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Department:
Public Service and Administration
REPUBLIC OF SOUTH AFRICA

Private Bag X916, PRETORIA, 0001 Tel: (012) 336 1000, Fax (012) 326 7802
Private Bag X9148, Cape Town, 8000. Tel: (021) 467 5120, Fax (021) 465 5484

Enquiries : Rene de Wit
Tel : (012) 336 1009
Fax : 086 545 3625
Ref : 17/12/P

TO: ALL HEADS OF NATIONAL AND PROVINCIAL DEPARTMENTS AND PROVINCIAL ADMINISTRATIONS

ADJUSTMENT OF MEDICAL AID SUBSIDY FOR EMPLOYEES IN THE PUBLIC SERVICE

1. The Minister for Public Service and Administration has in terms of section 3(5)(a) of the Public Service Act, 1994, as amended, read with clause 10.1 of Public Service Coordinating Bargaining Council (PSCBC) Resolution 1 of 2007, determined that medical aid subsidy for employees on the Government Employees Medical Scheme (GEMS) be adjusted as depicted hereunder with effect from 1 March 2010:

MEMBER PROFILE	2010 MONTHLY MEDICAL AID SUBSIDY
Single Principal Member	R 670-00
Principal Member with one dependant	R1 340-00
Principal Member with two dependants	R1 750-00

Principal Member with three dependants	R2 160-00
Principal Member with four dependants	R2 570-00

2. A copy of the amended Determination on Medical Assistance for Public Service Employees is attached for ease of reference.
3. Please note that **additional** expenditure incurred as a result of implementing this Determination, must be defrayed from the existing departmental budget allocations.



DIRECTOR-GENERAL

DATE: 9 March 2010



**DETERMINATION ON MEDICAL
ASSISTANCE FOR THE PUBLIC SERVICE**

MARCH 2010

**MADE BY THE MINISTER FOR THE
PUBLIC SERVICE AND ADMINISTRATION**

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PART I: GENERAL

1. INTRODUCTION

- 1.1. Before 1 July 2006, the provisions dealing with medical assistance for public servants were contained in Part III of the Annexure to Resolution 3 of 1999 of the Public Service Co-ordinating Bargaining Council (PSCBC).
- 1.2. A new agreement on medical assistance in the public service, PSCBC Resolution 1 of 2006, was concluded between the employer and a majority of labour unions.
- 1.3. Resolution 1 of 2006 seeks to give effect to the following principles:
 - 1.3.1. To ensure greater accessibility by providing affordable medical cover to all employees especially lower-income earners;
 - 1.3.2. The alignment of the medical subsidy to the new tax structure;
 - 1.3.3. The promotion of enrolment of employees to the Government Employees Medical Scheme (GEMS);
 - 1.3.4. To ensure cost-effective medical cover for employees on GEMS over the long term;
 - 1.3.5. The efficient administration of the medical subsidy; and
 - 1.3.6. The recruitment and retention of professionals and employees with scarce skills.
- 1.4. The purpose of this Determination is to give effect to the relevant principles and clauses as contained in PSCBC Resolution 1 of 2006.

2. SCOPE OF APPLICATION

This Determination is applicable to employees appointed -

- 2.1. on salary levels 1 to 10, in terms of the the Public Service Act, 1994, as amended, (Proclamation No. 103 of 1994), and who fall within the scope of the PSCBC; and
- 2.2. on fixed term contracts for a period of more than 06 months, but excludes casual employees.

3. AUTHORISATION

This Determination is made in terms of section 3(5)(a), read with section 5(4), of the Public Service Act, by the Minister for the Public Service and Administration.

4. COMMENCEMENT

4.1. This Determination takes effect on 1 July 2006. The medical subsidy as per the revised Determination is adjusted with effect from 1 March 2010.

5. DEFINITIONS

In this Determination, unless the context indicates otherwise, any word or expression to which a meaning has been assigned in the Public Service Act, 1994, as amended, bears that meaning, and -

5.1. "dependant" means -

5.1.1. the spouse or partner, dependant children or other members of the member's immediate family in respect of whom the member is liable for family care and support; or

5.1.2. any other person who, under the rules of a medical scheme, is recognised as a dependant of a member;

5.2. "employer subsidy" means a monthly subsidy payable by the employer to the employee as a contribution to the employee's membership fees;

5.3. "GEMS" means the Government Employees Medical Scheme registered in terms of the Medical Scheme Act, 1998 (Act No. 131 of 1998), as amended;

5.4. "medical scheme" means a medical scheme that is registered in terms of the Medical Schemes Act;

5.5. "membership fees" means the total amount a member must pay monthly to obtain membership of a registered medical scheme;

5.6. "salary level 1, 2, 3, 4 or 5" means notch 1 of level 1 up to and including notch 16 of level 5.

5.7. "no worse-off" means that an employee shall not receive a subsidy less than the subsidy received at the previous medical scheme as at 30 June 2006, provided that the subsidy amount does not exceed the employee's total monthly contribution to GEMS.

