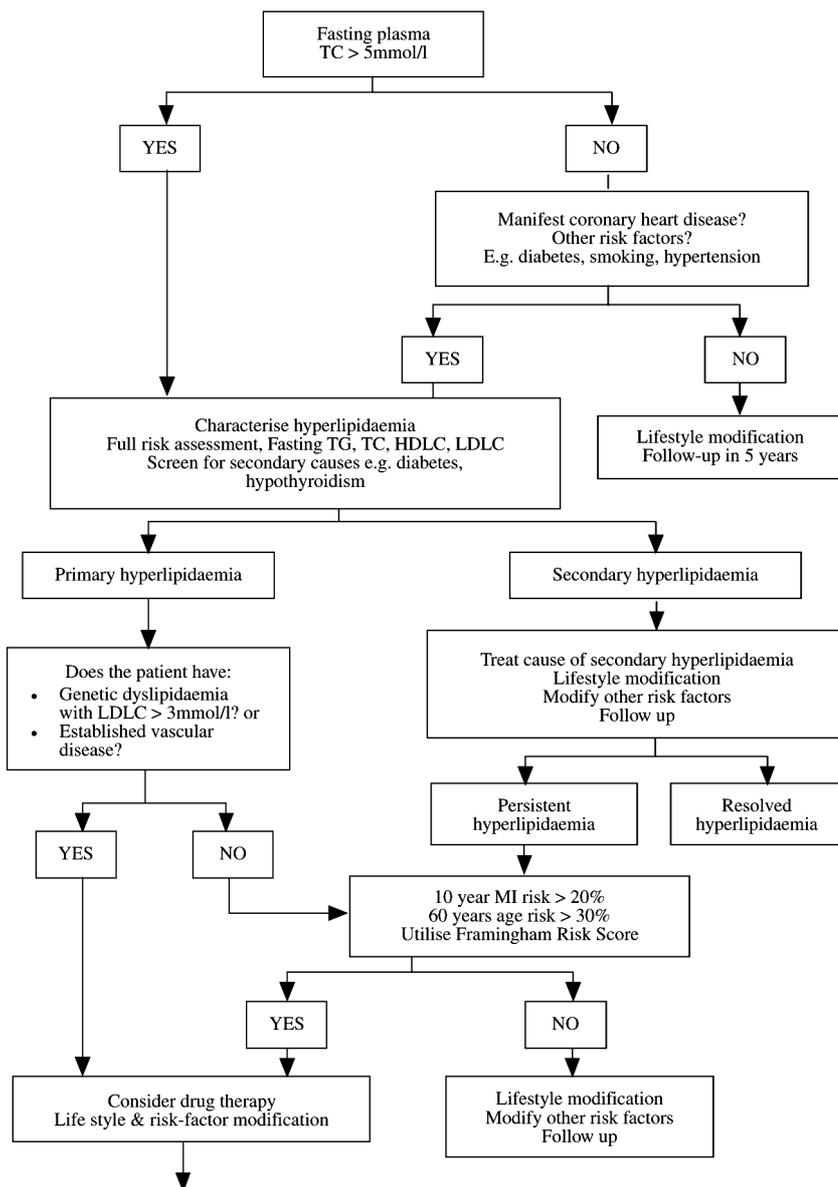
Glossary:

- *Factor VIII* – Factor eight
- *Factor IX* – Factor nine
- *NSAIDs* Non-steroidal anti-inflammatory agents

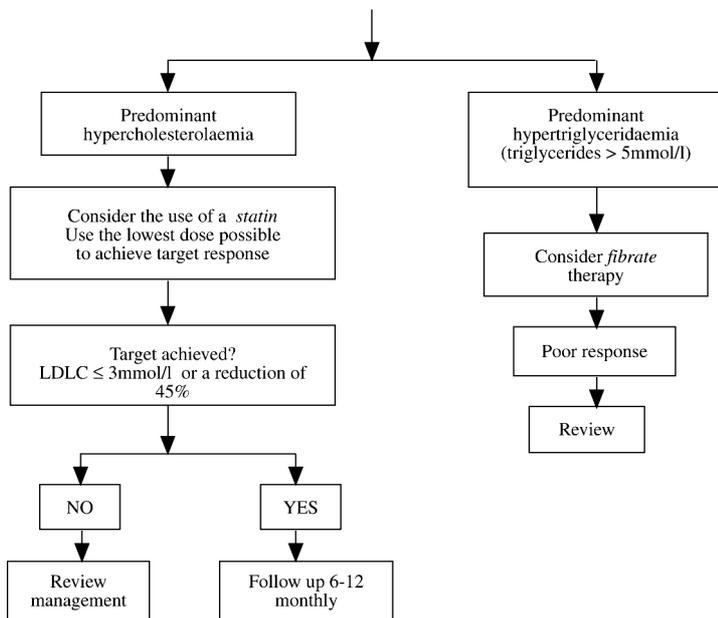
Applicable ICD 10 Coding:

- D66 Hereditary factor VIII deficiency
- D67 Hereditary factor IX deficiency

HYPERLIPIDAEMIA



HYPERLIPIDAEMIA



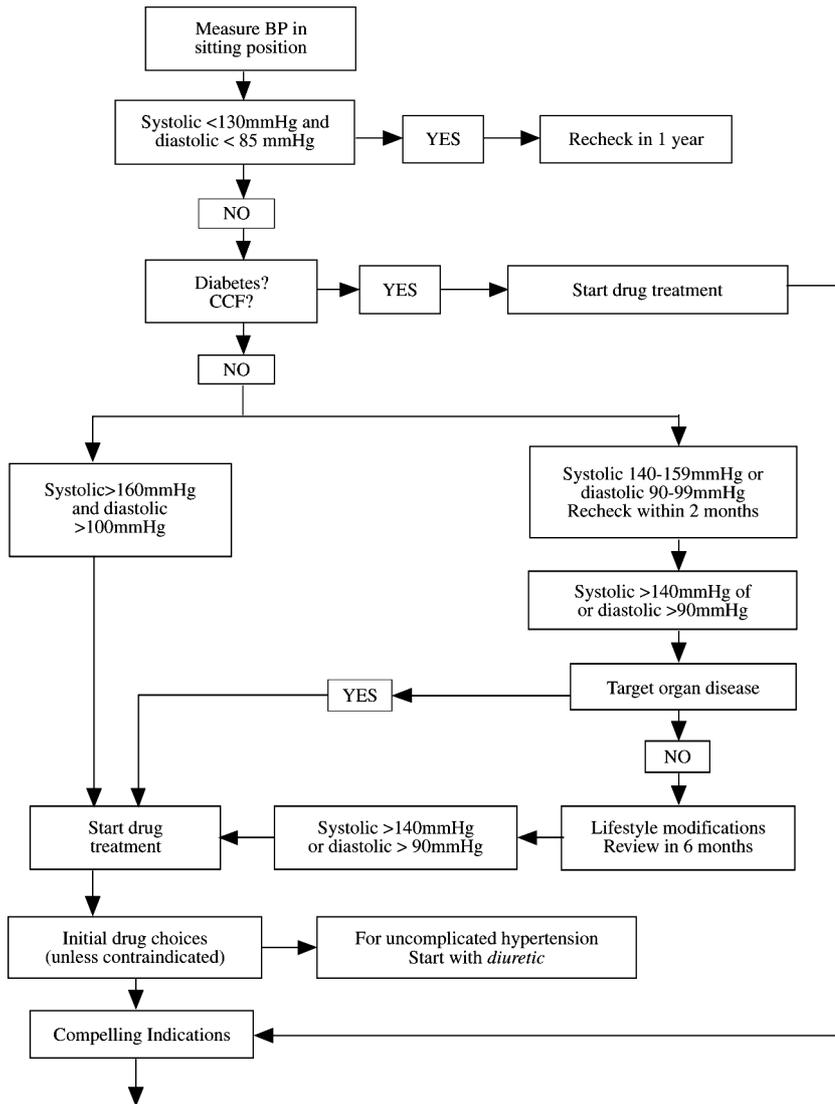
Glossary:

