

NEWS

# Gems under pressure from unions

Public servants' medical scheme expects reserves to weaken as union pressure forces lower premium increases

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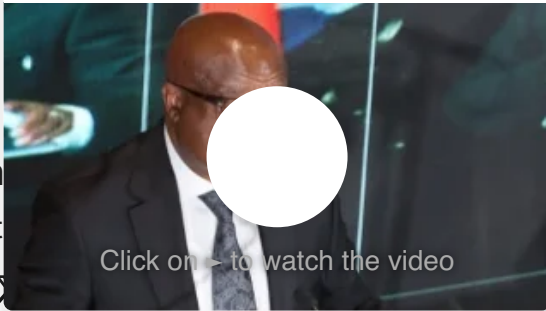
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Government Employees Medical Scheme principal officer Stan Moloabi warns the latest cut to contribution increases will dent its solvency ratio. Picture: SUPPLIED (Gems)

The Government Employees Medical Scheme (Gems) expects its solvency ratio to come in below the 25% statutory threshold at year's end, due to [union pressure to reduce monthly premium increases](#), its principal officer said on Tuesday.

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Gems is the [biggest medical scheme for public servants and their dependants](#), with about 2.4-million beneficiaries.

A medical scheme's solvency level is one of the key metrics used to gauge its financial stability and is the ratio of accumulated funds to gross annual contribution income.

Due to sustained pressure from organised labour, [Gems first dropped its weighted average contribution increase for 2026 from 9.8% to 9.5% in February](#) and then announced on May 7 that it would cut the contribution increase further to 7.5% from July 1.

The revised contribution increase is subject to approval by the Council for Medical Schemes.

“Gems’ monthly contribution income will drop by about R100m per month as a result of the latest change,” said Gems principal officer Stan Moloabi.

This will have a knock-on effect on the scheme's solvency ratio despite Gems' plans to reduce expenditure, he said in an interview with Business Day.

At end-2025, Gems' solvency ratio stood at 24.7%. It now projects its solvency ratio will come in at 23% at end-2026, said Moloabi.

Gems had agreed to the reduction in the planned contribution increases as it was cognisant of the financial pressures facing civil servants, said Moloabi. But the big drop in contribution income means the scheme will have to make

changes to member benefits, he said.

These include limiting private hospital care for members of its Tanzanite 1 option to conditions classed as prescribed minimum benefits, and tighter managed care protocols to ensure claims are clinically sound, he said.

The scheme has set more ambitious targets for tackling fraud, waste and abuse, he said. "I am positive there will be interventions that will enable us to recover more funds," he said.

Gems has also tried to dissuade higher-income members from joining Tanzanite 1, which was designed for lower-income workers, said Moloabi. It has done so by implementing higher contribution increases for people in higher salary bands, he said.

Asked whether the very low premium increases implemented by Gems in 2022 and 2023, of 2% and 5% respectively, had, with hindsight, been a mistake, Moloabi said the scheme had been made aware by its actuaries at the time that such low increases would need to be offset by bigger hikes in the future.

The low increases had been made possible by the accumulation of reserves during the height of the Covid-19 pandemic, when claims were unusually low. Gems instituted contribution increases of 9.5% in 2024 and 13.4% in 2025.

In his budget speech to parliament on Tuesday, minister of public service & administration Mzamo Buthelezi said the downward adjustment to Gems' contribution increase will provide meaningful relief to public servants while protecting the long-term sustainability of the scheme.

“We appreciate the fact that the initial 9.8% proposed increase would have placed additional strain on workers already managing the rising cost of living,” he said.



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