



# ANNUAL GENERAL MEETING (AGM)

**29 June 2023 : 12h00-15h00**  
Orion Hotel & Resort, Donkerhoek Road, Rustenburg

## NOTICE OF THE ANNUAL GENERAL MEETING

For the year end 31 December 2022

Thebemed Medical Aid Scheme ("Thebemed"/"the Scheme") will hold its Annual General Meeting ("AGM") on 29 June 2023.

This meeting is open to all members in good standing and the Scheme's Board of Trustees encourages members to attend the AGM.

Trustee elections will be held at this year's AGM as follows:

### Details of the AGM:

**Date:** Thursday, 29 June 2023

**Time:** 12h00-15h00

**Venue:** Orion Hotel & Resort  
Donkerhoek Road  
Rustenburg

The AGM will also be broadcast live (virtually) to enable members, who are unable to attend in-person, to do so online. The link and platform will be shared closer to the date of the AGM.

Registration will take place prior to the meeting using the link to be provided. Following successful registration, members attending the AGM online will receive an email containing a meeting invitation link a week before the AGM.

Members attending the AGM in person, will be required to provide their South African Identity Number/Passport Number, together with their membership number.

Thebemed Annual Financial Statements for the year ended **31 December 2021** and the minutes of the AGM held on 26 May 2022 will be available on our website -

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

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

### Thebemed Board of Trustees

# AGENDA OF THE ANNUAL GENERAL MEETING

29 June 2023 at 12h00-15h00

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1. Welcome and Quorum.
2. Announcement of venue safety procedures and meeting schedule
3. Introduction of the Scheme Board of Trustees
4. Adjournment of the meeting for Trustee Elections
5. Approval of the minutes of the previous Annual General Meeting held on 26 May 2022.
6. Chairman's Report.
7. Principal Officer's Report.
8. Audit, Risk and Investment Committee's Report
9. Adoption of the audited financial statements for the year ended 31 December 2022.
10. Appointment of the auditors of the Scheme for the ensuing year.
11. Proposed amendment of rule 18.4
12. Approval of Trustee remuneration.
13. Motions in terms of rule 26.1.5.
14. Announcement of the election results.
15. Vote of thanks.
16. Closure.

## **Notices of Motions-Rule 26.1.5**

Please notify the PO of any motions at least seven days prior to the meeting (by Thursday, 20 June 2023). Notices of motions may be sent by email to [principalofficer@thebemed.com](mailto:principalofficer@thebemed.com)

## **Proxies-Rule 27.2**

Each member is entitled to attend and vote at the Annual General Meeting to appoint a proxy (who must be a member of the Scheme) to attend, speak and vote on the member's behalf. The proxy must be in writing (in a proxy form) and must be signed by the member and the person appointed as the proxy.

Dear Members

This is the first annual general meeting since the lifting of curatorship in May 2022. The transition has not been without challenges initially - as the two member elected trustees could not fulfil their obligations and come on board. However, with the support of the CMS, the erstwhile curator and scheme's principal officer, I am pleased to report the Scheme's key achievements and milestones over the past year, which are a testament to the effective management and oversight of the Scheme.

The Board of Trustees ("the Board") successfully filled the casual vacancies left by the two elected trustees ensuring a fully constituted Board. The Board timeously ensured full compliance by appointing an Audit, Risk and Investment Committee in the manner prescribed in the Medical Schemes Act, 31 of 1998 ("the Act"). Furthermore, the relevant committees of the Board (Marketing and Clinical Governance) were established and operationalized with approved Committee charters, agendas, workplans and minutes, in keeping with best practice governance and compliance.

The Board's first order of business was to develop a strategic plan aimed at giving effect to the Board's responsibilities of directing the activities of the Scheme. The plan serves as a control against which performance can be monitored and ensuring that the business of the Scheme operates efficiently and effectively.

Amongst the Scheme's key objectives is to keep the Scheme's solvency ratio above the minimum statutory solvency requirement of 25%. I am able to confirm that the Scheme's solvency ratio was 30.59% on 31 December 2022 (2021: 34.12%). Another priority objective is growing the Scheme's membership and at the end of December 2022, the Scheme had 12,271 principal members, which reflected an increase of 1 022 members when compared to previous year's membership of 11,249.