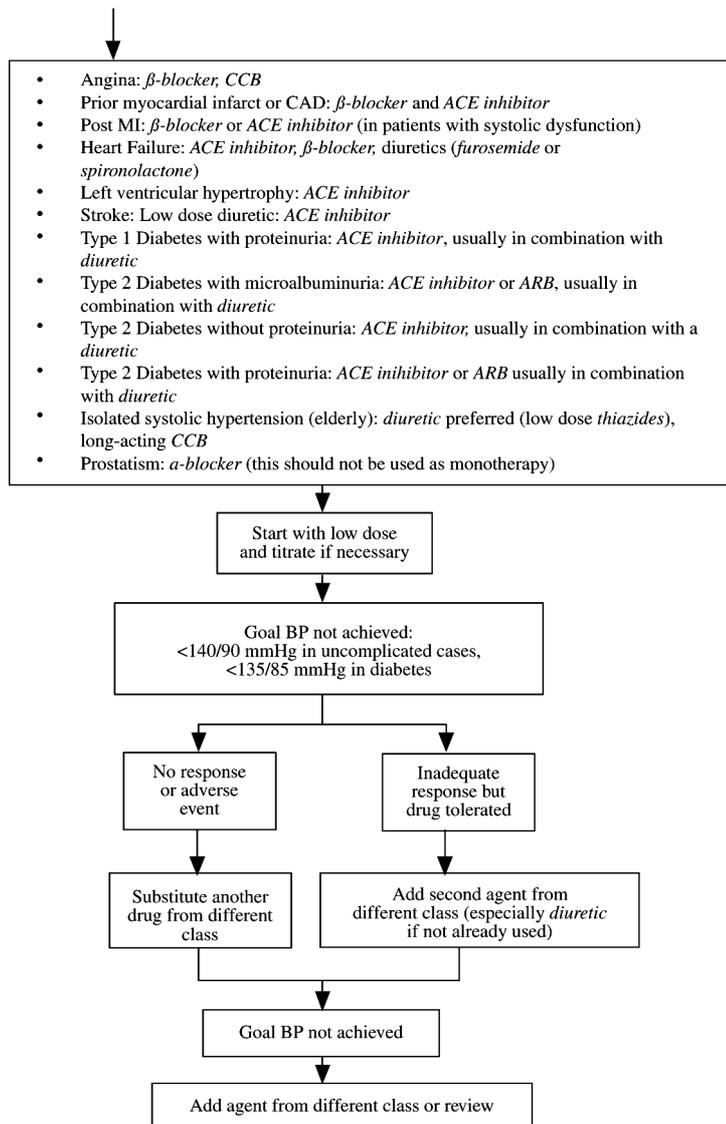
- TC – Total cholesterol
- TG – Triglycerides
- HDLC – High density lipoproteins cholesterol
- LDLC – Low density lipoproteins cholesterol
- M1 – Myocardial infarct

Applicable ICD 10 Coding:

- E78.0 Pure hypercholesterolaemia
- E78.1 Pure hyperglyceridaemia
- E78.2 Mixed hyperlipidaemia
- E78.3 Hyperchylomicronaemia
- E78.4 Other hyperlipidaemia
- E78.5 Hyperlipidaemia, unspecified

HYPERTENSION





Glossary:

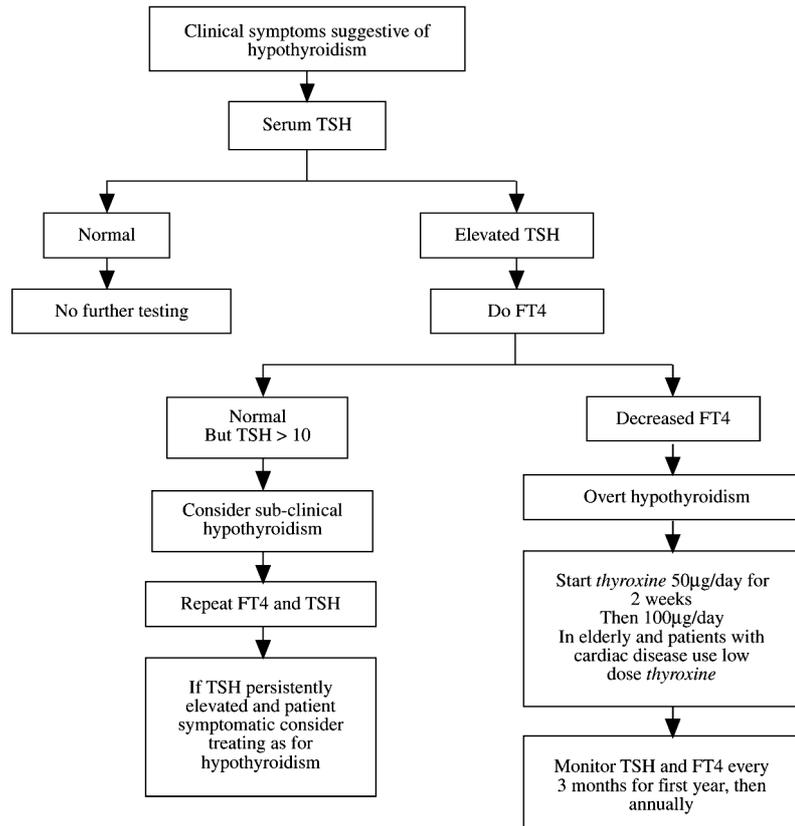
- *α-blocker* – Alpha-receptor blocker
- *ACE inhibitor* – Angiotensin converting enzyme inhibitor
- *ARB* – Angiotensin receptor blocker
- BP – Blood pressure
- *β-blocker* – Beta-receptor blocker
- *CCB* – Calcium channel blocker
- CCF – Chronic / Congestive cardiac failure
- CAD – Coronary artery disease
- LV – Left ventricular
- MI – Myocardial infarct

Applicable ICD 10 Coding:

- I10 Essential (primary) hypertension
- I11 Hypertensive heart disease
 - I11.0 Hypertensive heart disease with (congestive) heart failure
 - I11.9 Hypertensive heart disease without (congestive) heart failure
- I12 Hypertensive renal disease
 - I12.0 Hypertensive renal disease with renal failure

