



NOTICE IS HEREBY GIVEN OF THE PG GROUP MEDICAL SCHEME 2024 ANNUAL GENERAL MEETING (AGM) TO BE HELD AT THE PG GROUP HEAD OFFICE, GROUND FLOOR, 18 SKEEN BOULEVARD, BEDFORDVIEW, JOHANNESBURG 2007 AND VIA ZOOM VIDEO CONFERENCE ON WEDNESDAY, 12 JUNE 2024 AT 10:00

AGENDA

1. Notice convening the Meeting
2. Apologies
3. Attendance
4. Confirmation of the Minutes of the 2023 AGM held on Thursday, 13 July 2023
5. Address by the Chairperson and comments on the Annual Report and Financial Statements
6. Appointment of External Auditors
7. Motions, specifically the approval of proposed rule updates, and in particular the constitution of the Board and the period of office of the Trustees, subject to CMS approval

By order of the Board

**CHONTAL DUNSTAN
PRINCIPAL OFFICER**

NOTICE OF THE PG GROUP MEDICAL SCHEME 2024 ANNUAL GENERAL MEETING TO BE HELD ON WEDNESDAY, 12 JUNE 2024 AT 10:00 (CONTINUED)

The audited Annual Financial Statements (AFS) and copies of the External Auditors' Report and the Report of the Board of Trustees shall be presented at the meeting.

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

1. In terms of the existing rules, the Board consisting of a maximum of 12 and a minimum of six persons who are fit and proper to be Trustees, of whom not more than half shall:
 - be nominated and elected by the members of the Scheme
 - be appointed by the employer
 - represent the Scheme members.

The proposed new rules require six Trustees of which three must be member elected and three employer appointed. The proposed rules also provide for one employer Alternate Trustee and one member elected Alternate Trustee to enhance continuity and inputs into the management of the scheme.

2. The following Trustees will continue in office for a further year (although Cathy Oliver's tenure ends on 12 August 2024, which will require a member election):

EMPLOYER REPRESENTATIVE

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

ALTERNATE EMPLOYER REPRESENTATIVE

Ms Natasha Myburg

MEMBER REPRESENTATIVE

Jordaan Jacobs (*Appointed 1 March 2024*)
Gontse Madumo (*Appointed with effect from 13 June 2024*)
Cathy Oliver

ALTERNATE MEMBER REPRESENTATIVE

Mr Obakeng Moroke

A special thanks to our outgoing Trustees for many years of dedicated service: Andrea Patterson (service until 29 February 2024) and Barry Page (service until 12 June 2024).

PRINCIPAL OFFICER

Ms Chontal Dunstan

The current employer-appointed and member-elected Trustees will remain in office for 2024.

**CHONTAL DUNSTAN
PRINCIPAL OFFICER**

May 2024



**MINUTES OF THE ANNUAL GENERAL MEETING (AGM) OF THE
PG GROUP MEDICAL SCHEME ('THE SCHEME') HELD ON THURSDAY, 13 JULY 2023
AT 10:00 AT 18 SKEEN BOULEVARD AND VIA ZOOM VIDEO CONFERENCE**

PRESENT

CHAIRPERSON:	Phillip Edge	(PE)	(Chairperson)
PRINCIPAL OFFICER:	Chontal Dunstan	(CD)	(Principal Officer)
ADMINISTRATOR:	Eugene Eakduth	(EE)	(Scheme Executive)
	Gita Maniram	(GM)	(Fund Consultant)
	Ayanda Nxumalo	(AN)	(Fund Secretary)
	Fatima Sallie	(FS)	(Account Executive – Gauteng)
	Simon Sibeko	(SS)	(Regional Manager)
MEMBERS:	As per attendance register		

APOLOGIES

TRUSTEE	Cathy Olivier	(CE)	(Employee representative)
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1. WELCOME

Phillip Edge welcomed everyone present at the 2023 Annual General Meeting (AGM) and apologised for the slight delay to the start of the proceedings due to technical difficulties. A special welcome was extended to Chontal Dunstan, the Principal Officer who had replaced Lyn Longley during 2022. He noted that she was an exceptional resource who worked tirelessly on behalf of the members with the assistance of the Scheme's Administrator, Momentum Health Solutions (MHS).

