



**NOTICE OF THE PG GROUP MEDICAL SCHEME ANNUAL GENERAL MEETING 2021
TO BE HELD VIA A ZOOM WEBINAR ON WEDNESDAY, 30 JUNE 2021 AT 10:00**

AGENDA

1. Notice convening the meeting
2. Apologies
3. Attendance
4. Confirmation of the Minutes of the 2020 AGM held on Wednesday, 29 July 2020
5. Address by the Chairperson and comments on the Annual Report and Financial Statements
6. Appointment of external auditors
7. Motions

The audited Annual Financial Statements and copies of the external auditors' and the Board's reports shall be laid before the meeting.

NOTE: Copies of the Annual Financial Statements will be available for viewing by members at all the PG Group branches. Alternatively, the Annual Financial Statements can be viewed on the Scheme's website at www.pggmeds.co.za or on the PG Group Intranet.

1. In terms of the requirements of the rules, the affairs of the Scheme shall be directed by a Board consisting of a maximum of 10 and minimum of six persons of whom:
 - not more than five shall be nominated and elected by the members of the Scheme
 - not more than five shall be appointed by the principal company
 - of the 10 elected members, not more than five shall represent the employer and not more than five shall represent members.
2. The following Trustees will continue in office for a further year:

EMPLOYER REPRESENTATIVE

Mr Philip Edge (Chairperson)
Mr Welcome Ntshangase
Mr Dave Koster

ALTERNATE

Mr Jerome Gray

PRINCIPAL OFFICER

Ms Lyn Longley

MEMBER REPRESENTATIVE

Ms Andrea Patterson
Mr Barry Page
Ms Lufuno Makhado

ALTERNATE

Mr Henk Cloete

PENSIONER REPRESENTATIVE

Ms Marlene McAdam

Mr Jerome Gray has resigned from the Board of Trustees and his replacement as the alternate employer Trustee will be confirmed at the Annual General Meeting on 30 June 2021.

The current employer-appointed and employee-elected Trustees will remain in office for 2021.

LYN LONGLEY
PRINCIPAL OFFICER

1 June 2021



**MINUTES OF THE ANNUAL GENERAL MEETING OF THE PG GROUP MEDICAL SCHEME ('THE SCHEME')
HELD ON WEDNESDAY, 29 JULY 2020 AT 10:00 VIA ZOOM**

PRESENT

PRINCIPAL OFFICER:	Lyn Longley	(LL)	
ADMINISTRATOR:	Eugene Eakduth	(EE)	(Fund Manager)
	Gita Maniram	(GM)	(Fund Consultant)
	Ayanda Nxumalo	(AN)	(Fund Secretary)
	Fatima Sallie	(FS)	(Account Executive)
MEMBERS:	As per attendance register		

APOLOGIES

TRUSTEE:	Dave Koster	(DK)	(Employer Trustee)
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1. NOTICE CONVENING THE MEETING

On behalf of the Chairperson and Trustees, Lyn Longley welcomed everyone present at the 2020 Annual General Meeting (AGM) and informed everyone that she would chair the meeting. With a quorum of at least 15 members being present, the Chairperson declared the meeting duly constituted.

The members were provided with some housekeeping rules for the virtual meeting by the webinar facilitators.

2. APOLOGIES

The Chairperson noted the apologies.

3. ATTENDANCE

35 members logged into the webinar.

4. CONFIRMATION OF MINUTES

Having circulated the minutes of the AGM held on 3 July 2019 to all parties, it was taken as read and would be signed by the Chairperson as a true record of the proceedings.

