

# SAMWUM+ED

Real Heritage. Real People. Real Health Care.



# 2022

# ANNUAL REPORT



# New SAMWUMED Mobile App

# Yes! Yes!

You can now update your own **CONTACT DETAILS** using the SAMWUMED Mobile App. You don't need to call the Contact Centre.



**Wow. This  
is convenience at  
another level!**



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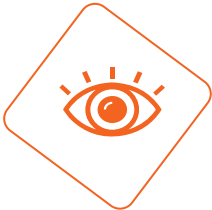






## WHO WE ARE

The South African Municipal Workers Union National Medical Scheme (SAMWUMED) is a financially healthy, fully-funded, nationally-accredited and self-administered medical aid scheme, which covers approximately **74000** lives throughout South Africa. The Scheme's reserve levels remain above **70%**, exceeding the required statutory threshold of **25%**. Our Scheme continually strives to maintain its standing as one of the most cost effective Schemes in its category without compromising the quality of our member benefits. In this way, we see ourselves not just as a medical aid scheme, but as an advocate of our members' interests and their right to a healthy life.



## OUR VISION

Your family's scheme of choice committed to quality healthcare through service excellence, accessible and affordable health care and an accountable administration.



## OUR MISSION

Providing quality, accessible and affordable community-based health care to our members through:

- ▶ Empowering and supporting communities to embrace healthy living
- ▶ Member-centric, efficient service delivery, and innovative processes
- ▶ Preservation of good relationships with all our stakeholders; and
- ▶ Ensuring financial sustainability whilst committing to the principle of non-profit.



## OUR VALUES

- ▶ Member centric
- ▶ Integrity
- ▶ Discipline
- ▶ Responsibility
- ▶ Accountability
- ▶ Value of Self
- ▶ Ubuntu



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# NOTICE OF ANNUAL GENERAL MEETING

## 8<sup>TH</sup> SEPTEMBER 2023

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Notice is hereby given that the **Annual General Meeting (AGM)** of the members of the South African Municipal Workers Union National Medical Scheme (SAMWUMED) will be held on the **8<sup>th</sup> September 2023, at 09h30 via a Virtual Meeting Platform and physically at the Braamfontein Recreational Centre, Johannesburg**, for the purpose of transacting the following business:

## AGENDA

1. Opening and singing of the South African National Anthem
2. Confirmation of the meeting credentials and the reading of notice to convene the AGM
3. Agenda
4. Minutes
5. Chairperson's Foreword
6. Principal Officer's Message
7. Financial Report for the year ended 31 December 2022
8. Appointment of External Auditors for the 2023 Financial Year
9. Notices of Motion
10. Closure

## IMPORTANT:

- Notices of motion to be considered for placing before the AGM must reach the Principal Officer, at the registered address of the Scheme, or by email to **agm2023@samwumed.org**, **by no later than 18<sup>th</sup> August 2023**. These shall be vetted against the Scheme Rules and the Medical Schemes Act.
- **Identification:** members attending the Annual General Meeting (AGM) at a physical venue must bring along any of the following together with their valid membership cards to secure admission and participation at the AGM:
  - A South African green bar-coded ID book or Smart card; or
  - A South African Driver's License; or
  - A Passport.

By order of the Board of Trustees.



Francina Mosoeu

Principal Officer



# THE BOARD OF TRUSTEES

The Board of Trustees is appointed in terms of the Scheme Rules. Six (6) members are member elected and four (4) are Union appointed. The below sets out the composition of the SAMWUMED Board of Trustees.



**N. P. Ntsuba**

**Deputy Chair** ( Trade union  
appointed - until May 2023 )



**L. Sibiya**

**Chairperson** ( Member elected )



**M. Marule**

( Member elected )



**S. T. Kwanyana**

( Trade union appointed - until  
May 2023 )





**M. Nzuza**  
( Member elected )



**N. Bhozo**  
( Member elected )



**S. Dube**  
( Member elected-  
pensioner trustee )



**M. I. Solomon**  
( Trade union appointed )



**A. Ntuli**  
( Trade union appointed - until  
May 2023 )



**R. Letsoalo**  
( Member elected)



# MINUTES SAMWUMED ANNUAL GENERAL MEETING

Held on 9 September 2022 at 09:30, and coordinated at SAMWUMED Head Office, Main Executive Boardroom, Trematon Road, Athlone, Cape Town

## 1. OPENING AND SINGING OF THE SOUTH AFRICAN NATIONAL ANTHEM

The Chairperson of the Board of Trustees (BoT) Mr. Lindani Sibiya asked all attendees to rise for the singing of the South African National Anthem.

- The Chairperson opened the SAMWUMED Annual General Meeting (AGM) at 09:40.
- He welcomed all Members and guests to the AGM.
- The Chairperson noted the passing of Her majesty Queen Elizabeth II and extended condolences to her family and the nation.
- He also informed the members that the BoT and the Scheme's Executives were present to account for the Scheme's performance since the last AGM.

## 2. CONFIRMATION OF THE MEETING CREDENTIALS AND THE READING OF THE NOTICE TO CONVENE THE AGM

- The official and designated venues confirmed the following number of members in attendance at the various venues. These were participants who were present and registered at the start of the AGM:
  - The moderator confirmed that there were 16 registered participants online.
  - Training Room 1 confirmed the presence of 7 participants.
  - The Belmont Square - Cape Town venue confirmed the presence of 62 participants.
  - The Selby Hall 2 venue confirmed the presence of 46 participants.
  - The Boksburg venue confirmed the presence of 25 participants.
  - The Nigel venue confirmed the presence of 18 participants.
  - The Alberton venue confirmed the presence of 29 participants.
  - The Tshwane House venue confirmed the presence of 27 participants.
  - The Bronkhorstspuit venue confirmed the presence of 7 participants.
  - Selby Hall 1 venue could not confirm the number present as there were connectivity issues at the venue.
- As required by SAMWUMED Scheme Rule 32.1.3. the Chairperson confirmed the presence of a quorum as there was more than **30 members** present at the start of the meeting.
- Having confirmed a quorum, the Chairperson declared the meeting duly constituted. He then provided his opening remarks and invited members of the BoT to introduce themselves.
- The Principal Officer greeted participants on behalf of the Scheme Executives and employees.
- The Chairperson also acknowledged the presence of Mr. S Sthunda and Ms. T Baloyi from the Council for Medical Schemes who were attending the AGM with Ms. Avril Jacobs (Senior Compliance Officer: CMS) who was connected virtually.
- The Principal Officer reported that the AGM packs and the AGM notice were sent out on the 4<sup>th</sup> and 5<sup>th</sup> of August 2022. Unstructured Supplementary Service Data (USSD) Short Message Service (SMS) were sent out on the 2<sup>nd</sup> of September 2022 as well as the notice of the AGM was placed on the Scheme's website.
- The Principal Officer also confirmed that the Scheme Annual Reports were sent out electronically and physical copies were also made available at the various venues.
- She further confirmed that invitations were sent out to CMS, the Scheme's legal advisor Mr. T Malatji, as well as the Scheme's Auditors PricewaterhouseCoopers (PwC) and to all Scheme members.
- The Principal Officer reported that the Scheme received **60** confirmations from members, and others registered online in order to attend the AGM.
- Posters were distributed on the 8<sup>th</sup> of August 2022 in Gauteng, KwaZulu Natal and Cape Town.

## 3. AGENDA

*The Principal Officer read the Notice of the AGM into the record. It stated as follows: "For the Annual General Meeting of 9 September 2022. Notice to convene an AGM. Notice is hereby given that the Annual General Meeting of the members of the South African Municipal Workers Union National Medical Scheme (SAMWUMED) will be held on the 9<sup>th</sup> of September 2022 at 09:30 via a Microsoft Teams virtual platform for the purposes of transacting the following business AGENDA: 1. Opening and singing of the South African National Anthem 2. Confirmation of the meeting credentials and the reading of the notice to convene the AGM. 3. Agenda 4. Minutes 4a Matters Arising 5. Chairperson's Message 6. Principal Officer's Review 7. Scheme Overview 8. Financial Report for the year ended 31 December 2021 9. Appointment of External Auditors for the 2022 financial year 10. Discuss and approve the following special resolutions: 10a. Proposed annual increase for the Board of Trustees 11. Notices of Motion 12. Closure.*

Participants at each of the venues and a member online, Mr. D McKenzie, confirmed receipt of the Notice.

- The Chairperson noted the confirmations and advised all members to ensure that they update their details with the Scheme.



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## 4. MINUTES

- The Chairperson stipulated that the Minutes of the previous AGM were sent out electronically and physical copies were made available at the various venues.
- Participants at the venues via their appointed facilitators confirmed receipt of the Minutes.
- A member who participated online, Mr. D McKenzie, confirmed receipt of the Minutes and he also confirmed them as a true reflection of what transpired at the previous AGM.
- The Minutes were therefore taken as having been approved.

### 4.a Matters arising

- There were no Matters Arising out of the Minutes.
- However, at Tshwane House, via the facilitator, members requested that the Minutes should be circulated much earlier in preparation for the AGM.

## 5. CHAIRPERSON'S MESSAGE

- The Chairperson reported that the financial period ended 31 December 2021 was challenging and unprecedented due to the COVID pandemic.
- In spite of the challenges posed by the pandemic, the Chairperson reported that the deliberate application of the risk matrix approach, allowed the Scheme to keep a focused view of Scheme risks.
- The matrix was premised on the three (3) year business plan which was approved and annually reviewed by the BoT.
- The Scheme had a challenge with reducing its costs during the pandemic. It also had to meet all member claims while trying to maintain and grow its membership base.
- The Chairperson reported that operations were disrupted as many Scheme personnel had to work from home, however despite this, the Scheme continued to achieve better healthcare outcomes for members by ensuring low administrative costs.
- The Scheme also continued to strive to be a leading Scheme that always prioritised its members.
- He further reported that members of the BoT had been tasked with ensuring that there were no gaps in the servicing of members.
- He concluded by pointing out that the Scheme hoped to rely on its values, its strategic objectives, and the collective efforts of all stakeholders to ensure that SAMWUMED remained sustainable for future generations.
- The Chairperson thanked his fellow BoT members, the Principal Officer, and all staff for supporting him during his tenure.

## 6. PRINCIPAL OFFICER'S REVIEW

- The Principal Officer shared the Scheme's 2021 highlights, its performance, and its outlook for 2022.
- The Principal Officer noted that COVID-19 impacted the Scheme's operations and it also negatively impacted upon the lives of Members.
- Despite these challenges in 2021, the Scheme continued to service its members. The Scheme also focused on its financial stability and its operational efficiencies.
- The Principal Officer reported that the Scheme protected its members by educating them about the importance of vaccinating against COVID to ensure that those who did not have the virus remained negative.  
The Scheme also looked after those members who were infected by COVID and ensured that they received the best quality healthcare. The Scheme also improved its cancer benefits by shortening the number of years for mammograms from every three (3) years to every two (2) years for female beneficiaries from age 45 to 70.
- Also of significance was the fact that the Scheme introduced the Human Papillomavirus vaccine (HPV) to fight the HPV virus which can cause cancer in teenage girls later on in life. This preventative care benefit was introduced to female beneficiaries between ages 9 and 14 years.
- The Scheme also introduced multi-vitamin benefits to help members fight diseases that would make them vulnerable to COVID and other diseases. The Principal Officer acknowledged the dissatisfaction raised regarding the limit placed on this benefit. She however explained that this benefit was introduced over and above the chronic benefit for members who qualified for multi-vitamins.
- Other initiatives introduced by the Scheme included improved maternity benefits. These included a baby bag with baby essentials for all new-born babies. The Principal Officer apologised for the delay in procuring the baby bags. She also reported that the Scheme had increased the number of expecting mother's health scans to three (3) to reduce their health risks during pregnancy.
- On the communications side, the Scheme website was revamped and it included an improved layout and content. The Scheme also revamped its Mobile App by introducing improved features.
- In terms of the Scheme's performance, the Scheme's membership grew from **34 403 to 35 201** members. Option A members grew from **12 956 to 13 542**. Option B members grew from **21 447 to 21 659**.
- It was reported that the Scheme registered solvency of **94.04%** which was above the CMS requirement of **25%**. The Scheme was financially healthy with reserves of **R1.52 billion** and a surplus of **R44.7 million**.
- In 2021, the Scheme paid out **R1.6 billion** in member claims. **R292 982 249** was paid out in respect of COVID claims for **1 815** beneficiaries. The Principal Officer noted that there were still a number of outstanding claims that were yet to be submitted by the Department of Health.



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- In terms of the governance processes and structures, the BoT concluded its strategy review and finalised it for the next three (3) to five (5) years.
- The Principal Officer reported that the Scheme concluded its risk assessment and introduced the necessary mitigation plans. As such, it reviewed its existing contracts and regularised a number of contracts that were month-to-month.
- The Scheme Rules were amended and a review was conducted on benefits and contributions.
- In terms of the matters handed over by the Curator, the Moroka & Ramoba matter were still ongoing, as was the CayiCayi matter. The Scheme was also still trying to recover expenditure erroneously spent by the Provisional Curator, and in respect of the unacceptable alterations and refurbishment of the SAMWUMED Head Office.
- The Mitchell's Plain Clinic was sold and transferred to the new owner, however the undeveloped erven in Retreat was still on the market, due to challenges faced in selling it.
- In terms of the Scheme's operations, the Scheme restructured and filled a number of key vacancies. In this regard the Principal Officer announced the appointment of the Chief Information Officer (CIO), Mr Jaap Kugel and the Chief Financial Officer (CFO) Mr. Zukisani Samsam.
- There was a **98%** collection rate in 2021 despite the financial impact of the pandemic.
- The Scheme also continued to monitor its healthcare costs but unfortunately these exceeded the **90%** budget as claims were slightly above **100%**.
- The Principal Officer reported that the Scheme's hospital networks were reviewed and challenges addressed. These included the hospital, day clinics, and mental health networks. The Scheme also introduced a Family Practitioner Network and a Pharmacy Network.
- She further reported that the Scheme established a Fraud, Waste and Abuse (FWA) structure and processes, and the appointment of a forensic service provider (Qhubeka Forensics Services) to assist the Scheme in addressing FWA by members and service providers.
- During the period under review, the Scheme was accredited for the Freedom of Association (FOA).
- It was also reported that the Scheme had addressed and finalised all IT gap analysis matters.
- In terms of the 2022 outlook, the Scheme continued to improve its servicing to existing members while growing the Scheme. In this regard the Scheme invested in a new call centre solution.
- The call centre solution allows the Scheme to serve members through multiple channels, including a self-service option.
- Other focus areas for 2022 included securing the Scheme's financial sustainability, operational efficiencies, stakeholder management, risk management and corporate governance.
- The Principal Officer thanked the BoT and the Executive Management Team for their support in ensuring that members remained serviced during the pandemic. She also thanked the service providers and members for always providing feedback and CMS for the continuous monitoring of Schemes.
- At the end of her submission, the Chairperson encouraged members to ensure that their details were always updated at the Scheme.
- Mr. McKenzie, a member from Ekurhuleni who registered on the online platform, welcomed the report delivered by the Principal Officer. He however raised concern with respect to General Practitioners (GPs) who refused to treat members as they were under the erroneous belief that members had depleted their benefits. Upon checking for themselves, members often discovered that they still had benefits in place. He reported that when he had contacted the Scheme about this, he was informed that the problem could have been due to the system integration that was underway. He raised concern that members were never advised about the migration, and he also raised concern that members were still subject to a co-payment even when they used a network hospital.
- At Selby Hall 2 venue, two (2) members submitted comments. Member 1, requested that communications sent to members should be in other languages and not only in English. He also raised concern that there were rumours that the Scheme was going to change its name. The second member, Ms. F. du Ploy reported that when she went to the pharmacy, they declined to fill her script. Upon enquiry they informed her that their reluctance was based on the fact that the Scheme was not going to pay them. She wanted to know how the Scheme addressed such scenarios.
- At Belmont Square a member sought clarity on the removal of free additional beneficiaries after the three paid-for beneficiaries. He submitted that members did not previously pay for this. He requested that when changes are made, members must be properly advised timeously. A second member was concerned by the slow growth in membership. He sought details on what the Scheme was doing to address this.
- In Nigel, a member was of the view that the radiology benefit was insufficient. Another member requested the Scheme to investigate why pharmacies were always off-line.
- In Boksburg a member requested the Scheme to increase its optometry benefits. Another member raised concern that there weren't enough network hospitals in the East Rand. She also requested a review of the chronic benefits as she was always subjected to a co-payment. The Member also sought clarity and assistance with the application for a nebuliser for her son.
- At Tshwane House a member complained that the call centre did not promptly respond to calls. It was reported that in 2021 a doctor tried to call the call centre on behalf of a member but the call centre did not respond. The doctor subsequently wrote a letter of demand when the Scheme failed to pay the claim.
- In Alberton a member enquired why the Scheme did not pay Lancet for blood drawn while in hospital.



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- Ms. Mpumlwana, the Acting Chief Operations Officer explained that the decision was taken by the Scheme to integrate its system with Medscheme. This decision was made in 2021 and communication was sent out to members about the integration. She further explained that the integration was still underway and further updates on the integration will be provided to members. Ms. Mpumlwana apologised to members who had been inconvenienced.
- Ms. Mpumlwana confirmed that the Hospital Network was being monitored and reviewed for the 2023 benefit year. She stated that the Scheme strived to enhance the network coverage and she stated that the Scheme will communicate to its members about any benefit changes.
- The Chairperson noted the request for Scheme communications to be in other languages. He indicated that the Scheme will look into this request. He also noted that multiple languages were used by the call centre and that Sales teams are representatives who speak various South African languages, to accommodate our members.
- Ms. Mpumlwana confirmed that prior to 2018 additional beneficiaries were added for free onto a member's profile, after the three paid-for beneficiaries. Since then, this was reviewed and it was determined that such a benefit was not financially sustainable. Correspondence was sent out in 2018 advising members that additional beneficiaries would no longer be registered for free.
- The Principal Officer introduced Dr. Andrew Good, the Scheme's Clinical Executive to answer some of the questions posed. On the benefits question, she requested further details regarding the scenario where the hospital had checked members' benefits and found that they were exhausted. Regarding the scenario where the doctor had tried and failed to get a response from the call centre, the Principal Officer, explained that the Scheme would also look into this matter. She noted that the upgrade made to the call centre enabled service providers to confirm benefits through the webchats and they were also able to access other features. She also explained that the call centre phone lines were split into two, with a line for service providers and one for members. Mr. Kugel, the Scheme CIO confirmed that the latest Scheme report showed that the call centre waiting time had been reduced to 25 seconds and there was a call answer rate of **98.75%**.
- The Principal Officer confirmed that there were no plans to change the Scheme name.
- She noted that the multi-vitamins were approved in 2021 for 2022 benefit year. They were a part of the members daily limit. She asked members to submit specific details showing that this was not being paid for by providers.
- The Principal Officer acknowledged that the number of new members that the Scheme registered in 2021 was low but was understandable given the economic climate in South Africa. 2021 year the Scheme had to contend with a number of terminations. The Scheme also had to review its retention strategy.
- Dr. Good explained that a nebuliser is part of the appliance benefit. He requested the Member to provide further details regarding her specific case.
- The Principal Officer also requested the member to submit details to the facilitator for the Scheme to engage the specific Lancet regarding the payment in respect of the bloods drawn while in hospital.
- She also confirmed that there is a limit on the optometry benefit and that for approved chronic medication, members should not be paying extra except for the administration fee of the pharmacy depending on where the medication was sought.
- All additional questions were noted by venue facilitators and sent through to the Scheme.

## 7. FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

- Mr. Samsam, the Scheme's Chief Financial Officer reported on the SAMWUMED Financial Report.
- He highlighted a few key aspects such as the Statement of Surplus or Deficit and other Comprehensive Income, the Statement of Financial Position, Statement of Changes in Funds and Reserves, Statement of Cash Flows, five (5) year trends on key elements, and the Scheme outlook.
- By way of background, he explained that Section 37 (1) of the Medical Schemes Act (MSA) states that the BoT shall prepare Annual Financial Statements every year, and they must have them audited. He confirmed that PricewaterhouseCoopers (PwC) audited the Scheme's Financial Statements and they issued an unqualified report in this regard.
- The Statement of Surplus or Deficit and other Comprehensive Income as at 31 December 2021 showed that the Scheme had a risk contribution income of **R1 618 369 168**. Against this, the Scheme had net claims incurred of **R1 622 621 006**. This resulted in a net deficit of **R4 251 838** in respect of gross healthcare results.
- There was a deficit of **R107 952 724** in respect of the Scheme's net healthcare result.
- However, this was juxtaposed against the Scheme's investment income. The Scheme reported an investment income of **R155 470 084**. This covered the Scheme's operating and other expenses.
- The Scheme had a net surplus of **R44 716 334** for the year.
- The Statement of Financial Position as at 31 December 2021, showed that the Scheme's assets exceeded its liabilities. The Scheme had total assets of **R1 702 527 690** and total liabilities of **R165 938 299**.



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- Statement of Changes in Funds and Reserves as at 31 December 2021 showed that the Scheme made a net surplus of **R44 716 334**. Overall, the Scheme ended the year with positive reserves of **R1 536 589 392**.
- The Statement of Cash Flows as at 31 December 2021 showed that the Scheme ended the year with positive cash and cash equivalents of **R71 437 560**.
- In respect of five (5) year trends on key elements for a five (5) year cycle starting in 2017 and ending in 2021, Mr. Samsam explained that membership had grown over the last years. In 2019 the Scheme had **33 313** Members and in 2021 it had **35 201** members. This resulted in an increase in contributions and in claims. The Scheme collected **R1 618 369 168** in contributions, and it paid **R1 622 621 006** in claims. The Scheme had **R103 700 886** in Non-Healthcare Expenditure and it had an investment income of **R155 470 084**.
- In terms of key ratios, the Scheme had **R1 521 862 797** reserves on hand and a solvency ratio of **94,04%**.
- In respect of the future outlook, Mr. Samsam explained, key elements included in the benefits enhancements made in prior years which were being utilised by members. However, the enhancements had come at a cost, whilst other schemes had positive results / savings from COVID-19, this was not the case for SAMWUMED.
- He noted that the cancellation of the Melomed contract with specialist networks was aimed at allowing easier access for members. Given the high medical inflation in the current year 2022, costs were also escalating. He indicated that as a result of this, the Scheme might incur losses in the current year. This would in turn reduce the Scheme's reserves and ultimately its solvency.
- All the venues welcomed the Financial Report.

## 8. APPOINTMENT OF EXTERNAL AUDITOR'S FOR THE 2022 FINANCIAL YEAR

- The Chairperson referred to Section 36 (1) of the MSA which requires schemes to appoint an auditor, and Section 36 (2) which requires the appointment to be approved by the Registrar.
- He indicated that this needs to be done annually.
- The Chairperson reported that PwC was appointed by the BoT as the Scheme's External Auditors on the 20<sup>th</sup> of May 2021.
- He also reported that the BoT resolved to reappoint PwC as the External Auditors for SAMWUMED for the 2022 Financial year pending the approval of the Registrar in terms of Section 36 (2).
- The Chairperson reported that the submission was made on the 28<sup>th</sup> of July 2022.
- The BoT resolution in terms of the aforementioned was therefore recommended to the AGM to confirm PwC as the Scheme's External Auditors.
- Mr. McKenzie (online), Ms. P. Maluleke (Bronkhorstspuit) and all the other venues supported the recommendation.
- Based on the acceptance received, the Chair stated that PwC would be submitted to the Registrar for approval, as the Scheme's External Auditors for 2022.

## 9. DISCUSS AND APPROVE THE FOLLOWING SPECIAL RESOLUTIONS

- The Chairperson handed over the Agenda Item to the Principal Officer to preside over, proposed annual increase for Board of Trustees.
- He recused himself from discussions on the Agenda item, the proposed annual increase for Board of Trustees.
- The Principal Officer introduced the Agenda Item.
- She reminded the AGM, that at the previous AGM they approved the remuneration of Trustees. That decision was subsequently implemented.
- In terms of the approved SAMWUMED Remuneration Policy, the remuneration of the Trustees is supposed to be reviewed annually.
- The Principal Officer explained that in terms of the existing Board committee structures, such review falls within the purview of the Remuneration Committee (REMCO). REMCO is made up of three (3) Independent members who are not members of the BoT, nor are they Scheme Officers.
- The Principal Officer thus introduced the Chairperson of REMCO Mr. Nhlanhla Qwabe, who was connected virtually.

### 9.a Proposed annual increase for the Board of Trustees

- Mr. Qwabe confirmed that REMCO was tasked with looking into the remuneration of the BoT.
- The rationale for the recommendation made by REMCO was to minimise the effect of inflationary increases that affect the BoT remuneration.
- He explained that with the increase in inflation year-on-year, the value of remuneration decreases / gets eroded as a result thereof.
- Therefore, it was important that the Scheme ensured that the remuneration of the BoT kept up with the increase in inflation.
- Mr. Qwabe also explained the guiding principles in respect of remuneration. These include transparency, consideration that the remuneration is market related, that the remuneration is affordable to the Scheme, and the sustainability of the Scheme.
- Mr. Qwabe reported that they had confirmed with the Executive that what was being proposed by REMCO was affordable to the Scheme.
- REMCO therefore made the following recommendation:
  - REMCO recommended a CPI linked increase of **5.5%** on the BoT annual retainer and meeting fee.



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- Mr. Qwabe explained that the figure was based on Statistics SA data that indicated the projected average inflation. REMCO was of the view that the recommended proposal was justifiable given the South African economic climate.
- Mr. Qwabe also presented on the financial impact of the proposal.
- He showed that the 2021/2022 annual fee would increase to **R1 049 794.00** in the 2022/2023 financial year.
- The Principal Officer then opened up the floor for comments and questions.
- At Belmont Square, a concern was raised on the recommendation of a CPI linked increase. It was indicated that most members of the Scheme were likely to receive much less than that. It was also pointed out that a lot of members were concerned with the low service levels in respect to Option A. Based on these concerns, Belmont Square recorded their disagreement with the recommendation.
- Mr. Qwabe reiterated that the recommendation was made on the strength of the confirmation of the affordability of the Scheme. Secondly, it was fair for the BoT to receive an increase that is linked to CPI, due to the prevailing tough economic conditions within the country. He also indicated that if salaries were not adjusted accordingly, the value of what the Scheme remunerates BoT for their work would be a disservice for the effort and skill that they provide.
- Belmont Square further stated that the BoT were already receiving salaries from their respective municipalities. An enquiry was therefore made whether or not the proposed increase could not be better spent on improving benefits.
- The Principal Officer indicated that the submissions made by Belmont Square were noted.
- Mr. Qwabe explained that the BoT performed their roles in addition to whatever other work they were engaged to do and they should therefore be remunerated for this. He confirmed that the recommendation was made within the parameters provided by the Remuneration Policy.
- Mr. McKenzie, noted the discussion of the previous AGM and the submission made by Mr. Qwabe. He then submitted his support of the recommendation as did Mr. S. Moloto on behalf of the Bronkhorstspuit venue.
- Based on the submission to oppose and the others to support the recommendation, the Principal Officer put the motion to approve a CPI linked increase to a vote:
  - Nigel: **15/18** voted in favour of the motion
  - Bronkhorstspuit: **7/7** voted in favour of the motion
  - Boksburg: **26/31** voted in favour of the motion
  - Selby **1 & 2**: **90/102** voted in favour of the motion
  - Alberton: **25/25** voted in favour of the motion
  - Tshwane House: **30/30** voted in favour of the motion
  - Belmont Square: **82/82** voted against the motion
  - Training Room: **20/20** voted against the motion
  - Online: **4/11** members voted in favour of the motion
- The Principal Officer confirmed that as **197** members had voted for the motion and **102** had voted against the motion, the motion to approve the recommendation to increase BoT remuneration by **5.5%** was carried.
- The Principal Officer then handed back the meeting to the Chairperson.

## 10. NOTICES OF MOTION

- The Principal Officer confirmed that no Notices of Motion had been received from the members.

## 11. CLOSURE

- The Chairperson thanked all members for their participation at the AGM.
- He requested the Principal Officer to consolidate the number of members who had attended the AGM and for the numbers to be published on the Scheme's website.
- The Chairperson noted that roadshows were underway and that the Scheme was ready for FOA.
- He called on everyone to assist the Scheme in reaching its target of **40 000** members by the end of the year.
- The Chairperson thanked the BoT for their commitment to the Scheme.
- He also thanked the Scheme staff for their preparations for the AGM, and he commended them for all the work done.
- He thanked all the members, the other participants, and stakeholders for attending the AGM.
- The Chairperson said the closing prayer and closed the meeting at 13:25.

SIGNED AS A TRUE RECORD OF THE PROCEEDINGS



SAMWUMED Board Chairperson: L. Sibiya

Date: 2 August 2023





## ***“The Scheme was able to meet its primary obligation of paying members’ claims.”***

It is hard to believe that three (3) years have already passed since the appointment of SAMWUMED's Board of Trustees. As we focus on the next five (5) year strategic goals, it is important that we reflect on what has been achieved to date by the Scheme, specifically zooming in on the 2022 financial year. The year under review concluded successfully in that the Scheme was able to meet its primary obligation of paying members' claims. Our biggest threat however, remains the inability for the Scheme to attract younger and "healthier" members in order to subsidise the costs of the high claiming members. We are thus actively applying creative ideas to overcome this challenge.

