

# Co + Create THE FUTURE



**From Red Tape to Real Talk - Reimagining the Regulatory Relationship**  
Avril Kennedy





# The Healthcare Value Chain

# Medical Scheme Members: At the Heart of the Healthcare Value Chain



# Key Players in the Medical Scheme Ecosystem

1

## Board of Trustees & Principal Officers

Custodians of governance, benefit design, and member value

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2

## Council for Medical Schemes (CMS)

Regulator safeguarding fairness, solvency, and statutory protection

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3

## Accredited Service Providers

Administrators, Managed Care Organisations, Brokers providing support within the regulatory framework

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4

## Non-Accredited Providers

Health professionals, auditors, consultants, technology partners, and vendors who shape member experience and outcomes indirectly



# Regulatory Red Tape



# Contributing and Mitigating Factors

Regulation in South African healthcare is not optional; it **protects vulnerable members**. Red tape often results from:

- Outdated legislation
- Regulatory resource constraints and oversight demands
- Procedural delays or delays to scheme responses and submissions;
- Limited enablement functions
- Technically complex guidance

Red Tape is aggravated by

- Schemes with poor compliance culture
- Weak internal controls
- Delays to regulatory enquiries etc.

**Strong boards** proactively manage risk and compliance.

**Good governance** makes regulation easier to implement and less adversarial

**Effective co-governance** ensures access, affordability, and sustainability





## It Takes Two

# Shared Strengths, Shared Struggles, Shared Solutions

## Regulatory Perspective

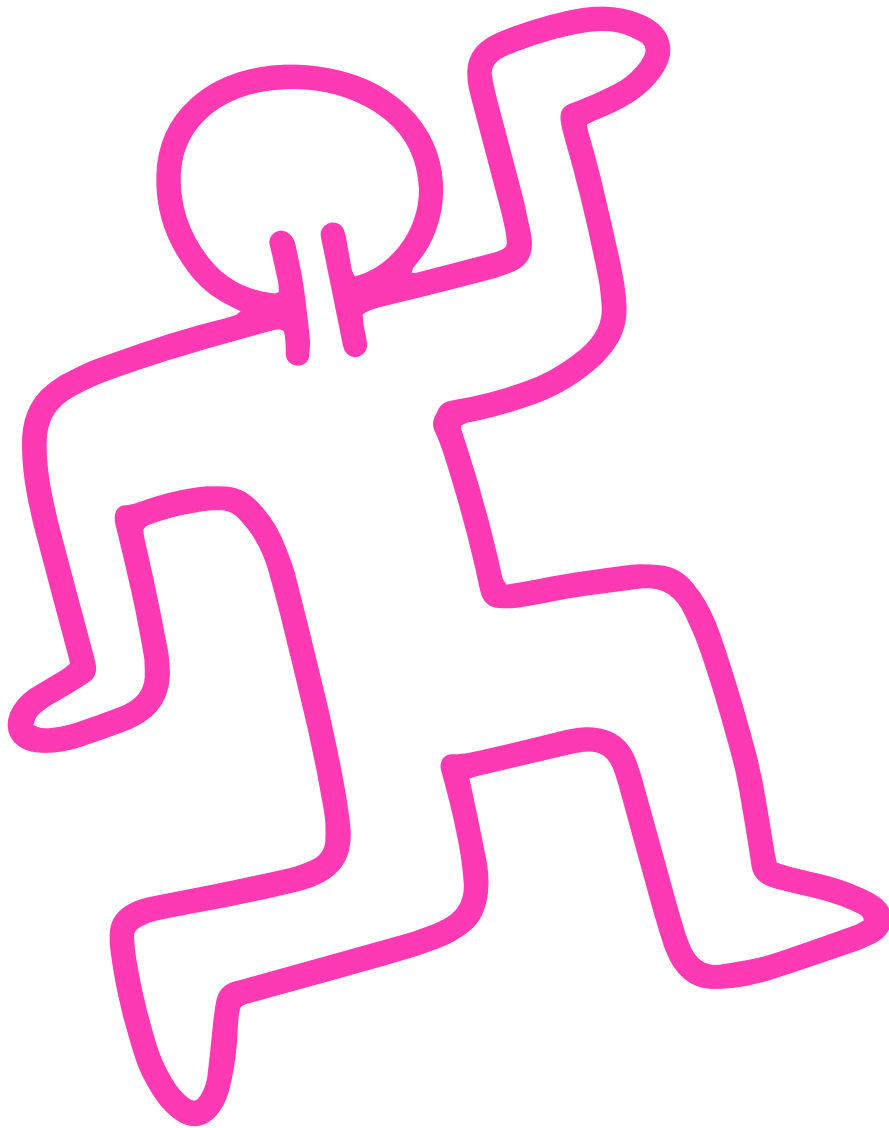
### Strengths:

