



# NATIONAL NEWS FLASH

SERVING EDUCATION SINCE 1887



Visit our website: [www.naptosa.org.za](http://www.naptosa.org.za)

NNF 10 of 2026

9 March 2026

## Update on GEMS Response to the Memorandum of Demands

NAPTOSA, together with other unions within FEDUSA, submitted a memorandum of demands to the Government Employees Medical Scheme (GEMS) on 21 February 2026, raising serious concerns regarding the 9.5% contribution increase, benefit reductions, governance issues, and the need for greater transparency and accountability.

GEMS has now formally responded to the memorandum.

Firstly, GEMS acknowledged receipt of the demands and recognised the financial pressures faced by public service employees and their families, while also noting the right of organised labour to engage in lawful protest action.

### Contribution Increase

Regarding **the demand for the immediate withdrawal of the 9.5% increase**, GEMS indicated that contribution adjustments are determined through actuarial and financial assessments that consider healthcare inflation, utilisation trends, regulatory requirements and the long-term sustainability of the Scheme. The Scheme reported that claims paid in 2025 amounted to over R67 billion, while contributions totalled approximately R65 billion, highlighting the financial pressures facing the fund.

GEMS has not agreed to withdraw the increase at this stage but has indicated that it is consulting with its actuarial advisors and ***proposes an urgent bilateral engagement with organised labour during the last week of March 2026 to present its position and explore possible solutions.***

### Financial Transparency

On **the demand for full financial transparency**, GEMS stated that approximately 95% of member contributions are spent on healthcare costs, while about 5% goes toward non-healthcare operational costs, which it maintains are among the lowest in the industry. The Scheme has indicated its willingness to share further financial details during structured engagements with organised labour.

### Independent Forensic Audit

In response to **the call for an independent forensic audit**, GEMS pointed out that it has received 18 consecutive unqualified audits since its establishment in 2006 and that its financial statements have consistently been verified by independent external auditors. The Scheme stated that it maintains internal audit and fraud prevention systems but indicated that independent investigations would only be initiated should credible evidence of misconduct arise.

### Administrative and Outsourcing Costs

GEMS further stated that its administration costs remain below industry averages, at about 5.2% of contributions, and that it has pursued a strategy since 2017 to gradually insource certain functions to improve efficiency and reduce costs.

### **Funding Model and Reserves**

The Scheme confirmed that it is currently engaging the Council for Medical Schemes (CMS) regarding the applicability of the 25% reserve requirement to a scheme of GEMS' size. Any changes to this requirement would still require regulatory compliance and may influence future contribution adjustments.

### **Tanzanite One Benefit Changes**

Regarding the changes to the Tanzanite One option, GEMS indicated that these were introduced to ensure the sustainability of the option. The Scheme reported that an increasing number of higher-income members had downgraded to Tanzanite One, placing pressure on the option that was originally designed for lower-income members.

### **Governance and Leadership Demands**

Regarding demands relating to governance reforms and the removal of the Principal Officer and executive leadership, the GEMS Board stated that it believes the current governance and accountability mechanisms are adequate and that executive performance and remuneration are managed through formal governance processes.

### **Way Forward**

GEMS has expressed its willingness to continue structured engagements with organised labour through the PSCBC and other formal platforms, emphasising the need for constructive dialogue to address the concerns raised.

NAPTOSA will carefully study the response received and engage with our federation partners to determine the next course of action in defending the interests of our members. We remain committed to ensuring that public service employees have access to affordable, transparent and accountable healthcare coverage.

Members will be kept informed as discussions with GEMS and other stakeholders progress.

**Mr BL Manuel**

**Executive Director**