5. ADDRESS BY THE CHAIRPERSON AND COMMENT ON THE ANNUAL REPORT AND ANNUAL FINANCIAL STATEMENTS (AFS)

The Chairperson referred to the Annual Financial Statements (AFS), the report of the Board of Trustees (BOT) and the auditors' report for the year ended 31 December 2019. The Chairperson noted that a short summary had been prepared by Zayneb Adam, the Scheme's financial manager, which highlighted the following:

- The Scheme performed very well in 2019. While the claims experience was higher than in the previous year, the claims ratio had increased slightly from 90% in 2018 to 93% in 2019. This meant that 93% of contributions received were paid out in claims.
- The Scheme produced a net healthcare deficit of R520 000 in 2019 compared to a net healthcare surplus of R1.8 million in 2018. The net healthcare result was budgeted to be a deficit of R2.1 million, resulting in the Scheme having a positive variance of 81%.
- The investment returns performed 34% better than expected for the financial year and were derived from funds invested with Stanlib Cash Management, Allan Gray Asset Managers and funds on overnight call at First National Bank.
- The solvency had increased from 76% in 2018 to 78% in 2019. The Council for Medical Schemes (CMS) required medical schemes to hold a minimum solvency level of 25%. The Scheme ended the year on a net surplus of R7.1 million and a healthy solvency ratio.

- The Scheme operated in a well-established, controlled environment, which was well documented and regularly reviewed and incorporated risk management and internal control procedures designed to provide reasonable, but not absolute, assurance that assets were safeguarded and the risks facing the business were being controlled.
- The Trustees met on a quarterly basis and monitored the performance of the Scheme and the Administrator.
- The Trustees addressed a range of key issues and ensured that discussions of items of policy, strategy and performance were critical, informed and constructive.
- The Scheme was compliant with International Financial Reporting Standards (IFRS) and once again received a clean audit report in 2019.
- The auditors believed that the AFS fairly represented, in all material respects, the financial position of the Scheme as at 31 December 2019 and that the financial performance and cash flows of the Scheme for the year ended were in accordance with IFRS and in the manner required by the South African Medical Schemes Act, 131 of 1998.

The Chairperson advised that the CMS had written to the Principal Officer with regard to the financial statements to thank the Scheme, Administrator and auditors for submitting the 2019 AFS within the period required by Circular 16 and 27 of 2020. She noted that they had also confirmed that they had no issues to raise with the Scheme.

The Chairperson proposed that the AFS, the report of the BOT and the auditors' report be approved and adopted.

The members present agreed by a show of hands.

6. CMS CIRCULAR 18 OF 2012: SCHEME'S NOTIFICATION OF DATES FOR THE HOLDING OF SCHEME MEETING AND ELECTIONS

The Chairperson noted that one of the functions of the CMS was to protect the interests of medical scheme beneficiaries at all times. She further noted that the Scheme had notified and provided the CMS with details of the notification, as well as a copy of the AGM meeting pack that had been circulated to all members.

7. JOINT ADDRESS BY THE CHAIRPERSON FROM AN OVERSIGHT PERSPECTIVE AND THE PRINCIPAL OFFICER FROM AN OPERATIONAL PERSPECTIVE

The Chairperson advised that the Scheme was managed by a BOT, whose primary objective was to look after the interests of its members. She added that the Scheme, administered by Momentum Health Solutions (MHS), continued to be well managed and that it was pleasing to note that the Scheme continued to meet the stringent criteria needed to achieve the solvency levels set by the Registrar of Medical Schemes.

The Chairperson noted that the Scheme enjoyed another year of sound financial performance, ending the year with a substantial solvency ratio of 78%. She noted that during the 2019 financial year, the Scheme and the Administrator had invested significant time and resources in ensuring that members experienced a simpler, more streamlined private healthcare experience. The Chairperson stated that there were many members that benefited from the Scheme's benefit design, as well as the Administrator's ability to work closely with health professionals to coordinate the care members received. As a result, there were fewer consultations, tests and procedures, which ensured that the best possible clinical outcomes were attained.

The Chairperson noted that ongoing market analysis had shown that the PG Group Medical Scheme remained an affordable medical scheme that compared favourably with schemes in the open medical scheme market.