Amongst some significant developments was the integration of the Scheme's claims processing to Medscheme. Some teething challenges were faced initially, however a great deal of improvement has been experienced since. We continue to monitor the systems, to ensure the integration achieves the outcomes it was meant to deliver, more importantly to minimise financial risk for the Scheme.

For the period under review, the Board of Trustees and its sub-committees have met regularly as per the work plan and have continued to have robust and honest debates concerning matters affecting the Scheme and its stakeholders. The Board of Trustees has actively and continually evaluated its role in providing strategic guidance to the Management of the Scheme, in these challenging times. At the centre of it all is for the Scheme to continue implementing principles of good corporate governance through the work of the Board of Trustees with the support of its sub-committees, who provide expertise and guidance to the Scheme's operations.

For the future outlook, we look forward to the Scheme making every effort to implement its operational plans, in order to achieve our strategic goals. Furthermore, the Scheme must intentionally immerse itself in industry developments, more especially the NHI and impact that it will have on the Scheme's sustainability goals. 2022 was not an easy year, strategically and operationally a lot needed to be put into action, however I commend the decisions of the Board of Trustees and the efforts made by the Scheme Executives.

I therefore would like to express my sincere appreciation for the continued support, diligence and guidance that I have received from our Board members as well as the Principal Officer, her management team, and all Staff for their commitment and hard work, during a difficult period.

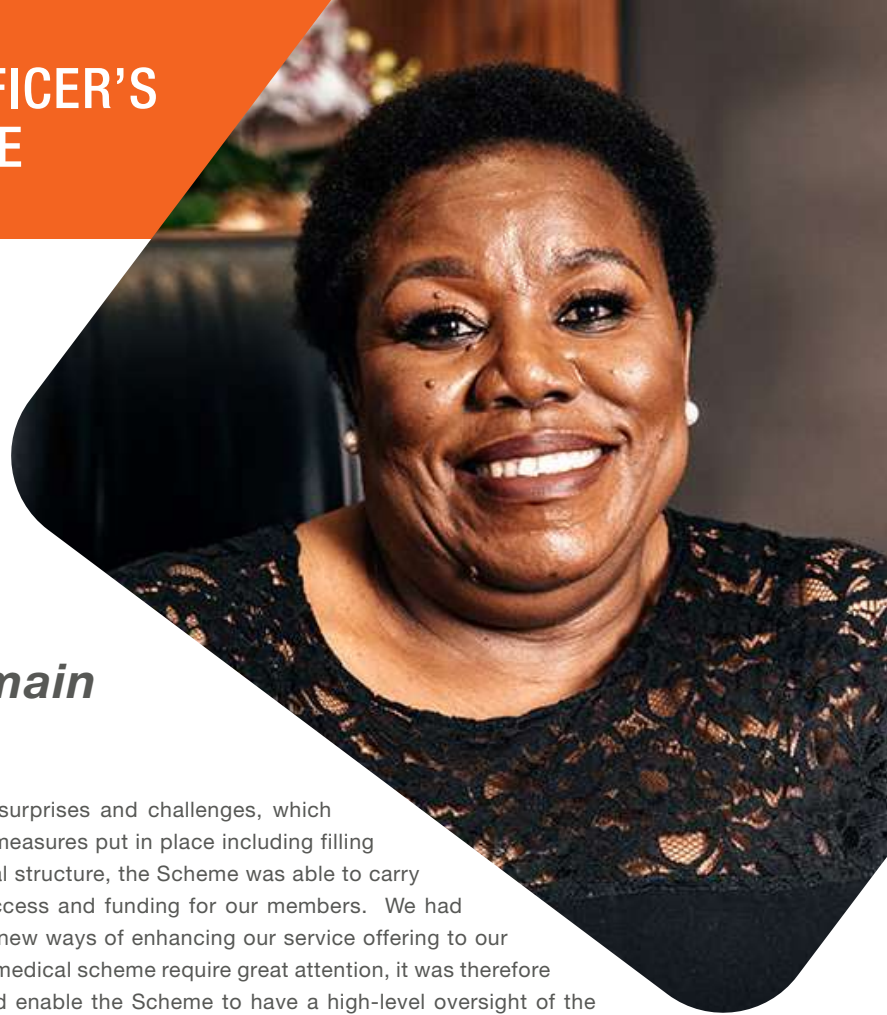
I look forward to more opportunities and innovative ideas to be shared, that will see the Scheme achieve its targets and retain our existing members.

A handwritten signature in black ink, appearing to read 'L. Sibiya'. The signature is stylized and fluid.

L. Sibiya  
SAMWUMED Board Chairperson



# PRINCIPAL OFFICER'S MESSAGE



***“SAMWUMED’s mission of committing to service excellence, remains the main focus for the Scheme.”***

SAMWUMED has witnessed another year that was full of surprises and challenges, which proved that it was indeed a year like no other. Through the measures put in place including filling of strategic roles as planned for, in the revised organisational structure, the Scheme was able to carry out its mandate of providing medical aid and facilitating access and funding for our members. We had extensive sessions, where operationally we had to develop new ways of enhancing our service offering to our members. The day-to-day operations of a self-administered medical scheme require great attention, it was therefore apparent that the establishment of an executive level would enable the Scheme to have a high-level oversight of the areas, that needed improvement.

The key areas that were at the forefront of improvements during the period under review, in line with our new Strategic Goals were as follows:

## **Financial Stability:**

- **Membership growth** – At the end of the financial period our membership grew although just slightly, from 35 201 principal members at the end of 2021 to 35 277 principal members at the end of 2022.
- **Non-Healthcare Expenditure (NHE)** - Even during a challenging year, we managed to keep our Non-Healthcare costs lower than budgeted at R84,083m vs R105,342m. Our goal is to improve on all other areas that have an effect on our financial stability.

## **Operational Excellence:**

- **Contact Centre** – We reviewed the number of calls that the Contact centre receives daily, and to ensure we reduce the waiting times of our members on the calls, we launched our new Call Centre telephony system to allow members to be channelled to a separate line, from the service providers that call in. Furthermore, we extended the platform to enable members to use a self-service option to obtain documents such as Membership certificates, Tax Certificates, Statements etc. in real-time via their email.
- **Mobile App** – Our Mobile App was initially introduced as a supplementary platform for members to have all of their information easily available in the palm of their hands. The App was boosted further to allow members to update their personal information, check their claims history and access statements, available benefits etc. This enhancement together with the webchat have already made significant gains in improving our queries resolution service level agreements. The App currently has over 5000 downloads.
- **Claims Integration** – To be able to safeguard the Scheme’s risk pool, the move of our claims processing to a new third party allows for more accurate claims adjudication processes, to ensure efficiencies and to minimise delays for members and service providers alike.

## **Stakeholder Management:**

- **National road shows** – The roadshows continued to be part of our activity plan for the remainder of 2022, where members received in-person query resolution services and demonstrations on how to download and utilise the Scheme communication platforms such as the Mobile App.
- **Stakeholder engagement** – In order to further strengthen our relations with the municipalities, we presented the Scheme products to different municipalities and other key stakeholders.
- **Product launches** – The Scheme also revisited the new benefits product launches presentation method and reverted to physical product launches, and this was conducted at the main municipalities including Cape Town, Ekurhuleni, Ethekwini, Gqeberha and Johannesburg, instead of the virtual method previously conducted in the last two (2) years.



### Effective Governance for Risk & Compliance:

- **Introduction of a Risk Forum** - We embraced a risk management culture by introducing monthly Risk Forums, where the Scheme management is able to have a view of the inherent risks that face the Scheme, both at operational and strategic level.
- **BHF Conference** – We attended the BHF Conference which is an important industry platform, where the Executives and Board of SAMWUMED have an opportunity to attend workshops that cover a wide-spectrum of relevant topics, to empower them in their respective roles when overseeing the Scheme.

Much as the planning for the various projects and activities can be rigorous, I am pleased to report that the above-mentioned plans which typically span over many months due to their nature, have been implemented. Ultimately with every strategic and operational interventions that we put in place, we must allow for a review, testing and measurement of the results.

### We thus assure you that SAMWUMED's mission of committing to service excellence, remains the main focus for the Scheme.

We acknowledge the challenges of a declining and ageing membership and the activities that we have set out in line with our new strategic goals, which aim to overcome these concerns. The plans that are already in the project implementation phase are an indication that we are intentionally working to be competitive in the sector, in order to increase our market share in growing the Scheme. Our Sales force is receiving the necessary and required training to be able to sell unique and value-based products to meet the needs of the various levels of local government employees. Key to our success in achieving this, will be to create products that cater to a wide variety of potential members particularly the younger employees, whilst keeping our existing members satisfied with the benefits they receive from their medical Scheme.

Above all what gives me comfort is that the Scheme is still compliant in terms of the statutory requirements with a solvency ratio of **82.36%** as at 31 December 2022. Ours therefore, is to ensure that we remain solvent. It will however take a concerted effort from all of our operational functions to collaborate, remain customer-centric and apply agility in our business approach.

On behalf of the management and Staff of SAMWUMED I wish to express my sincere gratitude to the Board of Trustees for good leadership, our independent sub-committee members and all of our business partners. Most importantly I would like to express our heartfelt gratitude to all of our members for your loyalty to SAMWUMED. We do not take it for granted that you have chosen this Scheme and look forward to you working with us, sharing constructive feedback and holding us accountable, for the growth aspirations of this Scheme.

Yours sincerely,



Francina Mosoeu

Principal Officer



A photograph of a modern building facade. The left side features a dark brown wall with the word 'SAMWUMED' in large, orange, vertical letters. To the right is a taller section with a complex, grid-like metal structure. The image is overlaid with a large, semi-transparent orange and green geometric shape. The text 'SCHEME COMMITTEES OVERVIEW' is centered in white.

# SCHEME COMMITTEES OVERVIEW



## REPORT OF THE AUDIT AND RISK COMMITTEE

SAMWUMED's Audit and Risk Committee is a sub-committee of the Board of Trustees. The Board is responsible for setting principles, policies and parameters, and the Audit and Risk Committee is responsible for overseeing the strategic implementation of such principles, policies and parameters, and advising the Board of Trustees accordingly. One of the significant responsibilities of this committee is to oversee the audit process. SAMWUMED implements the functions of an Audit Committee and those of a Risk Committee in an integrated manner

### COMPOSITION

The Audit and Risk Committee has three (3) independent members who are not members of the Board, nor officers of SAWMUMED and two members who are also members of the Board of Trustees. The Chairperson and independent members of the Audit and Risk Committee are specialists in this field. The table below summarises the qualifications of the committee members.

#### Qualifications and experience of independent Audit and Risk Committee members

Independent Member	Highest qualification
Mr. CM Phehlukwayo (Chairperson as from December 2020)	B. Compt (Unisa) PGDA (Natal) CA (SA)
Ms. Fikile Mkhize (Member as from December 2020)	B. Comm (Natal) MBL (Unisa), Applied Directorship Programme (Sirdar)
Mr. Patrick Ganesan (Member as from December 2020)	BSC (UKZN) CISA, CRISC, CISM, CGEIT, CDPSE
Trustee Member	Highest qualification
Mr. Mthokozisi Nzuza (Member as from December 2020)	B. Admin (Hons - University of Zululand, Project Management Certificate (University of Pretoria), Municipal Finance Management Program (University of Pretoria)
Ms. Mampho Marule (Member as from December 2020-June 2022)	NDIP Office Management and Technology, Payroll Certificate (ACCYS), Municipal Finance Management.
Mr. Ishmael Solomon (Member as from June 2022)	National Certificate: Water and Wastewater Treatment Process Operation

*The Committee met five times during 2022. All meetings were held virtually:*

- 8 February 2022
- 20 April 2022
- 13 June 2022
- 30 August 2022
- 18 November 2022

The Principal Officer and senior management are invited members of the committee. The committee operates in accordance with a Charter that is approved by the Board of Trustees.

## ROLES AND RESPONSIBILITIES OF THE AUDIT AND RISK COMMITTEE

*The roles and responsibilities of the Audit and Risk Committee can be described as follows:*

### Internal control

The Audit and Risk Committee is responsible for monitoring and determining whether the internal control recommendations made by the internal and external auditors were implemented by Management.



## Report of the audit and risk committee (continued)

### Financial reporting

The primary responsibility of the Audit and Risk Committee is overseeing the financial reporting process. The Audit and Risk Committee seeks reasonable assurance that financial disclosures made by Management are objective, complete and timely, and indicate SAMWUMED's financial position, and the results of operations, plans and long-term commitments.

### Annual Financial Statements

- Reviewing the Annual Financial Statements to determine whether they are complete and consistent with the information known to committee members;
- Assessing whether the statements reflect appropriate accounting principles;
- Focusing on judgemental areas, such as assumptions and estimates, for example the valuation of assets and liabilities, as well as warranty, product and environmental liability;
- Attending to litigation reserves, as well as to other commitments and contingencies;
- Evaluating any changes made to accounting policies or practices;
- Reviewing the Annual Report as a whole prior to its release, in order to ensure that the information contained therein is clear, accurate and consistent with the members' knowledge of SAMWUMED and its operations.

### Responsibilities relating to auditing

#### a) Internal auditing

*The Audit and Risk Committee ensures that the Internal Audit Division performs its responsibilities effectively and efficiently by:*

- Ensuring that the Internal Audit Division, in consultation with the Audit and Risk Committee, and for the committee's approval, prepares the following:
  - a three-year rolling Strategic Internal Audit Plan based on its assessment of key areas of risk for The Board of Trustees, considering its current operations, and those proposed in its Strategic Plan and Risk Management Strategy;
  - an Annual Internal Audit Plan;
  - plans indicating the proposed scope of each audit in the Annual Internal Audit Plan; and
  - a quarterly report to the committee, detailing its performance against the Annual Internal Audit Plan, to allow for effective monitoring, and possible intervention.
- Annually reviewing the Internal Audit Charter;
- Considering and evaluating the adequacy performance of the internal audit function, including the degree of co-operation with external auditors;
- Ensuring that no restrictions or limitations are placed on the Internal Audit Division;
- Ensuring that Management responds to recommendations made by the internal auditors;
- Facilitating the resolution of any disputes between the internal audit function and other sections within SAMWUMED;
- Ensuring that a combined assurance model is applied as a co-ordinated approach to all assurance activities; and
- Evaluating the performance of the internal auditors.

#### b) External auditing

- Reviewing the external auditors' proposed audit scope and approach, audit budget to ensure that there are no unjustified restrictions or limitations;
- Making recommendations to the SAMWUMED's Board of Trustees regarding the appointment of external auditors;
- Ensuring that any significant findings and recommendations by the external auditors are received and discussed in a timely manner;
- Ensuring that Management responds to recommendations made by the external auditors;
- Facilitating the resolution of any disputes between the external auditors and SAMWUMED;
- Approving the contracts applicable to all non-audit services to be provided by the external auditors;
- Ensuring that a combined assurance model is applied as a co-ordinated approach to all assurance activities; and
- Evaluating the performance of the external auditors.

### Enterprise Risk Management

The committee reviews and monitors the institution's risk management progress and maturity, the effectiveness of risk management activities, the key risks faced by the institution, and the responses to such risks.



## Report of the audit and risk committee (continued)

### Integrated Reporting

*The following functions are applicable:*

- Reviewing the financial results, to ensure that the information is reliable, and that no conflicts or differences arise on comparison;
- Understanding how materiality is evaluated by the Board of Trustees and the external auditors, and any other relevant external assurance providers, for integrated reporting purposes;
- Commenting on the Annual Financial Statements, including the accounting practices and the effectiveness of internal financial controls;
- Reviewing the summarised information to determine whether the contents reflect a balanced viewpoint;
- Reviewing the Annual Financial Statements, summarised integrated information, and similar documents;
- Recommending the integrated report to the Board of Trustees for approval;
- Engaging the external auditors to provide assurance on the summarised financial information; and
- In the Annual Report, commenting on:
  - the effectiveness of internal control;
  - the quality of in-year management and monthly/quarterly reports submitted; and
  - its evaluation of the Annual Financial Statements.

### Combined Assurance

The committee ensures that a combined assurance model is applied to provide a co-ordinated approach to all assurance activities. In particular, the committee:

- Ensures that the combined assurance received is appropriate to address all significant risks faced; and
- Monitors the relationship between the external and internal assurance providers.

### Other Reporting

The committee ensures that the Board of Trustees is aware of any matters that may have a significant impact on the financial situation or affairs of SAMWUMED, and reports on the following:

- Effectiveness with which the committee performs its duties;
- Whether the external auditors' level of independence is satisfactory;
- The Committee's opinion on the financial statements and accounting policies, as well as any commentary considered appropriate in relation to the financial statements, accounting policies and internal financial controls; and
- The effectiveness of the internal controls.

### Summary of the committee's role and responsibilities

- A statement on whether the committee has adopted formal terms of reference approved by the Board of Trustees, and, if so, whether the committee has satisfied its responsibilities for the year in compliance with the terms of reference.
- The names and qualifications of all committee members for the period under review, and the period during which they served on the committee.
- The number of committee meetings held during the period under review, as well as the members' attendance of those meetings.
- A statement on whether the committee considered and approved the Internal Audit Charter.
- A description of the working relationship with the Executive Manager in charge of the Finance portfolio.
- A statement on whether the committee complied with its legal, regulatory and other responsibilities during the period under review.
- A statement on whether the committee recommended the integrated report to the Board of Trustees for approval.
- A recommendation to the Board of Trustees on whether an external assurance provider in respect of material sustainability matters should be appointed.

**The committee has adopted formal terms of reference approved by the Board of Trustees, and has satisfied its responsibilities for the year in compliance with the terms of reference.**

### Compliance with laws and regulations

- The committee reviews the effectiveness of the system for monitoring compliance with laws and regulations, as well as the results of management's investigation and follow-up, of any fraudulent acts or non-compliance.
- The committee reviews the findings of any investigation undertaken by a regulatory agency.

**The committee complied with its legal, regulatory and all other responsibilities during the period under review**



## Report of the audit and risk committee (continued)

### Compliance with the Code of Ethics

- The committee reviews the process for monitoring compliance with SAMWUMED's Code of Ethics.
- The committee obtains regular updates from Management regarding compliance and disclosure and reviews the scheme's ethical performance in the integrated report.

**The committee has a transparent and good working relationship with the Chief Financial Officer who is the executive in charge of the Finance function.**

### AUDITOR INDEPENDENCE.

The Audit and Risk Committee is satisfied that the external auditors of SAMWUMED were sufficiently independent of the institution.

### ANNUAL FINANCIAL STATEMENTS AND ACCOUNTING PRACTICES

The Audit and Risk Committee is satisfied that the Annual Financial Statements of the year ended 31 December 2022 were a fairly presented and that appropriate accounting policies were applied, and accordingly recommended to the Board of Trustees for their approval.

### INTERNAL FINANCIAL CONTROLS

The Audit and Risk Committee continually monitors that all internal control recommendations by the auditors get implemented timeously. In this regard, the committee is satisfied that the internal financial control environment is adequate, effective and sufficiently responsive to identified weaknesses.

### ENTERPRISE-WIDE RISK MANAGEMENT.

Following the appointment of an advisor in 2021, SAMWUMED has established an Enterprise-wide Risk Management Function during 2022. The function is in its early stages.

A Risk Management Forum was established and held its Inaugural Meeting on the 8<sup>th</sup> November 2022. This Forum is responsible for the Operational Risk Register, which was created during the year, and discusses operational risks during its monthly meetings.

The Board of Trustees approved the Risk Management Framework, which provides the over-arching guide for the roll out of the function. In addition, the Strategic Risk Register was updated during the year.

### INTERNAL AUDIT.

SAMWUMED established an internal audit function during the latter half of the year. An independent firm, Nexia SAB&T was appointed to execute the function. A rolling three (3) year audit plan for the years 2023 to 2025 was drafted and approved during the last meeting held on 18 November 2022 of the Audit and Risk Committee. The establishment of the internal audit function will result in an improved internal control and governance environment within SAMWUMED.



## REPORT OF THE BENEFIT REVIEW COMMITTEE

The committee is tasked with the responsibility of amending the Scheme Rules, relative to the annual benefits and contributions. The Benefit Review Committee also assists the Board of Trustees with investigating and maintaining appropriate benefit and pricing on behalf of the Scheme.

The committee consists of seven (7) members. The Chairperson of the committee is the Clinical Executive of the Scheme, and the other members comprises of Board of Trustees members, including the Chairperson of the Board serving on this committee.

### Composition of the Benefit Review Committee:

Dr A. Good SAMWUMED Clinical executive (Chair)	Appointed May 2022
Mr. L. Sibiya (Committee member - Trustee)	Appointed September 2020
Ms. A. Ntuli (Committee member - Trustee)	Appointed September 2020 - May 2023
Mr. S. Kwanyana (Committee Member – Trustee)	Appointed November 2020 - May 2023
Ms. N. Bhozo (Committee Member – Trustee)	Appointed September 2020
Ms. R. Letsoalo (Committee member – Trustee)	Appointed September 2020
Ms. F. Mosoeu (Committee Member – Principal Officer)	Appointed September 2020

*The committee met four times during 2022. All meetings were held virtually:*

- 10 March 2022
- 10 May 2022
- 15 July 2022
- 31 August 2022



## REPORT OF THE CLINICAL GOVERNANCE & EX-GRATIA COMMITTEE

The committee is tasked to assist the Board of Trustees to develop a comprehensive programme of quality improvement systems including clinical audit, supporting & applying evidence-based practice, implementing clinical standards and workforce planning and to ensure that contracted Managed Care Organisation (MCO) are accredited and perform their duties in accordance with evidence based clinical practices, the Medical Scheme Act 131 of 1998 (MSA) and the applicable service level agreements.

The committee consists of three (3) members. One (1) independent member, one (1) Board of Trustee member and the Officer of the Scheme with Clinical Risk experience.

### Composition of the Clinical Governance and Ex-Gratia Committee:

Dr Malebo Majatladi (Independent Chairperson)	Appointed November 2020
Ms Sharon Dube (Trustee member)	Appointed November 2020
Clinical Risk Executive Manager	Appointed November 2020

*The committee met five times during 2022. All meetings were held virtually:*

- 14 April 2022
- 03 May 2022
- 01 July 2022
- 23 August 2022
- 01 November 2022

The Principal Officer and the Compliance Executive are ex officio members of the Committee. The Scheme staff members, the contracted Managed Care Organisation and the actuarial team attend the meetings by invitation.

*The committee executed its duties and responsibilities by:*

- Reviewing the performance of the managed care organisation on a quarterly basis;
- Objectively considering all applications made in accordance with authorised processes for Ex Gratia applications;
- Ensuring that contracted MCOs are accredited and perform their duties in accordance with evidence based clinical practices, the MSA and the applicable service level agreement with a view to facilitating appropriateness and cost-effectiveness of relevant health services within the constraints of what is affordable, through the use of rules-based and clinical management based programmes;
- Developing a comprehensive programme of quality improvement systems (including clinical audit, supporting and applying evidence-based practice, implementing clinical standards and guideline, workforce planning and development);
- Ensuring compliance with the MSA and its Regulations; National Health Act and any other relevant legislation;
- Utilising clinical trends analysis to recommend amendments to the Scheme's annual benefit design process;
- Conducting annual review of the Clinical Governance and Ex-gratia Charter and Policy.



## REPORT OF THE FINANCE AND INVESTMENT COMMITTEE

The Finance and Investment Committee was established by the Board of Trustees in November 2020. This committee assists the Board of Trustees in fulfilling its oversight responsibilities of the Scheme's investment activities, considers investment decisions and activities and lastly monitors the Schemes organisational and financial performance.

The committee also oversees the performance of the contracted asset managers of the Scheme. The Board of Trustees has mandated the Finance and Investment Committee by means of a written Charter.

The committee consists of five (5) members, three (3) being members of the Board of Trustees and two (2) independent committee members that are not officers of the Scheme. The Chairperson of the Committee is the Board of Trustees Chairperson as per the approved Scheme Charter

During the year, the committee reviewed its composition which resulted in the committee only being constituted by three (3) Board of Trustees members and two (2) independent experts, with Management having a standing invitation to its meetings.

### Composition of the Finance and Investment Committee:

Mr. L. Sibiya (Chairperson - Trustee)	Appointed September 2020
Ms. M. Marule (Committee member - Trustee)	Appointed June 2022
Ms. N. Ntsuba (Committee member – Trustee)	Appointed September 2020 – May 2023
Mr. M. Nzuzi (Committee member – Trustee)	Terminated June 2022
Mr. J. Mbonani (Independent Committee member)	Appointed November 2020
Mr. A. Wakaba (Independent Committee member)	Appointed November 2020

Members of the Executive team and Management were invited to all the committee meetings.

*The committee met four times during 2022. All meetings were held virtually:*

- 22 February 2022
- 23 June 2022
- 15 September 2022
- 10 November 2022

## ROLES AND RESPONSIBILITIES OF THE FINANCE AND INVESTMENT COMMITTEE

### Investment Policy Statement

As per the Terms of Reference, the committee has reviewed the Scheme's Investment Policy Statement taking into account the circumstances of the Scheme, the operational environment as well as the performance of the investment portfolio during the year under review.

Below are the investment objectives as entailed in the Investment Policy Statement:

- Maintain sufficient liquidity levels to pay all benefits and operating expense commitments as they fall due.
- Investment in instruments as approved by the Scheme.
- Make adequate provision for possible long-term adverse claims experience.
- Minimize the risk of capital loss or fluctuations in capital values during any 12-month period.
- Achieve an annualised overall investment return in excess of Consumer Price Index ("CPI").
- Maintain an appropriately diversified investment strategy.
- Be compliant with the Act and the Regulations to the Act.
- Maximize investment returns through a prudent investment strategy.
- Maximize investment returns within the accepted risk profile.

The committee is comfortable that these objectives have been observed in the conduct of the Scheme's investment activities.



## Report of the finance and investment committee (continued)

### Monitoring of Investment decisions

The committee reviewed the performance of the investment portfolio as well as the asset managers tasked with managing the Scheme investment assets. The review was conducted through reports presented by both the Investment Advisor, as well as the individual asset managers throughout the year.

Having reviewed the reports and presentations, the committee is comfortable that despite the challenging market conditions, the portfolio has performed reasonably well and that the asset managers have carried their function with due care and professionalism within the prescribed regulatory requirements.

### Review of Financial Activities/Operations

The committee has received and reviewed various financial reports, including the annual financial statements. It has noted that the financial results are not as per approved budgets and engaged management on the reasons for such and the action plans in place to address the challenges encountered. Whilst the financial results are not in line with the budget, the committee has taken note of the strategic plans led by the Board of Trustees to improve the financial performance of the Scheme.

### Submission of Statutory returns

The committee has satisfied itself that the Scheme has submitted all due statutory returns in compliance with the Medical Schemes Act, 131 of 1998.



## REPORT OF THE REMUNERATION, SOCIAL AND ETHICS COMMITTEE

The committee is tasked with assisting the Board of Trustees to set out guidelines and have an open and transparent model of remuneration which is in line with the legislative framework and the Rules of the Scheme.

The committee is also tasked to lead a formal process to establish fair, reasonable, and transparent models of remuneration for employees and independent committee members in the short, medium and long-term interest of the Scheme.

During September 2022 the Board of Trustees changed the name of the committee to Remuneration, Social and Ethics adding the additional mandate of assisting the Board with creating value in a sustainable manner, taking into consideration the triple context of the economy, society, and natural environment within which the Scheme operates.

The committee consists of three (3) members. The Chairperson of the committee and the two other members of the committee are independent members and not Officers of the Scheme.

### Composition of the Remuneration, Social and Ethics Committee:

Mr. N. Qwabe (Independent Chairperson)	Appointed November 2020
Ms N. Ngwenya (Independent Member)	Appointed November 2020
Ms N. Madiba (Independent Member)	Appointed November 2020

*The committee met four times during 2022. All meetings were held virtually:*

- 18 February 2022
- 10 June 2022
- 26 August 2022
- 21 October 2022

*The committee executed its duties by:*

- Reviewing and recommending amendments to Human Resources Policies
- Reviewing and proposing the conversion of permanent contracts to performance based fixed-term contracts for Executives
- Recommending the inclusion of Social and Ethics as part of the Remuneration Committee
- Recommending amendments to the Remuneration Committee Charter
- Considering and recommending the annual bonus for the Scheme employees
- Conducting a Board committee self-assessment

Post the financial year end, 2022, Ms N Ngwenya resigned from the Remuneration Social and Ethics Committee on 17 February 2023. The Scheme has since replaced her with Ms Lindelwa Ndziba who joined the committee with effect from 1 July 2023.





# **SUMMARISED ANNUAL**

## Financial Statements



# GENERAL INFORMATION

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Country of incorporation and domicile	South Africa
Nature of business	SAMWUMED is a self-administered medical scheme registered with the Council for Medical Schemes in Compliance with the Medical Schemes Act 131 of 1998.
Board of trustees	N Bhozo S Dube S T Kwanyana R Letsoalo M Marule N P Ntsuba A Ntuli G M Nzuza L Sibiyi M I Solomon
Registered office	Cnr. Lascelles Road and Trematon Street Athlone 7764
Postal address	P.O. Box 134 Athlone Cape Town 7760
Banker	First National Bank, a division of First Rand Bank Limited
Auditor	PricewaterhouseCoopers Inc. Registered Auditors
Scheme registration number	394
Attorney	Malatji and Co. Attorneys
Level of assurance	These summarised financial statements have been audited in compliance with the applicable requirements of the Medical Scheme's Act



# REPORT OF THE BOARD OF TRUSTEES

For the year ended 31 December 2022

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The Board of Trustees hereby presents its report for the year ended 31 December 2022.

