

ThebeMed Scheme Reg No. 1592
Meersig Building
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Minutes of Thebemed Medical Aid Scheme 20th Annual General Meeting
held at 12h00 on the 20 June 2024
at Destiny Lodge
Plot 24, Lewzene Estate, Cullinan 1000

SCHEME MANAGEMENT

1. Adv. Gugulethu Tlali (GT/PO- Principal Officer)
2. Dr Guvant Goolab (GG-Chairperson)
3. Ms. Wyna Modisapodi (WM-Trustee)
4. Mr Tekantsho Mokoena (TKM - Board Vice Chairperson)
5. Mr Paseka Mokoena (PM) – Trustee)
6. Boitumelo Seitlhobogeng (BS – Trustee)
7. Thabo Mokhele (TM Trustee)
8. Dr Vuyo Mpongoshe (VM – Incoming PO)

AUDIT RISK AND INVESTMENT COMMITTEE MEMBERS

1. Mr Tefo Mochatsi (TFM – ARIC Independent Member)
2. Mr Suren Maharaj (SM-ARIC Independent member)

MOMENTUMTYB

1. Dr Mangaliso Mahlaba (MM - MOM TYB CEO)
2. Ms Khethie Phooko (KP - Fund Manager)
3. Ms Karabo Makhuto (KM - Fund Coordinator)
4. Ms Tebogo Khumalo (TK - Fund Coordinator)

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MEMBERS PRESENT

Members attended physically at the Venue	107
Members attended online	73
Proxies received	None
Observers and Service Providers	Sibongubhle Situnda and Neo Mninzelwa from the Council for Medical Schemes

AGM MINUTES

1. Welcome and Quorum Rule 26.1.3.

- 1.1 The Chairperson opened the meeting at 12:02 and welcomed everyone present at the 20th Thebemed Medical Aid Scheme Annual General Meeting ("AGM").
- 1.2 A quorum was confirmed to be met with more than 80 members present in person and 30 members on the Zoom platform.

2. Announcement of venue safety procedures and meeting schedule

- 2.1 Mr Matthew Madzana, a safety officer representative of Destiny Lodge informed the attendees about the emergency exits and assembly points in case of an emergency, restrooms and Wi-Fi connection access at the venue.

3. Corporate Governance

3.1 Adoption of the meeting agenda.

- 3.1.1. The meeting agenda was adopted with no changes by Mr Sipho Mqati and supported by Mr Serogole Hlokoa.

4. Introduction

4.1 The Scheme Board of Trustees

- 4.1.1 The Chairperson introduced the Board of Trustees present to the members of the Scheme.

4.2 The Scheme Principal Officer

4.2.1 The Chairperson introduced the PO to the members of the Scheme and announced that the PO had completed her 3-year contract with the Scheme and had no capacity for renewal of the contract. The Chairperson further explained that the PO would do a 3-months handover to the incoming Principal Officer and expressed gratitude for the outstanding work accomplished post curatorship.

4.2.2 The Chairperson introduced the incoming PO, Dr Vuyo Mpongoshe to the members and outlined her relevant experience within the medical scheme industry. The Chairperson further explained that VM would commence her duty on 1 July 2024.

4.3 The Council for Medical Scheme ("CMS") observers

4.3.1 The Chairperson introduced the CMS observers Mr Sibongubhile Situnda, Senior Investigator: Compliance & Investigations and Ms Neo Mminzelwa, Officer: Compliance & Investigations (verify with Neo).

4.4 The Audit, Risk, and Investments Committee members ("ARIC")

4.4.1 The two ARIC members, TFM and SM were also introduced to members. It was noted that the third member, Malande Tonjeni could not attend the AGM.

5. Approval of the minutes of the previous: Annual General Meeting held on the 29 June 2023 and the Special General Meeting held on the 08 December 2023

5.1 The Chairperson informed members that the two sets of minutes of the previous meetings were available on the Scheme's website and further announced that members were notified of the AGM at least 21 days prior to the AGM as required in terms of scheme rule 26.1.2.

