



**MINUTES OF THE ANNUAL GENERAL MEETING OF THE PG GROUP MEDICAL SCHEME ('THE SCHEME')
HELD ON FRIDAY, 24 JUNE 2016 AT 10:00 AT THE AUDITORIUM, PG GROUP, BLOCK B, 18 SKEEN BOULEVARD,
BEDFORDVIEW**

PRESENT

TRUSTEES:	Dave Koster	(DK)	(Employer Trustee)
	Barry Page	(BP)	(Employee Trustee)
	Boyce Twele	(BT)	(Employee Trustee)
PRINCIPAL OFFICER:	Lyn Longley	(LL)	
ADMINISTRATOR:	Aashna Albert	(AA)	(Fund Manager)
	Ayanda Nxumalo	(AN)	(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)
	Barry Page	(BP)	(Employee Trustee)
PENSIONER REPRESENTATIVE:	Marlene McAdam	(MM)	

1. NOTICE CONVENING THE MEETING

On behalf of the Chairperson and Trustees, L Longley welcomed everyone present at the 2016 Annual General Meeting (AGM) and advised 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 11 June 2015 to all parties, it was taken as read and signed by the Chairperson as a true record of the proceedings. Proposed by Dave Koster and seconded by the Chairperson.

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

The Chairperson referred to the AFS, the Board of Trustee (BOT) report and the auditors' report for the year ended 31 December 2015. The Chairperson noted that a short summary had been prepared by Seemita Ramnarain, the Scheme's Financial Manager, that highlighted the following:

- The 2015 financial period was an improvement on 2014 for the Scheme. Whilst it still experienced extremely large claims both by volume and nature, the claims ratio decreased from 110% in 2014 to 106% in 2015. The Scheme is now required to include managed healthcare expenses in their claims totals, which affect the ratio as well.
- The Scheme produced a gross healthcare deficit of R2.7 million and a significant net healthcare deficit of R5.9 million for 2015. Both these results were better in comparison to the 2014 figures.
- The investment returns remained fairly stable at 11%, despite the poor investment market in 2015. The Scheme is invested in a very stable Allan Gray portfolio – as it was the members' money, a risky portfolio could not be considered.
- The Council for Medical Schemes (CMS) required all schemes to pay interest on members' positive savings balances and as a result, the PG Group Medical Scheme now had an interest expense and paid R1.5 million to members in respect of positive savings balances for the 2015 period.
- The Scheme ended the year on a net deficit of R839 000, yet still maintained a healthy solvency level of 84%. However, the solvency level decreased from 95% in the prior year.
- The Scheme continued to manage its medical insurance risk through benefit limits and sub-limits, approval procedures for transactions that involved pricing guidelines, pre-authorisation and case management, service provider profiling, centralised management of risk transfer arrangements, as well as the monitoring of emerging issues.
- 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 being controlled. The Chairperson clarified that when members received pre-authorisation, it did not mean that the Scheme would pay the entire costs relating to the procedure. This was because the Scheme could not determine what the surgeons and specialists would be charging, adding that case managers monitored what the hospital was doing and the progress members were making.
- 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 2015.
- The auditors believed that the AFS fairly represented, in all material respects, the financial position of the Scheme as at 31 December 2015, 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 proposed that the AFS, the BOT report and the auditors' report be approved and adopted.

Stuart Bate proposed and Dave Koster seconded.

The members present agreed by a show of hands.

6. PRESS RELEASE 3 OF 2016

The Chairperson advised members that by attending the AGM, they had an opportunity to ask key and critical questions on Scheme-related matters. She noted that the CMS encouraged members to play an active part in participating in the AGM as a form of exercising governance over the Scheme. The AGM was a forum that provided members an opportunity to raise any medical scheme-related issues.

7. ADDRESS BY THE CHAIRPERSON AND COMMENTS ON THE ANNUAL REPORT

The Chairperson advised that Malcom Carew had retired from the PG Group and had therefore resigned as the Chairperson of PG Group Medical Scheme. The Trustees had appointed Philip Edge as the Chairperson at the Board of Trustee (BOT) meeting of 11 May 2016.

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 Metropolitan Health Corporate Pty (Ltd) (MHC), continued to be well managed and was pleased 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 solvency ratio of 84%. She noted that the Scheme's Benefit Design Committee had met to discuss the 2017 benefits and ways the Scheme could address its deficits. The Chairperson stated that the volatility of large claims during 2015 had a negative impact on the growth of the Scheme's solvency ratio. The trend was primarily due to the impact of prescribed minimum benefits on the healthcare industry and the PG Group Medical Scheme was no exception.

