



2022 AGM

Notice of Annual
General Meeting

IMPORTANT

Remember to always obtain an authorisation number by calling the Umvuzo Health call centre for all hospital and specialist services required. **0861 083 084**

Ensure you have the following on hand:

- Patient's membership number
- Patient's date of birth
- Details of treating doctor/hospital
- Caller's details

NINETEENTH ANNUAL REPORT: 2022

NOTICE IS HEREBY GIVEN THAT THE 19th (NINETEENTH) ANNUAL GENERAL MEETING OF MEMBERS OF UMVUZO HEALTH MEDICAL SCHEME WILL BE HELD ON FRIDAY, 9 JUNE 2023, AT 12:00 IN THE CULLINAN ROOM, SOUTHERN SUN, C/O STANZA BOPAPE AND STEVE BIKO STREET, ARCADIA, PRETORIA.

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HB VAN ZYL
PRINCIPAL OFFICER
2 May 2023

A full set of the Annual Financial Statements is available from **UMVUZO HEALTH** on request.

MINUTES OF 18th ANNUAL GENERAL MEETING (AGM) OF MEMBERS HELD ON FRIDAY 24 JUNE 2022, AT 12:00, AT THE CULLINAN ROOM, SOUTHERN SUN, PRETORIA.

1. ATTENDANCE REGISTER

A	BOARD OF TRUSTEES	CAPACITY	P = PRESENT A = ABSENT AP = APOLOGY
	Mr MF Nqume	Chairperson	P
	Me SS Mabuza	Vice-Chairperson	P
	Mr MM Kiet	Member	P
	Mr WM Mokoena	Member	P
	Mr CS Motaung	Member	P
	Mr BR Radebe	Member	P
	Mr SS Sibambo	Member	P
	Mr A Solomon	Member	P
	Mr JL Tantsi	Member	P

B MEMBERS

It was noted that 234 (two-hundred and thirty-four) members were present at the start of the AGM according to the Attendance Register. The total members attending the AGM was 279 (two-seven-nine).

A written apology was received from Me Bester.

C IN ATTENDANCE

Mr HB van Zyl	Principal Officer	P
Mr HG Mavundza	Head of Administration	P
Mr BT Diniso	Compliance Executive	P
Mr PC du Preez	Medical Advisor	P
Mr J Barnard	External Auditor: Ransome Russouw Inc	P

2. OPENING AND WELCOME

The Chairperson of **UMVUZO HEALTH** opened the 18th Annual General Meeting (AGM) and welcomed everyone present to the Scheme's first in-person AGM following 2 (two) years of holding virtual AGMs. It was noted that the Notice together with the Agenda for the AGM were sent out in terms of the Scheme Rules and received by the members, as such the Notice and the Agenda were declared as read. There being a quorum in terms of Scheme Rule 26.1.3 (i.e., more than 30 members present), the Chairperson declare the meeting as duly constituted and officially opened.

At the behest of the Chairperson, the Principal Officer (PO) of **UMVUZO HEALTH**, Mr. HB van Zyl, extended a special word of welcome to Mr. J Barnard (external auditor of the Scheme), Mr Selby Mduli (representative from Council for Medical Schemes) as well as the members of the Scheme that were attending the Scheme's AGM for the very first time since joining the Scheme.

The PO also used this opening to extend condolences to the **UMVUZO HEALTH** family following the untimely passing of the former Chairperson of the Scheme, Mr Frans Snowy Nkosi, on 28 June 2021 due to Covid-19. Members were advised that Mr Nkosi was an active member of the Board since 14 June 2013 and Chairperson of the Scheme since 25 August 2017. The meeting was requested to hold a moment of silence for the Chairperson as well as all the members of the Scheme that had lost their loved ones due to Covid-19.

Following the moment of silence, the PO drew the meeting's attention to the proposed rules of order for conducting the AGM. The following rules were accepted by the meeting following some questions/clarifications were sought from the floor: -

- A member will only have a chance to speak once per topic;
- The speaker must keep to the discussion;
- Only items appearing on the Agenda of the AGM shall be discussed;
- All cell phones must be switched off or put on silent;
- Members must avoid coming and leaving the venue as much as possible;
- No interjections while another speaker has the platform;

- If one wishes to speak, they are required to raise their hand to be identified and must introduce themselves before they speak;
- Problems of a personal nature must be discussed during office hours; and
- Discussions/questions of items not on the Agenda to be addressed after formal conclusion of this meeting.

In addition to the above, the PO used this opportunity to give some background on the Scheme and highlight some of the Scheme's key achievements for 2021. It was noted that: -

- **UMVUZO HEALTH** now covers in excess of 47,000 members and more than 85,000 lives.
- The Scheme's solvency ratio of 44.2% as at 31 December 2021 was higher than the required solvency ratio of 25.0%. Thus, the Scheme is now geared for further growth and expansion.
- It was noted that **UMVUZO HEALTH** has thus far never made a deficit and as such it has never been necessary for the Scheme to impose untimely interim premium increases during any financial year. This result was linked to the Scheme's management team which is duly supported by an active Board of Trustees.
- It was noted that the Covid-19 pandemic overshadowed the past 2 (two) financial years. However, during this time, the Scheme funded 25,000 Covid-19 tests of which 4,700 came back positive. The total cost for Covid-19 tests conducted currently stands at approximately R20 million and the Scheme has paid in excess of R140 million for claims related to Covid-19.
- According to the Department of Health's Electronic Vaccinations Data System, almost 85,000 vaccinations have been administered to **UMVUZO HEALTH** beneficiaries which suggests that a high percentage of the Scheme's eligible beneficiaries have been vaccinated.
- It was noted that the National Health Insurance discussion is ongoing and has recently been receiving more media coverage. The Board continues to keep a close eye on this issue.

3. MINUTES OF THE PREVIOUS ANNUAL GENERAL MEETING

Members were referred to the minutes of the previous AGM held on 11 June 2021 as contained on pages 2 to 9 of the AGM pack. It was noted that the minutes were distributed to all members and made available via the Scheme's website. Therefore, the minutes were taken as read. The meeting was advised that the Board had reviewed and confirmed the minutes to be an accurate reflection of the proceedings. The members were then requested to consider the minutes for accuracy and correctness. No comments or amendments were received from the members.

The members were requested to approve the minutes. The members moved to adopt and approve the 17th AGM minutes without any changes.

4. MATTERS ARISING FROM THE PREVIOUS MINUTES

It was noted that there were no matters arising from the previous minutes.

However, at this point, members requested that the meeting should consider amending the Agenda to cater for general matters that members wish to raise during this meeting given that the current Agenda does not cater for same. Following deliberations by the meeting, it was resolved that the Agenda will be amended to include Agenda item 8.2 to discuss members' general concerns.

