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Resolution Health and Agility Global Health Solutions-Africa welcome increase in tax exemption on medical aids

Resolution Health and its administration and managed care partner Agility Global Health Solutions-Africa have welcomed the announcement of the increase in tax exemption portions of medical aid contributions which was announced in the Budget Speech made by Minister of Finance Pravin Gordhan in parliament yesterday, saying that this move was highly favourable to medical scheme members who have been under financial pressure due to rising healthcare costs.

According to the Minister, tax exemptions will increase from R670 to R720 for the principal member and the first dependant and from R410 to R440 for each additional dependant on a medical scheme. While the amount appears relatively low, it dramatically impacts on the affordability of medical aid for many lower income groups, which ultimately offers relief to the overburdened public health system, said Mark Arnold, Principal Officer of Resolution Health Medical Scheme.

‘In light of this increase with the National Health Insurance (NHI) on the horizon, it is clear that government acknowledges the contribution and value of Medical Schemes and private healthcare provision’, said Arnold.

“Individuals who have to date not been able to afford medical aid either in their individual capacity or through their employer are now in a better position to reassess the affordability of entry level medical cover”, said George Roper, Joint Managing Director of Agility Global Health Solutions-Africa.

Resolution Health announced one of the lowest contribution increases for 2011 at 8% and is of the opinion that this together with the increased tax exemption will lead to positive growth within the Scheme as previously uncovered individuals will now take up medical cover and those on basic cover options could consider choosing more comprehensive cover. The Scheme has seen marked growth over the past two months and anticipates that this trend will continue with the budget speech announcement.