



2021 ANNUAL GENERAL MEETING (AGM)

24 June 2021 : 12h00

ANEW Hunters Rest Hotel, R24 Rustenburg Rd, in Rustenburg
with access via ZOOM

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THEBEMED
MEDICAL AID SCHEME

Notice to convene the Seventeenth Annual General Meeting of Thebemed Medical Scheme

Thebemed Medical Scheme has scheduled its Annual General Meeting ("AGM") for Thursday, 24 June 2021.

Details of the AGM:

Date: Thursday, 24 June 2021

Time: 12h00

Venue: To be held at ANEW Hunters Rest Hotel, R24 Rustenburg Rd, in Rustenburg with access via ZOOM.

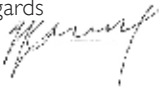
Registration will take place prior to the meeting using the link provided.

Thebemed Annual Financial Statements for the year ended 31 December 2020 and the minutes of the AGM held on 31 July 2020 will be available on our website -

<https://www.thebemed.co.za/archives/>

Detailed printed copies of the Annual Financial Statements are available on request.

Regards



Ian Fleming

Curator

Thebemed Medical Scheme

AGENDA OF THE ANNUAL GENERAL MEETING

12h00 24 June 2021 at ANEW Hunters Rest Hotel, R24 Rustenburg Rd, in Rustenburg with access via ZOOM

1. Welcome and Quorum.
2. Procedure for voting and asking questions.
3. Adjourn the meeting for voting.
4. Approval of the minutes of the previous Annual General Meeting held on 31 July 2020.
5. Adopt the audited financial statements for the year ended 31 December 2020, together with the reports of the curator and auditors.
6. Financial performance for the period ended 31 December 2020.
7. Appointment of the auditors of the Scheme for the ensuing year.
8. Operational report.
9. Announcement of the election results.
10. Vote of thanks.
11. Closure.

Please notify the Curator of any motions at least seven days prior to the meeting (by Wednesday, 16 June 2021). Notices of motions may be sent by email to: karabom@momentumtyb.co.za

Proxies

Each member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy (who must be a member of the Scheme) to attend, speak and vote on the member's behalf. As the Scheme is currently under curatorship there will be election of trustees at this meeting.

CURATOR'S REPORT

12h00 24 June 2021

Dear Members

I am pleased to report that by 31 December 2020 your Scheme's solvency ratio had recovered from 6.6% at the time curatorship commenced to 22.9% (2019: 9.4%). Risk contribution income was stable at R356.1 million (2019: R361.6 million) whilst relevant healthcare expenditure decreased by 11.4% to R268.0 million. During the same period non-healthcare expenditure decreased by 19.6% to R43.4 million or 12% (2019: 15%) of gross contributions. This enabled the Scheme to show a surplus for the year of R50,8 million (2019: R9.6m). Members' funds as at 31 December 2020 stood at R89.1 million (2019: R38.4 million).

Thebemed continues to enjoy a healthy member profile with an average age of 29 years and a pensioner ratio of 0.58%. Service levels have been maintained and all the Scheme's wellness and disease management programmes are assisting members in leading healthy and productive lives.

Therefore, it gives me great pleasure to advise members that the curatorship of Thebemed Medical Scheme is coming to a successful conclusion and you are now able to elect a new Board of Trustees who will appoint a new Principal Officer to oversee the affairs of your Scheme going forward.

In terms of the rules of your Scheme, two member-elected trustees will be appointed at the AGM. They will then appoint two additional skilled trustees to complete the new Board of Trustees. The new Board's first task will then be to appoint a new Principal Officer to manage the day-to-day affairs of your Scheme. At this point the curatorship of your Scheme will come to an end.

However, in order to provide continuity, I will continue to support the new Board of Trustees and its various sub-committees as well as the new Principal Officer for a period of six months. During this time there will be a comprehensive handover of all duties and responsibilities, training will be arranged for the trustees and knowledge sharing with the Principal Officer will take place.

The Coronavirus Pandemic.

For much of the curatorship period the world has been ravaged by the Coronavirus pandemic. South Africa and your Scheme were not spared. To date nearly one thousand beneficiaries have tested positive and regrettably eighteen have succumbed to the virus. I would like to extend my condolences to their families, friends and colleagues.

During 2020 your Scheme spent R2.3 million on testing and R7.3 million on hospital admissions as a direct result of the pandemic and continues to do so. Nevertheless, as members and their families became more health conscious and took extraordinary precautions to protect themselves, the overall claims experience of your Scheme improved. I would also like to commend employers and unions for effectively implementing the national protocols in order to contain the spread of the virus.

Outlook

Thebemed has continued to improve its financial health during 2021 and as at 30 April 2021 its solvency ratio had improved further to 27,4% and members' funds are approaching the R100 million mark. I am confident that the new Board of Trustees will continue to further strengthen your Scheme's financial standing and position it for long-term growth. To this end and as mentioned previously they will have the task of considering a mutually beneficial merger partner, in line with industry trends. Members will be consulted should such an opportunity arise.

