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As the healthcare policy and regulatory environment continues to evolve, engagement and collaboration across the sector remain more important than ever. HFA's work is strengthened by the active participation of its members, and we are pleased to welcome AVGMS, BEMAS and Retail Medical Scheme, which joined the Association at the beginning of 2026. We look forward to working closely with our new members as we continue to navigate the opportunities and challenges facing the industry together.

Engagement remains a central part of our role. Creating space for discussion and shared insight helps ensure that industry perspectives are well understood and that emerging policy and regulatory developments are approached in a practical and constructive manner. Our next Member Consultative Forum, which will provide a detailed update on our activities, will take place during March, with the confirmed date to be shared in upcoming weekly *From the Desk* updates.

Structured engagement with the CMS also continues, with the next quarterly meeting scheduled for 16 March. Discussions are expected to cover a range of matters, including the PMB review process, proposals for an industry technical forum, the FWAE Code of Good Practice, exemptions relating to primary healthcare products, developments in the Undesirable Business Practice matter, and other regulatory issues. These engagements remain an important platform for ongoing dialogue between the regulator and the industry.

This edition of *HFA Matters* provides an overview of some of the key areas of work and engagement currently underway, reflecting our continued focus on supporting members and contributing to a sustainable and effective healthcare system for South Africa.

BUDGET 2026: SUPPORTING HEALTHCARE AFFORDABILITY



The 2026 National Budget delivered welcome relief for working South Africans, with Finance Minister Enoch Godongwana

announcing a 3.3% increase in medical scheme tax credits. HFA welcomed the adjustment as an important step in maintaining healthcare affordability for households

that fund their own medical cover.

Medical scheme membership is often perceived as serving only higher-income earners, yet around 83% of members earn below R37,500 per month. These are teachers, nurses, retail workers and other employees who rely on medical schemes to protect their families from unpredictable healthcare costs. Medical scheme tax credits remain

one of the most effective policy tools to support access to healthcare. By helping families maintain cover, they reduce pressure on the public health sector while contributing to a more balanced and sustainable healthcare system.

After several years without adjustment, the increase helps preserve the real value of this support at a time of rising household costs.

AN UPDATE ON THE NHI LEGAL CHALLENGES



Thonshan Naidoo at the High Court

HFA was scheduled to appear in the Gauteng High Court from 24–27 February 2026 to oppose the Minister of Health's application to stay and consolidate the various constitutional challenges to the NHI Act.

In the days leading up to the hearing, however, discussions between the President, the Minister of Health and the constitutional challengers, including HFA, resulted in a negotiated outcome, formalised through a consent order of the Court. This

agreement effectively pauses implementation of the NHI Act pending the outcome of the Constitutional Court's forthcoming judgment on the public participation challenges.

As part of the order, the President has undertaken not to bring any provisions of the NHI Act into operation, while the Minister has provided a specific undertaking that there will be no implementation of the Act during this period. In addition, legal costs relating to the stay application will stand over for determination alongside the main constitutional challenges.

In practical terms, these undertakings operate similarly to an interim interdict, ensuring that no elements of the NHI framework can be implemented while key constitutional issues remain before the courts. The arrangement provides certainty for the healthcare sector and avoids potentially irreversible system changes before judicial scrutiny has been completed.

For HFA, this represents a favourable interim outcome. It protects the Association's constitutional challenge while creating valuable strategic space for engagement on workable healthcare reform solutions. As reflected in HFA's [public statement](#) welcoming the pause, the development enables a more constructive, partnership-based conversation on how South Africa can advance universal health coverage in a sustainable and practical manner.

Importantly, the pause in implementation does not prevent continued improvement within the public healthcare system. HFA remains firmly of the view that strengthening public facilities, improving governance, investing in healthcare personnel and expanding access to quality primary healthcare can and should proceed without delay.

We remain committed to working with government and stakeholders to develop solutions that expand access to care while protecting the sustainability of South Africa's healthcare system.