5.2 The Chairperson -updated the AGM on the main action points that were recommended at the previous AGM. -Submit to the CMS- the scheme rule changes as guided by the AGM discussions. Upon approval of the rule changes by CMS, an SGM had to be held for the election of four member elected trustees. Both the action items were reported to have been completed.

- 5.3 The two set of minutes were **ADOPTED** with no changes by Mr Theo Mokoena and seconded by Mr Sylvester Motlounge.

6. Chairman's Report

- 6.1 The Chairperson reported on the mandate given to implement the key resolutions made at the 2023 AGM. The first resolution was to change the Scheme rules from two member elected trustees to four member elected trustees serving in the Board. An approval by CMS was confirmed on the 11th of October 2023.
- 6.2 The Chairperson reported that the resolution to convene a special general meeting ("SGM") to conclude the member trustee election process was actioned successfully on the 08 December 2023. The successful trustee elections were conducted by the EleXions Agency and observed by CMS and external auditors from Strachan and Crouse.
- 6.3 The Chairperson further explained that the Board ensured compliance with the Scheme rules and Board charter by reappointing the Chairperson of the Board, Vice Chairperson and allocated the newly member elected trustees to the Board committees. GG was reappointed as the Chairperson and TKM was appointed as the Vice-Chairperson of the Board.
- 6.4 The Chairperson reported that the Scheme had a strategy session where it updated and documented its plans to give effect to the Board's responsibilities for directing the activities of the Scheme. The Strategy document served as a tool to monitor the Scheme's performance.
- 6.5 The PO was reported to be providing a quarterly report to the Board on the progress towards meeting the objectives of the strategy objectives and aimed to keep the solvency ratio above the minimum statutory solvency requirement of 25%. The Chairperson noted that the Scheme ended at 32.6% solvency levels in December 2023. As at end of December 2023 the Scheme had 12 736 principal members, an increase of 465 from the previous year.
- 6.6 The chairperson reported the Scheme performance as follows for the year ending 31 December 2023; the contribution income increased to R376.6 million, claims expense increased to R361.5 million, other operating expense increased to 10.9 million. The surplus of the Scheme after investment income was R20 million. The insurance contract liabilities to future members increased to R136.5 million in 2023.

- 6.7 Membership profile demographics reflected a beneficiary profile with an average age of 29 years and a pensioner ratio of 0.39%. The Scheme options performance indicated that Fantasy and Energy options were self-supporting.
- 6.8 The Universal EDO option reflected a net insurance deficit due to high-cost hospital cases.
- 6.9 The Chairperson concluded the report by informing the members that the Board would continue to strengthen the Scheme's financial standing and position it for long-term growth. The Board had an ongoing task of considering and evaluating a mutually beneficial merger partner, in line with industry trends. The Chairperson noted that members would be consulted should such an opportunity arise.
- 6.10 The Chairperson thanked the members of the Scheme, management and stakeholders for their support in rebuilding the Scheme post curatorship.
- 6.11 **Mr Doctor Mhlutshwa from Sibanye Stillwaters mine ("Sibanye") raised the below clarity questions:**
- 6.11.1 **Clarity on whether the Scheme would be having two PO's for the next 3 months as part of the hand over period and if the Scheme had financial resources to afford remuneration for two Principal Officers.**
- 6.11.2 The Chairperson confirmed that the Scheme's current PO's term of office would end on 30 June 2024 and the new PO would start 1 July 2024. He also explained that the Board agreed to implement a handover period to ensure a smooth transition emphasizing that this was - good practice in the industry. The three-month handover period would incur remuneration costs -.
- 6.11.3 **Mr Doctor Mhlutshwa noted the minority representation from North-West at the meeting and encouraged the Board to reconsider Rustenburg for the AGM venue in the next cycle due to the high concentration of members at Sibanye.**
- 6.11.4 The Chairperson responded that in the minutes of the previous AGM, it was noted that the Scheme would consider an alternative AGM venue in other provinces for the 2024 AGM. The Chairperson echoed the point made by the member that a significant portion of the Scheme membership was in the Rustenburg area. The Board noted the request to consider Rustenburg for the next AGM.
- 6.11.5 **Mr Mandla Dlamini proposed AGM's to be held on Friday's as opposed to mid-week, to better accommodate members.**

- 6.11.6 The Chairperson noted the point made by Mr Dlamini and requested that general questions be addressed at the end of the meeting.