- I12.9 Hypertensive renal disease without renal failure
- I13 Hypertensive heart and renal disease
 - I13.0 Hypertensive heart and renal disease with (congestive) heart failure
 - I13.1 Hypertensive heart and renal disease with renal failure
 - I13.2 Hypertensive heart and renal disease with both (congestive) heart failure and renal failure
 - I13.9 Hypertensive heart and renal disease, unspecified
- I15 Secondary hypertension
 - I15.0 Renovascular hypertension
 - I15.1 Hypertension secondary to other renal disorders
 - I15.2 Hypertension secondary to endocrine disorders
 - I15.8 Other secondary hypertension
 - I15.9 Secondary hypertension, unspecified
- O10 Pre-existing hypertension complicating pregnancy, childbirth and the puerperium
 - O10.0 Pre-existing essential hypertension complicating pregnancy, childbirth and the puerperium
 - O10.1 Pre-existing hypertensive heart disease complicating pregnancy, childbirth and the puerperium
 - O10.2 Pre-existing hypertensive renal disease complicating pregnancy, childbirth and the puerperium
 - O10.3 Pre-existing hypertensive heart and renal disease complicating pregnancy, childbirth and the puerperium
 - O10.4 Pre-existing secondary hypertension complicating pregnancy, childbirth and the puerperium
 - O10.9 Unspecified pre-existing hypertension complicating pregnancy, childbirth and the puerperium
- O1-1 Pre-existing hypertensive disorder with superimposed proteinuria

HYPOTHYROIDISM



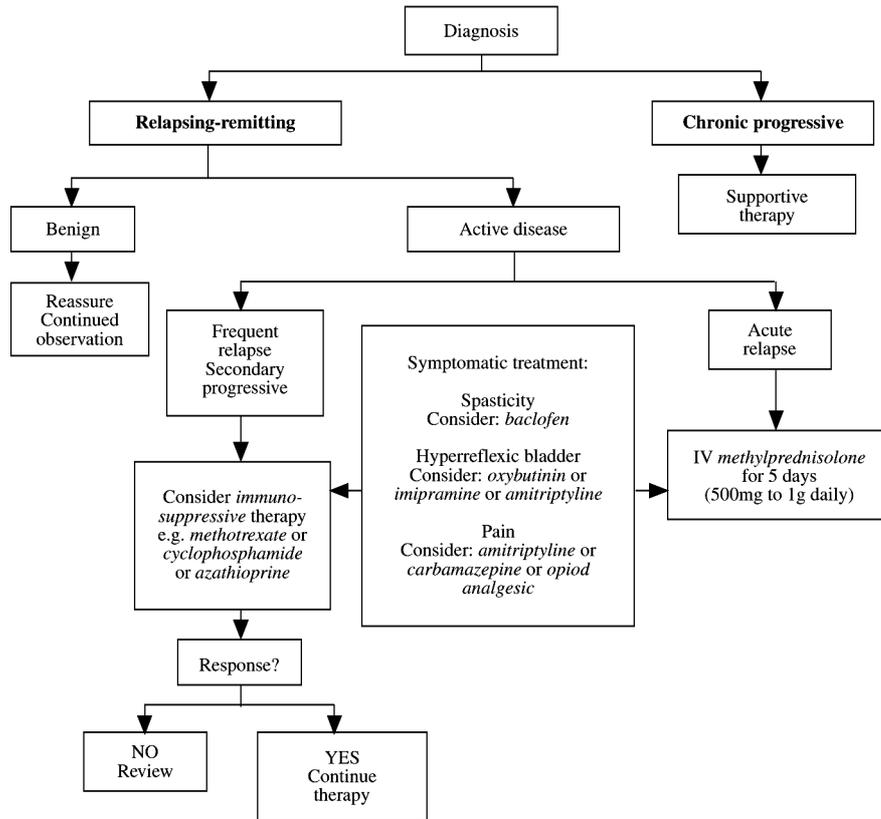
Glossary:

- *TSH* – Thyroid stimulating hormone
- *FT4* – Free thyroxine

Applicable ICD 10 Coding:

- E01.8 Other iodine-deficiency-related thyroid disorders and allied conditions
- E02 Subclinical iodine-deficiency hypothyroidism
- E03 Other hypothyroidism
 - E03.0 Congenital hypothyroidism with diffuse goitre
 - E03.1 Congenital hypothyroidism without goitre
 - E03.2 Hypothyroidism due to medicaments and other exogenous substances
 - E03.3 Postinfectious hypothyroidism
 - E03.4 Atrophy of thyroid (acquired)
 - E03.5 Myxoedema coma
 - E03.8 Other specified hypothyroidism
 - E03.9 Hypothyroidism, unspecified
- E89.0 Postprocedural hypothyroidism

MULTIPLE SCLEROSIS



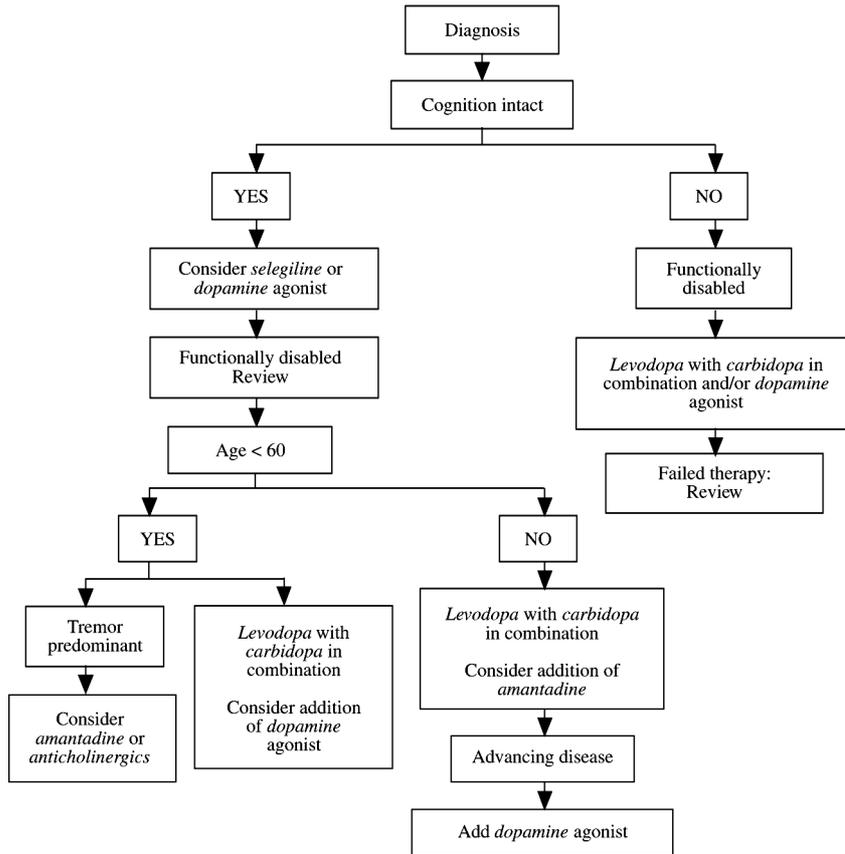
Glossary:

- IV – Intravenous

Applicable ICD 10 Coding:

