

Late Joiner Penalties Regulations 11 & 13

11. Definitions

“creditable coverage” means any period in which a late joiner was—

- (a) a member or a dependant of a medical scheme;
- (b) a member or a dependant of an entity doing the business of a medical scheme which, at the time of his or her membership of such entity, was exempt from the provisions of the Act;
- (c) a uniformed employee of the South African National Defence Force, or a dependant of such employee, who received medical benefits from the South African National Defence Force; or
- (d) a member or a dependant of the Permanent Force Continuation Fund, but excluding any period of coverage as a dependant under the age of 21 years;

“late joiner” means:

an applicant or the adult dependant of an applicant who, at the date of application for membership or admission as a dependant, as the case may be, is 35 years of age or older, but excludes any beneficiary who enjoyed coverage with one or more medical schemes as from a date preceding 1 April 2001, without a break in coverage exceeding three consecutive months since 1 April 2001.

13. Premium penalties for persons joining late in life.

(1) A medical scheme may apply premium penalties to a late joiner and such penalties must be applied only to the portion of the contribution related to the member or any adult dependant who qualifies for late joiner penalties.

(2) The premium penalties referred to in subregulation (1) shall not exceed the following bands:

Penalty bands Maximum penalty

1–4 years	0,05 of contribution
5–14 years	0,25 of contribution
15–24 years	0,5 of contribution
25+ years.....	0,75 of contribution

(3) To determine the applicable penalty band to be applied to a late joiner in terms of the first column of the table in subregulation (2), the following formula shall be applied:

$$A = B \text{ minus } (35 + C)$$

Where:

“A” means the number of years referred to in the first column of the table in subregulation (2), for purposes of determining the appropriate penalty band;

“B” means the age of the late joiner at the time of his or her application for membership or admission as a dependant; and

“C” means the number of years of creditable coverage which can be demonstrated by the late joiner.

(4) Where an applicant or his or her dependant produces evidence of creditable coverage after a late joiner penalty has been imposed, the scheme must recalculate the penalty and apply such revised penalty from the time such evidence is provided.

(5) Late joiner penalties may continue to be applied upon transfer of the member or adult dependant to other medical schemes.

(6) For the purposes of subregulations (3) and (4), it shall be sufficient proof of creditable coverage if the applicant produces a sworn affidavit in which he or she declares—

(a) the relevant periods in which he or she was a member or dependant and the name or names of the relevant medical schemes or other relevant entities corresponding with such period or periods; and

(b) that reasonable efforts have been made to obtain documentary evidence of such periods of creditable coverage, but have been unsuccessful.

(7) A medical scheme must report annually to the Registrar on the number of late joiners enrolled in each band during the previous year and cumulatively.