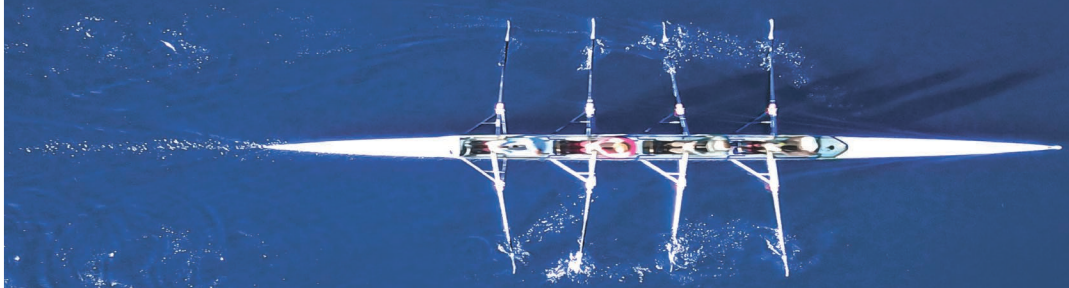
medihelp

Medical Aid in Action



2023 ANNUAL REPORT

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* References to notes and pages contained in the extracts of the financial statements relate to notes and pages in the audited financial statements for the year ended 31 December 2023. A full set of the audited financial statements is available for inspection at the Scheme's offices at 189 Clark Street, Brooklyn, Pretoria.

Medihelp in 2023

STEADFAST

One of the **top five** open medical schemes in South Africa

119 years' experience in the medical aid industry

Global Credit Rating **A+**

Membership base grew by **10%**

PROSPERING

7,18%
net organic growth

101 633
main members

216 786
beneficiaries covered

Average age of new enrolments
32,21 years

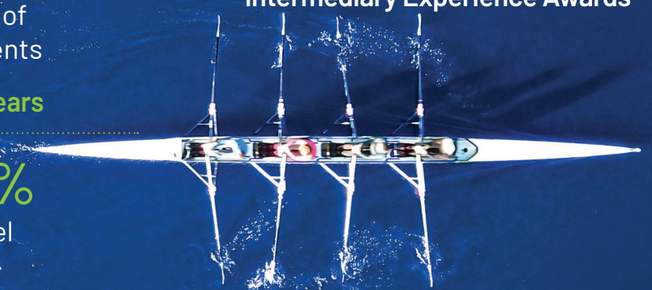
23,84%
solvency level

Investment income of
R174 million

SERVICE ACCOLADES

Winner in the 2023
Ask Afrika Orange Index

Top three healthcare product supplier in the **2023 FIA Intermediary Experience Awards**



TAKING CARE OF YOUR HEALTH

1 805
newborns welcomed

12 535 members
got their flu vaccine

1 278
tonsillectomies

Almost **R7 million**
in additional care extender benefits granted

3 770
children immunised

3 878 721
medicine items dispensed

ENGAGED STAKEHOLDERS

82 281
active users of the Medihelp Member Zone

31,94%
increase in Adviser Toolbox usage

5,55%
increase in the use of the Corporate Zone

27 812 healthcare professionals
registered on the revamped Healthcare Professionals Zone

673 241
calls and web chats managed

20%
increase in the number of Member Zone users

61 288
social media followers/likes

138 207
pre-authorisations processed

265 351
letters and emails answered

Message by the Chairperson of the Board of Trustees

Chris Klopper

The death of our beloved Principal Officer Ettie da Silva in June was a tremendous shock for the organisation, leaving a void felt by all its people. We are thankful to Johan Viljoen, Head of Operations, who filled Ettie's shoes until the starting date of Medihelp's new Principal Officer, Varsha Vala, on 1 March 2024.

The second challenge was the rise in hospital admissions, visits to specialists, and the cost of medical services and its consequent impact on the financials. We see this fact illustrated in the claims payments of the top ten cases in 2023, which totalled more than R42 million. We have turned this challenge into an opportunity to expedite the implementation of the use of artificial intelligence and machine learning to, amongst others, refine protocols, manage costs optimally, and upskill our people.

Thirdly, there was the claims ratio of 100,8% (as at 31 December 2023), which put pressure on the reserve level. This required that the Board of Trustees (the Board) and executive team submit a three-year plan to the Council for Medical Schemes before the 2024 product launch in October 2023 to ensure the sustainability of the Scheme. The plan is based on a set percentage by which member contributions need to increase over the three years for reserve levels to return to the 25% level prescribed by statute. The Council for Medical Schemes accepted and approved the plan and progress is being monitored throughout. This is regarded as another opportunity to pivot towards a future in which Medihelp plays a leading, innovative role in claims management.

