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TO ALL THE HEADS OF ALL DEPARTMENTS AND PROVINCIAL ADMINISTRATIONS

ADJUSTMENT OF MEDICAL SUBSIDY FOR EMPLOYEES ON THE GOVERNMENT EMPLOYEES MEDICAL SCHEME (GEMS)

1. The Minister for the Public Service and Administration has in terms of section 3(5)(a) and 5(6)(b) respectively of the Public Service Act, 1994, as amended, determined that the employer subsidy for employees on the Government Employees Medical Scheme (GEMS) be adjusted as depicted hereunder with effect from 01 January 2017:

MEMBER PROFILE	1 JANUARY 2016 MONTHLY EMPLOYER SUBSIDY	1 JANUARY 2017 MONTHLY EMPLOYER SUBSIDY
Single Principal Member	R1 008-00	R1 097-00
Principal Member with one dependant	R2 017-00	R2 195-00
Principal Member with two dependants	R2 633-00	R2 865-00
Principal Member with three dependants	R3 249-00	R3 535-00
Principal Member with four dependants	R3 865-00	R4 205-00

2. A copy of the Determination and Directive on Medical Assistance for Public Service Employees in the Public Service is attached for ease of reference.
3. Please note that expenditure incurred as a result of implementing this Provision, must be defrayed from the existing departmental budget allocations.


DIRECTOR-GENERAL

DATE: 06/12/2016

**DETERMINATION AND DIRECTIVE ON
MEDICAL ASSISTANCE FOR
EMPLOYEES IN THE PUBLIC SERVICE**



JANUARY 2017

**ISSUED BY THE MINISTER FOR THE
PUBLIC SERVICE AND ADMINISTRATION**

**DETERMINATION AND DIRECTIVE ON MEDICAL ASSISTANCE FOR
EMPLOYEES IN THE PUBLIC SERVICE**

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DETERMINATION AND DIRECTIVE ON MEDICAL ASSISTANCE FOR EMPLOYEES IN THE PUBLIC SERVICE

PART I: GENERAL

1. INTRODUCTION

- 1.1. Prior to 1 July 2006, the provisions dealing with medical assistance for public servants was contained in Part III of the Annexure to Resolution 3 of 1999 of the Public Service Co-ordinating Bargaining Council (PSCBC).
- 1.2. An agreement on medical assistance in the public service, PSCBC Resolution 1 of 2006, was concluded between the employer and the labour unions in the PSCBC in 2006.
- 1.3. PSCBC Resolution 1 of 2006 seeks to give effect to the following principles:
 - 1.3.1. Ensure greater accessibility by providing affordable medical cover to all employees, especially lower-income earners;
 - 1.3.2. Promotion of enrolment of employees to the Government Employees Medical Scheme (GEMS);
 - 1.3.3. Ensure cost-effective medical cover for employees on GEMS over the long term;
 - 1.3.4. Efficient administration of the medical subsidy; and
 - 1.3.5. Recruitment and retention of professionals and employees with scarce skills.
- 1.4. The purpose of this Determination and Directive is to give effect to the relevant principles and clauses as contained in-
 - 1.4.1. PSCBC Resolution 1 of 2006 for in-service employees;
 - 1.4.2. PSCBC Resolutions 4 of 2010 read with PSCBC Resolution 2 of 2011 with regards to alignment of pre and post retirement medical assistance for employees on GEMS; and
 - 1.4.3. PSCBC Resolution 2 of 2015 for in-service employees on GEMS; and provisions dealing with post-retirement medical assistance for all qualifying former employees.

2. SCOPE OF APPLICATION

- 2.1 This Determination and Directive is applicable to employees appointed–
 - 2.1.1 on salary levels 1 to 10, in terms of the Public Service Act, 1994, (Proclamation No. 103 of 1994), as amended, and who fall within the registered scope of the PSCBC; and
 - 2.1.2 on fixed term contracts for a period of six (6) months and longer, but excludes casual employees.

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- 2.2. The post retirement medical assistance is applicable to qualifying former employees who retired on salary levels 1 to 12.

3. AUTHORISATION

This Determination and Directive is made by the Minister for the Public Service and Administration in terms of the provisions of section 3(5)(a) and 5(6)(b) respectively of the Public Service Act, 1994, as amended.

4. COMMENCEMENT

- 4.1. Unless otherwise stated, this Determination and Directive takes effect on 1 July 2006.
- 4.2. The Determination and Directive on post retirement medical assistance takes effect on 1 January 2015.