The Chairperson requested Eugene Eakduth to introduce the MHS team present, represented by Gita Maniram, Simon Sibeko and Fatima Sallie. The Chairperson advised that the Scheme relied on NMG Actuaries, represented by Adam Lowe and Beauty Mukomberanwa to assist the Trustees with market intelligence and to benchmark the Scheme's costs and benefits.

MINUTES OF THE ANNUAL GENERAL MEETING OF MEMBERS OF PG GROUP MEDICAL SCHEME HELD ON THURSDAY, 13 JULY 2023 AT 10:00 VIA ZOOM VIDEO CONFERENCE

1. WELCOME (CONTINUED)

The Chairperson informed the members that the following Trustees were present:

Employer representatives

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

Employee representatives

- Andrea Patterson
- Barry Page

The Scheme's Audit Committee Chair Theo Rochussen and the Scheme's Investment Committee Chair Lisa Massel were also present.

2. QUORUM AND PRIOR MINUTES

With a quorum of at least 15 members being present, the Chairperson declared the meeting duly constituted.

17 members were present.

In terms of the AGM Notice, the Chairperson advised that it had been circulated to the members in June 2023 and asked that it be taken as having been read. No objections were noted.

Having circulated the Minutes of the AGM held on 10 June 2022 to all parties, the Chairperson asked the attendees to raise their hands if they had any issues concerning the accuracy thereof. No objections were noted, and the Minutes were signed by the Chairperson as a true record of the proceedings.

3. THE ANNUAL FINANCIAL STATEMENTS (AFS) AND EXTERNAL AUDITOR APPOINTMENT

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 2022. He noted that Zayneb Adam, the Scheme's financial manager, was present to clarify any issues raised by the members.

The following salient points were highlighted:

- The Scheme had another year of sound financial performance and ended with an improved solvency ratio of 118.9%, even after the contribution holiday granted in March 2022. The December 2021 solvency ratio was 99%. He noted that the Scheme's objective was to keep the solvency between 80% to 100% .
- 91.6% of member contributions were applied to healthcare, which is well above market norms, therefore the Scheme succeeded in maximising benefits from contributions for members. The Scheme's objective was to use at least 90% towards healthcare.
- The Scheme's membership grew by 1% from 1 319 in 2021 to 1 332 in 2022.

**3. THE ANNUAL FINANCIAL STATEMENTS (AFS) AND EXTERNAL AUDITOR APPOINTMENT
(CONTINUED)**

- The solvency ratio is a key measure by which the medical scheme industry regulators require all medical schemes to have a solvency ratio of at least 25%. Mr Edge explained that it was measured by taking the total members' funds, which were at R104.6 million in 2022, and subtracting the cumulative unrealised gains on investments, which were R5.6 million, which provided the Scheme with accumulated funds of R99 million. This was divided by the gross contributions received of R83.2 million, resulting in the Scheme having a solvency ratio of R118.9%. It was noted that the gross contributions for the year had decreased due to the one-month contribution holiday which provided the Scheme with only 11 months' worth of contributions.
- The Scheme's gross contributions of R82.2 million includes the members' savings allocations whilst risk contributions excludes savings allocations. The risk contributions were used by the Scheme to manage the healthcare and administration expenses.
- The Scheme continued with the risk transfer arrangements with its third-party providers, namely Dental Information Systems (Pty) Ltd (Denis), Preferred Provider Negotiators (Pty) Ltd and Netcare 911 (Pty) Ltd. The Scheme collaborated with these providers to offer its members optimum benefits at the least cost on a risk transfer basis.
- The results from the 2022 operations reflect the Scheme having a risk contributions income of R66.5 million (with the one-month contribution holiday) and nett claims incurred of R60 million resulting in a healthcare result of R5.6 million.
- The Scheme managed to contain its administration costs to R5 million, which was a decrease compared to what was spent in the previous year.
- Other income amounted to R9.2 million, which was derived mainly from the Scheme's investments. The unrealised gains in 2022 were lower than in 2021, when there were gains as a result of COVID-19 from losses in 2020, which were reversed in 2021.
- The Scheme's assets and healthcare results added up to a total comprehensive income of R8.7 million for the year.
- The Scheme's balance sheet reflected that the members' funds have increased from R96 million in 2021 to R104.6 million in 2022, which is an increase of 9%. The members' savings plan liability decreased from R40 million in 2021 to R39 million in 2022. The members' excess funds were invested with Allan Gray Life Limited (R96 million) and STANLIB Collective Investments Ltd (R51 million).
- The Scheme formed an Investment Committee, chaired by Lisa Massel, to oversee the Scheme's investments. With the assistance of investment experts, the Committee ensures that robust returns are generated by the investments.

