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| MEDIA RELEASE | PSA repeats call on GEMS to reconsider 9.5% contribution increase |
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| EMBARGO | None |
| ENQUIRIES | communication@psa.co.za |

The PSA, representing hundreds of thousands of public-sector employees across South Africa, strongly opposes the 9.5% contribution increase announced by the Government Employees Medical Scheme (GEMS) for 2026 as public servants are facing severe financial pressure owing to rising living costs.

Such an increase places an unacceptable burden on workers and their families. Whilst the PSA noted the acknowledgement by GEMS of these pressures, the justification provided for the increase remains extremely concerning. GEMS indicated that the adjustment was informed by actuarial assessments, healthcare cost inflation, utilisation trends, and regulatory requirements. The PSA, however, maintains that a 9.5% contribution increase is excessive and unaffordable for many public-sector employees whose salaries have not increased at a comparable rate. Many workers are struggling to meet basic financial obligations and further increases in medical-aid contributions threaten to place healthcare coverage beyond the reach of many public servants.

The PSA is particularly concerned that, despite acknowledging members' financial hardships, GEMS has not agreed to withdraw the increase immediately, which is a central demand by organised labour. Public servants should not be expected to absorb disproportionate healthcare cost escalations without meaningful engagement and transparency.

GEMS further indicated that it paid out approximately R67 billion in claims whilst receiving only R65 billion in contributions in 2025, citing this imbalance as one of the reasons for the adjustment. The PSA recognises the importance of financial sustainability in GEMS, but greater transparency is required to ensure members understand how contributions are determined and whether all possible cost-containment measures were explored before imposing increases.

The PSA also noted the indication by GEMS that non-healthcare expenditure accounts for approximately 5% of total contributions, reportedly amongst the lowest in the industry. Whilst this may be accurate, members are entitled to full financial transparency, particularly relating to administrative costs, managed-care arrangements, and negotiations with healthcare providers.

Before imposing contribution increases on members, the PSA believes that GEMS must demonstrate that it has taken all reasonable steps to reduce internal expenditure and improve financial efficiency. The PSA therefore proposes various cost-containment measures to GEMS.



Unnecessary outsourcing of actuarial services must be stopped with full utilisation of internal actuarial capacity where such expertise exists. The excessive use of external legal consultations, which result in high legal fees and avoidable costs should be reviewed. There must be transparency regarding executive salaries and remuneration packages to strengthen members' confidence in financial governance. The number of annual Board meetings should be regulated as convening up to 53 meetings in a single year raises serious concerns about governance efficiency and related costs. In addition, the Principal Officer should be relieved of duty pending an investigation into the circumstances under which a five-year contract was granted that reportedly extends beyond the incumbent's retirement period.

The PSA is committed to constructive engagement with GEMS and welcomes the proposal for an urgent bilateral meeting to discuss the matter further. Such engagement must, however, result in tangible relief for public servants and a reconsideration of the magnitude of the increase. Healthcare access is a fundamental necessity for public servants and their families. The PSA therefore again calls on GEMS to reconsider the 9.5% increase, explore alternative cost-containment strategies, and prioritise affordability for members. The PSA will continue to advocate for the interests of public servants and will pursue all appropriate avenues to ensure that their concerns regarding the affordability of medical-aid contributions are properly addressed.

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