



**MINUTES OF THE ANNUAL GENERAL MEETING (AGM) OF THE
PG GROUP MEDICAL SCHEME ('THE SCHEME') HELD ON WEDNESDAY, 12 JUNE 2024 AT 10:00
AT 18 SKEEN BOULEVARD AND VIA ZOOM VIDEO CONFERENCE**

PRESENT

CHAIRPERSON:	Philip Edge	(PE)	(Chairperson)
PRINCIPAL OFFICER:	Chontal Dunstan	(CD)	
ADMINISTRATOR:	Mike Neubert	(EE)	(Scheme Executive)
	Gita Maniram	(GM)	(Fund Consultant)
	Zayneb Adam	(ZA)	(Financial Manager)
	Ayanda Nxumalo	(AN)	(Fund Secretary)
	Fatima Sallie	(FS)	(Account Executive - Gauteng)
	Simon Sibeko	(SS)	(Regional Manager)
MEMBERS:	As per attendance register		

APOLOGIES

Marlene McAdam (Pensioner representative)

1. WELCOME

Philip Edge welcomed everyone present at the 2024 Annual General Meeting (AGM) noting that he welcomed the opportunity to engage with the Scheme's members. A special welcome was extended to the Trustees, Scheme's service providers and Chontal Dunstan the Principal Officer (PO) whom he thanked for everything she did for the Scheme and its members. He noted that she was doing a good job of keeping the operations effective.

The Chairperson advised that there was not a representative from the Council for Medical Schemes (CMS) at the meeting, but the Scheme had improved its relationship with CMS through increased engagement by the PO.

The Chairperson acknowledged the online presence of the Momentum Health Solutions (MHS) team led by Mike Neubert who replaced Eugene Eakduth as the Scheme Executive, Gita Maniram, the Fund Consultant and Ayanda Nxumalo, the Fund Secretary. Also present were Zayneb Adam, the Financial Manager, Simon Sibeko, the National Manager of the Client Member Liaison team, and Fatima Sallie from the Client Liaison team who assists the Scheme's members with their individual queries on a monthly basis. 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.

1. WELCOME (CONTINUED)

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

Employer nominated:

- Philip Edge (Chairperson)
- Dave Koster
- Welcome Ntshangase
- Natasha Myburg (alternate employer representative)

Member elected:

- Cathy Olivier
- Jordaan Jacobs
- Barry Page
- Obakeng Moroke (alternate employee representative)

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

51 members were in attendance and with a quorum of at least 15 members present, the Chairperson declared the meeting duly constituted.

In terms of the AGM Notice, the Chairperson advised that it had been circulated to the members via email and asked that it be taken as read. There were no objections noted.

Having circulated the minutes of the AGM held on 13 July 2023 to all parties, the Chairperson asked the attendees to raise their hands if they had any issues concerning the accuracy thereof. The minutes were approved without alteration:

Proposed: N Myburg

Seconded: D Koster

No objections were noted, and the minutes were signed by the Chairperson as a true record of the proceedings.

3. THE ANNUAL FINANCIAL STATEMENTS

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 2023. He noted that there had been some changes to the AFS due to the introduction of the new reporting standard IFRS 17 and thanked Z Adam for her efforts in preparing the AFS and guiding the Trustees through the changes.

The following salient points were highlighted:

- The Scheme had another year of sound financial performance and ended with an improved solvency ratio of 132.5% in 2023 in comparison to 118.9% in 2022.
- The Scheme's membership decreased from 1,332 in 2022 to 1,310 in 2023 and its beneficiaries decreased from 2,758 in 2022 to 2,634 in 2023. The Chairperson noted that due to the Scheme's small size, alternative options such as a low-cost benefit offering could not be introduced to the members. The Trustees would nevertheless continue to look at options which would expand the Scheme's offering to its members.

3. THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

- The solvency ratio is a key measure by the medical scheme Regulators who required all schemes to have a solvency ratio of at least 25%. The Chairperson explained that the solvency ratio is measured by taking accumulated available funds (or realised reserves) (R122 million) for the benefit of Members into the future divided by the Annual Contributions (R91 million) from members.
- The Scheme had closing reserves of R122 million as at December 2023 and R37 million in Member's savings accounts. The R122 million would be utilised to meet the Scheme's obligations to the members in terms of providing health care services.
- The Scheme had opening reserves of R104 million from the prior year which increased by R17 million during the 12 months. The Scheme's Insurance service result was a positive R5 million, while R14 million was added from Other Income (from investments). The Chairperson advised that the Trustees worked hard to achieve the best results as this enabled the Trustees to keep member contribution increases low, with a competitive benefit offering on a sustained basis.
- In terms of the results, 80% of Contributions, being the Insurance Revenue (or Risk Contributions) (R73 million), go towards the risk benefits of the Scheme and the balance to member savings. The claims incurred increased by 4.8% from 2022 to 2023. Efforts were made to keep claim costs contained by negotiating keen rates with hospitals and various providers.
- As per IFRS 17, the Scheme's net result of R17 million is recognised as a liability to Future Members as these funds were earmarked specifically for the benefit of members. The Trustees are all members of the Scheme, which is run by members for the benefit of all members (as a collective).
- The Scheme's financial position remains strong with Current assets of R162 million. The Investment Committee assists the Trustees in making decisions in terms of investments. There is a sound investment policy which ensures that the risks are spread appropriately.

The Chairperson advised that the AFS were made available to the members online and asked if there were any questions the members wished to raise with regards to them. There were no queries.

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

Proposed: Jordaan Jacobs

Seconded: Dave Koster

The members present agreed by a show of hands.

4. EXTERNAL AUDITOR APPOINTMENT

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 they are well positioned to continue to deliver value to the Scheme.

The proposal to appoint Deloitte for a further year was seconded by Jordaan Jacobs.

5. SCHEME MEMBERSHIP UPDATE

The Chairperson advised that the Scheme comprised of 1 273 members (2% down from 2022), 1 313 dependents (5% down from 2022) amounting to a total membership base of 2 586. Pensioner members account for 9% (233 members) of the Scheme's total membership. The Chairperson advised that the Trustees were keeping a focus on the decreasing numbers but were also very aware of the economic realities which placed financial pressures on members. He noted that the Trustees continually tried to contain the costs to keep contributions low. He added that the Scheme's actuaries assisted with analytics by contribution band to inform on competitiveness. The Scheme also added more salary bands which further increased competitiveness over other schemes. This assisted members to not have too severe contribution changes and enabled the Trustees to analyse the profile of the members at the various levels. This also enabled the Trustees to know the costs within each band to understand any cross subsidisation.

The Chairperson advised that the Trustees were continually trying to find a balance between providing first-rate care and keeping the contribution rates affordable. He noted that the only legal way the Scheme could provide alternative offerings under current regulation would be to merge with another scheme, but the Trustee responsibility is to ensure best sustainable value proposition for members.

The Chairperson reminded the attendees that the Scheme was restricted, therefore benefited from the calibre of its members, and added that retiring members had a once-off option of remaining on the Scheme, as direct paying members.

6. JOINT ADDRESS BY THE CHAIRPERSON AND PRINCIPAL OFFICER

The Chairperson provided the following highlights on various Scheme matters:

- The Scheme is 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 Scheme is ably assisted by the administrators and specialists. The Chairperson encouraged members to also contact any of the Trustees or PO for additional assistance.
- The Board of Trustees received quarterly updates on service level adherence, health risk management outcomes, the Scheme's financial results and position, regulatory updates and healthcare landscape updates. This helped the Trustees to ascertain whether they needed to adapt their strategies, so they stayed ahead with the Scheme's benefit offering. The Chairperson advised that although the National Health Insurance (NHI) bill had been recently signed into law, it would take at least a few years to implement, so members need not be concerned about it at this time. The Board of Trustees continues to monitor developments.
- 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 2023 financial year, the Scheme and the Administrator invested significant time and resources in ensuring that members' experience was as positive as possible.
- The Board of Trustees were currently engaged in examining benefit developments, efficiencies and costs, as well as market benchmarks.
- The Trustees and specialists continued to promote health improvements and wellness benefits from a preventative perspective to help manage rising healthcare costs. In this regard, it is clear that exercise is the number one support of good health, and this will be encouraged via wellness initiatives. The Scheme will focus on wellness in the coming months which will include hosting wellness days at PG Group's bigger sites. The Chairperson noted that critical mass was needed to make these wellness days a success and encouraged members to participate when they were scheduled.

