

**IN THE APPEAL COMMITTEE OF THE COUNCIL FOR  
MEDICAL SCHEMES**

In the matter between:

**MEDIHELP**

Appellant

and

**REGISTRAR OF MEDICAL SCHEMES**

Respondent

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**RULING**

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- [1] On 26 January 2006 the Appellant submitted rules for registration in respect of a proposed benefit option it termed the Platinum Benefit Option. On 17 May 2006, the registrar turned down the application. This is an appeal against the registrar's decision.

- [2] The Appellant charges that the basis for the registrar's decision is reviewable and subject to be set aside on appeal. It submitted that the reason for the registrar's refusal to register the Platinum Benefit Option was that it was similar to another benefit option (Medihelp 100) that the Appellant had previously (in 2005) unsuccessfully sought to have registered. It said the Platinum Benefit Option must be considered on its own merits and not on the merits of another option. Because the registrar rejected the application on the merits of the Medihelp 100 benefit option the registration of which had also been rejected, his decision falls to be reviewed and set aside.
- [3] But there are other stated grounds on which the registrar rejected application for registration of the Platinum Benefit option and the Appellant reflects on these in its appeal. These include that the option will not be financially viable because its proposed marginally lower contributions and slight increase in benefits is not likely to attract new members from outside the scheme (section 33(2)(c) of the Medical Schemes Act, 131 of 1998 ["the MSA"]); that it will jeopardise the soundness of other existing benefit options within the scheme (in violation of section 33(2)(d) of the MSA) since its members will be drawn from the existing Medihelp

Plus benefit option; that it will not be self-supporting as regards financial performance since its high contributions and marginally improved benefits when compared with the Medihelp 100 option are unlikely to attract sufficient members to make it financially viable (in contravention of section 33(2)(b) of the MSA); that it is targeted at vulnerable groups (the ill and the aged) thereby creating preferential dispensation for a specific group in clear contravention of regulation 4(4) to the MSA since the average age of members is 78.7 and the pensioner ration 97.3; that pricing of the proposed benefit option is indirectly risk-rated on the basis of age in contravention of section 24(2)(e); and that the proposed option is adjusted for risk profile in violation of 29(1)(n) of the MSA.

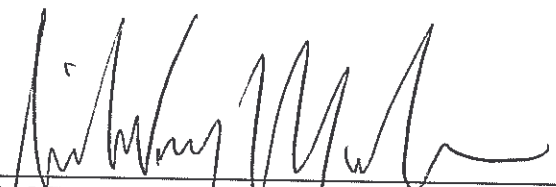
- [4] The Appellant's bare denial of these is not convincing. That the option will be marketed to the broader public does not alter the fact that its target market is the old and the sickly. Its submission that it is simply responding to the needs of members of the scheme does not make the proposed option any less of an affront to the legislative provisions upon which the registrar relies in his rejection of the application. The scheme has indicated that the

claims ratio of the proposed scheme will be in the region of 93%.

That hardly makes for a financially viable business model.

[5] All things considered, the Appellant has failed to persuade us that this proposed benefit option meets the requirements necessary to secure registration under the MSA.

[6] In the result, the appeal cannot succeed.



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VUYANI NGALWANA for Appeal Committee

*For the Appellant:* Ms E Coetsee and Mr Hertzog  
*For the Respondent:* Mr P Matshidze

*Date of hearing:* 06 December 2007  
*Date of Ruling:* 14 December 2007