- G35 Multiple sclerosis

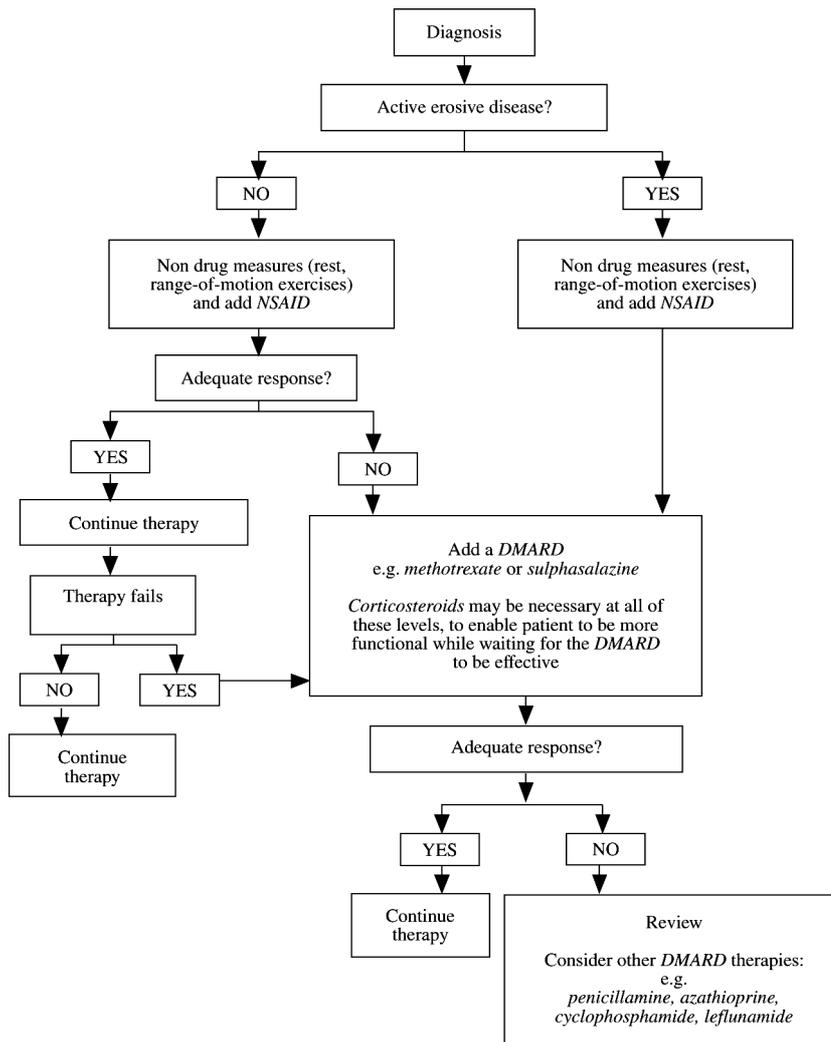
PARKINSON'S DISEASE



Applicable ICD 10 Coding:

- G20 Parkinson's disease
- G21 Secondary parkinsonism
 - G21.0 Malignant neuroleptic syndrome
 - G21.1 Other drug-induced secondary parkinsonism
 - G21.2 Secondary parkinsonism due to other external agents
 - G21.3 Postencephalitic parkinsonism
 - G21.8 Other secondary parkinsonism
 - G21.9 Secondary parkinsonism, unspecified

RHEUMATOID ARTHRITIS



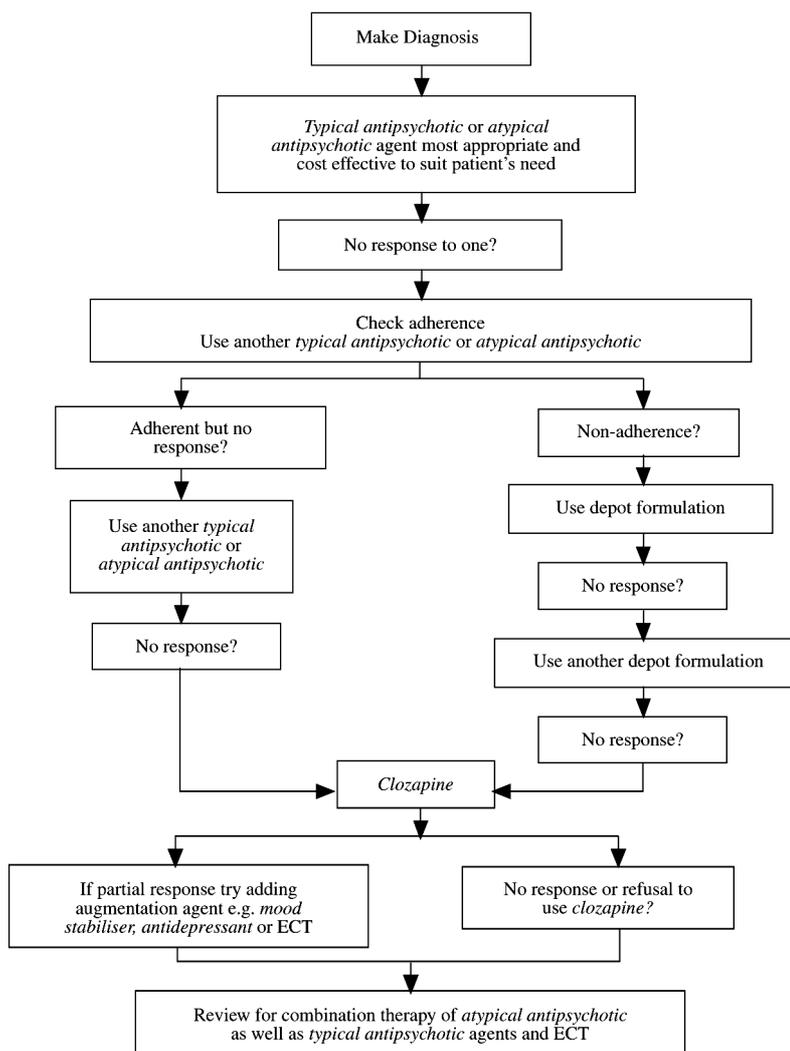
Glossary:

- *DMARD* – Disease modifying antirheumatic drugs
- *NSAID* – Non-steroidal anti-inflammatory agents

Applicable ICD 10 Coding:

- M05 Seropositive rheumatoid arthritis
 - M05.0 Felty's syndrome
 - M05.1 Rheumatoid lung disease (J99-0*)
 - M05.2 Rheumatoid vasculitis
 - M05.3 Rheumatoid arthritis with involvement of other organs and systems
 - M05.8 Other seropositive rheumatoid arthritis
 - M05.9 Seropositive rheumatoid arthritis, unspecified
- M06 Other rheumatoid arthritis
 - M06.0 Seronegative rheumatoid arthritis
 - M06.1 Adult-onset Still's disease
 - M06.2 Rheumatoid bursitis
 - M06.3 Rheumatoid nodule
 - M06.4 Inflammatory polyarthropathy
 - M06.8 Other specified rheumatoid arthritis
 - M06.9 Rheumatoid arthritis, unspecified
- M08.0 Juvenile rheumatoid arthritis

