

# Medical schemes mandated to cap cost increases at 5%



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BY: KATJA HAMILTON

The Council for Medical Schemes has announced that medical schemes must limit their cost increases to 5%, in line with the Reserve Bank's Consumer Price Index (CPI) projections for 2024. This following concerns that costs in the private healthcare sector have been rising faster than inflation, while growth in medical scheme membership has stalled.



Source: [Pexels](#)

Mondi Govuzela, senior manager of benefits management at the CMS, noted that the council observed a substantial disparity between CPI and consistent medical-scheme contribution rises, with the latter consistently surpassing CPI. In the period from 2011 to 2020, an average gap of approximately 2.4 to five percentage points persisted between CPI and medical-scheme contribution increases.

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Govuzela said that 50 to 60% of the population cannot afford private medical aid, and that the CMS has noted, over time, principal members on medical aid no longer being able to afford cover for every member of their family.

"This drives a rise in medical-aid costs because the schemes are mostly covering people with adverse health conditions, so the schemes do not have effective subsidisation from those who are healthy to the old and sick, so ensuring medical schemes are affordable to the majority of South Africans is an imperative," he said.

Medical schemes can appeal the CMS' latest cost-increase decision.

Govuzela said allowances would be made for medical schemes depending on their distribution of demographic profiles in medical schemes, and that submissions to this effect made to the CMS would be evaluated, and either rejected or approved, on the basis of the strength of the motivation.

"Medical schemes by law are supposed to give members 30 days' notice before implementing these new changes," he added. "The office must complete this process by the end of November, and we endeavour to ensure that everything is completed by then."

#### **ABOUT KATJA HAMILTON**

Katja is the Finance and Healthcare Editor at Bizcommunity.

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