7. Principal Officer's Report

- 7.1 The PO gave an overview of the report compiled by Insight regarding the Signal model analysis of the product offering and that the recommendations were considered during the 2023 benefit design process.
- 7.2 The product review analysis revealed that the medication benefits in various scheme options were not adequate. The analysis also revealed that that Universal EDO option, which was designed to be a network option at its inception, did not reinforce its network provisions. The analysis further highlighted the need to improve the Energy option, particularly for families earning below a particular income bracket. Furthermore, the analysis also highlighted the need to enhance the Fantasy option by reconsidering the savings component included in the option.
- 7.3 The PO provided mitigations for the above-mentioned issues previously mentioned in 2023. The medication sub-limits on Fantasy and Energy option were removed, resulting in fewer complaints on medicine. In the 2025 benefit year, the Scheme aim to work closely with pharmacists to address issues related to accessing prescribed medication that were not on the Scheme's formulary list.
- 7.4 The PO reported that in 2023, the Scheme did not have a hospital network on the Universal EDO option, however it had since implemented the network in 2024. The Scheme negotiated with various hospital groups, including Netcare and Life Healthcare, as well as Peglerae, and Ferncrest hospitals in Rustenburg. The Universal EDO Option made provision for members to access non-DSP ("**Designated Service Provider**") hospitals without a co-payment in case of an emergency.
- 7.5 The PO further reported that the income bands on the Energy option were removed, thus making the option more affordable when compared to the Scheme's competitors.
- 7.6 The PO reported on the savings component on the Fantasy option that was reduced from 12% of gross contributions to 10% in an effort to make the option affordable to members.
- 7.7 Additionally, the PO reported on the strategy document that the Board approved. She mentioned that the strategy was intended to cover a period of three years and that every

- year, the Scheme would report on the progress made and provide reasons where targets were not met and resolutions to ensure improved results going forward.
- 7.8 The PO reported that in 2023, the Scheme aimed to grow its membership to 12 799 principal members, however it ended up with only 12 500 members. The Scheme was able to recruit members during the window period, specifically at Seriti, however the growth achieved did not meet the Scheme's budgeted projections because of the unanticipated ring fencing at Sibanye.
- 7.9 The PO highlighted the positive contribution made by the ARIC independent members and the Scheme's investment consultant, which saw the Scheme achieving CPI+1.70% in investment returns in March 2024 when tracking against the target of CPI+3% for 2024. The PO attributed investment returns to the unstable economy due to national elections.
- 7.10 The PO highlighted high-cost hospital claims the Scheme experienced in 2023 that negatively affected the Scheme, however assured that measures were implemented to address the high costs and chronic treatment adherence to reduce the length of hospital stay.
- 7.11 Additionally, the Scheme aims to support employers' wellness programs to benefit the members of the Scheme and retain existing members.
- 7.12 It was noted that Sibanye conducted an analysis and found shortcomings on the Scheme's benefits, member contributions and out of pocket expenses. The Scheme engaged Alexander Forbes to perform a Benefits Richness Comparison ("BERICO") analysis to identify areas where members incurred out of pocket expenses. The aim is to ensure members received full benefits for the whole year with minimal out-of-pocket expenses. Benefit design would address issues raised and improve Scheme benefits for 2025.
- 7.13 The Scheme's strategy on the disease management program focuses on HIV, Hypertension and Diabetes Mellitus to address the health risks faced by members, with a total of 4 528 members registered in the disease program. The program had shown positive results in managing HIV. A similar improvement was noted in managing hypertension from 77% members registers in 2023 to 79% in 2024. The Scheme also collaborated with Health Quality Assessment ("HQA") to assess and enhance the quality of healthcare provided to its members. Furthermore, preventative measures such as flu vaccination campaigns and screenings were promoted through constant communication with members and early enrolment on the maternity program was encouraged.