The Chairperson advised that the Trustees were entrusted to take action and reduce costs for the Scheme and to ensure that the Scheme's solvency remained above a certain level. The Trustees continued to promote health improvements and wellness benefits to help manage rising healthcare costs and improve productivity. The Chairperson added that the Scheme was looking into instilling a health-conscious culture among members, culminating in positive health behaviour, ranging from becoming more active and eating more healthily, seeking preventative care and improving the management of chronic conditions. This was vital during this pandemic.

(a) Momentum Health Solutions (MHS)

The Chairperson advised that MHS's continued focus on product and service innovation ensured that the Scheme was able to meet operational and other challenges in an efficient and relevant manner. In addition, MHS's focus on risk management and negotiated provider fees enabled the Scheme to manage care and costs effectively, thereby minimising abuse and providing the best quality healthcare for members.

(b) PG Group Medical Scheme

The Chairperson advised that the Scheme was a closed medical scheme, which meant that only employees of the PG Group were eligible to join as principal members. The Scheme believed that their valued members utilised their benefits in an honest and responsible manner and were conscious of the importance of good health. She noted that retired staff

had the option of remaining as continuation members of the Scheme or they could choose to join an open medical scheme. Members, however, had to enquire about the imposition of waiting periods on the new medical scheme if they chose this route.

The Chairperson advised that Scheme costs were carefully managed and that the Scheme had delivered both savings and efficiencies. She added further that the Scheme continued to assign substantial efforts in providing superior customer service to its members.

The Chairperson noted that member spending in a controlled and wise manner was vital to the sustainability of the Scheme and thanked the members for adopting that approach.

(c) 2020 contributions

The Chairperson advised that the Scheme's healthy reserves had enabled the BOT, with the support of the benefit design team, to maintain contribution increases for 2020 at competitive levels, while simultaneously enhancing benefits. She added that the continued financial discipline of the members of the Scheme had enabled the Trustees to limit contribution increases for 2020 to 6.7%.

(d) Savings

The Chairperson advised that savings levels had not increased, as it was a set amount that was deducted from member contributions and placed into their medical savings accounts to cover consultations, day-to-day services, etc. It was of concern to the Trustees that more members were exhausting their medication benefits earlier in the year, resulting in out-of-pocket expenses in the latter part of the year.

Previously, co-payments on medication were automatically paid from members' savings and therefore members were not aware of the co-payment. Over the past two years, this was not the case, as Trustees wanted to know the shortfall and therefore members had to request the shortfall to be paid from savings. The Scheme 'auto pays' member shortfalls at Scheme rates, but if members wanted a full refund, over and above Scheme rates, the member has to request it.

(e) 2020 benefits

The Chairperson stated that the overall annual limit remained at R400 000 per beneficiary and all category sub-limits had been increased in line with inflation. She noted that this was a precautionary limit and members could be assured that the Scheme would pay in excess of R400 000 if and when the need arose.

(f) COVID-19 and the coronavirus pandemic

The Chairperson advised that the Scheme had approached the CMS for final approval to proceed with the initiatives requested in the rule amendments. She noted that South Africa had been plunged into a nationwide lockdown to help reduce the risk of COVID-19 infection in the country. The impact of the lockdown was far-reaching, as many members and employers experienced financial constraints through the temporary closure of non-essential businesses. She noted that despite the financial pressures brought about by the lockdown, the Scheme believed that it was critical for members to maintain their medical cover to ensure their families' wellbeing and security.

The Chairperson stated that the Trustees had taken note of the concerns sent in by members and had been determined to find a way to assist, and as such the Scheme's BOT had approved a 50% reduction in contributions for the months of May and June 2020. The reduction in revenue was funded through the Scheme's reserves.

