



**NOTICE TO ALL MEMBERS  
ANNUAL GENERAL MEETING**

**The Annual General Meeting (AGM) of the members of the PG Group Medical Scheme will be held in the Auditorium, 18 Skeen Boulevard, Bedfordview on Wednesday, 20 June 2018 at 10:00.**

**AGENDA**

1. Notice convening the meeting
2. Apologies
3. Attendance
4. Confirmation of the minutes of the AGM held on Friday, 14 June 2017
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 and is available for inspection by members at the Scheme's offices during normal office hours from 23 May 2018.

**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](http://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, and
- 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) with effect from 11 May 2016  
Mr Welcome Ntshangase with effect from 11 May 2016  
Mr Dave Koster

**MEMBER REPRESENTATIVE**

Ms Andrea Patterson

**ALTERNATE**

Mr James de Smidt – resigned 8 May 2017  
Mr Theo Rochussen – to be confirmed at the AGM

**ALTERNATE**

Mr Henk Cloete

**PRINCIPAL OFFICER**

Ms Lyn Longley

**PENSIONER REPRESENTATIVE**

Ms Marlene McAdam

**MEMBER REPRESENTATIVES – FINAL TERM**

Mr Boyce Twele  
Mr Barry Page

As you are aware, Boyce Twele and Barry Page have been your employee-elected Trustees over two successive terms since June 2012. Their final terms end soon. Both Boyce and Barry's contributions as Trustees have been invaluable and the Board will miss their contribution hugely. The move has created two vacancies on the Board and we have therefore called for respective nominations from both PG Building Glass and Shatterprufe.

Details of the nominations and election process will follow in a week.

Enclosed please find a copy of the 2017 AGM minutes, which will be approved and signed at the AGM.

Yours faithfully

**LYN LONGLEY**  
PRINCIPAL OFFICER

23 May 2018



**MINUTES OF THE ANNUAL GENERAL MEETING OF THE PG GROUP MEDICAL SCHEME ('THE SCHEME')  
HELD ON FRIDAY, 14 JUNE 2017 AT 10:00 AT PFG BUILDING GLASS, CORNER INDUSTRY & IRON ROADS,  
SPRINGS, IN THE PFG IMBUBE CONFERENCE FACILITY, SERVICES BOARDROOM, SPRINGS**

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**PRESENT**

TRUSTEES:	Dave Koster	(DK)	(Employer Trustee)
	Theo Rochussen	(TR)	(Employer Trustee)
	Boyce Twele	(BT)	(Employee Trustee)
PRINCIPAL OFFICER:	Lyn Longley	(LL)	
ADMINISTRATOR:	Eugene Eakduth	(EE)	(Fund Manager)
	Ayanda Nxumalo	(AN)	(Fund Secretary)
	Simon Sibeko	(SS)	(Regional Manager Gauteng)
MEMBERS:	As per attendance register		

**APOLOGIES**

TRUSTEES:	Philip Edge	(PE)	(Employer Trustee)
	Andrea Patterson	(AP)	(Employee Trustee)

**1. NOTICE CONVENING THE MEETING**

On behalf of the Chairperson and Trustees, L Longley welcomed everyone present at the 2017 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 24 June 2016 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 Boyce Twele.

## **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 Trustees (BOT) report and the auditors' report for the year ended 31 December 2016. The Chairperson noted that a short summary had been prepared by Seemita Ramnarain, the Scheme's Financial Manager, which highlighted the following:

- The 2016 financial period was a difficult one for the Scheme. While it still experienced extremely large claims both by volume and nature, the claims ratio remained quite high at 106% in 2016.
- The Scheme produced a gross healthcare deficit of R3.3 million and a significant net healthcare deficit of R6.7 million for 2016. Both these results were worse in comparison to the 2015 figures, highlighting the difficult financial year that the Scheme experienced in 2016.
- The investment returns were slightly better than 2015 and increased from 11% to 13%. The Scheme remained in a very stable Allan Gray Portfolio.
- The Scheme ended the year on a net deficit of R1.1m, yet still maintained a healthy solvency level of 79.4%. However, the solvency level decreased from 84.1% 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 2016.
- The auditors believed that the AFS fairly represented, in all material respects, the financial position of the Scheme as at 31 December 2016, 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.