- Strong legislative mandate
- Critical interventions where schemes were at risk
- New leadership with an open, engaging posture
- Institutional memory and healthcare insight
- Skilled staff



### Areas of Improvement

- Tone of communication often interpreted as punitive or rigid
- Delays in policy reform (e.g. outdated Medical Schemes Act, unclear guidance)
- Heavy interventions (e.g. curatorship) in some cases could have been replaced with earlier or less disruptive support
- Slow response times impact scheme planning and operations





# Shared Strengths, Shared Struggles, Shared Solutions

## Medical Scheme Perspective

### Strengths:

- Key insights to member needs
- Majority of schemes have good governance in place
- Growing appetite for governance training and risk understanding
- Improved transparency in some boards
- Movement towards proactive compliance and King IV alignment (Adoption of Integrated Reports)

### Areas of Improvement

- Certain boards lack an understanding of their roles and responsibilities given the complexity of medical scheme industry (new trustees)
- Some scheme are reactive in approach — waiting for regulator to prompt action
- Governance weaknesses not always addressed internally
- Over-reliance on service providers and lack of monitoring service levels





# Where Engagement Breaks Down





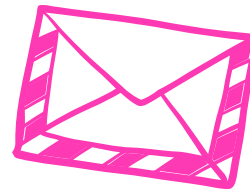
# Understanding the Disconnect Between Medical Schemes and the Regulator



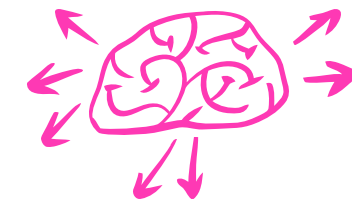
## Regulator View



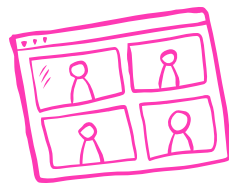
Outdated Legislative Framework  
vs Technological Advancements



Reactive Engagement  
Channels



Limited Regulatory Space  
for Innovation



One-Size-Fits-All  
Oversight



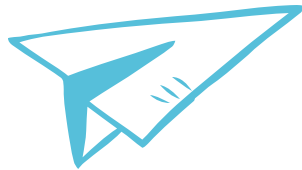
Technical Complexity of  
Circulars & Industry Guidance



Protection Framed  
as Policing

# Understanding the Disconnect Between Medical Schemes and the Regulator

## Medical Scheme View



Lack of Structured  
Engagement Channels



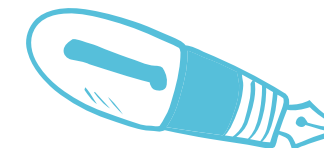
Hesitation to Share Grey-Zone  
or Innovative Decisions



