



ANNEXURE 1

EXEMPTION CONDITIONS SCHEDULE

APPLICABLE TO INSURERS AND/OR THEIR RESPECTIVE FINANCIAL SERVICE PROVIDERS THAT APPLIED FOR EXEMPTION IN TERMS OF SECTION 8(H) FROM COMPLIANCE WITH THE PROVISIONS OF SECTION 20(1) OF THE MEDICAL SCHEMES ACT NO 131 OF 1998

AUGUST 2020

	Exemption condition	Rationale	Due date
1.1.	Outstanding information relating paragraph 7.2 of the Exemption Renewal Framework:	<p>As per the evaluation of Stage 2 information that was submitted, it was noted that insufficient information relating to the products, number of beneficiaries, product assumptions etc. were provided.</p> <p>CMS will provide an electronic platform, where the required information will be requested, and applicants will have to submit the information in the manner specified by the Council.</p>	The due date will be communicated by the CMS
1.2.	Consumer warning and awareness	<p>All products must carry consumer warnings in terms of open enrolment, community rating, and cross-subsidisation.</p> <p>Products should not be misleading and should contain the following information to make the public aware that the product is not a medical scheme product: " This product is not a medical scheme and the required cover (benefits and contributions) are not the same as that of a medical scheme</p>	Immediate and continuous compliance
1.3.	Honesty, openness and transparency in marketing	Marketing brochures, policies, websites, etc must contain actual healthcare benefits (rand value, number of visits, etc) that policyholders are entitled to and must not be misleading.	Immediate and continuous compliance

	Exemption condition	Rationale	Due date
1.4.	Discrimination	Insurers may not discriminate and refuse membership on the basis of race, age, gender, marital status, ethnic or social origin, sexual orientation, pregnancy, disability, state of health, geographical location, or any other means of discrimination.	Immediate and continuous compliance
1.5.	Waiting periods	<p>Insurers may not refuse membership due to pre-existing health conditions.</p> <p>Insurers may impose waiting periods in respect of a condition for which medical advice, diagnosis, care or treatment was recommended or received within the 12-month period ending on the date on which an application for membership was made.</p> <p>A general waiting period of up to three (3) months; and/or</p> <p>A twelve (12) month condition-specific exclusion</p>	Immediate and continuous compliance
1.6.	Comply with the prudential requirements as set out by the Prudential Authority (PA)	Insurers must comply with the prudential requirements as required by the PA which sets out the financial soundness of South African insurers from a regulatory perspective.	Immediate and continuous compliance
1.7.	Treating Customers Fairly (TCF) principles	As part of the Treating Customers Fairly principles adopted by the financial services industry, the terms of policies, the premiums payable, as well as any restrictions on benefits, must be disclosed to the policyholder when a policy is taken out.	Immediate and continuous compliance
1.8.	Amendment to exempted products	Should insurers and their respective financial service providers wish to make any amendments in the terms of the policy, product benefits or option names they are required to first submit any proposed amendments to CMS for approval prior to effecting such changes.	Immediate and continuous compliance
1.9.	Compliance with the Low-Cost Benefit Option requirements	Insurers and their respective financial service providers should ensure that they avail one representative from their entity or should ensure that they are represented by an insurance association to attend and partake in the CMS Advisory Committees for discussions on the development of the LCBO Guidelines	Immediate and continuous compliance
1.10.	Binder agreements	<p>Insurers should ensure that they have written binder agreements in place with all entities rendering services to policyholders on its behalf.</p> <p>Despite any terms included in binder agreements, insurers remain liable for any claims relating to exempted products.</p>	Immediate and continuous compliance