Risk contribution income increased to R346.6 million (2021: R309.2 million) which is 12.1% higher, in line with increased membership numbers. Relevant healthcare expenditure also increased to R310 million (2021: R254.8 million) which is 21.71% higher than the same period last year. Non-healthcare expenditure increased by 5.81% to R45.2 million or 12.31% of gross contributions (2021: 14%).

As of 31st December 2022, the Scheme reflected a deficit before investment income of R8.6 million, which was below the budgeted surplus after the investment income of R11 million. Members' funds as at 31 December 2022 stood at R112.1 million (2021: R114.3 million).

Thebemed continues to enjoy a healthy membership profile with an average age of beneficiaries of 29 years and a pensioner ratio of 0.42%, which is amongst the best in the industry. Service levels have been maintained and all the Scheme's wellness and disease management programmes are assisting members in leading healthy and productive lives.

Two of the scheme options are self-supporting, with the Fantasy Plan reflecting a net healthcare deficit due to significant high-cost hospital cases.

I am confident that the Board will continue to further strengthen the Scheme's financial standing and position it for long-term growth. The board has the task of considering and evaluating a mutually beneficial merger partner, in line with industry trends. Members will be consulted should such an opportunity arise.

The financial year period 2023 promises to present similar challenges in terms of balancing our need for growth with the need to build our reserves. The economic climate is likely to remain challenging and will necessitate extra effort to ensure good service to our members to ensure membership retention.

On behalf of the board of trustees, I would like to assure you of our continued commitment to providing excellent value to our members.

In closing, I would like to thank you, the members, for your loyal support during this time of rebuilding Thebemed. I would also like to extend a thank you to the principal officer, fellow board members, audit committee members and all our service providers for their continued support and commitment in ensuring that the Scheme's recovery is accelerated.



**Dr Guntant Goolab**  
Chairman

Dear Members,

The 2023-2025 Strategy document adopted by the Board of Trustees requires the Scheme to build on existing successes and to continue to provide affordable, accessible, quality medical aid cover for its members.

The theme for this strategic period is to strive to reduce co-payments and out of pocket payments for members, while striving to ensure that benefits are available for the full year.

The strategy document enables the Board to review all aspects of the business of the Scheme and to ensure that, whilst effectively run, the Scheme remains sustainable.

As the Principal Officer, I am the accounting officer of the Scheme and it is my responsibility to ensure that the Scheme's operational plans are geared towards the effective and efficient execution of the strategy approved by the Board and, further, that regular scheduled reporting against the performance indicators takes place.

## OBJECTIVES FOR 2023

### Growing the Scheme's membership base to 13 069 principal members and 24 755 beneficiaries in 2023.

Membership	Strategy	2022	YTD March 2023
Main Members	13 069	12 271	12 872
Dependants	24 755	23 427	24 245

### Increasing contribution income to R 418 million in contribution income in 2023.

Contribution Income	Strategy	2022	YTD March 2023
	R 418 million	R 367 million	R 408 million

### Growing and building solvency levels to R 122 million, growing the solvency ratio to 29.3% in 2023.

Solvency	Strategy	2022	YTD March 2023
Level	R 122 million	R 108 million	R 116 million
Ratio	29.3%	30.59%	28.49%

### Reducing non-healthcare costs to 12.3% of contribution income in 2023.

Non healthcare Expenses	Strategy	2022	YTD March 2023
	12.3%	13.0%	10.15%

### Increase investment returns to CPI + 2.5% in 2023.

Investment returns	Strategy	2022	YTD March 2023
	CPI + 2.5%	CPI + 1.01%	CPI + 6.08%

### Reducing claims ratio to 85.9% in 2023 and hospital admission rate to 11.5% in 2023.

Claims Ratio & Hospital Admissions	Strategy	2022	YTD March 2023
Claims Ratio	85.9%	89.8%	87.1%
Hospital Admissions	11.0%	11.5%	12.6%

### Activity aimed at strengthening the scheme's core market and product offering.

Most employer groups that Thebemed engages with have employees and members that would be considered lower-income earning employees. The scheme has over many years built up a deep understanding of the healthcare needs of this current and potential membership base.

In September 2022, the Council for Medical Schemes invited the public to comment on the 2022 LCBO Framework Report and Risk Assessment that was developed through a consultative process with industry stakeholders. In its comments, the Scheme expressed its support for the LCBO within the MSA on the basis that it gives practical expression to the ideals of Universal Health Coverage (UHC) consistent with the HMI recommendations and NHI White Paper.

