



CAPE WINELANDS DISTRICT

MUNICIPALITY • MUNISIPALITEIT • UMASIPALA

POST RETIREMENT MEDICAL AID BENEFITS POLICY

**POLICY ADOPTED BY COUNCIL ON 21 OCTOBER 2021
AT ITEM C.15.1 [CONFIDENTIAL MEETING]**

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1. INTRODUCTION

This policy clarifies the measures applicable on membership, registration and de-registration of dependents, with regards to post-employment medical aid benefits of accredited Medical Schemes.

2. PURPOSE AND OBJECTIVES

The purpose of this policy is to determine conditions applicable to membership of accredited Medical Schemes employees who are eligible to receive post-employment medical aid benefits after retirement.

3. GUIDING PRINCIPLES

The policy framework obtains its legal and general mandate from the following prescriptions, which include, but is not limited to the:

3.1 Medical Scheme rules; and

3.2 The Main Collective Agreement of the South African Local Government Bargaining Council (SALGBC).

4. SCOPE AND APPLICATION

This policy applies to all permanent and contract employees who were appointed and/or promoted prior to 01 July 2018 and who are eligible to receive post-employment medical aid benefits at the Cape Winelands District Municipality, excluding the Municipal Manager and Senior Managers reporting directly to the Municipal Manager.

5. DEFINITIONS

In this policy, unless the context otherwise indicates –

“Accredited Medical Scheme” refers to Medical Schemes approved annually by the SALGBC as a Medical Scheme to which officials may apply for membership.

“Appointment Date” refers to the latest date on which the official has been taken into service by the District Municipality for permanent appointment.

“Calendar Month” means a period which stretches from the 1st of a month to the end of that specific month.

“Child Dependent” is a dependent of the principal member, who is defined and classified by the relevant Medical Scheme as a “child dependent”.

“Continued Member” refers to an employee –

- (a) Who was appointed prior to 01 July 2018 and who retires according to the rules of his/her Retirement Fund between ages 50 and 65 years and who does not take up any other employment at any other employer from date of retirement at this District Municipality until he/she reaches the age of 65 and applies in writing to the District Municipality for subsidy;
- (b) Who was appointed prior to 01 July 2018 and whose services are terminated due to incapacity because of ill-health whilst in the employ of the Cape Winelands District Municipality;
- (c) Registered dependants as on the date of death of an employee who is eligible to receive post-employment medical aid benefits at the Cape Winelands District Municipality (subject to paragraphs 8.1 and 8.2 of this policy).

“Employee” means permanent employees who were appointed prior to 01 July 2018, excluding an independent contractor who works on a permanent basis, or fixed contract basis on the approved staff establishment of the Cape Winelands District Municipality and who receives, or is entitled to receive any remuneration, and excludes an apprentice, Expanded Public Works Programme employees, Reservist Fire Fighters, Interns and Students.

“Employer” means the Cape Winelands District Municipality.

“Labour Organisations” means Cape Winelands District Municipality recognised unions, namely SAMWU and IMATU.

“Life Partner” refers to a person who lives with the principal member in a permanent relationship, similar to a marriage, at the same address, for longer than 6 months and who is financially dependent on one another.

“Municipal Manager” means a person appointed by the Municipal Council as the Municipal Manager for the District Municipality in terms of section 82 of the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998).

“Municipality” means the Cape Winelands District Municipality.

“Senior Managers” refers to managers who are appointed in terms of section 56 of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000) and who reports directly to the Municipal Manager.

“Subsidy” refers to the District Municipality’s contribution to the premium paid to the Medical Scheme, as per the relevant Collective Agreement, towards permanent employees and continued members.

“**Workplace**” refers to the place of work as contemplated in the Labour Relations Act, 1995 (Act No. 66 of 1995).