SCHIZOPHRENIA



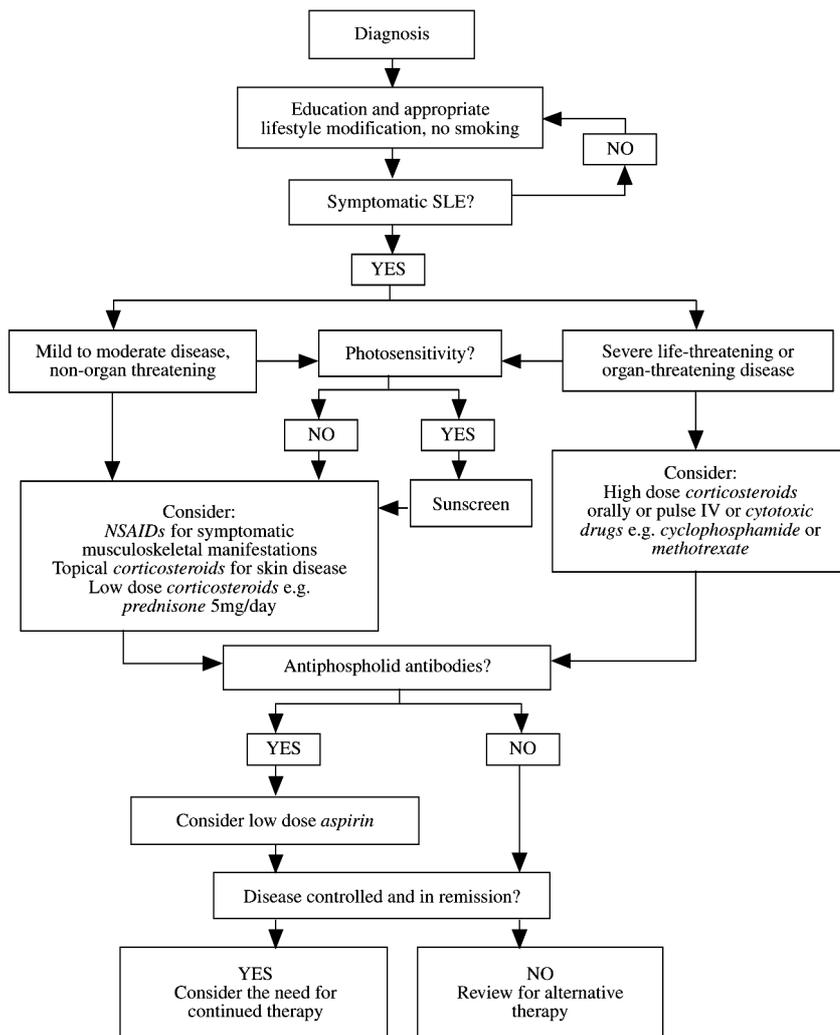
Glossary:

- ECT – Electroconvulsive therapy

Applicable ICD 10 Coding:

- F20 Schizophrenia
 - F20.0 Paranoid schizophrenia
 - F20.1 Hebephrenic schizophrenia
 - F20.2 Catatonic schizophrenia
 - F20.3 Undifferentiated schizophrenia
 - F20.4 Post-schizophrenic depression
 - F20.5 Residual schizophrenia
 - F20.6 Simple schizophrenia
 - F20.8 Other schizophrenia
 - F20.9 Schizophrenia, unspecified

SYSTEMIC LUPUS ERYTHEMATOSUS

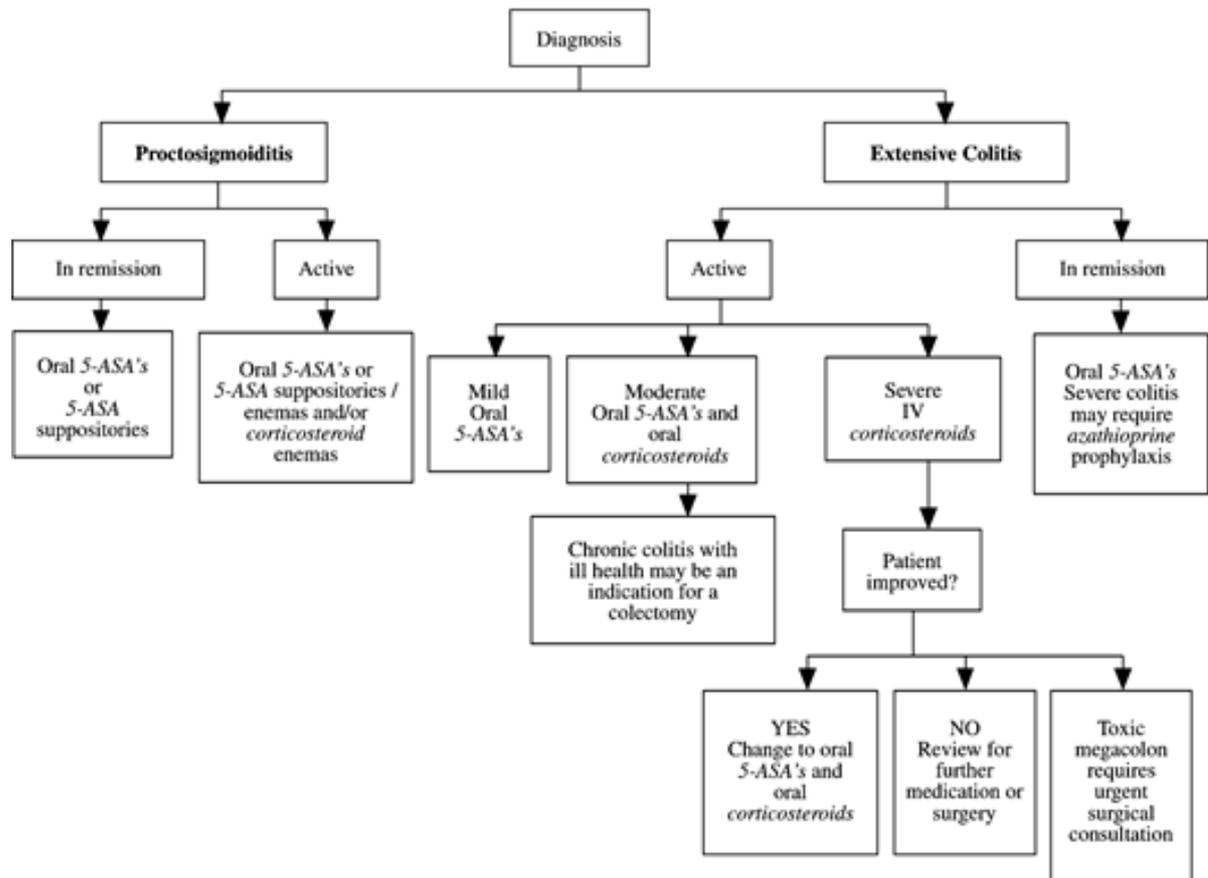


Glossary:

- IV – Intravenous
- NSAIDs – Non-steroidal anti-inflammatory agents
- SLE – Systemic lupus erythematosus

Applicable ICD 10 Coding:

- M32 Systemic lupus erythematosus
 - M32.0 Drug-induced systemic lupus erythematosus
 - M32.1 Systemic lupus erythematosus with organ or system involvement
 - M32.8 Other forms of systemic lupus erythematosus
 - M32.9 Systemic lupus erythematosus, unspecified
- L93 Lupus erythematosus
 - L93.0 Discoid lupus erythematosus
 - L93.1 Subacute cutaneous lupus erythematosus
 - L93.2 Other local lupus erythematosus



Glossary:

- 5-ASA – 5-Aminosalicylic acid
- IV – Intravenous

Applicable ICD 10 Coding:

- K51 Ulcerative colitis
 - K51.0 Ulcerative (chronic) enterocolitis
 - K51.1 Ulcerative (chronic) ileocolitis
 - K51.2 Ulcerative (chronic) proctitis
 - K51.3 Ulcerative (chronic) rectosigmoiditis
 - K51.4 Pseudopolyposis of colon
 - K51.5 Mucosal proctocolitis
 - K51.8 Other ulcerative colitis
 - K51.9 Ulcerative colitis, unspecified

GN 225 of 11 February 2004: Registered Medical Schemes

DEPARTMENT OF HEALTH

The Registrar of Medical Schemes hereby notifies, in accordance with section 25 of the Medical Schemes Act, 1988, (Act No. 131 of 1998), that the undermentioned medical schemes have been registered as indicated.