Dave Koster proposed and Theo Rochussen seconded.

The members present agreed by a show of hands.

## **6. SCHEMES NOTIFICATION OF DATES FOR THE AGM AND ELECTIONS**

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 CMS encouraged members to play an active part in participating in the AGM as a form of exercising governance of the Scheme. The AGM was a forum that provided members an opportunity to raise any medical scheme-related issues.

## 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 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 79.4%. She noted that during the 2016 financial year, the Scheme and 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 advised that Homecare+ had been introduced, which was a programme that identified and managed high-risk members that could potentially become critically ill so they could be better managed to avoid being hospitalised. She noted that there were about 50 people currently on the programme and consisted equally of younger and older members.

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. 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.

### (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 fund 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 PG Group employees 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 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. The 2016 year ended well, but there had been issues at the beginning of the year.

**(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 2017 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 2017 to 8.0%.

**(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 put into members' medical savings accounts for consultation visits etc. It was a concern that members were exhausting their medication benefits earlier in the year, resulting in out-of-pocket expenses in the latter part of the year. To this end, the Trustees took the initiative of assisting members to conserve their savings by implementing the following change.

Previously, co-payments on medication were automatically paid from members' savings and therefore members were not aware of the co-payment. This functionality to automatically pay co-payments from the savings was not available on the Administrator's new operating platform, and the automation of paying short-payments automatically from members' savings will require further development by MMI. This resulted in an increase in call volumes from members requesting short-payments to be paid from their savings, but the positive aspect is that members are now exercising more control over their savings.

**(e) 2017 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. The Fund Manager, Eugene Eakduth, stated that the limit also assisted MMI's case managers in managing down hospital costs for members, which would be difficult to do if there was an unlimited annual limit.

**(f) GAP cover**

The Chairperson advised that the Scheme had appointed Ambledown as the Scheme's GAP provider. This was due to the previous provider, Guardrisk, proposing to charge premiums of R134, while reducing members' benefits. Ambledown had reduced their premium to R100 per family and paying out five times the Scheme rate. The Chairperson noted that although it was not compulsory for members to have GAP cover, it was prudent for them to join, as it assisted members with unforeseen hospital costs.

**(g) New matters**

**(i) Reference pricing on acute and chronic medication**

The Chairperson advised that this was a maximum price the Scheme would pay for a group of medicines in the same therapeutic class and if a member chose to claim for a medication that was more expensive than the reference price, the member would have to pay the difference i.e. a co-payment. She noted that there would always be a clinically appropriate choice of medication at or below the reference price.

**(ii) Maximum medical aid price (MMA) on acute medication**

The Chairperson stated that the Scheme had always applied MMA on chronic medication but not on acute medication, however, this had changed in 2017. If a member chose a more expensive brand name for acute medication when there was a generic equivalent available, the generic equivalent would be refunded and the member would have to pay the balance. She noted that co-payments were not automatically paid from members' savings account, but members could request the balance to be paid from their savings when they claimed at a later stage, as this could not be done at the time of purchasing medication.

**(iii) No change in medicine risk management (MRM)**

The Chairperson advised that there had been no change to the Medicine Risk Management programme, which required members to register their chronic medication. She clarified that the MRM department authorised the medication and could not supply medication. Members had to register on the programme in order to qualify for

the benefits and if they failed do so, the benefit would be paid from members' savings account instead of the chronic medication benefit.

The Chairperson stated that members had to provide a prescription with the correct diagnostic codes, as well as their membership details in order to register on the programme. This could be faxed, emailed or a telephonic call can be made by the pharmacist or service provider for new or renewal scripts.