Members were requested to raise their matters now for noting and discussion under Agenda item 8.2. The following 6 (six) matters were noted for discussion: -

- Prescription issued by Healthcare Practitioners;
- Over-the-counter medication limits;
- Employer appointed Brokers;
- Pending authorisations and late statements;
- Treatment of Umvuzo members by Network and out of Network doctors; and
- Unpaid claims related to a motor vehicle accident.

5. ANNUAL REPORT OF THE BOARD OF TRUSTEES

The PO drew the meeting's attention to the Annual Report of **UMVUZO HEALTH's** Board of Trustees as contained on pages 10 to 27 of the AGM pack. The report was taken as read.

The meeting was advised that the Board had reviewed and approved the information contained in the Scheme's Financial Statements for 2021. The Board is satisfied that the Financial Statement fairly present the financial position and operations of the Scheme.

The members were requested to adopt the Annual Report of the Board of Trustees. The report was duly adopted.

6. ABRIDGED ANNUAL FINANCIAL STATEMENTS AND AUDITOR'S REPORT

Members were referred to the abridged Financial Statement together with the Auditor's Report as contained on pages 28 to 40 of the AGM pack. The PO was proud to announce that the Scheme had again received another unqualified audit report. Mr J Barnard from Ransome Russouw Inc, **UMVUZO HEALTH's** external auditors for 2021, was invited to the podium to explain **UMVUZO HEALTH's** Annual Financial Report for 2021 in further details.

Mr Barnard as the Audit Partner responsible for the 2021 **UMVUZO HEALTH** audit, introduced himself to the members and proceeded to highlight key aspects of the audit. Mr Barnard confirmed to the meeting that the auditors were comfortable that the Scheme was well managed and recommended that the members should consider approving the Annual Financial Statements for 2021 as laid before the meeting.

Following Mr Barnard's presentation, members were requested to accept the Annual Financial Statements and the Auditors Report for 2021. The meeting duly approved the Report.

7. APPOINTMENT OF AUDITORS

On the request of the PO, the auditors were requested to excuse themselves from the meeting for the purposes of discussing this Agenda item. The auditors duly complied with the request.

The meeting's attention was drawn to the requirement, in terms of the Scheme Rules, to appoint auditors for the current year. The members were advised that the Scheme's Audit Committee together with the Board of Trustees had considered the performance of Ransome Russouw Inc for the 2021 audit and were satisfied that the auditors did an excellent job. In this regard, the members were requested to consider reappointing the same auditors for the 2022 audit.

At this point, a few members (concerned members) raised concerns with the recommendation by the Board and the Audit Committee. The members expressed concern with the requirement that the AGM must appoint auditors just before the appointment of the new Board and argued that they had not been given adequate time and reasons why this meeting must reappoint Ransome Russouw Inc again. It was argued that this procedure was tantamount to setting the new Board up for failure as this resolution sought to impose a particular auditor on the new Board. In this regard, the members proposed that the appointment of the Scheme's auditors should be postpone until the new Board had assumed its position.

The PO together with the Compliance Executive of the Scheme sought to address the concerns raised by the members by emphasizing the fact that the requirement that the AGM must approve the auditors is determined by the registered Rules of the Scheme. The concerned members then questioned who was chairing the meeting and requested to be addressed by the Chairperson of the Board. A point was made that the Chairperson of the Board or the Vice-Chairperson of the Board is required to chair the meeting in terms of the Scheme Rules and as such he must take over the chairing of the meeting.

The Chairperson took the podium and continued where the PO left-off. The meeting then deliberated on this matter with members arguing for and against the proposed reappointment of Ransome Russouw Inc.

Resolution:

Following extensive discussions, the meeting resolved to unanimously reappoint Ransome Russouw Inc. as auditors of the Scheme for the 2022 financial year.

8. REMUNERATION OF TRUSTEES AND GENERAL CONCERNS**8.1 REMUNERATION OF TRUSTEES**

The Chairperson advised the meeting that Scheme Rule 18.18 provides that an honorarium may be paid to the Trustees of the Scheme as determined by the members at the AGM. The members were referred to page 42 of the AGM pack wherein it was noted that the Trustees currently receive the following remuneration: -

1. R15 000 per month for Trustees and R22 500 per month for the Chair person;
2. R5 517 meeting allowance per Trustee and R7 172 for the Chairperson for meetings other than Board/Workshop meetings;
3. R1 300 daily allowance when away from home/work for Scheme business;
4. Travelling reimbursement at the SARS prescribed rate (currently R4.18 per kilometer);
5. Accommodation with breakfast at an appropriate hotel facility; and
6. R1 000 cell phone allowance per month for the Chairperson.

In this regard, members were requested to consider the proposal that the monthly Trustee remuneration and meeting allowance paid to Trustees be increased with effect from 1 July 2022 with the latest Consumer Price Index (CPI) plus 0%, or CPI plus 1% or CPI plus 2%.

Resolution:

Following extensive discussions on this matter, it was unanimously resolved to increase Trustees' remuneration and allowances by CPI only with effect from 1 July 2022.

8.2 MEMBERS GENERAL CONCERNS

As agreed under item 4, the Chairperson acknowledge the concerns raised by members and invited the PO to address this Agenda Item on behalf of the Board as he is responsible for handling the day-to-day affairs of the Scheme. The PO took over the podium and requested the members to raise their concerns for discussion.

8.2.1 Prescription issued by Healthcare Practitioners

A member raised his concern that the Scheme has a tendency of refusing to pay for medication as prescribed by the treating doctor and instead choosing to pay for generic medication. The member requested the Scheme to reconsider this practice. The PO advised that the matter was duly noted and that the Scheme will investigate and address the matter.

8.2.2 Over-the-counter medication limits

A member raised his concern that the limit for over-the-counter medication was insufficient and urged the Scheme to review its limits. The PO advised that the matter was duly noted and that the Scheme will review this matter during the upcoming benefit review for 2023.

8.2.3 Employer appointed Brokers

A member raised his dissatisfaction with the fact that his employer was operating under the impression that he can compel employees who are members of a medical scheme to sign-up with a particular broker firm. The member urged the Scheme to pass a resolution that no UMVUZO HEALTH member will be compelled to sign-up with a particular broker. The member was duly advised that in terms of the prevailing legislation an employer can appoint a broker on behalf of its employees but the choice to deal or not to deal with that broker remains the individual member's choice. The legislation permits an individual to advise his/her scheme which broker they prefer, and the Scheme must accept the proposed change.