As part of the 2023 benefit design, the Scheme will consider the Signal model analysis to determine the competitive positioning of the Scheme. This will entail a detailed review of the Thebemed offering using the outputs of the Signal model.

The results of the Signal model analysis will assist the Scheme to better understand the positioning of our benefit options in the market as well as the relative value differential offered compared to the market average and selected competitor and comparator schemes.

## Outcome envisaged

1. Affordable differentiated product/benefit options.
2. Contributions which are less expensive compared to competitor options, with competitive, annual increases and lower co-payments and fewer Out Of Pocket payments for members.
3. Products and services that are aligned to the HMI recommendations and NHI direction.

## Disease management

One of the key strategic pillars of the Scheme is to improve the clinical outcomes of members living with chronic conditions. The focus is on the top three conditions affecting most members registered on the Thebemed Disease Management Program namely, HIV, Hypertension and Diabetes Mellitus.

A total of 4 397 unique lives were enrolled on the program at the end of quarter 2023. HIV/AIDS remains the highest prevalent condition with 2 369 lives enrolled, followed by Hypertension and Diabetes with 2 123 and 484 enrollees, respectively. The average HIV Viral load suppression was 91% and ARV medicine compliance was 86% at the end of quarter 1 of 2023.

At the end of March 2023, treatment compliance for members with Hypertension increased from 77% in quarter 4 of 2022 to 79% end of quarter 1 of 2023.

Thebemed encourages members to get assessed early for chronic conditions and if diagnosed, to start treatment early and to remain compliant to the treatment plan. The Scheme will continue to support members living with chronic conditions through ongoing monitoring, telephonic counselling including SMS reminders and education.

## Participation in Health Quality Assessment (HQA)

Measuring the quality of care is a necessary step in the process of improving health care quality. Thebemed is now a member of HQA, an independent body which ensures collaboration on clinical quality measurement and reporting.

Thebemed will receive the annual HQA Report which provides the Scheme with valuable information about clinical quality that informs decisions regarding access to care, utilisation of care and outcomes relative to cost factors.

The HQA Benchmark shows year-on-year progress on the performance of each participant, the performance relative to other participants, and the performance relating to national and international benchmarks and standards.



## Leading governance, risk, compliance practices

### Outcomes envisaged

1. Compliance with the Medical Schemes Act 131 of 1998
2. Fully Constituted Board
3. Monitor the implementation of internal controls and risk management

### Conclusion

2023 is marked by the introduction of the Thebemed's 2023-2025 Strategy. The year will be used to see the strategy fully implemented and practically applied. Members and service providers' responses to the strategy will be reviewed to ensure that the Scheme is delivering to its members as it continues to grow.



**Adv. Gugulethu Tlali**  
**Principal Officer**

## I. Audit, Risk and Investment Committee

During 2022 the Committee comprised: M. Tonjeni (chairperson), S. Maharaj, T. Mochatsi, Dr G. Goolab (trustee) and W. Modisapodi (trustee). The independent members were appointed on 10 August 2022.

The Committee met on 12 August 2022 and 23 November 2022.

The CEO of the administrator, the scheme Principal Officer and the external auditors attend all Audit Committee meetings and have unrestricted access to the chairperson of the Committee.

In accordance with the provisions of the Act, the primary responsibility of the Committee is to assist the Board of Trustees in carrying out its duties relating to the scheme's accounting policies, internal control systems and financial reporting practices. The external auditors formally report to the Committee on critical findings arising from audit activities.

The Committee has a critical role in terms of detailed analysis and management of service provider inputs, and operates as an overseer and a maker of recommendations to the Board for consideration and final approval.

The Committee does not assume the responsibility for risk management which remain the responsibility of the Board. The Committee merely ensures the detailed analysis is conducted in order to provide recommendations and advice to the Board.

The Committee acts in terms of the delegated authority of the Board as recorded in these terms of reference. It has the power to investigate any activity within the scope of its terms of reference. The Board should be kept informed at all times as to the activities and investigations being undertaken by the Committee. This will be via the trustee meetings (and minutes as such) or via written communication on an ad hoc basis.

