



Annual General Meeting (AGM)

20 June 2024 : 12h00-14h00

Destiny Lodge, Cullinan 1000

Notice of the Annual General Meeting

Year ended 31 December 2023

Thebemed Medical Aid Scheme ('Thebemed'/'the Scheme') will hold its Annual General Meeting ('AGM') on 20 June 2024.

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

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.

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

Thebemed Board of Trustees

Details of the meeting

Date:

Thursday, 20 June 2024

Time:

12h00-14h00

Venue:

Destiny Lodge
Plot 24, Lewzene Estate, Cullinan 1000

Thebemed Annual Financial Statements for the year ended **31 December 2023**, the minutes of the AGM held on 29 June 2023 and the minutes of the SGM held on 08 December 2023 will be available on our website - <https://www.thebemed.co.za/archives/>

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

Agenda of the Annual General Meeting

20 June 2024 at 12h00-14h00

1. Welcome and Quorum.
2. Announcement of venue safety procedures and meeting schedule.
3. Introduction of the Scheme Board of Trustees.
4. Approval of the minutes of the previous Annual General Meeting held on 29 June 2023 and the minutes of the Special General Meeting held on 08 December 2023.
5. Chairman's Report.
6. Principal Officer's Report.
7. Audit, Risk and Investment Committee's Report.
8. Adoption of the audited financial statements for the year ended 31 December 2023.
9. Appointment of the new external auditors of the Scheme for the ensuing year.
10. Proposed amendment of rule 18.1.1.1, 18.2.1, 18.2.2 and 18.2.6.
11. Approval of trustee remuneration.
12. Motions in terms of rule 26.1.5.
13. Vote of thanks.
14. Closure.

Notices of Motions-Rule 26.1.5

Please notify the PO of any motions at least seven days prior to the meeting (by Wednesday 12 June 2024). Notices of motions may be sent by email to principalofficer@thebemed.com

Proxies-Rule 27.2

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. The proxy must be in writing (in a proxy form) and must be signed by the member and the person appointed as the proxy.

Chairman's Report

20 June 2024 at 12h00-14h00

Dear Members

This is the second annual general meeting since the lifting of curatorship in May 2022. 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'), with the support of the Principal Officer, implemented the key resolutions approved by members at the 2023 AGM. The first resolution entailed changing the Scheme rules to have four member elected trustees. The required rule change was approved by the Council for Medical Schemes ('the CMS') on 11 October 2023. The second resolution was to convene a Special General Meeting to conclude the trustee election process. This was successfully completed on 8 December 2023. The elections were overseen independently by the Elections Agency of South Africa and observed by the CMS through the presence of Mr Sibonguhle Situnda, CMS's Senior Investigator: Compliance & Investigations. The successful member elected trustees are Tekantsho Mokoena, Paseka Gift Mokoena, Thabo Mokhele and Boitumelo Seithobogeng. The Board immediately ensured compliance with the Scheme Rules and the Board Charter by reappointing me as the Chairperson of the Board, appointing Mr Tekantsho Mokoena as the Vice Chairperson and allocating members to Committees of the Board.

The Board has since updated the Scheme's strategic plan aimed at giving effect to the Board's responsibilities of directing the activities of the Scheme. The plan serve 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 32.67% on 31 December 2023 (2022: 30.40%). Another priority objective is growing the Scheme's membership and as at the end of December 2023, the Scheme had 12 736 principal members, which reflected an increase of 465 members when compared to previous year's membership of 12 271.

Insurance revenue increased to R376.6 million (2022: R346.6 million) which is 8.64% higher from the prior year. Insurance service expenses (excluding amounts attributable to future members) also increased to R361.5 million (2022: R343.2 million) which is 5.33% higher than the same period last year. Other operating expenses increased by 6.28% to R10.9 million or 3% of insurance revenue (2022: 3%).

As of 31 December 2023, the Scheme reflected amounts attributable to future members (surplus after investment income) of R20 million, which was above the budgeted amounts attributable to future members (surplus after investment income) of R10 million. Insurance contract liabilities to future members (previously referred to as reserves) as of 31 December 2023 stood at R136.5 million (2022: R116.5 million).