8.2.4 Pending authorisations and late statements

A member raised concerns that at times it was taking longer than two days for the Scheme to approve pre-authorisation requested and as such he had ended up paying for claims with the hope of recouping same from the Scheme only to find that the pended authorisation gets approved and paid to the doctor without his knowledge. The PO advised that the matter was duly noted and that the Scheme will investigate and address the matter.

8.2.5 Treatment of Umvuzo members by Network and out of Network doctors

A member advised the meeting that he had noted with grave concern that members on the Network options were being treated differently from Umvuzo members who are not on the network options. He had observed a service provider asking a member “which Umvuzo do you belong to?” seeking to imply that there are two types of UMVUZO HEALTH. The member urged the Scheme to investigate this matter and respond with the necessary legal action as this conduct was unacceptable.

The PO advised that the matter was duly noted with concern and that the Scheme will investigate the matter further.

8.2.6 Unpaid claims related to a motor vehicle accident

A member informed the meeting that he was previously involved in a motor vehicle accident and subsequently sought medical attention. Months later he was surprised to receive letters from doctor’s lawyers informing him that he had outstanding fees.

The PO advised the member to stay behind after the meeting so that the Scheme’s consultants can take the member’s details. The PO assured the member that this matter will be investigated further.

9. ELECTION OF BOARD OF TRUSTEES

The Chairperson requested the PO to preside over this Agenda Item as it deals with the election of Trustees. The Principal Officer announced that as today was the end of the current Board's 3-year term, he wishes to thank the current Board for their support and always being readily accessible.

The PO took the meeting through the procedure undertaken by the Scheme to arrive at this point. Members were advised that in February 2022 the Scheme issued an invite for nominations in terms of Scheme Rule 18.4. Same invite was published on the Scheme's website and the members were given until 30 April 2022 to nominate and submit duly completed nomination forms. All duly completed forms were vetted and a final list of 31 candidates was issued via SMS and Email to all members and also published on the Scheme's website.

The meeting was advised that the Scheme had also appointed Lumi, an independent service provider, as well as the Schemes external auditors to oversee the election process in the interest of ensuring that the elections are free and fair. Given that the counting of votes was ongoing, the meeting was requested to adjourn to allow Lumi to finalise its processes.

Following the adjournment, the meeting reconvened. The PO announced that he had received the final results from Lumi and declared, in alphabetical order, the following members duly elected as Board Members of **UMVUZO HEALTH**: -

1. Mr. M Gugushe;
2. Mr. MM Kiet;
3. Me. SS Mabuza;
4. Mr. SS Mokoena;
5. Mr. WM Mokoena;
6. Mr. TJ Molete;
7. Mr. SM Mphuti;
8. Mr. MF Nqume;
9. Mr. SS Sibambo; and
10. Mr. JL Tantsi.

Follow the announcement of the new Board of Trustees, a member queried if the voting process was proper given that the meeting was not quorate when the first vote was cast at 10h00 in the morning. The member sought to argue that the fact the registration and voting process began simultaneously means that there was no quorum when the first vote was casted. Mr J Barnard was called to the podium together with a representative from Lumi to explain the voting process again. Mr J Barnard explained that there was nothing improper with the voting. Further to this, the counting of votes only began once the AGM had commenced. The member chose to ignore the explanation offered by the Scheme's independent service providers and was subsequently advised by the Compliance Executive to submit any objection in writing for the Scheme's consideration as this was not the correct platform to address this matter. Subsequently, the member relented.

The Principal Officer congratulated the new Board of Trustees and reminded them of the special Board meeting that will take place immediately after the AGM.

10. CLOSURE

Preceding his formal closure remarks, the Chairperson thanked the following parties for their dedicated services-

- The Board of Trustees;
- The Principal Officer and staff of the Scheme;
- Call centre personnel;
- Client liaison officers;
- Administration;
- Clinical staff;
- Medical advisor;
- Auditors;
- All service providers; and
- Members present.

The meeting closed at 15:20.

APPROVED AND SIGNED AT AN ANNUAL GENERAL MEETING HELD ON 9 JUNE 2023.

**MF Nqume
CHAIRPERSON**

ANNUAL REPORT OF THE BOARD OF TRUSTEES

The Board of Trustees hereby presents its report for the year ended 31 December 2022.

Registration number: 1597

1. DESCRIPTION OF THE MEDICAL SCHEME

1.1 TERMS OF REGISTRATION

Umvuzo Health Medical Scheme is a not for profit closed scheme registered in terms of the Medical Schemes Act, 1998 (Act 131 of 1998), as amended. As required for registration, a guarantee has been issued by Standard Bank of South Africa Limited in favour of Umvuzo Health Medical Scheme and lodged with the Registrar of Medical Schemes. The Scheme is self-administered and the administration accreditation number is 51.

1.2 BENEFIT OPTIONS WITHIN UMVUZO HEALTH MEDICAL SCHEME

The Medical Scheme offered six (6) benefit options during the year under review, five (5) original options and one (1) Efficiency Discounted Option (EDO). The EDO is included in the original for reporting purposes.

The options were: -

- Standard Option;
- Ultra Affordable Option;
- Ultra Affordable Value Option - EDO;
- Supreme Option;
- Extreme Option; and
- Activator Option.

1.3 SAVINGS PLAN

None.

1.4 RISK TRANSFER ARRANGEMENTS

The Scheme had capitation agreements for the duration of the year with the following:

- Universal Care for primary care services on the Standard and Ultra Affordable options; and
- Netcare 911 for ambulance services on all options.

Refer note 11 to the annual financial statements.

2. MANAGEMENT

2.1 BOARD OF TRUSTEES IN OFFICE DURING THE YEAR UNDER REVIEW

Name		Date elected	Date resigned
Mr MF Nqume	Chairperson: Member trustee	14/06/2013	
Ms SS Mabuza	Vice-chairperson: Member trustee	14/06/2013	
Mr MM Kiet	Member trustee	24/06/2016	
Mr WM Mokoena	Member trustee	24/06/2016	
Mr CS Motaung	Member trustee	14/06/2019	24/06/2022
Mr A Solomon	Member trustee	01/06/2021	24/06/2022
Mr BR Radebe	Member trustee	22/01/2018	24/06/2022
Mr SS Sibambo	Member trustee	24/06/2016	
Mr LJ Tantsi	Member trustee	17/06/2011	
Mr SM Mphuti	Member trustee	24/06/2022	30/11/2022
Mr SS Mokoena	Member trustee	24/06/2022	
Mr M Gugushe	Member trustee	24/06/2022	
Mr TJ Molete	Member trustee	24/06/2022	