The Audit, Risk and Investment Committee is pleased to report that:

- It has carried out its duties in terms of the Medical Schemes Act;
- The external auditors have confirmed their independence;
- The assurances provided by management, external auditors and the internal auditors have satisfied the Committee that the controls are adequate and effective;
- It has had oversight of the financial reporting process; and
- It has reviewed the Annual Financial Statements and the audit report thereon and recommended the acceptance thereof by the Board of Trustees.

# AUDIT, RISK AND INVESTMENT COMMITTEE REPORT

For the year ended 31 December 2022 - continued



## 2. Meeting Attendance and Remuneration

The following schedule sets out the attendance at meetings and meeting fees received by members of the audit, risk and investment committee.

Name	Audit, Risk and Investment Committee Meetings		Scheme strategy and Risk Meetings		Meeting fees
	A	B	A	B	R
Dr. G. Goolab - Chairperson - appointed as trustee 27 May 2022, appointed as chairperson 28 June 2022*	2	2	1	1	-
W. Modisapodi - appointed 27 May 2022 *	2	2	1	1	-
W. Moseitlhe - appointed 28 June 2022 *	-	-	1	1	-
M.S. Dijo - appointed 27 May 2022 *	-	-	1	-	-
M. Tonjeni - appointed 10 August 2022	2	2	1	1	55 000
S. Maharaj - appointed 10 August 2022	2	2	1	1	45 000
T. Mochatsi - appointed 10 August 2022	2	2	1	1	45 000
Adv. G. Tlali (Principal Officer) - appointed 27 May 2022	2	2	1	1	-
<b>Total</b>	<b>12</b>	<b>12</b>	<b>8</b>	<b>7</b>	<b>145 000</b>

\* - Trustee

**A** - total possible number of meetings could have attended

**B** - actual number of meetings attended

Mr. Ishmael Tau of Old Mutual Wealth attends all the audit, risk and investment committee meetings.

**M. Tonjeni**  
Chairperson

**Date: 12 April 2023**

## STATEMENT OF RESPONSIBILITY BY THE BOARD OF TRUSTEES

Financial Statements for the year ended 31 December 2022

The Trustees are responsible for the preparation and fair presentation of the annual financial statements of Thebemed Medical Aid Scheme, comprising the statement of financial position at 31 December 2022, and the statements of comprehensive income, changes in funds and reserves and cash flows for the year ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes in accordance with International Financial Reporting Standards, and in the manner required by the Medical Schemes Act of South Africa, no. 131 of 1998 as amended.

The Trustees consider that in preparing the annual financial statements they have used the most appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates.

The Trustees are satisfied that the information contained in the annual financial statements fairly presents the financial performance for the year and the financial position of the scheme at year end. The Trustees also prepared the other information included in the annual financial report and are responsible for both its accuracy and its consistency with the financial statements.

The Trustees are responsible for ensuring that accounting records are kept. The accounting records disclose with reasonable accuracy the financial position of the scheme which enables the Trustees to ensure that the financial statements comply with the relevant legislation.

Thebemed Medical Aid Scheme operates 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 managed.

The going concern basis has been adopted in preparing the annual financial statements. The Trustees have 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 scheme's external auditors are responsible for auditing the annual financial statements in terms of International Standards on Auditing and their report is presented on pages 17 to 21.

The annual financial statements were approved by the Board of Trustees on 12/04/2023 and are signed on its behalf.



**Dr. G. Goolab**  
Chairperson



**W. Modisapodi**  
Trustee



**Adv. G. Tlali**  
Principal Officer

# STATEMENT OF CORPORATE GOVERNANCE BY THE BOARD OF TRUSTEES

Financial Statements for the year ended 31 December 2022



Thebemed Medical Aid Scheme is committed to the principles and practices of fairness, openness, integrity and accountability in all dealings with its stakeholders. The Trustees are satisfied that these standards have been met. The Trustees are proposed and elected by the members of the scheme in terms of the rules of the scheme.

## Board of Trustees

The Trustees meet regularly and monitor the performance of the Administrator and service providers according to service level agreements. They address a range of key issues and ensure that discussion of items of policy, strategy and performance is critical, informed and constructive. The performance of the Board and individual Trustees is evaluated annually taking into account their attendance and contribution at meetings.

## Risk Management and Internal Controls

The Board of Trustees is accountable for the process of risk management and internal controls. The ultimate responsibility for the implementation of the internal controls and risk management has been delegated to the Administrator. Risks are reviewed and identified annually and appropriate strategies are implemented to mitigate these risks. These actions are monitored quarterly by the Board and monthly by the Principal Officer.

