

# Health insurance gets a two-year breather

Primary healthcare insurance products, which potentially would have been done away with under the draft demarcation regulations, have been thrown a lifeline by way of a two-year exemption.

## Threat to medical aids

The regulations create a line of demarcation between medical schemes and permissible health insurance products because there were concerns the latter were prejudicing the long-term viability of medical schemes by attracting the young and healthy away from medical schemes.



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In the initial version, however, many people who can't afford medical scheme cover would also have lost the ability to cover themselves via health insurance policies. "The demarcation regulations initially proposed the withdrawal or outlawing of many health insurance products, including gap cover, hospital plans and primary healthcare plans," says John Cranke, principal: Midlands Employee Benefits at PSG Wealth.

The concessions subsequently made, and particularly with regards to primary healthcare products, enable employer groups to extend some type of healthcare cover to all their employees at a much lower cost.

## Coming up with low-cost benefit options

So, the exemption allows the Council for Medical Schemes to implement guidelines for low-cost benefit options, and lightens concerns some employers may have about offering these products to lower income earners. The exact scope of the exemption still needs to be defined.

As the product category definition would suggest, primary healthcare products are aimed at offering out of hospital benefits only – so they include GP consultations, prescribed medication, chronic medication for specified chronic conditions, basic radiology, pathology, dentistry and optometry. Benefits are offered via provider networks, and for hospitalisation, members of these products would still have to rely on state hospitals.

“One has to balance the benefit richness with cost in an extremely price sensitive environment,” Cranke explains.

## **Quality day-to-day care**

Research into the requirements of this market segment actually showed that the pressing need here is in respect of access to quality day-to-day care in the private sector (which would circumvent the out-patient queues prevalent in the public sector), he adds.

In addition, the minister of health has repeatedly stated that he wants to “convert” the South African healthcare system from its current curative and hospital-centric approach, to a preventative one. “Primary healthcare products help achieve both of those goals,” he concludes.

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