

NOTICE 40 OF 2008**NOTICE OF AN APPLICATION FOR AN EXEMPTION IN TERMS OF SECTION 10 OF THE COMPETITION ACT 1998: BOARD OF HEALTHCARE FUNDERS OF SOUTH AFRICA**

An application for an exemption has been filed with the Competition Commission ("the Commission") by the Board of Healthcare Funders of Southern Africa on behalf of all medical schemes. The exemption application is in respect of agreements amongst all medical schemes to eliminate the switching of members between schemes, to standardise the interpretation of the prescribed minimum benefits, to use a standardised coding system, to undertake forensic investigations against over-servicing, to share cost and price information and for collective bargaining with manufacturers of medical devices.

The Applicants apply for an exemption for a category of agreements, as is provided for in section 10(1)(b) of the Competition Act 1998, as amended ("the Act"), from the provisions of section 4(1)(b)(i) of Chapter 2 of the Act. The application relates to agreements in terms of which the involved medical schemes agree to and are permitted to standardise prescribed minimum benefits packages, share the prices and cost information, terms and conditions of agreements negotiated and entered into with private hospitals and manufacturers of medical devices. These relate to the prices, terms and conditions on which the medical scheme services are rendered.

Section 4(1)(b)(i) of the Act prohibits an agreement between, or concerted practice by firms or a decision by firms in a horizontal relationship if it involves directly or indirectly fixing a selling or purchase price or any other trading condition. A horizontal relationship refers to a relationship between competitors.

The Applicants submit that the category of agreements for which an exemption is sought is required to obtain the objectives contained in section 10(3)(b)(iii) and (iv) of the Act, since it is the economic stability of a designated industry and the change in productive capacity for an industry in decline.

In accordance with the provisions of section 10(6) of the Act, notice is hereby given of the above application for exemption. Interested parties can make written submissions to the Commission as to why the exemption should not be granted. Such submissions must reach the Commission within 20 (twenty) working days from the date of this Notice and should be directed to:

Ms L Ueckermann
Enforcement and Exemptions Division
Competition Commission
Facsimile: (012) 394 4279.
Email: LizaU@compcom.co.za

In correspondence kindly refer to case number 2007Sep3176.