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

Internal control audits are performed on a regular basis. The Trustees annually review the disaster recovery procedures of the Administrator, all of which are fully documented.

The Trustees call on an expert and professional advice as and when required.

The scheme conducts its affairs in accordance with standards of acceptable corporate practice and conduct as it applies to medical schemes and trustees.

No event or item has come to the attention of the Board of Trustees that indicates any material breakdown in the functioning of the key internal controls and systems during the year under review.

Handwritten signature of Dr. G. Goolab.

**Dr. G. Goolab**  
Chairperson

Handwritten signature of W. Modisapodi.

**W. Modisapodi**  
Trustee

Handwritten signature of Adv. G. Tlali.

**Adv. G. Tlali**  
Principal Officer

2022	ENERGY	UNIVERSAL	FANTASY	TOTAL
Average number of members during the accounting period	1 239	5 889	5 344	12 472
Number of members at the end of the accounting period	1 205	5 720	5 346	12 271
Average number of beneficiaries during the accounting period	4 142	8 550	10 980	23 671
Number of beneficiaries as at 31 December	4 061	8 271	10 982	23 314
Dependant Ratio as at 31 December	2.37	0.45	1.05	0.90
Net contributions per average member per month (R)	5 069	1 715	2 341	2 316
Net contributions per average beneficiary per month (R)	1 517	1 181	1 139	1 220
Relevant healthcare expenditure per average beneficiary per month (R)	1 220	955	1 150	1 092
Non-health expenses per average beneficiary per month (R)	207	167	134	159
Relevant healthcare expenditure as a percentage of net contributions	80%	81%	89%	84%
Non-health expenses as a percentage of gross contributions	14%	14%	10%	12%
Average accumulated funds per member at year end (R)				9 150
Return on investments as a percentage of investments				4.59%
Average age	25.90	32.16	27.70	28.97
Pensioner ratio	0.85%	0.43%	0.25%	0.42%

# STATEMENT OF FINANCIAL POSITION

Financial Statements for the year ended 31 December 2022



	2022 R	2021 R
<b>Assets</b>		
<b>Non-Current Assets</b>		
Property and equipment	49 114	132 295
<b>Current Assets</b>		
Investments	75 769 986	86 009 374
Trade and other receivables	3 480 736	2 188 298
Cash and cash equivalents	115 523 994	90 584 689
	<u>194 774 716</u>	<u>178 782 361</u>
<b>Total Assets</b>	<u>194 823 830</u>	<u>178 914 656</u>
<b>Funds and Liabilities</b>		
<b>Members' funds</b>		
Accumulated funds	112 278 790	110 662 771
Revaluation reserve - investments	4 871 345	3 673 032
	<u>117 150 135</u>	<u>114 335 803</u>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Trade and other payables	9 007 136	9 924 782
Outstanding claims provision	21 238 347	17 975 114
Personal Medical Savings Account liability	47 428 212	36 678 957
	<u>77 673 695</u>	<u>64 578 853</u>
<b>Total Equity and Liabilities</b>	<u>194 823 830</u>	<u>178 914 656</u>

## SOLVENCY RATIO

	2022 R	2021 R
<b>Total Members' funds per statement of financial position</b>		
Accumulated funds per Regulation 29	112 278 790	110 662 771
Gross Contributions (including savings contributions)	367 053 335	324 289 256
Solvency ratio	30.59%	34.12%

From 31 December 2021 to 31 December 2022, the scheme experienced membership growth of 9% - this was over and above the annual contribution increases. If membership had remained constant from 2021 to 2022, and the extreme high cost case on the Fantasy Plan had not taken place, the accumulated funds ratio would have increased from 2021 to 2022.

The High Court in Pretoria had previously issued an interim order placing the Scheme under provisional curatorship on 23 August 2019, and the interim order was made final on 10 September 2019.

Press Release 6 of 2022 was issued on 30 May 2022, wherein it was confirmed that the Honourable Judge Janse van Nieuwenhuizen had agreed to lift the curatorship on 27 May 2022, in terms of section 5(9) of the Financial Institutions Protection of Funds Act (28 of 2001) (FIA). On this date, the newly elected Board of Trustees was authorised to take control and management of the affairs of the Scheme.

