



PUBLIC SERVICE COORDINATING BARGAINING COUNCIL SPECIAL COUNCIL MEETING

REPORT 23 OF 2024

13 NOVEMBER 2024

Parties to the Public Service Coordinating Bargaining Council (PSCBC) convened a special council meeting on 12 November 2024, and the following matters were discussed by parties to the council meeting:

GEMS 2025 ANNUAL CONTRIBUTIONS INCREASE

Mr. Christoff Raath from the Government Employees Medical Scheme (GEMS) tabled a presentation pertaining to the proposed 2025 annual contributions increase. **See attached Annexure 1.**

The presentation was regarding the benefit design and budget considerations for the year 2025.

GEMS indicated that very few claims were submitted during COVID-19 period.

GEMS further indicated that during the year 2022 it opted to get losses in ensuring that members would not have to pay more in terms of their medical aid contributions.

Therefore, for three (3) successive years GEMS had been experiencing losses by not making members pay more for contributions, however, that was not a sustainable model for the GEMS if it needed to continue operating.

Currently the Medical Price Index (MPI) was sitting at 8.8%.

GEMS further indicated that the only way a medical scheme can have a surplus in terms of reserves for its members is to increase the member contribution, hence the proposed 2025 annual contribution increase of a 13.4%.

GEMS further implored on parties to the PSCBC to consider the low member annual increases that have been factored since the year 2022 which have resulted in the board approved annual increase for 2025 of 13.4%.

Why the figure of 13.4%? GEMS indicated that if the increase was lower than the 13.4%, the scheme would be facing bankruptcy due its low reserves over time if the annual increases were kept at a minimal percentage, e.g. the scenarios that GEMS considered of between 5% to 8% for the year 2025.

GEMS further provided the different annual increase scenarios (i.e., increases of 5.9% or alternatively 8.8%) as per the different options that members are currently on, the impact thereof before the annual increase and post the annual increase, and how such increases would adversely

affect members medical claims. **See attached Annexure 1.**

GEMS having had high reserves, afforded members to pay less in medical aid contributions, however, the model cannot be sustained over a period of years, as this will result in further losses for GEMS, ultimately affecting members in terms of their medical claims soon.

GEMS 2025 BENEFIT AND CONTRIBUTION ADJUSTMENTS-MEMBER COMMUNICATION

The Principal Officer (P.O) of GEMS, Dr. Stan Moloabi, tabled a presentation on the GEMS end year communication requirements. **See attached Annexure 2.**

Members on an annual basis are always afforded an opportunity to either upgrade or downgrade their GEMS benefit options, this is normally done by end of October 2024, this is a requirement in line with the Medical Schemes Act, Regulation 4.3 and the rules of GEMS.

Such is also required for synchronicity with PERSAL, the cut-off date for PERSAL, is 16 December 2024 for changes to January salaries of employees to be effected.

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In terms of the GEMS communication year end project regarding benefit designs, the plan for GEMS was to continue with engagements for the month of October 2024 with the relevant stakeholders.

Communication with PERSAL is envisaged for the months of October to December 2024.

GEMS further proposed that communication regarding the increase letter with members should not announce a 13.4% increase but rather provide assumptions in terms of individual member changes regarding benefit options.

Therefore, individual member letters will be disseminated, indicating the impact the increase will have on their current benefit options, for members to make an informed decision whether they want to upgrade or downgrade their current benefit option by 16 December 2024, as per the requirements in line with the Medical Schemes Act and the GEMS rules.

GEMS, furthermore, recommended that parties to the PSCBC concur that GEMS proceeds with the member communication as proposed in terms of the increase for the year 2025, as its obligatory in terms of the Medical Schemes Act and the rules to avoid non-compliance.

ORGANISED LABOUR INDICATED THE FOLLOWING:

Labour vehemently rejected the 13.4% GEMS medical aid contributions as tabled for the year 2025, and further indicated that the increase was simply not affordable for members.

The employer did not consult with organised labour regarding the proposed 13.4% medical aid contributions increase.

