

Update Jan 2010: South Africa - International Health Insurance

Are you looking for Health Insurance cover in South Africa?

There are a plethora of website on the World Wide Web selling health insurance.

Companies like Bupa International, Allianz Worldwide Care, ihi Bupa, Global Health and the like, are all International Health Insurance providers.

How do you choose a health insurance company?

Before you even begin to look at the product, there are **other implications that you need to consider.**

Medical cover in South Africa is legislated under the Medical Schemes Act. For many years, there was an ongoing debate (called the Demarcation Debate) surrounding health insurance and medical aid cover.

Generally (this is my opinion), if a company is doing the business of a Medical Scheme in South Africa it needs to be registered as a South African Medical aid (although there is a lot more to this than my generalisation).

Why is this important to the consumer?

- (1)** If a scheme is registered under the **Medical Schemes Act**, you as a consumer have recourse through the Medical Schemes Council for issues which could arise (non payment of claims, etc.).

You will not have this recourse on an insurance plan. If you were wanting to bring something to the attention of an ombudsman, you would need to do so through the country where the health insurance licence of that provider is held.

- (2) Waiting periods** on a South African registered scheme.

The maximum (penalty) that a South African Medical aid can impose on someone joining a scheme is a 3 month general waiting period and a 12 month condition specific waiting period.

Generally, a scheme would only apply these penalties when you already have a condition upon joining a scheme. This is one of the ways that a scheme can manage their risk pool.

On an Insurance product, you could be denied cover for that condition.

Or, another way for an insurance company to manage risk would be to deny more comprehensive cover once you have a condition and applied for more cover. A lot of the products also have built in waiting periods before you can use certain of the cover (pregnancy for instance would be pretty standard to have a waiting period for cover when joining a scheme).

- (3) Late Joiner Penalties** on a South African registered Medical Scheme.

Late joiner penalties can be applied to someone who is over the age of 35 joining a South African medical aid.

In short, this is a penalty applied if you haven't been part of registered South African Scheme. It works on the number of years over the age of 35 that you have not belonged to a scheme.

- (4) Prescribed Minimum Benefits.**

There are over 270 conditions and about 25 of them are chronic where a medical scheme needs to provide cover at cost.

This is not a requirement for a health insurance plan as they are not registered South African medical aid schemes.

(5) The Broker.

You do not have to go through a broker to join a medical scheme in South Africa...you are allowed to go directly to the scheme and apply.

Obviously, as the plans have become more and more complex, the better option is to go through an accredited broker.

You would need an exemption issued by the Medical Schemes Council to be able to sell International Health Insurance plans in South Africa. So make sure that your broker is **registered with the Council of Medical Schemes** if he is selling you any medical type product (other than travel insurance).

(6) How do the different plans pay claims?

Medical aids will usually pay a provider based on a rate...i.e. a Discovery Health rate, a Momentum Health rate, etc.

This is probably where the **biggest advantage of health insurance** is...generally, they will pay based on actual cost...so if a doctor charges R12000, they would generally pay the R12000.

Why do people join International Health Insurance Plans in South Africa?

(a) For **international medical cover**.

(b) **Simplicity**...the health insurance plans are less complicated than medical aids, where rates are applied, etc.

(c) **Language**...if you are a foreign national and don't speak much English, a lot of the international health insurance companies have call centres where the staff speak other languages.

These are the basic difference between a local medical aid and international health insurance.

Please note that only a local South African who is travelling out of the country or is living out of the country may buy an International Health Insurance plan.

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(Please note that this posting has not been vetted by another person and the opinions expressed are mine alone).

Kenny Williamson is currently a representative at a Cape Town based brokerage.

The brokerage is accredited to sell either international health insurance or medical aid as mentioned in the article.

More can be read at <http://www.businessowner-cover.com>.

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