2.2 PRINCIPAL OFFICER

HB van Zyl

Physical address

Alenti Office Park, Building D
457 Witherite Road
The Willows
Pretoria, 0040

Postal address

P O Box 1463
Faerie Glen
0043

2.3 REGISTERED OFFICE ADDRESS AND POSTAL ADDRESS

Physical address

Alenti Office Park, Building D
457 Witherite Road
The Willows
Pretoria, 0040

Postal address

P O Box 1463
Faerie Glen
0043

2.4 EXTERNAL AUDITORS

Ransome Russouw Incorporated

Physical address

1 Mowbray Road
Greenside
Johannesburg, 2193

Postal address

P O Box 6706
Cresta
2118

2.5 ACTUARIES

Insight Actuaries & Consultants

Physical address

2nd Floor Gateway West
22 Maqwa Crescent
Waterval City
Midrand, 2066

Postal address

Private Bag X17
Halfway House
1685

2.6 INVESTMENT MANAGER

Old Mutual Wealth
Physical address
The Estuaries
2 Oxbow Crescent
Century City, 7441

Postal address
P O Box 207
Cape Town
8000

3. INVESTMENT STRATEGY OF THE MEDICAL SCHEME

The Scheme's investment objectives are to maximise the return on its investments on a long term basis at minimal risk. The investment strategy takes into consideration both constraints imposed by legislation and those imposed by the Board of Trustees.

The mandate of Management is to ensure that:

- the Scheme remains liquid;
- investments are placed at minimum risk and the best possible rate of return;
- investments made are in compliance with the regulations of the Act; and
- a risk assessment is performed with feedback to the Board of Trustees with recommendations on the risks identified.

The Scheme invested in equities, unit trusts, money market instruments, bonds, call deposits and fixed deposits during 2022. This policy is reviewed annually, taking into consideration compliance with the Act, the risk and returns of the various investment instruments and the surplus of funds available.

4. MANAGEMENT OF INSURANCE RISK

The primary insurance activity carried out by the Scheme assumes the risk of loss from members and their dependants that are directly subject to the risk. This risk relates to the health of the Scheme members. As such the Scheme is exposed to the uncertainty surrounding the timing and severity of claims under contract.

The Scheme manages its insurance risk through benefit limits and sub-limits, approval procedures for transactions that involve pricing guidelines, pre-authorisation and case management, service provider profiling, centralised management of risk transfer arrangements and the monitoring of emerging issues.

The Scheme uses several methods to assess and monitor insurance risk exposures both for individual types of risks insured and overall risks. These methods include internal risk measurement models, sensitivity analysis, scenario analysis and stress testing. The theory of probability is applied to the pricing and provisioning for a portfolio of insurance contracts. The principal risk is that the frequency and severity of claims are greater than expected.

Insurance events are, by their nature, random, and the actual number and size of events during any one year may vary from those estimated with established statistical techniques. There are no changes to assumptions used to measure insurance assets and liabilities that have a material effect on the financial statements and there are no terms and conditions of insurance contracts that have a material effect on the amount, timing and uncertainty of the Scheme's cash flows.

5. REVIEW OF THE ACCOUNTING PERIOD'S ACTIVITIES

5.1 OPERATIONAL STATISTICS PER BENEFIT OPTION: 2022

	Extreme	Supreme	Standard	Ultra	Activator	Total
Average number of members during the year	1,319	13,781	6,439	26,265	88	47,892
Number of members at 31 December	1,319	13,908	6,417	26,819	93	48,556
Average number of beneficiaries during the year	3,128	35,725	12,807	34,396	142	86,198
Number of beneficiaries at 31 December	3,132	35,981	12,772	35,235	148	87,268
Dependant ratio at 31 December	1.37	1.59	0.99	0.31	0.59	0.80
Risk contributions per average member per month	5,907.58	4,789.30	3,340.74	1,867.69	2,279.56	3,018.47
Risk contributions per average beneficiary per month	2,491.71	1,847.45	1,679.64	1,426.16	1,419.53	1,677.08
Relevant healthcare expenditure per average beneficiary per month	2,103.20	1,401.27	1,431.88	1,318.25	814.52	1,397.20
Non-healthcare expenditure per average beneficiary per month	237.47	197.18	190.48	143.84	181.79	176.57
Relevant healthcare expenditure as a % of risk contributions	84.41%	75.85%	85.25%	92.43%	57.38%	83.31%
Non-health expenditure as a % of risk contributions	9.53%	10.70%	11.34%	10.09%	12.81%	10.53%
Average age of beneficiaries at 31 December	29	27	31	36	31	32
Pensioner ratio at 31 December (>60)	4.02%	3.33%	5.06%	3.40%	4.30%	4.02%
Average accumulated funds per member at 31 December						17,128.32
Return on investments as a % of investments						4.92%

OPERATIONAL STATISTICS PER BENEFIT OPTION: 2021

	Extreme	Supreme	Standard	Ultra	Activator	Total
Average number of members during the year	1,235	13,193	6,439	23,197	72	44,136
Number of members at 31 December	1,228	13,188	6,371	23,766	84	44,637
Average number of beneficiaries during the year	2,909	34,065	12,979	30,812	119	80,884
Number of beneficiaries at 31 December	2,946	34,381	12,873	31,151	135	81,486
Dependant ratio at 31 December	1.40	1.61	1.02	0.31	0.61	0.83
Risk contributions per average member per month	5,573.16	4,523.37	3,179.19	1,771.57	2,199.79	2,906.56
Risk contributions per average beneficiary per month	2,365.78	1,751.87	1,577.28	1,333.72	1,329.10	1,586.02
Relevant healthcare expenditure per average beneficiary per month	1,946.21	1,355.83	1,379.72	1,205.47	455.62	1,322.30
Non-healthcare expenditure per average beneficiary per month	225.41	186.91	178.30	134.39	159.69	167.38
Relevant healthcare expenditure as a % of risk contributions	82.27%	77.39%	87.47%	90.38%	34.28%	83.37%
Non-health expenditure as a % of risk contributions	9.53%	10.74%	11.30%	10.08%	12.01%	10.55%
Average age of beneficiaries at 31 December	29	27	31	35	31	32
Pensioner ratio at 31 December (>60)	3.83%	3.24%	5.13%	3.26%	4.76%	3.54%
Average accumulated funds per member at 31 December						15,245.03
Return on investments as a % of investments						3.67%

5.2 OPERATIONAL STATISTICS FOR THE SCHEME	2022	2021
	R	R
Average accumulated funds per member	17,128.32	15,245.03
Total amount paid to Accredited Managed Care Organisation for management services	43,679,650	39,293,308
Return on investments as a percentage of investments.	4.92%	3.67%

5.3 RESULTS OF OPERATIONS

The results of the Medical Scheme are set out in the annual financial statements, and the trustees believe that no further clarification is required.

