



Submission: Draft Interim Block Exemption for Tariffs Determination

Federal Policy Unit
2025



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Summary

In response to the Minister for Trade, Industry and Competition's call for public input on the proposed Draft Interim Block Exemption for Tariffs Determination in the Healthcare Sector, the Democratic Alliance (DA) argues that the proposed exemption **abuses** the Competition Act, **avoids** following proper parliamentary process, **ignores** much-needed structural reform, and introduces a **biased** dispute resolution system. Therefore, the DA recommends that this exemption is **not supported** or implemented.

The Intentions of the Exemption

The following are the DA's reasoning for not supporting the exemption:

- At first, the party believes that **the exemption is unlawful (ultra vires)** as this proposed exemption goes beyond the original purpose of the Act. The Competition Act only addresses competition issues and therefore **has no authority to**:
 - regulate healthcare tariffs;
 - regulate "the collective determination of quality measurements/metrics, medicines formularies and treatment protocols/guidelines";
 - establish structures that relate to the Department of Health;
 - allocate functional responsibilities to health-related government departments or regulators;
 - determine supervisory structures or boards for the so-called Tariffs Governing Body (TGB);
 - determine the appointment processes of members to the Multilateral Negotiating Forum (MLNF);
 - determine who is excluded or included in the MLNF; and
 - the powers of the TGB to make determinations and to call for information.
- While the DA recognises that a properly constituted multilateral negotiation structure is needed, it should be subject to the appropriate legislative processes. The party believes that the current approach to the abovementioned regulations **violates the rule of law** and bypasses due process.
- The DA does not believe that price regulation alone will fix the problem the Minister is referring to. Therefore, a holistic reform is critical, which includes the structural interventions needed to

change these incentives: risk equalisation, outcome transparency, a reviewed standardised minimum benefits, and a revised broker remuneration system.

- The party believes that the proposed Tariffs Governing Body (TGB) is **flawed**. The TGB is **not independent**, as it is appointed by the Director-General of the Department of Health and can, therefore, not be considered completely independent.

The DA's Policy Position

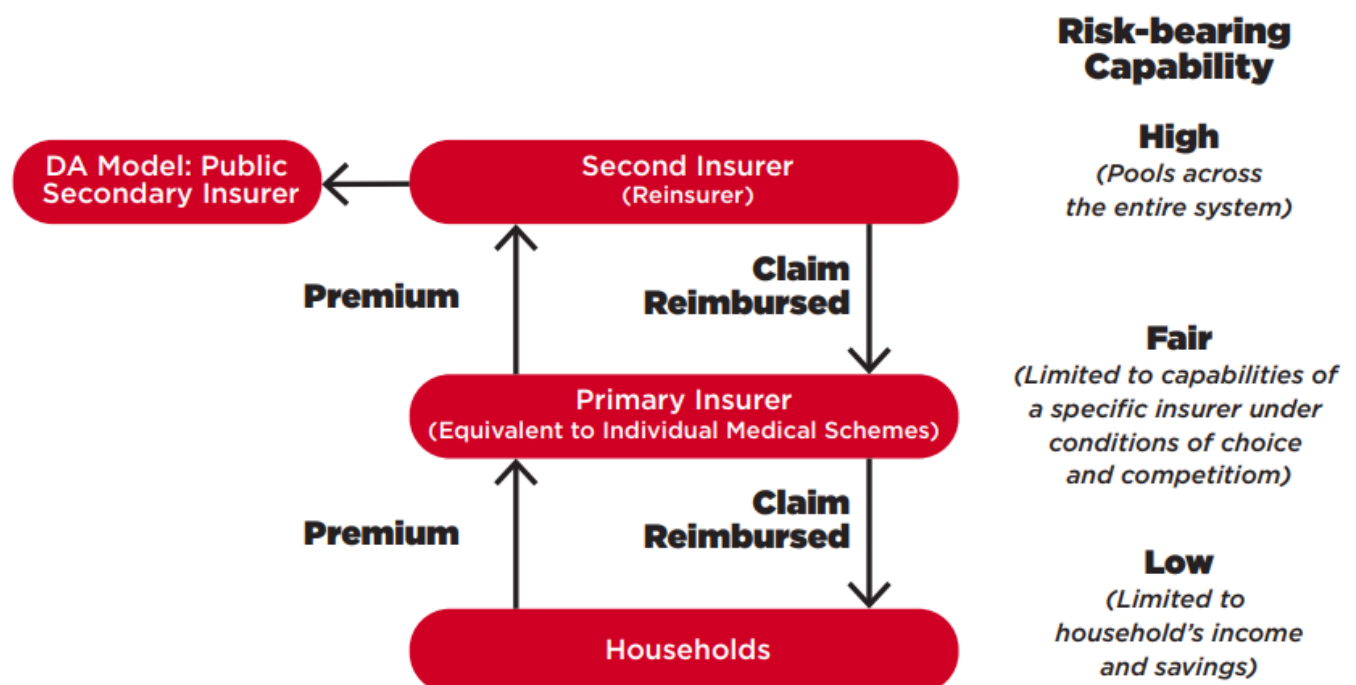
The DA advocates for adopting health policies to ensure universal access to healthcare for all. The party remains committed to implementing structural reform to enable better service delivery and governance at our public healthcare facilities and increased access to private healthcare. Therefore, the party does not believe this exemption will achieve the intended objective, nor will the National Health Insurance (NHI) Act in its current form.

