



**NOTICE OF THE PG GROUP MEDICAL SCHEME ANNUAL GENERAL MEETING 2020
TO BE HELD VIA A ZOOM WEBINAR ON WEDNESDAY, 29 JULY 2020 AT 10:00**

AGENDA

1. Notice convening the meeting
2. Apologies
3. Attendance
4. Confirmation of the Minutes of the 2019 AGM held on Wednesday, 3 July 2019
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

Current employer Trustees have been nominated for a three-year period and will be confirmed at the AGM on 29 July 2020.

The employee-elected Trustees, after regional nominations and elections, are hereby confirmed to stand for a three-year period and will be confirmed at the AGM on 29 July 2020.

A handwritten signature in black ink, appearing to read 'Lyn Longley'.

LYN LONGLEY
PRINCIPAL OFFICER

7 July 2020



**MINUTES OF THE ANNUAL GENERAL MEETING OF THE PG GROUP MEDICAL SCHEME ('THE SCHEME')
HELD ON WEDNESDAY, 3 JULY 2019 AT 10:30 AT PG GROUP HEAD OFFICE,
AUDITORIUM, 18 SKEEN BOULEVARD, BEDFORDVIEW**

PRESENT

TRUSTEES:	Dave Koster	(DK)	(Employee Trustee)
PRINCIPAL OFFICER:	Lyn Longley	(LL)	
ADMINISTRATOR:	Eugene Eakduth	(EE)	(Fund manager)
	Gita Maniram	(GM)	(Fund secretary)
	Simon Sibeko	(SS)	(Regional manager - Gauteng)
	Fatima Sallie	(FS)	(Account executive)
MEMBERS:	As per attendance register		

APOLOGIES

TRUSTEES:	Philip Edge	(PE)	(Employer Trustee)
	Welcome Ntshangase	(WN)	(Employer Trustee)
	Andrea Patterson	(AP)	(Employee Trustee)
	Barry Page	(BP)	(Employee Trustee)
	Marlene McAdam	(McA)	(Pensioner representative)
	Chontal Dunstan		
	Charles Bromley		

1. NOTICE CONVENING THE MEETING

On behalf of the Chairperson and Trustees, L Longley welcomed everyone present at the 2019 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.

2. APOLOGIES

The Chairperson noted the apologies.

3. ATTENDANCE

Attendance was recorded in the attendance register.

4. CONFIRMATION OF MINUTES

Having circulated the Minutes of the AGM held on 20 June 2018 to all parties, it was taken as read and signed by the Chairperson as a true record of the proceedings. Proposed by Theo Rochussen and seconded by Boyce Twele.

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 Board of Trustees (BOT) report and the auditors' report for the year ended 31 December 2018. 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 2018. While the claims experience was lower than the previous year, the claims ratio decreased from 101% in 2017 to 90% in 2018.
- The Scheme produced a net healthcare surplus of R1.8 million in 2018 compared to a net healthcare deficit of R4.8 million in 2017.
- The investment returns performed 16% better than expected for the financial year and were derived from funds invested with Stanlib Cash Management, Allan Gray Asset Managers and funds held on overnight call at FNB.

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

- Although the solvency had increased from 72% in 2017 to 76% in 2018, 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 R6.6 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 2018.
- The auditors believed that the AFS fairly represented, in all material respects, the financial position of the Scheme as at 31 December 2018 and that the financial performance and cash flows of the Scheme for the year ended, were in accordance with International Financial Reporting Standards, and in the manner required by the South African Medical Schemes Act 131 of 1998.

The Chairperson advised that she was pleased that the Scheme ended 2018 on a positive note as this was the first time in three years that the Scheme had achieved this. She noted that the Audit Committee, together with the Deloitte audit partner, had discussed the AFS in detail and proposed that the Trustees adopt the AFS, which they had agreed to.

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

The members present agreed by a show of hands.

6. **CMS CIRCULAR 18 OF 2012: SCHEMES NOTIFICATION OF DATES FOR THE HOLDING OF SCHEME MEETINGS 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. **ADDRESS BY THE CHAIRPERSON**

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 MMI Health (Pty) Ltd, continued to be well managed and 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 76%. She noted that during the 2018 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 co-ordinate 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 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 to instil a health-conscious culture, culminating in positive health behaviours, ranging from becoming more active and healthier, seeking preventative care and improving the management of chronic conditions.