PART II: EMPLOYER SUBSIDY

1. GENERAL PROVISIONS

- 1.1. The employer shall assist an employee by providing him/her with an employer subsidy. Only subscriptions fees as contained in the registered rules of the relevant medical scheme may be taken into account for subsidy purposes.
- 1.2. An employee must be a principal member of a registered medical scheme to be eligible for the employer's subsidy in terms of this Determination.

2. MEDICAL ASSISTANCE FOR EMPLOYEES ON MEDICAL SCHEMES (OTHER THAN GEMS) BEFORE 1 JULY 2006

- 2.1. An employee appointed in the public service before 1 July 2006 and who receives the employer's subsidy on 30 June 2006 in respect of a registered medical scheme (other than GEMS) shall continue to receive the employer's subsidy of 66.67% of the employee's membership fees subject to a maximum of R1014 per month.
- 2.2. The employee shall not be eligible for the employer's subsidy in terms of paragraph 2.1 if he/she terminates his/her membership of a registered medical scheme or if he/she becomes a dependant of his/her spouse's medical scheme.
- 2.3. An employee who transfers from one registered medical scheme (other than GEMS) to another scheme (other than GEMS) will only retain his/her existing employer's subsidy of 66.67% of the employee's membership fees subject to a maximum of R1014 per month if the effective date of the transfer is immediately after the date of termination of the first-mentioned scheme.

3. MEDICAL ASSISTANCE FOR EMPLOYEES TRANSFERRING FROM OTHER MEDICAL SCHEMES TO GEMS.

- 3.1. Subject to paragraph 3.2 and 7, an employee who receives an employer's subsidy on 30 June 2006 and any date thereafter, and joins GEMS on or after 1 July 2006 is eligible for the employer's subsidy of 75% of the employee's membership fees, limited to the maximum employer's subsidy as indicated in Appendix 1.
- 3.2. The amount of the employer's subsidy referred to in paragraph 3.1 -
 - 3.2.1. shall not be less than the subsidy payable to the employee on 30 June 2006; and
 - 3.2.2. shall not exceed the employee's contribution to his or her membership fees to GEMS.

4. MEDICAL ASSISTANCE FOR EMPLOYEES NOT BELONGING TO MEDICAL SCHEMES ON 30 JUNE 2006

- 4.1. An employee not belonging to a medical scheme on 30 June 2006 must join GEMS on or after 1 July 2006 to be eligible for the employer's subsidy, which is 75% of the employee's membership fees, limited to the maximum employer's subsidy as indicated in Appendix 1.
- 4.2. If such an employee is on salary level 1, 2, 3, 4 or 5 and joins GEMS on the Sapphire option, the provisions contemplated in paragraph 7 hereunder will be applicable.
- 4.3. If such an employee joins any medical scheme other than GEMS he or she shall not be eligible for the employer's subsidy.

5. MEDICAL ASSISTANCE FOR EMPLOYEES BELONGING TO GEMS ON 30 JUNE 2006

- 5.1. An employee belonging to GEMS on 30 June 2006, shall be eligible for the employer subsidy of 75% of the employee's membership fees, limited to the maximum employer subsidy as indicated in Appendix 1.
- 5.2. The amount of the employer subsidy -
 - 5.2.1. shall not be less than the subsidy payable to the employee on 30 June 2006; and
 - 5.2.2. shall not exceed the employee's membership fees on GEMS.

6. MEDICAL ASSISTANCE FOR NEWLY APPOINTED EMPLOYEES WITH EFFECT FROM 1 JULY 2006

- 6.1. The employer shall, with effect from 1 July 2006, pay to an employee appointed in the public service on or after 1 July 2006 and who joins GEMS, 75% of the employee's membership fees, limited to the maximum employer subsidy as indicated in Appendix 1.
- 6.2. If such employee is on salary level 1, 2, 3, 4 or 5 and joins GEMS on the Sapphire option, the provisions contemplated in paragraph 7 hereunder will be applicable.
- 6.3. An employee who is appointed in the public service on or after 1 July 2006 and remains or joins a medical scheme other than GEMS on or after 1 July 2006, shall not receive the employer's subsidy towards his/her membership fees.

7. MEDICAL ASSISTANCE FOR EMPLOYEES ON SALARY LEVEL 1, 2, 3, 4, OR 5 BELONGING OR JOINING GEMS ON THE SAPPHIRE OPTION

The employer shall, with effect from 1 July 2006, pay to an employee on salary level 1, 2, 3, 4 or 5 who belongs to or joins GEMS on the Sapphire option, 100% of the employee's membership fees, limited to the maximum employer subsidy as indicated in Appendix 1.

8. EMPLOYEES APPOINTED ON FIXED-TERM CONTRACTS

8.1. Employees who are appointed on fixed-term contracts for more than 06 months and not receiving 37% in lieu of benefits as provided for in the PSCBC Resolution 1 of 2007 (herein referred to as a "fixed-term employee") qualify for an employer subsidy in terms of this Determination.