ADVANCING DIALOGUE ON FWAE



The Section 59 dialogue sessions convened by SAMA continue to provide an important platform for constructive engagement across the healthcare sector on what has historically been a complex and, at times, divisive issue.

The first of these sessions, held in Johannesburg in November, created space for open and respectful discussion between healthcare professionals, regulatory bodies, funders and administrators. Importantly, the format enabled difficult conversations to take place in a collegial environment focused on finding practical solutions rather than reinforcing entrenched positions.

A key theme emerging from the discussions was the need for greater certainty regarding the sharing of patient information and the role of consent. Healthcare practitioners highlighted ongoing uncertainty when medical schemes request clinical records for claims verification purposes. While schemes have contractual relationships with members and legitimate obligations to verify claims, practitioners remain bound by professional

and statutory duties to safeguard confidential patient information. This has created a perceived tension between confidentiality requirements and operational requests from schemes.

Recognising the importance of industry alignment, HFA has developed and circulated a guidance note aimed at providing practical and legal clarity on the appropriate sharing of patient information. The document outlines the legal framework governing information disclosure, the safeguards that must apply and what constitutes reasonable information requests in the context of claims verification, an essential mechanism for protecting scheme funds and ensuring fairness for all members.

To support a common understanding across the sector, a preliminary multi-stakeholder engagement was recently convened involving representatives from the HPCSA, SAMA, administrators, BHF, HFA and other stakeholders. The discussion marked an important step towards developing a shared industry approach which would

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arrive at a framework that will protect the integrity of the doctor–patient relationship; avoid oversharing of sensitive information and still allow legitimate audit and verification processes to function.

Given the complexity and sensitivity of the matter, further engagement is planned ahead of the next SAMA dialogue session scheduled for 26 March. We remain

committed to working collaboratively with professional bodies and regulators to ensure that patient confidentiality is fully respected while enabling the transparency and accountability necessary for a sustainable healthcare funding system.

PREVENTION BETTER THAN CURE



In his State of the Nation Address, the President placed strong emphasis on strengthening South Africa's health system

through investment in infrastructure, expanding the health workforce and improving access to quality healthcare services as part of the country's journey toward National Health Insurance. HFA welcomed this focus, noting that sustained investment in facilities, systems and healthcare professionals is essential to restoring public confidence in the health system and supporting the many centres of excellence that continue to deliver high-quality care under challenging conditions.

Against this backdrop, HFA was invited to participate in the National Department of Health's recent multi-stakeholder engagement on the *Elimination of Cervical Cancer in South Africa: Strategic and Implementation Framework 2026–2030*, which HFA was invited to attend during World Cancer Day week.

Cervical cancer remains the second most common cancer affecting women in South Africa, with more than 5,700 new cases diagnosed annually and over 3,000 deaths each year. Yet it is also one of the most preventable and treatable cancers when vaccination, screening and early treatment are effectively implemented. The national strategy aims to eliminate cervical cancer as

a public-health threat by 2030, in line with World Health Organisation global targets.

The framework adopts a comprehensive lifecycle approach built around four strategic pillars:

- ◇ Primary prevention, through expanded HPV vaccination programmes for girls aged 9–15, with longer-term plans to include boys;
- ◇ Secondary prevention, including the transition to HPV DNA testing and the decentralisation of treatment for pre-cancerous lesions to primary-care and district-level facilities;
- ◇ Improved treatment and survivorship care, ensuring access to surgery, radiation, chemotherapy, palliative care and multidisciplinary support; and
- ◇ System enablers, including stronger health systems, improved data, research, community engagement and coordinated multi-sector collaboration.

A clear message emerging from the engagement was that achieving elimination will require mobilisation of capacity across both the public and private sectors. Medical schemes already play a meaningful role in prevention and early detection through benefit design that supports HPV vaccination, cancer screening and wellness programmes.

Through funded preventive benefits and other initiatives such as workplace health initiatives and member education programmes, schemes help expand access to screening and vaccination before disease progresses to advanced stages. These interventions help in improving outcomes and avoiding costly hospitalisation-related costs.