5.4 SOLVENCY RATIO

Total members' funds per statement of financial position	<u>831,682,726</u>	<u>680,492,379</u>
Gross contributions	<u>1,734,724,844</u>	<u>1,539,408,382</u>
Solvency ratio	47.94%	44.20%

5.5 RESERVE ACCOUNTS

Movements in the reserve accounts are set out in the statement of changes in funds and reserves. There were no unusual movements that the trustees believe need to be brought to the attention of the members of the Medical Scheme.

5.6 OUTSTANDING CLAIMS

The basis of calculation of the outstanding claims provision is discussed in note 1.7 to the annual financial statements and this is consistent with the prior year. Movements in the outstanding claims provision are set out in note 7 to the annual financial statements. There have been no unusual movements that the trustees believe need to be brought to the attention of the members of the Medical Scheme.

6. ACTUARIAL SERVICES

The Scheme's actuaries were consulted in the determination of the contribution and benefit levels.

7. GUARANTEES RECEIVED BY THE SCHEME FROM A THIRD PARTY

In terms of section 33(3) of the Medical Schemes Act, Standard Bank of South Africa Limited has provided a guarantee of R2 500 000 (2021: R2 500 000) in favour of the Scheme.

8. SUBSEQUENT EVENTS

The Board of Trustees are not aware of any material matter or issue which has arisen since the end of the financial year which would effect these annual financial statements.

9. INVESTMENTS IN AND LOANS TO PARTICIPATING EMPLOYERS OF MEMBERS OF THE MEDICAL SCHEME AND TO OTHER RELATED PARTIES

During the year, the Scheme had through its Investment Manager pooled investments with exposure to Employer groups who participate in the medical scheme. No loans have been granted by the Scheme.

10. RELATED PARTY TRANSACTIONS

Transaction with related parties are disclosed in notes 17 and 18 to the annual financial statements.

11. AUDIT COMMITTEE

An audit committee was established in accordance with the provisions of the Act. The committee is mandated by the Board of Trustees by means of a written terms of reference as to its membership, authority and duties. The committee consists of five members of which two are members of the Board of Trustees. The majority of the members, including the chairperson, are not

officers of the Medical Scheme. The committee met twice during the year under review.

The Principal Officer of the Medical Scheme, Head of Administration, Compliance Executive and the Financial Manager 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 Medical 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 presently comprises: Alderman NM Malefo (Chairperson), Dr PC du Preez, Mr M Lombard, Mr A Solomon (resigned 24/06/2022), Mr SS Sibambo and Mr SS Mokoena.

12. INVESTMENTS

Management is mandated by the Board of Trustees by means of written terms of reference as to its authority and duties. The Board of Trustees continue to invest excess funds in line with the requirements of Annexure B of the Regulation to the Act.

13. BOARD OF TRUSTEES AND SUB-COMMITTEE MEETING ATTENDANCE

The following schedule sets out Board of Trustee and sub-committee meeting attendances. Trustee remuneration and considerations are disclosed in note 17 to the annual financial statements.

	Board meetings attended	EXCO committee meetings attended	Remuneration committee meetings attended	Audit committee meetings attended
Mr MF Nqume: Chairperson	7 of 7	1 of 1	2 of 2	
Me SS Mabuza: Vice-Chairperson	7 of 7	1 of 1		
Mr MM Kiet	7 of 7	1 of 1		
Mr WM Mokoena	7 of 7	1 of 1		
Mr CS Motaung(resigned 24/06/2022)	3 of 3			
Mr A Solomon (resigned 24/06/2022)	3 of 3			1 of 1
Mr SS Mokoena(elected 24/06/2022)	4 of 4			1 of 1
Mr BR Radebe (resigned 24/06/2022)	3 of 3			
Mr SS Sibambo	7 of 7			2 of 2
Mr SM Mphuti (elected 24/06/2022 and resigned 30/11/2022)	3 of 3			
Mr TJ Molete (elected 24/06/2022)	4 of 4			
Mr M Gugushe (elected 24/06/2022)	4 of 4			
Mr LJ Tantsi	7 of 7	1 of 1		

14. NON-COMPLIANCE WITH THE ACT

The following areas of non-compliance with the Act were identified during the course of the financial year:

- ***Contravention of section 26(7) of the Act***

In terms of section 26(7) of the Medical Schemes Act, contributions must be paid over to the Scheme within 3 days after becoming due.

Cause of non-compliance

There are instances where the Scheme received contributions after 3 days of it becoming due. It should be noted that there are no contracts in place that is contrary to the legislation.

Possible impact

If not well managed, late payment of contributions could result in:

- Negative impact on the Scheme's cash flow; and
- Loss of potential interest income.

Corrective action taken

The Scheme's credit policy is applied:

- Employers and members are notified via sms and e-mail of the non-payment and requested to urgently address this matter.
- Where contributions owing to the Scheme have not been paid within 30 days of the due date, the Scheme suspends all benefit payments in respect of claims which arose during the period of default.
- Where outstanding contributions are not paid within 90 days of the notification, membership is cancelled.

- **Contravention of section 59(2) of the Act**

In terms of section 59(2) of the Medical Schemes Act, accounts must be paid within 30 days after the day on which the claim was received.

Cause of non-compliance

The auditing of hospital accounts can cause some accounts to be paid after the 30 day period. Members who are suspended due to non-payment of their contributions, can also cause claims not to be paid until their contributions have been paid up.

Possible impact

- Non-compliance with section 59(2) of the Medical Schemes Act; and
- Reputational damage with members and providers.

Corrective action taken

- The Scheme will endeavour, together with the Managed care organisation and Hospitals, to speed up the auditing process.

- **Contravention of section 33(2) of the Act**

In terms of section 33(2) of the Medical Schemes Act, each benefit option shall be self-supporting in terms of membership and financial performance and be financially sound.

Cause of non-compliance

During the financial period under review, the following option did not comply with section 33(2):

Benefit Option	Nr of members at year-end	Net healthcare deficit	Net result
Ultra Affordable option	26 819	(14 833 089)	171 783

Possible impact

- Non-compliance with section 33(2) of the Medical Schemes Act; and
- Utilising funds from the other options to fund the Ultra-Affordable option put the other options under pressure.