Thebemed continues to enjoy a healthy membership profile with an average age of beneficiaries of 29 years and a pensioner ratio of 0.39%, which is amongst the best in the industry. Service levels have been maintained and all the Scheme's wellness and disease management programs are assisting members in leading healthy and productive lives.

Two of the scheme options are self-supporting, with the Universal EDO Plan reflecting a net insurance 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. This is particularly important due to the decision by one of the Scheme's major employer groups to ring fence Thebemed at the end of 2023, restricting Thebemed to current members only.

The financial year period 2024 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 sustainability is maintained.



Dr Gunvant Goolab
Chairman

Principal Officer's Report

20 June 2024 at 12h00-14h00

2023 Key achievements and milestones

Some of the key findings from the signal model analysis considered during the 2023 benefits design process were inter alia that:

1. Most Thebemed option benefits are in line with competing options for major medical benefits but tend to have a lower richness for medication benefits.
2. There is an urgent need to reinforce network restrictions and leverage on same in respect of the Universal (EDO) option. The benefit richness of the Universal (EDO) option is the same as the nonnetwork Universal option except for provider restrictions on the EDO option but the Scheme does not have strong networks yet members on the EDO option continues to pay less contributions.
3. There is also an urgent need to reconsider the personal medical savings account percentage in respect of the Fantasy option as the Fantasy and Energy options provide a comprehensive range of cover and with a benefit value of 91% and 92% respectively. However, these two options have different benefit design structures, with the main difference being that the Fantasy option have a Personal Medical Savings Account and as such cheaper compared to the Energy option.
4. There is a serious impact on the competitiveness of the Scheme's low costs options because of PMB Exempt schemes in the same market. The Scheme's Universal options are more expensive as they provide PMB's, but they are the closest options to PMB Exempt schemes in terms of pricing.

Removal of acute medication sublimit

Previously, the Universal and Universal EDO Options did not have a limit on the Acute Medication benefit, however the more comprehensive options, namely the Fantasy and Energy Options did. The Fantasy Option had a limit of R 2 114 (R 2 000 in 2022) for a single member, and R 5 814 (R 5 500 in 2022) for a family however limited to R 2 114 per beneficiary. Similarly, the Energy Option had a limit of R 4 909 (R 4 000 in 2022) for a single member, and maximum R 11 217 (R 10 500 in 2022) for a family size of 4 and above, however limited to R 4 909 per beneficiary. In 2024, the sublimit for both the Fantasy and Energy Options has been removed so that each beneficiary has access to the full Acute Medication benefit equally with the rest of the family members.

Universal EDO hospital network for 2024

The Scheme introduced a hospital network for the UNIVERSAL EDO Option with effect from 2024. The hospitals that belong to Netcare Hospitals, Life Healthcare Hospitals, Mediclinic Hospitals, are within the Universal EDO hospital network, in addition Peglerae Private Hospital and Ferncrest Private hospital in the Northwest Region are also within the Universal EDO hospital network.

Removal of income bands on the energy option

The Energy option offers more comprehensive day-to-day benefits. It is ideally suited to members earning between R 7 000 and above per month. Beneficiaries in this option have unlimited access to GPs as long as in the Thebemed GP Network. The Energy Option has been designed this way because miners often live far away from their families. It is important that all family members can enjoy quality cover close to where they live. The contribution table is income based with a M, M+I and M+2 structure. The reduced contributions for the highest income band are expected to increase the option's attractiveness to high income earners resulting in growth for the option and for the Scheme.

Reducing the savings percent from 12% of gross contributions to 10%

The Fantasy Option is a new generation option which previously included a 12% savings account. The contributions are not income-rated, and the option has a Member-Adult-Child structure. The BoT agreed that, as opposed to reducing benefits for the Fantasy Option, to rather increase contributions by higher than medical inflation rates to ensure correct pricing of the existing benefits. The risk management team has also agreed to improve on their controls to ensure the reduction in costs due to abuse of benefits, the key focus area being GP utilisation.

Low-Cost Benefit Option framework (LCBO)

The Scheme continues to engage extensively with the Council of Medical Schemes (CMS) around the Low-Cost Benefit Options (LCBO) guidelines. On 22 November 2023, the Minister of Health, Dr Joe Phaahla, received a full briefing from the CMS on the LCBO. The Minister would now review the report and engage various stakeholders on the recommendations presented by the CMS before deciding on the LCBO guidelines. The Scheme continues to consider the most prudent way of dealing with identified challenges in the absence of the long-awaited LCBO guidelines.