(a) **MMI Health (Pty) Ltd (MMI) (ex-Metropolitan Health)**

The Chairperson advised that MMI'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, MMI's focus on risk management and negotiated provider fees enabled the PG Group Medical Scheme to manage care and costs effectively, thereby minimising abuse and providing the best quality healthcare for members.

7. ADDRESS BY THE CHAIRPERSON (CONTINUED)

(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) **2019 Contributions**

The Chairperson advised that the Scheme's healthy reserves had enabled the Board, with the support of the Benefit Design Committee, to maintain contribution increases for 2019 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 2019 to 8.2%.

(d) **Savings**

The Chairperson advised that the savings level had not increased, as it was a set amount that was split out of the contribution and placed into members' medical savings accounts for 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. Although this resulted in member call volumes to request short payments increasing substantially, the Trustees believe that the positive aspect is that members are now aware of the additional costs.

(e) **2019 Benefits**

The Chairperson stated that the overall annual limit remained at R400 000 per beneficiary and all category sub-limits have 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) **The initiatives introduced in 2017 remain in place**

(g) **Medicine Risk Management reference guide**

The Chairperson advised that the reference guide was written to help with the chronic authorisation process.

(h) **Recent issues affecting the Scheme**

(i) **Annual reference price – effective 1 August 2018**

The Chairperson advised that 184 Scheme members were affected by the increase, which means that the amount of members already paying co-payments would increase from 1 August 2018. She noted that 73 (seventy-three) members would have an increase greater than R10 and that affected members would receive personalised letters to inform them of their specific increase.

(ii) **ICU panel intervention for ICU cases exceeding seven days**

The Chairperson advised that an intervention be recommended for patients with an ICU stay of more than seven days, whereby the treating doctor was offered an option to consult an ICU specialist; thereby eliminating the 'middle man', which included lengthy motivations to the MMI case management team to extend an ICU stay. She reminded members to call MMI to request an extension of any hospital stay when the need arose, as the Scheme would only pay for the amount of hospital days initially authorised. The Chairperson noted that treating doctors have direct discussions with super specialists who they learn from and thereby render better quality of care. The ICU panel also supported doctors when they needed to have difficult discussions with the patient's family to prevent futile care. The initiative was therefore not only patient and family centred, but also provider and cost centred.

The Chairperson noted that there were two components to the ICU panel intervention, one being the ICU panel consisting of a wide range of respected industry specialists, as well as an on-site case management aspect. These ICU-trained nurses had the means to liaise with the doctor, nursing staff and the member's family directly and had access to the member's file to report on irregularities. They would also arrange social workers or spiritual counsellors if and when requested by the family to provide support.

8. TRUSTEES REMAINING IN OFFICE FOR 2019

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 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 the Board of Trustees 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 Pat Bates.

10. INTERNAL AUDIT CHAIRPERSON

The Chairperson advised that Theo Rochussen competently led the Scheme's Internal Audit Committee, which met three times a year.

11. GENERAL

The Chairperson advised that a pensioner member had requested for the contribution level for pensioners to be reduced. This will be discussed by the Scheme's Benefit Design Committee on 9 July 2019, but the actuaries have already been briefed of this request and will run a few scenarios to test whether the request is viable.

12. NOTICES OF MOTIONS

In terms of the rules of the Scheme, notices of motions are 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 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 interacts with members at the offices on a regular basis.

A sincere word of thanks was extended to the Board of Trustees, 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 Gary Scott, Claiton Manikai and their team from NMG. It was noted that C Manikai has left NMG and was replaced by Adam Lowe who will be ably supported by Beauty Mukomberanwa, an actuary who has worked with the Scheme for many years.

The Chairperson noted that the Board of Trustees were committed in ensuring good governance and the sustainability of the Scheme. To this end, they would engage in various Trustee training workshops provided by the Board of Healthcare Funders (BHF). This training is at the Wits Business School and extends over a five-day period and is 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 appreciation was noted to the Board members for their guidance and support.

The Chairperson declared the meeting closed at 11:40.



CHAIRPERSON