In closing, I would like to thank you, the members, for your loyal support during this time of rebuilding. I would also like to thank all our service providers for their continued support and sacrifices in ensuring that your Scheme's recovery was accelerated. Finally, I would like to acknowledge the support and guidance I received from the Registrar for Medical Schemes and his team, especially Avril Jacobs and Thamsanqa Diniso.



Ian Fleming
Curator

STATEMENT OF RESPONSIBILITY BY THE CURATOR

Financial Statements for the year ended 31 December 2020

The curator is responsible for the preparation, integrity and fair presentation of the annual financial statements of Thebemed Medical Aid Scheme ("the Scheme"). The financial statements presented on pages 8 - 12 have been prepared in accordance with International Financial Reporting Standards (IFRS), The Medical Schemes Act of South Africa and include amounts based on judgements and estimates made by management.

The curator considered that, in preparing the annual financial statements, they have been prepared using the most appropriate accounting policies, consistently applied, and supported by reasonable and prudent judgements and estimates.

The curator is satisfied that the information contained in the annual financial statements fairly presents the results of operations for the year and the financial position of the Scheme at year-end. The curator also prepared the other information included in the annual report and is responsible for both its accuracy and its consistency with the annual financial statements.

The curator is responsible for ensuring that proper accounting records are kept. The accounting records disclose, with reasonable accuracy the financial position of the Scheme which enables the curator to ensure that the annual financial statements comply with the relevant legislation.

Thebemed Medical Aid Scheme operated in a well-established control environment, which is well documented and regularly reviewed. This incorporates risk management and internal control procedures, which are designed to provide reasonable, but not absolute, assurance that assets are safeguarded and the risks facing the business are being controlled.

The going concern basis has been adopted in preparing the annual financial statements. The curator has no reason to believe that the Scheme will not be a going concern in the foreseeable future, based on forecasts and available cash resources. These annual financial statements support the viability of the Scheme.

The external auditor is responsible for independently auditing and reporting on the Scheme's financial statements. The financial statements have been examined by the Scheme's external auditor and their report is presented on the full set of annual financial statements.

The financial statements set out on pages 8 to 12, which have been prepared on the going concern basis, were approved by the curator on 21 April 2021 and were signed by him:



Curator
I Fleming

STATEMENT OF CORPORATE GOVERNANCE BY THE CURATOR

Financial Statements for the year ended 31 December 2020

Thebemed Medical Aid Scheme is committed to the principles and practice of fairness, openness, integrity, and accountability in all dealings with its stakeholders. The curator monitors the performance of all service providers.

1. Curator

The Curator may where appropriate, seek independent professional advice to assist him in the execution of his duties. The Scheme remains committed to the highest standard of Good Corporate Governance and ethical behaviour. The Curator is the custodian of Good Corporate Governance and will at all time ensure that there is value for money with maximum return.

2. Internal control

The Administrator of the Scheme maintains internal controls and systems designed to provide reasonable assurance as to the integrity and reliability of the financial statements and to safeguard, verify and maintain accountability for its assets. Such controls are based on established policies and procedures and are implemented by trained personnel with the appropriate segregation of duties.

The curator was directed by the High Court to report on his curatorship to the Registrar of Medical Schemes and the members of the Scheme by 23 August 2020 and to include in his report a statement of his findings and recommendations concerning the Scheme's affairs and the continuation, if necessary, of the curatorship. This was duly done and it has been agreed with the Registrar of Medical Schemes to bring the curatorship to an end in the second quarter of 2021. In order to achieve this the curator has been further directed by the High Court to convene a special general meeting of the Scheme at which a new Board of Trustees, who are fit and proper for this purpose, shall be elected.



Curator
I Fleming

OPERATIONAL STATISTICS

As at 31 December 2020

2020	TOTAL	ENERGY	UNIVERSAL	FANTASY
Average number of members during the accounting period	12 644	2 596	7 072	2 977
Number of members at 31 December 2020	10 941	1 508	6 551	2 882
Average number of beneficiaries during the accounting period	25 742	8 578	10 547	6 545
Number of beneficiaries at 31 December 2020	20 830	4 693	9 702	6 435
Dependant Ratio at 31 December 2020	1.90	3.11	1.48	2.23
Net contributions per average member per month (R)	2 347	4 645	1 643	2 014
Net contributions per average beneficiary per month (R)	1 153	1 406	1 102	906
Relevant healthcare expenditure per average beneficiary per month (R)	868	897	873	820
Non-health expenses per average beneficiary per month (R)	142	159	146	115
Relevant healthcare expenditure as a percentage of net contributions	75%	64%	79%	90%
Non-health expenses as a percentage of gross contributions	12%	11%	13%	13%
Average accumulated funds per member at year end (R)	6 768,10			
Return on investments as a percentage of investments	6.89%			
Average age	29.08	26.59	31.56	27.31
Pensioner ratio	0.58%	0.77%	0.70%	0.32%

