



11 May 2022

The Honourable Minister of Finance
Honourable Ipumbu Shiimi
By Hand

Received: _____ Date: _____

Dear Honourable Minister Shiimi

**PSEMAS “CONTRACTS” WITH SUPPLIERS UNLAWFUL –
IMPLICATIONS FOR PSEMAS REVIEW**

We trust you are well.

We sincerely appreciate the follow-up PSEMAS feedback session delivered to the industry on 1 April 2022, and especially the presentation made by Dr Van Zyl. The NPPF regards this presentation as the first rational, realistic, evidence-based analysis of PSEMAS in the 10 years of the NPPF’s existence.

We are particularly appreciative of the fact that Dr Van Zyl’s analysis has cleared up the air on the roll of healthcare providers when it comes to the PSEMAS-sustainability debate, in that “inappropriate claims” is an insignificant factor in the risks faced by PSEMAS, and that, quite the contrary, that PSEMAS would not exist today if it was not for the goodwill of healthcare providers willing to provide treatment at substantially reduced (read subsidised) tariffs. As Dr Van Zyl correctly concluded that, PSEMAS is “too cheap”, the funding model (i.e. mostly taxpayer funded) is unsustainable, and that the reliance on healthcare providers’ willingness to subsidise PSEMAS is unsustainable. We sincerely hope this puts an end to the false political narrative of the past several years and paves the way for constructive debate going forward.

In the spirit of such consultative process, we wish to bring the following material legal risk under the attention of PSEMAS. We do so in light of the current review, and kindly request a meeting with your esteemed office to discuss same.

Some members of the NPPF recently received proposed agreements, sent to them by at least two private medical aid funds. As per these proposed agreements, healthcare providers would contract with these funds to provide certain services at an agreed, fixed tariff.

The NPPF analysed these proposed agreements, and the laws regulating competition, and concluded that our members would be in breach of the Competition Act should they accept such agreements. For good measure we also requested the Namibia Competition Commission for a formal opinion in this regard. We attach a copy of this opinion from the Competition Commission.

You will note from the opinion that healthcare providers who enter into fixed-tariff agreements with medical aid funds are very likely to breach the prohibitions stated in the said Act. You will also appreciate that the practice of entering into an agreement with healthcare providers to provide services at agreed tariffs is exactly the model employed by PSEMAS. Thus, healthcare providers who are “contracted” to PSEMAS, as is the current system, are very likely to be in breach of this law and expose themselves to substantial legal and financial risk (so also PSEMAS itself).

In the premise Honourable Minister, we pray for a meeting with you, while the review process is still in early stages, to discuss this matter, and to provide you with our recommendations to enable a sensible, lawful and mutually agreeable outcome to the review process. If this is not done PSEMAS may find itself wasting substantial funds on a review process that may ultimately cause more problems than it may solve.

We look forward to your favourable response.

Yours faithfully



Eben de Klerk
Consultant to the NPPF