The revised strategy 2023-2025

On the 27th and 28th of March 2024, the Board of Trustees updated the Scheme's strategy to minimize negative effects the Scheme's ringfencing at one of its biggest employer groups brought about, while capitalising on its strengths.

The revised strategy will see the Scheme retaining and gaining members through its new membership growth approach which involves overseeing the implementation of a comprehensive stakeholder engagement plan to deal with the ringfencing, strengthening the Scheme's relationship with its key stakeholders, growing in other existing and new employer groups, continuing to offer affordable products and minimising member's out-of-pocket exposure.

Objectives for 2024

Growing the Scheme's membership base to 12 799 principal members and 24 082 beneficiaries.

Membership	2023	Strategy 2024	YTD March 2024	Projected 2024
Main members	12 736	12 799	12 500	12 500
Beneficiaries	23 945	24 082	23 667	23 667

Increasing contribution income to R 431 million in contribution income.

	2023	Strategy 2024	YTD March 2024	Projected 2024
Contribution Income	R 402 million	R 431 million	R 107 million	R 423 million

Growing and building solvency levels to R 132 million, growing the solvency ratio from 30.0%

Solvency	2023	Strategy 2024	YTD March 2024	Projected 2024
Reserves	R 136 million	R 132 million	R 137 million	R 134 million
Ratio	32.67%	30.0%	32.06%	31.59%

Reducing non-healthcare costs to 11.0% of contribution income by 2024.

	2023	Strategy 2024	YTD March 2024	Projected 2024
Non healthcare expenses	11.2%	11.0%	10.9%	10.9%

Increase investment returns to CPI + 3.0% by 2024.

	2023	Strategy 2024	YTD March 2024	Projected 2024
Investment returns	CPI + 2.5%	CPI + 3.0%	CPI + 1.70%	CPI + 3.2 %

Reducing claims ratio to 87.0% by 2024 and hospital admission rate to 10.7% by 2024.

Claims Ratio & Hospital Admissions	2023	Strategy 2024	YTD March 2024	Projected 2024
Claims Ratio	87.1%	87.0%	86.8%	90.9%
Hospital Admissions	12.4%	10.7%	12.4%	12.2%

**the projected 2024 figures are an estimate and the final outcome is dependent on the actual Scheme's claim experience for the remainder of 2024.*

Other developments

National Health Insurance (NHI)

The NHI Bill was approved by the National Council of Provinces in December 2023 and is yet to be assented to by the President.



Adv. Gugulethu Tlali
Principal Officer

Audit, Risk and Investment Report

Year ended 31 December 2023

I. Audit, Risk and Investment Committee

During 2023 the Committee comprised: M. Tonjeni (chairperson), S. Maharaj, T. Mochatsi, Dr G. Goolab (trustee) and W. Modisapodi (trustee).

The Committee met on four occasions during the year:

- 1 February 2023
- 12 May 2023
- 1 August 2023
- 3 November 2023

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

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		Meeting fees	Expenses
	A	B	R	R
Dr. G. Goolab - Chairperson of Board*	4	4	-	-
W. Modisapodi*	4	4	-	-
M. Tonjeni	4	4	122 840	2 462
S. Maharaj	4	4	92 130	1 170
T. Mochatsi	4	4	77 130	-
Adv. G. Tlali (Principal Officer)	4	4	-	-
Total	24	24	292 100	3 632

* - 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: 18.04.2024

Statement of Responsibility by the Board of Trustees

Financial Statements for the year ended 31 December 2023

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 2023, and the statements of comprehensive income, changes in members' funds 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 IFRS® Accounting 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 auditor is responsible for auditing the annual financial statements in terms of International Standards on Auditing and their report is presented on pages 17-21.

The annual financial statements were approved by the Board of Trustees on 02 May 2024 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 2023

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 appointed 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 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 call on 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.



