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Medical scheme boss cries sabotage in explosive letter to regulator

18 Jan

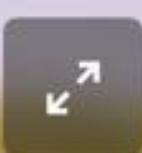
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City Press

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Irvin Jim, general secretary of Numsa, is at war with 3Sixty company executive chairperson Khandani Msibi.

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- **Medical scheme administrator 3Sixty GSG accuses regulators and industry insiders of deliberately sabotaging Siyasa Health**



- **Executive chairperson claims statutory manager Joe Seloane and trade union leader Irvin Jim conspired to destroy black-owned enterprises.**
- **The letter alleges the Council of Medical Schemes appointed an inexperienced curator who has damaged member interests.**

In an explosive submission, the executive chairperson of 3Sixty Global Solutions Group has accused medical scheme regulators and industry insiders of orchestrating a deliberate campaign to destroy one of the last remaining black-owned administrators in South Africa's multibillion-rand medical aid industry.

Khandani Msibi, writing to the Council of Medical Schemes (CMS) chairperson on 2 January, has laid bare what he describes as a systematic effort to undermine Sizwe Hosmed medical scheme through sabotage, corruption and regulatory capture.

His 14-page missive details a web of alleged conspiracies involving managers, trade union leaders and even the medical scheme regulator itself.

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The explosive allegations centre on the controversial curatorship of Sizwe Hosmed, which Msibi claims was engineered by statutory manager Joe Seloane in collaboration with National Union of Metalworkers of SA (Numsa) general secretary Irvin Jim.

According to Msibi, their ultimate goal was to force a merger that would benefit KeyHealth medical scheme, where Seloane allegedly has business interests.

I am the executive chairperson of 3Sixty GSG, the shareholder of 3Sixty Health and administrator of Sizwe Hosmed and Sabmas [SA Breweries Medical Aid]. I write mainly about Sizwe Hosmed and how the Council of Medical Schemes has acted unfairly and irrationally against Sizwe Hosmed, individually and possibly in cahoots with certain institutions and individuals.

- Khandani Msibi

The letter traces the historical significance of Sizwe Medical Fund, established during apartheid in 1978, by black doctors and business leaders to provide medical aid to black South Africans, who were previously excluded.



What makes Msibi's allegations particularly damaging is his claim that the scheme's financial troubles were artificially created. He alleges that Seloane deliberately collapsed benefit options for former Hosmed members, causing membership migration and declining solvency.

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Even more seriously, he claims Seloane instructed actuaries to overstate the scheme's liabilities to paint a worse financial picture.

The letter reveals that when KPMG was hired to investigate alleged duplicate claims worth R380 million, the audit firm could only identify R17 million over three years – representing just 0.14% of claims paid, well below the industry fraud benchmark of 15% to 20%. Despite this favourable finding, Msibi alleges the report was weaponised against 3Sixty.

KPMG was appointed by the scheme to establish the reason for the decline in solvency and how to improve it. When it became apparent to them that duplicate claims were R17 million and not R380 million, they lost the reason to fulfil Joe's mandate to pin the solvency



decline on 3Sixty Health and the KO System.

- Khandani Msibi

Central to Msibi's narrative is his portrayal of regulatory bias against black-owned enterprises. He argues that while all regulated industries in South Africa are overseen by black regulators, they remain "lily white and untransformed" except for their predominantly black clientele.

This, he suggests, is evidence of regulatory capture that works against transformation.

The appointment of curator Lebogang Mpakati comes in for particularly harsh criticism. Msibi questions why someone with no industry experience was chosen to manage a supposedly distressed scheme, contrasting this with the CMS' usual insistence on industry expertise for board appointments. He alleges Mpakati acts as a "henchman" for Seloane and Jim.