This list replaces the list published in *Government Gazette* No. 24609 dated 26 March 2003 and contains 139 medical schemes.

Name of Scheme	P.O. Box	City/Town	Postal Code	Ref. Nr.	Date of Registration	Tel. No.
A						
ABI Medical Scheme	P/B X121	Bryanston	2021	1553	95-01-31	011-5102000
AECI Medical Aid Society	P/B X121	Bryanston	2021	1005	71-02-11	011-5102000
Afrox Medical Aid Society	5324	Cape Town	8000	1567	96-12-05	021-4804800
Alliance-Midmed Medical Scheme	2338	Bryanston	2021	1465	76-08-30	0860002101
Alpha Medical Scheme	15774	Vlaeberg	8018	1487	78-03-28	021-4804814
Altron Medical Aid Scheme	4619	Rivonia	2128	1534	87-04-01	0860 10 9292
Anglo American Corporation Medical Scheme (AACMED)	62524	Marshalltown	2107	1012	68-10-16	011-6385471
Anglogold Medical Scheme (Goldmed)	8599	Western Levels	2501	1503	80-02-05	011-6376000
Anglovaal Group Medical Scheme	650885	Benmore	2010	1571	97-07-28	0860 100 693
Aranda Sick Benefit Fund	35465	Northway	4065	1013	67-12-15	031-5630098
B						
Bankmed	1242	Cape Town	8000	1279	72-06-29	021-4804680
Barloworld Medical Scheme	P/B X121	Bryanston	2021	1507	80-12-01	011-5102000
**Bestmed	2297	Pretoria	0001	1252	71-08-11	012-3399800
Billmed Medical Scheme	61820	Marshalltown	2107	1089	69-12-03	011-3762234
BMW Employees Medical Aid Society	P/B X121	Bryanston	2021	1526	84-01-13	011-5102000
**Bonitas Medical Fund	P/B X121	Bryanston	2021	1512	82-03-01	011-6712000

Building & Constuction Industry Medical Aid Fund	3201	Johannesburg	2000	1590	01-08-02	011-6888000
Built Environment Professional Association	P/B X8	Elarduspark	47	1593	02-11-2011	012-4600430
C						
**Cape Medical Plan	966	Parow	7499	1034	71-11-11	021-9378300
Cawmed Medical Scheme	2371	Rivonia	2128	1158	71-02-03	0860 109 393
Chamber of Mines Medical Aid Society	61809	Marshalltown	2107	1042	71-02-26	011-4987563
Chartered Accountants (SA) Medical Aid Fund (CAMAF)	2964	Randburg	2125	1043	71-08-06	011-7078844
Clicks Group Medical Scheme	90	Howard Place	7450	1521	83-08-08	021-5094799
**CIMAS Wellness Medical Scheme	1554	Rivonia	2128	1048	69-06-02	011-2081000
**Community Medical Aid Scheme (COMMED)	X146	Halfway House	1685	1552	95-01-26	012-6435700
**Compicare Medical Scheme	X42	Rivonia	2128	1491	78-06-01	011-2081000
**Co-ordinated Health Plan	61930	Marshalltown	2107	1589	01-07-18	011-5313557
CSIR Medical Scheme (CSIRMED)	652509	Benmore	2010	1570	97-04-01	0860 113 322
D						
DCMED	671	East London	5200	1039	69-12-05	043-7062911
De Beers Benefit Society	1922	Kimberley	8300	1068	69-05-29	053-8073111
*Discovery Medical Scheme	786722	Sandton	2146	1125	71-10-08	011-8812888
E						
Edcon Medical Aid Scheme	3535	Cape Town	8000	1484	78-03-06	021-4804582
Ellerine Holdings Medical Aid Society (ELLERINES)	9153	Johannesburg	2000	1513	82-08-01	0860002110
Engen Medical Benefit Fund (ENGEN)	5324	Cape Town	8000	1572	97-08-07	021-4804796
Eythumed Medical Scheme	61820	Marshalltown	2107	1585	00-12-19	011-3762265
F						
**Family Health Medical Scheme	Escoval House, 437 Smith Street	Durban	4001	1594	03-05-19	082 786 4109
**Fedhealth	X121	Bryanston	2021	1202	69-11-26	0860 002 153/4
Fishing Industry Medical Scheme (Fishmed)	53352	Kenilworth	7745	1271	67-10-20	021-4029927
Foodworkers' Medical Benefit Fund	1067	Parow	7499	1086	67-10-20	021-9303550
**Free State Medical Scheme	542	Welkom	9460	1501	79-11-09	057-3571312

G						
**Genesis Medical Scheme	5467	Cape Town	8000	1554	95-05-25	021-4260699
**Gen-Health Medical Scheme	3261	Edenvale	1610	1561	96-01-17	011-4501705/6
**Global Health	537	Amanzimtoti	4125	1162	69-08-05	031-9039600
Golden Arrow Employees Medical Benefit Fund	53352	Kenilworth	7745	1270	72-06-03	021-9344064
**Good Hope Medical Aid Society	P/B X47	Rivonia	2128	1466	76-09-07	011-2081000
Grintek Electronics Medical Aid Scheme	P/B X1897	Rivonia	2128	1523	83-12-29	011-2081000
G5MED	P/B X121	Bryanston	2021	1082	71-09-09	011-5102000
H						
Highveld Medical Scheme	111	Witbank	1035	1177	72-12-28	013-6909911
**Hosmed Medical Aid Scheme	4709	Johannesburg	2000	1537	88-09-01	011-3357335
I						
IBM (SA) Medical Aid Society	652509	Benmore	2010	1111	71-02-12	011-8812405 / 0860100418
Impala Medical Plan	P/B 82324	Rustenburg	0300	1591	02-07-15	014-5697597
**Imperial Group Medical Scheme (IMPERIALMED)	90	Howard Place	7450	1559	95-12-01	021-5099111
Independent Newspapers Medical Aid Scheme	2789	Ranburg	2125	1016	68-11-28	011-3290300
Ingwe Health Plan	P/B X150	Halfway House	1685	1577	98-10-06	011-5329000
J						
Johannesburg Chamber of Commerce & Industry Medical	P/B X47	Rivonia	2128	1115	69-07-17	011-2081000
K						
Klerksdorp Medical Benefit Society (KDM)	326	Klerksdorp	2570	1121	71-04-23	018-4648600
**Kwazulu Natal Medical Aid Scheme	343	Westville	3630	1556	95-06-27	0800 033 077
L						
LAMAF Medical Scheme	460	Cape Town	8000	1145	68-01-10	021-4028800
Libcare Medical Scheme	P/B X121	Bryanston	2021	1197	69-02-20	011-5102000
**Liberty Medical Scheme	P/B X62	Braamfontein	2017	157698	98-09-17	0860 002 163
**Lifemed Medical Scheme	P/B X49	Rivonia	2128	1536	88-01-04	011-2081000
M						
Malcor Medical Aid Scheme	1181	Parklands	2121	1547	94-05-18	011-3271500
Massmart Health Plan	P/B X121	Bryanston	2021	1495	78-10-20	011-5102000
Medisense Medical Scheme	650849	Benmore	2010	1568	97-01-15	0860 100 114

