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GOVERNMENT NOTICES • GOEWERMENTSKENNISGEWINGS

DEPARTMENT OF HEALTH**NO. 5872****17 February 2025****CALL FOR PUBLIC COMMENT ON THE COUNCIL FOR MEDICAL SCHEMES'
LOW-COST BENEFIT OPTION REPORT**

I, Dr Pakishe Aaron Motsoaledi, MP, Minister of Health, hereby invite comments from interested parties on the Low-Cost Benefit Option (LCBO) Report ("the Report") prepared by the Council for Medical Schemes and submitted to the Minister of Health..

The CMS presented the LCBO Report which includes recommendations to the Minister of Health. I understand that the report was concluded after extensive consultation and participation by various stakeholders in the development of the reports and the proposals. I am advised that the final report was not shared with stakeholders before submission to the Minister of Health.

Following a review of the Report's proposals and recommendations, I have made the following observations firstly the benefits being proposed for the LCBOs are less than the current benefits package offered at no charge by the public healthcare system. It is thus difficult to reconcile why a low-income earner (the target group for this package) would purchase such a package when the same is available for free or at a nominal charge from the State. Additionally, employers will likely be called on to contribute towards an LCBO package that is inferior in benefits and more expensive than the same service offered by the public healthcare system currently.

Secondly, the proposals are not supported by any research linked to the specific sector of the population that believe these products offer a real value given the minimalist benefit package and significant cost.. Often these products are presented as "medical scheme like products" and only after the client attempts to access the benefits do they experience problems and then realise that their benefits are very limited.

Thirdly, the "low-cost benefit option" proposal was developed by the private healthcare sector with the purported objective of offering a package of services at an affordable rate for low-income earners. Implicit in this objective is for such a service package offering to be comprehensive. In order to offer a comprehensive benefit package at a lower cost would necessitate a significant deviation from the current private health sector pricing models i.e. focusing on higher levels of efficiency and lower profit margins by private healthcare providers and administrators for a comprehensive set of benefits. Unfortunately, the proposal presented in the report, which I understand was a collective effort of the private healthcare sector, seems to not focus on efficiencies nor lower profit margins but instead just reduced benefits to maintain the current exorbitant pricing structure. The offering in effect is a "Low-Cost Low Benefit" proposal rather than a low-cost comprehensive benefit proposal. Comments are

invited with evidence of why the LCBO package cannot provide a comprehensive package of benefits through lower unit prices.

Fourthly the LCBO package proposed in the report lacks detail on exactly what services will be offered or the quantity of each benefit e.g. the number of consultations permitted etc. This information is important for consumers so they have a clear understanding of the LCBO. Permitting this level of vagueness may lead to the development and sale of products with minimal benefits.

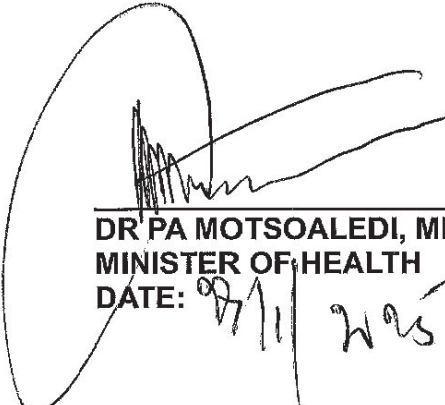
Fifthly, the National Health Insurance Act sets out a clear pathway towards universal health coverage and the reforms that are envisaged. There is no clarity on the alignment of these policy proposals with the NHI Policy.

In light of the concerns I have raised above it would be most appropriate to implement the Health Market Inquiry recommendations relating to the establishment of a basic benefit package through an amendment to the Medical Schemes Act combined with a Multilateral Price Negotiation Forum which is more likely to lead to the development of a comprehensive benefit package at an affordable premium for low-income households.

All interested parties are invited to submit comments on the recommendations in the report and on the key concerns I have raised above following a review of the LCBO report in writing. You are encouraged to substantiate your comments with evidence from the published literature or your own analysis.

Comments should be submitted electronically to LCBO@health.gov.za within 3 months of the date of this publication.

The Report can be downloaded from the website of the Department of Health at www.health.gov.za. Inquiries may be directed to Ms Mushwana (mihloti.mushwana@health.gov.za).



DR PA MOTSOLEDI, MP
MINISTER OF HEALTH
DATE: 07/11/2025

The LCBO Report can be access from the website of the Department of Health link at:
<https://www.health.gov.za/strategic-documents/>

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