Registration number: 394

## 1. DESCRIPTION OF THE MEDICAL SCHEME

### 1.1. Terms of registration

SAMWUMED (the Scheme) is a non-profit restricted medical scheme registered in terms of the Medical Schemes Act 131 of 1998 (the Act), as amended.

### 1.2. Benefit options within SAMWUMED

*The Scheme offers two benefit options to members:*



Option A



Option B

## 2. INVESTMENT STRATEGY OF THE MEDICAL SCHEME

The Scheme's investment objectives are to maximise the return on its funds on a long-term basis with minimal risk. The investment strategy takes into consideration both the requirements set by legislation and those imposed by the Board of Trustees.

*All investments decisions are approved by the Board of Trustees based on the following holding true:*

- the Scheme remains liquid.
- investments are placed at a minimum risk and the best possible rate of return.
- investments are made in compliance with the Regulations of the Act; and
- premised on our commitment and contribution to a just and fair society.

During the year under review the Scheme placed its funds under asset management and a portion in call deposits. The Scheme's investment policy is reviewed taking into consideration compliance with the Act, the risk and returns of various investment instruments and the surplus funds available.

## 3. MANAGEMENT OF INSURANCE RISK

The primary insurance activity carried out by the Scheme assumes the risk of loss from members and their dependants that are directly subject to the risk. This risk relates to the healthcare needs of Scheme members. As such the Scheme is exposed to the uncertainty surrounding the timing and severity of claims under the insurance contract.

The Scheme manages its insurance risk through benefit limits and sub-limits, approval procedures for transactions that involve pricing guidelines, pre-authorisation and case management, service provider profiling and the monitoring of emerging issues.

The Scheme uses several methods to assess and monitor insurance risk exposures both for individual types of risks and insured overall risks. These methods include internal risk measurement models, sensitivity analysis, scenario analysis and stress testing. The theory of probability is applied to the pricing and provisioning for a portfolio of insurance contracts. The principal risk is that the frequency and severity of claims are greater than expected.

Insurance events are, by their nature, random, and the actual number and size of events during any one year may vary from those estimated with established statistical techniques. There are no changes to assumptions used to measure insurance assets and liabilities that have a material effect on the financial statements and there are no terms and conditions of insurance contracts that have a material effect on the amount, timing and uncertainty of the Scheme's cash flows.



# REPORT OF THE BOARD OF TRUSTEES

As at 31 December 2022

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## 4. MANAGEMENT

### 4.1. Board of Trustees

The Board of Trustees is appointed in terms of the Scheme Rules. The table below sets out the composition of the Board of Trustees. There have been no changes during the year under review.

Trustees	Designation
<b>L Sibiya</b>	(Chairperson - member elected)
<b>M Marule</b>	(member elected)
<b>N Bhozo</b>	(member elected)
<b>S T Kwanyana*</b>	(trade union appointed)
<b>S Dube</b>	(member elected - pensioner trustee)
<b>R Letsoalo</b>	(member elected)
<b>M Nzuza</b>	(member elected)
<b>N P Ntsuba*</b>	(Deputy Chairperson - trade union appointed)
<b>A Ntuli*</b>	(trade union appointed)
<b>M I Solomon</b>	(trade union appointed)

\*Subsequent to the approval of the Annual Financial Statements, three (3) Board members were no longer serving as members.

## GOVERNANCE MATTERS

The Scheme Board of Trustees is elected as per Scheme Rule number 24.1 to 24.8.

Board of trustees	Address
<b>4.2. Principal Officer</b> M.F. Mosoeu Cnr. Lascelles Road and Trematon Street Athlone 7764	P.O Box 134 Athlone 7760
<b>4.3. Registered office address and postal address</b> Cnr. Lascelles Road and Trematon Street Athlone 7764	P.O Box 134 Athlone 7760
<b>4.4. Actuaries</b> Insight Actuaries & Consultants 2nd Floor Gateway West 22 Magwa Crescent Waterval City, Midrand 2066	Private Bag X17 Halfway House 1685



# REPORT OF THE BOARD OF TRUSTEES

As at 31 31 December 2022

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## Management (continued)

<b>4.5. Auditor</b> PricewaterhouseCoopers Inc. 5 Silo Square V & A Waterfront Cape Town 8002	P.O. Box 2799 Cape Town 8000
<b>4.6. Asset Managers</b> <b>4.6.1. Argon Asset Management (Proprietary) Limited</b> 1st Floor - Colinton House The Oval 1 Oakdale Road Newlands 7700 FSP 835	None
<b>4.6.2. M &amp; G Investments Southern Africa (Pty) Ltd</b> 5th Floor - Protea Place Protea Place 40 Dreyer Street Claremont 7700 FSP 45199	P.O. Box 44813 Claremont 7735
<b>4.6.3. Ninety-One Fund Managers SA (RF) (Proprietary) Limited</b> 36 Hans Strijdom Avenue Cape Town 8001 FSP 587	P.O. Box 1826 Cape Town 8000
<b>4.6.4. Mazi Asset Management (Proprietary) Ltd</b> 4th Floor North Wing 90 Rivonia Road Sandton 2196 FSP 46405	P.O. Box 784583 Sandton 2146
<b>4.6.5. Allan Gray Life Limited</b> 1 Silo Square V&A Waterfront Cape Town 8001 FSP 6663	P.O. Box 51318 Cape Town 8002
<b>4.6.6. STANLIB Unit Trust</b> 17 Melrose Boulevard Melrose Arch 2196 FSP 719	P.O. Box 202 Melrose Arch 2076



# REPORT OF THE BOARD OF TRUSTEES

As at 31 December 2022

## Management (continued)

<b>4.6.7. Aluwani Capital Partners (Proprietary)</b> EPPF Office Park 24 Georgian Crescent East Bryanston East 2152 FSP 46206	Private Bag 9959 Sandton 2152
<b>4.7. Investment Consultant</b> Old Mutual Wealth Trust Company (Proprietary) Limited 2 Oxbow Crescent The Estuaries Century City 7441 FSP 18427	PO Box 2444 Saxonworld 2132
<b>4.8. Fixed and Call Account Managers</b>  <b>4.8.1. Rand Merchant Bank</b> 1 Merchant Place Cnr. Fredman Dr & Rivonia Sandton 2196	None
<b>4.8.2. Standard Bank Limited</b> 10th Floor, The Tower Tower North Cape Town 8001 FSP 11287	None

## 5. ACTUARIAL SERVICES

During the financial year, the Scheme's actuaries were Insight Actuaries & Consultants. They were consulted in the determination of the contribution increases and the benefit levels of the Scheme. The actuarial services were secured on a retainer basis for the year under review. The work also included conducting risk assessments, budget reviews, provision for outstanding claims as well as the IAS 19 valuation of the retirement benefit obligations.

## 6. GUARANTEES RECEIVED BY THE SCHEME FROM A THIRD PARTY

There are no guarantees received by the Scheme from a third party.

## 7. INVESTMENT IN AND LOANS TO PARTICIPATING EMPLOYERS AND OTHER RELATED PARTIES

The Scheme holds no investment in the participating employers of the Scheme's members.

## 8. REVIEW OF FINANCIAL RESULTS AND ACTIVITIES

The Scheme recorded a net deficit for the period ending 31 December 2022 of **R83 644 630**. This represented a decrease of -153.46% from the net surplus for the prior year of **R44 716 334**.

Scheme risk contribution income increased by **6.73%** from **R1 618 369 168** in the prior year to **R1 727 346 576** for the period ending 31 December 2022.



# REPORT OF THE BOARD OF TRUSTEES

As at 31 December 2022

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## Review of financial results and activities (continued)

### 8.1. Operational statistics per option

Operational statistics per option 2022	Option A	Option B	Total
Number of members at year end	13 660	21 617	35 277
Number of dependants at year end	13 250	27 199	40 449
Number of beneficiaries at year end	26 910	48 816	75 726
Average number of members for the year	12 692	23 023	35 715
Average number of dependants for the year	14 570	26 431	41 001
Average number of beneficiaries for the year	27 262	49 454	76 716
Number of new members	1 585	2 144	3 729
Number of members leaving the Scheme	1 467	2 186	3 653
Average age of principal members	48	49	48
Average age of dependants	21	20	20
Average age of beneficiaries	34	34	34
Risk contribution per average beneficiary per month*	1 591	2 071	1 901
Risk contribution per principal member per month*	3 135	4 678	4 080
Relevant healthcare expenditure as a percentage of risk contributions	102%	105%	104%
Healthcare expenditure per average beneficiary per month*	1 627	2 181	1 984
Healthcare expenditure per principal member per month*	3 204	4 924	4 258
Broker fees as a percentage of risk contributions	0.24%	0.16%	0.18%
Broker fees per average beneficiary per month*	4	3	4
Broker fees per principal member per month*	8	8	8
Non-healthcare expenditure per average beneficiary per month*	143	125	132
Non-healthcare expenditure per average principal member per month*	290	224	246
Non-healthcare expenditure as percentage of risk contributions	9.01%	6.04%	6.92%
Average accumulated funds per member at 31 December*	40 136	40 136	40 136
Pensioner ratio at year end	1.79%	2.83%	4.62%
Dependent ratio to members at year end	0.97	1.26	1.15
Return on investments as percentage of investment	5.22%	5.22%	5.22%
<b>Solvency Ratio</b>			<b>82.36%</b>

\* These figures are Rand denominated.

Averages are calculated using the sum of the 12 months' actual month-end membership divided by 12.



# REPORT OF THE BOARD OF TRUSTEES

As at 31 December 2022

## Review of financial results and activities (continued)

### 8.1. Operational statistics per option

Operational Statistics per option 2021	Option A	Option B	Total
Number of members at year end	13 542	21 659	35 201
Number of dependants at year end	13 377	27 818	41 195
Number of beneficiaries at year end	26 919	49 477	76 396
Average number of members for the year	12 513	22 999	35 512
Average number of dependants for the year	14 681	26 984	41 665
Average number of beneficiaries for the year	27 194	49 983	77 177
Number of new members	1 855	1 681	3 536
Number of members leaving the Scheme	1 269	1 469	2 738
Average age of principal members	48	48	48
Average age of dependants	21	20	21
Average age of beneficiaries	34	33	34
Risk contribution per average beneficiary per month*	1 258	1 652	1 488
Risk contribution per principal member per month*	2 501	3 774	3 284
Relevant healthcare expenditure as a percentage of risk contributions	98.6%	100.95%	100.26%
Healthcare expenditure per average beneficiary per month*	1 432	1 926	1 752
Healthcare expenditure per principal member per month*	3 113	4 186	3 808
Broker fees as a percentage of risk contributions	0.34%	0.23%	0.26%
Broker fees per average beneficiary per month*	5	4	5
Broker fees per principal member per month*	11	9	17
Non-healthcare expenditure per average beneficiary per month*	117	102	107
Non-healthcare expenditure per average principal member per month*	254	221	233
Non-healthcare expenditure as percentage of risk contributions	8.05%	5.33%	6.13%
Average accumulated funds per member at 31 December*	43 099	43 099	43 099
Pensioner ratio at year end	1.48%	2.36%	3.84%
Dependent ratio to members at year end	0.99	1.28	1.17
Return on investments as percentage of investment	10.42%	10.42%	10.42%
<b>Solvency Ratio</b>			<b>94.04%</b>

\* These figures are Rand denominated.

Averages are calculated using the sum of the 12 months' actual month-end membership divided by 12.



# REPORT OF THE BOARD OF TRUSTEES

As at 31 December 2022

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## Review of financial results and activities (continued)

### 8.2. Results of operations

The results of operations are set out in the Summarised Annual Financial Statements.

### 8.3. Solvency ratio

	2022	2021
	R	R
Total members' funds per Statement of Financial Position	1 451 485 324	1 536 589 392
Unrealised non-distributable reserve	(7 750 020)	(7 750 020)
Cumulative net gain/(loss) on re-measurement to fair value of properties and investments included in accumulated funds	(10 816 272)	4 734 263
Cumulative net gain on re-measurement of post-retirement medical benefit	(10 251 401)	(11 710 838)
<b>Accumulated funds per Regulation 29</b>	<b>1 422 667 631</b>	<b>1 521 862 797</b>
Risk contributions	1 727 346 576	1 618 369 168
<b>Solvency ratio</b>	<b>82.36%</b>	<b>94.04%</b>

The Scheme's solvency ratio has decreased to **82.36%** compared to **94.04 %** in December 2021, however, the ratio is significantly above the statutory compliance ratio of **25%**. The Scheme's accumulated surplus (reserves) has decreased by **6.64 %** year on year. Although the Scheme financial position has lowered, due to the increasing healthcare costs, these were considered and monitored in line with the budget. The solvency ratio was forecasted to decrease to **68%** by the year ended 31 December 2023 even though it may be lower, it is still higher than the minimum required by MSA.

**Whilst the Scheme incurred a net deficit for the year, it is solvent and stable with a solid business strategy to improve.**

### 8.4. Reserve accounts

Movements in the reserves are set out in the Statement of Changes in Funds and Reserves. During the year under review, there was a gain made in respect of property, this resulted in an increase in the retained income.

### 8.5. Provision for outstanding claims

The basis of calculation and movements on the provision for outstanding claims is set out in Note 11 to the annual financial statements. There have been no unusual movements that the Board of Trustees believe should be brought to the attention of the members of the Scheme.

## 9. AUDIT AND RISK COMMITTEE

The Audit and Risk Committee was established in accordance with Section 36 (10) of the Act. The committee is mandated by the Board of Trustees by means of a written charter as to its membership, authority, and duties. The committee consists of five (5) members. The Chairperson of the committee and two (2) other independent members are not officers of the Scheme or part of management. The committee met five (5) times during the year.

In accordance with provisions of the Act, the primary responsibility of the committee is to assist the Board of Trustees in carrying out its duties relating to the Scheme's accounting policies, internal control systems and financial reporting practices. The external auditors formally report to the Audit & Risk Committee on critical findings arising from their audit activities.

## 10. FINANCE AND INVESTMENT COMMITTEE

The Finance and Investment Committee is also mandated by the Board of Trustees by means of written charter to provide recommendations with regards to the financial operations of the Scheme and the investment of excess funds and due compliance to the Medical Schemes Act of 1998, as amended.

The committee consist of five (5) members. The Chairperson of the committee is the Board of Trustees Chairperson as per the approved Scheme Charter and two (2) independent members that are not officers of the Scheme and two (2) members being officers and part of the management of the Scheme. The committee met four (4) times during the year under review.



# REPORT OF THE BOARD OF TRUSTEES

As at 31 December 2022

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## 11. TRUSTEE MEETING ATTENDANCE AND REMUNERATION

The following schedule sets out the Board of Trustees meeting attendances. Trustees' expenses are disclosed in Note 16 of the annual financial statements.

	Board meetings		Special Board of Trustees meetings		Audit & Risk Committee meetings		Finance & Investment Committee meetings		Clinical Governance & Ex-gratia committee meetings		Benefit Review Committee meetings		Remuneration Committee meetings	
	A	B	A	B	A	B	A	B	A	B	A	B	A	B
S Dube	6	6	4	4	-	-	-	-	4	3	-	-	-	-
N Bhozo	6	6	4	4	-	-	-	-	-	-	4	3	-	-
L Sibiya	6	6	4	4	-	-	4	2	-	-	4	4	4	4
M Marule	6	6	4	4	5	1	4	3	-	-	-	-	-	-
G M Nzuza	6	6	4	4	5	5	-	1	-	-	-	-	-	-
A Ntuli	6	6	4	4	-	-	-	-	-	-	4	4	-	-
N P Ntsuba	6	6	4	3	-	-	4	3	-	-	-	-	-	-
S T Kwanyana	6	5	4	3	-	-	-	-	-	-	4	3	-	-
R Letsoalo	6	6	4	4	-	-	-	-	-	-	4	4	-	-
M I Solomon	6	5	4	3	5	3	-	-	-	-	-	-	-	-

**A** Number of meetings eligible to attend

**B** Total number of meetings attended

## 12. BOARD OF TRUSTEE – COMMITTEE MEETINGS AND REMUNERATION

The table below sets out the meetings attended by the independent delegates to the Board Committees.

Name	Committee	Number of meetings attended	Costs (R)
CM Phehlukwayo	Audit & Risk (Chair)	10	150 660
SF Mkhize	Audit & Risk	5	60 000
P Ganesan	Audit & Risk	5	60 000
AP Wakaba	Finance & Investment	4	51 616
JVM Mbonani	Finance & Investment	6	78 660
MK Majatladi	Clinical Governance & Ex Gratia (Chair)	9	144 660
MV Ngwenya	Remuneration	4	48 000
ND Madiba	Remuneration	4	48 000
PN Qwabe	Remuneration (Chair)	10	168 981
C Mavunda	Dispute and Complaints	1	12 168
T Potelwa	Dispute and Complaints	1	12 000
A V Memela	Dispute and Complaints	2	24 000
J M Mathibe	Procurement (Chair)	3	78 000
			<b>936 745</b>



# REPORT OF THE BOARD OF TRUSTEES

As at 31 December 2022

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## 13. AUDITOR

PricewaterhouseCoopers Inc. were appointed as external auditor of the Scheme for 2022 financial year by the Board of Trustees in compliance with the Medical Scheme Act and the Scheme Rules.

## 14. ISSUES OF NON-COMPLIANCE

### 14.1. Contravention of Section 26(7) of the Medical Scheme Act

#### NATURE AND IMPACT OF NON-COMPLIANCE

In terms of Section 26(7) of the Medical Schemes Act 131 of 1998, as amended, all contributions shall be paid directly to a medical scheme not later than three days after payment thereof becoming due.

#### CAUSE OF NON-COMPLIANCE

The Scheme encounters employer groups who do not make their contribution payments within the statutory prescribed time. For the employer groups identified, causes of non-compliance range from administrative to cashflow challenges. The Scheme Management continuously follow up with these employer groups until payment is received. The outstanding contributions are however received but not in compliance to the statutory prescribed time.

#### CORRECTIVE ACTION

Non-compliant employer groups are continuously notified of the non-compliance and requested to make payment of the outstanding contributions. The Scheme currently enforces the debt management policy to mitigate the risk.

### 14.2. Contravention of Section 33 (2) of the Medical Scheme Act

#### NATURE AND IMPACT OF NON-COMPLIANCE

In terms of Section 33(2) of the Medical Schemes Act 131 of 1998, as amended, each benefit option is required to be self-supporting in terms of membership and financial performance and be financially sound.

#### CAUSE OF NON-COMPLIANCE

During the financial year under review, Option A and Option B of the Scheme did not comply with Section 33(2) in terms of financial performance.

Benefit option	Net healthcare deficit	Net deficit for the year
Option A	(56 686 553)	(32 388 968)
Option B	(121 942 795)	(51 255 662)
<b>Total</b>	<b>(178 629 348)</b>	<b>(83 644 630)</b>

#### CORRECTIVE ACTION

The financial performance, risk profile and claims experience of all benefit options is monitored and evaluated on a continuous basis, through risk management, monitoring of fraud and waste outcomes from Claims Experience analysis. Strategies are formulated to address loss making benefit option through benefits and contributions increase review process whereby affordability and chronic prevalence, and aging are considered.

The Benefits and Contributions review process was completed for 2023, and the Pricing Report submitted to Council for Medical Schemes (CMS). An average **9.9%** contribution increase was proposed and approved. The Scheme proposed minimal benefit enhancements for the 2023 year due to high claims experience as a result of previous benefit enhancements made that members are starting to understand and utilise.



# REPORT OF THE BOARD OF TRUSTEES

As at 31 December 2022

## 14. Issues of non-compliance (continued)

### 14.3. Contravention of Section 35(8) of the Medical Scheme Act

#### NATURE AND IMPACT OF NON-COMPLIANCE

*Section 35 (8) of the Act states that: "A medical scheme shall not invest any of its assets in the business of or grant loans to:*

- (a) an employer who participates in the medical scheme or an administrator or any arrangement with the medical scheme
- (b) any other medical scheme
- (c) any administrator; and
- (d) any person associated with any of the above mentioned.

At 31 December 2022 the Scheme indirectly holds investments in the holding company of the Administrator or any other Administrator. The companies include Discovery Limited and Momentum Metropolitan Health Ltd. This is in contravention of section 35(8)(c) of the Act.

#### CAUSE OF NON-COMPLIANCE

The Funds in this specific portfolio are structured at the sole discretion of the asset manager in a manner that maximises returns. Therefore, the Scheme does not make inputs into the structuring of the portfolio.

#### CORRECTIVE ACTION

The Scheme has been granted exemption by the Council for Medical Schemes in terms of Section 35(8) and is therefore allowed to hold these shares. The exemption is valid for a period of three years, effective 1 December 2022 until 30 November 2025, subject to renewal.

## 15. GOING CONCERN

We draw attention to the fact that at 31 December 2022, the Scheme had Retained income of **R 1 433 483 903** and that the Scheme's total assets exceed its liabilities by **R1 451 485 324**.

The financial statements have been prepared based on accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the Scheme to continue as a going concern is dependent on several factors. The most significant of these is the Scheme's ability to grow its membership base, collect contributions and yield investment returns to pay for claims and other obligations as they fall due.

## 16. COVID-19 IMPACT

The impact of COVID 19 had no negative effect on the going concern status of the Scheme as the impact of this was felt lower than in the previous year. Scheme growth remained constant, the Scheme experienced an increase in number of terminations due to COVID 19 related implications, however, the members buying down were less than expected. This year there were less infections, and a total of **10 010** beneficiaries were affected by COVID 19 (**2021:5 830**). A total of **3476** (**2021:1 815**) beneficiaries were admitted in hospital of which **2888** recovered (**2021:1 554**) and a total of **35** beneficiaries died (**2021:376**). In total the Scheme paid **R 45 157 937** in respect of COVID 19 related claims compared to **R292 982 249** for the previous year.

## 17. EVENTS AFTER REPORTING DATE

The Scheme received and accepted an offer to purchase the two properties in Retreat for R5 million on 02 January 2023.







# STATEMENT OF RESPONSIBILITY BY THE BOARD OF TRUSTEES

for the year ended 31 December 2022

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The Board of Trustees of the Scheme is responsible for the preparation, integrity, and fair presentation of the summarised financial statements of SAMWUMED. The summarised financial statements and notes to the financial statements presented on pages 44 to 93 have been prepared in accordance with International Financial Reporting Standards (IFRS), in the manner required by the Medical Schemes Act and Regulations thereto and include amounts based on estimates and judgments made by management.

The Board of Trustees considers that in preparing the summarised financial statements they have used the most appropriate accounting policies, consistently applied, and supported by reasonable and prudent judgments and estimates.

The Board of Trustees is satisfied that the information contained in the summarised financial statements fairly presents the results of operations for the year and the financial position of the Scheme at year-end. The Board of Trustees also prepared the other information included in the annual report and is responsible for both its accuracy and its consistency with the financial statements.

The Board of Trustees has the responsibility for ensuring that appropriate accounting records are maintained. The accounting records disclose with reasonable accuracy the financial position of the Scheme which enables the Board of Trustees to ensure that the summarised financial statements comply with the relevant legislation.

The Scheme operates in a well-established control environment, which is well documented and regularly reviewed. This incorporates risk management and internal control procedures, which are designed to provide reasonable, but not absolute, assurance that assets are safeguarded and the risks facing the Scheme are being well controlled.

The going concern basis has been adopted in preparing the summarised financial statements. Based on forecasts and available cash resources the Board of Trustees have no reason to believe that the Scheme will not be a going concern in the foreseeable future. These financial statements support the viability and sustainability of the Scheme.

The Scheme's external auditors are responsible for independently auditing and reporting on the Scheme's financial summarised statement in terms of International Standards on Auditing and their report is presented on pages 42 to 43.

The summarised financial statements and notes to the financial statements set out on page 44 to 93, were adopted and signed by the Board of Trustees on 2 August 2023.



L. Sibiyi  
SAMWUMED Board Chairperson



M.F Mosoeu  
Principal Officer



G.M. Nzuza  
Trustee

Cape Town  
Wednesday, 2 August 2023



# STATEMENT OF CORPORATE GOVERNANCE BY THE BOARD OF TRUSTEES

for the year ended 31 December 2022

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**SAMWUMED is committed to the principles and practice of fairness, transparency, integrity, and accountability in all dealings with its stakeholders.**

## 1. BOARD OF TRUSTEES

The Board of Trustees has full control of the management of operations and financial affairs of the Scheme. It meets regularly to monitor the administration of the Scheme. The Board of Trustees met with management to address a range of key issues and ensure that policies, strategy, and performance is critical, informed, and constructive. The Board of Trustees also consult with the Council of Medical Schemes from time to time.

The Board of Trustees have access to the advice and services of the Principal Officer and where appropriate, may seek independent professional advice at the expense of the Scheme. The Board of Trustees meet regularly and monitors the performance of the Scheme and other service providers.

## 2. RISK MANAGEMENT AND INTERNAL CONTROL

The administration of the Scheme is maintained under internal controls and systems designed to provide reasonable assurance as to the integrity and reliability of the financial statements and to safeguard, verify and maintain accountability for its assets adequately. Such controls are based on established duties and are implemented by trained personnel with the appropriate segregation of duties.

No event or item has come to the attention of the Board of Trustees that indicates any material breakdown in the functioning of the key internal controls and systems during the year under review.



.....  
**L. Sibiyi**  
**SAMWUMED Board Chairperson**

**Cape Town**  
**Wednesday, 2 August 2023**



# INDEPENDENT AUDITOR'S REPORT

For the year ended 31 December 2022

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## INDEPENDENT AUDITOR'S REPORT ON THE SUMMARISED FINANCIAL STATEMENTS

To the members of SAMWUMED

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### Opinion

The summarised financial statements of SAMWUMED (the Scheme), set out on pages 44 to 93, which comprise the summarised statement of financial position as at 31 December 2022, the summarised statements of surplus or deficit and other comprehensive income, changes in funds and reserves and cash flows for the year then ended, and related notes, are derived from the audited financial statements of SAMWUMED for the year ended 31 December 2022.

In our opinion, the accompanying summarised financial statements are consistent, in all material respects, with the audited financial statements, in accordance with the content and disclosure requirements of Circular 6 of 2013 issued by the Council for Medical Schemes as applicable to summarised financial statements.

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### Summarised financial statements

The summarised financial statements do not contain all the disclosures required by International Financial Reporting Standards and the requirements of the Medical Schemes Act of South Africa as applicable to annual financial statements. Reading the summarised financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited financial statements and the auditor's report thereon. The summarised financial statements and the audited financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited financial statements.

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### The audited financial statements and our report thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated 28 April 2023.

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### Trustees' responsibility for the summarised financial statements

The trustees are responsible for the preparation of the summarised financial statements in accordance with the content and disclosure requirements of Circular 6 of 2013 issued by the Council for Medical Schemes as applicable to summarised financial statements.

PricewaterhouseCoopers Inc.,  
5 Silo Square, V&A Waterfront, Cape Town, 8002, P O Box 2799, Cape Town, 8001  
T: +27 (0) 21 529 2000, F: +27 (0) 21 814 2000, [www.pwc.co.za](http://www.pwc.co.za)

Chief Executive Officer: L S Machaba

The Company's principal place of business is at 4 Lisbon Lane, Waterfall City, Jukskei View, where a list of directors' names is available for inspection.

Reg. no. 1998/012055/21, VAT reg.no. 4950174682



# INDEPENDENT AUDITOR'S REPORT

For the year ended 31 December 2022

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## Auditor's responsibility

Our responsibility is to express an opinion on whether the summarised financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), Engagements to Report on Summary Financial Statements.

*PricewaterhouseCoopers Inc*

PricewaterhouseCoopers Inc.