5. DEFINITIONS

Unless the context indicates otherwise, any word or expression to which a meaning has been assigned in the Public Service Act, 1994, as amended, bears that meaning, and -

5.1. "dependant" means-

5.1.1. the spouse or partner, dependant children or other members of the member's immediate family in respect of whom the member is liable for family care and support; or

5.1.2. any other person who, under the rules of a medical scheme, is recognised as a dependant of a member;

5.2. "employer subsidy" also means "medical assistance" and is a monthly subsidy payable by the employer to the employee as a contribution to the employee's membership fees to a medical scheme;

5.3. "GEMS" means the Government Employees Medical Scheme registered in terms of the Medical Schemes Act, 1998, Act No. 131 of 1998, (Medical Schemes Act) as amended;

5.4. "medical scheme" means a registered medical scheme in terms of the Medical Schemes Act;

5.5. "membership fees" means the total monthly contribution an employee must pay to obtain membership of a medical scheme;

5.6. "salary level 1, 2, 3, 4 or 5" means notch 1 of salary level 1 up to and including notch 12 of salary level 5 not covered by the Occupation Specific Dispensation (OSD).

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5.7. "no worse-off" means that, subject to the member's benefit option and member profile-

5.7.1 an employee shall not receive a subsidy less than the subsidy received at the previous medical scheme as at 30 June 2006; *provided that the subsidy amount does not exceed the employee's total monthly contribution to GEMS;*

5.7.2 a former employee shall not receive a post retirement medical subsidy less than the subsidy received at the previous medical scheme as at 31 December 2014; *provided that such subsidy amount does not exceed the total monthly contribution to GEMS.*

The provisions in Part I, paragraph 5.7, shall apply subject to the member's benefit option.

5.8. "service" for eligibility of the employer post retirement medical assistance refers to actual service and excludes service accumulated or obtained through a purchase of service arrangement.

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PART II: EMPLOYER MEDICAL ASSISTANCE FOR IN-SERVICE EMPLOYEES

1. GENERAL PROVISIONS

- 1.1. The employer shall assist an in-service employee by providing him/her with an employer subsidy as provided for in this Part. Only subscription fees as contained in the registered rules of the relevant medical scheme may be taken into account for subsidy purposes.
- 1.2. The in-service employee must be a principal member of a registered medical scheme to be eligible for the employer subsidy.

2. MEDICAL ASSISTANCE FOR EMPLOYEES ON MEDICAL SCHEMES OTHER THAN GEMS BEFORE 1 JULY 2006

- 2.1. An employee appointed in the public service before 1 July 2006 and who received the employer subsidy on 30 June 2006 in respect of a registered medical scheme other than GEMS shall continue to receive the employer subsidy of 2/3rd of the employee's membership fees subject to a maximum of R1 014-00 per month.
- 2.2. The employee shall not be eligible for the employer subsidy in terms of Part II, paragraph 2.1, if he/she terminates his/her membership of a registered medical scheme or if he/she becomes a dependant of his/her spouse's medical scheme.
- 2.3. An employee who transfers from one registered medical scheme other than GEMS to another registered medical scheme other than GEMS, will only retain his/her existing employer subsidy of 2/3rd of the employee's membership fees subject to a maximum of R1 014-00 per month, if the effective date of the transfer is immediately after the date of termination of the first-mentioned scheme.

3. MEDICAL ASSISTANCE FOR EMPLOYEES TRANSFERRING FROM OTHER MEDICAL SCHEMES TO GEMS

- 3.1. An employee who receives an employer subsidy on 30 June 2006 and at any date thereafter, and joins GEMS on or after 1 July 2006 is eligible for the employer subsidy of 75% of the employee's membership fees, limited to the maximum employer subsidy as indicated in **Appendix 1**.
- 3.2. If such an employee is on salary level 1, 2, 3, 4 or 5 and joins GEMS on the Sapphire Option, the employer shall pay 100% of the employee's membership fees, limited to the maximum employer subsidy as indicated in **Appendix 1**.
- 3.3. The amount of the employer subsidy referred to in Part II, paragraph 3.1, shall not-
 - 3.3.1. be less than the subsidy payable to the employee on 30 June 2006; and

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3.3.2. exceed the employee's membership fees to GEMS.

**4. MEDICAL ASSISTANCE FOR EMPLOYEES NOT BELONGING TO A
MEDICAL SCHEME ON 30 JUNE 2006**

4.1. An employee not belonging to a medical scheme on 30 June 2006 must join GEMS on or after 1 July 2006 to be eligible for the employer subsidy, which shall be 75% of the employee's membership fees, limited to the maximum employer subsidy as indicated in **Appendix 1**.

