

# LATE-JOINER PENALTY

Discovery Health Medical Scheme  
2025



# Discovery Health Medical Scheme may apply late-joiner penalties

## Overview

The Medical Schemes Act No 131 of 1998 (also referred to here as the Act) as amended, allows schemes to apply late-joiner penalties where members join a medical scheme after the age of 35 or where members have had a break in cover of more than 3 consecutive months. Late-joiner penalty fees were introduced from 1 April 2001. Before that, the government gave members time to join medical schemes without medical schemes being able to apply the late-joiner penalty. This was called an amnesty period.

### About some of the terms we use in this document

There may be some terms we refer to in the document that you may not be familiar with. Here are the meanings of these terms.

TERMINOLOGY	DESCRIPTION
Medical Savings Account (MSA)	<b>Available on the Executive, Comprehensive, Priority and Saver plans</b> The Medical Savings Account (MSA) is an amount that gets allocated to you at the beginning of each year or when you join the Scheme. You pay this amount back in equal portions as part of your monthly contribution. We pay your day-to-day medical expenses such as GP and specialist consultations, acute medicine, radiology and pathology from the available funds allocated to your MSA. You can choose to have your claims paid from the MSA either at the Discovery Health Rate, or at cost. Any unused funds will carry over to the next year. Should you leave the Scheme or change your plan during the year and have used more of the funds than what you have contributed, you will need to pay the difference to us.
Status D schemes	Status D schemes are employer group schemes that fall into the category where, The Medical Schemes Act (131 of 1998) allows employer groups to switch between medical schemes on 1 January each year, without imposing any waiting periods. Discovery Health Medical Scheme refers to this concession as Status D.

### Who we consider a late-joiner applicant

A late joiner is an applicant or the dependant of an applicant who, at the date of application:

- Is 35 years or older, and
- Was not a member or a dependant of a registered South African medical scheme (foreign schemes and insurance policies are not recognised) on or before 1 April 2001, or
- Has allowed a break in membership of a registered South African medical scheme of more than three consecutive months since 1 April 2001.

### How we calculate the late-joiner penalty

To calculate how much the late-joiner penalty will be, we will take into account the number of years that an applicant, or the dependant of an applicant, has not been a member of a registered South African medical scheme since the age of 35. This excludes any period of cover as a dependant under the age of 21.

For this calculation, the medical scheme or schemes that the applicant or the dependant of an applicant belonged to must be registered with the Council for Medical Schemes. You can visit [www.medicalschemes.com](http://www.medicalschemes.com) to see if your medical scheme is or was registered.

TERMINOLOGY	DESCRIPTION
1 to 4 years	5% of contribution
5 to 14 years	25% of contribution
15 to 24 years	50% of contribution
25 years of more	75% of contribution

The percentage, as calculated based on the formula below, is added to the contribution you pay for your risk benefits, like the Hospital Benefit and Chronic Illness Benefit only. We do not add the late joiner penalty percentage to the contribution for your Medical Savings Account (if applicable).

## Formula

We determine the applicable penalty band as shown in the table above and based on the following formula as described in the Medical Schemes Act:

$X - (35 + Y) = Z$ , where:

- X is the age of the late joiner at the time of their application for membership or admission as a dependant.
- Y is the number of years of creditable coverage (as explained below) demonstrated by the late joiner.
- Z is the number of years the late joiner has not been a member of a registered South African medical scheme.

## Example

As an example, if you are 58 years old on the date of registration and you belonged to another medical scheme for 12 years, the following late-joiner penalty band would apply:

$58 - (35+12) = 11$  uncovered years, which will result in a 25% late-joiner penalty according to the table above.

## Creditable coverage

According to the Scheme rules, which you can read on [www.discovery.co.za](http://www.discovery.co.za), creditable coverage means any period during which a late joiner was:

- A member or a dependant of a registered South African medical scheme
- A member or a dependant of an entity doing the business of a medical scheme which, at the time of their membership of such entity, was exempt from provisions of the Act
- A uniformed employee of the South African National Defence Force, or a dependant of such an employee, who received medical benefits from the South African National Defence Force
- A member or a dependant of the Permanent Force Continuation fund.

**Note:** Creditable coverage does not include hospital cash plans, stated benefits insurance policies or cover on a foreign medical scheme. Cover as a dependant under the age of 21 is also not recognised as creditable coverage.

## Late-joiner penalties can apply to:

### Individual members and Status D schemes

Late-joiner penalties can apply in all cases where an applicant, or the dependant of an applicant, who is older than 35 years of age, has not belonged to a registered South African medical scheme or has allowed a break in cover of more than three consecutive months. Refer to the How we calculate the late-joiner penalty section which explains how we calculate the late-joiner penalty.

### Group schemes (Employer groups)

Late-joiner penalties can apply when:

- Main members, spouses and dependants join the Scheme more than three months after the main member's employment start date. In this instance they will be fully underwritten.
- Spouses and adult dependants are older than 35 years and join the Scheme, on the same membership but after the main member. This is if they were not dependants on a previous medical scheme.
- They had a late-joiner penalty on an existing individual membership before they transferred to a group scheme. The penalty may still apply when transferring between Discovery Health Medical Scheme policies.

