

South African medical schemes - the late joiner penalty.

The Medical Schemes Act makes provision for late - joiner penalties to be applied to members (of medical schemes) over the age of 35, who have not belonged to a medical scheme for two years or longer immediately prior to applying for membership.

Depending on the number of years they have not belonged to a medical scheme, an additional penalty fee (worked out as a percentage of the contribution) will be added to the member's contribution.

Number of years the applicant was not a member of a registered medical scheme after the age of 35

- 1 - 4 years Maximum penalty is 1.05 x contribution.
- 5 - 14 years Maximum penalty is 1.25 x contribution.
- 15 - 24 years Maximum penalty is 1.50 x contribution.
- 25 + years Maximum penalty is 1.75 x contribution.

On the Discovery Health side, these penalties are applied to the 'risk' portion of your contribution. Meaning that they are NOT applied to the Medical Savings Account portion of your contribution.

Point of Interest: If you have the product called the Health Plan Protector (Discovery Life), the late joiner penalty portion of your total medical aid contribution is taken into account in your 'risk' contribution for the purposes of working out your Health Fund (meaning you could achieve a higher payback than someone without a late joiner penalty).