4.2. If such an employee is on salary level 1, 2, 3, 4 or 5 and joins GEMS on the Sapphire Option, the employer shall pay 100% of the employee's membership fees, limited to the maximum employer subsidy as indicated in **Appendix 1**.

4.3. If such an employee joins any medical scheme other than GEMS he/she shall not be eligible for the employer subsidy unless he/she rejoins GEMS as a member.

**5. MEDICAL ASSISTANCE FOR EMPLOYEES BELONGING TO GEMS ON 30
JUNE 2006**

5.1. An employee belonging to GEMS on 30 June 2006, shall be eligible for the employer subsidy of 75% of the employee's membership fees, limited to the maximum employer subsidy as indicated in **Appendix 1**.

5.2. If such an employee is on salary level 1, 2, 3, 4 or 5 and belongs to GEMS on the Sapphire Option or changes to that option on 30 June 2006, the employer shall pay 100% of the employee's membership fees, limited to the maximum employer subsidy as indicated in **Appendix 1**.

5.3. The amount of the employer subsidy referred to in Part II, paragraph 5.1, shall not -

5.3.1. be less than the subsidy payable to the employee on 30 June 2006; and

5.3.2. exceed the employee's membership fees on GEMS.

**6. MEDICAL ASSISTANCE FOR NEWLY APPOINTED EMPLOYEES WITH
EFFECT FROM 1 JULY 2006**

6.1 The employer shall, with effect from 1 July 2006, pay to an employee appointed in the public service on or after 1 July 2006 and who joins GEMS, 75% of the employee's membership fees, limited to the maximum employer subsidy as indicated in **Appendix 1**.

6.2 If such employee is on salary level 1, 2, 3, 4 or 5 and joins GEMS on the Sapphire Option, the employer shall pay 100% of the employee's membership fees, limited to the maximum employer subsidy as indicated in **Appendix 1**.

6.3 An employee who is appointed in the public service on or after 1 July 2006 and remains a member of that medical scheme or joins a medical scheme other than GEMS on or after 1 July 2006, shall not receive the employer subsidy towards his/her membership fees.

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7. MEDICAL ASSISTANCE FOR EMPLOYEES ON SALARY LEVEL 1, 2, 3, 4, OR 5 BELONGING TO OR JOINING GEMS ON THE SAPPHIRE OPTION

The employer shall, with effect from 1 July 2006, pay to an employee on salary level 1, 2, 3, 4 or 5 who belongs to or joins GEMS on the Sapphire Option, 100% of the employee's membership fees, limited to the maximum employer subsidy as indicated in **Appendix 1**.

8. EMPLOYEES APPOINTED ON FIXED-TERM CONTRACTS

- 8.1. Employees who are appointed on fixed-term contracts for more than six (6) months and do not receive 37% in lieu of benefits as provided for in PSCBC Resolution 1 of 2007 (herein referred to as a "fixed-term employee") qualify for an employer subsidy.
- 8.2. A fixed-term contract employee appointed in the public service before 1 July 2006 and who receives the employer subsidy on 30 June 2006 in respect of a registered medical scheme other than GEMS, shall continue to receive the employer subsidy of 2/3rd of the employee's membership fees subject to a maximum of R1 014-00 per month.
- 8.3. If a health professional, who was appointed to perform community service on a fixed-term contract before 1 July 2006, joins the public service immediately after completing such service, he/she shall be eligible for the employer subsidy of 2/3rd of the employee's membership fees subject to a maximum of R1 014-00 per month if he/she was a member of a registered medical scheme other than GEMS immediately before he/she joined the public service and he/she chose to remain with such medical scheme.
- 8.4 A health professional referred to in Part II, paragraph 8.3, shall on joining GEMS, be eligible for the employer subsidy of 75% of the employee's membership fees subject to a maximum of R4 149-00 per month, provided there is no break in membership.
- 8.5 The employer shall pay to a fixed-term contract employee who-
- 8.5.1 belongs to GEMS or joins GEMS on or after 1 July 2006, 75% of the employee's membership fees, limited to the maximum employer subsidy as indicated in **Appendix 1**; or
 - 8.5.2 is on salary level 1, 2, 3, 4 or 5 and belongs to or joins GEMS on or after 1 July 2006 on the Sapphire Option, 100% of the employee's membership fees, limited to the maximum employer subsidy as indicated in **Appendix 1**

9 ADJUSTMENT OF MEDICAL ASSISTANCE FOR IN-SERVICE EMPLOYEES ON GEMS

- 9.1 The Minister shall adjust the medical subsidy for in-service employees on GEMS annually on the basis of with the average Medical Price Index (MPI) of the preceding twelve (12) months ending in August of the current year for implementation with effect from 1st January of each year.