6. LEGAL FRAMEWORK

This policy and its application must be in accordance with the following legislative prescripts:

- 6.1 Constitution of the Republic of South Africa, 1996.
- 6.2 Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998).
- 6.3 Labour Relations Act, 1995 (Act No. 66 of 1995).
- 6.4 Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000).
- 6.5 Basic Conditions of Employment Act, 1997 (Act No. 75 of 1997).
- 6.6 All relevant Collective Agreements.

7. CONTINUED MEMBERS

- 7.1 Continued members who are retired employees, who enjoyed the benefit of a subsidy of his/her Medical Scheme contribution prior to his/her retirement will be entitled to the Medical Scheme contributions (according to the rules of his/her Medical Scheme) or whose services are terminated due to incapacity because of ill-health, and whose disability benefits were approved by the relevant Retirement Fund, and subject to the definition of continued members in paragraph 5, will be subsidised by the District Municipality on condition that the employee was a **principal** member of a Medical Scheme for the greatest portion of his/her period of service at the Cape Winelands District Municipality.

- 7.2 The District Municipality will contribute seventy percent (70%) of the monthly Medical Scheme premium towards the accredited Medical Scheme on behalf of the retired employee in respect of retired employees appointed prior to 01 July 2003 and sixty percent (60%) of the Medical Scheme contribution of continued members who is registered as the principal member on an accredited Medical Scheme to a maximum amount as determined annually by the Salary and Wage Collective Agreement.
- 7.3 The continued member must contribute thirty percent (30%) of the monthly Medical Scheme premium towards the accredited Medical Scheme in respect of retired employees appointed prior to 01 July 2003 and forty percent (40%) of the monthly Medical Scheme premium towards the accredited Medical Scheme in respect of retired employees appointed with effect from and after 01 July 2003 of the monthly Medical Scheme contribution and is responsible for the shortfall, if any, between the maximum municipal contribution to an accredited Medical Scheme and the amount that will be agreed to from time-to-time by the Parties to the South African Local Government Bargaining Council (SALGBC) that is published in the Salary and Wage Collective Agreement.
- 7.4 Should a continued member or an active employee, who was a member of a Medical Scheme, pass away, only the spouse and dependents who were registered on the Medical Scheme as at the date of death of the principal member, will be subsidised by the District Municipality, subject to the definition of continued members as defined in paragraph 5 – this will also include the unborn biological child of the principal member.

- 7.5 Should the spouse or dependent child or children in paragraph 7.4 above terminate membership of a Medical Scheme and/or there is an interruption in membership, the benefit lapses and no subsidy will be paid by the District Municipality should the spouse or dependent child or children after a period of interrupted membership decide to join a Medical Scheme again.
- 7.6 The contribution of a continued member must be paid into the bank account of the District Municipality before or on the seventh day of every month.
- 7.7 Should the contributions of a continued member be outstanding for more than 60 days, the membership will be terminated by the District Municipality with immediate effect, subject thereto that a continued member has been informed about the said status of default on his/her side. The member will still be responsible for payment of the total outstanding member contributions.
- 7.8 A continued member whose membership has been terminated due to non-payment of the contributions, forfeits any claim on future subsidy by the District Municipality.
- 7.9 A continued member must submit a confirmation of existence (sworn declaration), proof of income and residential address to the Division: Human Resources before 15 November of each year for calculation of Medical Fund contributions for the next year starting on 1 January.
- 7.10 All employees who are appointed at the District Municipality with effect from 01 July 2018 are not eligible to receive the benefit to be subsidised by the District Municipality as a continued member of a Medical Scheme.

