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Welcome to this edition of the HFA Matters!

Great achievements begin with belief. Bafana Bafana have shown that when people unite behind a common purpose, remarkable things are possible. The same principle applies to healthcare reform. Throughout this edition, a common thread emerges: meaningful progress depends on collaboration, trust and a shared commitment to improving health outcomes for all South Africans.

Earlier this week, I attended the Smart Health Summit, where the theme, *Purpose in Practice*, explored how innovation can drive meaningful change across healthcare. As technology continues to reshape healthcare, ensuring that policy and regulation keep pace will be one of the defining challenges of the next decade.

This week we also hosted our latest Member Consultative Forum, covering Health Technology Assessment, Section 59 FWAE, UBP on DSPs, PCR litigation and the proposed Primary Healthcare option. We will provide a more detailed update on these discussions in next week's From the Desk of the CEO.

As part of Youth Month, HFA highlighted that only 7.8% of South Africans aged 20 to 24 belong to a medical scheme. Expanding healthcare access for young South Africans remains one of the most important investments we can make in the country's future.

As always, we hope you find this edition informative and thought-provoking.



*The Smart Health Summit*

## **BUILDING THE HEALTH SYSTEM WE DESERVE: NINE CONVERSATIONS AND A SHARED PURPOSE**

HFA has now published nine episodes of its podcast series, *Building the Health System We Deserve*. The series has created an opportunity to hear directly from leaders and changemakers from across the healthcare ecosystem about their personal journeys, the challenges they have overcome and their commitment to improving healthcare for South Africans.

A common message has emerged throughout the series: despite differing perspectives, stakeholders share a commitment to improving access to quality, sustainable and patient-centred healthcare. The conversations have reinforced the importance of listening, building trust and working together to strengthen the health system.

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In Episode 8, I spoke with Stavros Nicolaou about four decades of change in South Africa's medicines landscape, from the HIV/AIDS crisis and the rollout of antiretroviral therapy to medicine pricing reform, pharmaceutical localisation, lessons from COVID-19 and the importance of public-private collaboration.



*Stavros Nicolaou*



*Farhaad Haffejee*

In Episode 9, Farhaad Haffejee, CEO of Air Mercy Service, highlighted the profound access challenges facing rural communities. In parts of the Northern Cape, patients travel an average of 1,000 kilometres to access healthcare and are able to see a healthcare professional only once every 3.5 visits to a health facility.

The discussion was a powerful reminder that access remains one of the most fundamental pillars of universal health coverage.

We look forward to continuing these important conversations. If you feel you have a story to tell and would like to share it with our audience by being a guest on our podcast, please contact us.

Please access our podcasts [here](#).

## SA'S HIV RESPONSE

### Deputy President calls on private sector to strengthen South Africa's HIV response



HFA recently attended the Deputy President's Engagement with the South African National AIDS Council (SANAC) Private Sector Forum and Captains of Industry, which marked the launch of the expanded SANAC Private Sector Forum.

The event brought together leaders from government, business and civil society at a critical time for South Africa's HIV response. With international donor funding declining, there is growing recognition that the long-term sustainability of HIV, TB and broader public health programmes will require stronger collaboration across all sectors of society.

In his address, Deputy President Paul Mashatile challenged the private sector to commit to six practical actions:

- ◇ Expanding workplace HIV testing and TB screening programmes.
- ◇ Supporting the rollout of Lenacapavir.
- ◇ Strengthening youth-focused HIV prevention initiatives.
- ◇ Supporting mental health and wellness programmes.
- ◇ Addressing Gender-Based Violence and Femicide.
- ◇ Investing in local pharmaceutical manufacturing, health innovation and healthcare resilience.

The engagement highlighted the important contribution that the private health sector can make through its expertise, innovation, infrastructure and ability to reach millions of South Africans through workplace and community-based initiatives. The expanded SANAC Private Sector Forum provides an important platform to strengthen partnerships and help sustain progress in South Africa's fight against HIV.

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## SA'S HIV RESPONSE, cntd.

### Lenacapavir: A potential game changer in HIV prevention



June marked an important milestone in South Africa's HIV response with the launch of Lenacapavir, a breakthrough HIV prevention medicine that has the potential to transform the course of the epidemic.

