August 2026

HEALTH FUNDERS ASSOCIATION

Monthly MATTERS

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HFA SCENARIO PLANNING SYMPOSIUM & LAUNCH OF THE SOMS REPORT

HFA SCENARIO PLANNING SYMPOSIUM 2026

There are just a few days to go until HFA's 2026 Scenario Planning Symposium, taking place on 2 September.

This year's Symposium comes at an important time for the medical schemes sector. Affordability pressures, rising healthcare costs, regulatory uncertainty and rapid technological change are raising difficult questions about the future sustainability of medical schemes and the wider health system.

The programme will bring together leaders from across healthcare to explore these issues, with discussions ranging from the future sustainability of medical schemes and practical health reform to new models of care, artificial intelligence and emerging technologies. The day will open with a keynote address by Dr Imtiaz Sooliman, founder of Gift of the Givers.

View the full programme here or register to attend online here. (Unfortunately, we've reached in-person capacity, but would love to welcome you via Teams).

HFA's inaugural State of Medical Schemes Report

A highlight of the Symposium will be the launch of HFA's inaugural *State of Medical Schemes Report 2026* (SOMS), a new annual publication providing an evidence-based picture of the medical schemes sector and the forces shaping its future.

The report includes new analysis on risk equalisation and mandatory cover, together with compelling data demonstrating the value of medical schemes and the financial protection they provide to South Africans.

Importantly, it also gives voice to the leaders of the sector through *The Voice of the Principal Officer*, based on responses from 28 Principal Officers across open and restricted schemes of different sizes.

The report reveals a sector that remains resilient and socially important, but is operating under growing affordability, demographic, cost and regulatory pressure. While Principal Officers remain confident in the value of medical schemes in providing access to quality healthcare and protecting households from financial shocks, they are equally clear that meaningful reform is now essential.

Whether attending in person or online, the Symposium offers a unique opportunity to hear from leading voices across the sector and to be among the first to receive HFA's inaugural *State of Medical Schemes Report 2026*.

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HFA HEALTH FUNDERS ASSOCIATION
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HFA AGM: BUILDING A STRONGER VOICE FOR FUNDERS

HFA held its Annual General Meeting on 5 August 2026, providing an opportunity to reflect on the Association's progress and the priorities shaping its work.

Congratulations to Craig Comrie, who was re-elected as Chair of the HFA Board, providing continuity as HFA continues to strengthen its role as a collective voice for medical schemes and administrators.

HFA's work is guided by five strategic pillars that balance our focus on members with our broader role in the healthcare system. Together, these pillars seek to strengthen the Association and the value it provides to members, while extending its influence through advocacy, collaboration and thought leadership.

Five pillars guiding our work

Affordability and policy advocacy remain at the heart of HFA's work. Current priorities include PMB reform, affordable primary healthcare options, DSPs, implementation of the Health Market Inquiry recommendations, tariff reform and the proposed Multilateral Negotiating Forum, Section 59 and FWAE, coding, health technology assessment, consensus building and RAF claims.

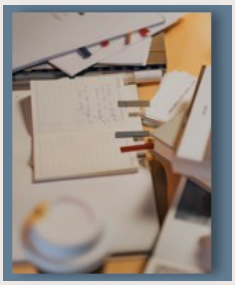
Our second pillar, **coalition building**, recognises that many of South Africa's healthcare challenges cannot be solved by any one part of the sector. HFA continues to strengthen relationships and work with policymakers, regulators and stakeholders across healthcare to identify areas of common ground and find practical ways forward.

Through **member value**, HFA provides a platform for medical schemes and administrators to share expertise, engage on common challenges and contribute collectively to policy and regulatory developments. Our Consultative Forums and specialist working groups bring the industry together, while regular member communications and initiatives such as our trustee training programme help members remain informed and equipped to navigate a rapidly changing environment.

Our fourth pillar is **building the HFA brand** and strengthening our contribution to healthcare thought leadership. HFA has gained significant traction in the media, while initiatives such as the *Building the Health System We Deserve* podcast series, the Scenario Planning Symposium and the inaugural *State of Medical Schemes Report* are helping to broaden the conversation about healthcare funding and reform in South Africa.

