

Cofi Bill brings down regulatory siloes for medical scheme customers

Healthcare sector stakeholders have long advocated for a single regulator, believing that the current dual framework creates a regulatory arbitrage not conducive to offering the consumer maximum protection.



Butsi Tladi, MD of Alexander Forbes Health

Just as the public and private healthcare sectors need to work together for South Africa to achieve universal healthcare, the same applies to government departments and regulators. "A silo approach to these complex issues will only serve to detract the process and delay progress. The dual regulation of participants in the medical scheme industry is not ideal, and in some areas creates conflict," says Butsi Tladi, managing director of Alexander Forbes Health.

The Conduct of Financial Institutions Bill (Cofi) Bill, aimed at regulating how the financial services industry treats its customers, was published by the minister of finance in December for public comments until Monday April 1. The Bill advocates removing core regulatory functions from the Council for Medical Schemes (CMS) and placing them with the Financial Services Conduct Authority (FSCA).

A form of insurance

Tladi says medical schemes are a form of insurance, "... even the CMS acknowledges this in their submission on the Cofi Bill. Greater alignment is in the interest of the industry. Because of the varied nature of insurance products, including health insurance products, The FSCA has had to develop a depth of skill to regulate this dynamic industry.

"Had we appreciated this fact, and allowed the best suited government entity to spearhead our National Health Insurance efforts, we would have made far more progress," she says.

Market conduct

It is also clear to Tladi that the FSCA's ability to regulate market conduct of financial institutions is more advanced. In fact, CMS already refers compliance relating to conduct to FSCA for consideration.

“Through related legislations such as the Financial Advisory and Intermediary Services (Fais) Act, FSCA has proven that it is far more capable of managing possible conflicts of interest in the provision of independent advice to consumers.

“The Cofi Bill approach is refreshing in that it sets out the specific intention of the law, rather than setting rules for compliance. Compliance with the spirit of the law, rather than narrow technical compliance will be important. If we appreciate the efforts of the Competition Commission’s Inquiry into Private Healthcare, then we must welcome efforts that support and facilitate better competition and innovation. Furthermore, Cofi aims to promote financial inclusion and transformation, particularly that of emerging black-owned financial institutions.”

For more, visit: <https://www.bizcommunity.com>