Dr. G. Goolab
Chairperson



W. Modisapodi
Trustee



Adv. G. Tlali
Principal Officer

Operational Statements

Financial Statements for the year ended 31 December 2023

2023	ENERGY	UNIVERSAL	FANTASY	TOTAL
Average number of members during the accounting period	1 103	5 493	6 233	12 828
Number of members at the end of the accounting period	1 048	5 399	6 289	12 736
Average number of beneficiaries during the accounting period	3 767	7 796	12 557	24 120
Number of beneficiaries as at 31 December	3 618	7 633	12 694	23 945
Dependant Ratio as at 31 December	2.45	0.41	1.02	0.88
Net insurance revenue per average member per month (R)	5 462	1 811	2 473	2 446
Net insurance revenue per average beneficiary per month (R)	1 599	1 276	1 227	1 301
Insurance service expenses per average beneficiary per month (R) *	1 243	1 323	1 205	1 249
Other expenses per average beneficiary per month (R)	46	36	39	39
Insurance service expenses as a percentage of insurance revenue *	78%	104%	98%	96%
Other expenses as a percentage of insurance revenue	3%	3%	3%	3%
Average insurance contract liability to future members per member at 31 December (R)				10 720
Return on investments as a percentage of investments				7.81%
Average age	26.04	32.96	27.90	29.11
Pensioner ratio	0.82%	0.44%	0.23%	0.39%

* Insurance service expenses exclude amounts attributable to future members.

Statement of Financial Position

As at 31 December 2023

	2023 R	Restated 2022 R	Restated 1 January 2022 R
ASSETS			
Non-Current Assets	96 698 879	75 819 100	86 141 669
Plant and equipment	13 479	49 114	132 295
Financial assets at fair value through profit or loss	96 685 400	75 769 986	86 009 374
Current Assets	130 918 588	116 289 001	91 308 986
Financial assets at amortised cost*	37 958 333	21 000 000	14 000 000
Trade and other receivables	-	-	-
Cash and cash equivalents	92 292 454	94 683 917	76 664 384
Reinsurance and contract assets	667 801	605 084	644 602
Total Assets	<u>227 617 467</u>	<u>192 108 101</u>	<u>177 450 655</u>
LIABILITIES			
Non-current liabilities			
Insurance contract liabilities	136 526 454	116 469 303	113 776 405
Current Liabilities	91 091 013	75 638 798	63 674 250
Trade and other payables	247 019	193 220	969 141
Insurance contract liabilities	90 843 994	75 445 578	62 705 109
Total Liabilities	<u>227 617 467</u>	<u>192 108 101</u>	<u>177 450 655</u>

* Fixed deposits invested for periods between 3 and 12 months have been reallocated from cash and cash equivalents to financial assets at amortised cost in the prior year comparatives. This change has been made to more appropriately reflect the nature of the fixed deposits.

Solvency Ratio

The solvency ratio is calculated on the following basis:

	2023 R	Restated 2022 R
Insurance contract liabilities to future members	136 526 454	116 469 303
Less: cumulative unrealised net gains	(5 258 277)	(4 871 345)
Insurance contract liabilities to future members excluding unrealised gains	131 268 177	111 597 958
Gross contributions	401 839 961	367 053 335
Ratio of insurance contract liabilities (future members) to gross annual contribution income	32.67%	30.40%

Statement of Comprehensive Income

Financial Statements for the year ended 31 December 2023

2023	Energy R	Universal R	Fantasy R	Total R
Insurance revenue	72 268 238	119 378 412	184 947 898	376 594 548
Insurance service expenses (excluding amounts attributable to future members)	(56 181 166)	(123 807 836)	(181 550 279)	(361 539 281)
Net expense from reinsurance contracts held	(54 596)	(1 006 449)	532 899	(528 147)
Reinsurance expenses from reinsurance contracts held	(3 243 799)	(7 544 640)	(10 026 601)	(20 815 041)
Reinsurance income from reinsurance contracts held	3 189 203	6 538 191	10 559 500	20 286 894
Insurance service result	16 032 476	(5 435 873)	3 930 518	14 527 121
Interest income from financial assets	1 943 200	3 195 065	9 533 993	14 663 258
Net fair value gains on fair value investments	51 039	84 311	251 581	386 931
Net investment income	1 985 239	3 279 376	9 785 574	15 050 189
Net healthcare result	18 017 715	(2 156 497)	13 716 092	29 577 310
Sundry income	341 410	563 968	992 996	1 898 374
Other operating expenses	(1 979 281)	(3 276 372)	(5 717 568)	(10 973 221)
Investment consulting	(80 086)	(132 293)	(232 932)	(445 310)
Net surplus (deficit) for the year	16 299 758	(5 001 194)	8 758 588	20 057 152
Members at 31 December 2023	1 048	5 399	6 289	12 736