Underpinning this work is our fifth pillar, **organisational strength and stability**, ensuring that HFA remains well governed, sustainable and equipped to represent its members effectively.

Priorities for the coming months



HFA's priorities for the remainder of 2026 include expanding access to affordable healthcare cover, responding to the proposed 2027 Single Exit Price adjustment, advancing tariff reform, engaging on current Competition Commission exemption applications, contributing to Section 59 reforms and progressing key legal matters.

Across this work, HFA's objective remains to ensure that the perspectives of medical schemes and their members are properly represented in decisions affecting the future of healthcare funding. We will continue to keep members and the wider healthcare community informed as these issues develop.

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HFA HEALTH FUNDERS ASSOCIATION
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LEGAL MATTERS: PROTECTING THE INTERESTS OF SCHEMES AND THEIR MEMBERS

Legal action is not HFA's preferred course. We seek to resolve matters through constructive engagement wherever possible. However, intervention may become necessary where decisions or proceedings could materially affect the sustainability of medical schemes or the interests of their members.

Three important legal matters are currently receiving our attention.

PCR pricing matter

Work continues on the PCR test pricing matter. HFA's legal and expert teams are reviewing the information provided by participating schemes to identify any outstanding data and documents required for the next phase of the proceedings.

We hope to complete this work over the coming weeks and will continue to keep participating schemes informed as the matter progresses.

UBP Declaration on DSPs

HFA continues to engage on the Undesirable Business Practice (UBP) Declaration relating to DSPs. While the door remains open to a negotiated solution, the proposals put forward to date have not, in our view, adequately protected the interests of medical scheme members.

The issue is significant because the Declaration threatens a fundamental feature of DSP arrangements: the use of co-payments to encourage members to obtain care through contracted provider networks. Removing this mechanism could undermine schemes' ability to manage provider networks and negotiate arrangements that enable PMBs to be funded in full at sustainable rates. This could result in additional expenditure exceeding R7 billion annually, ultimately borne by medical scheme members through potential contribution increases of 3% to 4%.

Given the potential consequences for scheme expenditure and member contributions, HFA intends to pursue the available legal remedies while remaining open to a negotiated resolution.

PMB declarator: A significant industry-wide challenge

The PMB declaratory application concerning the application of Regulations 15H and 15I to treatment protocols and managed-care arrangements presents an immediate and potentially existential challenge for the medical schemes industry.

HFA has begun the process of intervening in the matter and has established a dedicated Steering Committee to guide the Association's response.

The industry response has been significant. To date, 22 medical schemes, representing just over four million beneficiaries, have joined HFA's legal action. This level of participation reflects the seriousness with which the sector views the potential implications of the case for the sustainability of medical schemes.

HFA is preparing its intervention papers and will provide further updates as the matter progresses.

Medical schemes wishing to join HFA's legal action in the PMB declarator matter are encouraged to contact us as soon as possible.

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HFA ENGAGES COMPETITION COMMISSION ON TARIFFS AND EXEMPTIONS

HFA recently met with senior executives from the Competition Commission for an important discussion on developments relating to competition, tariff determination and collective negotiation in the healthcare sector.

A key focus was progress towards establishing a more effective framework for healthcare tariff determination.

Movement on tariff negotiations

The Commission provided an update on the proposed Department of Trade, Industry and Competition block exemption for tariff determination. It advised that it had received extensive submissions on the draft regulations and was considering these alongside proposed amendments.

Of particular interest was an update on the proposed Multilateral Negotiating Forum (MLNF). The Commission advised that the Competition Commissioner had met with the Minister of Health to discuss the model that could be implemented for tariff determination.

The Commission indicated that the National Department of Health is at an advanced stage of developing regulations to enable tariff negotiations through an MLNF, with the regulations potentially being published for public comment before the end of the year.

This would represent an important step towards implementing the tariff negotiation framework recommended by the Health Market Inquiry. The Commission indicated that the MLNF is a high priority for the Minister of Health, although the relationship between this process and the proposed block exemption is still being considered.