The Chairperson advised that the CMS had granted permission to the Scheme to give its members a 100% reduction in contributions in June 2020, as the approval had missed the May payroll deadline. In some cases, this had not been sufficient. Therefore the Board had proposed a further solution to provide relief, on application, for May and June to qualifying members. She noted that to ensure continued access to healthcare without disrupting the sustainability of the Scheme, members could apply to use a portion of their accumulated positive savings (i.e. balances transferred from previous years into 2020) to offset the other 50% portion of their contribution. This assistance was not automatic, requiring each member to submit a motivated distress request from the Scheme for the additional assistance from their personal medical savings accounts, which, as a minimum, had to have sufficient savings to subsidise their portion of the contribution. Members had until December 2020 to apply for this. She noted that if a member did not have the minimum required amount of savings carried forward, he or she would be denied assistance, as it was important to still have savings available for day-to-day benefits.

The Chairperson stated that, given the substantial impact of these decisions, which were unique in the medical scheme industry, no other relief measures could be considered in this period. The Scheme trusted that the relief would be of some assistance to its members in these difficult times.

It was noted that the CMS had responded to the Scheme, giving it permission to tap into its reserves.

(g) COVID-19 is a prescribed minimum benefit (PMB) condition

The Chairperson advised that COVID-19 had officially been accepted as a PMB condition. This meant that all medical schemes had to pay in full for all COVID-19 related tests, treatment and management out of the risk pool if the patient tested positive for the virus. Negative tests would not be paid out of the risk pool, but from members' savings accounts or be self-funded in accordance with NICD guidelines. She urged members to make use of telemedicine facilities if they suspected they had COVID-19 or to call their doctor, who would probably supply them with an oximeter in order to monitor their oxygen levels. Eugene Eakduth noted that the Scheme's testing criteria was in line with NICD guidelines, which all medical schemes had to adhere to.

The Chairperson stated that, in terms of the Medical Schemes Act, 131 of 1998, the reserves were there to ensure that the Scheme covered members' claims as they arose and acted as a buffer against unforeseen and adverse developments, whether from claims, expenses or adverse market conditions. When reserves fall below the prescribed solvency ratio, it serves as a warning of a medical scheme's potential inability to meet its obligations in the long term. She noted that the CMS was closely monitoring the Scheme, as it was committed to protecting medical scheme members and improving the effectiveness of medical scheme regulation through the coronavirus pandemic. Throughout the whole process, the CMS insisted that the use of medical scheme reserves to alleviate the impact of COVID-19 on schemes would only be considered if it benefited medical scheme members directly.

(h) COVID-19 testing

The Chairperson advised that, in line with the latest CMS PMB guidelines for COVID-19, follow-up treatment for symptomatic people who tested negative, was not a PMB. A single positive COVID-19 test was sufficient proof of COVID-19 infection and therefore a repeat confirmatory test was not regarded as PMB level of care. She noted that the Scheme paid only for members who met the NICD clinical criteria, so pre-cautionary tests were not PMB level of care.

The Chairperson noted that, given the global shortage of test kits and re-agents required to do the test, people who did not fit the NICD criteria were not encouraged to go for a test. She listed the items below as being excluded from PMB level of care for COVID-19:

- Follow-up treatment and care for any person (symptomatic or asymptomatic) who tests negative for COVID-19 (RT-PCR test)
- Routine RT-PCR testing of asymptomatic, unscreened and unreferred patients, which turns out negative
- Routine preadmission (including elective admissions) RT-PCR testing for asymptomatic patients, which turns out negative
- PPE is not currently recommended as PMB level of care
- Off label medication
- Serological and point of care testing for COVID-19
- Testing of asymptomatic people returning to work is not PMB level of care.

The Chairperson advised that whatever was classified as a PMB was paid for in full by the Scheme, but not anything from the above list.