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

- Members should ensure that newsletters are read in order to stay informed of opportunities. Newsletters were sent out quarterly via email/SMS link or accessed on the Scheme's website. The Chairperson urged members to read the newsletters. These would be supplemented with more regular communication monthly, with the assistance of MHS who managed the website on the Scheme's behalf. The communication will include initiatives for members to encourage them to be more active and improve their wellness. This will include screening tests for early detection of any illnesses which was important for reversing illnesses when caught early.

Contributions

- The two-month contribution holiday in March and April 2024 was possible due to low claims through 2023 and exceptional circumstances, so should not be expected again. The Chairperson advised that offering these holidays resulted in the reserves being reduced, in this instance by approximately R12 million. He noted that the Scheme had seen a significant increase in the number of high-cost hospital cases in January and February 2024 which had however stabilised in March and April 2024.
- The Scheme's contribution increases have been contained below competitor schemes with PGG, adding contribution bands to focus and improve the Scheme's value proposition and market competitiveness at all levels of membership. Low-income earners, who from analyses, account for lower claim costs received relief in the 2024 increases. All contribution band increases were contained below market averages. The Chairperson showed the attendees a table reflecting the Schemes' contribution increases vs other closed schemes and open schemes over a 14-year period which showed that these competitor schemes had implemented increases on average of 8.2% and 8.7%, respectively. This was in comparison to the Scheme's average of 5.6% over the same period which was done whilst maintaining healthy reserves near or above 100%. The Scheme's increases have been near 30% lower than their competitors through the past 14 years. The Chairperson advised that the Trustees had once again contained the 2024 contributions below those of other schemes and added contribution bands to further enhance the Scheme's competitive position.

Value Proposition Benchmark

- In terms of the Scheme's value proposition, the Scheme's actuaries had conducted a benchmark exercise against other schemes and found that the Scheme excels in the comprehensive medical aid space. 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 great value as a comprehensive medical aid and compared favourably with other schemes in the open market. The Scheme was working hard to find an offering for its lower income members. This was challenging as the regulations are restrictive in terms of allowing smaller schemes to offer added options.
- A major benefit of the Scheme is its size which allowed members to receive personalised assistance when queries or concerns were raised.

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 spread risk while optimising returns.

7. RULE AMENDMENTS AND APPROVAL

The Chairperson advised that following a routine inspection by CMS, a concern was raised around the tenure of the Trustees. This resulted in the Trustees doing a rule alignment to essentially continue with 3-year terms and with more than 5 such terms requiring ratification in the AGM. He noted that the Trustees could serve more than 5 terms in certain instances where it was specifically motivated. The Chairperson advised that the Scheme was committed to having a blend of experience, expertise and fresh ideas whilst ensuring representation of the membership. He noted that half of the members were member elected. There were also two alternate Trustees who provided their own viewpoints as well as the views from members on the various Scheme issues. He noted that the rules were now more understandable, and a draft was available on the PG Group intranet (or could be requested by members from the PO). The Chairperson thanked the PO for assisting him with the review of the Scheme's rules and facilitating the engagements with the experts to improve the quality of the rules.