HFA reiterated its broad support for the objectives of both initiatives and for the establishment of an effective tariff-determination framework that supports competition while contributing to greater healthcare affordability.

Collective negotiation must ultimately benefit consumers

The meeting also provided an opportunity to discuss recent applications for exemption from sections of the Competition Act.

HFA raised concerns about whether the applications adequately demonstrate how allowing providers to negotiate collectively would translate into tangible benefits for consumers, rather than primarily strengthening provider bargaining power and increasing reimbursement costs.

While the sustainability of healthcare providers is important, it cannot be considered in isolation from the sustainability and affordability of medical schemes. Higher healthcare costs ultimately flow through to medical scheme members through their contributions.

HFA also cautioned against arrangements that could weaken schemes' ability to act as **strategic purchasers of healthcare**, including through provider networks and contracting arrangements designed to secure better value for members.

The Competition Commission welcomed HFA's input and encouraged the Association to set out its concerns, together with supporting evidence, in its formal submissions on the exemption applications.

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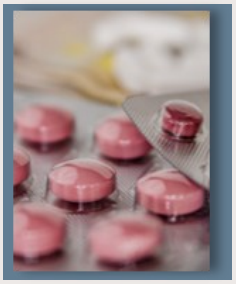
HFA RAISES CONCERNS OVER PROPOSED INTERIM SEP ADJUSTMENT



HFA has raised serious concerns about reports that Government has undertaken to consider an extraordinary interim adjustment to the Single Exit Price (SEP) of medicines following discussions with the Pharmaceutical Task Group.

In correspondence to Professor Nicholas Crisp, Acting Director-General of the National Department of Health, HFA highlighted a fundamental concern: any increase in the SEP would ultimately be borne by medical scheme members and consumers purchasing medicines out of pocket, yet those who would fund the increase have not been represented in the discussions.

The SEP applies to medicines supplied in the private sector and does not determine the prices Government pays for medicines procured through the public-sector tender system. HFA has therefore argued that the potential consequences for private healthcare funders and consumers must be properly considered before any extraordinary adjustment is contemplated.

The existing annual SEP methodology already provides a mechanism for considering factors such as inflation and exchange-rate movements. HFA believes that any departure from this process should be supported by clear evidence and accompanied by a proper assessment of the implications for medicine affordability and access.

HFA supports efforts to strengthen South Africa's pharmaceutical sector and local manufacturing capacity. However, these objectives must be balanced against the affordability pressures facing medical schemes, their members and other healthcare consumers.

HFA has requested clarity from the Department on the nature and basis of the undertaking made to the Pharmaceutical Task Group and the process that will be followed before any interim adjustment is considered. HFA has also requested inclusion in the proposed structured engagement mechanism between Government and the pharmaceutical sector, ensuring that healthcare funders and those representing consumers have a meaningful voice in future medicine-pricing discussions.

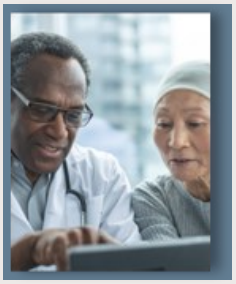
CMS supports broader stakeholder engagement

Following HFA's intervention, the Council for Medical Schemes (CMS) formally acknowledged the significance of the concerns raised, particularly the potential impact of medicine price increases on medical scheme expenditure, contribution affordability and the financial protection of beneficiaries.

Importantly, CMS indicated that these issues should be considered through constructive engagement involving the National Department of Health, the Medicines Pricing Committee, medical scheme representatives and other affected stakeholders. CMS is engaging with the relevant authorities with a view to facilitating such a discussion.

HFA welcomes this response. Decisions that could materially increase healthcare costs should be informed by the perspectives of all those affected, including the medical schemes and consumers who will ultimately bear those costs.

APPEAL BOARD PROVIDES CLARITY OVER CLAIMS VERIFICATION



A recent CMS Appeal Board ruling has provided important clarity on the ability of medical schemes and administrators to request clinical information to verify claims and, where a provider refuses to cooperate, to invoke section 59(3) of the Medical Schemes Act.

