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Minutes of the 15th Annual General Meeting held on the 27stof June 2019 1100 at the Rustenburg Golf Club, 180 Bethlehem Drive, Rustenburg.

Trustee Present

Mr. V Mazibuko

Chairman

Dr. W Mophosho

Trustee

Ms. T Mashazi

Trustee

Mr. D Mosia

Trustee

Mr. Z Dlamini

Consultant

2019 -07- 22

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Apologies Received

Mrs. S Mamafha

Principal Executive Officer

Mr. L Mashego

Trustee

Members Present

Including Chairman and Trustee:

47 Members

Proxies received:

None

Observers and service providers:

None



Scheme Board of Trustees: S Mamafha (Principal Officer), V Mazibuko (Chairman), T Mashazi, M Nkambele, Dr W Mophosho, L Mashego, D Mosia P O Box 4709 • Doomfontein • 2028 • South Africa









1. WELCOME AND QUORUM

The Chairman welcomed everyone present at the 15th Annual General Meeting of Thebemed.

A qurom was confirmed. It was also noted that there are 47 members in total.

2. APPROVAL OF THE MINUTES FOR THE PREVIOUS ANNUAL GENERAL MEETING

The minutes of the previous Thebemed Annual General Meeting held on the 21^{st} of June 2018 were circulated to the members with the agenda of the meeting and were taken as read.

There were no questions arising from the minutes and the Chairman proposed that the minutes be adopted. The motion was seconded by the members within the house.

3. TO RECEIVE AND ADOPT THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018, TOGETHER WITH THE REPORT OF THE TRUSTEES AND AUDITORS.

The Annual Financial Statements were made available to members and were taken as read.

The Chairman provided a brief overview of the scheme's financial performance for the period ended 31 December 2018.

Mr. V Mazibuko highlighted that Thebemed's revenue was healthy atR280M, however had suffered a lot of claims being paid over the period. Re-insurance was taken to cover high cost cases above R750K, however the insurance came into effect after paying out a few major cases. The main driver of these claims are attributed to Hospital claims which is in line with the whole industry... On a positive note, it is to be noted that Scheme has experienced increase of about 2000 members, with more members joining our new generation option, the Fantasy plan.

The financial performance of the scheme is outilned in the Statement of Financial Position, Solvency ratio, Operational Statistics and the Statement of Comprehensive Income. The schemes financial performance has improved by 56% closing with a net loss of R3.6m in 2018 when compared to the net loss of R8.3m in 2017. As at 31 December 2018 the claims ratio was 85% and had increased by 25% which is in line with the industry.

The scheme suffered a loss of R3.6m, which resulted in a decrease in the total reserves to R26.9m. Mr. V Mazibuko pointed out that the solvency ratio is at 9.3% which is below the 25% required by the Council for Medical Schemes. To monitor the solvency ratio the scheme continues to submit monthly management accounts to the Council for Medical Scheme and attend bi-monthly meetings.

The Chairman informed the attendees that a copy of the audited financial statements is available for viewing. There were no questions arising and the Chairman proposed that the 2018 financials together with the report of the trustees and the auditors report be adopted. The motion was seconded byname of the person and was carried. .

4. FINANCIAL PERFORMANCE FOR THE PERIOD ENDED 31 DECEMBER 2018 & 7. OPERATIONAL REPORT

The chairman having communicated around the Scheme financials under the previous point, handed over to Dr Mahlaba, the Schemes administration's CEO to take the attendee's through a presentation surrounding the Schemes operational performance.

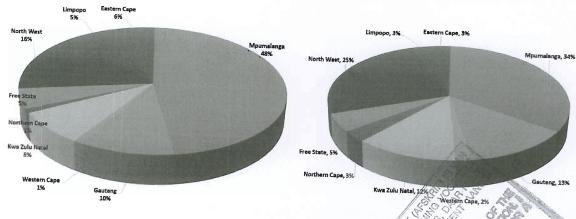
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4.1 Membership Distribution

- The graph below depicts the movement in the membership distribution between the years 2014 and 2018
- Highlights being the move of the Mpumalanga membership from 48% decrease to 34% and the North West increasing from 16% to 25%

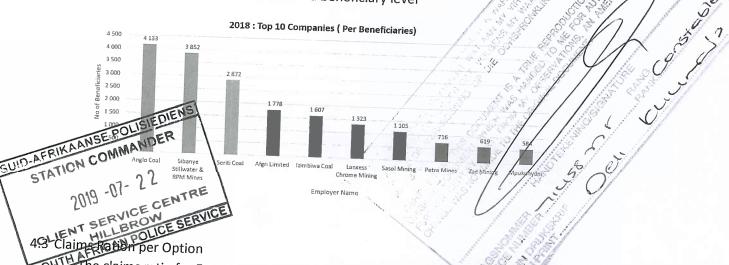
2014 : Membership Regional Split

2018 : Membership Regional Split



4.2 Key Companies

The top 10 companies were listed on a beneficiary level



The claims ratio for Fantasy being at 60%, followed by Energy option at 81% and Universal having the highest claim ratio of 91%

- The reasoning behind Universal being so high could be attributed to a number of factors:
 - The increase disease burden of the plan
 - The way the plan has been costed
 - The manner in which the benefits have been structed
- It is key to also note that the Energy option has been steadily increasing year upon year