STATEMENT OF FINANCIAL POSITION

For the year ended 31 December 2020

	2020 R	2019 R
Assets		
Non-Current Assets		
Property and equipment	235 695	339 379
Current Assets		
Trade and other receivables	4 040 193	11 021 236
Financial assets	67 795 620	22 065 585
Cash and cash equivalents	80 208 509	55 570 312
	<u>152 044 322</u>	<u>88 657 133</u>
Total Assets	<u>152 280 017</u>	<u>88 996 512</u>
Equity and Liabilities		
Equity		
Reserves	3 544 863	2 794 602
Accumulated funds	85 575 913	35 562 576
	<u>89 120 776</u>	<u>38 357 178</u>
Liabilities		
Current Liabilities		
Trade and other payables	11 277 405	16 455 960
Outstanding claims provision	22 575 018	16 988 872
Personal Medical Savings Account liability	29 306 818	17 194 502
	<u>63 159 241</u>	<u>50 639 334</u>
Total Equity and Liabilities	<u>152 280 017</u>	<u>88 996 512</u>

SOLVENCY RATIO

For the year ended 31 December 2020

	2020 R	2019 R
Total Members' funds per statement of financial position		
Accumulated funds per Regulation 29	85 575 913	35 562 575
Gross Contributions (including savings contributions)	374 055 156	377 778 150
Solvency ratio	22,9 %	9,4 %

The Scheme was placed under curatorship as contemplated in Section (56)(1) of the Medical Schemes Act, 1998 and sections 5(1) and 5(2) of the Financial Institutions (Protection of funds) Act, 28 of 2001. The High court of South Africa (Gauteng division, Pretoria) appointed Mr Ian Fleming with effect from 23 August 2019.

The reasons for the Scheme being placed under curatorship included its steadily deteriorating financial position as reflected in its ever-decreasing solvency ratio. Contributing factors included rapid membership growth, unexpected claims experience, relatively high non-healthcare costs and failure to find a suitable merger partner.

The Curator reports on progress monthly to Registrar of Medical Schemes.

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Universal R	Energy R	Fantasy R	Total Scheme R
2020				
Net contribution income	139 430 925	144 717 155	71 950 119	356 098 199
Relevant healthcare expenditure	(110 516 365)	(92 386 595)	(65 089 976)	(267 992 936)
Net claims	(106 419 340)	(89 834 178)	(63 003 573)	(259 257 091)
Accredited management healthcare	(3 308 718)	(2 055 289)	(1 511 398)	(6 875 405)
Net expense on risk transfer arrangement	(788 307)	(497 128)	(575 005)	(1 860 440)
Risk transfer arrangement fees	(7 172 494)	(6 330 884)	(4 063 650)	(17 567 028)
Recoveries from risk transfer arrangements	6 384 187	5 833 756	3 488 645	15 706 588
Gross healthcare result	28 914 560	52 330 560	6 860 143	88 105 263
Net reinsurance	171 132	181 292	107 950	460 374
Broker service fee	(4 071 705)	(4 251 177)	(2 619 289)	(10 942 171)
Administration expenses	(14 362 887)	(12 104 384)	(6 531 718)	(32 998 989)
Net impairment losses	8 042	101 678	3 914	113 634
Net healthcare result	10 659 142	36 257 969	(2 179 000)	44 738 111
Investment income	1 147 289	1 179 884	1 544 437	3 871 610
Other income	718 649	491 822	497 368	1 707 839
Asset management fees	(114 597)	(119 503)	(70 123)	(304 223)
	<u>12 410 483</u>	<u>37 810 172</u>	<u>(207 318)</u>	<u>50 013 337</u>

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Universal R	Energy R	Fantasy R	Total Scheme R
2019				
Net contribution income	140 447 600	156 266 823	64 847 722	361 562 145
Relevant healthcare expenditure	(121 031 571)	(109 189 504)	(72 193 072)	(302 414 147)
Net claims	(117 311 853)	(106 024 319)	(70 233 995)	(293 570 167)
Accredited management healthcare	(3 405 296)	(2 381 809)	(1 442 437)	(7 229 542)
Net expense on risk transfer arrangement	(314 422)	(783 376)	(516 640)	(1 614 438)
Risk transfer arrangement fees	(8 353 301)	(7 873 414)	(4 416 807)	(20 643 522)
Recoveries from risk transfer arrangements	8 038 879	7 090 038	3 900 167	19 029 084
Gross healthcare result	19 416 029	47 077 319	(7 345 350)	59 147 998
Net reinsurance	(233 854)	(963 295)	1 188 164	(8 985)
Broker service fee	(4 517 530)	(4 213 770)	(2 521 413)	(11 252 713)
Administration expenses	(18 034 283)	(16 466 661)	(7 480 906)	(41 981 850)
Net impairment losses	(523 155)	(187 266)	(3 920)	(714 341)
Net healthcare result	(3 892 793)	25 246 327	(16 163 425)	5 190 109
Investment income	734 468	825 580	684 853	2 244 901
Other income	492 109	563 535	297 135	1 352 779
Asset management fees	(49 910)	(54 721)	(27 794)	(132 425)
	<u>(2 716 126)</u>	<u>26 580 721</u>	<u>(15 209 231)</u>	<u>8 655 364</u>

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Thebemed is administered by Momentum Thebe Ya Bophelo PTY LTD

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