

# Well-known medical scheme under liquidation

Health Squared Medical Scheme has advised its members that the Scheme has been voluntarily wound up, and was consequently placed under provisional curatorship on 8 September.



Source: [Pexels](#)

The application for curatorship was lodged in the High Court in Johannesburg on 18 August 2022 in terms of Section 51 of the Medical Schemes Act (131 of 1998).

Members who have life-threatening conditions and who are undergoing dialysis are covered until the end of this month.

In a [statement](#) to its members the Scheme explained that, had its management not taken steps to liquidate it, the Scheme's financial position would have deteriorated further. This, to the extent that - towards the end of this year - the Scheme would have reached such a low level of reserves that it may not have been able to meet members' claims as they arose.

The Scheme advised it had sufficient reserves to meet claims incurred but not reported on the date of voluntary winding up.

## The reason for the decline

"The primary driver of the financial deterioration of the Scheme during 2020 and 2021 was high Covid-19 claims expenditure," Health Squared said.

"The Scheme was particularly impacted relative to medical-scheme industry norms due to its older than average age profile: "As at 31 July 2022, it had an average beneficiary age of 49.7 years which is 16.1 years higher than the medical-scheme industry average of 33.6 years. In addition, the Scheme has experienced a considerable loss of members in recent times.

"The Scheme has also had a worse-than-expected claims experience in 2021 and 2022."

## **Opposition to the outcome**

The Scheme's members were notified on 19 August 2022 by means of an SMS.

The Council for Medical Schemes had indicated it would oppose the liquidation application. The SA Nephrology Society had filed affidavits aimed at postponing the liquidation for two months with president Shoyab Wadee saying patients on dialysis would be sent home to die.

A [report](#) indicates the case stood down and thereafter an order was issued for Health Squared to continue providing cover to members who have life-threatening conditions until the end of this month.

On 18 August, the Scheme [advised](#) members to consider taking steps to secure new membership at other medical schemes "with effect from 1 September 2022".

The Scheme has 48,000 members and was founded in 2018.

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