Corrective action taken

The Scheme continues to monitor this option with a view to improving its financial outcome and will evaluate different strategies to address the deficit in this option. The net healthcare deficit reflects higher disease burden in this benefit option. The Scheme's strategy on the sustainability of these benefit options has to balance short and long term financial considerations, with consideration of fairness to both healthy and sick members and with continued affordability of cover for members with different levels of income and different healthcare needs. The Scheme applied higher contribution increases on this benefit option for the new financial year. It is expected that the higher contribution increase will address the pricing misalignment in the coming financial year whilst the remainder of the deficit will solely be attributable to the worse demographic profile and disease burden on this option.

- **Contravention of Section 35(8)(d)**

In terms of Section 35(8)(d), a medical scheme shall not invest any of its assets in the business of or grant loans to —

- (a) An employer who participates in the medical scheme or any administrator or any arrangement associated with the medical scheme;
- (b) Any other medical scheme;
- (c) Any administrator; and
- (d) Any person associated with any of the abovementioned.

Cause of non-compliance

The Scheme has investments in certain groups and companies associated with medical scheme administration. The exposure to these entities had been obtained through the Scheme's investment in Collective Investment Scheme. The Scheme does not control the investing activities of the Investment manager.

Possible impact

- Non-compliance with the Regulation 35(8) (d) of the Medical Schemes Act.

Corrective action taken

The Scheme obtained exemption in terms of section 8(h) from section 35(8) of the Act from the Council for Medical Schemes. The exemption had been granted with the proviso that the Scheme does not make any direct investments in these entities. This exemption is valid until 30 November 2025.

15. GOING CONCERN

The annual financial statements have been prepared on a basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of the operations.

The Trustees believe that the Scheme has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis.

The Trustees are not aware of any new material changes that may adversely impact the Scheme. The Trustees are not aware of any material non-compliance with statutory or regulatory requirements or pending changes to legislation which may effect the Scheme.

The effects of COVID-19 decreased from the first wave that hit the country in March 2020. We have seen claim patterns return to pre-covid levels as normality returned to the country and the world at large. The proportion of positive tests clearly peaked during the peak of the first, second, third and fourth waves during July 2020, January 2021, July 2021 and December 2021. The number of tests began decreasing during the first 4 months of 2022 and then increasing in May due to the fifth wave thereafter decreasing from June 2022. During December 2022 there were 40 tests of which 1 was positive.

MF Nqume
Chairperson
14 April 2023

SS Mabuza
Vice-Chairperson

HB van Zyl
Principal Officer

STATEMENT OF RESPONSIBILITY BY THE BOARD OF TRUSTEES

The Trustees are responsible for the preparation, integrity and fair presentation of the annual financial statements of Umvuzo Health Medical Scheme. The annual financial statements comprise the statement of financial position as at 31 December 2022, the statement of comprehensive income, the statement of changes in members' funds and reserves and the statement of cash flows for the year then ended and the notes to the annual financial statements, which include a summary of significant accounting policies and other explanatory notes. The annual financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and in the manner required by the Medical Schemes Act, 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 results of operations for the year and the financial position of the Scheme at the end of the year. 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 have the responsibility for ensuring that accounting records are kept. The accounting records disclose with reasonable accuracy the financial position of the Scheme and enable the Trustees to ensure that the annual financial statements comply with the relevant legislation.

Umvuzo Health Medical Scheme operates in a well-established controlled 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, assurances that assets are safeguarded and the risk 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 annual financial statements have been audited by an independent firm, Ransome Russouw Incorporated, which was given unrestricted access to all financial records and related data, including minutes of meetings of members, the Board of Trustees and Committees of the Board. The auditor is responsible for reporting on whether the annual financial statements are fairly presented in accordance with the applicable financial reporting framework.

APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

The annual financial statements of Umvuzo Health Medical Scheme were approved by the Board of Trustees on 14 April 2023 and are signed on their behalf by:

MF Nqume
Chairperson
14 April 2023

SS Mabuza
Vice-Chairperson

HB van Zyl
Principal Officer

STATEMENT OF CORPORATE GOVERNANCE BY BOARD OF TRUSTEES

Umvuzo Health Medical Scheme is committed to the principles and practices of fairness, openness, integrity and accountability in all dealings with its stakeholders. The Scheme is committed to good Corporate Governance and applies good governance principles. The Trustees are proposed and elected by the members of the Scheme.

BOARD OF TRUSTEES

The Trustees and their committees meet regularly and monitor the performance of the outsourced services. 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 Principal Officer and the Trustees of the Scheme maintain internal controls and systems 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.

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 during the year under review.

ETHICAL VALUES OF THE SCHEME

The Scheme is bound by a Code of Conduct, mandates and principles of treating beneficiaries fairly. The Code of Conduct outlines the principles that guide the Scheme in a way that contributes to the welfare of the key stakeholders and helps balance the needs of all stakeholders in the system. Governance and ethical values within the Scheme are continually being addressed by the Board of Trustees.

The Scheme committees have mandates that set out their responsibilities that promote the principles of transparency and ethics. The Scheme is bound to open communication with all its stakeholders about its financial and business targets and to treat them fairly in all business dealings.

COMPLIANCE WITH THE MEDICAL SCHEMES ACT

The Trustees monitor that the Scheme complies with the Medical Schemes Act, No. 131 of 1998 and the Regulations issued in terms of the Act. The Board is also fully committed to, and has applied, the principles of the Code of Corporate Practices and Conduct as set out in the King IV report on governance, where necessary and practical. The Board of Trustees has noted the minor non-compliance matters which are set out fully in the Report of the Board of Trustees.

INDEPENDENT EVALUATION OF THE BOARD AND COMMITTEES

The Board of Trustees adopted a practice of performing evaluations on the Board of Trustees and its Committees during 2022. These evaluations will be performed by independent professionals and through the relevant committees during the following financial year.

MF Nqume
Chairperson
14 April 2023

SS Mabuza
Vice-Chairperson

HB van Zyl
Principal Officer

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF THE UMVUZO HEALTH MEDICAL SCHEME FOR THE YEAR ENDED 31 DECEMBER 2022

OPINION

We have audited the financial statements of Umvuzo Health Medical Scheme, set out on pages 19 to 65, which comprise the statement of financial position as at 31 December 2022 and the statement of 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 Umvuzo Health Medical Scheme as at 31 December 2022 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Medical Schemes Act of South Africa.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' 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.

Going concern consideration

The application of the going concern principle, requires significant judgement by both the trustees and management of the scheme and ourselves as auditors. In applying this judgement information from various sources is considered and taken into account. We have evaluated management's assessment of the going concern assumption, as well as the scheme's financial performance and financial position for the year ended 31 December 2022. The evaluation performed confirmed management's assessment that the scheme can continue as a going concern, as it remains profitable and solvent. While these changes present challenges in determining the applicability of the principle, the scheme has sufficient reserves and management have taken the appropriate action to ensure the sustainability of the scheme. Refer to note 26.