- 7.14 Mr Sylvester Motlounq enquired about challenges mentioned above by the PO regarding Sibanye, which would be addressed in the 2025 Benefit design, whether they were designated for Sibanye members only or for all members of the Scheme. The PO clarified that all members were considered in benefit design enhancements.**
- 7.15 Mr Doctor Mhlutshwa pointed out that the Board resolution to reduce the member savings component from 12% to 10% required engagement with members and requested the Board to provide reasons why the Scheme decided not to engage members.**
- 7.16 The PO responded that the Board decided to decrease the saving percentage to 10% for the Fantasy option and allow normal increases as opposed to higher increases which would have been prejudicial to members. The PO assured members that the decision is in the best interest of members.**
- 7.17 The Chairperson added that benefits such as general practitioner consultations, which were highly utilized, were paid from the risk component and not the savings component, hence member savings were not depleted at a quicker rate.**
- 7.18 The Chairperson further provided background of when the letter was received from Sibanye in regard to ring fencing and that the Scheme responded to Sibanye in writing and scheduled a meeting where the Signal model analysis, similar to the BERICO analysis, was presented.**
- 7.19 The Chairperson further provided an update on a meeting called by Sibanye, for Principal Officers of the schemes that participated at the employer group. Sibanye outlined the healthcare strategy and the expectations from the various Schemes.**
- 7.20 It was noted that the Board responded to Sibanye's healthcare management in a form of a letter and both parties agreed to a meeting to be held on 21/06/2024 to discuss a progressive way forward.**
- 7.21 Mr Daniel Ndlovu sought clarity about adding dependents under the ring-fencing arrangement to which the PO responded that the ring fencing did not permit new members to be recruited but dependents could be added on existing membership.**
- 7.22 Mr William Moroke asked if the Scheme was currently allowed to recruit new members now at Sibanye during the 2024 window period and the PO advised that ring fencing was still imposed however she mentioned that one of the main objectives of planned engagements with Sibanye is to persuade Sibanye to uplift the ring fencing.**

- 7.23 Mr Fhani Ndlovu from Sibanye proposed that the Scheme should appeal to Sibanye to uplift the ring fencing and not wait for 2024 window period meeting to be held as new employees were recruited and other Schemes were able to recruit. The PO acknowledged the appeal.

8. **Audit, Risk, and Investment Committee Report**

- 8.1 TFM explained that the key role of the Committee was to be independent and provide oversight on related matters. The committee was pleased to report that it carried its duties in terms of the Medical Scheme Act and some of the duties mentioned were to evaluate the controls in place for adequacy, appropriateness, and effectiveness.
- 8.2 TFM confirmed that the Committee reviewed the audited Annual Financial Statements and the Audit report and recommended approval of the financials to the Board of trustees.
- 8.3 TFM took members through the audited Annual Financial Statements ("AFS") as of 31 December 2023 and reported that the solvency ratio at 32.67% had improved as compared to 2022 at 30.40%.

9. **Adoption of Audited Financial Statement**

- 9.1 Mr Sipho Mqathi adopted, and Miss Sibongile Hlahatse seconded the adoption of December 2023 AFS.
- 9.2 The AFS as of 31st December 2023 were **ADOPTED** by the AGM.

10. **Appointment of the External Auditors for the Scheme for the ensuing year**

- 10.1 TFM explained the process undertaken for the appointment of new external auditors for financial year 2024 in compliance with Scheme Rule 25.1. TFM reported that the Scheme was in transition from one auditor to another.
- 10.2 TFM explained that a request for proposal (RFP) was sent out to CMS-accredited external auditors for submission. Only two audit firms made the submission, i.e., RSM SA (previously known as Ngubane & Co) and BDO.
- 10.3 TFM explained to the members that the Board of trustees, in conjunction with the ARIC members, evaluated service providers on a set criterion.

- 10.4 The ARIC proposed the appointment of RSM SA as the Scheme's External Auditors for the 31 December 2024 financial year, as recommended by members at the AGM held on 29 June 2023, based on the CMS accreditation, cost and BBBEE compliance.

