



PRESS RELEASE

Reference: CMS clarifies facts re Beneficiary Registry
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Press release 2 of 2017: CMS CLARIFIES FACTS RE BENEFICIARY REGISTRY

The Council for Medical Schemes (CMS) noted with great concern the recent press statements and subsequent radio and television interviews regarding the beneficiary registry (BR). The CMS would like to clarify the position and any misconceptions created by these statements concerning the BR. Current press releases and billboards are misleading in that they wrongly suggest that the CMS will be collecting medical data. It is not the CMS' intention to collect any medical data and the directive received from the Minister of Health is clear in this regard.

The articles also mentioned a security threat to data, but the CMS has demonstrated to medical schemes and other stakeholders in the several engagement sessions that very adequate security measures are in place. Resulting from these meetings, an Industry Technical Advisory Group (ITAG) task team was established, consisting of representatives from medical schemes and administrators. One of the four work streams of the ITAG task team solely deals with the security issue.

Statements suggesting that the CMS is contravening any legislation in requesting basic personal details such as name, surname, unique identification number and basic contact details of beneficiaries from medical schemes, are factually incorrect. Section 38 of the Public Protection of Information Act (POPI) makes provision for exceptions where information is processed for the purpose of a relevant function of a public body or conferred in terms of a law; and section 37 of POPI provides that the Information Regulator may grant an exemption if the privacy of a data subject is outweighed by the public interest of a public body or where it is in compliance with legal provisions.

The purpose of the BR is in the public interest and will enable the CMS to optimally fulfil its mandate in protecting beneficiaries of medical schemes.

The BR will allow the CMS to understand the geographical and demographical distribution of all members of medical schemes and will enable the CMS to share information pertinent to the members of schemes as the functioning of the Medical Schemes Act and their rights and privileges under the Act. The CMS thus finds it pertinent that in order to effectively regulate the medical schemes industry it is crucial that it has information on the beneficiaries whom it has a responsibility to protect. It is a notable concern that medical schemes allow third party administrators to keep data of members without in most cases acquiring the required consent of members whereas this information is asked by the regulator in order to protect the interests of these members.

Several medical schemes have appointed the state a designated service provider and hence members are deferred to the state, in the absence of any mechanisms which allow state facilities to verify whether a patient belongs to a medical scheme or not, resulting in schemes rarely being billed for treatment. This is not in the public interest as it adds an additional burden on the already cash strapped and over-burdened state facilities. If these facilities are provided with a method to verify active membership and raise a fee for services rendered, the ratio of payments by private medical schemes to state would improve. Furthermore, the potential for fraud committed by patients purporting to be medical scheme members, would also decrease by the introduction of this much needed verification mechanism. This would leave more money in the public coffers, allowing the state to procure better services for our citizens and is therefore directly in the public interest.

The collection of basic demographic member data at a more granular level will allow the CMS and the National Department of Health (NDOH) to base health insurance policy decisions on more precise business intelligence. This will benefit all members of medical schemes as well as the public at large and will also ensure that future healthcare interventions are better focused and scientifically based. Collecting individualised data will also enable the CMS to verify aggregated figures submitted by medical schemes as part of the statutory return process, such as member movement between options as well as the worrying trend of buying down.

Finally, the CMS has consistently advised that the process will be subjected to rigorous legal scrutiny before being finally implemented.

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