The Chairperson proposed that the AFS, the Report of the Board of Trustees and the Auditors' Report be approved and adopted.

The members present agreed by a show of hands.

3. THE ANNUAL FINANCIAL STATEMENTS (AFS) AND EXTERNAL AUDITOR APPOINTMENT (CONTINUED)

The Chairperson advised that in terms of the Rules, the Scheme's auditors were required to be appointed by resolution at each AGM. He proposed that Deloitte South Africa be re-appointed for a further year, as their fees remained competitive and were well positioned to continue to deliver value to the Scheme.

Dave Koster seconded the proposal to appoint Deloitte for a further year.

4. SCHEME MEMBERSHIP

The Chairperson advised that the Scheme comprised of 1 301 members and 1 342 dependants amounting to a total membership base of 2 643. Pensioner members account for 9% (237 members) of the Scheme's total membership. The Chairperson reminded attendees that the Scheme was restricted, therefore benefiting from the calibre of its members, and further added that retiring members had a once-off option of remaining on the Scheme, as direct paying members.

5. JOINT ADDRESS BY THE CHAIRPERSON AND PRINCIPAL OFFICER

The Chairperson provided the following highlights on various Scheme matters:

- The Scheme was managed for members by members and was focused on enhancing its value proposition for its members. This allowed the Scheme to contain member contributions as far as possible and provide high-quality benefits to members. The Administrator and specialists ably assisted the Scheme.
- The Board of Trustees received quarterly updates on service level adherence, health risk management outcomes, the Scheme's financial results and position, regulatory and healthcare landscape updates. This helped the Trustees to ascertain whether they needed to adapt their strategies, so they may stay ahead with the Scheme's benefit offering.
- The Board of Trustees used the information from Scheme meetings in plotting the strategic direction of the Scheme whilst the Audit and Risk Committee advised of potential Scheme risks and mitigation measures to be put into place.
- During the 2022 fiscal year, the Scheme and the Administrator invested considerable time and resources in ensuring that members' experience was as positive as possible.
- The Board of Trustees were currently engaged in examining benefits for 2024 and were focused on improving the Scheme's value proposition wherever possible.
- The 2024 value proposition was expected to be significantly further enhanced and members should ensure that they read the Scheme newsletters to stay informed on any developments. Newsletters were sent out quarterly via email and SMS link and made available on the Scheme's website.

5. JOINT ADDRESS BY THE CHAIRPERSON AND PRINCIPAL OFFICER (CONTINUED)

- The Scheme's reserves were healthy, and the Board of Trustees were working to leverage the reserves for the benefit of members which could equate to another contribution holiday in January 2024. This would only be possible if healthcare costs continued to be well contained, as evidenced from the year-to-date management accounts and if the Council for Medical Schemes (CMS) approved the application for a contribution holiday.
- The Trustees and specialists continued to promote health improvements and wellness benefits from a preventative perspective to help manage rising healthcare costs.
- The Momentum Hello Doctor initiative ensured that members received advice at any time.

Value proposition benchmark

- In terms of the Scheme's value proposition, the Scheme's actuaries had conducted a benchmark exercise against other medical schemes and found that the Scheme excels in the comprehensive medical aid industry. The Scheme, nonetheless, remains focused on optimal benefits at the lowest cost.
- Ongoing market analysis by the Scheme's actuaries showed that the Scheme offered excellent value as a comprehensive medical scheme and compared favourably with others in the open market. The Scheme worked hard to find an offering for its lower-income members. This was challenging, as the CMS was restrictive in allowing smaller medical schemes to offer low-cost options. However, recent legal developments gave the Trustees hope in that regard, and they would continue to look for opportunities to find value for the Scheme's members.
- A major benefit of the Scheme is its size, which allowed members to receive personalised assistance when queries or concerns were raised.

Contribution history

- The Scheme's healthy reserves enabled it to have lower increases when compared to other South African medical schemes. The Scheme's increases have been 30% lower than competitors for over 12 years, and the Scheme is well placed to contain contributions going forward.