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10 TERMINATION OF GEMS MEMBERSHIP AND PAYMENT OF MEDICAL ASSISTANCE DURING UNPAID LEAVE

- 10.1 An employee who terminates his/her membership with GEMS on or after 1 July 2006 shall not be eligible for the employer subsidy, unless he/she re-joins GEMS as a member.
- 10.2 If an employee is on unpaid leave, his/her department shall continue to pay the monthly employer subsidy to the employee's registered medical scheme, provided that the employee continues to pay his/her monthly contribution in respect of his/her membership fees.

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**PART III: POST RETIREMENT MEDICAL ASSISTANCE
(PRMA)**

1. GENERAL PROVISIONS

- 1.1. The employer shall assist a former employee by providing him/her with an employer subsidy as provided for in this Part, subject to the conditions set out hereunder. Only subscription fees as contained in the registered rules of the relevant medical scheme may be taken into account for subsidy purposes.
- 1.2. The former employee must be a principal member of a registered medical scheme to be eligible for the employer subsidy of 75% of the employee's membership fees, on the basis of the members profile, subject to a maximum of R2 017-00 per month. *The full costs for any additional dependants shall be borne by the former employee.*
- 1.3. The employer shall continue to provide medical assistance if an employee -
 - 1.3.1. exited or exits the public service because of retirement (including early retirement), death or dismissal on account of incapacity due to ill health or injury;
 - 1.3.2. has attained at least fifty (50) years of age;
 - 1.3.3. has at least fifteen (15) years of actual service; and
 - 1.3.4. remains a principal member of a registered medical scheme for twelve (12) months immediately before the date he/she exited or exits the public service.
- 1.4. If an employee or former employee mentioned in Part III, paragraph 1.3, who belongs to a registered medical scheme and receiving a subsidy dies and his/her spouse becomes a principal member of a registered medical scheme, the employer shall transfer the benefits provided for in **Appendix 3** to the spouse.

2. MEDICAL ASSISTANCE FOR FORMER EMPLOYEES BELONGING TO A REGISTERED MEDICAL SCHEME BEFORE AND OR 1 JANUARY 2015

- 2.1. All former employees who receive the employer subsidy as members of a registered medical scheme, shall with effect from 1 January 2015 be eligible for the employer subsidy of 75% of the former member's membership fees, per profile, limited to the maximum employer subsidy indicated in **Appendix 2**.
- 2.2. A former employee shall not be eligible for the employer subsidy in terms of Part III, paragraph 2.1, if he/she terminates his/her membership of a registered medical scheme, or if he/she becomes a dependant of his/her spouse's medical scheme.
- 2.3. All former employees who exited the public service on conditions stipulating post retirement dispensations such as 2/6th, 3/6th, 4/6th and 5/6th and belonged

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to a registered medical scheme on 31 December 2014, shall be eligible, with effect from 1 January 2015, for the employer subsidy provided in Part III, paragraph 2.1.

- 2.4. In line with Part I, sub-paragraph 5.7.2, the amount of the employer subsidy shall not be less than the subsidy payable to the former employee on 31 December 2014, but not more than the former employee's total monthly contribution to any registered medical scheme.
- 2.5. The provisions in Part III, paragraph 2, shall apply to all eligible former employees with effect from 1 January 2015 and to eligible employees exiting the public service on or after 1 January 2015.
- 2.6 The provisions in Part III, paragraph 2, shall be the lesser of as following*:
 - 2.6.1 75% of the total monthly contribution to any registered medical scheme; or
 - 2.6.2 the maximum employer subsidy as indicated in **Appendix 2**

3. MEDICAL ASSISTANCE FOR FORMER EMPLOYEES ON SALARY LEVELS 1, 2, 3, 4 OR 5 BELONGING TO THE SAPPHIRE OPTION OF GEMS

- 3.1. The employer shall, with effect from 1 January 2015, continue to pay a former employee on salary level 1, 2, 3, 4 or 5 who exited the public service and belonged to the Sapphire Option of GEMS, 100% of the medical subsidy, limited to the maximum employer subsidy indicated in **Appendix 2**.
- 3.2. The provisions in Part III, paragraphs 3.1 shall apply to all former employees on the Sapphire Option of GEMS who exited before 1 January 2015 and shall include employees exiting on or after 1 January 2015.
- 3.3 Members belonging to other medical schemes who retire on salary level 1,2,3,4 or 5 and wish to access the 100% medical subsidy, referred to in paragraph 3.1 above, must join the GEMS Sapphire Option. A former employee who wish to receive 100% post retirement medical assistance they should have belonged to the Sapphire Option of GEMS prior to exiting.