**(iv) Introduced - Move from acute to chronic medication**

The Chairperson advised that some Scheme members had been paying for certain medication from their savings, which should have been paid from their chronic medication benefit. The members hadn't registered the medication on chronic, which ultimately disadvantaged them in terms of their savings being incorrectly utilised. She noted that the Trustees had requested Mediscor to block certain chronic medication from automatically being paid from members' savings accounts. This resulted in some members experiencing the rejection of claims at the pharmacy, but they were advised to register the medication onto the chronic medication programme. The Chairperson stated that the benefit of compulsory chronic medication registration was aimed at preserving members' savings for their future day-to-day claims. She noted that members had complained about having to pay additional funds for general practitioner (GP) and specialist consultations, as certain medication could only be prescribed by a specialist. Eugene Eakduth explained that a GP could not prescribe medication classified as schedule 7 drugs, as this would be in contravention of the Medicine Control Council's ruling. He urged members, who were unsure whether to have medication prescribed by a GP or a specialist, to call customer care to ascertain what schedule a required medication was, as the customer care agents had access to this information.

**(v) Introduced – Mediscor with effect from 16 December 2016**

The Chairperson advised that there had always been a medicine management provider working behind the scenes, called a switching house, which meant that all medication-related claims from pharmacies were submitted to Mediscor for verification and adjudication. Mediscor verified all member details before a claim was re-routed back to the pharmacy to advise whether or not a claim was being paid and the reasons for the rejection. She noted that a problem had arisen in December 2016 when the Mediscor switch was not updated by all pharmacies (mainly Clicks and Dischem) – this resulted in members' claims being rejected.

The Chairperson reported that Mediscor had sent notifications to each individual pharmacy that PG Group members utilised, to advise them of the change/update to the switch destination to be used from 2017 onwards. This would have required each pharmacy to speak to their system service provider to advise them of the new destination for claims to be sent to. She noted that some pharmacies had not done the update and as a result, when the members' claims were submitted to the old switch destination, the pharmacy received an error indicating that members did not have any benefits or that their membership was invalid. The Chairperson confirmed that the issue had since been resolved, but if there were members who had been forced to pay for medication from their own pocket during this period, they could submit their claim to the Scheme for a refund to be processed. Eugene Eakduth noted that the Trustees had requested MMI Health to accept these claims even though they were now deemed as stale, as the problem had not been the members' fault.

**(vi) Introduced the acute exclusion list (AEL)**

The Chairperson advised that the AEL contains medication used for the treatment of chronic conditions. These were historically claimed from the acute medication benefit with members also being provided with more affordable generic or therapeutic alternatives. She noted that the Trustees had introduced the initiative to ensure optimal management of members' medication benefits. The medication was not paid from the acute medication benefit, but required members to register the medication as chronic medication, to enable it to be paid by the Scheme. It was clarified that if the medication was not chronic, the member would be liable to pay for it.

Eugene Eakduth stated that it was important for members to be aware that certain chronic medication could only be taken for a certain prescribed period, therefore it was important for doctors to monitor members using certain medication. This would not happen if the Scheme continued to allow members to purchase chronic medication from their acute medication benefit that was not being monitored by a doctor. The Chairperson noted that it was easier for doctors to monitor whether members were taking their medication as prescribed, as members were compelled to renew their chronic scripts every three or six months.

**(vii) Introduced – ISquare operational platform operating out of Cape Town**

The Chairperson advised that MMI had made a decision to move the Scheme’s administration to the ISquare operational platform operating from their Cape Town offices. This was done to maximise efficiencies across the business and to reduce the need for multiple systems and licenses to be in operation. She noted that the ISquare platform was more in sync with the Scheme’s benefit design and would improve outcomes in terms of hospitalisation management, thereby reducing high-cost cases through holistic management initiatives.

The Chairperson stated that as a result of the platform change, the members had experienced the following issues:

- Members had to re-apply for web access and log on with their new password
- The new website was not fully functional
- The savings portion had not pulled through to the website
- The members’ first claims statements had not reflected their savings balances

In reference to the new-look member claims statement, the Chairperson advised that the statement format and pay-codes used on the ISquare platform were different to what members were used to on the Reflections system. A newsletter with diagrams highlighting the differences, would be included in an upcoming member newsletter. She noted that it was common for some pay-codes to no longer be relevant and for new pay-codes to be introduced especially when various sections of the prescribed minimum benefits were being dealt with.