Director: NA Jacobs

Registered Auditor

Cape Town, South Africa

2 August 2023



# SUMMARISED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

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## Statement of Financial Position as at 31 December 2022

	Notes	2022 R	2021 R
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant, and equipment	2	24 382 314	25 364 182
Intangible assets	3	18 197	107 780
Financial assets at fair value through profit and loss	4	602 058 897	919 878 162
		626 459 408	945 350 124
<b>Current assets</b>			
Cash and cash equivalents	5	61 975 620	71 437 560
Financial assets at fair value through profit and loss	4	884 230 453	582 990 475
Trade and other receivables	6	103 714 583	97 069 531
		1 049 920 656	751 497 566
Assets classified as held for sale	7	5 777 000	5 680 000
<b>Total assets</b>		1 682 157 064	1 702 527 690
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Reserves	8	18 001 421	19 460 858
Retained income		1 433 483 903	1 517 128 534
		1 451 485 324	1 536 589 392
<b>Non-current liabilities</b>			
Finance lease liability	9	1 373 611	2 506 811
Post-retirement medical aid benefits	10	5 420 736	3 468 515
		6 794 347	5 975 326
<b>Current liabilities</b>			
Provision for outstanding claims	11	97 914 228	126 039 832
Trade and other payables	12	125 591 168	33 629 940
Lease liabilities	9	371 997	293 201
		223 877 393	159 962 973
<b>Total liabilities</b>		230 671 740	165 938 299
<b>Total equity and liabilities</b>		1 682 157 064	1 702 527 690



# SUMMARISED STATEMENT OF SURPLUS OR DEFICIT AND OTHER COMPREHENSIVE INCOME

As at 31 December 2022

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## Statement of Surplus or Deficit and other Comprehensive Income

	Notes	2022 R	2021 R
<b>Risk contribution income</b>	13	<b>1 727 346 576</b>	<b>1 618 369 168</b>
Relevant healthcare expenditure		(1 786 369 063)	(1 622 621 006)
Net claims incurred	14	(1 786 369 063)	(1 622 621 006)
<b>Gross healthcare result</b>		<b>(59 022 487)</b>	<b>(4 251 838)</b>
Administration expenses: benefit management services		(597 852)	(717 562)
Broker service fees	15	(3 182 152)	(4 232 246)
Administration expenses	16	(115 332 316)	(98 481 299)
Net impairment losses on healthcare receivables	17	(494 542)	(269 779)
<b>Net healthcare result</b>		<b>(178 629 348)</b>	<b>(107 952 724)</b>
<b>Other income</b>		<b>98 780 581</b>	<b>155 675 927</b>
Investment income	18	98 749 517	155 470 084
Sundry income	19	31 065	205 843
<b>Other expenditure</b>		<b>(3 795 864)</b>	<b>(3 006 869)</b>
Other realised gain on property, plant and equipment	20	1 317 282	2 062 065
Investment management fees	21	(4 834 217)	(4 366 857)
Interest paid	22	(278 929)	(177 066)
Expenses paid on sale of property		-	(525 011)
<b>Net (deficit) for the year</b>		<b>(83 644 630)</b>	<b>44 716 334</b>
<b>Other comprehensive income</b>			
Items that will not be reclassified to profit or loss:			
Loss on remeasurements of net defined benefit liability / asset	8	(1 459 437)	(270 162)
<b>Total items that will not be reclassified to profit or loss</b>		<b>(1 459 437)</b>	<b>(270 162)</b>
<b>Total comprehensive income for the period</b>		<b>(85 104 067)</b>	<b>44 446 172</b>



# SUMMARISED STATEMENT OF CHANGES IN FUNDS AND RESERVES

As at 31 December 2022

## Statement of Changes in Funds and Reserves

	Notes	Revaluation reserve on property	Revaluation reserve on post -retirement liability	Total Reserve	Retained income	Total Members' funds
		R	R	R	R	R
<b>Balance as at 31 December 2020</b>		14 815 702	11 981 000	26 796 702	1 465 346 518	1 492 143 220
Net surplus for the year		-	-	-	44 716 334	44 716 334
Remeasurements on net defined benefit liability /asset		-	(270 162)	(270 162)	-	(270 162)
Transfer from Revaluation Reserve on sale of Property		(7 065 682)	-	(7 065 682)	7 065 682	-
<b>Balance as at 31 December 2021</b>		7 750 020	11 710 838	19 460 858	1 517 128 534	1 536 589 392
Net (deficit) for the year		-	-	-	(83 644 630)	(83 644 630)
Remeasurements on net defined benefit liability /asset	8		(1 459 437)	(1 459 437)	-	(1 459 437)
<b>Balance as at 31 December 2022</b>		7 750 020	10 251 401	18 001 421	1 433 483 903	1 451 485 324



# SUMMARISED STATEMENT OF CASH FLOWS

As at 31 December 2022

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## Statement of Cash Flows

	Notes	2022 R	2021 R
<b>Cash flow from operating activities</b>			
Cash receipts from members – contribution		1 723 801 703	1 559 264 285
Cash (paid)/receipts from members and providers – other		(1 591 706)	344 943
Cash paid to providers and employees - claims		(1 729 380 279)	(1 612 495 063)
Cash paid to providers and employees - non healthcare expenditure		(108 119 011)	(98 056 295)
<b>Cash used in operations</b>		<b>(115 289 293)</b>	<b>(150 942 130)</b>
Interest received	18	3 280 201	4 099 521
<b>Net cash used in operating activities</b>		<b>(112 009 092)</b>	<b>(146 842 609)</b>
<b>Cash flow from investing activities</b>			
Purchase of property, plant and equipment	2	(376 310)	(133 684)
Proceeds on sale of property, plant and equipment	2	97 001	81 716
Purchase of other intangible assets	3	25 202	-
Proceeds on sale of assets classified as held for sale	7	-	9 000 000
Purchase of financial assets		-	(110 000 000)
Sale of financial assets		105 000 000	110 000 000
<b>Net cash from investing activities</b>		<b>104 745 892</b>	<b>8 948 032</b>
<b>Cash flow from financing activities</b>			
Lease payments		(1 907 944)	(1 705 970)
Interest paid		(290 797)	(165 819)
<b>Net cash from financing activities</b>		<b>(2 198 741)</b>	<b>(1 871 789)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(9 461 941)</b>	<b>(139 766 366)</b>
Cash and cash equivalents at the beginning of the year		71 437 560	211 203 926
<b>Cash and cash equivalents at the end of the year</b>	5	<b>61 975 620</b>	<b>71 437 560</b>



# NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

As at 31 December 2022

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## ACCOUNTING POLICIES

### 1. BASIS OF PREPARATION

The principal accounting policies applied in the presentation of these summarised annual financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

The summarised financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and the Medical Schemes Act 131 of 1998 (the Act). The summarised financial statements are prepared on the going concern principle using the historical cost basis except where stated otherwise for investments at fair value through profit or loss and property, plant and equipment that is stated at revalued amounts.

The preparation of summarised financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the accounting policies. The notes to the summarised financial statements set out those areas involving a high degree of judgment or complexity, or areas where assumptions and estimates are significant to the Scheme's summarised financial statements.

These summarised financial statements are presented in Rands, which is the Scheme's functional currency.

#### 1.1. Critical accounting judgments, estimates and assumptions

In the process of applying the Scheme's accounting policies, the management has made several judgments that had the most significant effect on the amounts recognised in the summarised financial statements.

Certain critical accounting judgments in applying the Scheme's accounting policies and key assumptions concerning the future and other key sources of estimating uncertainty at the statement of financial position date, are discussed below:

#### IMPAIRMENT PROVISION ON DEBTORS

The detailed disclosure of the annual impairment review of the Scheme is disclosed under Notes 6. The carrying amounts of the Scheme's assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

#### PROPERTY, PLANT AND EQUIPMENT

Judgment and estimates are used in determining the useful life, revaluation and residual values of property, plant and equipment as set out in Note 1.2 and Note 2.

The carrying amounts of the Scheme's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

#### THE ULTIMATE LIABILITY ARISING FROM CLAIMS MADE UNDER INSURANCE CONTRACTS.

There are some elements of uncertainty that need to be considered in the estimate of the liability that the Scheme will ultimately pay for such claims. Initial estimates are made by the Scheme relating to the best calculations on reported claims as the claims process develops. All estimates are revised and adjusted at year-end by management. Refer to Note 11 for assumptions made.

#### POST-RETIREMENT MEDICAL AID BENEFIT

The Scheme provides post-retirement healthcare benefits to retired employees. An independent qualified actuary carries out valuations of the obligations every three years. Refer to Note 10 for detailed disclosure.

### 1.2. Property, plant and equipment

Property, plant and equipment are tangible assets which the Scheme holds for its own use which are expected to be used for more than one year.

Property, plant and equipment are reflected at cost less accumulated depreciation and accumulated impairments. Depreciation is charged on the straight-line basis over the estimated useful lives of the assets after taking into account the assets' residual values.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the Scheme, and the cost of the item can be measured reliably.



# NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

As at 31 December 2022

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## Property, plant and equipment (continued)

Property consists of land and buildings held for administrative purposes and is stated in the Statement of Financial Position at its revalued amount, being the fair value at the date of valuation less any subsequent accumulated depreciation and accumulated impairment. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at year end.

### The estimated maximum useful lives are:

Item	Useful life minimum	Useful life maximum	Residual value
Land	not depreciated	not depreciated	0%
Buildings	50 years	50 years	0%
Computer equipment and software	3 years	3 years	0%
Furniture and fittings	10 years	15 years	0%
Motor vehicles	3 years	5 years	20%
Office equipment	5 years	10 years	10%
Canteen equipment	6 years	10 years	10%

The useful lives and residual values are assessed annually and adjusted appropriately. Maintenance and repairs, which neither materially add to the value of assets nor appreciably prolong their useful lives, are recognised in the statement of comprehensive income.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use. Any gain or loss arising from the disposal is determined as the difference between sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Carrying amounts of all items of property and equipment are reduced to their recoverable amount, where this is lower than the carrying amount. Where components of an item of property and equipment have different useful lives, they are accounted for as separate items.

## SUBSEQUENT EXPENDITURE

Subsequent expenditure is capitalised only if it is measurable, and it is probable that future economic benefits associated with the property plant and equipment will flow to the Scheme. Expenditure incurred to replace a component of an item of equipment is capitalised to the cost of the item of equipment and the part that is derecognised.

## REVALUATION

The carrying amount of land and buildings is revalued every three (3) years by a qualified appraiser and appropriate adjustments are reflected accordingly in the revaluation reserve and Statement of Surplus or Deficit and Other Comprehensive Income, as other comprehensive income.

Any revaluation increase is recognised in Other Comprehensive Income, and accumulated in Members' Funds, except to the extent that it reverses a revaluation decrease previously recognised in profit and loss. A decrease in the carrying amount arising from revaluation is recognised in profit and loss, to the extent that it exceeds the balance held in the revaluation reserve relating to previous revaluations.

## 1.3. Intangible assets

Costs associated with maintaining computer software programs are recognised as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Scheme are recognised as intangible assets when the following criteria are met as per IAS 38:

*An intangible asset arising from development (or from the development phase of an internal project) is recognised when:*

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits.



# NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

As at 31 December 2022

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## Intangible assets (continued)

- There are available technical, financial, and other resources to complete the development and to use or sell the asset.
- The expenditure attributable to the asset during its development can be measured reliably.

Directly attributable costs that are capitalised as part of the software include the software development employee costs and an appropriate portion of relevant overheads. Research and development costs are recognised as an expense in the Statement of Surplus or Loss during the period they are incurred.

Other development expenditures that do not meet these criteria are recognised as an expense when incurred. Development costs previously recognised as expenses are not recognised as assets in a subsequent period.

Intangible assets that have an indefinite useful life or that are not ready for use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

**Amortisation is provided to write down the intangible assets, on a straight-line basis, as follows:**

Item	Useful life
Warranties and computer software	3 years

## IMPAIRMENT LOSSES

The carrying amounts of the Schemes assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

## 1.4 Financial instruments – IAS 39

Financial assets under IAS 39 (the Scheme elected to defer IFRS 9 adoption)

The Scheme initially recognises loans and receivables and debt securities issued on the date when they are originated. All other financial assets are initially recognised on the trade date when the entity becomes a party to the contractual provisions. The scheme derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains control over the transferred asset. Any interest in such derecognised financial asset that is created or retained by the scheme is recognized as a separate asset or liability.

## INITIAL MEASUREMENT

Financial assets are initially measured at fair value plus any directly attributable transaction costs except for financial asset through profit and loss where the directly attributable transaction costs are recognised in profit or loss as incurred.

## CLASSIFICATION AND SUBSEQUENT MEASUREMENT

The Scheme classifies its financial assets in the following categories: at fair value through profit or loss, loans, and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

### (a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.



# NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

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## Financial instruments-IAS 9 (continued)

Financial assets at fair value are measured at fair value and changes therein, including any interest and dividend income are recognised in profit or loss. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the statement of comprehensive income within 'investment income' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income as part of investment income when the scheme's right to receive payments is established.

### (b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Subsequent to initial recognition, they are measured at amortised cost using the effective interest rate method. The interest earned on these investments is disclosed as accrued interest at year end until the funds are reinvested with the capital portion.

### (c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, interest income and foreign currency differences on debt instruments are recognised in Other Comprehensive Income and accumulated in the fair value reserve. When these assets are derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Interest on available-for-sale securities calculated using the effective interest method is recognised as part of investment income. Dividends on available-for-sale equity instruments are recognised as part of investment income when the scheme's right to receive payments is established (IAS 39).

### (d) Held to maturity financial assets

These assets are initially measured at fair value plus any directly attributable transaction costs. After initial recognition, they are measured at amortised cost using the effective interest rate method.

## IMPAIRMENT OF FINANCIAL ASSETS

### (a) Assets carried at amortised cost

The scheme assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment because of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of comprehensive income. Where the carrying amount of the asset is reduced through the use of an allowance account, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited as other income or against operating expenses in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the statement of comprehensive income.

### (b) Assets classified as available sale

The Scheme assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. For debt securities, if any such evidence exists the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity and recognised in profit or loss.

If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss the impairment loss is reversed through profit or loss.



# NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

As at 31 December 2022

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## Financial instruments-IAS 9 (continued)

For members' funds' investments, a significant or prolonged decline in the fair value of the equity securities below its cost is also evidence that the assets are impaired. If any such evidence exists, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss is removed from equity and recognised in profit or loss.

## 1.5 Financial instruments – IFRS 9

### Deferral of IFRS 9

The effective date of IFRS 9 Financial Instruments (IFRS 9) is for annual periods beginning on or after 1 January 2018. IFRS 9 will change the classification of financial assets to either amortised cost, fair value through profit or loss (FVTPL) or fair value through other comprehensive income (FVTOCI).

*In addition, IFRS 9 replaces the “incurred loss” model in IAS 39 Financial Instruments:*

Recognition and Measurement (IAS 39) with an “expected credit loss model”, which means that a loss event will no longer need to occur before an impairment allowance is recognised.

The effective date of IFRS 17 Insurance Contracts is for annual periods beginning on or after 1 January 2023 (due course). The differing effective dates of IFRS 9 and IFRS 17 could have a significant impact on insurers (including medical schemes). Entities whose predominant activity (refer paragraph 73 of this SAICA Medical Schemes Accounting Guide), is the issuing insurance contracts within the scope of IFRS 4 Insurance Contracts (IFRS 4) are afforded the option to defer the implementation of IFRS 9 (Deferral Approach) i.e. granted temporary exemption from recognising financial instruments in accordance with IFRS 9 (thus permitted to continue to apply IAS 39) until the recognition of insurance contracts has been finally settled, although this option may not be used after 1 January 2023.

The Scheme is a not-for-profit closed medical scheme; thus, the activities of the medical scheme are predominantly connected with insurance. In this regard, management has assessed the following:

- the medical scheme has not previously applied any version of IFRS 9: and
- the total carrying amount of liabilities arising from contracts within the scope of IFRS 4 for the year ended 31 December 2022 and subsequent years represents 97% of total liabilities, which is considered significant.

There has been no change in the medical scheme's activities that warrants a reassessment of the above information.

Thus, the Scheme has met the criteria to defer the implementation of IFRS 9 and, after due consideration, decided to defer the implementation of IFRS 9 until the adoption of IFRS 17.

The amendment of IFRS 4 Insurance Contracts requires entities to disclose the fair value at the end of the reporting period and the end change in fair value during the period for groups of financial assets with contractual cash flows that are solely payments of principal and interest (“SPPI”) and other financial assets separately.

- Listed bonds (government and corporate bonds) and unlisted debt securities
- Cash and cash equivalents (current and call accounts) and
- Non-insurance receivable

The remaining financial assets held by the scheme have contractual cash flows that do not represent solely payments of principal and interest. This group includes unit linked investments and equities.

The Scheme does not currently apply the option under IAS 39 to designated financial assets at fair value.

### IFRS 9 - IMPACT OF ADOPTION ON THE SCHEME

In terms of each investment portfolio, the Scheme will need to assess if the investment will be measured subsequently at amortised cost or fair value based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.



# NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

As at 31 December 2022

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## Financial instruments-IFRS 9 (continued)

### I. FINANCIAL ASSETS MEASURED AT AMORTISED COST

A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The fund includes in this category short-term non-financing receivables including cash collateral posted on derivative contracts, accrued income and other receivables.

### II. A FINANCIAL ASSET IS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS IF:

- a) Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest (SPPI) on the principal amount outstanding; or (a) It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell; or
- b) At initial recognition, it is irrevocably designated as measured at FVPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.
- c) At initial recognition, it is irrevocably designated as measured at FVPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

#### With regards to the impairment of the financial assets:

Impairment of debt instruments held at amortised cost and fair value through other comprehensive income. In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the scheme to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

### 1.6 Interest in other entities (IFRS 12)

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only, and the relevant activities are directed by means of contractual arrangements. A structured entity often has some or all of the following features or attributes:

- (a) Restricted activities.
- (b) A narrow and well-defined objective, such as to provide investment opportunities for investors by passing on risks and rewards associated with the assets of the structured entity to investors.
- (c) Insufficient equity to permit the structured entity to finance its activities without subordinated financial support; and
- (d) Financing in the form of multiple contractually linked instruments to investors that create concentrations of credit or other risks (tranches).

The Scheme has determined that some of its investments in pooled funds and collective investment schemes ("funds") are investments in unconsolidated structured entities. The Scheme invests in these funds, whose objectives range from achieving medium to long-term capital growth and whose investment strategy do not include the use of leverage. The funds are managed by unrelated asset managers and apply various investment strategies to accomplish their respective investment objectives. The change in fair value of each fund is included in the statement of comprehensive income in net gains/ (losses) on financial instruments held at fair value through profit or loss.

### 1.7 Fair value measurement

Fair value is a market-based measurement and for some assets and liabilities observable market transactions or information might be available. The objective of a fair value measurement is to estimate one price at which an orderly transaction to sell the assets or to transfer the liability would take place between market participants at the measurement date.

### 1.8 Assets classified as held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable, and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (or disposal groups) held for sale are measured at the lower of their carrying amount and fair value less costs to sell.



# NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

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## 1.9 Leases

### IFRS 16

IFRS 16 defines a lease as a contract, or part of a contract, which conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

#### RIGHT OF USE BY LESSEES

At the commencement date of the lease the Scheme recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the lease liability plus any initial direct costs incurred by the lessee. After lease commencement, the Scheme shall measure the right-of-use asset using a cost model.

Under the cost model a right-of-use asset is measured at cost less accumulated depreciation and accumulated impairment. The right-of-use asset is subsequently measured on the cost model at cost less accumulated depreciation and impairment and adjusted for any re-measurement of the lease liability.

Right-of-Use Assets are reflected at cost less accumulated depreciation and accumulated impairments. Depreciation is charged on the straight-line basis over the term of the lease (useful life of the asset). The lease liability takes into consideration, where appropriate, fixed, and variable lease payments, residual value guarantee to be made by the lessee, exercise price of purchase options; and payments of penalties for terminating the lease. The lease liability is subsequently increased by interest, reduced by lease payments, and re-measured for reassessments or modifications.

Re-measurements of lease liabilities are affected against right-of-use assets, unless the assets have been reduced to nil, in which case further adjustments are recognised in profit or loss. The lease liability is re-measured by discounting revised payments at a revised rate when there is a change in the lease term or a change in the assessment of an option to purchase the underlying asset. The lease liability is re-measured by discounting revised lease payments at the original discount rate when there is a change in the amounts expected to be paid in a residual value guarantee or when there is a change in future payments because of a change in index or rate used to determine those payments.

The lease payments are discounted using the interest rate implicit in the lease, if that rate cannot be readily determined, which is generally the case for leases, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with the similar terms, security, and conditions.

#### RECOGNITION EXEMPTION

Instead of applying the recognition requirements of IFRS 16 for all leases, the Scheme elected to account for some lease payments as an expense where the lease term is 12 months or less and contains no purchase option.

## 1.10 Unallocated funds

Unallocated funds arise on receipt of unidentified deposits and unallocated receipts to members' accounts at year end into the Scheme's bank accounts. Unallocated funds older than three years of which the prescription period has legally lapsed are written back to the Statement of Profit or Loss and Other Comprehensive Income.

## 1.11 Provisions and liabilities

Liabilities and provisions are recognised when the Scheme has a present legal or contractual obligation as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the effect of discounting to present value is material, provisions are adjusted to reflect the time value of money.

#### PROVISION FOR OUTSTANDING CLAIMS

Risk claims outstanding consist of provisions for the Scheme's estimate of the ultimate cost of settling all claims incurred but not yet reported at the reporting date.

Outstanding risk claims are determined as accurately as possible based on a number of factors, which include previous experience in claim patterns, claims settlement patterns, changes in the nature and number of members according to gender and age, trends in claims frequency, changes in the claims processing cycle and variations in the nature and average cost incurred per claim.

Estimated co-payments are deducted in calculating the outstanding claims provision. The Scheme does not discount its provision for outstanding claims on the basis that claims must be submitted within four months from treatment date, and the effect of the time value of money is not considered material.



# NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

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## Provisions and liabilities (continued)

A standard operating procedure governing the calculation of the provision as agreed with the Scheme is followed by the Scheme's Actuaries to ensure consistency in application and interpretation of results.

### CONTINGENT LIABILITY IS:

- A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- A present obligation that arises from past events but is not recognised because:
  - i. it is not probable that an outflow of resources embodying economic benefits will be required to settle
  - ii. the amount of the obligation cannot be measured with sufficient reliability

### CONTINGENT ASSET IS:

- A possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

The Scheme does not recognise a contingent asset. However, when the realisation of income is virtually certain, the related asset is recognised as it is not a contingent asset.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in Note 20.

## 1.12 Employee benefits

### SHORT-TERM EMPLOYEE BENEFITS

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

### POST RETIREMENT BENEFIT PLANS

The Scheme provides for post-retirement medical aid benefits to its retired employees. The entitlement to post-retirement medical aid benefits is based on the employees remaining in service up to retirement age and having a minimum of five years continued service. This benefit has been limited to full time staff appointed prior to 1 January 2014.

The present value of the obligation is actuarially determined using the projected unit credit method and any deficit or surplus is immediately recognised in the Statement of Profit or Loss and Other Comprehensive Income. It is the Scheme's policy to perform this valuation once every three (3) years. A valuation will also be performed prior to the prescribed three (3) years when any significant events that are deemed to have a material impact on post-retirement medical aid benefit have occurred. These obligations are not funded.

- Members who retire prior to the retirement age of 60 will not be eligible for a subsidy of medical scheme contributions.
- Members with at least five years' service prior to retirement qualify for a 70% subsidy of contributions.
- Dependants of eligible continuation members receive a subsidy before and after the death of the principal member.

If a member eligible for a retirement subsidy dies in service, their dependants are eligible for a subsidy of medical scheme contributions as described above.

*The risks faced by the Scheme as a result of the post-employment healthcare obligation can be summarised as follows:*

- **Inflation:** The risk that future CPI inflation and healthcare cost inflation are higher than expected and uncontrolled.
- **Longevity:** The risk that pensioners live longer than expected and thus their healthcare benefit is payable for longer than expected.
- **Open-ended, long-term liability:** The risk that the liability may be volatile in the future and uncertain.
- **Future changes in legislation:** The risk that changes to legislation with respect to the post-employment healthcare liability may increase the liability for the Scheme
- **Future changes in the tax environment:** The risk that changes in the tax legislation governing employee benefits may increase the liability for the Scheme.
- **Perceived inequality by non-eligible employees:** The risk of dissatisfaction of employees who are not eligible for a post-employment healthcare subsidy.
- **Administration:** Administration of this liability poses a burden to the Scheme.
- **Enforcement of eligibility criteria and rules:** The risk that eligibility criteria and rules are not strictly or consistently enforced
- **National Health Insurance Bill:** The National Health Insurance Bill is out for comment. The contents of the Bill are not detailed enough at this stage for any adjustments to be made to the liability. However, this will be monitored. The NHI may change the role and operations of the Scheme.



# NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

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## 1.13 Risk contribution income

Contributions on member insurance contracts are accounted for monthly when their collection in terms of the insurance contract is reasonably certain. Risk contributions represent the gross contributions per the Registered Rules of the Scheme. The Scheme does not have a savings plan. The earned portion of risk contributions received is recognised as revenue.

Risk contributions are earned from the date of attachment of risk, over the indemnity period on a straight-line basis. Risk contributions are shown before the deduction of broker service fees and other acquisition costs.

## 1.14 Relevant healthcare expenditure

Relevant healthcare expenditure incurred comprises of the total estimated cost of all claims arising from the healthcare events that have occurred in the year and for which the Scheme is responsible, whether reported by the end of the year and accredited managed healthcare fees.

*Relevant healthcare expenditure incurred comprises of:*

- Claims submitted and accrued for services rendered during the year, in terms of the Rules of the Scheme.
- Payments under provider contracts for services rendered to members.
- Over or under provisions relating to prior year claims accruals.
- Claims incurred but not yet reported; and
- Fees paid to accredited managed healthcare services

*Net of:*

- Recoveries from members for co-payments.
- Recoveries from third parties; and
- Discount received from service providers

## 1.15 Investment income

Investment income comprises of interest income and dividend income. Interest income is recognised on a time proportion basis, considering the principal amount invested and the effective rate over the period to maturity, when it is certain that such income will accrue to the Scheme. Dividend income is recognised when the right to receive payment is established.

Gains and losses on financial assets held at fair value include realised and unrealised gains and losses on disposal of assets and revaluation to fair values. These gains and losses are recognised through the Statement of Profit or Loss and Other Comprehensive Income.

## 1.16 Broker fees

Broker fees are recognised when they become due and payable as prescribed by the Medical Schemes Act 131 of 1998.

## 1.17 Road Accident Fund (RAF) recoveries

The recoveries are only accounted for when an amount is virtually certain to be received from the RAF and the quantum of the amount is determinable.

## 1.18 Allocation of income and expenditure to benefit options

The following income and expenditure items are directly allocated to benefit options:

- Net contributions.
- Claims incurred.
- Managed care fees; and
- Broker fees.

The remaining items are apportioned based on the number of members on each option (or other suitable basis)

- Administration expenditure.
- Investment income.
- Other income.



# NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

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## 1.19 Insurance contracts

Contracts under which the Scheme accepts significant insurance risk from another party (the member) by agreeing to compensate the member or other beneficiary if a specified uncertain future event (the insured event) adversely affects the member or other beneficiary, are classified as insurance contracts. The contracts issued compensate the Scheme's members for healthcare expenses incurred.

### *Liabilities and related assets under liability adequacy test.*

The liability for insurance contracts is tested for adequacy by discounting current estimates of all future contractual cash flows, including related cash flows such as claims handling costs, and comparing this amount to the carrying value of the insurance liabilities (given the nature of the contracts and the Scheme rules in terms of which claims submitted after four months from treatment date are considered stale, the effect of discounting is not considered material).

## 1.20 Income tax

In terms of Section 10(1)(d) of the Income Tax Act, No. 58 of 1962, as amended, receipts and accruals of a benefit fund are exempt from normal tax. A medical scheme is included in the definition of a benefit fund and consequently the Scheme is exempt from income tax.

## 1.21 Change in accounting estimates

The Scheme reviews and assesses the useful lives and residual values of its plant and equipment annually for appropriateness. The effects of changes in the accounting estimates are accounted for prospectively in the period of review and future periods. The adjusted depreciation is recognised in the Statement of Profit or Loss and Other Comprehensive Income.



# NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

As at 31 December 2022

## 2. PROPERTY, PLANT AND EQUIPMENT

	Cost or valuation	2022 Accumulated depreciation & impairment	Carrying amount	Cost or valuation	2021 Accumulated depreciation and impairment	Carrying amount
	R	R	R	R	R	R
Buildings*	44 536 709	(28 238 009)	16 298 700	44 041 720	(28 497 720)	15 544 000
Land*	6 793 282	(3 193 282)	3 600 000	6 793 282	(3 547 282)	3 246 000
Canteen equipment	376 873	(306 564)	70 309	341 400	(303 192)	38 208
Furniture and fittings	3 806 189	(2 458 723)	1 347 466	3 997 262	(2 422 587)	1 574 675
Motor vehicles	6 659 560	(4 960 727)	1 698 833	6 913 809	(3 614 690)	3 299 119
Office equipment	5 437 101	(4 313 372)	1 123 729	4 956 716	(4 142 991)	813 725
Computer equipment	2 337 718	(2 094 441)	243 277	4 345 918	(3 497 463)	848 455
<b>Total</b>	<b>69 947 433</b>	<b>(45 565 119)</b>	<b>24 382 314</b>	<b>71 390 107</b>	<b>(46 025 925)</b>	<b>25 364 182</b>

### Reconciliation of carrying value of property, plant and equipment - 2022

	Opening carrying amount*	Additions	Disposals	Other adjustments	Impairment Reversal/ (loss)	Depreciation	Closing carrying amount*
	R	R	R	R	R	R	R
Buildings*	15 544 000	494 989	-	-	931 509	(671 798)	16 298 700
Land*	3 246 000	-	-	-	354 000	-	3 600 000
Canteen equipment	38 208	35 473	-	-	-	(3 372)	70 309
Furniture and fittings	1 574 675	-	(65 228)	-	-	(161 981)	1 347 466
Motor vehicles	3 299 119	-	(81 424)	(17 218)	-	(1 501 644)	1 698 833
Office equipment	813 725	135 584	(208 041)	935 627	-	(553 166)	1 123 729
Computer equipment	848 455	78 644	(5 103)	(426 736)	-	(251 983)	243 277
<b>Total</b>	<b>25 364 182</b>	<b>744 690</b>	<b>(359 796)</b>	<b>491 673</b>	<b>1 285 509</b>	<b>(3 143 944)</b>	<b>24 382 314</b>

The Scheme's property is stated at the revalued amounts as per valuation performed by an independent qualified appraiser, Siyakhula Property Valuers. Refer to Note 8.



# NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

As at 31 December 2022

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## Property plant and equipment (continued)

The Other adjustments for 2022 referred to above were for transfers between computer equipment and office equipment because of a review of useful lives for each asset category and the allocation of items of assets within the two categories.

## Reconciliation of carrying value of property, plant, and equipment - 2021

	Opening carrying amount*	Additions	Disposals	Other adjustments	Revaluation (Loss)/gain	Impairment Loss	Depreciation	Closing carrying amount
	R	R	R	R	R	R		
Buildings*	18 354 000	-	-	-	(2 217 935)		(592 065)	15 544 000
Land*	2 646 000	-	-	-	600 000		-	3 246 000
Canteen equipment	65 827	-	-	-	-		(27 619)	38 208
Furniture and fittings	2 007 454	37 049	(68 022)	-	-	(5 353)	(396 453)	1 574 675
Motor vehicles	4 383 142	585 071	-	(270 975)	-		(1 398 119)	3 299 119
Office equipment	1 567 986	141 262	(5 240)	(195 970)	-	(2 182)	(692 131)	813 725
Computer equipment	1 562 887	42 780	(8 454)		-	(387)	(748 371)	848 455
<b>Total</b>	<b>30 587 296</b>	<b>806 162</b>	<b>(81 716)</b>	<b>(466 945)</b>	<b>(1 617 935)</b>	<b>(7 922)</b>	<b>(3 854 758)</b>	<b>25 364 182</b>

Other adjustments for 2021 referred to above were made to the Right of use assets (motor vehicles) due to a restructure of the lease agreement during the year and a correction of present value of the lease liability for the printers.

### Land and buildings comprise the following:

Registers with details of land and buildings are available for inspection by members or their duly authorised representatives at the registered office of the Scheme.

- Erf 43717, Crawford, Cape Town, measuring 1128 square meters
- Erf 82128, Retreat, Cape Town, measuring 2019 square meters – **Revalued at R2 877 000 (Two Million Eight Hundred and Seventy Thousand Rand)**
- Erf 82129, Retreat, Cape Town, measuring 2037 square meters – **Revalued at R2 900 000 (Two Million Nine Hundred Thousand Rand)**
- Erf 33081, Athlone, Cape Town, measuring 495 square meters

The land and buildings were valued externally on 31 December 2022 (level 3) by the Siyakhula Property Valuers in accordance with the policy to revalue property every three years. For valuation purposes, the income method was applied, this took into account the vacancy percentages, existing lease agreements and subsequent expected rentals to determine the fair value of the building and the comparable sales method was used to determine the fair value of the vacant land in Retreat. The capitalisation rate used at 31 December 2022 was **10% (2021:10%)**. Post year end the Retreat properties received an offer to a total amount of **R5 million**.



# NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

As at 31 December 2022

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## Property, plant, and equipment (continued)

### CHANGES IN ACCOUNTING ESTIMATES

The company reassesses the useful lives and residual values of items of company at the end of each reporting period, in line with the accounting policy and IAS 16 Property, plant and equipment. These assessments are based on historic analysis, benchmarking, and the latest available and reliable information. At 31 December 2021, the average useful lives and residual values of property, plant and equipment were assessed for appropriateness.

Based on this analysis, the maximum useful life of the following assets was adjusted as follows:

Item	Category	31 December 2021 Assessment		31 December 2022 Assessment	
		Useful life minimum	Useful life maximum	Useful life minimum	Useful life maximum
Computer equipment	PPE	3 years	5 years	3 years	3 years
Furniture and fittings	PPE	5 years	10 years	10 years	15 years
Office equipment	PPE	5 years	5 years	5 years	10 years
Canteen equipment	PPE	6 years	6 years	6 years	10 years

The impact of the changes in the annual depreciation charge for the current and future years, is as follows:

Item	Category	Impact on depreciation	Depreciation Amount
Computer equipment	PPE	Increase	558 270
Furniture and fittings	PPE	Decrease	167 029
Office equipment	PPE	Decrease	72 939
Canteen equipment	PPE	Decrease	3 727

### LEASED ASSETS

IFRS 16(47):

*A lessee shall either present in the statement of financial position, or disclose in other notes:*

- (a) Right-of-use assets separately from other assets. If a lessee does not present the right-of-use assets separately in the statement of financial position, the lessee shall:
  - (i) Include right of use assets within the same line item as that within which the corresponding underlying assets would be presented if they were owned
  - (ii) Disclose which line items in the statement of financial position include those right-of-use assets
- (b) Lease liabilities separately from other liabilities, if the lessee does not present lease liabilities separately in the statement of financial position, the lessee shall disclose which line items in the statement of financial position include those liabilities.



# NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

As at 31 December 2022

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## Property, plant, and equipment (continued)

### Leased assets

	2022 R	2021 R
<b>Right of use assets</b>		
Office equipment	30 243	74 865
Motor vehicles	1 053 142	2 375 892
Offices	198 700	-
	<b>1 282 085</b>	<b>2 450 757</b>

<b>Lease liability</b>		
Non-current	1 373 611	2 506 811
Current	371 997	293 201
	<b>1 745 608</b>	<b>2 800 012</b>

The Statement of profit or loss shows the following amounts relating to leases:

Depreciation charge of right-of-uses assets – office equipment	432 934	654 206
Depreciation charge of right-of-uses assets – motor vehicles	1 224 108	1 513 509
Depreciation charge of right-of-uses assets – offices	169 679	-
	<b>1 826 721</b>	<b>2 167 715</b>
Interest expense included in finance costs	290 797	166 168
<b>Total cash outflow for leases</b>	<b>1 907 944</b>	<b>1 705 970</b>



# NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

As at 31 December 2022

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## 3. INTANGIBLE ASSETS

	Cost or valuation	2022 Accumulated depreciation	Carrying amount	Cost or valuation	2021 Accumulated depreciation	Carrying amount
	R	R	R	R	R	R
Warranties	449 522	(445 897)	3 625	438 648	(384 887)	53 761
Computer software	659 914	(645 342)	14 572	650 496	(596 477)	54 019
	<b>1 109 436</b>	<b>(1 091 239)</b>	<b>18 197</b>	<b>1 089 144</b>	<b>(981 364)</b>	<b>107 780</b>

### Reconciliation of Intangible assets - 2022:

			Opening Balance	Additions acquisitions	Amortisation	Total
			R	R	R	R
Warranties			53 761	10 874	(61 010)	3 625
Computer software			54 019	14 328	(53 775)	14 572
			<b>107 780</b>	<b>25 202</b>	<b>(114 785)</b>	<b>18 197</b>

### Reconciliation of Intangible assets - 2021:

			Opening Balance	Additions acquisitions	Amortisation	Total
			R	R	R	R
Warranties			118 275	-	(64 514)	53 761
Computer software			110 893	-	(56 874)	54 019
			<b>229 168</b>	<b>-</b>	<b>(121 388)</b>	<b>107 780</b>

## OTHER INFORMATION

The intangible assets represent the payment of warranties on electronic equipment and software. These warranties are paid for when acquiring the electronic equipment and software. The warranties are amortised on a straight-line basis over the warranty period and computer software is amortised over the useful life of the software. The remaining useful life of these intangible assets are four (4) months for warranties and 2,3 years for computer software.



# NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

As at 31 December 2022

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## 4. INVESTMENTS

	2022	2021
	R	R
<b>At fair value through profit or loss - designated</b>		
Investment	1 486 289 350	1 502 868 637
<b>Non-current assets</b>		
Designated as at fair value through profit or loss (fair value through income)	602 058 897	919 878 162
<b>Current assets</b>		
Designated as at fair value through profit or loss	884 230 453	582 990 475

### MEASUREMENT OF FINANCIAL ASSETS

The Scheme has opted to defer the adoption of IFRS 9 until 01 January 2023. The Scheme is a not-for-profit closed Scheme thus the activities of the medical scheme are predominantly connected with insurance. In this regard, management has assessed the following:

- The Scheme has not previously applied any version of IFRS 9; and
- The total carrying amount of liabilities arising from contracts within the scope of IFRS 4 for the year ended 31 December 2022 and subsequent years represents **97%** of total liabilities, which is considered significant.

There has been no change in the Scheme's activities that warrants a reassessment of the above information. Thus, the Scheme has met the criteria to defer the implementation of IFRS 9 and, after due consideration, decided to defer the implementation of IFRS 9 until the adoption of IFRS 17.

### IMPACT OF ADOPTION OF IFRS 9 ON THE SCHEME

In terms of each investment portfolio, the Scheme will need to assess if the investment will be measured subsequently at amortised cost or fair value based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

#### Fair value information

	2022	2021
	R	R
Listed equity	293 462 006	315 844 315
Listed bonds	880 944 323	696 156 973
Cash	251 790 501	413 401 254
Property	60 092 520	77 466 095
	<u>1 486 289 350</u>	<u>1 502 868 637</u>

### CREDIT QUALITY OF OTHER FINANCIAL ASSETS

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.



# NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

As at 31 December 2022

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## Investments (continued)

### Investments in Asset Management

	2022	2021
	R	R
Argon Asset Managers	372 775 037	347 259 936
Mazi Asset Management	132 273 587	124 930 900
Aluwani Capital Partners	127 400 269	123 422 965
M & G Investments Southern Africa (Pty) Ltd	206 941 554	196 943 124
Ninety-One Fund Managers	52 627 214	151 296 774
STANLIB Unit Trust	458 828 202	431 693 702
Allan Gray Life Limited	135 443 487	127 321 236
	1 486 289 350	1 502 868 637

The Scheme has invested some of its funds in various Asset Managers and with banks. The investments earned an interest income for the year at an average interest rate of **5.22 % (2021: 10.42%)**.

## 5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand and demand deposits held at call with banks, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to significant risk of changes on value.

### Cash and cash equivalents consist of:

	2022	2021
	R	R
Cash and cash equivalents consist of:		
Cash on hand	2 613	506
Call accounts	55 169 625	62 913 711
Current accounts	6 803 382	8 523 343
<b>Total</b>	<b>61 975 620</b>	<b>71 437 560</b>

Balances on current and call accounts constitute amounts available on demand. These balances earned interest income at an average interest rate of **5.29%** (2021:5.74%) for the year. The carrying amount of cash and cash equivalents approximate their fair values due to the short-term nature of these assets.



# NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

As at 31 December 2022

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## 6. TRADE AND OTHER RECEIVABLES

	2022	2021
	R	R
Risk contribution receivable	88 557 594	85 077 250
Other prepayments and sundry receivables	923 464	691 859
Premiums control accounts	1 800 658	1 666 207
Forensic debt receivable	5 331 060	4 293 468
Accrued investment income	9 026 921	6 902 403
Provision for impairment losses	(1 925 114)	(1 561 655)
<b>Total trade and other receivables</b>	<b>103 714 583</b>	<b>97 069 531</b>
<b>Split between non-current and current portions</b>		
Current assets	103 714 583	97 069 531

The Scheme has opted to defer the adoption of IFRS 9 until 1 January 2023. The Scheme is a not-for-profit closed Scheme thus the activities of the medical scheme are predominantly connected with insurance.

*In this regard, management has assessed the following:*

- (a) the Scheme has not previously applied any version of IFRS 9; and
- (b) the total carrying amount of liabilities arising from contracts within the scope of IFRS 4 for the year ended 31 December 2022 and subsequent years represents 97% of total liabilities, which is considered significant.

There has been no change in the Scheme's activities that warrants a reassessment of the above information. Thus, the Scheme has met the criteria to defer the implementation of IFRS 9 and, after due consideration, decided to defer the implementation of IFRS 9 until the adoption of IFRS 17.

### IMPACT OF ADOPTION OF IFRS 9 ON THE SCHEME

The impact of IFRS 9 is that it replaces the "incurred loss model" of IAS 39 with the "expected credit loss model" which means that a loss event will no longer need to occur before an impairment allowance is recognised.

### OTHER INFORMATION

Trade and other receivables which are less than 3 months past due are not considered to be impaired. At 31 December 2022, R1 438 421 (2021: R1 612 181) were past due but not impaired.

**Ageing of trade and other receivables not impaired is as follows:**

	2022	2021
	R	R
1 month past due	822 490	998 149
2 months past due	405 304	473 717
3 months past due	210 627	140 315
	<b>1 438 421</b>	<b>1 612 181</b>
<b>The ageing of the trade and other receivables which were impaired is as follows:</b>		
<b>3 to 6 months</b>	<b>1 925 114</b>	<b>1 561 655</b>



# NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

As at 31 December 2022

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## Trade and other receivables (continued)

The carrying amount of trade and other receivables approximate their fair values due to the short-term nature of these assets. The scheme does not impose interest charges on the receivable amounts. The estimated cash flow receipts have not been discounted as the effect would be immaterial.

Included in the other receivables is an accrued investment income of **R9 026 921(2021: R6 902 403)**, this represents income on investment accrued but not yet capitalised to the total investment as of 31 December 2022.

## 7. ASSETS CLASSIFIED AS HELD FOR SALE

The Scheme had invested in fixed property which is prohibited by the Council of Medical Schemes and the Medical Schemes Act 131, of 1998 as amended.

The Board of Trustees of the Scheme decided during the 2018 financial year to sell the two properties. The Scheme has appointed the services of property agents to actively market the Scheme property in Retreat and Mitchells Plain to the public for the Scheme to evaluate the appropriate option in the best interest of SAMWUMED.

The Scheme decided to dispose of the properties at market related prices and reinvest the funds to the Scheme for the benefit of the Scheme members.

The assets of the disposal group are set out below.

	2022	2021
	R	R
<b>Assets and liabilities</b>		
<b>Non-current assets held for sale</b>		
Property, plant, and equipment	5 777 000	5 680 000

Post year end the Retreat properties received an offer for a total amount of R5 million.

## 8. REVALUATION RESERVE

### 8.1 Reserve on revaluation of property

	2022	2021
	R	R
Balance at beginning of year	7 750 020	14 815 702
Transfer from revaluation reserve on sale of property	-	(7 065 682)
Gain on revaluation of property		-
<b>Balance at the end of the year</b>	<b>7 750 020</b>	<b>7 750 020</b>

The Scheme property is stated at the revalued amounts as per valuation performed by an independent qualified appraiser, Siyakhula Property Valuers. Refer to Note 2.

### 8.2 Reserve on revaluation of a liability

	2022	2021
	R	R
Balance at beginning of year	11 710 838	11 981 000
Loss on measurement of post-retirement medical aid liability	(1 459 437)	(270 162)
<b>Balance at the end of the year</b>	<b>10 251 401</b>	<b>11 710 838</b>

The Scheme's post-retirement obligation was remeasured as at 31 December 2022 by Insight Actuaries and Consultants. This resulted in an actuarial loss on remeasurement. Refer to Note 10.



# NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

As at 31 December 2022

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## 9. LEASE LIABILITIES

### Minimum lease payments due

	2022	2021
	R	R
Within one year	607 272	1 410 932
Years 2-5	1 240 172	1 599 130
	1 847 444	3 010 062
Less: Future finance charges	(101 836)	(210 050)
<b>Present value of minimum lease payments</b>	<b>1 745 608</b>	<b>2 800 012</b>

### Present value of minimum lease payments due

	2022	2021
	R	R
Within one year	371 997	293 201
Years 2-5	1 373 611	2 506 811
	1 745 608	2 800 012
Non-current liability portion	1 373 611	2 506 811
Current liability	371 997	293 201
	1 745 608	2 800 012

The total lease liabilities comprise of leases for printers, motor vehicles and office buildings.

The Scheme entered into a three (3) year non-cancellable lease arrangement ending in June 2022 for printers and instalments are payable monthly. The non-cancellable lease term was three years and an extension option of 1 year was exercised thus now ending June 2023 (initially would have ended June 2022). The lease is linked to prime rate and therefore the rentals will increase or decrease as the prime rate changes. The present value of the lease has been calculated on the assumption that there will not be great fluctuations in the prime interest rate for the next 12 months.

The Scheme entered a three (3) year non-cancellable lease arrangement ending in November 2023 for motor vehicles and instalments are payable monthly. The lease is linked to prime rate and therefore the rentals will increase or decrease as the prime rate changes. The present value of the lease has been calculated on the assumption that there will not be great fluctuations in the prime interest rate for the next 12 months.

The Scheme entered a two-year non-cancellable lease arrangement ending in October 2023 and April 2024 for regional offices and instalments are payable monthly. The lease is linked to prime rate and therefore the rentals will increase or decrease as the prime rate changes. The present value of the lease has been calculated on the assumption that there will not be great fluctuations in the prime interest rate for the next 12 months.



# NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

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## 10. RETIREMENT BENEFIT OBLIGATION

### Carrying value

	2022	2021
	R	R
Non-current liability portion	5 420 736	3 468 515
Current liability	110 631	102 346
<b>Total</b>	<b>5 531 367</b>	<b>3 570 861</b>

### Movement for the year

	2022	2021
	R	R
Opening balance	3 570 861	2 885 886
Current service cost	159 462	122 491
Interest cost	442 799	388 292
Expected employer benefits	(101 192)	(95 970)
Actuarial loss/(gain) on remeasurement of liability	1 459 437	270 162
<b>Closing balance at the end of the year</b>	<b>5 531 367</b>	<b>3 570 861</b>

### Reconciliation of the re-measurement of the defined benefit liability:

	2022	2021
	R	R
Change in real discount rate	179 755	(444 896)
(Higher)/lower than expected healthcare costs	(167 748)	98 291
No changes in membership	(69 902)	76 443
Change in demographic assumptions	(1 401 542)	-
<b>Total remeasurements – Losses</b>	<b>(1 459 437)</b>	<b>(270 162)</b>

### Key assumptions used

Assumptions used for the current year projection are as follows

	2022	2021
	R	R
Expected retirement age	60 years	60 years
Discount rates used	12.4%	12.3%
Duration used to set assumptions	23.5 years	19.4 years
Expected increase in salaries	-	9.90%
Healthcare cost inflation	9.50%	9.60%

No allowance for early retirement.



# NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

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## Retirement benefit obligation (continued)

The benefit is unfunded and therefore there are no planned assets as per the requirements of IAS 19. The actuarial valuation was performed by Insight Actuaries and Consultants using the Projected Unit Credit Method as prescribed by the IAS19 as of 31 December 2022 and this resulted in an actuarial loss. The next valuation will be performed in three (3) years as at 31 December 2025.

### *Scheme subsidy policy:*

- Members who retire prior to the retirement age of 60 will not be eligible for a subsidy of medical scheme contributions.
- Members with at least five years' service prior to retirement qualify for a 70% subsidy of contributions.
- Dependants of eligible continuation members receive a subsidy before and after the death of the principal member.

If a member eligible for a retirement subsidy dies in service, their dependants are eligible for a subsidy of medical scheme contributions as described above.

The risks faced by the Scheme as a result of the post-employment healthcare obligation can be summarised as follows:

- **Inflation:** The risk that future CPI inflation and healthcare cost inflation are higher than expected and uncontrolled.
- **Longevity:** The risk that pensioners live longer than expected and thus their healthcare benefit is payable for longer than expected.
- **Open-ended, long-term liability:** The risk that the liability may be volatile in the future and uncertain
- **Future changes in legislation:** The risk that changes to legislation with respect to the post-employment healthcare liability may increase the liability for the Scheme.
- **Future changes in the tax environment:** The risk that changes in the tax legislation governing employee benefits may increase the liability for the Scheme.
- **Perceived inequality by non-eligible employees:** The risk of dissatisfaction of employees who are not eligible for a post-employment healthcare subsidy.
- **Administration:** Administration of this liability poses a burden to the Scheme.
- **Enforcement of eligibility criteria and rules:** The risk that eligibility criteria and rules are not strictly or consistently enforced.
- **National Health Insurance Bill:** The National Health Insurance Bill is out for comment. The contents of the Bill are not detailed enough at this stage for any adjustments to be made to the liability. However, this will be monitored. The NHI may change the role and operations of the Scheme.

### *The liability of the Scheme is calculated to show the effect of:*

- A one percentage point decrease or increase in the rate of healthcare cost inflation.
- A one percentage point decrease or increase in the discount rate.
- A one-year decrease or increased in the expected retirement age.

The table below shows the results of the sensitivity analysis to the projected liability

31 December 2022			
Discount rate	Central Assumption 12.40%	-1%	+1%
Projected Accrued liability 31 December 2022 (R'million)	5 531	4 744	6 519
%Change	-	-14.2%	+17.9%

Healthcare Cost Inflation	Central Assumption 9.50%	-1%	+1%
Projected Accrued liability 31 December 2022 (R'million)	5 531	4 744	6 519
%Change	-	-14.2%	+17.9%

31 December 2021			
Healthcare Cost Utilisation	Central Assumption 12.30%	-1%	+1%
Projected Accrued liability 31 December 2021 (R'million)	3 571	3 074	4 193
%Change	-	-13.9%	+17.4%



# NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

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## Retirement benefit obligation (continued)

31 December 2021			
Healthcare Cost Inflation	Central Assumption 9.60%	-1%	+1%
Projected Accrued liability 31 December 2021 (R'million)	3 571	3 074	4 193
%Change	-	-13.9%	+17.4%

## 11. PROVISION FOR OUTSTANDING CLAIMS

### Reconciliation of provision for outstanding claims

	2022	2021
	R	R
Opening balance	126 039 832	115 562 227
Payments in respect of prior years	(118 639 806)	(112 966 683)
Over provision	7 400 026	2 595 544
Amounts reversed during the year	(7 400 026)	(2 595 544)
Adjustments for the current year	97 914 228	126 039 832
<b>Closing balance</b>	<b>97 914 228</b>	<b>126 039 832</b>

The Scheme used the Chain-Ladder method or the adaption thereof to estimate the IBNR. This method uses runoff factors that are calculated based on historical claims payment patterns. These runoff factors are then applied to actual claims paid to date to estimate the outstanding claims amount. The outstanding vaccine claims have been estimated based on the vaccine claims data reported on the Electronic VD system. The effectiveness of the provision is assessed monthly, through reviews of experience and consideration of changes in fundamentals such as claims processing and composition.

The timing of the outflows for claims due is uncertain however, as per the Medical Scheme Act 131 of 1998 as amended, the outflows for claims are expected to be within four (4) months of the treatment date and the payment should be made within thirty (30) days from the submission of a claim.

### ASSUMPTIONS

The assumption that has the greatest effect on the measurement of the outstanding claims provision is the expected claims development pattern for the most recent months. Known changes to claims development pattern are taken into consideration.

### CHANGES IN ASSUMPTIONS AND KEY VARIABLES

The Scheme reviews the provision for outstanding claims monthly, noting the changes in the assumptions used in determining the provision. This is supported by a monthly actuarial trends report, which include the impact the claims utilisation and analysis against the budget. This information was reported to the Board of Trustees through the submission of the Schemes' Management Accounts and reports. The current provision is considered to be prudently adequate, as it is monitored and adjusted on a monthly basis.

### SENSITIVITY ANALYSIS

The table below outlines the sensitivity of the provision for outstanding claims to changes in the assumed proportion of claims outstanding (currently 19.70%) used in the estimation process. It should be noted that this is a deterministic approach with no allowance for possible correlations between the key variables. The table outlines the sensitivity of these percentages, and the impact on the Scheme's liabilities if an incorrect assumption is used.



# NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

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## Provision for outstanding claims (continued)

The IBNR provision as at 31 December 2022 has been recalculated based on a higher assumed proportion of claims outstanding. The results are summarised in the table below:

Change in proportion of claims outstanding %	Original IBNR	IBNR after Sensitivity Test	% Changes in IBNR	Implied proportion of claims outstanding %
	R	R		
+10%	97 914 228	99 411 232	1.53%	5.60%
+3%	97 914 228	98 363 329	0.46%	5.55%
+2%	97 914 228	98 213 628	0.31%	5.54%
+1%	97 914 228	98 063 928	0.15%	5.53%
0%	97 914 228	97 914 228	0.00%	5.52%
-1%	97 914 228	97 764 527	-0.15%	5.52%
-2%	97 914 228	97 614 827	-0.31%	5.51%
-3%	97 914 228	97 465 126	-0.46%	5.50%
-10%	97 914 228	96 417 223	-1.53%	5.44%

The IBNR provision as at 31 December 2021 has been recalculated based on a higher assumed proportion of claims outstanding. The results are summarised in the table below:

Change in proportion of claims outstanding %	Original IBNR	IBNR after Sensitivity Test	% Changes in IBNR	Implied proportion of claims outstanding %
	R	R		
+3%	126 039 832	126 782 946	0.59%	20.1%
+2%	126 039 832	126 535 241	0.39%	20.0%
+1%	126 039 832	126 287 537	0.20%	19.8%
0%	126 039 832	126 039 832	0.00%	19.7%
-1%	126 039 832	125 792 127	-0.20%	19.5%
-2%	126 039 832	125 544 422	-0.39%	19.3%
-3%	126 039 832	125 296 718	-0.59%	19.2%



# NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

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## 12. TRADE AND OTHER PAYABLES

	2022	2021
	R	R
Accrued bonus	655 429	589 524
Accrued leave pay	3 678 953	3 099 069
Current portion of post-retirement medical aid subsidy benefits	110 631	102 346
Third party salary payables	1 363 468	492 931
Other payables and accrued expenses	10 760 870	5 278 570
Contribution credits due to municipalities	398 832	259 837
Credits on contribution age	3 554 255	3 904 214
Outstanding claims	104 963 983	19 849 595
Unknown deposits	104 747	53 854
	<b>125 591 168</b>	<b>33 629 940</b>

Fair value of trade and other payables

The carrying amounts of trade and other payables approximates their fair values due to the short-term nature of these liabilities (i.e. the effect of discounting is not considered material). No interest charges have been levied against the Scheme on any of the payable amounts.

Included in trade and other payables are amounts due to participating municipalities to the value of **R398 832 (2021: R259 837)**, and credits to the value of **R 3 554 255 (2021: R3 904 214)** on the contribution age analysis.

The Scheme is in the process of investigating these credits and will refund valid credits to the municipalities when the investigations are finalised.

### Reconciliation of insurance liabilities - 2022

Change in proportion of claims outstanding %	Opening balance	Additions	Refunded during the year	Reversed/ paid during the year	Closing balance
	R	R			
Unknown deposits	53 854	5 084 123	5 407	(5 038 637)	104 747
Contribution credits due to municipalities	259 837	1 912 854	-	(1 773 860)	398 832
Credits on contribution age	3 904 214	109 529 256	-	(109 879 215)	3 554 255
Outstanding claims	19 849 595	2 210 176 323	-	(2 125 061 934)	104 963 983
Unallocated contribution receipts	-	1 851 007 902	-	(1 851 007 902)	-
	<b>24 067 500</b>	<b>4 177 710 458</b>	<b>5 407</b>	<b>(4 092 761 549)</b>	<b>109 021 817</b>



# NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

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## Trade and other payables (continued)

### Reconciliation of insurance liabilities - 2021

Change in proportion of claims outstanding %	Opening balance	Additions	Refunded during the year	Reversed/ paid during the year	Closing balance
	R	R			
Unknown deposits	1 188	14 384 478	534 305	(14 866 117)	53 854
Contribution credits due to municipalities	242 985	1 506 511	(9 790)	(1 479 869)	259 837
Credits on contribution age	3 436 661	50 821 154	-	(50 353 601)	3 904 214
Outstanding claims	20 201 257	496 904 470	-	(497 256 132)	19 849 595
Unallocated contribution receipts	-	1 641 515 949	-	(1 641 515 949)	-
	23 882 091	2 205 132 562	524 515	(2 205 471 668)	24 067 500

## 13. RISK CONTRIBUTION INCOME

	2022	2021
Contribution income	1 727 346 576	1 618 369 168

The Scheme collected a total contribution income for the year under review of R1 727 billion which is 2.04% lower than budget and 6.74% higher than in prior year. This was due to the an increase in contribution rates and growth in membership which had an positive impact on contribution income.

## 14. RELEVANT HEALTHCARE EXPENDITURE

	2022	2021
Current year claims	1 674 678 638	1 479 957 596
Ex-gratia claims	63 669	139 079
Movement in outstanding claims provision for the current year	97 914 228	126 039 832
Amounts reversed during the year	(7 400 026)	(2 595 544)
Third party claims recoveries	(2 542 052)	(3 726 371)
Forensic recoveries	(1 561 988)	(4 440 459)
Managed care management services	25 216 596	27 246 873
	1 786 369 063	1 622 621 006



# NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

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## 14.1 COVID-19 claims experience

	2022	2021
Total lives infected by COVID-19	10 010	5 830
Total lives admitted to hospital by COVID-20	3 472	1 815
Total lives recovered from COVID-19	2 888	1 554
Total deaths from COVID-19	584	376
<b>Total COVID-19 related claims</b>	<b>45 157 937</b>	<b>292 982 249</b>

## 14.2 Analysis of accredited managed care: management services

	2022	2021
	R	R
Medscheme active disease risk management services	2 641 289	-
Medscheme active disease risk management services enrolment fees	-	3 070 842
Medscheme network management services	813 083	808 999
Medscheme hospital benefit management	7 795 737	9 389 293
Medscheme pharmacy benefit management	6 051 305	6 687 726
Medscheme oncology benefit management services	699 744	-
Medscheme maternity benefit management services	551 911	-
Aid for Aids HIV management	6 663 531	7 290 013
	<b>25 216 600</b>	<b>27 246 873</b>

Managed care services include medicine risk management, disease risk management, HIV risk management, pharmacy benefit management, pharmacy networks management, PMB management and hospital benefit management. These services are provided to Scheme members by the service providers as listed above.