### In some cases, we will waive the late-joiner penalty if members meet the requirements

There are cases where we will apply revised criteria for late-joiner penalties.

#### 1. Late-joiner penalty amnesty

If an applicant, or the dependant of an applicant, has had consecutive cover from 1 April 2001, with no break in cover for more than 3 months in a row, we do not apply a late-joiner penalty. This is according to the terms of the late-joiner penalty amnesty rule. It applies regardless of the applicant's age.

#### 2. Expatriates returning to South Africa

We do not apply the late-joiner penalty if an applicant, or the dependant of an applicant, meets all the criteria below:

- Is an expatriate returning to South Africa within five years of leaving the country
- Was a member of Discovery Health Medical Scheme before leaving the country
- Left South Africa within three months from the last day of their last Discovery Health Medical Scheme membership
- Applies to join the Discovery Health Medical Scheme within three months of coming back to South Africa.

We will need a copy of their passport and proof of overseas travel.

**Note:** If an applicant, or the dependant of an applicant, had a late-joiner penalty on their Discovery Health Medical Scheme membership before going overseas, we will apply the same penalty when they join Discovery Health Medical Scheme again.

### **3. Members staying on the Scheme while working abroad**

If an applicant, or a dependant of an applicant, is working overseas for an extended period of time, they can move to the lowest income band on the KeyCare Plan series. As soon as they return to South Africa, they can upgrade to any plan. This is only if the member does so within three months of returning to South Africa and does not have any future treatment planned. We will need a copy of their passport and proof that they worked overseas.

Note: If an applicant, or the dependant of an applicant, had a late-joiner penalty on their Discovery Health Medical Scheme membership before going overseas, we will apply the same penalty.

### **4. Members younger than 46**

Members applying to join any of our plans will not have to pay the late-joiner penalty if they meet the criteria below:

- They are younger than 46 when they join the Scheme.
- They do not have any pre-existing medical conditions.
- Their calculated late-joiner-penalty percentage is either 5% or 25%.

**Note:**

- We apply the age criteria for each member or dependant on the membership.
- We apply the pre-existing condition criteria to the whole family.
- The applicants or dependants listed on the application form or *Application to add dependants* form may not have any pre-existing conditions. This means that we may only give a concession to an applicant younger than 46 with a dependant older than 46, where both the applicant and dependant do not have any pre-existing conditions.
- We may apply this concession to any person under the age of 46 who has no pre-existing conditions, where the late-joiner penalty is 5% or 25%. This will happen even if there is another applicant on the policy who is 46 or older.

## Contact us

Tel (members): 0860 99 88 77, Tel (health partners): 0860 44 55 66

Go to [www.discovery.co.za](http://www.discovery.co.za) to Get Help or ask a question on WhatsApp. Save this number 0860 756 756 on your phone and say "Hi" to start chatting with us 24/7.

PO Box 784262, Sandton, 2146. 1 Discovery Place, Sandton, 2196.

## Complaints process

Discovery Health Medical Scheme is committed to providing you with the highest standard of service and your feedback is important to us. The following channels are available for your complaints and we encourage you to follow the process:

### STEP 1 – TO TAKE YOUR QUERY FURTHER:

If you have already contacted the Discovery Health Medical Scheme and feel that your query has still not been resolved, please complete our online complaints form on [www.discovery.co.za](http://www.discovery.co.za). We would also love to hear from you if we have exceeded your expectations.

### STEP 2 – TO CONTACT THE PRINCIPAL OFFICER:

If you are still not satisfied with the resolution of your complaint after following the process in Step 1 you are able to escalate your complaint to the Principal Officer of the Discovery Health Medical Scheme. You may lodge a query or complaint with Discovery Health Medical Scheme by completing the online form on [www.discovery.co.za](http://www.discovery.co.za) or by emailing [principalofficer@discovery.co.za](mailto:principalofficer@discovery.co.za).

### STEP 3 – TO LODGE A DISPUTE:

If you have received a final decision from Discovery Health Medical Scheme and want to challenge it, you may lodge a formal dispute. You can find more information of the Scheme's dispute process on the website.

### STEP 4 – TO CONTACT THE COUNCIL FOR MEDICAL SCHEMES:

Discovery Health Medical Scheme is regulated by the Council for Medical Schemes. You may contact the Council at any stage of the complaints process, but we encourage you to first follow the steps above to resolve your complaint before contacting the Council. Contact details for the Council for Medical Schemes: Council for Medical Schemes Complaints Unit, Block A, Eco Glades 2 Office Park, 420 Witch-Hazel Avenue, Eco Park, Centurion 0157 | [complaints@medicalschemes.co.za](mailto:complaints@medicalschemes.co.za) | 0861 123 267 | [www.medicalschemes.co.za](http://www.medicalschemes.co.za).