



**Boards of Trustees
Principal Officers
Administrators of medical schemes**

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Circular 19 of 2009

2010 contribution increases and benefit changes

Over the last few years the Office of the Registrar has developed and implemented processes for the assessment of benefits and contributions, which have proven to be successful and welcomed by the industry. This year the process of submission remains the same, however, with a few changes, particularly around Appendix I.

You are therefore required to follow the following process when submitting amendments for 2010:

1. Section 31(3) and Regulation 2(d) of the Medical Schemes Act (Act 131 of 1998)
 - certified and dated Board of Trustees resolution with summarised particulars of proposed changes; and
 - two sets of copies (one being original) of the amendments for registration.
2. All schemes with amendments taking effect from 1 January 2010 are hereby advised to adhere to the deadline. The deadline applies only to the receipt of signed hard copies of amendments and NOT the electronic copy. Also note that the submission will not be considered if Appendices are not fully completed.
3. The submission for Appendix I has been changed from Circular 40 of 2006 to reflect the following:
 - The Appendix I submission will from now on be regarded as Appendix IA and Appendix IB. The split has been made to take into account the submission at scheme level and option level.
 - The structure of the Appendix has been changed, resulting in a change to the method in which non-healthcare costs are taken into account.
 - There is a requirement for key financial projections and demographics for 2009 and 2010, based on the proposed contribution and benefit changes for 2010.
 - Both hard copies and the electronic versions of Appendix IA and IB (on an Excel spreadsheet) must be submitted on or before the deadline. Only the spreadsheet provided

A statutory body established in terms of the
Medical Schemes Act, 1998 (Act 131 of 1998)

Chairperson: Prof. W Pick Acting Registrar & CEO: P Matshidze



can be used for the submission. The spreadsheet can be found on the [Council's website](#) or by [clicking here](#).

4. As part of the submission, a report should be included that takes into consideration the requirements of the Professional Guidance Note (PGN303 – Advice to South African Medical Schemes on Adequacy of Contributions). The report should be prepared by a person with the appropriate actuarial or statistical skills and should include the following detailed information:

- contributions
- benefit changes
- non-healthcare expenditure
- assumptions
- financial projections

This Professional Guidance Note is published by the Actuarial Society of South Africa and can be found on their website (<http://www.actuarialsociety.org.za>).

5. **All** schemes must submit a motivation for the required contributions and benefits. This is more so for schemes where the proposed increase in contributions is greater than CPI + 3%. As the value of CPI index is based on historical information, it is recommended that the latest published increase in the index at the submission date be used as a basis for the motivation requested.
6. All schemes are reminded that the marketing and operation of any amendments under review as per Section 31(3) and/or Section 33(1) of the Medical Schemes Act is NOT permitted as this would be tantamount to a transgression in terms of Section 66.
7. The deadline for the submission of all amendments taking effect from 1 January 2010 is 1 October 2009 and submissions before the deadline are welcome.

Your cooperation is always appreciated.

Yours faithfully

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HEAD: BENEFITS MANAGEMENT