11. Adoption of the appointment of RSM SA as the Scheme external Auditors

- 11.1 Mr Lehlohonolo Mokoena adopted and Mr Sylvester Motloung seconded the appointment of the RSM SA as the Scheme external auditors for financial year 2024.

12. Proposed Rule Amendment

12.1 Members noted that the current Scheme Rule 18.1.1.1

Four (4) of the trustees shall be members of the Scheme elected by members at the Annual General Meeting of the Scheme, in accordance with the voting provisions contained in rule 18.2; and

12.2 Proposed wording was as follow:

Four (4) of the Trustees shall be members of the Scheme elected by members by ballot, prior to the general meeting, at the discretion of the Board from time to time and at the general meeting, in accordance with the voting provisions contained in rule 18.2; and

12.3 Members noted that the current Scheme Rule 18.2.1.

At least four (4) Trustees must be members elected by members present at the Annual General Meeting to serve terms of office of 3 (three) years each. (Member-elected trustees) and the Specialist-appointed Trustees shall similarly serve terms of office of 3 (three) years each. Specialist appointed Trustees shall be eligible for reappointment by the Board upon expiration of such term/s of office.

12.4 Proposed wording was as follows:

Generally elected and appointed Trustees are elected/appointed to serve a term of office of three (3) years each.

- 12.5 The proposed rule amendments were **SUPPORTED** by Mr Doctor Mhlutshwa and seconded by Miss Sibongile Hlahatse and there were no objections.

13. Approval of Trustee Remuneration

13.1 It was noted that the Board proposed that Trustee remuneration should be increased in line with the CPI of 6%. The increase would be effective 1 June 2024. The rand value increase would be from R22 491 to R23 840.

13.2 The recommendation was **SUPPORTED** by Mr Stoper Moroke and Mr Solly Mabilu and **ADOPTED** by members at the AGM.

14. General questions

14.1 Mr Theo Mokoena recommended that the Scheme campaigned the AGM attendance during the window period at Sibanye and members would support the Scheme where the AGM would be held.

14.2 **Miss Francis Mokoena from Petra Diamond explained the issue of her financially dependent overaged dependents who was currently studying fulltime, however due to their age, they were not permitted to continue as dependents. Miss Mokoena requested the Scheme to consider membership continuation of such dependents.**

14.3 Mr Ndlovu mentioned that once dependents exceeded the age limit of 25, they were naturally removed from the Scheme. However, the recommendation had been escalated to the Benefit design committee proposing that such dependents should remain on the Scheme if the member can provide annual proof of financial dependency, regardless of whether they were studying or not. The recommendation would be shared with the Board as part of the benefit design proposal.

14.4 Mr Doctor Mhlutshwa proposed that during the benefit design, the Scheme should consider enhancing benefits to the members regarding medication and back pain procedure.

14.5 The Chairperson noted the matters raised and welcomed all the comments and the Board would take them into consideration as part of benefit design project.

15. Vote of thanks

15.1 The Chairperson of the Board thanked members for their continued support and attendance at the AGM.

16. Closure

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16.1 The AGM was adjourned at 14H24.

ACTION ITEMS

TASK	RESPONSIBILITY	PROGRESS
1. The scheduling of future AGM meetings preferably on Fridays		
2. The dependent above the age of 25 years recommendation to continue on the Scheme		
3. The 2025 benefit design to consider medication and back procedure the members of the Scheme.		

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Chairperson Signature

Date 05/12/2024

A rectangular box containing a handwritten signature in black ink.

Principal Officer Signature

Date: 05/12/2024

**CERTIFIED TO BE TRUE COPY OF
THE ORIGINAL
GESERTIFISEER 'N WARE AFSCRIF
VAN DIE OORSPRONKLIKE**

**COMMISSIONER OF OATHS (RSA)
GERTRUDE MURIEL HOLTZHAUSEN
CA(SA)
7 Lutman Street, Central, Port Elizabeth**

A handwritten signature in black ink, appearing to be "G. Holtzhausen".

2024/12/24