Currently the Police Medical Scheme (POLMED) is increasing their member contributions by 4.5% for the year 2025, and yet that is contra to the 13.4% medical aid contributions that GEMS wants to effect for 2025.

All other medical aid schemes, in terms of their respective medical aid contribution increases for 2025 were lower than that of GEMS.

The joint working group that labour is currently part of at the level of GEMS, was not assisting in resolving all the concerns that have been constantly raised by organised, therefore it cannot be that GEMS simply intends for organised labour to rubber stamp on decisions that organised labour was not consulted on.

Labour further rejected the proposed manner which GEMS wants to communicate with individual members, this amounted to sheer dishonesty. Therefore, GEMS should explicitly pronounce the 13.4% increase to members in the letters that would be disseminated.

Labour further condemned the monopolistic way with which GEMS was operating in recent times, and further condemned the continuing above inflation medical aid contribution increases that have become unaffordable for public servants.

Labour further lambasted GEMS in that it was no longer aligned with the

initial objectives that led to negotiations at the PSCBC that resulted in the conclusion of the PSCBC Resolution 4 of 2017.

The MPI that GEMS provided was not a National Treasury announced MPI, therefore it cannot be a correct MPI projection for 2025 for the state.

Labour further demanded that an urgent workshop be convened between GEMS and organised labour for GEMS to take organised labour through how GEMS is operating which is no longer in line with the PSCBC Resolution 4 of 2017.

Organised labour indicated that trustees that preside on the GEMS board are paid fees that are much higher compared to trustees of other medical aid schemes, and that raises further questions for members when such exorbitant medical aid contributions are implemented by GEMS giving the impression that being a GEMS trustee member was more about self-enrichment rather than protecting the interests of public servants.

Labour further demanded that an urgent meeting with the employer be convened to discuss the concerns as raised in the PSCBC special council meeting of 12 November 2024, inclusive of the tabled 13.4% GEMS medical aid contributions for the year 2025 for parties to the council to reach a more sensible decision.

THE EMPLOYER (DPSA) INDICATED THAT:

Government was not in agreement with the 13.4%-member medical aid

contribution increase tabled by GEMS.

GEMS was not adhering to the initial rationale it was formed for emanating out of the PSCBC negotiations that led to the conclusion of the PSCBC Resolution 4 of 2017.

The Employer further disagreed with the communication strategy that GEMS was proposing as it entailed that government employees were being lied to.

The Employer reiterated that it would have to weigh the options it had, in terms of the legal advice it would seek with its principals regarding the 13.4% increase as tabled by GEMS.

THE PRINCIPAL OFFICER OF GEMS, DR. STAN MOLOABI RESPONDED IN THAT:

The workshop as requested by organised labour was a priority for GEMS and would be actioned as soon as parties to the PSCBC and GEMS are available.

The collapse of the PSCBC joint working group (i.e., the GEMS and organised labour joint working group) led to last year's 9.5% medical contributions being implemented, amongst several other issues, and the relationship between parties to the joint working group should be restored to avoid further disagreements.

The trustee fees being higher than other medical scheme trustees from other medical aid schemes will be addressed in the workshop that needs to be urgently convened.

The MPI that was used by GEMS of 8.8% is the MPI that GEMS was advised as being the correct one.

The concerns that the Employer raised as needing legal intervention required further discussions, therefore, there would not be a need for the Employer to instigate legal action against GEMS.

A new mandate will have to be sought by GEMS regarding the outcomes of the PSCBC special council meeting of 12 November 2024, to break the impasse regarding the 13.4% medical aid contributions increase as was tabled.

An urgent board meeting will also be convened to address the concerns that were raised by parties to the council.

ORGANISED LABOUR CONCLUDED IN THAT:

An urgent meeting with the Employer should be convened in discussing the outcomes of the PSCBC special council meeting in paving a way forward regarding the position by labour in rejecting the tabled 13.4% medical aid contributions for the year 2025, with a follow-up of convening an urgent workshop with GEMS as labour has requested.

Parties to the PSCBC agreed for the Office of the General Secretary (OGS) to communicate dates for both the requested meeting between organised labour and the employer, and a date to be communicated pertaining to the workshop with GEMS.

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