

Medical aid waiting periods and late-joiner penalties: What. How. Why?

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The world of medical schemes in South Africa is a very different one to 25 years ago. There are strict rules and regulations governing the industry, there to protect both the members and the financial sustainability of the scheme. Now is the time of year when medical schemes announce their annual increases and benefit changes. It means people re-evaluate their existing medical cover and opt for new schemes, new plans or join a medical aid for the first time. Gerhard Van Emmenis, Principal Officer of Bonitas Medical Fund, discusses some of the important membership rules and regulations.

What are waiting periods?

According to the Medical Schemes Act, medical aid schemes are entitled to impose a three month general waiting period. This protects other members of the Fund by ensuring that individuals aren't able to make large claims shortly after joining and then cancelling their membership.

Unlike other financial products, medical schemes are not-for-profit entities that are regulated to ensure they fulfil a social solidarity role, ie everyone benefits from the dependence individuals have on each other.

There are two types of waiting periods:

General waiting period (up to three months). A beneficiary is not entitled to any benefits, in some instances not even Prescribed Minimum Benefits (PMBs) during this period. If a beneficiary submits claims during a general waiting period, they will not be paid.

Condition-specific waiting period (up to 12 months). A condition-specific waiting period can last up to 12 months. During this time a beneficiary is not entitled to any benefits for a particular condition for which medical advice, diagnosis, care or treatment was recommended or received.

When do waiting periods apply?

Waiting periods generally apply if: You or your dependants were not on a medical aid for a period of at least 90 days before you joined Bonitas; you have never been a member of a medical aid or you chose to move from another medical aid to Bonitas.

When are they waived?

- To children born during membership, as long as they are registered within 30 days of birth
- If application is made to register a foster or adopted child dependant within three months of the date on which fostership or adoption was granted
- If application is made to register a spouse within three months of marriage
- To a main member who has to join Bonitas due to a change in employment
- If your employer moves to another medical aid and the change is made within a 90-day period
- Active members on a medical scheme who have a break in membership of less than 90 days and a previous membership of less than 24 months

Do you pay premiums during this period?

You continue to pay your full premium during the waiting period.

Are PMBs covered during the waiting period?

A PMB is a common, life-threatening chronic condition for which cost-effective treatment would sustain and improve the quality of the member's life. There are 27 PMB conditions and by law, the medical scheme has to cover the diagnosis, treatment and management of these. This can be confusing when waiting periods are imposed.

Van Emmenis explains, 'Pre-existing conditions are not simple. There are a series of questions which are asked and factors taken into account when determining when to implement waiting periods. Underwriting is very much based on individual needs. If a potential member is concerned they can request pre-underwriting from Bonitas and engage on a one-on-one basis.'

What is a late-joiner penalty?

In South Africa, medical aid schemes can impose late-joiner penalties on individuals who join a medical aid scheme after the age of 35; those who have never been medical aid members, or those who have not belonged to a medical aid scheme for a specified period of time since April 2001. The reasoning for this is to ensure fairness (whereby members who have been part of a scheme for years are not subsidising newer members who have contributed to the scheme). In addition, it also ensures that medical schemes cannot deny members who wish to join.

These late-joiner penalties depend on age as well as the number of years the applicant was a member of a medical scheme or the number of years they had no cover at all. If you are over 35 and haven't been on a medical aid then – depending on your age – you will be penalised and charged a surcharge between a 25% and up to 75% loading of your premium. It is outlined by CMS but at the discretion of the Scheme.

Does the loading reduce over time?

No unfortunately not, once you are paying a loaded premium, it remains in place.

Upgrading from a hospital plan

If someone has been on a hospital plan but decides to move to a medical aid and is over the age of 35, a loading will still apply.

Age and infirmity

Late-joiner penalties have been put in place to compensate for potentially increased claims by people who join a medical aid scheme when they're already older or infirm and can range from 25% of contributions to 75%. These penalties are imposed at the discretion of the medical scheme and apply to all types of medical aid plans, including hospital plans.

Can you move directly from a hospital insurance to medical aid?

Even though hospital plans are now governed by the Medical Schemes Act and not as previously by the Financial Services Board, late-joiner penalties will now apply if you move from a hospital insurance to any form of medical aid (including a hospital plan).

Can a medical aid scheme ever refuse membership to the scheme?

Before 1998 medical aid schemes could refuse membership but this is no longer allowed, although they can now impose waiting periods and late-joiner penalties.

And for immigrants to South Africa?

If you belonged to a private medical aid abroad, the CMS and the scheme will evaluate each individual case, taking into account all the relevant circumstances and any pre-existing conditions.

Can you change your membership any time during the year, is there a penalty for doing this and/or a waiting period?

Yes you can change at any time (but usually this happens during open period with new contracts coming into place from the beginning of a new year). Waiting periods are not usually imposed unless for pre-existing conditions however, the savings allocated to a plan may be. Savings are allocated in advance for 12 months so, if you leave during the year and have used more than the appropriate portion of savings, you will have to pay this back.

What if you change from one Scheme to another?

A three-month waiting period will more than likely apply as well as limited PMB cover and a late-joiner penalties.

Expulsion from medical aid schemes

Van Emmenis says you can only be expelled from your medical aid scheme if you are found to have attempted to or defrauded the scheme. 'You cannot be expelled on the basis that you have a high claim ratio, the Scheme cannot increase your premiums even if you are costing them a lot of money,' he says. 'However, non-disclosure or misrepresentation could result in your membership being cancelled and you being excluded from the scheme indefinitely.'

Van Emmenis says, 'We encourage members to submit all their bills even if they might not be paid as it allows for a full record of medical expenses and you can assess your medical aid needs going forward.'

In conclusion, Van Emmenis says that he'd encourage people to compare policies across schemes before making a final decision about their medical aid future. 'Our health is important and it makes sense to do some homework to see what is being offered, whether the plan provides the benefits you and your family needs, what will be paid from risk and the savings allocation and then weigh this up against the monthly premium.'

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