HFA remains committed to working with government and stakeholders to strengthen prevention programmes and expand access to affordable primary healthcare, particularly for working South Africans who currently fall outside comprehensive medical scheme cover.



Minister of Health, Dr Aaron Motsoaledi at the multi-stakeholder engagement on Cervical Cancer

AFFORDABLE PRIMARY CARE FOR WORKING SOUTH AFRICANS



A key focus of HFA's ongoing policy work is the development of practical solutions to expand healthcare access while

South Africa progresses toward universal health coverage. In recent weeks, we engaged with BUSA to advance HFA's proposal allowing medical schemes to offer regulated, lower-cost primary healthcare options for the country's "missing middle" - an estimated 10.2 million working South Africans who cannot afford comprehensive medical scheme cover.

HFA has submitted a detailed policy paper to BUSA outlining how affordable, prevention-focused primary healthcare options could be implemented immediately within the

existing regulatory framework and progressed through Nedlac processes.

Millions of employed South Africans already access private healthcare services but do so through out-of-pocket payments, exposing households to financial risk. The proposed primary healthcare options would provide funded access to essential primary healthcare services such as consultations, chronic disease management, maternal and child health services, vaccinations and preventive screening.

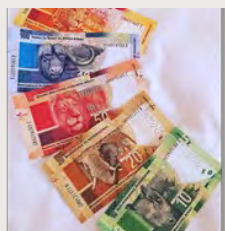
Importantly, affordability is strengthened through existing medical scheme tax credits. Analysis indicates that a comprehensive primary healthcare package could cost approximately R400 per adult per month, with tax credits significantly reducing the net impact on take-home pay.

For many working families, funded primary healthcare could therefore become accessible at a modest monthly cost, particularly where employers co-fund employee contributions.

Enabling medical schemes to offer these options would also correct the current regulatory imbalance that allows insurance products to provide primary healthcare cover while excluding medical schemes from doing the same.

In parallel, HFA is engaging organised labour to position these options as a practical, worker-centred reform that reduces out-of-pocket spending, improves health outcomes and supports workforce productivity.

UNDERSTANDING OUT OF POCKET SPEND



HFA continues to engage with regulators to promote clearer understanding of healthcare funding data and balanced public discussion. We recently met with senior officials from CMS to discuss areas of difference relating to reported OOP expenditure in medical schemes.

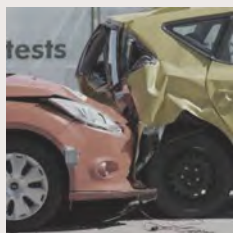
The engagement formed part of ongoing efforts to ensure that industry data is interpreted consistently and communicated in a way that accurately reflects the level of financial protection medical schemes provide to members and supports confidence in the system.

A key focus of the discussion was the CMS-reported OOP figure of R43 billion, which risks creating the impression that medical scheme members are routinely paying substantial amounts over and above their contributions. HFA highlighted that international comparisons suggest otherwise. World Health Organisation data places South Africa among countries with relatively low out-of-pocket health spending, around 6–7% of total health expenditure, while National Health Accounts estimate OOP spending within medical schemes and insurance pools at approximately R16.6 billion.

In this context, HFA pointed to the fact that medical schemes fund approximately 98% of hospital costs incurred by members, illustrating the strong protection schemes provide against catastrophic healthcare expenses and indicating that inappropriate out-of-pocket payments within the scheme environment remain limited. We also reflected on the role of co-payments as a recognised mechanism to encourage appropriate utilisation of healthcare services while safeguarding the sustainability of scheme risk pools.

It was agreed that differences between reported figures largely arise from varying definitions of what constitutes out-of-pocket expenditure, particularly whether spending from medical savings accounts should be classified as OOP. Both HFA and CMS recognised the importance of developing a shared technical understanding and improving public communication around these figures. Both parties agreed that an industry technical working committee could provide a constructive platform for ongoing collaboration and analysis, with CMS indicating that a proposal to establish such a forum will be presented to its Board for consideration.

