

Discovery Health Communication

2 March 2018

Dear Healthcare Professional

Tariff increase to compensate for VAT change to 15%, effective 1 April 2018

You will be aware that as per the national budget tabled by the Minister of Finance on 21 February 2018, the VAT rate is increasing to 15%, effective 1 April 2018.

We have completed a detailed due diligence to fully understand the implications and obligations of the increase in VAT to schemes administered by Discovery Health. It is clear that schemes must pay the higher VAT rate to all creditors, with effect from 1 April 2018, representing an effective 1% tariff increase for all healthcare professionals. Considering that medical schemes are zero rated for VAT, as per the Value Added Tax Act, this change represents an increase in claims cost to the schemes, with no opportunity for recovery through usual input VAT offset.

Notwithstanding the material impact of this increase to claims costs, and consequently to member contributions, Discovery Health has advised all client schemes to effect this tariff change on 1 April 2018.

Discovery Health has already commenced implementing the necessary tariff adjustments to claims systems. Revised tariff schedules will be published on the HP Zone www.discovery.co.za from the 15th of March, as each schedule implementation is completed. Please log in with your username and password to access the updated rates relevant to your practice. Tariff schedules will also be shared with electronic trading partners to assist in updating practice management applications.

We are pleased to be able to communicate quickly and clearly on this matter, and ask that you make your administrative and system adjustments timeously to ensure readiness for the 1 April changeover.

If you require support in registering on the Discovery Health website or require any additional information, please email us at HealthPartners@discovery.co.za.

Regards

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