CMS review

- Following a routine inspection conducted by the CMS, a concern was raised around the tenure of Trustees. Rule alignment is currently being dealt with by the Trustees, but essentially the Trustees are committed to having a blend of experience, expertise and fresh ideas, while ensuring equal representation of the membership.
- Trustee terms are three (3) years, and the alignment is about the *number* of terms. There are Employer-nominated Trustees and Employee-elected Trustees nominated by the members. The alignment will ensure that the Trustee terms are not too short, as they need time to serve on the Board and add value.
- The Scheme is run by members for the exclusive benefit of members – a distinct advantage of the Scheme (along with the restricted or closed nature thereof, which means having a lower health risk profile and as such, being able to contain contribution increases).

5. JOINT ADDRESS BY THE CHAIRPERSON AND PRINCIPAL OFFICER (CONTINUED)

Committees

- The Board of Trustees has two sub-committees that they rely on. Theo Rochussen has ably led the Internal Audit and Risk Committee to ensure risk management and compliance standards are maintained for the benefit of members. This Committee receives reports from the internal and external auditors of the Scheme on financial, fraud, waste and abuse updates. This pertains to what occurs in the Scheme and other medical schemes in the industry, and thus far no issues of fraud, waste and abuse have been uncovered within the Scheme.
- An Investment Committee was established and is chaired by Lisa Massel who has ably led that Committee to ensure member funds were invested to achieve competitive returns.

6. ADMINISTRATION

a) Momentum Health Solutions platform migration

The Chairperson noted that the platform migration had taken place early in 2023, and although teething issues were experienced, they had been resolved. The Scheme's website had been upgraded allowing members easier access with more useful information. A new mobile app will be launched which will be explained in the August 2023 newsletter. A few members were already using the app, and the Scheme was looking forward to the new reporting and capabilities of the new system and would continue to keep members apprised of all new and exciting developments.

b) Savings

The Chairperson advised that the Scheme 'auto-pays' at Scheme rates, therefore if a healthcare provider charges above Scheme rates and the member wants a refund above the Scheme rates, that member had to request payment from savings to cover the shortfall. Members were requested not to send a separate email for the savings request as it was impossible to connect separate documents, considering the number of claims that were processed daily.

c) Chronic medication

The Chairperson advised that chronic medication had to be registered with the Scheme in order for payment to come from the chronic medication benefit and noted that only one payment was allowed from savings. Members could request the treating doctor, at the time of writing the prescription, or ask the dispensing pharmacist to contact the Scheme or send the prescription to the Scheme.

d) Gap cover

The Chairperson noted that gap cover was available to members, which at a cost of R134 per month was incredibly competitive in the market. He urged members to get this cover as it would assist them with any shortfalls when hospitalised.

7. GENERAL

The Chairperson reminded members to read the Scheme's newsletter and member guide, practice preventative wellness and to obtain pre-authorisation for treatment in line with the Scheme benefits.

Eugene Eakduth advised that the Scheme had ordered a new batch of Netcare 911 emergency stickers for their members' vehicles, which would be couriered to the Scheme's various sites across the country. He urged members to collect the vehicle stickers as this was the only way to ensure that they would be taken to a private hospital if they were in a car accident and were unconscious. Members were also reminded to keep their membership cards with them at all times so emergency services would take them to a private facility in case of an emergency.

Keith Luyt queried whether the Scheme had informed members of the Scheme 'auto-paying' from the savings process to cover shortfalls, and Chontal Dunstan confirmed that this had been communicated in the newsletter.

The Chairperson advised that the Board of Trustees would have a benefit design meeting in the following week to discuss the 2024 benefits and requested members to send any suggestions around benefits to the Principal Officer, Chontal Dunstan. Mr Edge further noted that as the Scheme's benefit offering was good, the focus would be on containing costs and obtaining another contribution holiday for the members in January 2024.

Chontal Dunstan referred to the Scheme's new mobile app and requested members to access it via the various app stores and familiarise themselves with it. She invited members' input to her office before its official launch in August 2023.

In closing, the Chairperson expressed his gratitude to the Trustees and Chontal Dunstan for their support, and declared the meeting closed at 10:48.

CHAIRPERSON
PG Group Medical Scheme