# STATEMENT OF COMPREHENSIVE INCOME

Financial Statements for the year ended 31 December 2022

2022	Energy R	Universal R	Fantasy R	Total Scheme R
<b>Net contribution income</b>	<b>75 369 864</b>	<b>121 176 665</b>	<b>150 087 467</b>	<b>346 633 996</b>
<b>Relevant healthcare expenditure</b>	<b>(60 646 531)</b>	<b>(97 981 878)</b>	<b>(151 454 486)</b>	<b>(310 082 895)</b>
Net claims incurred	(59 738 850)	(93 503 942)	(148 038 138)	(301 280 930)
Net expense of risk transfer arrangement	158 341	(1 520 616)	(462 740)	(1 825 015)
Risk transfer arrangement fees/premiums paid	(3 411 629)	(7 893 502)	(8 482 667)	(19 787 798)
Recoveries from risk transfer arrangements	3 569 970	6 372 886	8 019 927	17 962 783
Managed care services (accredited organisations)	(1 066 022)	(2 957 320)	(2 953 608)	(6 976 950)
<b>Gross healthcare result</b>	<b>14 723 333</b>	<b>23 194 787</b>	<b>(1 367 019)</b>	<b>36 551 101</b>
Broker service fees	(3 072 745)	(4 161 084)	(4 020 186)	(11 254 015)
Administration expenses	(7 208 642)	(13 005 713)	(13 682 583)	(33 896 938)
Net impairment of healthcare receivables	( 5 304)	( 986)	(10 257)	(16 547)
<b>Net healthcare result</b>	<b>4 436 642</b>	<b>6 027 004</b>	<b>(19 080 045)</b>	<b>(8 616 399)</b>
Investment income	1 398 350	2 248 212	5 127 201	8 773 763
Other income	569 503	915 624	1 288 368	2 773 495
Asset management fees	(75 704)	(121 713)	(171 262)	(368 679)
Realisation of investment	(194 282)	(312 360)	(439 519)	(946 161)
<b>Surplus/(deficit) for the year</b>	<b>6 134 509</b>	<b>8 756 767</b>	<b>(13 275 257)</b>	<b>1 616 019</b>
<b>2021</b>	<b>Energy R</b>	<b>Universal R</b>	<b>Fantasy R</b>	<b>Total Scheme R</b>
<b>Net contribution income</b>	<b>80 214 124</b>	<b>117 867 469</b>	<b>111 082 212</b>	<b>309 163 805</b>
<b>Relevant healthcare expenditure</b>	<b>(61 826 059)</b>	<b>(100 160 400)</b>	<b>(92 793 286)</b>	<b>(254 779 745)</b>
Net claims incurred	(60 762 545)	(95 778 062)	(90 911 439)	(247 452 046)
Net expense of risk transfer arrangement	50 506	(1 500 544)	244 812	(1 205 226)
Risk transfer arrangement fees/premiums paid	(3 281 800)	(7 493 048)	(5 992 243)	(16 767 091)
Recoveries from risk transfer arrangements	3 332 306	5 992 504	6 237 055	15 561 865
Managed care services (accredited organisations)	(1 114 020)	(2 881 794)	(2 126 659)	(6 122 473)
<b>Gross healthcare result</b>	<b>18 388 065</b>	<b>17 707 069</b>	<b>18 288 926</b>	<b>54 384 060</b>
Broker service fees	(2 450 871)	(3 638 418)	(3 718 070)	(9 807 359)
Administration expenditure	(7 726 797)	(14 207 787)	(10 893 114)	(32 827 698)
Net impairment on healthcare receivables	(41 647)	(11 675)	( 705)	(54 027)
<b>Net healthcare result</b>	<b>8 168 750</b>	<b>(150 811)</b>	<b>3 677 037</b>	<b>11 694 976</b>
Investment income	2 438 730	3 530 740	4 660 992	10 630 462
Other income	767 635	1 122 191	1 196 960	3 086 786
Asset management fees	(83 540)	(120 041)	(121 785)	(325 366)
<b>Surplus for the year</b>	<b>11 291 575</b>	<b>4 382 079</b>	<b>9 413 204</b>	<b>25 086 858</b>



# STRACHAN & CROUSE

CHARTERED ACCOUNTANTS (SA)  
REGISTERED AUDITORS



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ONS VERW:  
OUR REF : 2/56140