4. ADJUSTMENT OF MEDICAL ASSISTANCE FOR FORMER EMPLOYEES

- 4.1. The Minister shall adjust the medical subsidy for former employees on a registered medical scheme annually with the average Medical Price Index (MPI) of the preceding twelve (12) months ending in August of the current year for implementation with effect from 1st January of each year.

5. TERMINATION OF GEMS MEMBERSHIP

- 5.1 A former employee who terminates his/her membership of GEMS on or after 1 January 2015 for any reason, shall not be eligible for the employer subsidy, unless he/she rejoins GEMS as a member.

* This is explained in **Appendix 4**

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Appendix 1

**MEDICAL ASSISTANCE PAYABLE BY THE EMPLOYER TO IN-SERVICE
EMPLOYEES BELONGING TO GEMS**

Medical Assistance applicable with effect from 1 January 2017.

CATEGORY	MAXIMUM EMPLOYER MONTHLY SUBSIDY 1 JANUARY 2016	MAXIMUM EMPLOYER MONTHLY SUBSIDY 1 JANUARY 2017
Principal member without a dependant	R1 008-00	R1 097-00
Member with one dependant	R2 017-00	R2 195-00
Member with two dependants	R2 632-00	R2 865-00
Member with three dependants	R3 248-00	R3 535-00
Member with four or more dependants	R3 864-00	R4 205-00

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Appendix 2

**MEDICAL ASSISTANCE PAYABLE BY THE EMPLOYER TO FORMER
EMPLOYEES BELONGING TO A REGISTERED MEDICAL SCHEME ON 1
JANUARY 2017**

CATEGORY	MAXIMUM EMPLOYER MONTHLY SUBSIDY	MAXIMUM EMPLOYER MONTHLY SUBSIDY FOR SAPPHIRE OPTION SALARY LEVELS 1-5
Principal member without a dependant	R1 097--00	R1 097-00 or limited to Sapphire contribution of a single member
Member plus dependant/s Maximum	R2 195-00*	R2 195-00** or limited to Sapphire contribution of member plus dependant/s

* Maximum post retirement medical subsidy calculated at the maximum of a single principal member plus dependant/s

** Maximum post retirement medical subsidy calculated at the maximum of a single principal member plus dependant/s for former employees on salary levels 1 to 5 who belonged to the Sapphire Option

NB: *The full costs for any additional costs shall be borne by the former employee*

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Appendix 3

**MEDICAL ASSISTANCE FOR ELIGIBLE FORMER EMPLOYEES BELONGING TO
A REGISTERED MEDICAL SCHEME WITH EFFECT FROM 1 JANUARY 2017**

Group	Benefits
<i>(a) An employee who dies or retires:</i>	
(i) aged at least 50 with at least 15 years of service	75% of the subscription to the employee's medical scheme up to maximum employer monthly subsidy of R2 195-00 per month
(ii) aged under 50 with at least 15 years of service	From age 50, the same as in (i) above.
(iii) with at least ten but less than 15 years of service, irrespective of age	A payment of 36 times the employer's monthly contribution to the employee's medical scheme calculated as 75% of the member's full contribution to the medical scheme up to a maximum of R1 380-00 per month *
(iv) with less than 10 years of service	A payment of 12 times the employer's monthly contribution to the employee's medical scheme calculated as 75% of the member's full contribution to the medical scheme up to a maximum of R1 380-00 per month*
<i>(b) An employee dismissed on account of incapacity due to ill health:</i>	
(i) with at least 10 years of service	75% of the medical scheme subscription, up to the maximum subsidy of R2 195-00 per month*
(ii) with at least five but less than 10 years of service	A payment of 24 times the employer's monthly contribution to the employee's medical scheme calculated as 75% of the member's full contribution to the medical scheme up to a maximum of R1 380-00 per month*
(iii) with less than five years of service	A payment of 12 times the employer's monthly contribution to the employee's medical scheme calculated as 75% of the member's full contribution to the maximum of R1 380-00 per month
<i>(c) Employees who are dismissed on account of incapacity due to an injury</i>	75% of the medical scheme subscription up to the maximum of R2 195-00 per month*. The employee or, if the employee dies, the spouse, will receive the continuous medical assistance immediately at any age.

* R1380-00 per month is only paid to those members who receive a gratuity and is the average employer contribution to GEMS based on a principal member plus four dependants as at 31 December 2014