

# Final demarcation regulations on medical cover published

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The final demarcation regulations governing medical gap cover, hospital cash plans and primary healthcare policies have been published.



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Finance Minister Pravin Gordhan and Health Minister Aaron Motsoaledi published the regulations under the Long-term and Short-term Insurance Acts in December.

The regulations, which have been under consultation for years, will create a line of demarcation between health insurance and medical aid products and will take effect from April.

Medical scheme products are regulated by the Medical Schemes Act of 1998, and health insurance products are regulated by the Long-term and Short-term Insurance Acts of 1998.

*Business Day* reported last year that three categories of health-insurance products were of particular relevance to the demarcation exercise. These were:

- Medical expense shortfall policies, or gap cover plans, which cover the shortfall between medical scheme benefits and the rates that private medical service providers may charge;
- Nonmedical expense cover as a result of hospitalisation policies, or so-called hospital cash plans, which pay out a stated benefit upon hospitalisation, unrelated to the actual cost of any medical service; and
- Primary healthcare insurance policies, which provide limited medical service benefits including services such as

general practitioner visits, acute and chronic medication, emergency medical care, dentistry and optometry.

Under the new regulations, gap cover will be limited to R150,000 for each insured person for a year, and hospital cash plan payouts will be limited to R3,000 a day, but with a cap of R20,000 a year, irrespective of the number of days in hospital.

Insurance companies were given a two-year transition period to phase out the existing primary healthcare insurance policies they will now be prohibited from providing.

*Source: BDpro*

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