4.4 Scheme Financials – Statement of Financial Position

- Assests of the Scheme at R53M
- Liabilities of the Scheme are more around the payment of claims and the provisions that needs to be made for

4.5 Scheme Financials – Statement of Comprehensive Income

- Total income above +/- R280M, the biggest contributors to the income being the Universal and Energy plans.
- The Expenditure of the Universal plan for claims is at R121M against an income of R131M, resulting in R10m net. Whilst the Energy has a net of R25M.
- This may seem positive, however the Scheme costs still are required to be taken into account: Re-insurance fees, Administration costs, and the investment income is less than projected. Therefore, the Scheme experianced a +R3M loss for 2018.
- For the attendess to take note, there are competitors within the industry have a longer operating periods and will therefore have larger reseves than ThebeMed

4.6 Operational Statistics

- The ThebeMed call centre took 60 026 calls for the year 2018, averaging 5 000 calls per month. The average SLA of 90% was attained for the year.
- The ThebeMed team completed 6 811 written enquiries for 2018 and this was done within the 3 days TAT. Of particular noting was the low number of CMS enquiries received, only 3 for the year.
- Claims assessing has been good with less than 10% of the claims being assessed. This is a good indicator, as more claims coming in via EDI method can get processed quicker. The average processing time is well within the Scheme targets.
- The membership applications is averaging 4 to 5 days from date of completed application form. The quarter 1 has longer periods based on the open window periods, and the volume of work increases. This also has some impact on the accuracy with can be seen from the quarter 2 figures.
- Industry Developments Discussion
- NHI Progress: Pilots on-going, beneficiary registry
- Presidential Summit: Improvement of the Public Sector
- Health Market Inquiry: supply side management
- CMS Fraud management initiative
- Inquiry into provider racial profiling
- Consolidation of medical schemes

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- ThebeMed Membership Growth
- Review of the Schemes growth was communicated from the year 2014 where number of main members was 8 338, has increased to 11 549 by the end of 2018, this represents an increase by 3 211 main members.
- Number of beneficiaries also increased from 19 900 in 2014 to 23 948 in 2018, increased by 4 048.
- The growth is healthy for the Scheme, with an average family size of 2. This average family size number is concerning, as this is showing that members are not adding their families onto the medica aid, and this could lead to potential fraudulent activities to occur due to this, i.e. card farming.



Questions raised based on Presentation

1. Member: 001096714 Mr. T Mokhele

Question: Is the Scheme at risk especially relating to the Solvency ratio of the Scheme

Answer: Dr Mahlaba responded that the solvency is currently below the 25% that is required by the Council for Medical Schemes, however, CMS is aware of it and the Scheme attends the Bi-monthly Solvency monitoring meetings and also submits the monthly management accounts. .

Dr Mahlaba also elaborated on some of the following strategies that the Board has adopted in order to improve the Solvency ratio

- To ensure that stricter protocols are in place in order to manage hospital costs.
- Thebe Health Risk Management contracted to manage the high burden of diseases including HIV/Aids
- Flagging of high utilization members through the HFMU (Fraud Waste and Abuse).
- Tarriff negotiations with key service providers especially in the areas of high member concentration
- Continuation of the Efficiency Discounted Options
- Aggressive wellness campaigns and early enrolment on the disease management programs
- On going member education on DSP's and pre-authorizations

5. TRUSTEE REMUNERATION

Phumeza Gama (ThebeMed Accountant) confirmed that the trustees remuneration has increased by 5.4% in line with CPI. The Chairman informed the attendees that ThebeMed being a low cost Scheme, does not pay excessive amounts to trustees, therefore trustees are paid on average R7500 per month.

Member: 001099216 Mr. S Dijo, enquired as to who the Scheme trustees are as they were not introduced. The chairman apologized for that and then proceeded to introduce the ThebeMed trustees who were present at the meeting to all the attendees.

6. APPOINTMENT OF THE AUDITORS OF THE SCHEME FOR THE ENSUING YEAR

The Chairman informed the house that the external auditors Strachan and Crouse will hold office for another year as proposed by the board.

Ms. P Gama 001082809 voted in favour of the motion and trustee Ms. T Mashazi 001003380 seconded the motion to approve the appointment of Strachan and Crouse as Thebemed Medical Scheme external auditors for the 2019 financial year.

8. GENERAL

Question raised from member: 001100609 Mr AS Matshaba on how many years do trustees serve on the board?

Answer by Dr Mahlaba: Each trustee can serve 3 years and be re-elected once again. Thereafter, they can take a break from serving and can be eligible once again. Then there are trustees who are board members based on their professional capacity.

The chairman then indicated to the strender's that this year is not an elective AGM.

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Question raised from member: 001099216 Mr. S Dijo if the AGM for next year be held again at the same venue?

Answer by the Chairman: The BOT will take the request under consideration, but cannot gurantee the request can be fufilled as 2 AGM's have been held in the Rustenburg area, and the Scheme would like to move the AGM's to the areas of concentration of the members. The request will however be reviewed by the BOT.

CLOSURE

The Chairman expressed his gratitude and thanked the members of the scheme for attending the AGM, the board of trustees and the administrator for their continued support and effort.

With no further questions raised and nothing further to discuss, the Chairman closed the meeting at 12H04.