The Chairperson advised that a distinct advantage of the Scheme (along with the closed nature thereof), was that it was run by members for the exclusive benefit of members. This meant that it had a lower health risk profile and could contain contribution increases. He noted that the Scheme was proposing an innovative mechanism to collect contributions over 11 months with a 12-month contribution not required where reserves cover 13 months projected risk benefits. The Chairperson stated that the Trustees were comfortable with the Schemes sustainability based on actuarial projections adding that their intent was to be able to reward members following favourable claim and cost containment which enable sufficient reserves to avoid the need to collect contributions in January of the following year. This would provide relief in January when most members experienced the most financial hardship but would only be done if actuarial analysis showed that it was viable. He noted that the various rule amendments have been submitted to CMS for approval and can only be implemented following approval from CMS.

The Chairperson outlined the following key changes that were made to the rules:

- Enhanced definitions and clauses to improve the ease of understanding as well as improved format consistency throughout the rules.
- Referencing has been corrected.
- Alternate Trustees previously were not specifically provided for in the rules therefore a provision has been made in the revised rules for both Member elected and Employer appointed Alternate Trustees.
- The issue around the number of Trustees and their tenure has been addressed, taking into account both representation and the special skills required when looking at the tenure and appointment process of Trustees. This is subject to AGM approval.
- Provision to collect sufficient contributions over 11 months as a sustainable offering to members, while allowing for effective and efficient management of the Scheme for the benefit of member through the option to recover contributions for a 12th month where claims experience requires it (where reserves provide for less than 13 months cover for risk benefits or Trustees have some concern regarding sustainability of the Scheme based on actuarial projections for the coming 3 years).
- The AGM to take place by 31 July each year.
- The period of office of the Trustees as mentioned earlier in the meeting.
- The constitution of the Board.

The Chairperson advised that the updated rules have been approved by the Trustees and are now subject to the approval of CMS. He noted that approval was required at today's AGM for the amendments around the period of office of the Trustees and the constitution of the Board.

A member referred to the rule amendment that would allow the Scheme to collect contributions over 11 months with an option to recover contributions in the 12th month and asked if during the 11 months members would be paying more in contributions. The Chairperson responded that members would have their regular contribution and that the 11 months would not be grossed up.

Proposed: Natasha Myburg
Seconded: Sandy Beekhuizen

7. RULE AMENDMENTS AND APPROVAL (CONTINUED)

Pat Bates thanked the Scheme (on behalf of the pensioner members) for the 2-month contribution holiday that had taken place earlier in the year.

The Chairperson advised that he had received a letter from Marlene McAdam the Scheme's pensioner representative requesting the Scheme to consider subsidising the pensioner member contributions. He responded that the Scheme had tiers allowing lower income earning members to pay less in contributions but as the Scheme was funded by members, there was very little scope to subsidise any contributions. He noted that the Trustees were entrusted with managing the funds on behalf of the Scheme's entire membership base which included actively employed members and therefore did not have the means to find funding just for the pensioner members.

Pat Bates raised her concern that some pensioner members were using 70% of the pensions to pay for their medical aid contributions and were too old to join other cheaper medical aids. She outlined the hardships that some were enduring and noted that it was important for the Trustees to be aware of the dire situation of some pensioners. P Edge thanked her for the feedback and said that one would need to look outside of the Scheme for assistance as member money could not be used to assist only a portion of the membership. A Lowe advised that even if a more affordable offering were found for the pensioners, it would provide a quarter or half of the value they currently had in the Scheme. P Edge stated that the Scheme provided its members good quality care at the best possible cost.

Stuart Bate suggested that the Trustees consider tailoring the Scheme's offering to cater for its members at their various stages in life as the needs of the younger members differed to those of the elderly members. He noted that the pensioners were also disadvantaged as their contributions were not subsidised by the employer like the working members. P Edge clarified that the company was no longer subsidising the employee's contributions as had been the case in previous years as a total guaranteed package was now paid by the employer and members all fund their full contributions. He noted that it was important to keep the medical aid sustainable and attractive for all its members which is why the additional income bands were introduced as a means of retaining the low-income earners on the Scheme.

