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## Finance & Labour

### Discovery faces R400m lawsuit



Di Caelers  
March 22 2007 at 12:25PM

In what promises to be a David versus Goliath battle, the little people are set to take on medical scheme giant Discovery Health, in the equivalent of a "class action" to try to recoup more than R400-million they were allegedly overcharged.

A Pietermaritzburg company has taken up the cudgels on behalf of 244 000 Discovery members who were billed a so-called ancillary fee, on top of their contributions, between 2001 and 2005.

According to Wynand Venter, managing director of brokers Wynsam Wealth - which is not charging affected members to become part of the lawsuit - the fee charged by Discovery was illegal in terms of Section 21A of the Medical Schemes Act.

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The same fee was not charged to members of groups larger than 35, in spite of the Act stipulating that no medical scheme may charge different rates to different people based on "arbitrary conditions".

According to the Act, the only variations in contribution rates may be based on income and number of dependents.

Venter said they would sue Discovery Health on behalf of both past and current members who had been affected. "Most members are not aware of the charges levied or of the illicitness of their nature, even though more than R110m was collected by Discovery every year in this fashion, with more than 240 000 members affected," he said.

Venter said the fee was not paid to the medical scheme but to the administrator, "for extra services", and was made to appear compulsory.

Even Discovery staff believed it was compulsory and had advised brokers and members as such.

In June 2005, Discovery settled a claim by an individual member claiming back this fee in the Randburg magistrate's court, although it did not admit liability. It did, however, stop charging the ancillary fee the same year.

Discovery Health's head of research and development, Alan Pollard admitted the company had settled

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