



## PRESS RELEASE

### CMS SUSPENDS FIVE OFFICIALS FOR ALLEGED IRREGULARITIES, CORRUPTION AND UNETHICAL CONDUCT

PRETORIA, Sept 18, 2019 - The Council for Medical Schemes (CMS) has suspended five officials over allegations of irregularities following anonymous tip-offs on its hotline.

The medical schemes regulator said the employees, two executives and three senior managers, have all been placed on precautionary suspension with full pay following alleged irregularities, including corruption and unethical conduct reported by whistle-blowers.

The allegations, some of which predate the appointment of the current Registrar and Chief Executive, Dr Siphon Kabane, were also sent to local newspapers; the Ministry and Department of Health.

The allegations include irregular placement of schemes under curatorship, irregular appointment of service providers, irregular spending on service providers with close relationship, having personal lifestyles not matched by salaries; having a close and corrupt relationship with entities regulated by CMS; breach of PFMA in respect of cover quoting, collusion in the appointment of service providers.

"The CMS views these allegations in serious light. Therefore, these suspensions and investigations are in line with our zero-tolerance to unethical conduct. We will not rest until information received has been investigated and based on the findings, appropriate steps will be taken. We also wish to make it clear that ALL CMS executives will be immediately subjected to a lifestyle audit," said Dr Kabane.

"The CMS does not and will not tolerate corruption, fraud, waste and abuse. That is why in February 2019 we hosted the inaugural Fraud, Waste and Abuse Summit whose outcomes included the establishment of industry standards; the signing of an industry Charter as a pledge to contribute towards combating fraud, waste and abuse.

“Where we have come across allegations and evidence of corruption, we have acted promptly and decisively. Earlier this year we suspended a general manager on the basis of serious allegations of corruption. The general manager has since resigned with immediate effect on the eve of the disciplinary hearing.

Dr Kabane said the council was cooperating with the Special Investigating Unit to investigate further allegations of fraud and corruption within the organisation and the industry. He said following a signed Presidential proclamation, this investigation was meant to shed light into the alleged corruption and serious maladministration in connection with the affairs of the council and this will be extended to the private sector.

“Also, when allegations of racial profiling, bullying and cohesion were presented to the CMS, a Steering Committee comprising of industry stakeholders, was convened. The steering committee collectively agreed to the establishment of an independent Investigating Panel to deal with allegations related to Section 59 of the Medical Schemes Act. The Section 59 investigation is ongoing, and recommendations will be made public later in the year.

“The CMS will follow its policies and processes in dealing with these matters. Stakeholders are requested to be patient and at the appropriate time, a comprehensive report will be released,” said Dr Kabane.

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