The matter arose after Medscheme identified irregularities in a GP's claiming patterns and requested patient records to verify the claims. The provider declined, citing patient confidentiality. The Appeal Board ultimately upheld Medscheme's appeal, finding that schemes may request clinical information for legitimate purposes such as claims verification and detecting fraud, waste and abuse, provided the requests are lawful, relevant and proportionate.

Importantly, the Board confirmed that patient confidentiality cannot be used as a blanket reason for withholding relevant information where disclosure is legally permissible and the request is properly targeted. It also recognised that appropriate claims verification plays an important role in protecting medical scheme members' funds.

The ruling is particularly relevant to the ongoing work by HFA, SAMA, the HPCSA and other stakeholders on patient confidentiality and the appropriate sharing of clinical information.

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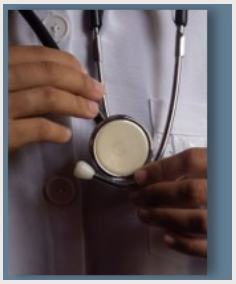
CMS CIRCULARS 20 & 21: AFFORDABILITY AND CONTRIBUTION INCREASES IN FOCUS



Two recent CMS Circulars provide an important picture of the pressures shaping medical scheme contributions, covering both the assumptions underlying 2026 contributions and CMS's expectations for 2027.

Circular 21 of 2026 reviews the assumptions used by schemes in setting their 2026 contributions. It shows that the overall industry-weighted tariff increase assumption was 3.97%, compared with the CMS-recommended 3.3%. It also highlights significant differences according to scheme size, with smaller and medium-sized schemes facing greater tariff pressure in some areas.

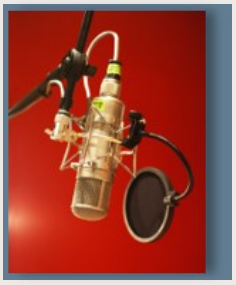
The Circular reinforces an important point about what drives medical scheme costs: tariff increases are only part of the picture. Utilisation and demographic changes also make a significant contribution to expenditure growth. CMS found that the weighted utilisation and demographic assumption was 4.28% for open schemes and 4.08% for restricted schemes.

This context is important when considering Circular 20 of 2026, which sets out CMS's expectations for contribution increases and benefit changes for 2027. CMS recommends that contribution increases and cost assumptions be anchored at 3.8%, in line with projected CPI, while recognising that some schemes may require higher increases based on their particular financial position, solvency needs and demographic risk profile. In such cases, schemes will need to provide clear financial and actuarial justification.

The Circular places a strong emphasis on affordability, but also recognises the need to maintain the long-term financial sustainability of schemes. It calls on trustees to consider factors ranging from utilisation, ageing and chronic disease to hospital and specialist expenditure, medicines, FWAE, and non-healthcare expenditure when making pricing decisions.

Taken together, the two Circulars highlight the difficult balance facing medical schemes: keeping contributions affordable while ensuring that pricing remains actuarially sound and reflects the real cost pressures facing the sector.

NEW HFA PODCAST: PUTTING PEOPLE AT THE CENTRE OF HEALTH REFORM



In the latest episode of HFA's *Building the Health System We Deserve* podcast, we speak to **Vishal Brijlal**, a health policy and financing expert with more than 25 years' experience working across South Africa, Africa and India.

Vishal has advised Ministers of Health, worked closely with medical schemes, led major health programmes and contributed to the development of South Africa's National Health Insurance policy. Today, through Impact Nexus Africa, he continues to work with countries to strengthen their health systems.

The conversation explores lessons from different health systems, including India's people-first approach to healthcare reform and the importance of keeping the needs of patients and communities at the centre of decisions about healthcare priorities and resources. It also considers what South Africa can learn from international experience as we seek to make better use of limited resources, strengthen access to care and improve health outcomes.

Listen to the latest episode of *Building the Health System We Deserve* here on Spotify or watch it here on YouTube.