Administered as a simple injection twice a year, Lenacapavir has demonstrated remarkable effectiveness in preventing HIV infection in clinical trials and is widely regarded as one of the most significant advances in HIV prevention in recent decades.

The significance of this development is considerable. South Africa continues to carry the world's largest HIV burden, with approximately 8 million people (13% of the population) living with HIV and thousands of new infections occurring each

year. While treatment programmes have saved countless lives, preventing new infections remains essential to ending the epidemic.

If successfully implemented at scale, Lenacapavir could significantly reduce new HIV infections, particularly among higher-risk populations, while reducing the long-term burden on the healthcare system. While work remains to ensure broad access and affordability, its launch demonstrates the powerful role that scientific innovation can play in addressing some of South Africa's most pressing public health challenges.

## CIRCULAR 16: EVERGREEN CONTRACTS



The Council for Medical Schemes' (CMS) Circular 16 of 2026 has sparked discussion within the medical schemes industry regarding so-called "evergreen" contracts between medical schemes, administrators and managed care organisations. These are

contracts that automatically renew unless one or both parties provide notice to terminate or amend them.

The Circular proposes that administrator and managed care organisation contracts should be fixed term and not be renewed more than once without a competitive procurement process.

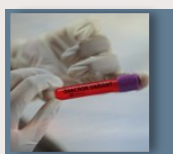
CMS believes the proposal could strengthen governance, promote competition and ensure schemes regularly assess value for members. The proposal may ultimately form part of accreditation requirements for administrators and MCOs.

While HFA supports good governance and accountability, any policy intervention should be evidence based and informed by current industry practices. HFA is obtaining legal advice and has distributed an anonymous survey to member schemes to ensure its submission to CMS is supported by evidence from across the industry on the governance, procurement and performance management processes currently applied to these contracts. The survey will help ensure that HFA's submission is informed by evidence from member schemes.

We encourage all Principal Officers of member schemes to participate in the survey to improve the quality and credibility of HFA's submission.

Following a request from HFA, CMS has extended the deadline for comments to 31 July 2026, providing additional time for engagement and consultation on this important matter.

## PCR TEST PRICING MATTER PROGRESS



HFA's complaint to the Competition Commission against the three largest private pathology laboratories regarding the pricing of COVID-19 PCR tests between March 2020 and December 2021 is progressing well. The complaint relates to concerns of excessive

pricing for PCR tests during the height of the pandemic, resulting in substantial additional costs for medical schemes and their members. The matter seeks to recover any excess funds that may have been incurred during this period, with any recoveries accruing to the members of participating medical schemes.

The case has now progressed through a significant fact-finding phase, with 36 participating medical schemes representing 5.6 million beneficiaries. Extensive information has now been submitted, marking an important milestone in one of the largest and most complex competition matters involving the healthcare funding industry.

HFA would like to thank all participating schemes for the considerable time and effort invested in supporting this matter and will continue to keep members informed of material developments as the case progresses.

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## LOCALISATION: SUPPORTING ECONOMIC GROWTH



Localisation has been a recurring theme in several recent HFA engagements, including our podcast discussion with Stavros Nicolaou and a recent meeting with representatives from the Department of Trade, Industry and Competition (DTIC), the MedTech Master Plan and the Trade and Industrial Policy Strategies (TIPS) programme.

The discussions highlighted the significant opportunity that localisation presents for both healthcare and the broader economy. An estimated 80–90% of medical devices and in-vitro diagnostics used in South Africa are imported, while manufacturing's contribution to GDP has declined from approximately 22% fifteen years ago to around 10% today. Strengthening local manufacturing therefore has the potential to support economic growth, job creation and healthcare resilience.

There was broad agreement that South Africa should strengthen its capacity to manufacture medicines, medical devices and healthcare technologies locally, positioning itself as a regional hub for healthcare manufacturing. However, localisation must be accompanied by world-class quality, safety and value standards to ensure confidence among healthcare providers, funders and patients.

From HFA's perspective, supporting local manufacturing and maintaining high standards are complementary objectives. If South Africa can successfully combine both, the benefits could extend beyond healthcare, strengthening economic growth, creating jobs and building a more resilient health system.

