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Thebemed is administered by Thebe Ya Bophelo Administrators,
a division of the Thebe Investment Corporation, one of South Africa's leading
empowerment companies



PROUDLY ADMINISTERED BY
THEBE YA BOPHELO
ADMINISTRATORS

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ANNUAL GENERAL MEETING (AGM)

20 JUNE 2017 : 10h30

To be held at the
BON Hotel Riviera on the Vaal



Notice is hereby given of the Thirteenth Annual General Meeting of members of Thebemed Medical Scheme.

Should you wish to attend, the details are as follows:

Date: Tuesday, 20th June 2017

Time: 10h30

Venue: BON Hotel Riviera on Vaal

Thebemed Annual Financial Statements for the year ended 31 December 2016 and the minutes of the AGM held in May 2016 will be available on our website - www.thebemed.co.za

Detailed printed copies of the Annual Financial Statements will be available at the venue two hours before the meeting.

Regards

Sibongile Mamafha
Principal Officer



	Universal Plan R	Energy Plan R	Total Scheme R
2015			
Net contribution income	74 713 243	114 898 923	189 612 166
Relevant healthcare expenditure	(71 437 854)	(84 824 679)	(156 262 534)
Net claims	(69 867 257)	(82 688 070)	(152 555 327)
Accredited managed health care	(829 220)	(1 319 982)	(2 149 202)
Net expense on risk transfer arrangements	(741 377)	(816 627)	(1 558 005)
Risk transfer arrangement fees	(5 768 877)	(6 022 275)	(11 791 152)
Recoveries from risk transfer arrangements	5 078 856	5 286 754	10 365 609
Loss share	51 356	(81 106)	(132 462)
Gross healthcare result	3 275 389	30 074 244	33 349 632
Broker service fee	(2 122 005)	(2 991 403)	(5 113 407)
Administration expenses	(11 146 312)	(14 536 427)	(25 682 739)
Impairment losses on trade and other receivables	(156 308)	(238 229)	(394 537)
Net healthcare result	(10 149 236)	12 308 185	2 158 949
Other income – Investment income	1 035 196	1 626 004	2 661 200
Asset Management fees	(65 607)	(103 050)	(168 657)
Surplus / (deficit) for the year	(9 179 647)	13 831 139	4 651 492
Interest paid	-	-	-
Net surplus / (deficit) for the year	(9 179 647)	13 831 139	4 651 492

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2016

	Universal Plan R	Energy Plan R	Total Scheme R
2016			
Net contribution income	90 699 934	1 18 954 019	209 653 953
Relevant healthcare expenditure	(83 445 285)	(97 549 725)	(180 995 009)
Net claims	(83 092 570)	(94 319 421)	(177 411 991)
Accredited managed health care	(1 012 804)	(1 367 340)	(2 380 144)
Net expense on risk transfer arrangements	660 089	(1 862 963)	(1 202 874)
Risk transfer arrangement fees	(6 524 944)	(7 469 684)	(13 994 628)
Recoveries from risk transfer arrangements	7 195 517	5 620 705	12 816 222
Loss share	(10 484)	(13 984)	(24 268)
Gross healthcare result	7 254 649	21 404 294	28 658 944
Broker service fee	(2 885 695)	(3 357 271)	(6 242 966)
Administration expenses	(13 576 905)	(14 602 269)	(28 179 174)
Impairment losses on trade and other receivables	(15 536)	(70 714)	(86 250)
Net healthcare result	(9 223 487)	3 374 040	(5 849 446)
Sundry Income - Investment income	1 069 629	1 438 764	2 508 393
Other income	105 724	141 432	247 156
Asset Management fees	(66 850)	(94 794)	(161 644)
Interest paid	-	-	-
Net surplus / (deficit) for the year	(8 114 984)	4 859 443	(3 255 541)

AGENDA OF THE ANNUAL GENERAL MEETING

10h30 20 June 2017, BON Hotel Riviera

- Welcome and Quorum.
- Approval of the minutes of the previous Annual General Meeting held on 20th May 2016.
- To receive and adopt the audited financial statements for the year ended 31 December 2016, together with the report of the trustees and auditors.
- Financial performance for the period 31 December 2016.
- Trustee remuneration.
- Appointment of the auditors of the scheme for the ensuing year.
- Operational report.
- Feedback regarding the proposed merger.
- General.

Please notify the Principal Officer of any motions at least seven days prior to the meeting (by Tuesday, 13th June 2017). Notices of motions may be sent by post to: The Principal Officer, P O Box 16144, Doornfontein, 2028

Proxies

Each member eligible 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 in the member's stead for all matters apart from election of trustees in terms of rule 18.2.

CHAIRMAN'S REPORT

for the year ended 31 December 2016



Dear Members

2016 was a year of mixed fortunes for Thebemed. The scheme continued to be affected by the state of the economy and in particular the impact of shaft closures and retrenchments. Despite these challenges, we were able to grow the scheme by a net 880 members (an effective increase of 9%). Revenue also increased by 11% to R 210 million.

Thebemed however, had a challenging year with regard to claims. These increased by 16% to R 180 million and by 7% per member. The net result was a net loss for the year of R 3.3 million and an unfortunate decline in reserves to R39.7 million, representing 18.6% of annual premiums. The CMS has, however, approved the updated Business Plan for 2017 with a target reserve ratio of 15.6%.

In terms of healthcare claims, the net claims ratio of 86% represented generally higher claims industry wide and the claims ratio was in line with industry norms. The Universal Plan claim ratio however was concerning at 92%. Key concerns revolved around hospitals and Specialist's costs. As a result, Thebemed was forced to increase the annual premium rates by an average 16%. It is hoped that the introduction of an Efficiency Discount Option (EDO) for the Universal Plan will also assist in restraining claims levels whilst retaining affordability of premiums.