## 15. ACCREDITED BROKER SERVICE FEES

	2022	2021
<b>Brokers' fees</b>	<b>3 182 152</b>	<b>4 232 246</b>



# NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

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## 16. NET HEALTHCARE RESULTS INCLUDE THE FOLLOWING:

### Administration expenditure

	2022	2021
	R	R
Board of trustees' fees and expenses	1 843 246	805 217
Remuneration paid to Principal Officer	2 738 299	2 654 080
Depreciation	3 143 944	3 854 757
Amortisation	114 785	121 387
Audit fees: current year	3 109 700	1 474 825
Audit fees: prior year	855 708	473 225
Commercial comprehensive insurances	662 388	693 743
Staff fidelity guarantee insurance	110 000	50 000
Employee costs	49 946 769	43 607 754
Administration system	12 645 853	9 317 546
Advertising and public relations	571 791	1 272 705
Campaign expenses	2 431 534	3 633 117
Travelling expenses	3 445 893	1 897 716
Member communication	1 245 765	899 223
Other expenses	7 328 381	4 963 358
Advertising and marketing	2 452 639	529 528
Computer support and licences	4 871 915	4 526 064
Forensic services	1 689 608	1 298 824
Telephone costs	4 943 559	5 162 470
Legal fees	1 898 396	1 757 283
Annual General Meeting expenses	483 389	562 914
Board of Healthcare Funders fees	533 647	500 220
Council for Medical Scheme levies	1 570 122	1 468 453
Actuarial fees	724 778	713 854
Short term rentals	660 717	455 677
Security	811 031	946 302
Bank charges	808 135	760 643
Cleaning costs	236 891	441 289
Commission paid	508 411	744 141
Recruitment costs	653 014	813 336
Repairs and maintenance	1 355 264	807 108
Board of trustees' committee fees and expenses*	936 745	1 274 541
	<b>115 332 316</b>	<b>98 481 299</b>

\* - these costs relate to fees and other expenses paid to the independent contractors of the Board of Trustees' committees.



# NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

As at 31 December 2022

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## Administration expenditure (continued)

### Principal Officer remuneration

	2022	2021
	R	R
Salary and bonus	1 954 527	1 969 758
Leave provision	239 948	263 222
Other short-term benefits	215 377	94 770
Long-term benefits	328 447	326 330
	2 738 299	2 654 080

### Board of Trustees' remuneration - 2022

	Retainer and Meeting fees	Meeting Costs	Travelling & accommodation	Telephone expenses	Travel claims	Total
	R	R	R	R	R	R
S Dube	86 758	4 849	40 133	47 344	-	179 084
N Bhozo	86 758	2 898	29 361	31 796	890	151 703
L Sibiya	189 278	5 530	44 542	33 982	2 372	275 704
M Marule	86 758	3 774	77 948	32 410	252	201 142
GM Nzuza	79 628	4 385	56 503	29 671	-	170 187
A Ntuli	86 951	3 148	44 713	30 485	-	165,297
MI Solomon	86 758	2 648	55 913	27 715	1 579	174 613
NP Ntsuba	131 456	3 649	35 616	36 971	-	207 692
ST Kwanyana	79 658	4 385	-	31 183	3 216	118 443
MR Letsoalo	88 538	3 938	75 030	30 160	1 716	199 382
	1 002 540	39 204	459 760	331 716	10 025	1 843 246



# NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

As at 31 December 2022

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## Administration expenditure (continued)

### Board of Trustees' remuneration - 2021

	Meeting costs	Traveling & accomodation	Telephone expenses	Travel claims	Total
	R	R	R	R	R
S Dube	25 996	-	31 486	271	57 753
N Bhozo	25 996	39 472	28 093	886	94 446
L Sibiya	56 556	62 024	28 978	5 757	153 315
M Marule	25 996	-	28 771	-	54 767
GM Nzuza	18 896	22 440	28 076	2 559	71 971
A Ntuli	25 996	25 891	28 098	-	79 985
MI Solomon	16 001	5 999	31 079	-	53 080
NP Ntsuba	39 388	33 849	28 076	1 657	102 970
ST Kwanyana	18 896	15 414	28 072	950	63 332
MR Letsoalo	25 996	18 894	25 754	2 956	73 599
	279 717	223 983	286 482	15 034	805 217

## 17. SOLVENCY RATIO

	2022	2021
	R	R
Total members' funds per statement of financial position	1 451 485 324	1 536 589 392
Unrealised non-distributable reserve	(7 750 020)	(7 750 020)
Cumulative net gain on re-measurement to fair value of investments included in accumulated funds	(10 816 272)	4 734 263
Cumulative net gain on re-measurement of post-retirement medical aid benefit	(10 251 401)	(11 710 838)
<b>Accumulated funds per Regulation 29</b>	<b>1 422 667 631</b>	<b>1 521 862 797</b>
Gross contributions	1 727 346 576	1 618 369 168
<b>Solvency ratio</b>	<b>82.36%</b>	<b>94.04%</b>

The Scheme's solvency ratio has decreased to **82.36%** compared to **94.04 %** in December 2021, however, the ratio is significantly above the statutory compliance ratio of **25%**. The Scheme's accumulated surplus (reserves) has decreased by **6.64%** year on year. Although the Scheme's financial position has lowered due to the increasing healthcare costs, these were considered and monitored in line with the budget. The solvency ratio was forecasted to decrease to **68%** by the year ended 31 December 2023, even though it may be lower, it is still higher than the minimum required by MSA.

Whilst the Scheme incurred a deficit for the year, it is solvent and stable with a solid business strategy to improve.



# NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

As at 31 December 2022

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## 18. ISSUES OF NON-COMPLIANCE

### 18.1 Contravention of Section 26(7) of Medical Schemes Act

#### NATURE AND IMPACT OF NON-COMPLIANCE

In terms of Section 26(7) of the Medical Schemes Act 131 of 1998, as amended, all contributions shall be paid directly to a medical scheme not later than three days after payment thereof becoming due.

#### CAUSE OF NON-COMPLIANCE

The Scheme encounters employer groups who do not make their contribution payments within the statutory prescribed time. For the employer groups identified, causes of non-compliance range from administrative to cashflow challenges. The Scheme management continuously follow up with these employer groups until payment is received. The outstanding contributions are however received but not in compliance to the statutory prescribed time.

#### CORRECTIVE ACTION

Non-compliant employer groups are continuously notified of the non-compliance and requested to make payment of the outstanding contributions. The Scheme currently enforces the debt management policy to mitigate the risk.

### 18.2 Contravention of Section 33 (2) of the Medical Schemes Act

#### NATURE AND IMPACT OF NON-COMPLIANCE

In terms of Section 33(2) of the Medical Schemes Act 131 of 1998, as amended, each benefit option is required to be self-supporting in terms of membership and financial performance and be financially sound.

#### CAUSE OF NON-COMPLIANCE

During the financial year under review, Option A and Option B of the Scheme did not comply with Section 33(2) in terms of financial performance.

	Net healthcare deficit	Net deficit for the year
	R	R
Option A	(56 686 553)	(32 388 968)
Option B	(121 942 795)	(51 255 662)
	(178 629 348)	(83 644 630)

#### CORRECTIVE ACTION

The financial performance, risk profile and claims experience of all benefit options is monitored and evaluated on a continuous basis, through risk management, monitoring of fraud and waste outcomes from Claims experience analysis. Strategies are formulated to address loss making benefit option through benefits and contributions increase review process whereby affordability and chronic prevalence, and aging are considered.

The Benefits and Contributions review process was completed for 2023, and the Pricing Report submitted to CMS. An average **9.9%** contribution increase was proposed and approved. The Scheme proposed minimal benefit enhancements for the 2023 year due to high claims experience because of previous benefit enhancements made that members are starting to understand and utilise.



# NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

As at 31 December 2022

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## Issues of non-compliance (continued)

### 18.3 Contravention of Section 35 (8) of the Medical Scheme Act

#### NATURE AND IMPACT OF NON-COMPLIANCE

Section 35 (8) of the Act states that: "A medical scheme shall not invest any of its assets in the business of or grant loans to:

- a) An employer who participates in the medical scheme or an administrator or any arrangement with the medical scheme.
- b) Any other medical scheme.
- c) Any administrator; and
- d) Any person associated with any of the above-mentioned

At 31 December 2022 the Scheme indirectly holds investments in the holding company of the Administrator or any other Administrator. The companies include Discovery Limited and Momentum Metropolitan Health Ltd. This is in contravention of section 35(8)(c) of the Act.

#### CAUSE OF NON-COMPLIANCE

The Funds in this specific portfolio are structured at the sole discretion of the asset manager in a manner that maximises returns. Therefore, the Scheme does not make inputs into the structuring of the portfolio.

#### CORRECTIVE ACTION

The Scheme has been granted exemption by the Council for Medical Schemes in terms of Section 35(8) and is therefore allowed to hold these shares. The exemption is valid for a period of three years, effective 1 December 2022 until 30 November 2025, subject to renewal.

## 19. GUARANTEES AND COMMITMENTS

#### AUTHORISED CAPITAL EXPENDITURE

The Scheme has not committed to any capital expenditure nor provided any guarantees for the year under review.

#### FINANCE LEASE - AS LESSEE (EXPENSE)

	2022	2021
	R	R
<b>Minimum lease payments due</b> Within one year	433 758	454 671

These payments represent rentals payable by the scheme for certain rentals of regional office space. These leases are negotiated for 12 months and due for review and renewal every year.

## 20. CONTINGENCIES

	2022	2021
	R	R
<b>Matter: Mokoka &amp; Ramoba vs SAMWUMED</b> Possible liability	200 000	200 000

There are three (3) Civil claims with the High Court Civil that were brought by pharmacists for services allegedly rendered to Scheme members. The action is being defended and the Scheme is awaiting a trial date. This matter has been set aside for an unspecified period of time (sine die). The Scheme is waiting for the Plaintiff to resume with the legal proceedings. Until such time, the matter will be removed from the legal status report.



# NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

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## Contingencies (continued)

	2022	2021
	R	R
<b>Matter: CayiCayi and another vs SAMWUMED</b>		
Possible liability	100 000	100 000

High Court claim for services allegedly rendered to Scheme members. The action is being defended and the Scheme is awaiting a trial date. This matter has been set aside for an unspecified period of time (sine die). The Scheme is waiting for the Plaintiff to resume with the legal proceedings. Until such time, the matter will be removed from the legal status report.

	2022	2021
	R	R
<b>Matter: Ryan Construction vs SAMWUMED</b>		
Possible liability	5 113 975	5 113 975

The SAMWUMED Head Office in Athlone has been retained although the renovations seem to have been over-capitalised for the location of these offices. The building, after millions of member's monies have been spent, an estimated **R29 million** is still not certified for occupation since 2015 and there were more latent defects discovered. The application to obtain the required Occupancy Certificate from the City Council is in progress.

A forensic investigation was carried out with a view to establish the legitimacy of Ryan Construction's claim and any irregularities which arose as a result of the maintenance agreement between SAMWUMED and Ryan Construction. The investigation established that there were overbillings by Ryan Construction for services carried out. The former Principal Officer was implicated in Ryan Construction's dealings with SAMWUMED. The billing discrepancies pertaining to the construction works were conducted by an Independent Quantity Surveyor.

Ryan Construction refused to provide SAMWUMED with bills of materials used in the renovations and instead issued summons to the SAMWUMED for outstanding payments of **R417 800** and the Scheme is defending the matter. The case is currently in the Western Cape Regional Magistrate's Court. SAMWUMED has in turn issued summons to recover an amount of **R5 113 975** based on the findings of the forensic investigations. Trial dates are being allocated for 2023.

	2022	2021
	R	R
<b>Matter: Ms Khosana vs SAMWUMED</b>		
Possible asset	-	251 987

During the Provisional Curator's tenure, the Scheme made advance payments to Ms Khosana during the period 3 May 2018 to 31 October 2018. Supporting invoices or receipts were required to be submitted in support of the advance payments made. On reconciliation of the payments made against the invoices and/or receipts received, there was a balance of **R306 984** which was unreconciled.

The Scheme addressed a letter of demand to Ms Khosana to provide the outstanding invoices, or to pay the outstanding balance. Ms Khosana responded providing further invoices/ receipts.

Further supporting documentation were submitted which were then reconciled to the advance payments made. The balance outstanding that could not be accounted for reduced to **R251 987**. The Scheme issued a combined summons to the High Court against Ms Khosana. The Scheme received the defendant's plea in terms of which the defendant set out her defence to the action. This matter has now been settled between the parties, and as such the trial did not proceed. The parties have agreed on a settlement figure amounting to **R150,000**.



# NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

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## 21. RELATED PARTIES

Related persons	Relationships
Board of Trustees	Control
South African Municipal Workers Union (SAMWU)	Significant influence
Insight Actuaries & Consultants (Pty) Ltd	Significant influence
Netcare 911 (Proprietary) Limited	Significant influence
Brokers	Significant influence
Management Information Planning (MIP) Holdings (Proprietary) Limited	Significant influence
Medscheme Holdings (Proprietary) Limited	Significant influence
Qhubeka Forensic Services	Significant influence
Principal Officer	Key Management personnel
Audit & Risk Committee	Key Management personnel
Finance and Investment Committee	Key Management personnel
Independent members of Committees	Key Management personnel

### AID FOR AIDS MANAGEMENT PROPRIETARY LIMITED

Aid for Aids HIV Management (A4A) is a managed care service provider. A4A has significant influence over the Scheme since A4A provides operational information on which policy decisions were based but does not control the Scheme. A4A provides custom made, integrated health risk management services to the Scheme and has built considerable capacity in the provision of wellness, HIV and AIDS, disease, medicine, hospital, and clinical risk management services. The agreement was for an initial period of one year, commencing on 1 January 2017 and terminating on 31 December 2017 and automatically renewed for a successive period on one year. The Scheme has the right to terminate the contract on 180 days' notice. The fees due are reviewed annually before 30 November and is payable within 30 days. Interest charges may apply to late payments.

After the tender process for the provision of integrated health risk management services, the Scheme appointed Aid for Aids Management Proprietary Limited to offer these services to the Scheme effectively from 01 January 2022 to 31 December 2024.

### SOUTH AFRICAN MUNICIPAL WORKERS' UNION (SAMWU)

The Union is responsible for appointing four members of the Board of Trustees in compliance with Rule 24.1.2.3 of the Scheme's Rules and thus has significant influence over the Scheme but does not control the Scheme.

### BROKERS

The Scheme has contracted brokers to service existing members of the Medical Scheme and recruit new members. The broker fees are paid in accordance with the requirements of the Act. The fees are paid 30 days in arrears and outstanding balances bear no interest. The Scheme has the right to terminate the contract on 30 days' notice. The brokers have significant influence over the Scheme due to the interaction with Scheme members but do not control the Scheme.

### MANAGEMENT INFORMATION PLANNING (MIP) HOLDINGS PROPRIETARY LIMITED

The Scheme has entered into an agreement with MIP to provide an administration system to the Scheme and, in turn, the operational information on which policy decisions will be based. MIP has significant influence over the Scheme but does not control the Scheme. The agreement was for an initial period of 3 years commencing on 1 January 2015. The Scheme has the right to terminate the contract on 180 days' notice. The fees due are reviewed annually and are payable within thirty days from the billing date. Interest charges may apply to late payments. The contract expired as of 31 December 2021; however, the Scheme and MIP signed an agreement with an extended period of and additional six months, effectively from 01 January 2022 till 30 June 2022 on the same terms and conditions as per the Agreement.



# NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

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## Related parties (continued)

The Scheme further extended the contract for another year and a half until 31 December 2023.

### MEDSCHEME HOLDINGS PTY LTD

The Scheme entered into an agreement with Medscheme to provide Managed care services that include Medicine Risk Management, Disease Risk Management, HIV Risk Management, PMB Management and Hospital Benefit Management.

Medscheme has significant influence over the Scheme but does not control the Scheme. The agreement is for an initial period of 3 years commencing on 01 August 2015 and terminating on 31 July 2018. The contract is renewed automatically for successive periods of one year. The Scheme has the right to terminate the contract on 180 days' notice. The fees due are reviewed annually and are payable within 30 days. Interest charges may apply to late payments.

After the tender process for the provision of managed care services, the Scheme appointed Medscheme Holdings Proprietary Limited to offer these services to the Scheme effectively from 01 January 2022 to 31 December 2024.

### FORENSIC & INVESTIGATION SERVICES: QHUBEKA FORENSIC SERVICES

The Scheme entered into an agreement with Qhubeka Forensic Services to provide Forensics services that include software, that can identify fraudulent claims, investigating service provider and collection services. Qhubeka Forensic has significant influence over the Scheme but does not control the Scheme. The agreement is for a period of three years commencing on 01 October 2021 and terminating on 30 September 2024. The Scheme has the right to terminate the contract on six months' notice. The fees due are reviewed annually and are payable within 30 days. Interest charges may apply to late payments.

## Amounts included in trade payables regarding related parties

	2022	2021
	R	R
Aid for Aids Management (Pty) Limited	548 487	617 780
Medscheme Holdings (Pty) Limited	2 936 164	267 629
Brokers	184 214	416 738
Insight Actuaries & Consultants (Pty) Ltd	62 259	57 861
Qhubeka Forensic Services (Pty) Ltd	150 600	137 534

The payables above are payable within 30 days of the invoice and interest may be charged for late payments and are unsecured. All transactions were at arm's length and occurred in the normal course of business.

## Related party transactions for services rendered by related parties

	2022	2021
	R	R
Brokers	3 182 152	4 232 246
Aid for Aids Management (Pty) Limited	6 663 531	7 290 013
Alexander Forbes Health (Pty) Limited	-	540 270
Medscheme Holdings (Pty) Limited	21 489 230	19 956 860
Management Information Planning (MIP) Holdings (Pty) Limited	9 709 688	9 317 546
Medscheme Holdings (Pty) Limited (Forensic services)	-	886 221
Insight Actuaries & Consultants (Pty) Ltd	724 778	173 584
Qhubeka Forensic Services (Pty) Ltd	1 689 608	412 603



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## Related parties (continued)

### Board of Trustees

	2022	2021
	R	R
Contributions/ Premiums paid by Board of Trustees	(632 428)	(519 862)
Claims paid on behalf of Board of Trustees	811 966	3 643 514
Expenses and other considerations	1 843 246	805 217
	2 022 783	3 928 868

### Management

	2022	2021
	R	R
Premium paid on behalf key management person	(588 096)	(567 499)
Claims paid on behalf key management person	751 078	201 203
	162 982	(366 296)

### Principal Officer – MF Mosoeu

	2022	2021
	R	R
Short-term benefits - salary and bonus	1 954 527	1 969 758
Other short-term benefits	215 377	94 770
Leave provision	239 948	263 222
Long-term benefits - defined contribution plan (pension)	328 447	326 330
	2 738 298	2 654 080

### Independent members of committees

	2022	2021
	R	R
Meeting fees	936 745	1 274 541

All other related party transactions were at arm's length and occurred in the normal course of business.



# NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

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## IFRS 12 – INTEREST IN OTHER ENTITIES

### UNCONSOLIDATED STRUCTURED ENTITIES

#### Pooled Funds - Unit trusts

"The Scheme's investments in Investee Funds are subject to the terms and conditions of the respective Investee Fund's offering documentation and are susceptible to market price risk arising from uncertainties about future values of those Investee Funds. The investment manager makes investment decisions after extensive due diligence of the underlying fund, its strategy, and the overall quality of the underlying fund's manager. All of the Investee Funds in the investment portfolio are managed by portfolio managers who are compensated by the respective Investee Funds for their services. Such compensation generally consists of an asset-based fee and is reflected in the valuation of the Scheme's investment in each of the Investee Funds.

The right of the Scheme to request redemption of its investments in Investee Funds ranges in frequency from weekly to semi-annually

The exposure to investments in Investee Funds at fair value, by strategy employed, is disclosed in the following table

#### These investments are included in the investments at fair value through profit or loss

2022 Strategy	Number of Investee funds	Net asset value of Investee fund (range and weighted average) Rand	Fair value of Scheme's assets of Investment (Rand)*	% of net assets attributable to holders of redeemable shares**	Credit rating
	R	R			
Stanlib Income Fund	1	52 980 000 000	458 828 201	0.87%	A+(zaf)
Ninety-One – Corporate Money Market Fund	1	24 300 000 000	52 627 214	0.22%	A+(zaf)
<b>Total</b>	<b>-</b>	<b>77 280 000 000</b>	<b>511 455 415</b>	<b>-</b>	<b>-</b>

2021 Strategy	Number of Investee funds	Net asset value of Investee fund (range and weighted average) Rand	Fair value of Scheme's assets of Investment (Rand)*	% of net assets attributable to holders of redeemable shares**	Credit rating
	R	R			
Stanlib Income Fund	55 266	57 300 000 000	433 771 301	0.76%	Aa1.za
Ninety-One – Corporate Money Market Fund	3 513	39 617 062 857	151 866 851	0.38%	Aa1.za
<b>Total</b>	<b>-</b>	<b>96 917 062 857</b>	<b>585 638 152</b>	<b>-</b>	<b>-</b>

\*\*The fair value of financial assets R511 455 415 (2021: R585 638 152) is included in the statement of financial position.

\*\*This represents the entity's percentage interest in the total net assets of the Investee Funds



# NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

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## IFRS 12 – Interest in other Entities (continued)

The Scheme's maximum exposure to loss from its interests in Investee Funds is equal to the total fair value of its investments in Investee Funds. Once the Scheme has disposed of its shares in an Investee Fund, it ceases to be exposed to any risk from that Investee Fund.

## 22. DEFERRAL OF IFRS 9

The effective date of IFRS 9 Financial Instruments (IFRS 9) is for annual periods beginning on or after 1 January 2018. IFRS 9 will change the classification of financial assets to either amortised cost, fair value through profit or loss (FVTPL) or fair value through other comprehensive income (FVTOCI). In addition, IFRS 9 replaces the "incurred loss" model in IAS 39 Financial Instruments.

Recognition and Measurement (IAS 39) with an "expected credit loss model", which means that a loss event will no longer need to occur before an impairment allowance is recognised.

The Scheme is a not-for-profit closed medical scheme; thus, the activities of the medical scheme are predominantly connected with insurance. *In this regard, management has assessed the following:*

- The medical scheme has not previously applied any version of IFRS 9: and
- The total carrying amount of liabilities arising from contracts within the scope of IFRS 4 for the year ended 31 December 2022 and subsequent years represents 97% of total liabilities, which is considered significant.

There has been no change in the medical scheme's activities that warrants a reassessment of the above information.

Thus, the Scheme has met the criteria to defer the implementation of IFRS 9 and, after due consideration, decided to defer the implementation of IFRS 9 until the adoption of IFRS 17.

The Scheme is fully aware of the imminence of the need to roll out the Standard in 2023. In preparation for the adoption of IFRS 9 & 17, the Scheme has engaged on a project for the roll-out of the Standards. The Scheme is committed to fully comply with the Standards when they are effective as 01 January 2023.

## IMPACT OF ADOPTION ON THE SCHEME

In terms of each investment portfolio, the Scheme will need to assess if the investment will be measured subsequently at amortised cost or fair value based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

## FINANCIAL ASSETS MEASURED AT AMORTISED COST

A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Fund includes in this category short-term non-financing receivables including cash collateral posted on derivative contracts, accrued income and other receivables.

*A financial asset is measured at fair value through profit or loss if:*

- a) Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest (SPPI) on the principal amount outstanding; or (a) It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell; or
- b) At initial recognition, it is irrevocably designated as measured at FVTPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

*With regards to the impairment of the financial assets:*

Impairment of debt instruments held at amortised cost and fair value through other comprehensive income. In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the scheme to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.



# NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

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## Deferral of IFRS 9 (continued)

*The Scheme has assessed that the following financial assets have contractual cash flows that meet the SPPI criteria:*

- Listed bonds (government and corporate bonds) and unlisted debt securities;
- Cash and cash equivalents (current and call accounts);
- Money market instruments; and
- Insurance and non-insurance receivables.

The remaining financial assets held by the scheme have contractual cash flows that do not represent solely payments of principal and interest. This group includes unit linked investments and equities.

The Scheme does not currently apply the option under IAS 39 to designated financial assets at fair value.

Financial instruments with contractual cash flows that meet the SPPI criteria, excluding those held for trading.

**The fair value and change in fair value of the two groups of financial assets are disclosed in the following table:**

2022 Strategy	Amortised cost 2022	Net asset value of Investee fund (range and weighted average) Rand	Fair value of Scheme's assets of Investment (Rand)*	% of net assets attributable to holders of redeemable shares**	Credit rating
	R	R			
Opening fair value	-	696 156 973	696 156 973	393 310 413	1 089 467 386
Net (disposals)/purchases	-	155 696 636	155 696 636	(44 332 741)	111 363 895
Increase/(decrease) in fair value	-	29 090 714	29 090 714	4 576 853	33 667 568
Listed bonds/unlisted debt securities	-	29 090 714	29 090 714	-	29 090 714
Listed equities/property		-	-	4 576 853	4 576 853
<b>Closing fair value (note 4)</b>	-	880 944 323	880 944 323	353 554 526	1 234 498 849
<b>Cash</b>					
Closing fair value (note 5)	251 790 501	-	251 790 501	-	251 790 501
<b>Cash and cash equivalents</b>					
Closing fair value (note 5)	61 975 620	-	61 975 620	-	61 975 620
<b>Insurance receivables</b>					
Closing fair value (note 6)	86 632 479	-	86 632 479	-	86 632 479
<b>Non-insurance receivables</b>					
Closing fair value (note 6)	17 082 103	-	17 082 103	-	17 082 103



# NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

As at 31 December 2022

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## Deferral of IFRS 9 (continued)

### Credit risk exposure for financial assets

The following table represents the entity's exposure to credit risk on financial assets:

	Listed bonds/ unlisted debt instruments	Cash and cash equivalents	Money markets instruments and cash	Insurance receivables and other short-term receivables	Total
	2022	2022	2022	2022	2022
	R	R			
Aa1.za	-	61 975 620	-	103 714 583	165 690 202
Aa1.za	-	-	251 790 501	-	251 790 501
Unrated	880 944 323	-	-	-	880 944 323
<b>Total</b>	<b>880 944 323</b>	<b>61 975 620</b>	<b>251 790 501</b>	<b>103 714 583</b>	<b>1 298 425 026</b>

Available-for-sale investments	Amortised cost 2021	FVOCI 2021	Total 2021	FVTPL 2021	Total 2021
	R	R	R	R	R
Opening fair value	-	777 518 266	777 518 266	294 441 757	1 071 960 023
Net (disposals)/purchases	-	125 425 373	(125 425 373)	66 480 418	(58 944 955)
Increase/(decrease) in fair value	-	44 064 080	44 064 080	32 388 238	76 452 318
Listed bonds/unlisted debt securities	-	44 064 080	44 064 080	-	44 064 080
Listed equities	-	-	-	32 388 238	32 388 238
<b>Closing fair value (note 4)</b>		<b>696 156 973</b>	<b>696 156 973</b>	<b>393 310 413</b>	<b>1 089 467 386</b>
<b>Cash</b>					-
Closing fair value (note 5)	<b>413 401 254</b>	-	413 401 254	-	413 401 254
<b>Cash and cash equivalents</b>					
Closing fair value (note 5)	<b>71 437 560</b>	-	71 437 560	-	71 437 560
<b>Insurance receivables</b>					
Closing fair value (note 6)	<b>83 515 595</b>	-	83 515 595	-	83 515 595
<b>Non-insurance receivables</b>					
Closing fair value (note 6)	<b>13 553 936</b>	-	13 553 936	-	13 553 936



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## Deferral of IFRS 9 (continued)

	Listed bonds/ unlisted debt instruments	Cash and cash equivalents	Money markets instruments and cash	Insurance receivables and other short-term receivables	Total
	2021	2021	2021	2021	2021
	R	R	R	R	R
Aa1.za	-	71 437 560	-	97 069 531	168 507 091
Aa1.za	-	-	413 401 254	-	413 401 254
Unrated	696 156 973	-	-	-	696 156 973
Total	696 156 973	71 437 560	413 401 254	97 069 531	1 278 065 318

\* Other financial instruments are measured at fair value through profit or loss

Note in the case of financial assets held at amortised cost, the amounts disclosed are the carrying amounts applying IAS 39, before adjusting for any impairment allowances.

## 23. GOING CONCERN

We draw attention to the fact that at 31 December 2022, the Scheme had Retained income of **R 1 433 483 903** and that the Scheme's total assets exceed its liabilities by **R1 451 485 324**.

The financial statements have been prepared based on accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the Scheme to continue as a going concern is dependent on several factors. The most significant of these is the Scheme's ability to grow its membership base, collect contributions and yield investment returns to pay for claims and other obligations as they fall due.

## 24. COVID-19 IMPACT

The impact of COVID 19 had no negative effect on the going concern status of the Scheme as the impact of this was felt lower than in the previous year. Scheme growth remained constant, the Scheme experienced an increase in number of terminations due to COVID 19 related implications, however, the members buying down were less than expected. This year there were less infections, and a total of **10 010** beneficiaries were affected by COVID 19 (**2021:5 830**). A total of **3476 (2021:1 815)** beneficiaries were admitted in hospital of which **2888** recovered (**2021:1 554**) and a total of **35** beneficiaries died (2021:376). In total the Scheme paid **R 45 157 937** in respect of COVID 19 related claims compared to **R292 982 249** for the previous year.