8. ADDED BENEFITS AND ADMINISTRATION

a) Preventative benefits

The Chairperson advised that four new preventative tests were introduced in 2024 to assist members to take charge of their health to lead to a more pro-active management of their acute or chronic conditions, should the tests indicate such. The PO noted that all the preventative benefits were subject to pre-authorisation, in order for the cost to be allocated to the risk benefits of the Scheme.

- Lung cancer detection benefit which is available for individuals between the ages of 55 and 74 years old who were or are current smokers. This benefit is subject to certain criteria being met.
- Prostate specific antigen tests for males between the ages of 40 and 49 and is available every 3 years. The benefit is already available annually for males over 50 years of age.
- Human Papilloma Virus (HPV) vaccine which is available for females aged between 9 and 26 years and for males aged 9 and 18 years.
- Health assessment benefit for all adults which includes blood pressure test, cholesterol and blood sugar test and a body mass index (BMI) assessment.

The PO advised that payment of vitamins, tonics and supplements from members' positive savings was also introduced in 2024, provided the chosen products are registered with the South African Health Products Regulatory Authority (SAHPRA). This would require the products to have a NAPPI code which can be verified with the pharmacist at the point of sale. Members may obtain their vitamins, tonic, supplements only at a pharmacy as a valid practice number is required for the claim to be submitted online to the Scheme.

8. ADDED BENEFITS AND ADMINISTRATION (CONTINUED)

b) Member savings

The PO advised that the Scheme "auto-pays" at Scheme rates therefore if a provider charged above scheme rates, and the member wished to be refunded above the scheme rates, the member had to request payment from savings to cover the shortfall. Members were requested not to send a separate email to inform the savings request as it was impossible to tie up separate documents, considering the number of claims that were processed daily.

c) Chronic medication

The PO advised that chronic medication had to be registered with the Scheme in order for payment to come from the risk pool and noted that only one payment was allowed from savings. Members could request the treating Doctor, at the time of writing the script to call the Scheme or ask the Pharmacist to call the Scheme or send the script to the Scheme.

d) Gap cover

The PO noted that gap cover was available to members, which at a cost of R144 per month was very competitive in the market. He urged members not to be without this cover as it assisted them with any shortfalls when hospitalised.

e) Trustee elections

The PO advised that the recent Trustee election process had gone well and thanked them for participating. She noted that she would be sending communication to members in the next few weeks about another Trustee election and urged them to participate.

9. GENERAL

The Chairperson reminded members to read the Scheme's newsletter, practice preventative wellness and to obtain pre-authorisation for treatment in line with the member guide. The PO encouraged members to log onto the Scheme's website to access the blog section where shorter articles from newsletters were included.

Johan van der Merwe, a pensioner member, noted that assistance with medical aid insurance when travelling overseas fell away for members 80 years and older. He queried whether the Scheme could consider looking at options for these members due to the substantial costs when doing it as an individual. The Chairperson responded that the Scheme would explore the options available in the market and try to negotiate a good rate for the members.

The PO read an online query from a member pertaining to gap cover payments. She clarified that GP visits were paid 100% from the member's saving account and medicine prices were set at an agreed rate and if a pharmacy charged more than the rate, the balance was for the members' account. A Lowe noted that although the medicine price was set at an agreed rate, pharmacies were allowed to charge a dispensing fee for the medication. There were other instances such as when a member purchased medication and did not want the generic version which made them liable for the price difference. The Chairperson asked Mike Neubert to request the relevant parties at MHS to send an SMS to members about opting to take generic medication vs the original when the dispensing fee was higher in case the pharmacy had failed to inform the member. He noted that this would give members a choice to opt for a cheaper version. Mr. Neubert stated that MHS would facilitate this.

An online query was read by the PO from a member asking if the Scheme paid for herbal medicine. The Chairperson responded that the Scheme only paid for medication that had a NAPPI code from a registered dispensary.

10. LUCKY DRAW

A lucky draw took place for the members that attended the meeting, and hampers were awarded to 3 members.

The Chairperson thanked everyone for attending and declared the meeting closed at 11h44.

CHAIRPERSON
PG Group Medical Scheme