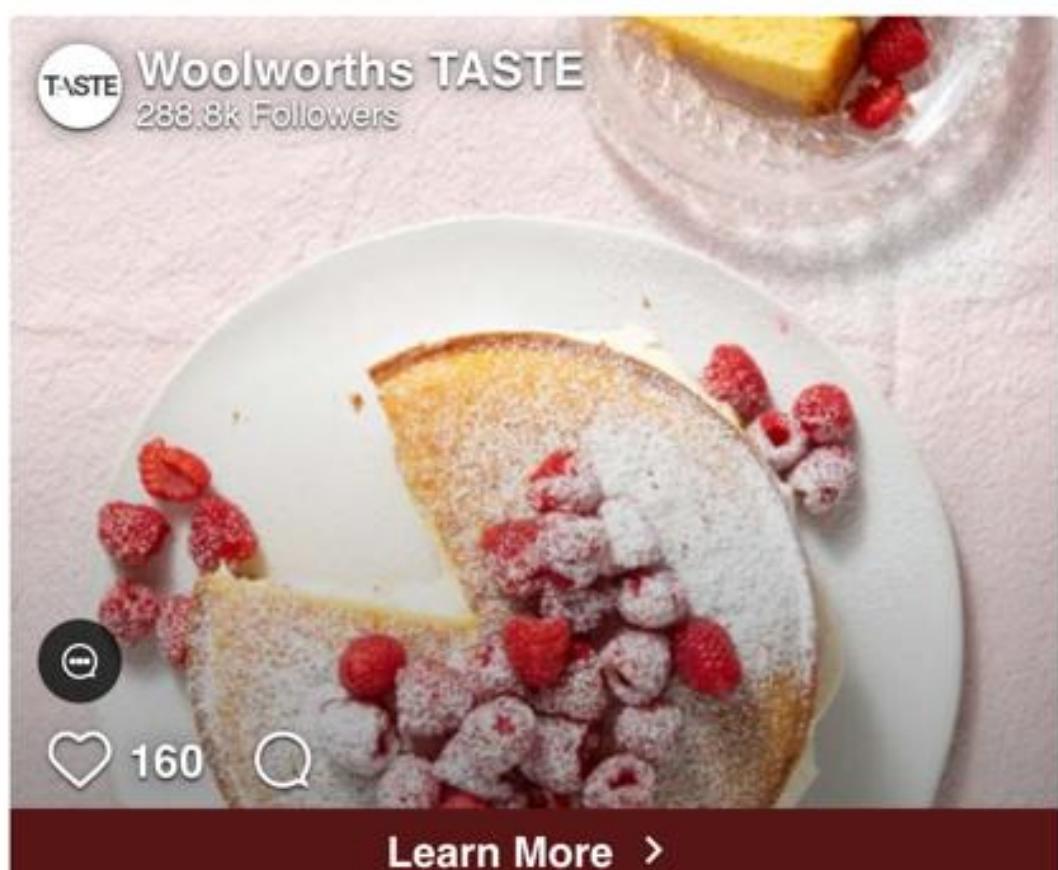
Msibi's most serious allegation concerns Mpakati's first act as curator – cutting off 3Sixty Health's access to the scheme's bank accounts.

This resulted in halted payments to healthcare



This resulted in halted payments to healthcare providers, who then refused to service scheme members. Msibi claims this reckless act led to a wave of member terminations from the scheme's core mining and industrial base.

“This resulted in the halting of all payments to all service providers; providers reacted by stopping all healthcare services to members of Sizwe Hosmed.



This was a reckless act by the curator given that curatorship on its own spooks providers, but failure to pay claims sends a message of insolvency, which was not the position of the scheme.

- Khandani Msibi



The letter also reveals that the CMS has issued a circular directing SA Local Government Association members from Sizwe Hosmed to KeyHealth – the same scheme Seloane allegedly wanted the merger with. Msibi sees this as further evidence of the coordinated campaign against his company.

READ: [Sizwe Hosmed placed under provisional curatorship](#)

Perhaps most damaging to the regulator's reputation is Msibi's claim that despite multiple investigations and three curatorships in 10 years, Sizwe Hosmed continues to operate while members who left are paying more for inferior benefits elsewhere. He argues this proves the "eminent collapse" narrative was false.

Msibi concludes with a warning that resonates beyond this case.

I have always argued that in business, my competition is not white business but black people in regulatory offices, and the CMS has acted hastily, irrationally and without regard for what they are destroying, and proved our suspicion correct.

...



irrationally and without regard for what they are destroying, and proved our suspicion correct.

- Khandani Msibi

The letter demands Mpakati's immediate removal and warns that if the CMS succeeds in destroying Sizwe Hosmed, it would earn the "dubious honour of being the destroyers of black business in the industry you regulate" – a charge that strikes at the heart of South Africa's transformation agenda.

CMS chairperson Musa Gumele said: "The issues raised by the chairperson of 3Sixty Global Solutions Group were ventilated in court when the CMS applied for a curatorship; the chairperson of 3Sixty could have ventilated his dissatisfaction at that point but did not join the process, so his comments are just innuendo without any basis."

Jim did not respond to a request for comment by the time of publication.

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