Medcor	P/B X45	Hatfield	28	1588	01-06-13	012-3428177
**Medicover 2000	P/B 20	Gardenview	2047	1549	94-07-21	011-6076000
**Medihelp	26004	Arcadia	0007	1149	69-06-23	012-3342000
**Medimed Mediese Skema	1672	Port Elizabeth	6000	1506	80-09-12	041-5850004
Medipos Medical Scheme	90	Howard Place	7450	1548	94-06-15	021-5095950
**Medshield Medical Scheme	P/B X121	Bryanston	2021	1140	68-02-06	011-5102000
**Meridian Health	2338	Durban	4000	1021	69-08-01	031-3676900
Metrocare	P/B X121	Bryanston	2021	1535	87-07-30	011-5102000
Metropolitan Mediese Skema	15774	Vlaeberg	8081	1105	70-10-28	021-9405911
Minemed Medical Scheme	35465	Northway	4065	1569	97-02-18	031-5630098
Moremed Medical Scheme	90	Howard Place	7450	1566	96-09-11	021-5097552
**Munimed	14145	Lyttelton	0140	1087	68-05-28	012-6731000
Mutual & Federal Medical Aid Fund	90	Howard Place	7450	1208	71-06-10	021-5095900
Myhealth	567	Bloemfontein	9300	1148	67-12-19	051-4090111
N						
Nampak Group Medical Society	2338	Durban	4000	1154	71-02-01	0860 101 047
Naspers Sick Fund	2271	Cape Town	8000	1241	72-03-07	021-4062552
**National Independent Medical Aid Society (NIMAS)	187	Pavilion	3611	1166	71-01-27	031-2651300
**National Medical Plan (NMP)	2338	Durban	4000	1167	71-05-06	031-3365500/ 3365515
**NBC Medical Aid Society	P/B X78	Rivonia	2128	1170	69-02-19	0860 10 9393
Nedcor Medical Aid Scheme	90	Howard Place	7450	1469	76-12-24	021-5091222
Netcare Medical Scheme	2338	Durban	4000	1584	00-12-19	031-3676999
O						
Old Mutual Staff Medical Aid Fund	90	Howard Place	7450	1214	69-02-13	021-5099111
**Omnihealth Medical Scheme	839	Northland	2116	1139	67-10-27	011-3807800
**Open Plan Medical Scheme	15774	Vlaeberg	8018	1560	69-01-15	0861 888 101
Optimum Medical Scheme (OPMED)	P/B X850	Pretoria	0001	1581	00-06-08	012-4275244/52
**Oxygen Medical Scheme	90	Howard Place	7450	1215	71-11-17	0860 102 102
P						
Parmed Medical Aid Scheme	38597	Pinelands	7430	1441	74-03-29	021-5141533
**Pathfinder Medical Scheme	11465	Centurion	0046	1587	4/9/2001	861070809
PG Bison Medical Aid	2298	Rivonia	2128	1515	83-01-04	011-2906200

PG Group Medical Scheme	52561	Saxonwold	2132	1186	70-11-20	011-7709200
**Pharos Medical Plan	343	Westville	3630	1546	94-02-02	031-2668074
Pick & Pay Medical Scheme	15774	Vlaeberg	8018	1563	96-05-09	021-4804511
Platinum Health	P/B X82081	Rustenburg	0300	1583	00-12-19	014-5942800
**Pretoria Municipal Medical Scheme (Pretmed)	3497	Pretoria	0001	1242	70-01-28	012-3265673
Profmed	1089	Houghton	2041	1194	69-10-08	011- 6444200/300
**Pro Sano Mediese Hulpskema	338	Sanlamhof	7532	1454	76-05-17	021-9174440
**Protea Medical Aid Society	209	Parow	7499	1196	69-11-19	021-9394677
**Protector Health	40599	Arcadia	0007	1285	71-06-10	012-4210200
**Pulz Medical Scheme	2338	Durban	4000	1595	03-06-17	031-3365500
Q						
Quantum Medical Aid Society	786722	Sandton	2146	1516	83-03-01	0860 4455 66
R						
Rand Water Medical Scheme	1127	Johannesburg	2000	1201	69-10-24	011-6820560
Remedi Mediese Hulpskema	15403	Vlaeberg	8018	1430	72-09-18	021-4804774
**Resolution Health Medical Scheme	1555	Fontainebleau	2032	1575	98-04-09	011-7916425
Retail Medical Scheme	652509	Benmore	2010	1176	70-02-10	021-9804465
S						
SABC Medical Scheme	P/B X121	Bryanston	2021	1424	72-06-23	011-5102047
Samancor Health Plan	61820	Marshalltown	2107	1557	95-06-28	0860 100 075
Samwumed	134	Athlone	7760	1038	68-11-11	021-6979000
Sappi Medical Aid Scheme	31560	Braamfontein	2017	1527	85-01-20	0860 101 280
Sasolmed	2028	Randburg	2125	1234	71-02-17	011-3290300
SEDMED	468	Bloemfontein	9300	1531	87-02-19	051-4478271
**Selfmed Medical Scheme	90	Howard Place	7450	1446	74-11-19	021-5095888
Siemens Medical Scheme	P/B X121	Bryanston	2021	1243	68-11-06	011-5102000
**Sizwe Medical Fund	260709	Doornfontein	2023	1486	78-03-17	011-3530000
South African Breweries Medical Aid Society (SABMAS)	2338	Durban	4000	1209	70-09-01	0860 002 133
South African Police Service Medical Scheme (Polmed)	P/B X128	Centurion	0046	1580	99-11-01	012-6738898
Southern Sun Medical Scheme	652509	Benmore	2010	1579	99-07-30	011-8812405
**Spectramed	P/B X1	Gardenview	2047	1141	71-08-23	011-6779800
Stocksmed	2018	Randburg	2125	1254	70-05-25	0860 002 137
**Suremed Health	1300	Crameview	2060	1464	76-08-20	0860 080 888