Uncertainty About  
CMS Expectations



Communication Gaps and  
Misalignment of Language



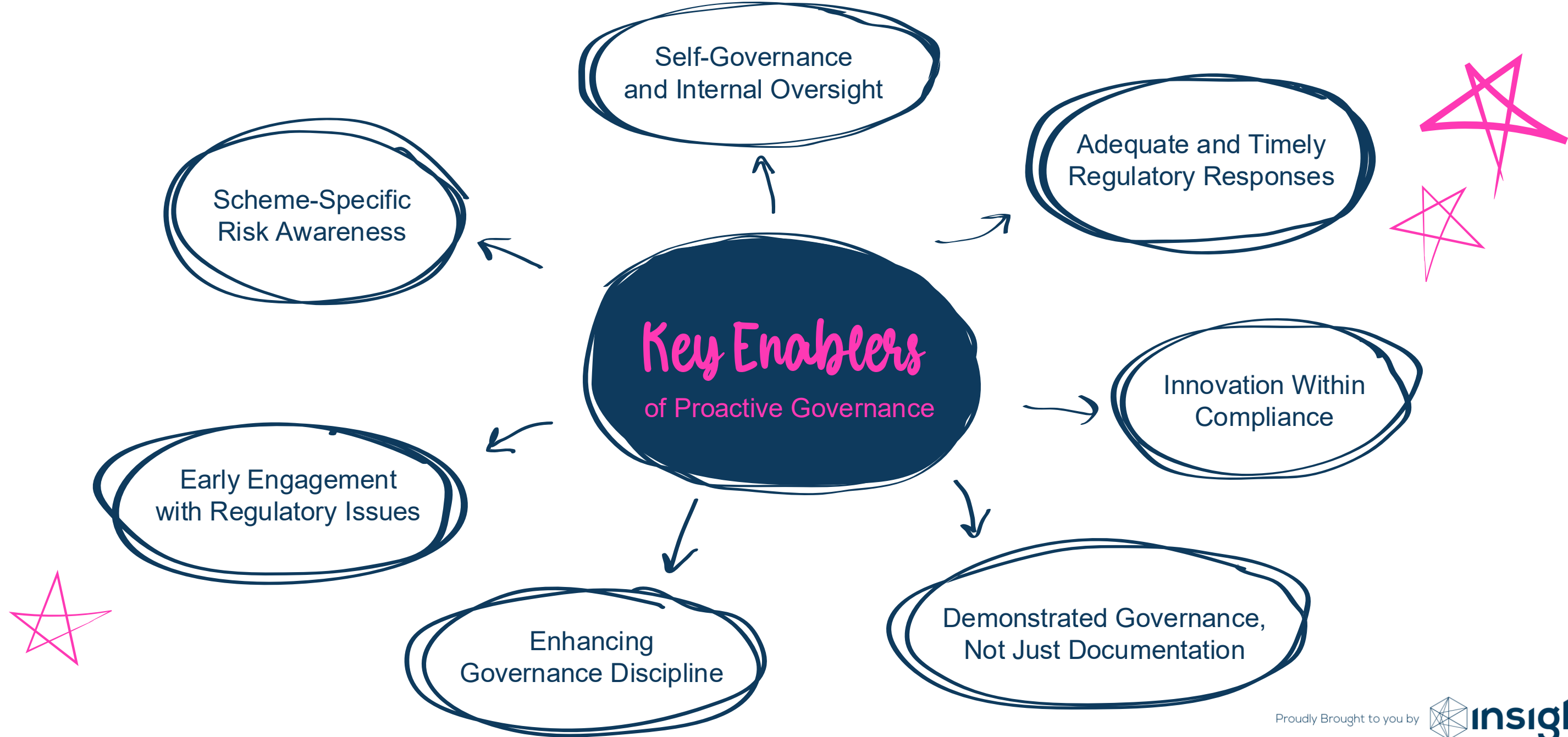
Over-Defensive or Legalistic  
Responses to Regulatory Enquiries





# Proactive Governance

# Combating Regulatory Red Tape Amidst Scheme Challenges







# A Window of Opportunity



# New Leadership, New Possibilities







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**THANK  
YOU**