



COUNCIL FOR MEDICAL SCHEMES

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To:

All relevant stakeholders

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Circular No. 10 of 2004

DRAFT UNDESIRABLE BUSINESS PRACTICE DECLARATION

Kindly be advised that notice of intention to publish an undesirable business practice declaration in terms of section 61(2) of the Medical Schemes Act, 1998, was gazetted as Notice 643 of 2004 in Government Gazette No 26213 on 8 April 2004.

In particular your attention is drawn to the fact that should you wish to submit comments, they must be received by no later than 21 days following date of publication in the Gazette. Details of submission are included in the Notice.

TP Masobe
REGISTRAR OF MEDICAL SCHEMES

NOTICE 643 OF 2004
COUNCIL FOR MEDICAL SCHEMES

MEDICAL SCHEMES ACT, 1998 (ACT No. 131 of 1998)

**NOTICE OF INTENTION TO PUBLISH UNDESIRABLE BUSINESS PRACTICE
DECLARATION IN TERMS OF SECTION 61(2) OF THE MEDICAL SCHEMES ACT,
1998 (ACT No. 131 of 1998)**

In terms of section 61(2) of the Medical Schemes Act, 131 of 1998, the Registrar of Medical Schemes hereby publishes his intention to make the following undesirable business practice declaration. Written representations are invited in respect of the proposed declaration, to reach the Registrar of Medical Schemes no later than 21 days after publication of this notice.

Representations should be addressed to: The Registrar of Medical Schemes (Attention: Stephen Harrison), Block E, Hadefields, 1267 Pretorius Street, Hatfield, Pretorius, or e-mail: s.harrison@medicalschemes.com.

DRAFT DECLARATION

The Registrar of Medical Schemes, with the concurrence of the Council for Medical Schemes and the Minister of Health, hereby exercises the powers conferred on him by section 61(1) of the Medical Schemes Act, 131 of 1998, to make the following declaration.

It shall be an undesirable business practice –

1. to alienate the tangible and intangible assets of a medical scheme for substantially less than their fair value;
2. for a medical scheme to award a contract for administration services without engaging in a fair and reasonable process of evaluating a range of potential administrators to select an administrator best suited to the needs of that medical scheme, taking into account considerations of, amongst others: cost, capacity, experience in administration and financial soundness;
3. for a medical scheme to enter into an administration contract with a party in which any employee or officer of the medical scheme has a direct or indirect financial interest.



T P Masóbe
REGISTRAR OF MEDICAL SCHEMES