Thebemed continues to provide meaningful benefits to our members. Besides the day to day claims, a high number of high individual claims were paid in which 5 of these were in excess of R 500 000 and 1 in excess of R 1 million;

Thebemed continues to enjoy a very healthy member profile with an average age of 27.09 years, pensioner ratio of 0.48% and a chronic ratio of 15%;

From an administrative perspective, Thebemed continues to exceed industry service level benchmarks with average claims turnaround times at less than 4 days, call center response rates at 11 seconds

OPERATIONAL STATISTICS

as at 31 December 2016

2016	Total	ENERGY	UNIVERSAL
Average number of members during the accounting period	10 115	3 121	6 994
Number of members at 31 December 2016	10 244	3 094	7 150
Average number of beneficiaries during the accounting period	22 018	10 868	11 150
Number of beneficiaries at 31 December 2016	22 207	10 858	11 349
Dependant Ratio at 31 December 2016	1.2	2.5	0.6
Net contributions per member per month (R)	1 727	3 177	1 081
Average net contributions per beneficiary per month (R)	793	912	678
Relevant healthcare expenditure per average beneficiary per month	685	748	624
Non-healthcare expenses per average beneficiary per month (R)	131	138	123
Relevant healthcare expenditure as a percentage of gross contributions	86%	82%	92%
Non-healthcare expenses as a percentage of gross contributions	16%	15%	18%
Average accumulated funds per member at year end	3 920.36		
Return on investments as a percentage of investments	6%		
Average Age	27.09	24.83	29.24
Pensioner Ratio	0.48%	0.54%	0.42%



STATEMENT OF FINANCIAL POSITION

as at 31 December 2016

	2016 R	2015 R
ASSETS		
Non-current assets		
Property and equipment	17 819	2 385
Current assets	54 069 419	56 498 503
Available-for-sale investment	21 444 178	20 345 947
Trade and other receivables	9 409 884	8 743 365
Cash and cash equivalents	23 215 357	27 409 191
Total assets	54 087 238	56 500 888
FUNDS AND LIABILITIES		
Members' funds		
Accumulated funds	38 953 709	42 209 251
Investment Reserves	700 761	178 166
Current liabilities	14 432 768	14 113 471
Outstanding claims provision	8 831 816	9 864 241
Trade and other payables	5 600 952	4 249 230
Total funds and liabilities	54 087 238	56 500 888

SOLVENCY RATIO

as at 31 December 2016

	2016 R	2015 R
Total Members' funds per Statement of financial position	38 953 709	42 209 251
Accumulated funds per Regulation 29	38 953 709	42 209 251
Gross Contributions	209 653 952	189 612 166
Solvency Ratio	18.6%	22.3%

The solvency ratio has not been met as per the Regulations of the Medical Schemes Act due to the focus on membership growth to allow the scheme to build up sufficient reserves. The scheme is aware that the increase in membership will negatively affect the reserves until the increased membership contributed to reserves. A business plan was submitted to the Council for Medical Schemes and the solvency ratio for 2016 was approved at 15.8%.



(with 90% of queries resolved in the first call) and new membership turnaround of 3 days.

During the year, Thebemed continued to encourage members to use the innovative benefits aimed at empowering members to live healthy lives. These include – Thebe Prevention, Thebe Wellness, Thebe Support and Thebe Youth. These benefits are targeted at addressing core health and psycho-social challenges faced by our members through the provision of awareness, education, early detection and access to appropriate support structures.

Conclusion

In conclusion, ThebeMed has enjoyed a mixed performance for 2016, with pleasing membership growth, offset by the higher claims experience. In recognition of the continuing consolidation of the industry, we continue to assess viable options for a potential merger with other like-minded schemes and will approach our members should a suitable option arise.

We would like to express our gratitude to all of our partners and especially our administrators Thebe ya Bophelo Healthcare Administrators for their commitment to continual improvement and for containing administrative costs at well below the industry average.

2017 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 justify 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.

VUSI MAZIBUKO
Chairman



STATEMENT OF RESPONSIBILITY BY THE BOARD OF TRUSTEES

for the year ended 31 December 2016

The trustees are responsible for the preparation, integrity and fair presentation of the annual financial statements of THEBEMED Medical Aid Scheme. The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The Medical Schemes Act of South Africa and include amounts based on judgements and estimates made by management.

The 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 results of operations for the year and the financial position of the scheme at year-end. The trustees also prepared the other information included in the annual report and are responsible for both its accuracy and its consistency with the annual 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 annual financial statements comply with the relevant legislation.

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

The going concern basis has been adopted in preparing the annual financial statements. The 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 financial statements in terms of International Standards on Auditing.

The financial statements were approved by the Board of Trustees on 6 April 2017 and were signed on its behalf by:


CHAIRMAN
V Mazibuko


TRUSTEE
T Mashazi


PRINCIPAL OFFICER
S Mamafha

6 April 2017



STATEMENT OF CORPORATE GOVERNANCE BY THE BOARD OF TRUSTEES

for the year ended 31 December 2016

THEBEMED Medical Aid Scheme is committed to the principles and practice of fairness, openness, integrity, and accountability in all dealings with its stakeholders. The trustees are proposed and elected by the members of the scheme and the employers.

BOARD OF TRUSTEES

The trustees meet regularly and monitor the performance of the Administrator. They address a range of key issues and ensure that discussion of items of policy, strategy and performance is critical, informed and constructive.

All trustees have access to the advice and services of the Principal Officer and, where appropriate, may seek independent professional advice at the expense of the scheme.

INTERNAL CONTROL

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

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.


CHAIRMAN
V Mazibuko


TRUSTEE
T Mashazi


PRINCIPAL OFFICER
S Mamafha

6 April 2017