T						
**Telemed	303	Germiston	1400	1147	70-05-27	011-8216600/1
Tiger Brands Medical Scheme	P/B X131	Rivonia	2128	1544	93-06-01	011-2081000
**Thebe-Med	4709	Johannesburg	2000	1592	02-09-12	011-3357335
**Topmed Medical Scheme	2338	Durban	4000	1422	72-04-24	0860 002 158
Transmed Medical Fund	32043	Braamfontein	2017	1582	00-11-22	011-4036927
U						
UMED	9142218	Wingate Park	0153	1434	73-04-02	012-3470330
University of Natal Medical Scheme	2194	Amanzimtoti	4125	1520	83-07-01	031-9039600
University of the Witwatersrand Johannesburg, Staff Medical Fund (Wits University Medical Aid Scheme)	P/B X121	Bryanston	2021	1282	71-05-18	011-5102000
V						
Venda Police and Prisons Medical Aid Scheme	2650	Rivonia	2128	1565	96-08-20	011-2906200
**Vulamed	2338	Durban	4000	1249	72-05-08	0860 002 155
W						
Witbank Coalfields Medical Aid Society (WCMAS)	26	Witbank	1035	1291	69-04-30	013-6561407/8
Wooltru Healthcare Fund	15403	Vlaeberg	8018	1293	69-12-12	021-4804849
X						
**Xpress Care Medical Scheme	P/B 131	Bryanston	2021	1586	01-03-30	011-3753000
Xstrata Medical Aid Scheme	P/B X121	Bryanston	2021	1253	68-08-07	011-5102000

** Schemes which are open to the public.

GN 227 of 20 February 2004: Fees payable to brokers

DEPARTMENT OF HEALTH

The Minister of Health, has in terms of section 65 of the Medical Schemes Act, 1998 (Act No. 131 of 1998), read together with regulation 28 of the regulations made in terms of that Act as amended, determined R52.45 as an amount that is payable by medical schemes to brokers with effect from the date of publication of this Notice.

M.E. TSHABALALA-MSIMANG
Minister of Health

BN 73 of 30 June 2004: Notice of declaration of undesirable business practice in terms of section 61 (1) of the Medical Schemes Act, 1998 (Act No. 131 of 1998)

COUNCIL FOR MEDICAL SCHEMES

In terms of section 61 (1) of the Medical Schemes Act, 131 of 1998, the Registrar of Medical Schemes, with the concurrence of the Council for Medical Schemes and the Minister of Health, makes the declaration contained in the Schedule to this notice, which shall be applicable to all medical schemes.

SCHEDULE

It shall be an undesirable business practice—

1. to alienate the tangible and/or intangible assets of a medical scheme for substantially less than their fair value;
2. for a medical scheme to award a contract for administration services without engaging in a fair and reasonable process of evaluating a range of potential administrators to select an administrator best suited to the needs of that medical scheme, taking into account considerations of, amongst others: cost, capacity, experience in administration and financial soundness;
3. for a medical scheme to enter into an administration contract with a party in which any employee, trustee or other officer of the medical scheme has a direct or indirect financial interest.

Note: Paragraph 2, above, does not apply in respect of the renewal of the administration contract of the existing administrator of a medical scheme.

(Signed)

T P MASOBE

Registrar of Medical Schemes

GOVERNMENT NOTICES • GOEWERMENTSKENNISGEWINGS

DEPARTMENT OF HEALTH

NO. 794

03 SEPTEMBER 2015

MEDICAL SCHEMES ACT, 1998 (ACT No. 131 OF 1998)**AMENDMENT OF REGULATIONS**

The Minister of Health intends, in terms of Section 67 of the Medical Schemes Act, 1998 (Act No. 131 of 1998), after consultation with the Council for Medical Schemes, to amend the Regulations set out in the Schedule hereto.

Interested persons are invited to submit any substantiated comments in writing on the proposed amendments to the Director-General: Health, Private Bag X828, Pretoria, 0001 (for attention of the Director: Public Entities Governance, Ms M Mushwana, MushwM@health.gov.za), within three months from the date of publication of this notice.

SCHEDULE**DEFINITIONS**

1. In this Schedule "the Regulations" means the Regulations made under section 67 of the Medical Schemes Act, 1998 (Act No. 131 of 1998), (hereinafter referred to "the Act"), as published under Government Notice No. R.1262 of 20 October 1999, and amended by Government Notice No. R.570 of 5 June 2000, Government Notice No. R.650 of 30 June 2000, Government Notice No. R.247 of 1 March 2002, Government Notice No. R.1360 of 4 November 2002, Government Notice No. R.1397 of 6 October 2003 and Government Notice No. R.1410 of 3 December 2004.

AMENDMENT OF REGULATION 31 OF THE REGULATIONS

2. Regulation 31 of the Regulations is hereby amended by –

(a) the substitution for paragraph (a) of the following paragraph:

“(a) an application for registration of a medical scheme: R15 000,00;”;

(b) the deletion of paragraph (b);

(c) the substitution for paragraph (c) of the following paragraph:

“(c) to change the name of a medical scheme: R1 000,00;”;

(d) the substitution for paragraph (d) of the following paragraph:

“(d) registration of amendments, rescissions or additions to the rules of medical scheme in terms of Section 31 of the Act, per A4 page or part thereof: R60,00;”;

(e) the deletion of paragraph (e);

(f) the deletion of paragraph (f);

(g) the substitution for paragraph (g) of the following paragraph:

“(g) application for accreditation or renewal of accreditation as an administrator contemplated in Section 58(4) of the Act: R20 000,00;”;

(h) the substitution for paragraph (h) of the following paragraph:

“(h) application for accreditation or renewal of accreditation as a broker contemplated in Section 65 of the Act: R2 000,00;”;

(i) the substitution for paragraph (i) of the following paragraph:

“(i) an appeal contemplated in Section 50(3) of the Act: R4 000,00;” and

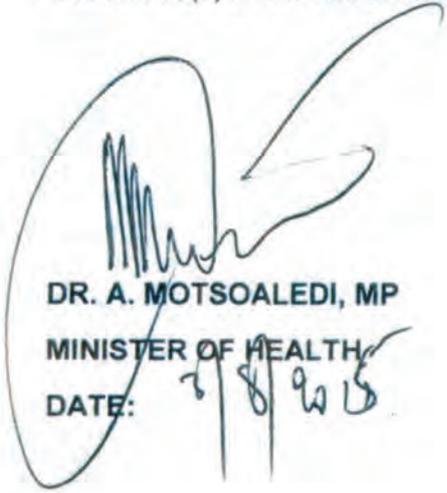
(j) the substitution for paragraph (j) of the following paragraph:

"(j) application for accreditation or renewal of accreditation as a managed health care organization: R20 000,00."

AMENDMENT OF REGULATION 32 OF THE REGULATIONS

3. Regulation 32 of the Regulations is hereby amended by the substitution for Regulation 32 of the following Regulation:

"32. **Penalties.** – The penalty for every day which a failure contemplated in Section 66(3) of the Act continues, is R2 000,00."



DR. A. MOTSOLEDI, MP

MINISTER OF HEALTH

DATE: 2/8/2015

Amendment of section 1 of Act 131 of 1998, as amended by section 1 of Act 55 of 2001, section 1 of Act 62 of 2002, section 40 of Act 65 of 2002 and section 25 of Act 52 of 2003

1. Section 1 of Act 131 of 1998 is hereby amended by the substitution for the definition of “business of a medical scheme” of the following definition:

“business of a medical scheme” mean the business of undertaking, **[liability]** in return for a premium of contribution [-], the liability associated with one or more of the following activities:

- (a) **[to make provision]** Providing for the obtaining of any relevant health service;
- (b) **[to grant]** granting assistance in defraying expenditure incurred in connection with the rendering of any relevant health service; **[and]** or
- (c) **[where applicable, to render]** rendering a relevant health service, wither by the medical scheme itself, or by any supplier or group of suppliers of a relevant health service or by any person, in association with or in terms of an agreement with a medical scheme.’