

NAMIBIA FINANCIAL
INSTITUTIONS SUPERVISORY AUTHORITY

- Safeguarding the Nation's Wealth -

August 10, 2004

Enquiries: E.U. Tjipepa

TO: **NAMAF, MEDICAL AID FUNDS, HEALTHCARE CONSULTANTS AND MEDICAL AID FUND ADMINISTRATORS**

CIRCULAR LETTER: PI/MA/5/2004

RE: **REVISED REMUNERATION GUIDELINES ON HEALTHCARE CONSULTANTS RENDERING PARTICULAR SERVICES TO THE NEW AND CURRENT MEMBERS OF MEDICAL AID FUNDS**

1. In terms of the Medical Aid Funds Act, 1995 and the Namibia Financial Institutions Supervisory Authority Act, 2001, the Registrar hereby issues remuneration directives relating to healthcare consultants as set out in the Schedule.
2. The aim of these directives is to remove any doubt relating to the fees that should be paid to healthcare consultants and to ensure that the financial soundness of medical aid funds will not be compromised by exorbitant fees paid to consultants.
3. These envisaged consultancy fees broadly correspond with the fees payable to healthcare consultants in the SADC region.
4. Furthermore the Registrar through this initiative seeks to stimulate growth in the membership base and number of medical aid funds in Namibia for the purpose of making healthcare more accessible and to alleviate the burden on the State to provide healthcare for its citizens.
5. These directives repeal previous directives, particularly Circular 7/2002 and PI/MA/3/2003, **only** in so far as they are inconsistent with such previous directives.

SCHEDULE

1. New member

1.1 The maximum amount payable to a healthcare consultant for the introduction of a new member to a medical aid fund may not exceed the lesser of N\$65.00 or 3.5% of the sum of the monthly gross premium payable by a new member introduced.

1.2 The amount payable to a consultant in terms of paragraph 1.1 must include ongoing consulting services to be rendered by the consultant and the client. This must be made an express term of the contract concluded between the healthcare consultant and his or her client.

1.3 The amount payable to a consultant in terms of paragraph 1.1 shall be paid for the twelve months following the introduction of a member to a fund, provided that the member remains with the fund during this period.

1.4 If a healthcare consultant does not render ongoing consulting services to a client as contemplated in paragraph 1.2, this will constitute breach of contract and the consultant may not be remunerated for such period he or she has failed to render consulting services

2 Existing member

2.1 If a healthcare consultant renders ongoing consulting services to an existing member of a medical aid fund, the maximum amount payable to such consultant may not exceed the lesser of N\$35.00 or 1.75% of the sum of the gross monthly premium payable in respect of that member.

3. General

3.1 Healthcare consultant remuneration may only be determined as contemplated in paragraphs 1.1 and 2.1 and may not be varied in terms of different categories or status of members.

3.2 Healthcare consultant remuneration must be made strictly on a month to month basis and only upon receipt of the relevant monthly premium by the medical aid fund.

3.3 Any arrangement to advance and/or annualize remuneration to healthcare consultants by medical aid funds is strictly prohibited. The Registrar may cancel the registration of a healthcare consultant and take such measures against a medical aid fund or administrator, including forensic investigations as may be necessary to recover any payments in contravention of this paragraph should the incidence of such practices be discovered.

3.5 What constitutes ongoing consultant services must be expressly be included in the contract between the healthcare consultant and his or client. However, this office has

resolved not to determine or define such "ongoing services", but reserves the right to determine that services contemplated in such contract does not constitute "ongoing services"

3.6 No medical aid fund or administrator may appoint a healthcare consultant for its members without the express consent of the members.

3.7 No medical aid fund may appoint any administrator or person to contract with consultants on behalf of the fund. The Registrar will only consider valid contracts between medical aid funds and the healthcare consultants.

4. Coming into operation

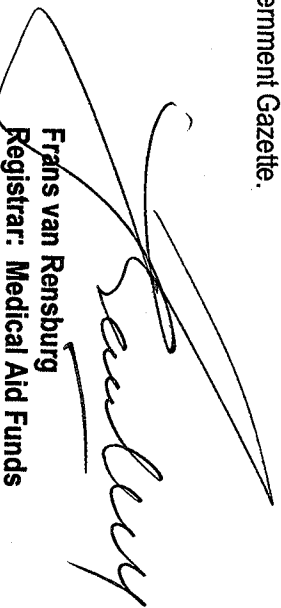
4.1 These directives shall come into effect on October 1, 2004, and will be reviewed 12 months thereafter.

4.2 Compliance herewith in all respects will be observed strictly.

4.3 Failure to comply may lead to suspension of the registration of medical aid funds, and healthcare consultants may be deregistered. The Registrar shall publish such details on the NAMFISA website and in the Government Gazette.

Yours truly,


Marcelina Groos
Deputy Registrar (GM): Provident Institutions


Frans van Rensburg
Registrar: Medical Aid Funds