(i) Chronic medication

The Chairperson advised that during the lockdown period, or if a member needed to self-isolate, the courier pharmacy could assist. At the time Medipost Pharmacy served some of the Scheme's members, with their personal medicine parcels delivered to the address of choice, adding that it also provided oncology medication and other vital pharmaceutical supplies. She noted that they were all working under instruction to meticulously sanitise their hands and any materials used in the delivery process, before and after every delivery, and their vehicles were cleaned and disinfected on a regular basis. Sanitiser bottles were kept in vehicles to reduce the risk of contamination, and contact with patients and their home surrounding would be limited to an absolute minimum.

8. TRUSTEES REMAINING IN OFFICE FOR 2020

The Chairperson informed the members that the following were currently Trustees on the Board.

Employer representatives

- Philip Edge (Chairperson)
- Dave Koster
- Welcome Ntshangase
- Jerome Gray (alternate).

Employee representatives

- Andrea Patterson
- Barry Page
- Lufuno Makhado
- Henk Cloete (Alternate).

The Chairperson advised that the current Employer Trustees have been nominated for a three-year period and noted that the employee-elected Trustees, after regional nominations and elections, were confirmed to stand for a three-year period.

The Chairperson advised that she would continue serving the Scheme as an independent Principal Officer and that Marlene McAdam would continue to represent pensioner members.

9. APPOINTMENT OF EXTERNAL AUDITORS

The Chairperson advised that in terms of the rules, the Scheme's auditors were required to be appointed by resolution at each AGM. After discussions at a Board of Trustee meeting, the Chairperson proposed that Deloitte be re-appointed for a further year, as their fees remained competitive.

The proposal to appoint Deloitte for a further year was seconded by Theo Rochussen.

The Chairperson advised that the current partner, Brian Botes, had retired and would be replaced by Ilze de Villiers, who was based in their Johannesburg office.

10. INTERNAL AUDIT CHAIRPERSON

The Chairperson advised that Theo Rochussen competently led the Scheme's Internal Audit Committee, which met three times a year. She thanked him for always going the extra mile and for finding ways of enhancing processes. Eugene Eakduth also noted his appreciation to Mr. Rochussen for volunteering to be the Scheme's Protection of Personal Information Act Compliance Officer.

11. GENERAL

The following questions were asked by members:

- Keith Luyt asked how the Scheme had performed thus far in light of the pandemic. Eugene Eakduth said that this was not known as yet due to members opting not to go to hospital for elective procedures during the hard lockdown. As members had postponed their procedures, this meant that they would eventually be done maybe later in the year. He noted that the first quarter of 2021 would offer a more reflective picture of the 2020 claims.
- Keith Luyt also enquired about the pandemic's impact on the PG Group. Eugene Eakduth said that the lockdown had impacted negatively on all services that weren't deemed 'essential services' during Stage 5 of the lockdown. The Chairperson agreed, noting that the impact on the Group would only be known after the first quarter of 2021 for both the Group and the Scheme, as the financial year end for both was 31 December.
- Ditshego Mampula raised a gap cover query pertaining to an outstanding hospitalisation bill. Eugene Eakduth asked her to forward the query to him or the Chairperson so they could investigate. The Chairperson clarified that gap cover was only to be utilised to pay for hospital-related stays.
- A member asked how long they could stay on the Scheme if they got retrenched by PFG. The Chairperson said that membership on the Scheme was linked directly to a person's service on the group and terminated on the final day a person was employed. She noted that if a person was over 55 years old they could stay on as a continuation member.
- Mr van der Merwe referred to COVID-19 and asked whether a member could go for two tests if the first one was negative but the symptoms prevailed. Eugene Eakduth reiterated that the Scheme had to follow the NCID guidelines, which did not allow multiple tests to be conducted for a medical scheme's account. Members had to utilise their own medical savings accounts for any tests outside of the guidelines. The Chairperson stressed the importance of self-isolating and then calling their doctor to see if a test was necessary before getting a test.
- Pieter Erasmus asked whether it was the norm for gap cover not to pay for certain line items on a hospital account that had been rejected by the Scheme. Eugene Eakduth noted that gap cover only paid for the difference in the price of legitimate items where the rate was higher than the Scheme rate. He added that gap cover also assisted with co-payments for certain hospital procedures, which weren't Scheme exclusions. The Chairperson asked Mr Erasmus to forward the hospital account to her so she could investigate the items that had been rejected by the Scheme. The member further queried whether gap cover was automatically available to the Scheme's members upon them joining the Scheme. The Chairperson responded that membership was automatic and deducted from the member's pay slip on a monthly basis. If a member wanted to opt out, he or she had to advise the Scheme's office of the decision, which she discouraged as it was not wise to be without it, particularly as the cost was very low because of the corporate rate.