WC HIGH COURT CLARIFIES RAF LIABILITY FOR MEDICAL SCHEME PAYMENTS



A recent judgment of the Western Cape High Court has once again considered the ongoing dispute regarding the RAF's responsibility for past medical expenses that were initially funded by a medical scheme.

In *Road Accident Fund v Van Wyk*, the RAF appealed a court decision

ordering it to reimburse approximately R350,000 in medical costs, notwithstanding the fact that these expenses had already been paid by the claimant's medical scheme. The full bench dismissed the appeal, confirming that the RAF remains liable for such costs.

The Court reaffirmed the established legal position that payments made by medical schemes constitute collateral benefits and therefore do not diminish the liability of the wrongdoer. It further held that the contractual relationship between a medical scheme and its member falls outside the RAF's considerations, and that the Fund cannot rely on scheme payments to escape its statutory obligations.

While courts have previously delivered differing judgments on this issue, the broader legal question is expected to receive further clarity when the Supreme Court of Appeal, releases its ruling on the appeal brought by Discovery Health.

UPDATE ON THE PCR COMPCOM COMPLAINT

There has been encouraging progress in HFA's Competition Commission complaint relating to prices of PCR tests. Following delays related to exchange of information, all three respondent laboratories, i.e. Lancet, Ampath and PathCare, have now filed their answering affidavits. HFA has subsequently finalised its replying affidavit, scheduled for filing by the end of February 2026.

The matter will now move into the information discovery phase, during which parties will exchange documentation and prepare witness statements and expert evidence.

With earlier procedural hurdles now largely resolved, the case is progressing into its substantive phase, where the core competition issues will be considered by the Tribunal.

UPDATE ON THE SECTION 50: UBP ON DSP APPEAL

The matter relating to the Section 50 Undesirable Business Practice Declaration concerning DSPs continues to progress.

The Appeal Board hearing, chaired by Judge Masipa, which was previously postponed, has now been rescheduled for 14 April 2026. The hearing will consider preliminary jurisdictional issues, with HFA maintaining its position that the Appeal Board is the appropriate forum to determine the matter.

Alongside the litigation process, constructive engagement continues between HFA, the CMS and ICPA. Discussions have focused on developing practical DSP guidelines through a structured, industry-wide process.

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RARE DISEASES ACCESS INITIATIVE



HFA continues to support collaborative efforts to improve access to treatment for patients living with rare diseases through its engagement with the RDAI.

As part of recent discussions, HFA proposed the establishment of a dedicated

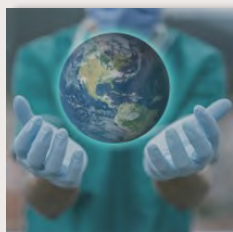
workstream to examine the underlying drivers of high treatment costs and explore practical solutions to improve affordability and access. This includes considering the impact of global pricing transparency mechanisms on South Africa's ability to secure more favourable pricing, as well as exploring alternative reimbursement approaches that allow for shared risk based on treatment effectiveness.

A meeting is being planned with the National Department of Health to discuss its participation in a technical working group. This marks an important step toward stronger alignment between stakeholders and a more coordinated national approach to improving access to life-changing therapies for rare disease patients.

Rare Disease Day takes place on 28 February each year and is a global day of awareness for people living with rare diseases and the families who support them.

Please see the attached brochure which provide some info on the day.

CORRESPONDENCE TO SCHEMES ON COVID-19 VACCINATION CLAIMS



We are aware that several schemes have received correspondence from the CMS relating to alleged outstanding COVID-19 vaccination claims and potential non-compliance with the Medical Schemes Act.

Initial reviews by affected schemes have, in some cases, identified discrepancies in the underlying data, including claims relating to individuals

who were not scheme members at the relevant time, as well as claims that had already been paid.

We advise schemes to carefully verify the data supporting these claims and we remain available to provide guidance and support where required.

