

PRESS STATEMENT

Tel/Fax: +263-242-776830

Website: www.zimcodd.org

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ZIMCODD CONDEMNS ABUSE OF CITIZEN'S CONTRIBUTIONS BY MEDICAL AID SCHEMES

"The enjoyment of the highest attainable standard of health is one of the fundamental rights of every human being without distinction of race, religion, political belief, economic or social condition"

Zimbabwe Coalition on Debt and Development (ZIMCODD) condemns the continued abuse, mismanagement of funds, corruption, embezzlement and incompetency by senior executives of medical aid insurance schemes which has led to a deterioration of medical services rendered to citizens across the country. Citizens in general, and civil servants in particular, have been plunged into abject poverty and given a death sentence by medical aid schemes which are denying them the right to healthcare. This is a betrayal to citizens who are contributing their hard earnings to medical aid schemes on a monthly basis in anticipation for health insurance cover.

It is widely acknowledged that a medical aid scheme is an effective way for citizens to cover themselves financially when the inevitable need for medical attention and supplies arise. Therefore, a medical aid scheme is expected to help citizens avoid surprise financial burdens that can increase their living expenses while reducing expenditure on emergency funds.

The local currency (ZWL) continues to tumble against the US dollar and this is eroding the value of ZWL earnings at a time when the economy is rapidly re-dollarizing. The 2023 Monetary Policy Statement revealed that 76.56% of formal transactions were conducted in US dollars in 2022. Businesses including pharmacies are charging punitive ZWL prices benchmarked at or above average parallel market exchange rate to discourage ZWL transactions exchange rate losses. Given the low salaries paid to civil servants, ZIMCODD calls on the government to ensure that they have the lowest cost and easiest access to the medical care they need.

ZIMCODD is therefore deeply concerned by the developments at Public Service Medical Aid Society (PSMAS) which covers all public servants. PSMAS is the largest medical aid society in Zimbabwe yet it is facing severe financial constraints. PSMAS is struggling to cover its members, pay its employees and provide medication at its service centres which are run by Premier Service Medical Investments (PSMI).

As a result, many PSMI clinics, hospitals, and pharmacies were shut down. For instance, in 2022, PSMI closed its flagship hospitals i.e. West End (Harare) and Claybank (Gweru), after failing to pay salaries for staff including nurses and doctors for three (3) months.

Recently, it was reported that PSMAS retrenched its workers without offering them any package or clearing their four-month salary backlog. Yet, the government provided PSMAS with a ZWL4.3 billion bailout package in November 2022 to resuscitate its operations and support PSMI healthcare facilities.

While it is inconceivable that the government's contribution (80%) per civil servant to the PSMAS health scheme which is largely in ZWL is no longer economical, the bigger problems at PSMAS are emanating from its maladministration just as the case with the National Social Security Authority (NSSA), a public pension scheme. PSMAS is associated with big corruption scandals for a long time. In 2013, it was involved in a scandal of paying exorbitant salaries and board membership fees. Its annual wage bill for top executives was reportedly a whopping US\$18.6 million at a time when the company was reeling from a US\$38 million debt.

Again, in September 2022, four (4) PSMAS top executives were arrested over allegations of forgery, theft, and fraud involving millions of dollars. In November of the same year, the PSMAS Board was dissolved after corruption allegations. This shows that the rot at PSMAS continues unabated thereby inflicting damage to health care delivery. This mostly affects poor salaried public servants who are on the receiving end of excessive ZWL depreciation, chronic inflation, and increased poverty. These public servants are facing constant humiliation as their applications for basic medical attention get rejected by most healthcare service providers.

The people's contributions to PSMAS and PSMAS investments are public resources that must be closely guarded and transparently managed. The perpetual financial misconduct by PSMAS is a violation of a fundamental justiciable right codified in section 76 of the Zimbabwean constitution, the right to health care. While ZIMCODD acknowledges the forensic auditing currently underway at PSMAS, we make the following recommendations so that the right to healthcare is afforded to all and sundry:

- All public offenders irrespective of their gender, race, tribe, religion, or political identity must face the full wrath of the law.
- All PSMAS top executives must operate under strict performance-based contracts with periodic reviews.

- The public medical insurer, PSMAS, must strengthen its internal control systems, revenue management, debt recovery, portfolio management, management of other health insurance risks, timely auditing of annual financial accounts, and robust implementation of all audit recommendations.
- The responsible line ministry must ensure that there is maximization of value for money in all PSMAS procurement processes and procedures. These measures are key in safeguarding public health insurance scheme which is regarded as one of the best weapons a government can use to reduce poverty and vulnerability.