2022	Energy R	Universal R	Fantasy R	Total R
Insurance revenue	75 369 864	121 176 665	150 087 467	346 633 996
Insurance service expenses (excluding amounts attributable to future members)	(68 978 317)	(110 222 815)	(163 970 818)	(343 171 950)
Net expense from reinsurance contracts held	158 341	(1 520 616)	(462 740)	(1 825 015)
Reinsurance expenses from reinsurance contracts held	(3 411 629)	(7 893 502)	(8 482 667)	(19 787 798)
Reinsurance income from reinsurance contracts held	3 569 970	6 372 886	8 019 927	17 962 783
Insurance service result	6 549 888	9 433 234	(14 346 091)	1 637 031
Interest income from financial assets	1 398 350	2 248 212	5 127 201	8 773 763
Net fair value gains on fair value investments	40 188	64 612	147 352	252 152
Net investment income	1 438 538	2 312 824	5 274 553	9 025 915
Net healthcare result	7 988 426	11 746 058	(9 071 538)	10 662 946
Sundry income	569 503	915 624	1 288 368	2 773 495
Other operating expenses	(2 134 145)	(3 442 599)	(4 798 120)	(10 374 864)
Investment consulting	(75 704)	(121 713)	(171 262)	(368 679)
Net surplus (deficit) for the year	6 348 080	9 097 370	(12 752 552)	2 692 898
Members at 31 December 2022	1 205	5 720	5 346	12 271

OUR REF: 2/5614/0

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 65, which comprise the statement of financial position as at 31 December 2023, 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 2023, 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
Claims	
<p>Claims amounted to R 318 m in the current financial year. Refer to Note 15 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>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>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 determine that there were no matters that affected his independence or objectivity or limited the scope of his activities.</p>

<p>The carrying value of the LIC amounts to R 21 m at year end. Refer to Note 12.1 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>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 2024 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 23 years.

The engagement partner, G S Meiring, has been responsible for Thebemed Medical Aid Scheme's audit for 6 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, Universal option 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
2 May 2024

Capital Junction
1226 Francis Baard Street
Hatfield
0083

Resolutions for the 20th Thebemed Medical Scheme Annual General Meeting

To be held on 20 June 2024

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.

I.AGENDA ITEM 10: RESOLUTION 01

APPOINTMENT OF THE GENERAL ELECTED AND APPOINTED TRUSTEES IN ACCORDANCE WITH RULE 18.1.1.1, 18.2.1, 18.2.2 and 18.2.6

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

Proposed New Scheme Rule

18.1.1.1. 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

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

Proposed New Scheme Rule

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

Current Scheme Rule

- 18.2.2.** Retiring members of the Board are eligible for re-election. The maximum term of office is 2 terms and 3 years.

Proposed New Scheme Rule

- 18.2.2.** Retiring members of the Board are eligible for re-election/re-appointment provided that no person shall serve more than two (2) consecutive terms and no more than three (3) terms all together.

Current Scheme Rule

- 18.2.6.** Except as provided for in rules 18.4.1., the election for member elected trustees must be carried out by the members present and entitled to vote at the annual general meeting of members of the Scheme.
Trustees elected by members shall serve as such until the third annual general meeting succeeding their election.

Proposed New Scheme Rule

- 18.2.6.** Except as provided for in rules 18.4.1., elections shall occur by ballot, prior to the general meeting, at the discretion of the Board from time to time and at a general meeting.

2. AGENDA ITEM 11: RESOLUTION 02

APPROVAL OF TRUSTEE REMUNERATION IN ACCORDANCE WITH RULE 18.6.11

- 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 on trustee remuneration in that:

- remuneration must be per actual attendance at board meetings and sub-committee meetings; and
- reference should be made to the CMS annual report for similar size schemes.

The Board of Trustees proposes a CPI increase of 6.0% (R 1 349) to the 2024 remuneration for inflationary purposes. The 2024 trustee remuneration is to increase from R 22 491 to R 23 840 per meeting.

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Thebemed is administered by
Momentum Thebe Ya Bophelo PTY LTD