Investments and Cash and Cash Equivalents

Investments and *Cash and Cash Equivalents* comprise significant balances on the statement of financial position. These balances are subject to the risk of material misstatement and fraudulent activities. We agreed the balances of these accounts to statements received from third party financial institutions and further requested confirmations from the financial institutions, to verify that the amounts reflected in the accounting records were accurately and completely reflected. These balances were also checked for compliance with the requirements of the Medical Schemes Act. Details of investments are set out in note 3 and cash and cash equivalents are set out in note 5 of the notes to the annual financial statements.

Provision for outstanding claims

Significant judgement is required by management and the auditors in determining the provision for outstanding claims. The provision is calculated in line with a computation, which takes into account the historical claims paid after year end and the information available at the time of the audit. The calculation was reviewed, and the assumptions and information used in the calculation was subject to various audit inquiries. The scheme actuaries have provided a computation of the claims provision in line with the prior years. We have reviewed the claims provision computation provided by the actuaries and have applied our judgement to the reliability of the work done by the actuaries in determining the provision for outstanding claims. Details related to the provision for outstanding claims are set out in note 7 of the notes to the annual financial statements.

Contributions and claims

Contributions and claims are significant classes of transactions in the annual financial statements of the scheme. These are also subject to significant risk of fraud or material misstatement. The scheme places significant reliance on the system of internal controls and various analytical and system-based checks to ensure that all contributions and claims are valid and accurate. During the audit, the claims system is subjected to various tests of controls, substantive detailed testing and “live” claims tests conducted. Contributions are further subjected to analytical procedures and the re-computation of contributions from various source information. Contributions and claims are reflected in notes 9, 10, 11 and 12 of the annual financial statements.

Compliance with Medical Schemes Act

The scheme is required to comply with the Medical Schemes Act. The risk of non-compliance with laws and regulations may result in liabilities to the scheme. A compliance checklist is completed by us, and any non-compliances have been noted in the annual financial statements of the scheme. Refer to note 22.

OTHER INFORMATION

The Scheme's trustees are responsible for the other information, which comprises of The Board of Trustees' report. 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 the other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITY 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 RESPONSIBILITY 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 auditors' 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 skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks.
- 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 auditors' 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 auditors' 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.

We also provide the trustees with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.

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 auditors' 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

Non-compliance with the Medical Schemes Act of South Africa

As required by the Council for Medical Schemes, we report that there are no material instances of non-compliance with the requirements of the Medical Schemes Act of South Africa, that have come to our attention during the course of the audit. Instances of non-compliance are set out in note 22 of the notes to the annual financial statements.

Audit tenure

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 04 December 2015, we report that Ransome Russouw Incorporated have been the auditors of the scheme for 3 years and the engagement partner Mr. HJ Russouw served as such for a period of 3 years.

Per: HJ Russouw (CA)SA
Ransome Russouw Incorporated
Registered Auditors
14 April 2023

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	2022	2021
	R	R
ASSETS		
Non-current assets		
Property and equipment	5,618,430	417,171
Available-for-sale investments	84,286,076	79,995,672
Current assets		
Trade and other receivables	72,438,440	50,107,533
Cash and cash equivalents	452,422,281	545,381,555
Other assets	461,000,000	180,000,000
TOTAL ASSETS	1,075,765,227	855,901,931
FUNDS AND LIABILITIES		
Members' funds and reserves		
Accumulated funds	831,682,726	680,492,379
Available-for-sale fair value reserve	21,527,248	18,623,605
Non-current liabilities		
Lease liabilities	4,855,563	-
Current liabilities		
Trade and other payables	120,169,405	88,457,906
Outstanding claims provision	96,572,200	67,787,557
Lease liabilities	958,084	540,483
TOTAL FUNDS AND LIABILITIES	1,075,765,227	855,901,931

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

	2022	2021
	R	R
Risk contribution income	1,734,724,844	1,539,408,382
Relevant healthcare expenditure	(1,445,220,787)	(1,283,434,336)
Net claims incurred	(1,435,979,990)	(1,276,187,796)
Risk Claims incurred	(1,446,532,732)	(1,281,527,446)
Third party claim recoveries	10,552,742	5,339,649
Accredited managed care services - No transfer of risk	(43,679,650)	(39,293,308)
Net (expense)/income on risk transfer arrangements	34,438,854	32,046,769
Risk transfer arrangement expenses	(314,390,184)	(276,437,829)
Recoveries from risk transfer arrangements	348,829,038	308,484,598
Gross healthcare result	289,504,057	255,974,046
Broker service fees	(40,790,680)	(35,726,537)
Administration expenses	(141,073,888)	(126,141,552)
Net impairment losses on healthcare receivables	(486,935)	(518,401)
Net healthcare result	107,152,554	93,587,556
Other income	44,321,971	26,173,676
Investment income	44,119,039	26,011,390
Unclaimed credits	202,932	162,286
	151,474,525	119,761,232

Finance costs	(284,178)	(74,804)
Interest "paid" on operating lease	(284,178)	(74,804)
Net income for the year	151,190,347	119,686,428
Other comprehensive income		
Items that will be reclassified to profit or loss	2,903,643	8,377,912
Available-for-sale investment - net change in fair value	2,903,643	8,377,912
Total comprehensive income for the year	154,093,990	128,064,340

STATEMENT OF CHANGES IN MEMBERS' FUNDS AND RESERVES FOR THE YEAR ENDED 31 DECEMBER 2022

	Available-for-sale Fair value reserve	Accumulated Funds	Total
	R	R	R
Opening balance - 01/01/2021	10,245,693	560,805,951	571,051,644
Net income for the year	-	119,686,428	119,686,428
<i>Other comprehensive income</i>			
Unrealised gains on revaluation of available-for-sale investments	8,377,912	-	8,377,912
Balance as at 01/01/2022	18,623,605	680,492,379	699,115,984
Net income for the year	-	151,190,347	151,190,347
<i>Other comprehensive income</i>			
Unrealised gains on revaluation of available-for-sale investments	2,903,643	-	2,903,643
Balance as at 31/12/2022	21,527,248	831,682,726	853,209,974

CATEGORIES OF INVESTMENT AS AT 31 DECEMBER 2022

Call accounts	451,321,123	523,272,000
Current account	1,101,158	10,109,555
Cash and cash equivalent per statement of financial position	452,422,281	545,381,555