- Pamela Moodley queried why the Scheme was no longer paying for vitamins for members when in previous years this had been allowed. Eugene Eakduth advised that these could be paid for from a member's positive savings but not from risk. She was asked to forward more information about this to the Scheme's office or the Administrator.
- Karlien van As advised that she had been tested for COVID-19, but had paid for the test herself, as she had been unaware of the process to follow and asked if the Scheme could refund her if the doctor completed the necessary documentation. Eugene Eakduth asked her to send her the necessary information so they could review the documents and ascertain whether all the required details had been provided. The Chairperson warned members that some places, such as Dis-Chem, were not furnishing the required details, resulting in the rejection of the test.

Eugene Eakduth asked members who had any queries to direct them to the Principal Officer's office or directly to MHS so they could be resolved and informed the members that they could be proud of belonging to the PG Group Medical Scheme, as it had been one of the few schemes that had applied for and received a contribution concession from the CMS. This was in stark contrast to the larger schemes that had not assisted their members in this manner and said that he looked forward to continuing to support the Scheme in their endeavours.

12. NOTICES OF MOTIONS

In terms of the rules of the Scheme, notices of motions were to be placed before the AGM and should reach Lyn Longley not later than seven days prior to the date of dispatch of the notice of the meeting. The Chairperson confirmed that no motions had been received.

On behalf of the Trustees, thanks were extended to the Fund Manager, Eugene Eakduth, as well as to Gita Maniram and Ayanda Nxumalo, who diligently assisted with member queries, requests and other administrative issues. Special thanks also to Fatima Sallie, who interacted with members at the offices on a regular basis.

A special thank you was extended to Linette Liebenberg and Estelle Murrie for their efforts with the contribution benefits and changes.

A sincere word of thanks was extended to the BOT, audit, benefit design and investment sub-committees, as well as the Principal Officer for their diligence in handling matters of the Scheme. Heartfelt thanks were also extended to Adam Lowe and Beauty Mukomberanwa and their team from NMG for their hard work in assisting the Scheme with actuarial support, including their analysis with the rule amendments to assist with the recent contribution benefit received.

The Chairperson noted that the BOT was committed in ensuring good governance and the sustainability of the Scheme. To this end, they would engaged in various Trustee training workshops provided by the Board of Healthcare Funders (BHF). This training was at the Wits Business School and extended over a five day period, followed by a four-hour examination.

On behalf of Phillip Edge, the Chairperson stated that the Board was pleased to have been of service to the members and looked forward to the challenges that lay ahead. A special note of appreciation was noted to the Board members for their guidance and support.

In closing, the Chairperson stated that this was the time for the utmost vigilance and care, not only in managing and avoiding any potential exposure to COVID-19 infection, but in managing any pre-existing health conditions. It was therefore essential for members to take care of their physical, emotional, mental and financial wellbeing during this time. She suggested that they make use of the support structures around them, including the wellness programmes, and to talk to the Scheme to help them navigate the chaos that COVID-19 had imposed on so many lives and households.

The Chairperson assured members that the pandemic would pass, but in the meantime, urged everyone to stay safe, well and reach out for the help, support and advice to get them through these uncertain and trying times. She reminded them that they could always call the Scheme or Hello Doctor for assistance.

The Chairperson declared the meeting closed at 11:20.

CHAIRPERSON