8. REGISTRATION OF DEPENDANTS

The District Municipality shall subsidise the following dependants to a maximum amount as determined by the stipulations of the Salary and Wage Collective Agreement:

- 8.1 The spouse or life partner (one spouse or life partner), biological children, and foster children and adopted children of the principal member (confirmation of dependency must be submitted, e.g. marriage certificate, birth certificate, sworn declaration and/or court documents). Ex-spouses will not be subsidised by the District Municipality. After a divorce has been finalised, the employee should notify the Division: Human Resources immediately in order to terminate the relevant subsidy.
- 8.2 Membership contributions towards the following dependants who are currently being subsidised, will terminate on date of retirement of the affected existing continued members as defined under definitions –
 - 8.2.1 ex-spouses;
 - 8.2.2 parents, adopted parents and parents-in-law;
 - 8.2.3 grandchild or grandchildren;
 - 8.2.4 adult dependants, other than spouse;
- 8.3 Child dependants will be subsidised by the District Municipality if they adhere to the provisions as set out in the Rules of the relevant Medical Scheme or is classified by the relevant Medical Scheme as a child dependent.

- 8.4 The employee of a child dependant who is still studying, will be responsible to provide proof annually to the relevant Medical Scheme and to the Cape Winelands District Municipality, failure to provide such proof will result in the termination of the membership in respect of such a child or children.
- 8.5 Subsidy for employees with disabled brothers or sisters who are in the care of an employee and who is residing and financially dependent on an employee of the Cape Winelands District Municipality and who are accepted by the Medical Scheme as a child dependent for life, is subject to approval by the Municipal Manager.
- 8.6 The District Municipality will not subsidise a child or children who are not registered students and who are being regarded by the relevant Medical Scheme as an adult dependant or dependants, irrespective of financial status or dependency.
- 8.7 Existing continued members (employees who retired and who will retire prior to the date of approval of this policy) will retain their current conditions on a personal-to-incumbent basis in respect of their existing registered dependants as on the date of retirement, incapacity/ill-health or in the case of a deceased employee. These provisions shall continue to apply in respect of the remaining registered dependent(s) of the retired/incapacitated employee.

9. CLAIM PROCEDURES AND PAYMENT OF CONTRIBUTIONS

- 9.1 It is the retired employee's responsibility to submit medical claims within the prescribed period to the Medical Scheme.
- 9.2 The District Municipality will ensure that premiums are paid over to the Medical Schemes on a date as agreed to by the Medical Schemes.

- 9.3 It is the responsibility of the retired employee to ensure that applications for membership, registration and de-registration of dependants and termination of membership are submitted timeously to the Division: Human Resources.

10. CONTRIBUTION PERIOD

The post-retirement Medical Scheme contribution period will commence on the first day of the month following the month in which the employee retires.

11. CONTRIBUTION PERCENTAGE

- 11.1 The post-retirement Medical Scheme contribution percentage of the retired employee at date of commencement of this policy amounts to thirty percent (30%) of the monthly Medical Scheme premium towards the accredited Medical Scheme in respect of retired employees appointed prior to 01 July 2003 and forty percent (40%) of the monthly Medical Scheme premium towards the accredited Medical Scheme in respect of retired employees appointed with effect from and after 01 July 2003.
- 11.2 The District Municipality will contribute seventy percent (70%) of the monthly Medical Scheme premium towards the accredited Medical Scheme on behalf of the retired employee in respect of retired employees appointed prior to 01 July 2003 and sixty percent (60%) of the monthly Medical Scheme premium towards the accredited Medical Scheme in respect of retired employees appointed with effect from and after 01 July 2003.

12. DUTIES OF THE CAPE WINELANDS DISTRICT MUNICIPALITY

The Cape Winelands District Municipality shall:

- 12.1 Contribute seventy percent (70%) of the monthly premium towards the accredited Medical Scheme on behalf of the retired employee if the retired employee was appointed prior to 01 July 2003 and sixty percent (60%) of the monthly premium towards the accredited Medical Scheme if the retired employee was appointed with effect from and after 01 July 2003.
- 12.2 Transfer the full monthly premium on or before the twenty fifth (25th) day of each and every calendar month directly into the bank account of the retired employee's accredited Medical Scheme.
- 12.3 Inform the retired employee timeously of any change in the banking details of the District Municipality or about any changes to the payment of the retired employee's thirty percent (30%) or forty percent (40%) contribution of the monthly Medical Scheme premium to the last known address.
- 12.4 Under no circumstances whatsoever be liable for payment of the retired employee's thirty percent (30%) or forty percent (40%) contribution of the monthly Medical Scheme premium.

