



Principal Officers
Boards of Trustees
Administrators of medical schemes

Ref: 2011 rule amendments
Enq: Benefits Management Unit
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Date: 25 June 2010

Circular 35 of 2010: Contribution increases and benefit changes for 2011

The Office of the Registrar of Medical Schemes continues with the assessment of benefits and contributions submitted by schemes for the ensuing benefit year. While the process of submission remains largely unchanged, minor changes to Appendices IA, IB and the new Appendix C are envisaged, with a few other reminders to industry to the statutory requirements.

- I. The following process must be adhered to when submitting amendments in terms of Section 31(3), Regulation 2(d) and Regulation 4(b) & (d) of the Medical Schemes Act (Act 131 of 1998):
 - a certified and dated Board of Trustees resolution indicating the following words: “certified as having being adopted in terms of the rules” **together with** summarised particulars of the proposed changes;
 - the original plus one copy of the amendments for registration. Also note that any changes that were requested by this Office in previous rule amendment submissions should be incorporated into the current amendments if not done so already;
 - no underlining must be made in the documents containing the rules;
 - all submissions must be printed on one side of A4 paper only;
 - Appendix IA, IB and C (if applicable; see paragraph 6 below) for each registered option for 2010 and 2011 fully completed. Both hard copies and the electronic versions of Appendix IA, IB and C (if applicable) must be submitted on or before the deadline. Only the spreadsheet provided can be used for the submission. The spreadsheet can be found on the CMS website (www.medicalschemes.com) or by clicking here (http://www.medicalschemes.com/publications/ZipPublications/Application%20Forms/Circular35Of2010Contributions_n_2011.xls); and
 - schemes with reserve levels above 25% and who have experienced a drop in solvency from 2008 to 2009 are required to provide this Office with a reserving plan or an update of the reserving plan that was submitted during the 2010 rule amendment process.

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

Chairperson: Prof. W Pick Registrar & CE: Dr M Gantsho



Any submission without any of these requirements will be deemed non-compliant and will not be attended to.

2. Schemes are further required to indicate percentage changes on any benefits being amended in a tabular form as follows:

Option name			
Benefits/services	2010	2011	% change
E.g. Day-to-day limit	R5 000 per beneficiary	R5 500 per beneficiary	10% increase

- Please note that in instances where limits are imposed on benefits, the distinction should clearly be made that the limit does not apply for prescribed minimum benefit (PMB) conditions, as stipulated in the Act.
3. Applications for all new options taking effect from 1 January 2011 must reach this Office by 1 September 2010 in terms of Section 33(1) of the Act. Any applications received after 1 September 2010 will not be given any priority until all 2011 benefit and contribution amendments have been considered.
 4. All schemes with amendments taking effect from 1 January 2011 are advised to adhere to the submission deadline which applies to the receipt of signed hard copies of the amendments and NOT the electronic copy.
 5. Appendix 1A has been changed from Circular 19 of 2009 as follows:
 - For options with different contribution rates based on the sub-option within the option, i.e. income bands or provider choice, the Office requires that Appendix 1A be completed ONCE ONLY with the consolidated projected financial results for 2010 and 2011. Please refer to the notes on the Appendix for further instructions, in particular with regard to the input required for rows a-p. The Office further requires that for these options the new Appendix C be completed.
 - For contribution tables based on family size, e.g. M, M+1, M+2 etc., **2010/11 Appendix 1A (2)** and **Appendix C (2)** can be found on the CMS website (www.medicalschemes.com) or by clicking here (http://www.medicalschemes.com/publications/ZipPublications/Application%20Forms/Circular35Of2010Appendix_ContributionsBasedOnFamily.xls).
 6. As indicated in the previous Circular in this regard, a report sent with amendments must take into account the requirements of the Professional Guidance Notice (PGN) published by the Actuarial Society of South Africa, i.e. PGN303 – *Advice to South African Medical Schemes on Adequacy of Contributions* (as amended). This report must be prepared by a person with the appropriate actuarial or statistical skills and should include the following detailed information:
 - contributions
 - benefit changes
 - non-healthcare expenses
 - 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>).



7. A motivation for the required contributions and benefits must accompany all submissions, particularly from schemes requiring increases in contributions greater than CPI (Consumer Price Index) + 3%. It is recommended that the latest published increase in the index at the submission date be used as a basis for the motivation required since the CPI is based on historical data.
8. No amendments will be valid unless they have been approved and registered by this Office in terms of Section 31(2) of the Act. The marketing of such amendments before approval is also prohibited and would be tantamount to a transgression in terms of Section 66.
9. This Office has noted inconsistencies in respect of the names of options registered in the rules and those being reported on as per Section 37 of the Act or as required by this Office, e.g. where a scheme has registered an option such as Valuedmed, it should NOT be reported as Value-med or Value Med. It is for this reason that Principal Officers are requested to use the option names as they appear in the registered rules when reporting on them in the Appendices. This will also alleviate delays experienced at the time of submissions required in terms of said Section.
10. The deadline for all amendments taking effect from 1 January 2011 is 1 October 2010 but this Office welcomes any submissions made before this date.
11. Kindly refer all your queries to the respective Benefits Management Analyst responsible for your scheme.

Your cooperation is always appreciated.

Yours faithfully

P PREMA
HEAD: BENEFITS MANAGEMENT