## Independent Auditor's Report

To the Members of Thebemed Medical Aid Scheme

### Report on the Financial Statements

#### Opinion

We have audited the financial statements of Thebemed Medical Aid Scheme (the Scheme), set out on pages 9 to 55, which comprise the statement of financial position as at 31 December 2022, and the statement of profit or loss and other comprehensive income, the statement of changes in members' funds and reserves and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, these financial statements present fairly, in all material respects, the financial position of Thebemed Medical Aid Scheme as at 31 December 2022, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Medical Schemes Act of South Africa.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Scheme in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional

Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<b>Claims</b>	
<p>Claims amounted to R 301 m in the current financial year. Refer to Note 10 in the financial statements. Risk claims incurred is a key driver in determining the sustainability of the scheme. Due to the significance of the matter to the financial statements as a whole and the fact that claims are inherently susceptible to fraud and error, we identified claims to be a key audit matter.</p> <p>The majority of claims are received via electronic data interchange (EDI) and significant controls are implemented to ensure that only valid claims are processed and paid. The payment of valid claims is dependent on the integrity of the administration system of the scheme’s administrator.</p> <p>A clinical committee evaluates claims on a regular basis and compare claim data on an analytical basis from month to month.</p>	<p>We focused our testing on the controls implemented by management to ensure that all claims payable are accounted for and only valid claims are processed and paid.</p> <p>We obtained an understanding of the role that the internal audit department of the administrator played in identifying fraudulent claims.</p> <p>We obtained an understanding of the role of the clinical committee in approving claims to be paid.</p> <p>Through the use of computer assisted audit techniques we interrogated the full claims data and identified those claims which could be subject to audit.</p> <p>We evaluated the accuracy of the master file health care benefits and tariff codes on the administration platform and that members’ benefit options are correctly loaded.</p> <p>We evaluated and considered the findings, as issued by the independent auditors of the administrator of the scheme, on the control and information system processing environment of the administrator.</p>
<p>In terms of the Medical Schemes Act, members have four months from the date on which the medical service was rendered to submit their claims to the scheme.</p>	<p>We assessed the capabilities, competence and objectivity of the actuary and verified his qualifications. We discussed the scope of the actuary’s work with management and reviewed his terms of engagement to</p>

<p>The scheme makes a provision for medical services rendered but not submitted at year end in order to disclose the ultimate cost of settling all claims for the year.</p> <p>The carrying value of the IBNR amounts to R 21 m at year end. Refer to Note 7 in the financial statements.</p> <p>Significant judgement and assumptions are required by the Trustees to determine the value of the provision. A change in the expected percentages of claims in terms of timing or value can cause a material change in the provision.</p> <p>We identified the value of the provision as a key audit matter due to the significance of the judgement and assumptions associated with the value of the provision.</p> <p>The scheme uses an independent actuary to determine the value of the unexpired claims provision.</p>	<p>determine that there were no matters that affected his independence or objectivity or limited the scope of his activities.</p> <p>We evaluated the significant assumptions made by management including the quality of data used, the period elapsed between the year end and the reporting date and entity specific historical information.</p> <p>We compared the value of the provision by the actuary to the portion of outstanding claims provision paid to 31 March 2023 to evaluate the provision.</p>
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### Other Information

The Scheme’s trustees are responsible for the other information. The other information comprises the Report of the Trustees. The other information does not include the financial statements and our auditor’s report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Scheme’s Trustees for the Financial Statements

The Scheme’s Trustees are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Medical Schemes Act of South Africa, and for such internal control as the Scheme’s trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Scheme’s trustees are responsible for assessing the Scheme’s ability to continue as a going concern, disclosing, as applicable, matters related to

going concern and using the going concern basis of accounting unless the Scheme's trustees either intend to liquidate the Scheme or to cease operations, or have no realistic alternative but to do so.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Scheme's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Scheme's Trustees.
- Conclude on the appropriateness of the Scheme's Trustees use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Scheme to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Scheme’s Trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with the Scheme’s trustees, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on Other Legal and Regulatory Requirements**

In terms of CMS Circular 38 of 2018 *Audit tenure*, we report that Strachan & Crouse has been the auditor of Thebemed Medical Aid Scheme for 22 years.

The engagement partner, G S Meiring, has been responsible for Thebemed Medical Aid Scheme’s audit for 5 years.