## DSP UNDESIRABLE BUSINESS PRACTICE DECLARATION: APPEAL BOARD HEARING



HFA was disappointed by the recent ruling of the Appeal Board regarding its challenge to the 2021 Undesirable Business Practice (UBP) declaration relating to DSPs.

The Appeal Board upheld a preliminary jurisdictional point raised by the Registrar and the CMS and concluded that it did not have the authority to hear HFA's appeal. The Appeal Board did not consider the merits of the case.

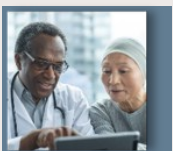
The practical consequence of the ruling on jurisdiction is that the UBP declaration currently stands, although it is not currently being enforced. This remains an important issue for the industry, particularly as medical schemes begin considering benefit and rule changes for 2027. Of particular

concern is the ongoing uncertainty surrounding the declaration's provisions relating to DSP copayments and the potential impact this could have on scheme design and affordability.

Encouragingly, CMS has indicated that it is developing a set of DSP guidelines and HFA is working closely with both CMS and the Independent Community Pharmacy Association (ICPA) to seek a constructive and practical resolution.

This matter was discussed in detail at this morning's Member Consultative Forum, and members will receive a more detailed update on the engagement process in the coming weeks.

## BUILDING CONSENSUS AND ADVANCING PRACTICAL HEALTHCARE SOLUTIONS



HFA continues to participate in the Health Consensus Building Initiative led by Mark Heywood, Brian Currin and Vishal Brijlal, which brings together stakeholders from across government, the private health sector, civil society, organised labour and academia to

build trust and identify areas of common ground on healthcare reform in South Africa.

An important development is the Critical Interventions Initiative, which seeks to translate areas of emerging consensus into practical improvements in healthcare delivery. The focus is on targeted interventions that strengthen the existing health system, improve service delivery and demonstrate the value of collaboration.

HFA is encouraged by the progress made to date and looks forward to continuing to contribute to these discussions as stakeholders work towards a stronger and more sustainable health system. More details of this initiative will be unpacked in future editions.

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## BUSA'S HEALTH POLICY COMMITTEE



HFA continues to participate actively in Business Unity South Africa's (BUSA) Health Policy Committee, an important platform that brings together stakeholders from across the healthcare sector to engage on policy, regulatory and health system reform issues.

The committee provides a platform for organised business to contribute to national health policy and regulatory reform, with matters receiving sufficient support progressing to NEDLAC, where organised business, government, labour and community representatives engage on matters of national importance.

At a recent meeting, HFA presented its proposal for a Primary Healthcare option aimed at extending access to affordable private healthcare services for millions of uninsured South Africans who fall within the so-called "missing middle" at a price point of R400 per person per month.

The proposal generated constructive discussion and forms part of HFA's broader efforts to identify practical solutions that can expand access to healthcare while broader health system reforms continue to evolve. We are hopeful that, following consideration by BUSA members, the proposal will be supported for further engagement through NEDLAC as a potential health system reform initiative.

For HFA, participation in BUSA's Health Policy committee provides an important avenue through which the interests of medical schemes and their members can be represented while contributing to broader discussions on how best to strengthen South Africa's healthcare system.

## BECOME A MEMBER



**Advocacy & representation:** A unified voice in policy and industry matters.



**Strategic partnerships:** As a member of Business Unity South Africa (BUSA), HFA contributes to positions taken to NEDLAC where government, labour, community and business shape national policy.



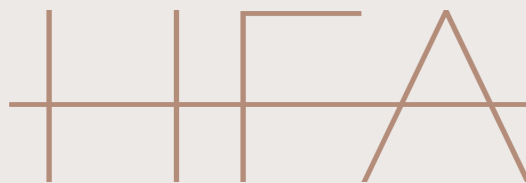
**Expert support:** HFA provides access to expert advice, legal assistance and technical guidance.



**Collaborative engagement platforms:** Members enjoy dynamic platforms for information exchange and dialogue between stakeholders.



**Agile & efficient structure:** HFA's cost-effective operations are focussed on impactful policy development and representation



**HEALTH FUNDERS**  
ASSOCIATION