## 25. EVENTS AFTER REPORTING PERIOD

The Scheme received and accepted an offer to purchase the two properties in Retreat for **R5 million** on 02 January 2023

## 26. NEW STANDARDS AND INTERPRETATIONS

### 26.1 Standards and Interpretations not yet effective in the current year but not adopted

The Scheme has chosen to defer the adoption of the following standards, interpretations, and amendments:

**IFRS 9 – Financial Instruments issued** on 24 July 2014 is the IASB's replacement of IAS 39 Financial Instruments: Recognition and Measurement. The Standard includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting. IFRS 9 will be applied for annual periods starting from 1 January 2023, with earlier application permitted. The current standard on insurance contracts, IFRS 4, has been amended accordingly, extending to 2023 the temporary exemption for qualifying insurers to apply IFRS 9.



# NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

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## IMPLEMENTATION OF THE STANDARD

The Scheme has plans to implement IFRS 9 within the required deadlines with analysis, preparation and implementation works related to transition on 1 January 2022. The implementation work will be pursued until the effective date of the standard on 1 January 2023 when IFRS 17 is implemented.

## FINANCIAL ASSETS

The main requirement of IFRS 9 in respect of the classification, measurement and impairment of financial assets are:

### CLASSIFICATION

*Financial assets are classified into four categories that reflect their measurement method:*

1. Financial assets measured at fair value through profit or loss ('FV-PL')
2. Financial assets measured at fair value through other comprehensive income with subsequent recycling to profit or loss ('FV-OCI')
3. Financial assets measured at fair value through other comprehensive income without subsequent recycling to profit or loss ('FV-OCI')
4. Financial assets measured at amortised cost

Paragraph 4.1.1 of IFRS 9 states "Unless paragraph 4.1.5 applies [an entity elects to irrevocably designate a financial asset at fair value through profit and loss], an entity shall classify financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss based on both:

- (a) The entity's business model for managing the financial assets and
- (b) The contractual cash flow characteristics of the financial asset." [additional wording added]

Paragraph 4.1.2 of IFRS 9 states that "A financial asset shall be measured at amortised cost if both of the following conditions are met:

- (a) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- (b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding."

Paragraph 4.1.2A of IFRS 9 states that "A financial asset shall be measured at fair value through other comprehensive income if both of the following conditions are met:

- (a) The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- (b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding."

Where the contractual cash flows of a financial asset consist solely of payments of principal and interest, the entity will need to classify these financial assets according to their business model for managing these cash flows.

## MEASUREMENT

Given the nature of cash and cash equivalents and non-insurance trade receivables, there is no expected impact on these financial assets when the Scheme transitions to IFRS 9. These will continue to be measured at amortised cost and will not be assessed further in terms of classification and measurement under IFRS 9.

The Scheme's investments into pooled funds (Money market, linked-fund policies and fixed income fund) and equity instruments (including property) in segregated portfolios will be the equity instruments will not be designated at FV-OCI. This is also generally consistent with industry practice for Medical Schemes within South Africa.

Classification and measurement of the Scheme's investments in bonds and cash in their segregated portfolios will need to be assessed further according to the Scheme's business model for managing these financial assets.

## IMPAIRMENT

The Scheme currently applies IAS 39 and is therefore applying the incurred loss model to any financial assets that are subject to impairment under IAS 39. The majority of the Scheme's financial assets are classified and measured at FV-PL and are not subject to impairment requirements under IAS 39 nor under IFRS 9. The Scheme's investment in cash and cash equivalents that is not held within the pooled and segregated portfolios (e.g. any cash held directly in a banking institution) will be subject to the impairment requirements of IFRS 9.



# NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

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The Scheme holds trade and other receivables which consist of insurance receivables and non-insurance receivables. Insurance receivables are accounted for within the scope of IFRS 17 and will not be subject to the impairment requirements of IFRS 9. Non-insurance receivables that meet the definition of financial assets will be accounted for within the scope of IFRS 9 and will be subject to the impairment requirements.

The balance of non-insurance receivables within the scope of IFRS 9 and subject to the impairment requirements is not expected to be significant.

IFRS 9's expected credit losses ('ECLs') will be recognised at each reporting period, even if no actual loss events have taken place. In addition to past events and current conditions, reasonable and supportable forward-looking information that is available without undue cost or effort is considered in determining impairment.

## FINANCIAL LIABILITIES

There is no expected impact on the Scheme's financial liabilities on transition to IFRS 9. The trade payables will continue to be classified and measured at amortised cost.

## TRANSITION

SAMWUMED has determined that reasonable and supportable information would be available for all financial instruments at the transition date to fully comply with the statement.

The Scheme has not yet quantified all the impacts of applying the requirements of IFRS 9, however anticipates that there will be a material change to the disclosures and measurement in the financial statements. For the 2023 year, the decisions taken during the implementation phase will be applied retrospectively.

## 26.2. Standards and Interpretations not yet effective in the current year

In the current year the Scheme has not adopted the following standards and interpretations, which have been published and are mandatory for the Scheme's accounting periods beginning on or after 01 January 2020 or later periods.

*IFRS 17 – Insurance contracts*, published on 18 May 2017, and amended on 25 June 2020, replaces IFRS 4 – Insurance contracts and establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts. IFRS 17 will be applied for annual periods starting from 1 January 2023, with earlier application permitted. The current standard on insurance contracts, IFRS 4, has been amended accordingly, extending to 2023 the temporary exemption for qualifying insurers to apply IFRS 9.

At the end of each subsequent reporting period the carrying amount of a group of insurance contracts is remeasured to be the sum of the liability for remaining coverage (LRC), which comprises the FCF related to future services and the CSM of the group at that date; and the liability for incurred claims (LIC), which is measured as the FCF related to past services allocated to the group at that date.

## INTRODUCTION

The standard permits the use of a simplified approach, the Premium Allocation Approach (PAA), for the measurement of the liability for remaining coverage if:

- It provides a measurement that is not materially different from the general model or;
- If the coverage period is one year or less.

Under the PAA, the LRC corresponds to premiums received at initial recognition less acquisition costs and amounts already recognised as insurance revenue at the closing date. The acquisition costs are integrated to the insurance liabilities, only if the option to recognize it as an expense has not been chosen. The general model remains applicable for the measurement of incurred claims. Although there is a GMM, the Scheme has elected to use the PAA approach.

*In terms of presentation, the amounts recognised in the statements of financial performance have to be disclosed separately into:*

- An insurance service result, comprising insurance revenue (corresponding to the insurance service provided over the period) and insurance service expenses (i.e. incurred claims and other incurred insurance service expense); and
- Insurance finance income or expenses.

## IMPLEMENTATION OF THE STANDARD

The Scheme has plans to implement IFRS 17 within the required deadlines with analysis, preparation and implementation works related to the establishment of the transition balance sheet on 1 January 2022. The implementation work will be pursued until the effective date of the standard on 1 January 2023.



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## 26. Standards and Interpretations not yet effective in the current year (continued)

The Scheme is assessing the impacts of the joint application of IFRS 17 and IFRS 9 on the financial statements through regular qualitative and quantitative impact exercises whereby the following methodology orientations have been considered. In addition, the Board of Trustees has taken principle decisions which are noted below.

- **Level of Aggregation:** SAMWUMED decided to apply the exemption to grouping as allowed by paragraph 20: The Medical Schemes Act specifically constrains the Scheme practical ability to set different prices or levels of benefits for members with different characteristics. The Scheme considers its portfolio to be at scheme level. As such, all contracts are included in a single group. SAMWUMED does not have any contracts that require separation or combination of insurance contracts and does not have risk transfer arrangement either.
- **Premium Allocation Approach (PAA) eligibility:** The criteria in IFRS 17(53) have been considered to determine if the Scheme would be able to use the PAA. SAMWUMED contracts have a coverage period of one year or less and are therefore eligible to apply the PAA model. This approach is used for all healthcare insurance contracts as each of these contracts has a coverage period of one year or less.
- **Discounting:** As claims are expected to be paid in one year or less from the date they are incurred, the Scheme will not apply discounting (IFRS 17.59(b)).
- **Acquisition Cash Flows:** IFRS 17(59)(a) allows a choice of either expensing the insurance acquisition cash flows when incurred or amortising them over the contract's coverage period. SAMWUMED has chosen to expense its acquisition costs when incurred.
- **Contract Boundary:** The Scheme has assessed its contracts and determined a contract boundary of one year, however for members joining for the first time during the year, the period is for the duration within that first year which would be less than a year.
- **Profitability:** The Scheme will assess profitability of the group applying IFRS 17(25). SAMWUMED considers that sufficient information would be available each year immediately after the freedom of association period for the next year. Therefore, if the group is considered onerous, the loss component for the cohort would be recognised at this date.

## TRANSITION

SAMWUMED has determined that reasonable and supportable information would be available for all contracts in force at the transition date that were issued within one year prior to the transition. Accordingly, the Scheme will recognize and measure the group of insurance contracts as if IFRS 17 had always applied; derecognised any existing balances that would not exist had IFRS 17 always applied; and recognised any resulting net difference in equity.

The Scheme has not yet quantified all the impacts of applying the requirements of IFRS 17, however anticipates that there will be a material change to the disclosures and measurement in the financial statements. For the 2023 year, the decisions taken during the implementation phase will be applied retrospectively. The Actuaries will calculate the insurance liabilities based on the fulfilment cashflows and risk adjustment to be applied.



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## 27. SURPLUS / (DEFICIT) FROM OPERATIONS PER BENEFIT 2022

	Option A	Option B	Total Scheme
	R	R	R
Gross contributions	513 886 837	1 213 459 739	1 727 346 576
<b>Less:</b>	<b>(524 259 085)</b>	<b>(1 262 109 978)</b>	<b>(1 786 369 063)</b>
Gross claims reported	(490 631 271)	(1 184 047 366)	(1 674 678 638)
Ex-gratia claims	-	(63 669)	(63 669)
Accredited managed care: management services	(9 764 399)	(15 452 197)	(25 216 596)
Provision for IBNR movements	(25 402 819)	(65 111 382)	(90 514 201)
Forensic and MVA Recoveries	1 539 404	2 564 636	4 104 040
<b>Gross healthcare results</b>	<b>(10 372 248)</b>	<b>(48 650 239)</b>	<b>(59 022 487)</b>
Administration expenses	(44 658 978)	(70 672 997)	(115 331 975)
Net impairment gains/(loss)	(191 497)	(303 045)	(494 542)
Administration expenses – Benefit management services	(231 501)	(366 351)	(597 852)
Broker fees	(1 232 197)	(1 949 956)	(3 182 152)
<b>Net healthcare results</b>	<b>(56 686 553)</b>	<b>(121 942 795)</b>	<b>(178 629 349)</b>
<b>Net deficit from operations</b>	<b>(56 686 553)</b>	<b>(121 942 795)</b>	<b>(178 629 349)</b>
<b>Month end membership as at 31 December 2022</b>			
Membership (Main members)	13 660	21 617	35 277
Dependant members	13 250	27 199	40 449
<b>Total beneficiaries</b>	<b>26 910</b>	<b>48 816</b>	<b>75 726</b>



# NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

As at 31 December 2022

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## SURPLUS / (DEFICIT) FROM OPERATIONS PER (CONTINUED) 2021

	Option A	Option B	Total Scheme
	R	R	R
<b>Gross contributions</b>	474 073 495	1 144 295 673	1 618 369 168
<b>Less:</b>	(467 453 587)	(1 155 167 419)	(1 622 621 006)
Gross claims reported	(423 347 788)	(1 056 609 808)	(1 479 957 596)
Ex-gratia claims	(17 069)	(122 010)	(139 079)
Accredited managed care: management services	(10 482 008)	(16 764 865)	(27 246 873)
Provision for IBNR movements	(36 748 543)	(86 695 745)	(123 444 288)
Forensic and MVA Recoveries	3 141 820	5 025 010	8 166 830
<b>Gross healthcare results</b>	6 620 908	(10 871 746)	(4 251 838)
Administration expenses	(37 886 246)	(60 595 053)	(98 481 299)
Net impairment gains/(loss)	(103 785)	(165 994)	(269 779)
Administration expenses – Benefit management services	(276 050)	(441 512)	(717 562)
Broker fees	(1 628 166)	(2 604 080)	(4 232 246)
<b>Net healthcare results</b>	(33 274 339)	(74 678 385)	(107 952 724)
<b>Net deficit from operations</b>	(33 274 339)	(74 678 385)	(107 952 724)
<b>Month end membership as at 31 December 2021</b>			
Membership (Main members)	13 542	21 659	35 201
Dependant members	13 377	27 818	41 195
<b>Total beneficiaries</b>	26 919	49 477	76 396



A modern interior hallway with a polished floor and a large orange geometric overlay on the left side. The hallway features a staircase with a metal railing and a large potted plant. The ceiling has several white, rectangular pendant lights. The right wall is white with a large, abstract black line drawing. The text "TRANSLATIONS" is prominently displayed in white, bold, uppercase letters, followed by "XHOSA | AFRIKAANS | | SESOTHO" in a smaller, white, uppercase font.

# TRANSLATIONS

XHOSA | AFRIKAANS | | SESOTHO



## UMYALEZO OVELA KUSIHLALO WEBHODI

Akukholeleki ukuba sekudlule iminyaka emithathu (3) ukusukela kunyulo lweBhodi yabaThenjwa entsha ye-SAMWUMED. Njengokuba sijolise kwiinjongo zeqhinga loshishino leminyaka emihlanu (5) ezayo, kubalulekile ukuba sikhe sijongise izinto ezithe zafezekiswa siSkim ukuza kuthi ga ngoku, sigqale ngokukodwa kunyaka wezemali ka-2022. Lo nyaka siwujongisisayo uphele ngempumelelo kuba iSkim besikwazi ukuhlangabezana nezibophelelo zaso ezisisiseko zokuhlawula amabango amalungu. Eyona nto inkulu isisongelayo ihlala ikukukwazi kweSkim ukutsala amalungu asematsha “nasempilweni” ukuze abe nokubhalansisa iindleko zamalungu enza amabango kakhulu. Ngoko ke sizamana namacebo anobuchule okoyisa le mingeni.

Phakathi kwezinto eziphambili ezintsha ezenziweyo, ibikukufuduswa ukusetyenzwa kwamabango eSkim esisiwa kwaMedscheme. Eminye yemingeni yokuqalwa kwale nkqubo iye yavela, kodwa kuye kwakho impucuko enkulu emva koko. Siyaqhubeka nokubeka esweni iinkqubo, ukuze siqinisekise ukuba olu fuduso lufezekisa iziphumo ebekumele ukuba luyazifezekisa, into ebaluleke nangakumbi ikukunciphisa kongcupheko kwezemali yeSkim.

Ngeli xesha lihlolwayo, iBhodi yabaThenjwa kunye neekomiti eziphantsi kwayo ziye zahlangana rhoqo ngokwesicwangciso somsebenzi kwaye zaqhubeka nokuba neengxoxo ezishushu nezinyanisekileyo malunga nemiba echaphazela iSkim kunye nabo babandakanyekayo kuso. IBhodi ihlala ihlola kwaye iqhubeka nokuhlola indima yayo ekunikezeni ngomkhomba-ndlela weqhinga loshishino kubaPhathi beSkim, kula maxesha azele yimingeni. Eyona nto iphambili kuko konke, kukuba iSkim siqhubeke nokuphumeza iinkolelo zolawulo olulungileyo ngalo msebenzi weBhodi yabaThenjwa nenkxaso yeekomiti eziphantsi kwayo, nenikeza ngamava kunye nemikhomba-ndlela kwimisebenzi yeSkim.

Ngembonakalo yexesha elizayo, silangazelela ukuba iSkim senze zonke iinzame zokuphumeza izicwangciso zaso zomsebenzi ukuze sifezekise iinjongo zethu zeqhinga loshishino. Ukongeza, iSkim kumele sizifake siphelele kwizinto ezenzekayo kweli candelo loshishino, ingakumbi kwi-NHI nakwifuthe eya kuba nalo kwiinjongo zokuthwaleka kweSkim. Unyaka ka-2022 ubungekho lula, kuba ibininzi into ebekufuneka yenziwe ngokweqhinga loshishino nangokwezemisebenzi, nangona kunjalo ndiyazincoma izigqibo zeBhodi kunye neenzame ezenziwe siSigqeba seSkim ngeli xesha.

Ngoko ke ndingathanda ukwenza umbulelo ongazenzisiyo ngenkxaso, inkuthalo nenkokhelo engapheliyo endiye ndayifumana kumalungu ebhodi yethu kwaneGosa eliyiNtloko, iqela lalo labaphathi nabo bonke abasebenzi ngokuzinikela nangokuzimisela kwabo ngeli xesha linzima.

Ndilangazelela ukubona kusabelwana ngamathuba kunye namacebo anobuchule awongezelelekileyo, naya kuthi enze iSkim sifezekise iinjongo zaso kwaye siwagcine la malungu ethu akhoyo.

**NguLindani Sibiya**

**USihlalo weBhodi ye-SAMWUMED**



## Uhlolo lweGosa eliyiNtloko – “Iphulo lika-SAMWUMED lokuzinikela kukubalasela ngeenkonzoluhlala liyinto esijolise kuyo iSkim.”

U-SAMWUMED uye wafumana omnye unyaka ozele zizinto ezothusayo kunye nemingeni, neziye zabubungqina bokuba nyani lo nyaka ubungafani neminye. Ngala manyathelo aye amiselwa, kuquka nokuqeshwa kwabantu kwezi zikhundla ziphambili, njengoko kucwangcisiwe kulwakhelo lwenkampani oluhlaziye, iSkim besikwazi ukwenza umsebenzi esiwuthwalisiweyo wokubonelela ngemedikhali eyidi nokulungiselela ukufikeleleka kwayo nokuhlawulelwa kwamalungu ethu. Besineeseshoni ezininzi apho kuye kwafuneka ngokwezomsebenzi kuqaliswe iindlela ezintsha zokuphucula iinkonzo zethu esibonelela ngazo kumalungu ethu. Kuba imisebenzi yemihla ngemihla yeskim sezonyango esizilawulayo ifuna isihoyo kakhulu, bekucacile ukuba ukumiselwa kwenqanaba lesigqeba kuya kwenza iSkim sikwazi ukuba nabongameli abakwizinga eliphezulu kwezi nkalo zidinga ukuphuculwa.

**Iinkalo eziphambili ezixhasa iinkolelo zethu ezingundoqo kunye neenjongo zokubalasela kweenkonzo nebeziphambili kuphuculo olwenziwe ngeli xesha lihlolwayo, bezimi ngolu hlobo lulandelayo:**

- **Iziko loQhakamshelwano** – Sihlole iqela leminxeba efunyanwa liZiko loQhakamshelwano mihla le, kwaye ukuze siqinisekise ukuba sinciphisa amaxesha alindwayo ngamalungu ethu eminxebeni, siye saqalisa isisombululo sethu esitsha senkqubo yefowuni yeZiko leMinxeba ukuze ivumele amalungu agqithiselwe kumxeba osecaleni kulo bafowunela kuwo ababoneleli beenkonzoluhlala. Ukongeza, sandisa eli qonga ukuze senze amalungu asebenzise iinkonzo zokuzinceda ezinokukhethwa ukuze kufunyanwe amaxwebhu afana nezatifiketi zoBulungu, iZatifiketi zeRhafu, iZiteyitimenti, njl.njl. ngoko nangoko ngeimeyili zawo.
- **I-App yeSelfowuni** – I-App yethu yeSelfowuni yangeniswa kuqala njengeqonga elincedisayo ukwenzela ukuba amalungu azifumane lula zonke iinkcukacha zawo ngokucoca nje. Le App yomelezwa nangakumbi ukuze ivumele amalungu ahlaziye iinkcukacha zawo zobuqu, ahlale imbali yamabango awo kwaye afikelele kwiziteyitimenti, kwiibhenefithi anazo, njl.njl.. Oku kuphuculwa kudibene newebchat kuye kwenza ingenelo elibonakalayo ekuphuculeni izivumelwano zethu zomgangatho weenkonzoluhlala zokusombulula imibuzo. Ngoku le App inezinto ezikhutshelwayo ezingaphezu kwama-5000.
- **UkuFuduswa kwamaBango** – Ukuze iSkim sikwazi ukuzikhusela kwiqela lezinto ezisibeka emngciphekweni, ukufuduswa kokusetyenzwa kwamabango kusiwe kwiqela elilelinye elitsha kuvumela ukuba kubekho iinkqubo zokwenziwa kwezigqibo ngamabango ezichaneke nangakumbi, ukuqinisekisa ukuba iSkim siwahlawulela ngokuchanekileyo kwaye ngaphandle kokuwalibazisa amalungu kunye nababoneleli beenkonzoluhlala ngokufanayo.
- **Imiboniso ezulazulayo kuzwelonke** – Le miboniso iye yaqhubeka nokuba yinxalenye yesicwangciso sethu somakwenziwe ngentsalela yonyaka ka-2022, apho amalungu efumene iinkonzo zokusonjululwa kwemibuzo buqu kunye nemiboniso ngendlela yokukhuphela nokusebenzisa amaqonga othungelwano eSkim afana neApp yeSelfowuni.

Nangona ukwenza izicwangciso zeeprojekthi kunye nemisetyenzana eyahlukileyo kuxhamla, ndiyavuya ukwenza ingxelo yokuba ezi zicwangciso zidweliswe ngasentla, nezidla ngokuthatha iinyanga ezininzi ngenxa yohlobo lwazo, ziye zaphunyezwa. Ekugqibeleni ngamangenelelo onke esiwamiseleyo eqhinga loshishino nezemisebenzi, kumele sivumele uhlolo, uvavanyo kunye nokulinganiswa kweziphumo.

Ngoko siyaqinisekisa ukuba iphulo lika-SAMWUMED lokuzinikela kukubalasela kweenkonzo, lihlala liyinto ephambili esijolise kuyo iSkim.

Siyayivuma imingeni yokwehla kobulungu nokukhula kwamalungu ngobudala, kwaye imisetyenzana esiyimiseleyo ngokuhambelana neenjongo zethu ezintsha zeqhinga loshishino, ijolise ekoyiseni ezi nkxalabo. Izicwangciso ezisele kwisigaba sokuphunyezwa kweprojekthi zibonisa ukuba sisebenza ngokuzimisela ukuze sifikeleleke kweli candelo loshishino, ukuze sandise isabelo sethu kule marke ngokukhulisa iSkim. Iqela lethu lokuThengisa lifumana uqeqesho oludingekayo nolufunekayo ukuze libe nokukwazi ukuthengisa iimveliso ezizodwa nezilulutho ukuze zihlangabezane neemfuno zamanqanaba awohlukileyo abasebenzi bakamasipala. Into ephambili kwimpumelelo yethu ukufezekisa oku iya kuba kukuyila iimveliso ezibonelela iintlobo-ntlobo zabo banokuba ngamalungu, ingakumbi abasebenzi abasebatsha, sibe sigcina amalungu ethu akhoyo onelisekile ziibhenethi azifumanayo kwimedikhali eyidi yawo.

Ngaphaya koko, into endixolisayo kukuba iSkim sisawuthobela umthetho ngokuhambelana neemfuneko zemithetho, ngokuba nereshiyo yokuba nemali engange-82.36% ngokwangomhla wama-31 kuDisemba 2022. Ngoko ke okwethu kukuqinisekisa ukuba sihlala sinemali kwaye ngezanga ekudala sikulo, nelingaphezulu kakhulu kunelooxga bethu kweli candelo loshishino. Nangona kunjalo, kuya kufuneka imizamo ehlanganisiweyo kuwo onke amasebe ethu ezemisebenzi ukuze sisebenzisane, sihlale sijolise kubathengi kwaye sikwazi ukujika-jika kwindlela yethu esenza ngayo ushishino.

Egameni labaphathi nabaSebenzi be-SAMWUMED, ndinqwenela ukwenza umbulelo ongazenzisiyo kwiBhodi yabaThenjwa ngobunkokheli obulungileyo, amalungu azimeleyo eekomiti zethu eziphantsi kwayo, nakuwo onke amaqabane ethu ezoshishino. Okubaluleke nangakumbi kukuba ndifuna ukwenza umbulelo ongazenzisiyo kuwo onke amalungu ethu ngokuzinikela kwawo ku-SAMWUMED. Asiyithathi kancinci into yokuba nikhethe esi Skim kwaye silangazelela ukusebenzisana kunye nani, sabelane ngezimvo ezakhaya kwaye nisenze siphendule ngamaphupha okukhula kwesi Skim.

**Owakho eneneni,**

**NguFrancina Mosoeu**

**IGosa eliyiNtloko**



### Boodskap van die Raadsvoorsitter

Dit is moeilik om te glo drie (3) jaar is al weer verby sedert die aanstelling van SAMWUMED se nuwe Raad van Trustees. Met ons fokus op die volgende vyf (5) jaar se strategiese doelwitte, is dit tog belangrik dat ons gaan kyk wat tot dusver deur die Skema bereik is, met spesifieke klem op die afgelope finansiële jaar 2022. Die oorsigjaar is suksesvol afgesluit deurdat die Skema in staat was om sy primêre verpligting na te kom, naamlik om lede se eise te kan uitbetaal. Ons grootste uitdaging bly egter die onvermoë van die Skema om jonger en “gesonder” lede te werf, wat kan help om die kostes van lede met groot en gereelde eise teen te werk. Ons is dus aktief besig om kreatiewe idees in te span om hierdie uitdaging te oorkom.

Een van die betekenisvolle ontwikkelings was die migrasie van die Skema se eiseverwerkings na Medscheme. Daar was 'n paar groeipyne, maar 'n groot verbetering is sedertdien ervaar. Ons gaan voort om die nuwe stelsels te monitor en seker te maak die migrasie behaal die voorgename uitkomst, veral om die finansiële risiko vir die Skema tot die minimum te beperk.

Die Raad van Trustees en sy subkomitees het gedurende die oorsigtydperk gereeld volgens die werksplan byeengekom en harde en eerlike debatte bly voer oor sake rakende die Skema en sy belanghebbendes. Die Raad het sy rol om strategiese leiding in hierdie uitdagende tye aan die Bestuur van die Skema te gee, aktief en deurlopend geëvalueer. Die fokuspunt van alles is dat die Skema voortgaan met die implementering van die beginsels van goeie korporatiewe regering deur die werk van die Raad van Trustees met die ondersteuning van sy subkomitees. Laasgenoemde verskaf kundigheid en leiding ten opsigte van die Skema se bedryfswerksaamhede.

Wat die toekoms betref, is die verwagting dat dat die Skema alles in sy vermoë sal doen om sy bedryfsplanne in werking te stel met die oog op die bereiking van ons strategiese doelwitte. Voorts moet die Skema doelbewus ontwikkelings in die bedryf bestudeer en kyk hoe dit die Skema se volhoubaarheidsdoelwitte kan raak, veral wat die NHI betref. 2022 was nie 'n maklike jaar nie. Strategies en bedryfsgewys moes heelwat dinge tot uitvoer gebring word. Ek het egter net lof vir die besluite van die Raad en die pogings en werk van die Skema se uitvoerende bestuur gedurende dié tydperk.

Ek wil dus my opregte dank en waardering uitspreek vir die voortgesette ondersteuning, ywer en leiding wat ek van ons raadslede, sowel as die Hoofbeampte, haar bestuurspan en alle personeellede, ervaar het. Almal se toewyding en harde werk het 'n verskil gemaak in 'n moeilike tydperk.

Ek sien uit na meer geleenthede om vernuwende idees te deel oor hoe om toe te sien dat die Skema sy teikens bereik en ons bestaande lede behou.

**Lindani Sibiya**

**SAMWUMED se Raadsvoorsitter**



## Hoofbeampte se oorsig – “SAMWUMED se missie van verbintenis tot uitnemende diens bly die hooffokus van die Skema.”

SAMWUMED het nog 'n jaar vol verrassings en uitdagings beleef – 'n jaar soos geen ander nie. Danksy die maatreëls wat ingestel is, insluitende die vul van strategiese poste vir rolle soos beplan in die hersiene organisasiestruktuur, kon die Skema sy mandaat uitvoer om mediese hulp aan lede te verskaf deur toegang tot en befondsing vir mediese dienste te bied. Ons het uitvoerige sessies gehad waar ons bedryfsgewys nuwe maniere moes ontwikkel om ons diens aan ons lede te verbeter. Aangesien die daaglikse werksaamhede van 'n selfbestuurde mediese skema toegespitste aandag verg, was dit duidelik dat die inbring van verantwoordbaarheid op uitvoerende bestuursvlak die Skema in staat sou stel om hoëvlakoorstig te hê in areas waar verbetering nodig is.

