

Equity

Discovery Health sued for 'illegal' fee

Denies it overcharged 240 000 members by R110m pa.

David Carte
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A Pietermaritzburg consultancy is to sue Discovery Health for charging "illegal" ancillary fees to the tune of R120m a year from 2001 to 2005.

Wynand Venter, who runs Wynsam Health, is inviting thousands of members of Discovery who paid the ancillary fee to join his suit against SA's biggest medical aid provider.

Venter says he complained about the fee and Discovery stopped it in 2005. He says he is bringing the suit "because an injustice was committed".

He says Discovery billed individual members and groups of less than 35 an extra fee called an ancillary fee. He claims it was not paid to the medical scheme but to the administrator for extra services.

Wynsam Wealth, an independent financial planning practice registered with the Financial Services Board and Council of Medical Schemes, has taken senior counsel's opinion and says it was told Discovery had most certainly contravened the applicable laws.

"The fee was made to appear compulsory, even Discovery employees were under this impression and advised brokers and members that it was compulsory. Discovery Health marketing material at the time made it also appear compulsory. This fee and the way it was collected is illegal in terms of the Medical Schemes Act, Section 21A."

Discovery general manager research and development Alan Pollard rejected the claim.

He said a fee of R39pm was levied on individuals and small groups of less than 54 members for services which were not in the normal scope of medical aid services. These included rapid response emergency calls, daily claims payments, immediate e-mail and SMS notification.

Pollard said the fee was stopped in 2005 because it was incorporated into the agreement with the Medical Schemes Agreement.

Venter is urging members who paid the fee to sign a power of attorney to act on their behalf to get their money back.

Venter said he was not launching a class action and Discovery members responding to his invitation would not be involved in any cost. At this stage only 25 members are involved in the suit. Wynsam says a case was brought against Discovery in 2004 and it paid out.

Discovery admitted no liability in that case and therefore has to be taken to court to get members' money back.

Venter said Discovery has not made any attempt to repay the ancillary service fees without litigation.

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