



Trustees and Principal Officers of medical schemes
Managed care organisations
Administrators of medical schemes

Ref: PMB non-compliance
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Circular 37 of 2009: Non-compliance by the medical schemes industry in respect of the provision and payment of prescribed minimum benefits (PMBs)

1. During the evaluation of compliance with the administration standards by medical schemes and third-party administrators, as well as an analysis of numerous complaints received by the Council for Medical Schemes (CMS), it has come to our attention that medical schemes and administrators fail to comply with the provisions of the Medical Schemes Act (Act 131 of 1998) and Regulations in respect of the provision and payment of prescribed minimum benefits (PMBs).
2. The said non-compliance appears to be an industry-wide practice rather than being restricted to a few medical schemes or administrators. The following has been noted, amongst others:
 - a. The registered rules of medical schemes correctly provide for PMBs, but PMBs are often not implemented in terms of such rules.
 - b. PMBs are paid for at scheme tariff and not at full cost, as provided for in the Act.
 - c. PMBs are paid at cost only when a member or provider lodges a complaint with the medical scheme.
 - d. PMBs are often only paid in terms of the Act if the CMS instructs the scheme to do so; the scheme then applies such an instruction only to the case concerned.
 - e. Schemes and administrators use various mechanisms to deter and discourage members from accessing PMBs, e.g. the healthcare provider or the beneficiary has to complete PMB approval forms before the scheme considers payment in terms of the PMB legislation.
 - f. Beneficiaries are held liable for short payments or co-payments on PMBs in disregard to the provisions of the Act, e.g. for services obtained involuntarily from a non-designated service provider (DSP).

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

Chairperson: Prof. W Pick Acting Registrar & CE: C Burton-Durham



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- g. Short payments or co-payments are being deducted from members' medical savings accounts.
3. Failure to pay for PMBs as prescribed has resulted in this Office introducing punitive measures against transgressors, and certain schemes and administrators are currently under investigation.
 4. Schemes and administrators are advised to cease and desist from the above practices, and to comply with the Act and Regulations pertaining to the provision and payment of PMBs in the prescribed manner and as provided for in the rules of medical schemes.
 5. Should you be aware of any practices by schemes or their administrators regarding the illegal practices above, you are encouraged to notify this Office accordingly.
 6. Should you, as a medical scheme or administrator, currently be defaulting in terms of the above, you are advised to report such failure within a period of 60 days from the date hereof to this Office and demonstrate clearly how you intend to rectify the situation within specified time limits.
 7. If you fail to disclose the non-compliance referred to and take steps to remedy the situation, you will face punitive measures in the form of a statutory penalty being imposed and/or having your accreditation as a scheme or administrator suspended or withdrawn.

Yours sincerely

CRAIG BURTON-DURHAM
ACTING REGISTRAR & CHIEF EXECUTIVE