**Die sleutelareas onderliggend aan ons fundamentele beginsels en doelwitte van diensuitnemendheid, wat die fokus van verbeterings gedurende die oorsigtydperk was, was soos volg:**

- **Kontaksentrum** – Ons het die aantal oproepe wat die kontaksentrum daaglik ontvang, hersien. En om te verseker dat ons die wagtye van ons lede op oproepe verminder, het ons ons nuwe inbelsentrum-oplossing vir telefoonstelsels bekendgestel. Dit stel ons in staat om lede na 'n aparte lyn weg van die diensverskaffers wat inbel, te kanaliseer. Verder het ons die platform uitgebrei om lede in staat te stel om 'n selfdiensopsie te gebruik wanneer hulle dokumente soos lidmaatskapsertifikate, belastingertifikate, state ens. onmiddellik via hul e-pos in die hande wil kry.
- **Mobiele toepassing (“App”)** – Ons mobiele toepassing is aanvanklik bekendgestel as 'n aanvullende platform vir lede om al hul inligting maklik en vinnig beskikbaar te hê. Die toepassing is verder opgegradeer om lede in staat te stel om hul persoonlike inligting by te werk, hul eiseskiedenis te kontroleer en toegang tot state, beskikbare voordele ens. te verkry. Hierdie verbetering het reeds saam met die “webchat” aansienlike vordering gemaak om ons diensvlakoorseemste vir navraagoplossing te bereik en te versterk. Die toepassing is tans reeds meer as **5 000** keer afgelaai.
- **Eisemigrasie** – Om die Skema se risikopoel te beveilig, is ons eiseverwerkingstelsel na 'n nuwe derde party geskuif. Die skuif maak akkurate eisebeoordelingsprosesse moontlik en verseker dat die Skema die regte bedrae sonder vertraging aan beide lede en diensverskaffers uitbetaal.
- **Nasionale toerbekendstellings** – Dié geleentheid het deel van ons skedule vir die res van 2022 gebly. Lede kon hier van aangesig tot aangesig antwoorde op navrae en probleemgebiede kry, asook demonstrasies oor hoe om die Skema se kommunikasieplatforms, soos die mobiele toepassing, af te laai en te gebruik.

Alhoewel die beplanning vir die verskillende projekte en bedrywighede uiters omslagtig kan wees, is ek verheug om aan te kondig dat die bogenoemde planne, wat gewoonlik oor 'n hele paar maande strek as gevolg van hul aard, geïmplementeer is. Uiteindelik moet ons met elke strategiese en bedryfsingryping wat ons doen, ruimte laat vir 'n proses van hersiening, toetsing en meting van die resultate.

**Ons verseker julle dat SAMWUMED se missie om hom te verbind tot uitnemende diens die hooffokus van die Skema bly.**

Ons erken die uitdagings van 'n afnemende en verouderende lidmaatskapsprofiel en die optrede wat ons in ooreenstemming met ons nuwe strategiese doelwitte uiteengesit het, is daarop gerig om hierdie kwessies aan te spreek. Die planne wat reeds in die projekimplementeringsfase is, dui daarop dat ons doelbewus daaraan werk om mededingend in die sektor te wees ten einde ons marktaandeel te vergroot deur die Skema-ledetal te laat groei. Ons verkoopspan ontvang die nodige en vereiste opleiding om unieke en waardegedrewe produkte te verkoop en in die behoeftes van die verskillende vlakke van werknemers van plaaslike owerhede te voorsien. Die sleutel tot ons sukses hiermee sal wees om produkte te skep wat voorsiening maak vir 'n wye verskeidenheid potensiële lede, veral jonger lede, sonder om ons bestaande lede se tevredenheid met die voordele wat hulle van hul mediese fonds ontvang, in gevaar te stel.

Bowenal gee dit my gemoedsrus dat die Skema steeds voldoen aan die statutêre vereistes met 'n solvensieverhouding van **82.36%** soos op 31 Desember 2022. Ons verantwoordelikheid is dus om te verseker dat ons solvent en op die vlakke van finansiële gesondheid bly wat ons nog altyd kon handhaaf; aansienlik hoër as dié van ons bedryfseweweknieë. Dit sal egter 'n gesamentlike poging van al ons bedryfstakke verg om goed saam te werk, kliëntgesentreerd te bly en behendigheid in ons sakebenadering in te bou.

Namens die bestuur en personeelkorps van SAMWUMED wil ek my opregte dank teenoor die Raad van Trusteë uitspreek vir hul goeie leierskap. Ons onafhanklike subkomiteelede en al ons sakevennote het eweneens waardevolle bydraes gelewer. Die belangrikste van almal is egter ons lede en ons wil julle diep uit ons hart bedank vir jul lojaliteit aan SAMWUMED. Ons beskou dit nie as vanselfsprekend dat julle hierdie Skema gekies het nie en ons sien daarna uit dat julle saam met ons werk, konstruktiewe terugvoer aan ons gee en ons aanspreeklik hou vir die groei-aspirasies van hierdie Skema.

**Vriendelike groete,**

**Francina Mosoeu**



## Molaetsa o tswang ho Modulasetulo wa Boto

Ho thata ho dumela hore dilemo tse tharo (3) di se di fitile haesale ho kgethwa Boto ya Batshwaredi ya SAMWUMED e ntjha. Ha re shebisisa dipakeng tse latelang tse hlano (5) tsa maano a moralo, ho bohlokwa hore re nahane ka tse fihletsweng ho fihlela jwale ke Morero, haholoholo ho shebisisa haholo selemong sa ditjhelete sa 2022. Selemo se tlasa tlhahlobelo se phethilwe ka katleho hobane Morero kgonne ho phethahatsa boitlamo ba ona ba ho lefa ditlleleime tsa ditho. Leha ho le jwalo tshosetso e kgolo ka ho fetisisa, e setse e le ho hloka bokgoni ba Morero ba ho hohela ditho tse ntjha tsa batjha mme tse “phetseng hantle haholwanyane” e le ho nyehlisa ditjeo tsa ditho tse tleleimang haholo. Jwale re sebedisa mehopolo ya boiqapelo ka sehlahlo ho hlola phephetso ena.

Hara dintlafatso tse kgolo e bile phetisetso ya tshebetso ya ditlleleime ya Morero ho Medscheme. Ho bile le mathata a sethathong a ho tobanweng le ona, leha ho le jwalo ntlafatso e kgolo e fihletswe haesale ho tloha ka nako eo. Re tswela pele ho beha leihloho disistimi, ho etsa bonnete ba hore phetiso e fihlella diphetho tseo e neng e reretswe ho fana ka tsona, sa bohlokwa haholo e le ho fokotsa monyetla wa kotsi wa tsa ditjhelete bakeng sa Morero.

Bakeng sa nako e tlasa tlhahlobelo, Boto ya Batshwaredi le dikomiti tsa yona tse nyane di kopane nako le nako ho latela morero wa tshebetso mme di tswetse pele ho ba le dipuisano tse tiileng le tsa nnete mabapi le ditaba tse amang Morero le beng ba seabo ba ona. Boto e lekola ka tsela e tswellang seabo sa yona ho faneng ka tataiso ya moralo o mabapi le taolo ya Morero, dinakong tsena tse boima. Kgubung ya tsohle ke hore Morero o tswela pele ho kenya tshebetsong maano a matle a tsamaiso ya khoporeite ka mosebetsi wa Boto ya Batshwaredi ka tshehetso ya dikomiti tse nyane tsa ona, ba fanang ka botsebisi le botataisi ho ditshebetso tsa Morero.

Bakeng sa tjhebo ya bokamoso re lebeletse hore Morero o tla etsa boiteko bohle ho kenya tshebetsong merero ya tshebetso ya ona e le ho fihella dipakane tsa rona tsa maano. Ho feta mona, Morero o tlameha ho itahlehla ka setotswana dintshetsopeleng tsa indasteri, haholoholo NHI le kamo eo e tla ba le yona dipakaneng tsa tswelletso tsa Morero. 2022 ha e a ba selemo se bonolo, hobane ho tsa maano le ditshebetso e hloka hore dintho tse ngata di kenngwe tshebetsong, leha ho le jwalo ke thoholetsa diqeto tsa Boto le maiteko a entsweng ke basebetsi ba Phethahatso ba Morero nakong ena.

Ka hona ke lakatsa ho hlahisa thoholetso ya ka e tebileng bakeng sa tshehetso e tswellang, tshebetso e hlokolotsi le tataiso tseo ke di fumaneng ho tswa ho ditho tsa boto ya rona mmoho le Moofisiri a ka sehloohong, sehlopha sa hae sa bookamedi, le Basebetsi bohle bakeng sa boikitlaetso ba bona le mosebetsi o matla nakong ena e thata.

Ke lebeletse menyetla e eketsehileng le mehopolo ya boiqapelo ho abelanwa, e tla etsa hore Morero o fihlelle dipakane tsa ona le ho boloka ditho tse se ntse di le teng.

## Lindani Sibiya

### Modulasetulo wa Boto ya SAMWUMED



## **Tekolo ya Moofisiri wa Sehlooho – “maikemisetso a SAMWUMED a ho ikitlaeletsatshebetso e tswileng matsoho, a dutse e le tjehebo ya sehlooho ya Morero.”**

SAMWUMED e bone selemo se seng se tletseng dimakatso le diphephetso, tse pakileng hore e bile selemo se sa tshwaneng le tse ding. Leha mehato e kentswe madulong ho kenyeletswa ho tlatswa ha mesebetsi ya maano jwalo ka ha e rerilwe, sebopehong se hlahlobilweng botjha sa mokgatlo, Morero o kgonne ho phethahatsa boikarabello ba ona ba ho fana ka thuso ya bongaka le ho lokisetsa phihlello le tshebetso ya ditjhelete bakeng sa ditho tsa rona. Re bile le diseshene tse keneletseng, moo ho tsa tshebetso re neng re lokela ho hlahisa ditsela tse ntjha tsa ho matlafatsa phano ya rona ya ditshebeletso ho ditho tsa rona. Kaha ditshebetso tsa letsatsi le letsatsi tsa morero wa bongaka (medical scheme) o itsamaisetswang di hloka bohlokolotsi bo boholo, ho ile ha bonahala hore ho thehwa ha boemo ba tshebetso ba phethahatso bo tla kgonahatsa hore Morero o be le boemo bo phahameng ba bodisa ba dibaka, tse hlohang ntlafatso.

**Dibaka tsa bohlokwa tse tshehetsang maano a rona a motheo le dipakane tsa tshebeletso e tswileng matsoho tse bileng ka pelepele ho dintlafatso nakong e tlasa tlhahlobelo, di bile ka tsela e latelang:**

- **Setsi sa boikopanyo** – Re lekodisitse palo ya mehala e amohetsweng ke Setsi sa Boikopanyo letsatsi le letsatsi, le ho netefatsa hore dinako tsa ho ema di a fokotswa bakeng sa ditho tsa rona tse mehaleng, re thakgotse tharollo ya sistimi ya mehala ya Setsi sa Boikopanyo sa rona se setjha ho dumella ditho hore di fetisetswe moleng o arohaneng, hore ba arohanngwe le ba ditshebeletso ba re letsetsang. Hodima mona, re atolositse polatefomo ho kgonahatsa ditho hore di sebedise kgetho ya ho iketsetsa ho fumana ditokomane jwalo ka disetifikeiti tsa Botho, Disetifikeiti tsa Lekgetho, Ditatemente, jj., ka nako e kgutshwane ka imeile.
- **Epo ya diselefounu** – Epo ya Diselefounu ya rona e qadilwe e le polatefomo ya tlatsetso bakeng sa ditho hore di be le tlhahisoleseding yohle ya tsona e fumanehang ha bonolo matsong a bona. Epo e matlafaditswe le ho feta ho dumella ditho ho apdeita tlhahisoleseding ya botho yabona, ho hlahloba histori ya tsona ya ditleleime le ho fihlella ditatemente, dihlapiso tse fumanehang, jj. Matlafatso ena mmoho le moqoko wa webong di se ntse di entse dipolelo tse kgolo ho ntlafatseng ditumellano tsa boemo ba tshebeletso ya tharollo ya rona ya dipotso. Epo hajwale e na le diloutollo tse **5000**.
- **Phetiso ya ditleleime** – Ho kgonahala ho sireletsa batho ba kotsing ba Morero, phetisetso ya ho sebetswa ha ditleleime tsa rona ho batho ba boraro ho dumella ditshebetso tsa bonamodi ba tsa ditleleime tse nepahetseng haholwanyane, ho etsa bonnete ba hore Morero o lefa ka nepo le ntle ho tiehiso bakeng sa ditho le bafani ba ditshebeletso ka ho tshwana.
- **Matsholo a mebileng a naha a mebileng** – Matsholo a mebileng a tswela pele ho ba karolo ya morero wa tshebetso wa rona bakeng sa nako e setseng ya 2022, moo ditho di fumanang tshebeletso ya tharollo ya ka seko ya dipotso le dipontsho tsa ka moo ho lokelang ho daonloudwa le ho sebediswa dipolatefomo tsa Kgokahano le Morero jwalo ka Epo ya Diselefounu.

Bongata ba merero bakeng sa diprojekete tse fapafapaneng e ka ba boima, ke motlotlo ho tlaleha merero e boletsweng kahodimo mona eo ka tlwaelo e akaretsang dikgwedi tse ngata ka lebaka la sebopeho sa tsona, di kentswe tshehetsong. Qetellong ka ditharollo tse ding le tse ding tsa meralo le tshebetso tseo re di kentseng madulong, re tlameha ho dumella tekodiso, ho etsa teko le ho methwa ha diphetho.

**Ka hona re netefatsa hore maikemisetso a SAMWUMED a ho ikitlaeletsatshebetso e tswileng matsoho, a dutse e le tjehebo ya sehlooho ya Morero.**

Re ananela diphephetso tse bakwang ke ditho tse fokotsehang mme tse tsofalang le diketso tseo re di tekileng holatela dipakane tsa maano a rona a matjha, di reretswe ho hlola dingongoreho tsena. Merero e se ntse e le mokgahlelong wa projekete wa ho kenya tshehetsong ke sesupo sa hore re sebeletsa ka maikemisetso hore re be le phehisano sekthareng, e le ho eketsa seabo sa rona mmarakeng ho hodiseng Morero. Lebotho la dithekiso le fumana thupello e hlokehang mme e batlehang hore re kgone ho rekisa dihlahiswa tsa rona tse thehilweng hodima boleng ho phethahatsa ditlhoko tsa maemo a fapafapaneng a basebetsi ba mmuso wa lehae. Sa bohlokwa bakeng sa ho fihlella sena, e tla ba ho theha dihlahiswa tse sebeletsang ditho tse ngata tse ka kgonahalang haholoholo basebetsi ba batjha dilemong, ha re ntse re bolokile ditho tse teng ka dihlapiso tseo ba di fumanang ho tswa ho medical aid ya bona.

Kahodima tsohle tse mphang phutholoho ke hore Morero o sa ntse o ikamahanya ho latela ditlhoko tsa ketsomolao ka reshiyo ya bokgoni ba ho lefa dikoloto ya **82.36%** ka la 31 Tshitwe 2022. Sa rona ka hona ke ho netefatsa hore re dula re nale tjehele ya ho lefa dikoloto le ka maemo ao esale re a tswelletsatsa haesale, a bileng hodimo ho feta a bomphatoba indasteri ba rona. Leha ho le jwalo e tla nka boiteko bo tiileng ho tswa ho ditshebetso tsohle tsa rona tsa tshebeletso ho matahanya, ho dula re ikahahantse le bareki le ho sebedisa mafolofolo tseleng ya kgwebo ya rona.

Lebitsong la botsamaisi le Basebetsi ba SAMWUMED ke lakatsa ho hlahisa teboho ya ka e kgolo ho Boto ya Batshwaredi bakeng sa boetapele bo bottle, ditho tsa komiti e nyane ya rona e ikemetseng le balekane bohle ba rona ba kgwebo. Sa bohlokwa ka ho fetisisa ke lakatsa ho hlahisa teboho ya rona e tebileng ho ditho tsa wa rona kaofela bakeng sa bontshepehi ba SAMWUMED. Ha re nke ha bobebe hore o kgethile Morero ona mme re lebeletse hore o tla sebetse le rona, o abelana tlalehelo e ahang le ho re jarisa boikarabello, bakeng sa ditabatabelo tsa kgolo tsa Morero ona.

**Wa hao ka boikokobetso,**

**Francina Mosoeu**

**Moofisiri a ka Sehloohong**



A hand is shown using a black calculator on a wooden desk. In the background, there are financial documents with blue and green tabs. An orange diagonal overlay covers the left side of the image, containing the title text.

# **ABRIDGED ANNUAL FINANCIALS WITH TRANSLATIONS**



# ABRIDGED ANNUAL FINANCIAL PERFORMANCE FOR THE YEAR 2022

## ENGLISH | 2022 ANNUAL FINANCIAL PERFORMANCE

These are the key elements of the Annual Financial Statements for the year under review:



### 1. Contribution Income

This refers to all combined income received as contributions from members as well as the member subsidy received from the employers.

R	R
2022	2021
1,727bn	1,618bn



### 2. Healthcare Costs

This relates to all the costs paid to various hospitals, doctors, pharmacies etc., to cover for the medical costs incurred by members during their visits or consultations.

R	R
2022	2021
1,786bn	1,622bn



### 3. Gross Healthcare Results

This relates to the net outcome left after taking all contributions subtracting healthcare costs.

R	R
2022	2021
59,02m	4,25m



### 4. Non-healthcare Costs

Included under these costs are those that are related to managing the Scheme such as employees' costs, administration, travelling for business of the Scheme.

R	R
2022	2021
119,6m	103,7m



### 5. Net Healthcare Results

This relates to the net outcome left after taking all contributions subtracting healthcare costs and cost of administration.

R	R
2022	2021
178,63m	107,95m



### 6. Investment Income

This relates to income received from investments made in prior years and comprise of interest, dividends and increase in value of equity holdings.

R	R
2022	2021
98,75m	155,47m



### 7. Comprehensive Income for the year

There is the income left or loss remaining after considering all Income received reduced by all expenses incurred.

R	R
2022	2021
85,10m	44,47m



### 8. Investment Balance

This is the value of funds that have been set aside over the years to provide for growth opportunities in the Scheme.

R	R
2022	2021
1,486bn	1,503bn



### 9. Key ratios to note

**Collection ratio:** amount collected from contributions vs amounts billed.

**Claims ratio:** measures the amount we paid to claims vs amounts received as contribution.

**Solvency ratio:** This measures the ability of the Scheme to operate as a going concern in future so as to meet all its obligations.

R	R
2022	2021
96,96%	97,82%
104%	100,26%
82,36%	94,04%



# ABRIDGED ANNUAL FINANCIAL PERFORMANCE FOR THE YEAR 2022

## ISIXHOSA I INTSEBENZO YEZEMALI YONYAKA ESHUNQULELWEYO YONYAKA KA-2022

Ezi zizinto eziphambili kwiiNgxelo zeZemali zoNyaka zalo nyaka uhlohlwayo:

	<b>1. Ingeniso yemirhumo</b>	R	R
	Oku kubhekisa kuyo yonke ingeniso idibene, efunyenwe njengeentlawulo zarhoqo ngenyanga ezivela kumalungu kwakunye nemali yesabsidi yamalungu evela kubaqeshi.	2022	2021
		1,727bn	1,618bn
	<b>2. Iindleko zonakekelo lwezempilo</b>	R	R
	Oku kubhekisa kuzo zonke iindleko ezihlawulwe kwizibhedlele, oogqirha, iikhemesti ezahlukenileyo njl.njl. ukuhlawulela iindleko zezonyango zamalungu ngexesha ebeye okanye ebebonana noogqirha.	2022	2021
		1,786bn	1,622bn
	<b>3. Iziphumo zonakekelo lwezempilo ziphelele</b>	R	R
	Oku kubhekisa kwingeniso eseleyo emva kokuthatha yonke imirhumo kuze kuthatyathwe iindleko zonakekelo lwezempilo kunye nolawulo.	2022	2021
		59,02m	4,25m
	<b>4. Iindleko ezichithwe ekuphathweni kweSkim</b>	R	R
	Okuqukwayo kwezi ndleko zezo zinxulumene nokuphathwa kweSkim ezifana neendleko zabasebenzi, ulawulo, uhambo ngezoshishino lweSkim.	2022	2021
		119,6m	103,7m
	<b>5. Iziphumo zonakekelo lwezempilo emva kokutsalelwa</b>	R	R
	Oku kubhekisa kwisiphumo esiseleyo emva kokuthatha yonke imirhumo kuze kuthatyathwe iindleko zonakekelo lwezempilo kunye nolawulo.	2022	2021
		178,63m	107,95m
	<b>6. Ingeniso yotyalo-mali</b>	R	R
	Oku kubhekisa kwingeniso efunyenwe kutyalo-mali olwenziwe kwiminyaka engaphambili, equlethe inzala, izahlulelo kunye nokunyuka kwexabiso lwezabelo kwezinye iinkampani.	2022	2021
		98,75m	155,47m
	<b>7. Ingeniso epheleleyo yalo nyaka</b>	R	R
	Le yingeniso eseleyo okanye ilahleko ekhoyo emva kokuqwalasela yonke iNgeniso efunyenweyo kutsalwe zonke iindleko ezenzekileyo.	2022	2021
		85,10m	44,47m
	<b>8. Bhalansi yotyalo-mali</b>	R	R
	Eli lixabiso leemali ezibekelwe ecaleni kwiminyaka engaphambili ukuze kuBonelelwe amathuba okukhulisa iSkim.	2022	2021
		1,486bn	1,503bn
	<b>9. Ireshiyo eziphambili emaziqwalaselwe</b>	R	R
	<b>Ireshiyo yokukoleka:</b> Imali ekolekiweyo kwiintlawulo zarhoqo ngenyanga ithelekiswa nemali yentlawulo yarhoqo.	2022	2021
	<b>Ireshiyo yamabango:</b> Ilinganisa imali esiyihlawulileyo kumabango ithelekiswa nemali esiyifumeneyo kwimirhumo.	96,96%	97,82%
	<b>Ireshiyo yokuba nemali:</b> Le ilinganisa ukukwazi kweSkim ukusebenza njengenkampani esaqhubayo nekwasiziyo ukuhlangabezana nezibophelelo zayo kwixesha elizayo	104%	100,26%
		82,36%	94,04%



# ABRIDGED ANNUAL FINANCIAL PERFORMANCE FOR THE YEAR 2022

## AFRIKAANS | VERKORTE FINANSIËLE PRESTASIE VIR DIE JAAR 2022

Hier volg die sleutelemente van die finansiële jaarstate vir die jaar onder oorsig:



### 1. Inkomste uit bydraes

Dit is die gekombineerde inkomste ontvang uit premies van lede sowel as die ledesubsidie wat deur werkgewers betaal word

R	R
2022	2021
1,727bn	1,618bn



### 2. Gesondheidsorgkoste

Dit hou verband met alle koste wat aan hospitale, dokters, apteke ens. betaal is om die mediese uitgawes aangegaan deur lede gedurende besoeke en konsultasies te dek.

R	R
2022	2021
1,786bn	1,622bn



### 3.Bruto gesondheidsorgresultate

Dit is die netto uitkomste nadat gesondheidsorgkoste en administrasie van alle bydraes afgetrek is.

R	R
2022	2021
59,02m	4,25m



### 4. Koste anders as gesondheidsorgkoste

Ingesluit onder hierdie koste is dit wat verband hou met die bestuur van die Skema, soos werknemer-, administrasie- en reiskoste vir sake van die Skema.

R	R
2022	2021
119,6m	103,7m



### 5. Netto gesondheidsorgresultat

Dis is die netto uitkomste nadat gesondheidsorgkoste en administrasie van alle bydraes afgetrek is.

R	R
2022	2021
178,63m	107,95m



### 6. Beleggingsinkomste

Dit hou verband met inkomste ontvang van beleggings wat in vorige jare gedoen is en bestaan uit rente, dividende en toename in die waarde van aandelebeleggings.

R	R
2022	2021
98,75m	155,47m



### 7.Omvattende inkomste vir die jaar

Dit is die inkomste of verlies wat oorbly nadat alle uitgawes wat aangegaan is, afgetrek word van alle inkomste wat ontvang is.

R	R
2022	2021
85,10m	44,47m



### 8. Investeringsbalans

Eli lixabiso leemali ezibekelwe ecaleni kwiminyaka engaphambili ukuze kuBonelelwe amathuba okukhulisa iSkim.

R	R
2022	2021
1,486bn	1,503bn



### 9. Ireshiyo eziphambili emaziqwalaselwe

**Ireshiyo yokukoleka:** Imali ekolekiweyo kwiintlawulo zarhoqo ngenyanga ithalekiswa nemali yentlawulo yarhoqo.

**Ireshiyo yamabango:** Iinganisa imali esiyihlawulileyo kumabango ithalekiswa nemali esiyifumeneyo kwimirhumo.

**Ireshiyo yokuba nemali:** Le ilinganisa ukukwazi kweSkim ukuSebenza njengenkampani esaqhubayo nekwaziyo ukuhlangabezana nezibophelelo zayo kwixesha elizayo

R	R
2022	2021
96,96%	97,82%
104%	100,26%
82,36%	94,04%



# ABRIDGED ANNUAL FINANCIAL PERFORMANCE FOR THE YEAR 2022

## SESOTHO | TSHEBETSO E KGUTSUFADITSWENG YA TSA DITJHELETE YA SELEMO LE SELEMO BAKENG SA SELEMO SA 2022

Tsena ke dintlha tsa bohlokwa tsa Ditatemente tsa tsa Ditjhelete tsa Selema  
bakeng sa selema se tlasa tlhahlobelo:



### 1. Lekeno la ditlatsetso

Sena se mabapi le lekeno lohle le kopaneng e le dipremiamo ho tswa ho  
ditho mmoho le sabsidi ya ditho e fumanweng ho tswa ho bahiri.

R	R
2022	2021
1,727bn	1,618bn



### 2. Ditjeo tsa tlhokomelo ya bophelo

Sena se mabapi le ditjeo tsohle tse lefilweng dipetlele tse fapaneng, dingaka,  
dikhemisi jj., ho lefella ditjeo tsa bongaka tse bakilweng ke ditho nakong ya  
diketelo tsa rona kapa

R	R
2022	2021
1,786bn	1,622bn



### 3. Diphetho tsa tlhokomelo ya bophelo e sa Hulwang Ditjeo

Sena se mabapi le sephetho se setseng se hutsweng ditjeo kamora ho nka  
ditlatsetso tsohle ha ho hutswe ditjeo tsa tlhokomelo ya bophelo le tsamaiso.

R	R
2022	2021
59,02m	4,25m



### 4. Ditjeo tse seng tsa tlhokomelo ya bophelo

Tse kenyeletswa tlasa ditjeo tsena ke tse amanang le ho laola morero jwalo  
ka ditjeo tsa basebetsi, tsamaiso, ho eta ka mabaka a kgwebo a Morero.

R	R
2022	2021
119,6m	103,7m



### 5. Diphetho tsa tlhokomelo ya bophelo

Sena se mabapi le sephetho se setseng se hutsweng ditjeo kamora ho nka  
ditlatsetso tsohle ha ho hutswe ditjeo tsa tlhokomelo ya bophelo le tsamaiso.

R	R
2022	2021
178,63m	107,95m



### 6. Lekeno la matsete

Sena se mabapi le lekeno le fumanweng ho tswa ho  
matsete a entsweng dilemong tse fetileng mme di bopilwe ka tswala,  
didividente le keketseho ya boleng ba di-equity holding.

R	R
2022	2021
98,75m	155,47m



### 7. Lekeno le akaretsang bakeng sa selema

Lena ke lekeno le setseng kapa tahlehelo e setseng kamora ho kenyeletsa  
lekeno lohle le amohetsweng le fokoditsweng ka ditjeo tsohle tse bakilweng.

R	R
2022	2021
85,10m	44,47m



### 8. Balanse ya matsete

Sena ke boleng ba ditjhelete tse behilweng ka thoko ha dilemo di ntse di  
tsamaya ho fana ka kgolo bakeng sa menyetla e Morerong.

R	R
2022	2021
1,486bn	1,503bn



### 9. Direshio tsa bohlokwa tse lokelang ho lemohuwa

**Reshio ya pakeletso:** Tjhelete e bokeletsweng ho tswa dipremiamong papisong le  
ditjhelete tse lefisitsweng.

R	R
2022	2021
96,96%	97,82%

**Reshio ya ditleleime:** E metha tjhelete eo re e lebileng bakeng sa  
ditleleime papisong le ditjhelete tse amohetsweng e le ditlatsetso.

R	R
2022	2021
104%	100,26%

**Reshio ya bokgoni ba ho lefa dikoloto:** Ena e metha bokgoni ba Morero ba  
ho sebetse e le kgwebo e atlehileng kamoso ho phethahatsa boitlamo  
bohle ba yona.

R	R
2022	2021
82,36%	94,04%



[illegible]



## NEED MORE INFORMATION CONTACT US ON THE FOLLOWING CONTACT DETAILS:



### **SAMWUMED**

**Contact Centre:** 0860 104 117

#### **Operating Hours:**

**Contact Centre**

08h30 – 16h00 Mon – Fri



#### **Postal Address:**

P.O. Box 134, Athlone, 7760

Cnr Trematon & Lascelles Streets, Athlone, Cape Town

#### **Online Platforms:**

[www.samwumed.org](http://www.samwumed.org)



**SAMWUMED**



**SAMWUMED Health**



**SAMWUMED Medical Scheme**



**SAMWUMED**

## **MEDSCHEME**



### **Hospital Authorisation & Enquiries**

**Tel:** 0860 33 33 87

**Email:** [samwumed.authorisations@medscheme.co.za](mailto:samwumed.authorisations@medscheme.co.za)



### **Chronic Medicine Management**

**Tel:** 0860 33 33 87

**Email:** [samwumedcmm@medscheme.co.za](mailto:samwumedcmm@medscheme.co.za)

#### **Oncology**

**Tel:** 0860 33 33 87, **Email:** [cancerinfo@medscheme.co.za](mailto:cancerinfo@medscheme.co.za)

#### **HIV Management**

Aid for AIDS (AfA)

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