	Exemption condition	Rationale	Due date
1.11.	Unbundling of insurance products	Insurers should ensure that they unbundle exempted products conducting the business of a medical scheme from other insurance products. Exempted products conducting the business of a medical scheme should accordingly be marketed and sold as a standalone product.	31 March 2021
1.12.	Products and options with no active policyholders should be terminated	Products and options with no active policyholders should be terminated and marketing brochures should be accordingly amended. The CMS will not approve inactive products and options based on the submissions made in March 2019.	Immediate and continuous compliance
1.13.	Products and options with less than 100 policyholders	Insurers should ensure that all products with less than 100 policyholders are accompanied by a brief breakdown, showing the self-sustainability and viability of the product. Insurers need to demonstrate that policyholders will be able to enjoy all the benefits of the products entitled to them without any prejudice. Failure to demonstrate the above, will result in insurers being directed to move policyholders to existing exempted products/options conducting the business of a medical scheme.	30 September 2020
1.14.	Limitation of non-healthcare expenditure	Insurers should ensure that they curb non-healthcare expenditure to provide better healthcare benefits to policyholders.	Immediate and continuous compliance
1.15.	Broker commission	Broker commission should be aligned to the provisions under the Medical Schemes Act.	31 March 2021
1.16.	Accreditation of brokers, brokerages and financial services advisors	Insurers should ensure that all brokers, brokerages and financial advisors relating to advice and marketing and selling of exempted products conducting the business of a medical scheme, should be accredited by the CMS, should these insurers convert to and be registered as medical schemes.	31 March 2021
1.17.	Accreditation of administrators	Insurers should ensure that all entities providing administration services to policyholders on exempted products conducting the business of a medical scheme should be accredited by the CMS, should these insurers convert to and be registered as medical schemes. Whilst insurers are still operating under the exemption framework, they should be encouraged to either prepare their respective	31 January 2021

	Exemption condition	Rationale	Due date
		<p>administrator and managed care functions / providers to comply with the accreditation requirements as per the Act, Regulations and Accreditation Standards.</p> <p>Should insurers wish to continue to make use of the services of unaccredited administrators and managed care organisations, then the said unaccredited entities should provide this Office with written confirmation <u>via the insurer</u> on the extent of compliance with the following information, by close of business, Wednesday, 31 January 2021, to demarcation@medicalschemes.com:</p> <p>Administrators</p> <p>1.1. Level of compliance with the provisions of Regulation 17 - Accreditation of administrators;</p> <p>1.2. Level of compliance with the Requirements for Administration of Medical Schemes (<i>information is available on the CMS website</i>);</p> <p>1.3. Guideline for the preparation of administration agreements in compliance with Regulation 18 and the administration standards (<i>information is available on the CMS website</i>);</p> <p>1.4. Level of compliance with the Third Party Medical Scheme Administrator Standards (Version 6) (<i>information is available on the CMS website</i>);</p> <p><i>The above information can be obtained on the CMS website:</i> https://www.medicalschemes.com/Publications.aspx</p>	
1.18.	Accreditation of managed care organisations	Insurers should ensure that all entities providing administration services to policyholders on exempted products conducting the business of a medical scheme should be accredited by the CMS, should these insurers convert to and be registered as medical schemes. Whilst insurers are still operating under the exemption framework,	31 January 2021

	Exemption condition	Rationale	Due date
		<p>they should be encouraged to either prepare their respective administrator and managed care functions / providers to comply with the accreditation requirements as per the Act, Regulations and Accreditation Standards.</p> <p>Should insurers wish to continue to make use of the services of unaccredited administrators and managed care organisations, then the said unaccredited entities should provide this Office with written confirmation <u>via the insurer</u> on the extent of compliance with the following information, by close of business, Wednesday, 31 January 2021, to demarcation@medicalschemes.com:</p> <p>Managed Care Organisations</p> <ol style="list-style-type: none"> 1.1. Level of compliance with the provisions of Regulation 15 of the MS Act - Provision of managed health care; 1.2. Level of compliance with the Accreditation Standards for Managed Care Organisations, Version 5 (<i>information is available on the CMS website</i>); 1.3. Guideline for the preparation of managed care agreements in compliance with Regulations 15 (<i>information is available on the CMS website</i>); and 1.4. Level of compliance with the Final Managed Health Care service document (Circular 13 of 2014). <p><i>The above information can be obtained on the CMS website:</i></p> <p>https://www.medicalschemes.com/Publications.aspx</p>	
1.19.	Submission of statutory returns required by the CMS	Submission of quarterly statutory returns	Dates for submission of quarterly information as per the notification by the CMS

	Exemption condition	Rationale	Due date
		Submission of audited financial statements and annual financial returns	30 April
		Submission of annual healthcare utilisation returns as per the CMS guidelines	30 April

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