#### *Non-compliance with the Medical Schemes Act of South Africa*

As required by the Council for Medical Schemes, we report the following material instances of non-compliance with the requirements of the Medical Schemes Act of South Africa as amended that have come to our attention during the course of our audit:

- i. Section 26(7) – Contributions received more than 3 days after the due date.
- ii. Section 33(2) – Benefit options shall be self-supporting, Fantasy options not self-supporting
- iii. Section 59(2) – Payment of benefits or supplier of service within 30 days after the day on which the claim in respect of such benefit was received.
- iv. Section 35(8) (a and c) – a medical scheme is not allowed any investments in the business of an administrator of a medical scheme or holding company of an administrator. Proviso exemption with expiry dates obtained on this section from the Council of Medical Schemes.

  
**STRACHAN & CROUSE**  
G S Meiring  
Partner  
Registered Auditor  
12 April 2023

Capital Junction  
1226 Francis Baard Street  
Hatfield  
0083

The affairs of the Scheme are managed by the Board of Trustees in accordance with the Rules of the Scheme and the Medical Schemes Act. Whilst the Board is entitled to alter or rescind some rules, there are specific rules and decisions that require member approval prior to adoption. The following Resolutions must be presented to members of the Scheme at the Annual General Meeting for voting.

This being an elective Annual General Meeting (AGM), related additional voting proceedings on the elections will take place at the AGM and online. Carefully read the Resolutions to inform your vote.

## 1. AGENDA ITEM 10: RESOLUTION 01

### APPOINTMENT OF THE EXTERNAL AUDITOR IN ACCORDANCE WITH RULE 25.1.

#### Rule 25.1. Auditor and Audit Committee

25.1. An auditor (who must be approved by the Registrar in terms of section 36 of the Act) must be appointed by resolution at each annual general meeting, to hold office from the conclusion of that meeting to the conclusion of the next annual general meeting.

The Board of Trustees proposes the re-appointment of Strachan & Crouse as the Scheme's Auditors for the 31 December 2023 financial statements. In terms of the "Standards for authorization of Auditors" from CMS, all open schemes are PIE (Public interest entities) and as such an audit firm's involvement may not be longer than 10 years with a five year cool off period and an engagement partner 7 years with a 5 year cool off.

Strachan & Crouse is still eligible for re-appointment for the 31 December 2023 financial statements with Gert Meiring as the engagement partner. It is however compulsory to replace Strachan & Crouse from the 31 December 2024 financial year.

## 2. AGENDA ITEM 11: RESOLUTION 02

### PROPOSED RULE AMENDMENT OF RULE 18.4.

The Board of Trustees are recommending the following enhancements to the Scheme Rules for adoption at the members' Annual General Meeting (AGM) to be held on 29 June 2023.

#### Rule no 18.4. Casual Vacancies in the Board

##### Current Scheme Rule

- 18.4.1. The Board may fill by co-option and appointment any casual vacancy which occurs during its term of office.
- 18.4.2. In the case of appointment of a replacement for a member elected trustee, the replacement must be a member of the Scheme and must retire at the first ensuing annual general meeting, but shall be eligible for nomination as a candidate for re-election.

### Proposed New Scheme rule

**Proposed wording:** In the event of a vacancy arising on the Board such that a Trustees elected by members is not able to become a Trustee, the Member who received the next highest number of votes at the preceding election shall assume the position as a Trustee, and hold office as such until the tenure of the Trustee he/she is replacing would have ended. It will only be in the absence of a Member not willing and able to become a Trustee that the Board shall fill such vacancy at the first ensuing annual general meeting if there is no member left on the list.

## 3.AGENDA ITEM 12: RESOLUTION 03

### APPROVAL OF TRUSTEE REMUNERATION IN ACCORDANCE WITH RULE 18.6.11.

#### Rule 18.6. Functioning of the Board

18.6.11. The Board may decide on a remuneration to be paid to its members, provided that remuneration paid to a member of the Board shall be separately disclosed in the annual financial statements to be laid before the next ensuing annual general meeting for approval.

Having considered the guidelines from CMS regarding trustee remuneration and in particular that:

1. Remuneration must be per actual attendance at board meetings and sub-committee meetings.
2. Reference should be made to the CMS annual report for similar size schemes.

The Board of Trustees proposes a CPI increase of 7.1% (R 1 491) to the 2023 remuneration for inflationary purposes. The 2023 Trustee remuneration to increase from R 21 000 to R 22 491 per meeting.

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