The Chairperson stated that members would soon be receiving their tax certificates. Eugene Eakduth confirmed that they would be sent to members in the coming weeks, noting that the MMI team was calculating 10 months from the Scheme’s previous platform, Reflections, and two months from the new ISquare platform. The Chairperson suggested that members should receive two separate statements, if this would be allowed by the South African Revenue Service (SARS). Eugene Eakduth noted that SARS had allowed this for another medical scheme and would therefore request the MMI team to provide two statements to the Scheme’s members.

The Chairperson concluded by requesting all members who had been negatively affected by any of the issues raised above, to inform the Scheme’s office and submit any outstanding receipts and accounts so that they could be actioned. She noted that they would have until year-end to submit their claims, which they could also give to the account executives, who were visiting the companies’ various work-sites to allow members to resolve outstanding queries. Simon Sibeko advised that the sites had been advised of the dates that the account executives would be visiting, to allow members to be informed upfront.

**8. TRUSTEES REMAINING IN OFFICE FOR 2017**

The Chairperson informed the members that Dave Koster (an employer Trustees), who was based at the PFG factory, would be moving to PG Glasses’ head office. The company would therefore be nominating another Trustee from the PFG factory to serve on the Board. She noted that Theo Rochussen had replaced James de Smidt as an employer Trustee.

***Employer representatives***

- Philip Edge (Chairperson)
- Dave Koster
- Welcome Ntshangase
- Theo Rochussen (alternate).

***Employee representatives***

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

The Chairperson advised that she would continue on the Scheme as an independent Principal Officer, as she was no longer employed by the PG Group, and that Marlene McAdam would continue to represent pensioner members.

**9. 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. Melinda Strydom seconded this. The majority of members raised their hands in favour.

**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**

Olive Duminy advised that two members had recently submitted addition of dependant forms to the Scheme, but different late joiner penalties had been imposed by MMI and requested clarity on the inconsistency. Eugene Eakduth responded that he would get the necessary member information from her when the meeting concluded, so that he could review the applications and provide clarity. The Chairperson stated that for no exclusions to be applied, members had to meet certain criteria e.g. change of job.

Members were advised that the Scheme had negotiated with the pharmacies on the chronic medication dispensing fees but not for acute medication. The Chairperson stated that negotiations had not taken place since 2016, therefore Dischem and other pharmacies were charging according to the 4-tier structure for acute medication. This meant that members could get acute medication cheaper, if they paid cash than if they used their medical savings account. She noted that MMI's pharmacy network team was busy preparing a proposal for the Scheme's review.

**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 Phillip Edge, the Chairperson sincerely thanked the members for their attendance and continued support of the Scheme and for maintaining very high ethical standards. She noted that the dynamic and complex operating environment emphasised the need for medical schemes to implement transparent and responsible healthcare funding solutions. She added that the Scheme, under the guidance of the Board of Trustees, would continue to find ways of ensuring that the Scheme's members benefit from access to the best quality healthcare at the most affordable rates and a stable private healthcare system.

There being no further business, the Chairperson thanked the Fund Manager, Eugene Eakduth, for assisting the Scheme through the difficult administrative issues faced by the members since the move from the Reflections system to the ISquare platform. A special word of thanks was given to Gita Maniram for diligently assisting with member queries.

Special 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. It was 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. In addition, heartfelt thanks were also extended to Gary Scott and his team from Willis Towers Watson.



The Chairperson, on behalf of Philip Edge, stated that the Board was pleased to have been of service to the members and looked forward to the challenges that lay ahead. Sincere gratitude was noted to all who had a hand in assisting with keeping PG Group Medical Scheme members informed of their queries and will appreciate all assistance in getting back to excellence service for the members.

The Chairperson declared the meeting closed at 11:19.

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**CHAIRPERSON**