NET INCOME / (EXPENSE) FROM OPERATIONS PER BENEFIT OPTION

	Extreme R	Supreme R	Standard R	Ultra R	Activator R	Total R
2022						
Risk contribution income	93,528,814	791,997,468	258,138,952	588,647,836	2,411,774	1,734,724,844
Relevant healthcare expenditure	(78,945,800)	(600,720,312)	(220,061,853)	(544,108,940)	(1,383,878)	(1,445,220,787)
Risk claims incurred	(76,896,501)	(590,036,338)	(225,728,073)	(542,012,003)	(1,307,076)	(1,435,979,990)
Claims incurred	(77,345,563)	(594,665,986)	(229,283,729)	(543,923,644)	(1,313,810)	(1,446,532,732)
Third party claim recoveries	449,062	4,629,648	3,555,656	1,911,641	6,734	10,552,742
Accredited managed care services -						
No transfer of risk	(1,910,932)	(14,685,120)	(11,197,550)	(15,835,746)	(50,302)	(43,679,650)
Net income/(expense) on risk transfer arrangements	(138,367)	4,001,146	16,863,770	13,738,809	(26,500)	34,438,855
Capitation fees paid	(475,011)	(4,958,430)	(76,862,327)	(232,062,797)	(31,617)	(314,390,184)
Recoveries from risk transfer arrangements	336,644	8,959,576	93,726,097	245,801,606	5,117	348,829,038
Gross healthcare result	14,583,014	191,277,156	38,077,099	44,538,896	1,027,896	289,504,057
Broker service fees	(1,625,708)	(15,692,199)	(6,192,001)	(17,174,941)	(105,832)	(40,790,680)
Administration expenses	(7,290,106)	(68,842,049)	(23,030,786)	(41,992,339)	(202,787)	(141,358,066)
Net impairment losses on healthcare receivables	(2,303)	(232,990)	(51,303)	(204,705)	(240)	(486,935)
Net healthcare result	5,669,503	106,509,918	8,803,009	(14,833,089)	719,037	106,868,376
Other income	2,398,399	20,200,042	6,657,319	15,004,874	61,338	44,321,971
Investment income	2,378,707	20,142,772	6,565,216	14,971,006	61,338	44,119,039
Unclaimed credits	19,692	57,270	92,103	33,866	0	202,932
Net income/(expense) for the year	8,067,902	126,709,960	15,460,328	171,783	780,375	151,190,347
Number of members at 31 December 2022	1,319	13,908	6,417	26,819	93	48,556

NET INCOME / (EXPENSE) FROM OPERATIONS PER BENEFIT OPTION

2021	Extreme R	Supreme R	Standard R	Ultra R	Activator R	Total R
Risk contribution income	82,594,226	716,121,528	245,649,350	493,142,662	1,900,616	1,539,408,382
Relevant healthcare expenditure	(67,946,248)	(554,232,770)	(214,880,993)	(445,722,780)	(651,542)	(1,283,434,336)
Risk claims incurred	(66,078,244)	(542,680,137)	(219,676,797)	(447,165,162)	(587,457)	(1,276,187,797)
Claims incurred	(66,630,765)	(545,292,038)	(220,212,138)	(448,805,048)	(587,457)	(1,281,527,446)
Third party claim recoveries	552,521	2,611,901	535,341	1,639,886	0	5,339,649
Accredited managed care services -						
No transfer of risk	(1,698,202)	(13,391,480)	(10,768,163)	(13,394,676)	(40,785)	(39,293,308)
Net income/(expense) on risk transfer arrangements	(169,802)	1,838,847	15,563,967	14,837,058	(23,300)	32,046,769
Capitation fees paid	(426,937)	(4,548,348)	(76,825,287)	(194,612,448)	(24,809)	(276,437,829)
Recoveries from risk transfer arrangements	257,135	6,387,195	92,389,254	209,449,505	1,509	308,484,598
Gross healthcare result	14,647,978	161,888,758	30,768,356	47,419,882	1,249,074	255,974,046
Broker service fees	(1,390,742)	(14,026,389)	(5,868,006)	(14,383,523)	(57,877)	(35,726,537)
Administration expenses	(6,455,559)	(62,355,517)	(21,933,890)	(35,307,314)	(164,076)	(126,216,356)
Net impairment losses on healthcare receivables	(23,298)	(522,722)	32,970	1,049	(6,400)	(518,401)
Net healthcare result	6,778,379	84,984,130	2,999,430	(2,269,907)	1,020,721	93,512,752
Other income	1,398,386	12,135,402	4,257,439	8,350,334	32,115	26,173,676
Investment income	1,395,595	12,100,308	4,150,738	8,332,634	32,115	26,011,390
Unclaimed credits	2,791	35,094	106,701	17,700	0	162,286
Net income/(expense) for the year	8,176,765	97,119,532	7,256,868	6,080,427	1,052,835	119,686,428
Number of members at 31 December 2021	1,228	13,188	6,371	23,766	84	44,637

REMUNERATION OF TRUSTEE MEMBERS

In terms of Rule 18.18 an honorarium as from time to time determined at the Annual general meeting (AGM) may be paid to members of the Board of Trustees.

Board of Trustee members currently receive the following remuneration:

1. R15 975 per month for Trustees and R23 963 per month for the Chairperson;
2. R5 876 meeting allowance per Trustee for meetings other than Board/ Workshop meetings and the Chairperson 30% on that at R7 368;
3. R1 380 daily allowance when away from home/work for Scheme purposes;
4. Travelling reimbursement at the SARS prescribed rate (currently R4.64 per kilometre);
5. Accommodation with breakfast at an appropriate hotel facility; and
6. R1 000 cell phone allowance per month for the Chairperson.

Annually at the AGM, the members approve an adjustment of the meeting allowance as in 1 and 2 above.

It is recommended that the monthly Trustee remuneration and meeting allowance be increased with effect from 1 July 2023 with the latest Consumer Price Index (CPI) plus: -

1. 0%; or
2. 1%; or
3. 2%.

For consideration by the meeting.

South Africa's National Anthem

Nkosi sikelel' iAfrika
Maluphakanyisw' uphondo lwayo,
Yizwa imithandazo yethu,
Nkosi sikelela, thina lusapho lwayo.

Morena boloka setjhaba sa heso,
O fedise dintwa le matshwenyeho,
O se boloke, O se boloke setjhaba sa heso,
Setjhaba sa South Afrika – South Afrika.

Uit die blou van onse hemel,
Uit die diepte van ons see,
Oor ons ewige gebergtes,
Waar die kranse antwoord gee,

Sounds the call to come together,
And united we shall stand,
Let us live and strive for freedom,
In South Africa our land.

IMPORTANT CONTACT INFORMATION

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