13. DUTIES OF THE RETIRED EMPLOYEE

13.1 The retired employee shall:

- 13.1.1 Be obliged and responsible to contribute thirty percent (30%) or forty percent (40%) per month of the monthly premium towards the accredited Medical Scheme of the retired employee in order to ensure the continuation of his/her post-retirement Medical Scheme membership.

- 13.1.2 Promptly pay his/her thirty percent (30%) or forty percent (40%) of the monthly premium of the accredited Medical Scheme on or before the seventh (7th) of each and every month to the District Municipality.
- 13.1.3 Until further written notice pay his/her thirty percent (30%) or forty percent (40%) of the monthly premium of the accredited Medical Scheme into the bank account of the District Municipality.
- 13.1.4 Be obliged and responsible to annually ascertain and satisfy himself/herself, before payment of the January premium, of the annual premium increase of the accredited Medical Scheme of which he/she is a member.
- 13.1.5 In general, and at all times be obliged and am responsible to make sure what the amount of the premium is that has to be paid in connection with the accredited Medical Scheme.
- 13.1.6 Ensure that the premium increase in 13.1.4 and/or 13.1.5 above is implemented in terms of his/her thirty percent (30%) or forty percent (40%) of the monthly premium and that arrangements with his/her financial institution has been made to ensure the correct increased payment to the District Municipality.

13.2 The retired employee agrees and understands that:

13.2.1 The District Municipality will under no circumstances whatsoever transfer the full monthly premium to the retired employee's Medical Scheme if the retired employee's thirty percent (30%) or forty percent (40%) contribution of the monthly Medical Scheme premium has not been paid into the bank account of the District Municipality on/or before the seventh (7th) day of each and every calendar month following the month in which the retired employee retires.

13.2.2 Failure by the retired employee to pay his/her thirty percent (30%) or forty percent (40%) contribution of the monthly Medical Scheme premium into the bank account of the District Municipality on/or before the seventh (7th) day of each and every calendar month following the month in which the retired employee retires, will result in the cancellation of membership by the District Municipality and the relevant Medical Scheme with immediate effect.

13.2.3 In the event of clause 13.2.2 above, the District Municipality shall request the retired employee's Medical Scheme in writing to cancel the membership of the retired employee with immediate effect due to the non-payment of his/her thirty percent (30%) or forty percent (40%) contribution of the monthly Medical Scheme premium.

13.2.4 If the Medical Scheme membership of the retired employee is cancelled at any stage by any of the parties, the retired employee will not be able to ever again re-apply for the benefit as he/she no longer qualifies for the post-retirement medical aid benefit.

13.2.5 Any dependent that is registered by the retired employee after the date of his/her retirement shall not be entitled to demand and/or lay claim on the sixty percent (60%) or seventy percent (70%) post-retirement contribution of the monthly premium towards an accredited Medical Scheme by the District Municipality.

14. BREACH OF CONTRACT

Should the retired employee breach any or all of the terms and conditions contained in this policy the District Municipality without detriment to any other remedy which may be available to it in law, shall be entitled to immediately and without any prior notice to the retired employee, cancel the Agreement, and reclaim any premiums transferred to the retired employee's accredited Medical Scheme in terms of clause 7.2 together with interest where the retired employee was in breach of clause 8.1(b) of this Agreement from the retired employee.

15. AMENDMENTS

The Council may from time-to-time amend this policy and introduce any measure(s) to ensure efficient, economic and effective management of Council resources.

16. EFFECTIVE DATE

The Post-Retirement Medical Aid Benefits Policy will become effective upon approval thereof by the Council of the Cape Winelands District Municipality.

17. RECOURSE ON APPLICATION

If there is any grievance / dispute that may arise about the application of this policy, it shall be handled in terms of the grievance procedure or disciplinary procedure collective agreement of the SALGBC.