

News release from GTC

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It really IS possible to switch medical aids without a three-month waiting period – GTC Healthcare

Companies face the difficult task of weighing up the pros and cons of medical aid schemes to ensure they strike the right balance between affordability and the needs of their employees. However, often this exercise is frustrated by a three-month waiting period which results in the company deciding against switching medical aid plans because of the increased risk for members.

But, according to GTC's Head of Healthcare Consulting, Jill Larkan, companies do not always have to undergo this three-month waiting period, and there is a workable way around this inconvenience.

"Employers have the right to transfer medical aid from one service provider to the other with effect from 1 January every year, without having to worry about waiting periods and certain underwriting conditions," said Larkan, who has been approached by many members, who belong to companies of all sizes, about the "brick wall" they face when discussing transferability of plans.

In a revelation that is likely to surprise many, from HR departments to boards, Larkan says it has come to the Healthcare Consulting team's attention that few employers appear to be aware that they can transfer medical schemes without a waiting period.

"The real problem with the waiting periods, is that they are causing members to remain on schemes which are just not providing sufficient or appropriate cover for the members anymore," says Larkan. "Members stay on these medical aid plans solely because they fear losing their benefits and having to accept a three-month waiting period.

The "free transfer allowance" with no waiting period which is afforded to employer groups is found in the Medical Schemes Act 29A 6 b) which confirms that medical schemes may not impose waiting periods for members who apply for membership of a new scheme, when the medical aid transfer is required as a result of:

- A change of employment to a company which is with a different Medical Aid scheme; or
- A company which is terminating or changing the scheme when such a transfer occurs at the beginning of the financial year, or reasonable notice must be furnished to the medical scheme to which an application is made for the transfer to occur at the beginning of the financial year.

This means that employers, who have halted their transfer to alternative medical aids in the middle of a year because they were advised that there will be three-month waiting period, still have an opportunity to make the change at the end of the year with the advantage of foregoing any waiting period or increased risk to employees.

“Although there is no mention of restrictions to transfer in the Act, except that ‘reasonable notice must have been furnished’, some medical schemes impose their own administration restrictions,” continues Larkan.

Examples of this include that there need to be two or more principal lives to be transferred; the date of inception must be 1 January; the company and its employees have to be on a scheme that is registered in South Africa; or that billing can only be via debit order. Larkan adds that administration requirements are further imposed by the individual medical aids, with examples of these requirements being the timeous completion of application forms by both the employer and employees, the submission of membership details for principal members and all dependants, and copies of exiting membership certificates for every employee, which all need to be completed before a set deadline which the scheme determines each year.

While some of these terms may require extra time to complete tedious administration tasks, if these specific terms are met, then the employer group may transfer from 1 January, with no waiting period imposed at all.

According to Larkan, this is the first area where professional healthcare advisors are able to guide companies through the process to ensure they navigate the requirements faultlessly.

“Healthcare consultants also provide a detailed and multi-layered analysis for employers when settling on a new medical aid provider that best suits the needs of the employer and its members,” continues Larkan. “This qualified counsel is invaluable.”

GTC Healthcare Consulting releases an annual Medical Aid Survey (MAS) with the 2016 edition published during June this year. The 2016 edition is the sixth annual research survey in the series, and provides analysis and ranking of different medical aid plans, according to the various options offered and available by South Africa’s 23 open medical aid providers. The GTC MAS ranks all plans according to the top qualities required to receive GTC’s “high likelihood of support and recommendation” rating, and is a “door opener” for a more in-depth analysis of requirements and needs vs plans and benefits.

The good news is that companies needn’t be concerned about the three-month waiting period. If employers prepare to make the change at the end of the year, preferably in consultation with a team of knowledgeable healthcare consultants to guide them regarding cost versus benefit, through to longevity of the scheme, companies will be able to make informed choices without any unnecessary red tape which could otherwise scupper the entire change process,” Larkan concludes.

GTC Healthcare’s full Medical Aid Survey for 2016 can be downloaded at the following link:
<http://www.gtc.co.za/wp-content/uploads/2016/06/GTC-MAS-2016-A4-DOWNLOAD-SMALL.pdf>

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About GTC Holdings

GTC, formerly Grant Thornton Capital is a well-established, leading financial advisory business, established in 1991 from within the Grant Thornton Johannesburg audit practice, itself part of Grant Thornton International. The Johannesburg practice was established in 1920.

Effective late 2012 GTC was obliged to separate itself from the audit practice as a result of various international regulations separating the asset management capability of any business from that of Grant Thornton.

This resulted in the business changing its name from that of Grant Thornton Capital to GTC. Gary Mockler, the founder of GTC, remains the Chief Executive Officer and a key shareholder. The association between GTC and Grant Thornton continues within the parameters permitted by international regulation.

GTC is nationally represented with offices in Johannesburg, Cape Town and Durban.

GTC specialises in the areas of retirement fund administration and consulting, healthcare consulting, private client wealth management, short term risk solutions, investment management, stockbroking, derivatives trading, fiduciary services and other areas of financial advice. GTC also operates a unit trust management company.

GTC is an advisory business holding the necessary licenses including FAIS.

Collectively the Group employs some 115 staff in the three national centres. Assets under management and administration total some R28 billion. There are 2 500 private clients and about 85 000 participating members of retirement funds through some 300 participating employer schemes, most of these structured through one of several GTC umbrella funds.