The Chairperson advised that during the 2015 financial year, the Scheme and Administrator had invested significant time and resources in ensuring that members experienced a simpler, more streamlined private healthcare experience. This included a simple chronic medicine registration process once a member was diagnosed with a chronic condition. The Chairperson stated that there were many members to benefit from the Scheme's rich and innovative 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 analyses had shown that the PG Group Medical Scheme remained an affordable medical scheme that compared favourably with the open scheme market. Members could rest assured that the Scheme was able to fund their healthcare expenses reliably for the foreseeable future.

The Chairperson advised that the Scheme was promoting health improvements and wellness benefits to help manage rising healthcare costs and improve productivity. She 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.

The Chairperson noted that the Scheme remained committed to providing members with access to appropriate and quality healthcare benefits at competitive rates in a managed healthcare environment, which was supported by efficient administration. To this end, the Trustees had introduced Homecare+, a programme that identified and managed very high-risk members including providing them with detailed care in respect of their illnesses.

(a) MHC (ex-Momentum Medical Scheme Administrator)

The Chairperson advised that MHC'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, MHC'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 fund the best quality healthcare for members. An important function of MHC was to negotiate discounted hospital rates for the Scheme's members on an annual basis, which was due to MHC's bargaining power as an administrator to numerous medical schemes.

(b) PG Group Medical Scheme

The Chairperson advised that the Scheme was a closed medical scheme, which meant that only PG Group employees were eligible to join as principal members. The Scheme believed that their 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, need to enquire about the imposition of waiting periods on the new medical scheme if they chose this route.

The Chairperson advised that Phillip Edge had worked closely with the Trustees and the Administrator and she could verify that they strived for excellence by behaving professionally and acting with honesty, integrity and openness. She added that the Scheme's financial statements for the period under review had reflected a satisfactory result. It was hoped that the markets, which were turbulent at times, would improve in 2016, as this would eliminate unrealised losses.

The Chairperson stated that 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 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.

She 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. This would include an initiative whereby members with chronic conditions will be closely monitored to ensure compliance with their prescribed medicines.

(c) Contributions

The Chairperson advised that the Scheme's healthy reserves had enabled the Board, with the support of the benefit design team, to maintain contribution increases for 2016 at competitive levels, whilst 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 2016 to 8%. This was one of the lowest contribution increases in comparison to the other medical schemes in the market.

(d) 2016 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.

(e) TRUSTEE ELECTIONS

Employer representatives

The following Trustees would remain in office:

- Philip Edge (Chairperson)
- Dave Koster
- Welcome Ntshangase
- James de Smidt (Alternate).

Employee representatives

The following Trustees would continue in office for a further year:

- Andrea Patterson
- Barry Page
- Boyce Twele
- Henk Cloete (Alternate).

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

8. APPOINTMENT OF EXTERNAL AUDITORS

In terms of the Rules, the Scheme's auditors are required to be appointed by resolution at each AGM. The Chairperson proposed that Deloitte be re-appointed for a further year as their fees remained competitive. Dave Koster seconded this. The majority of members raised their hands in favour.

9. INTERNAL AUDIT CHAIRPERSON

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

10. GENERAL

Pat Bates advised that Arcadia Pharmacy, which was under new ownership, were imposing a small administration fee for all medicines dispensed, which had not previously been the case. The Chairperson explained that pharmacies were allowed to charge a dispensing fee or an admin fee and advised that the member had an option to get their medicines from pharmacies who did not charge these fees. She suggested that the member utilises the Scheme's courier pharmacy whose charge was minimal in comparison to other pharmacies.

11. 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 Phillip Edge, the Chairperson sincerely thanked the BOT, Audit Committee, Benefit Design Committee, Investment Committee, Administrators as well as the Scheme's Principal Officer, for their diligence in handling the Scheme's matters.

Charles Bromley thanked L Longley for the sterling work she was doing for the Scheme and its members. The members showed their appreciation by clapping.

There being no further business, the Chairperson thanked the members for their attendance and, in conclusion, thanked everyone for their continued support of the Scheme and wished them a healthy 2017.

The Chairperson declared the meeting closed at 10:42.

CHAIRPERSON