



**COUNCIL FOR MEDICAL SCHEMES**

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## PRESS RELEASE

**FOR IMMEDIATE RELEASE**

**9 AUGUST 2002**

### **DRAFT STATEMENT FROM OMNIHEALTH MEDICAL SCHEME AND THE MEDICAL SCHEMES COUNCIL**

The Registrar of Medical Schemes and Omnihealth Medical Scheme today agreed on a plan of action to ensure the financial soundness of the medical scheme.

This follows a prolonged period of speculation in the market about the solvency of the scheme and concern expressed by members and intermediaries about the future of the scheme. The Council has investigated the situation thoroughly and has acted on the basis of the information and together with trustees of the scheme believes that this course of action will restore the scheme's financial soundness.

In terms of the agreement and from August 1, 2002:

- The scheme will reduce payments of administration fees on certain options by between 46% and 9% per member per month on all the options in the scheme
- The managed care fee paid by the scheme will be similarly reduced by between 37% and 10% per member per month.
- The co-administration fee paid by members of the scheme to intermediaries will be reduced by up to 38%. This arrangement will be reviewed at the beginning of 2003 and will be subject to continuing monitoring.

Overall, these measures will mean a saving of R4million per month to the scheme for the balance of this year – or a total of R20million for the rest of the year.

In addition, administration costs to the scheme will not increase by more than the Consumer Price Index (CPI) until the scheme reaches the prescribed statutory solvency level which is 25% in 2004.

*more...*

Chairperson: Prof. Nicky Padayachee Vice-Chairperson: Ms Gando Matyumza Chief Executive & Registrar: Patrick Masobe

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The reinsurance contract entered into by the scheme will be reversed as they did not comply with the law and all premiums refunded to the scheme. This will mean further savings of R8million to the scheme.

Members of the Board of Trustees of Omnihealth will disclose details of their remuneration to the Registrar for Medical Schemes and they will also give some indication of how they propose to reduce this level of remuneration.

The trustees will meet the Registrar monthly to review progress on the scheme during which attention will be paid, not only to the financial soundness of the scheme, but to methods by which members may obtain relief.

**For more details please contact:**

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*End.*