8.2. A fixed-term contract employee appointed in the public service before 1 July 2006 and who receives the employer's subsidy on 30 June 2006 in respect of a registered medical scheme (other than GEMS), shall continue to receive the employer's subsidy of 66.67% of the employee's membership fees subject to a maximum of R1014 per month.

8.3. Health professionals appointed on fixed term contracts prior to 1 July 2006, shall on completion of community service and on joining the Public Service, be eligible for the employer subsidy of 66.67% to a maximum of R1014 if they choose to remain with their medical schemes.

8.4. The Health professionals referred to in paragraph 8.3, shall on joining GEMS be eligible for the employer subsidy of 75% of the employee's total membership contributions to a maximum of R2570 per month provided there is no break in membership.

8.5. The employer shall pay to a fixed-term contract employee who -

8.5.1. belongs to GEMS or joins GEMS on or after 1 July 2006, 75% of the employee's membership fees, limited to the maximum employer subsidy as indicated in Appendix 1; or

8.5.2. is on salary level 1, 2, 3, 4 or 5 and belongs to or joins GEMS on the Sapphire option, 100% of the employee's membership fees, limited to the maximum employer subsidy as indicated in Appendix 1.

9. MEDICAL ASSISTANCE FOR FORMER EMPLOYEES

9.1. The employer shall continue to provide medical assistance as provided for in Appendix 2 to an employee who exits the public service because of -

9.1.1. retirement, including early retirement;

9.1.2. death; or

9.1.3. discharge as a result of ill-health or injury on duty.

9.2. The employer shall provide the medical assistance referred to in paragraph 9.1 subject to the following conditions:

9.2.1. The employee remains a principal member of a registered medical scheme, subject to paragraph 9.3; and

9.2.2. The employee was a member of a medical scheme for at least 12 months before the date he/she left the public service.

9.3 If an employee or pensioner dies and his/her spouse becomes a principal member of the relevant medical scheme, the employer shall transfer the benefits provided for in Appendix 2 to the spouse.

10. ADJUSTMENT OF MEDICAL AID SUBSIDY

10.1. The Minister shall annually until 28 February 2011, adjust the medical aid subsidy for employees on GEMS with effect from 1 March of each year to the monthly monetary tax cap as approved by the Minister of Finance.

11. TERMINATION OF GEMS MEMBERSHIP AND SUBSIDY PAYMENT DURING UNPAID LEAVE

11.1. An employee who terminates his/her membership with GEMS on or after 1 July 2006 shall not be eligible for the employer's subsidy in terms of this Determination, unless he/she joins GEMS again.

11.2. If an employee is on unpaid leave, his/her department shall continue to pay the employer's subsidy to the employee's medical scheme as long as the employee pays his/her contribution to his/her membership fees.

Appendix 1

SUBSIDY PAYABLE BY THE EMPLOYER TO EMPLOYEES BELONGING TO GEMS

Subsidy applicable with effect from 1 March 2010.

CATEGORY	MAXIMUM EMPLOYER MONTHLY SUBSIDY
Single member	R 670-00
Member with one dependant	R 1 340-00
Member with two dependants	R 1 750-00
Member with three dependants	R 2 160-00
Member with four and more dependants	R 2 570-00

BENEFITS FOR ELIGIBLE FORMER EMPLOYEES

Note: in this table, "service" refers to employment by an institution funded primarily and directly from the central or provincial budget

Group	Benefits
<i>(a) An employee who dies or who retires for reasons not related to health:</i>	
(i) aged at least 50 with at least 15 years of service	Two thirds of the subscription to the employee's medical scheme up to maximum of R1014.00 per month.
(ii) aged under 50 with at least 15 years of service	From age 50, the same as in (i) above.
(iii) with at least ten but less than 15 years of service, irrespective of age	A payment of 36 times the employer's monthly contribution to the employee's medical scheme calculated as two thirds of the member's full contribution to the medical scheme up to a maximum of R1014.00 per month.
(iv) with less than 10 years of service	A payment of 12 times the employer's monthly contribution to the employee's medical scheme calculated as two thirds of the member's full contribution to the medical scheme up to a maximum of R1014.00 per month.
<i>(b) An employee discharged for ill health</i>	
(i) with at least 10 years of service	Two thirds of the medical scheme subscription, up to the maximum provided in item (a)(i) above.
(ii) with at least five but less than 10 years of service	A payment of 24 times the employer's monthly contribution to the employee's medical scheme calculated as two thirds of the member's full contribution to the medical scheme up to a maximum of R1014.00 per month.
(iii) with less than five years of service	A payment of 12 times the employer's monthly contribution to the employee's medical scheme calculated as two thirds of the member's full contribution to the medical scheme up to a maximum of R1014.00 per month.
(c) Employees who retire due to an injury on duty ¹	Two thirds of the medical scheme subscription up to the maximum provided in item (a)(i) above.

¹ If it is injury on duty the employee or the spouse will receive continuous medical assistance immediately at any age.