

Discovery apologises for 'wrong' rules

By [Tamar Kahn](#)

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South Africa's biggest medical scheme, Discovery Health, on Wednesday (21 November) apologised for misleading its 2.4m members about the requirements for convening a special general meeting, saying the rules on its website, which contain more stringent requirements than those actually registered with the Council for Medical Schemes, had been put there by mistake.



Members of Discovery Health Medical Scheme had for months been getting the message that if they wanted to formally raise issues at a special general meeting, they needed 100 members to set the process in motion and no more than 10 could belong to the same company.

In fact, they only need five, and there are no restrictions on who they work for.

The issue is important in the light of growing consumer activism among the medical scheme's members: the scheme's board of trustees faced tough questions from members at its annual general meeting in June over the size of the fees the scheme pays its administrator, Discovery Health, a subsidiary of JSE-listed Discovery Holdings.

"Discovery has historically made significant efforts to keep members passive. Levels of active participation in the scheme are low, so higher thresholds (for calling a special meeting) are not appropriate," said Wits health economist Alex van den Heever, who previously worked for the Council for Medical Schemes. "You don't want them to reduce member activism," he said.

Discovery Health Medical Scheme had submitted proposed changes to its rules for special meetings to the Council for Medical Schemes in April, according to the council's head of benefits, Paresh Prema.

The council rejected the proposals because Discovery had not consulted its members and the changes would have directly affected members' rights, he said.

"We told them they needed to ask members via ballot or annual general meeting ," he said.

The council informed Discovery of its decision in June. But five months later, Discovery's website still contained a rules document that said 100 members were required to call a special general meeting.

On Wednesday (21 November), the medical scheme's principal officer, Milton Streak, said the scheme sought to balance the interests of individuals against the rights and obligations of members.

At the moment, five members could call a special meeting that would cost the scheme "hundreds of thousands of rand" to arrange.

The proposed changes would have been less onerous than the requirements of the Companies Act, which says the demand for a meeting must be made by holders of at least 10% of the voting rights, he said.

One hundred members represented 0.007% of the membership base, he said.

Source: *Business Day* via I-Net Bridge

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