

MAKE YOUR VOICE HEARD!



Have your say on the proposed legislative changes that will impact all citizens, members of medical schemes, and private medical schemes directly.

Dear Member

DRAFT ROAD ACCIDENT FUND AMENDMENT BILL, 2023 (Issued 8 September 2023)

(Closing date for comments: 6 October 2023)

Important notice to all MBMed Medical Aid Fund members

Most of us do not think about how our medical costs for treatment would be covered should we be involved in a motor vehicle accident, especially when we are contributing members of medical schemes in South Africa.

However, the proposed changes to the Road Accident Fund (RAF) Act affect all South African citizens and will have specific implications for all members of medical schemes in the Republic.

What is the Road Accident Fund (RAF)?

All South African road users contribute to the RAF in the form of a fuel levy. R2.18 for every litre of fuel bought is allocated to the RAF. This is R120 for every tank of petrol bought (calculated at 55 litres). The RAF receives more than R45 billion per year through this fuel levy.

The RAF fuel levy provides personal insurance (general damages, funeral cover, loss of support, loss of income and past and future medical expenses) cover to road accident victims or their families and indemnity cover to wrongdoers (who cause accidents).

Why do most medical schemes, including MBMed Medical Aid Fund, require their members to claim and pay back costs that are successfully claimed back from the RAF?

All active members contribute equally to the available funds to pay claims submitted to MBMed Medical Aid Fund. Healthy members essentially subsidise the claims submitted by sick or injured members.

When a liable third party such as the RAF (or any other third party like Workman's Compensation and other insurance companies) is responsible for compensating citizens for damages suffered, MBMed Medical Aid Fund has a responsibility to all members to ensure that the collective reserves are replenished. This practice supports safeguarding reserves and helps manage future contribution increases.

What is the impact of the proposed changes to legislation on medical schemes and their contributing members?

The proposed changes suggest that medical scheme members be treated differently from uninsured members (who do not belong to medical schemes) despite contributing equally to the RAF fuel levy.

The changes include, amongst many others, that medical scheme members would no longer be eligible to claim back past medical expenses. This would affect injured members and ALL members of medical schemes because the collective reserves available to pay benefits will not be replenished.

There might be a direct financial impact on all members in the form of an increased premium. Medical schemes may have to limit their liability regarding medical scheme cover provided for accident-related injuries. This would result in members having to potentially incur additional costs to obtain alternative insurance products.

We have created an infographic that shows how the proposed changes could impact medical schemes and their members.

[TO VIEW INFOGRAPHIC CLICK HERE](#)

Have your say!

Your voice counts! All South African citizens and members of medical schemes must have their say on the proposed changes. We have summarised some other significant proposed changes further below.

[TO ADD YOUR VOICE CLICK HERE](#)

Disclaimer: All information submitted on this platform for the survey, will only be processed for purposes directly related to the proposed RAF Amendment submission, and any other reports related thereto.

In addition to the above, concerned citizens are encouraged to submit detailed, individual responses by 6 October 2023 to Ms. Lindiwe Twala on twala@dot.gov.za and Mr. Trevor Mphahlele on mphahlele@dot.gov.za.

What are the main changes in the proposed Road Accident Fund Amendment Bill?

We have attached the proposed Road Accident Fund Amendment Bill for your reference. Some of the main proposed changes affecting all citizens and individuals of South Africa are the following:

IMPACT ON PRIVATELY INSURED MEDICAL SCHEME MEMBERS

CURRENT RAF ACT	RAF Amendment Bill 2023 - PROPOSED CHANGES (Summary)
All reasonable and proven medical expenses incurred that arise directly from the accident are covered at the rate incurred.	A proposed RAF-specific tariff will be applicable for reimbursement (this will create short-payments and leave citizens out-of-pocket).
In terms of the common law, expenses covered by medical aid schemes must be paid by the RAF and in terms of the rules of most medical schemes, be re-imbursed to the relevant medical scheme to replenish the pool of funds (reserves) available for all members.	All future medical expenses must be pre-authorised in terms of a procedure not yet prescribed. Rules and restrictions will apply.
Healthcare professionals can claim back costs directly from the RAF, at the tariff charged. This includes private hospitals and doctors who are willing to treat uninsured citizens at risk.	Claims first paid by medical schemes will be excluded. Dire consequences for all medical scheme members and not just road accident victims. Medical schemes may be forced to exclude certain accident-related cover.
RAF acts as a state-managed insurer, who steps into the shoes of the wrongdoer and compensates the innocent injured party.	Consequence: - Medical scheme members will be treated differently and discriminated against , but will be expected to contribute to the RAF fuel levy equally - Impoverishment of private medical schemes - Precedent will be set for further exclusions of other privately insured benefits such as loss of income or insured death benefits
Some limits apply to benefits in respect of claims for "loss of income".	Healthcare professionals will no longer be able to claim directly and a RAF-specific tariff will be applicable. Injured citizens who cannot afford upfront payment for treatment will be forced to seek treatment from already over-burdened and under-resourced public health facilities.
Uncapped compensation is awarded for general damages claims for pain and suffering, loss of amenities of life, disfigurement and shock.	The definition and object of the RAF will change from one of statutory insurer to a social benefit scheme - despite the fact that all road users will continue to pay towards the fuel levy.
Lump sum compensation payments are provided for claims in respect of "loss of earnings" and "loss of support" claims. This allows claimants to take charge of their own future.	Benefits payable to accident victims will be greatly reduced.
Costs incurred to inter the deceased in a grave are covered	An injured party still has to prove negligence on the part of a motorist or owner, and may not look to the wrongdoer for the damages not covered by way of "social benefits" .
	Limited to accidents that: - happened on public roads only - excludes people who are not citizens or direct and permanent resident - People injured whilst crossing a highway are excluded - Persons injured in a "hit-and-run" (where the guilty party could not be identified) will no longer be covered
	Excluded in totality, regardless of how catastrophic the injuries might be.
	No lump sum payments will be granted. Instead, claimants will be compensated through monthly payments and the RAF will have the right to continually reassess its liability to continue to pay.
	Fixed, capped benefits will apply

[CLICK HERE](#) to access the RAF Draft Amendment Bill Proposal, as issued by the Department of Transport on 8 September 2023.