To mitigate the harmful effects outlined in the previous section of this document, the DA's position is **to not implement the proposed exemption**.

Other [DA recommendations to improve the governance of South Africa's healthcare](#) sector include:

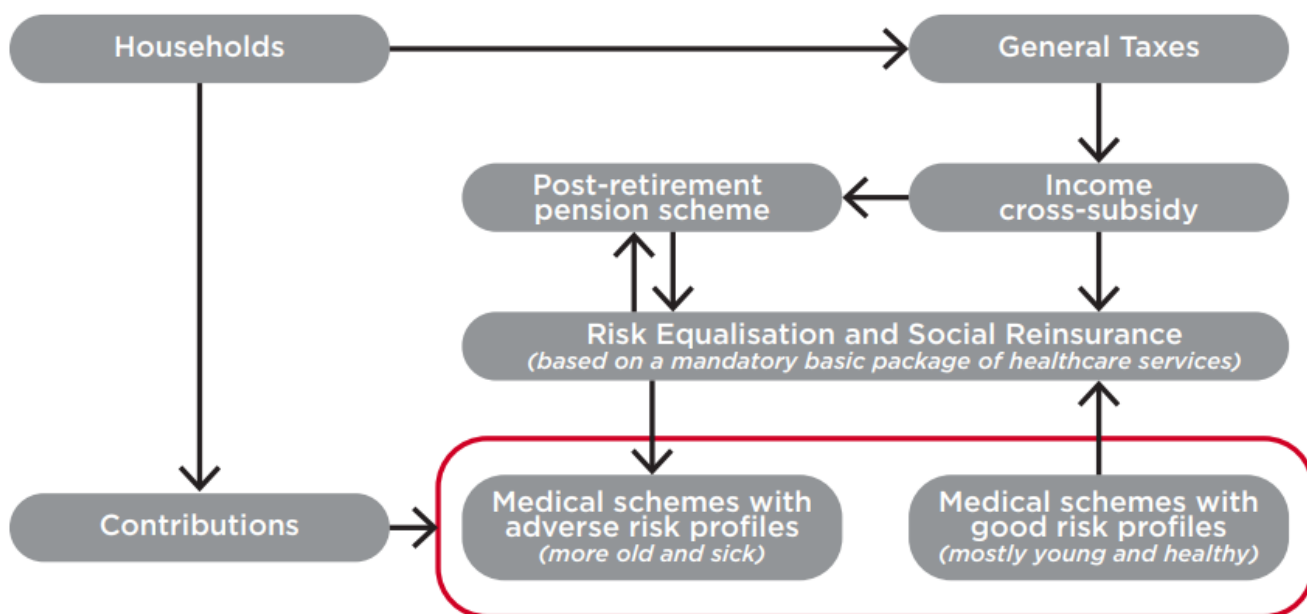
- **Introducing social reinsurance for medical schemes, which manages the risk of high-cost claims at the level of the system rather than by individual medical schemes**, thereby promoting greater competition from small schemes and new market entrants.

Figure 1: DA Model: The Private Sector Framework



- **Introducing a risk-equalisation mechanism for medical schemes:** Risk-equalisation transfers funds between different medical schemes to adjust the demographic profile faced by each scheme to that of the system as a whole for a mandatory minimum benefit.

Figure 2: Strategic Pooling Framework for Medical Schemes



Together, these measures will transform the incentives of medical schemes to compete on the cost and quality of healthcare services while ensuring fair access to health insurance regardless of health status.

Conclusion

The DA believes that the proposed Draft Interim Block Exemption for Tariffs Determination in the Healthcare Sector **should not be implemented**. We affirm that implementing the proposals to rescue South Africa's healthcare system outlined in our [2024 Election Manifesto](#) would be central to achieving the goal of true universal access to quality healthcare consistent with Section 27 of the Bill of Rights. Given South Africa's public healthcare crisis, these goals should be central to all health-related policy decisions.