As primary custodian, the Board must act in the best interests of the Scheme at all times. To fulfil this responsibility, the Board thus concentrated on two core issues: the claims ratio and the impact of the National Health Insurance Bill on the future of medical schemes in South Africa.

In light of the approval of the Bill by the National Assembly, the Board and executive heads are in continuous talks about the Scheme's positioning and are investigating possibilities, opportunities, and strategies to future-proof the Scheme in the interest of its members.

To reduce the impact of the risks, the Board kept abreast of developments by requesting that claims be monitored continually and affirmative steps be implemented to ensure that service providers and members receive their rightful benefits.

There was also a focus on control measures around authorisation procedures for hospital admissions, the scope and frequency of medical services, and the need for certain procedures.

More members

Medihelp has, however, achieved on-point membership growth. By February 2023, the Scheme surpassed its goal of 95 000 main members and by September, had 100 198 main members and 214 792 beneficiaries. This number amounts to a net growth of 7,18%.

It is equally important that growth comes from attracting members of the right profile to the desired benefit options. Over the past few years, the Scheme continuously signed younger members and in so doing, counteracted a membership base with an ageing profile. The focus on promoting the use of digital platforms is supporting the attraction of younger, tech-savvy, and by design healthier individuals.

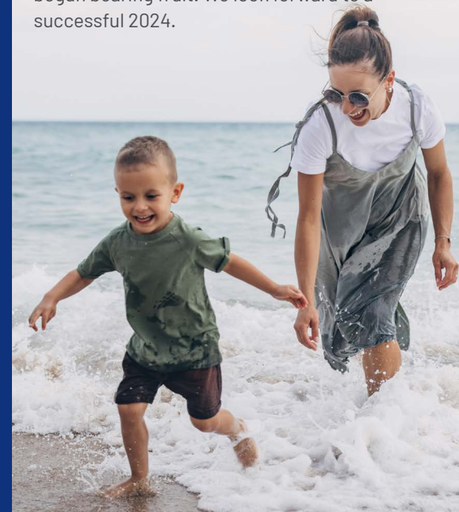
Scheme surpassed its goal of **95 000 members**

Net growth of **7,18%**

Because of the economic climate of the country, the lower-priced options are drawing the most members. So it's not surprising that the highest membership growth over the past three years was on Medihelp's basic plans. The contributions of these options do, however, make it challenging to increase reserves.

In conclusion

Despite certain challenges Medihelp had to overcome in 2023, the Board wants to emphasise that it is excited about the strategies, plans, and future-fit skills that are in place to ensure that Medihelp remains a scheme of choice for South Africans. Strategies to introduce our employees to alternative approaches and the behavioural changes that accompany them are also in place and have already begun bearing fruit. We look forward to a successful 2024.



Overview of the Acting Principal Officer

Johan Viljoen

Double recognition for Medihelp set the tone for the year: we received the sought-after first place in the Ask Afrika Orange Index for customer satisfaction and second place in the Financial Intermediaries Association (FIA) Intermediary Experience Awards in the healthcare category for our products. Moreover, in December 2023, Medihelp exceeded its member growth targets by 10%, welcoming 21 789 new main members.

It is, however, important for any organisation in the risk management industry to balance quantity and quality. This also applies to growth. Therefore, Medihelp held discussions with advisers in 2023 to ensure that, in the midst of a volatile financial market, members join the appropriate benefit plan for their healthcare needs.

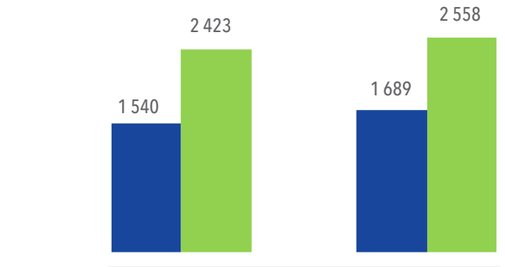
Number of main members per benefit option

Benefit option	Number of main members
MedPlus	1 422
MedElite	7 925
MedPrime	14 623
MedPrime Elect	6 732
MedElect > R800	4 143
MedSaver	11 722
MedAdd	7 306
MedAdd Elect	11 082
MedVital	9 506
MedVital Elect	20 301
MedMove!	4 116
MedElect <R800	2 755
Total	101 633

However, risk management is even more challenging in the current economic climate. Private healthcare is essential, but it comes at a cost. This is clear from benefits paid out to hospitals, medical specialists, and pharmacies in 2023.

	Total	Per capita
Hospitals	R2 346 881 458,70	R926,63
Pharmacies	R482 914 740,17	R190,67
Medical specialists	R399 195 981,07	R157,62

HIV and oncology December 2022 vs December 2023



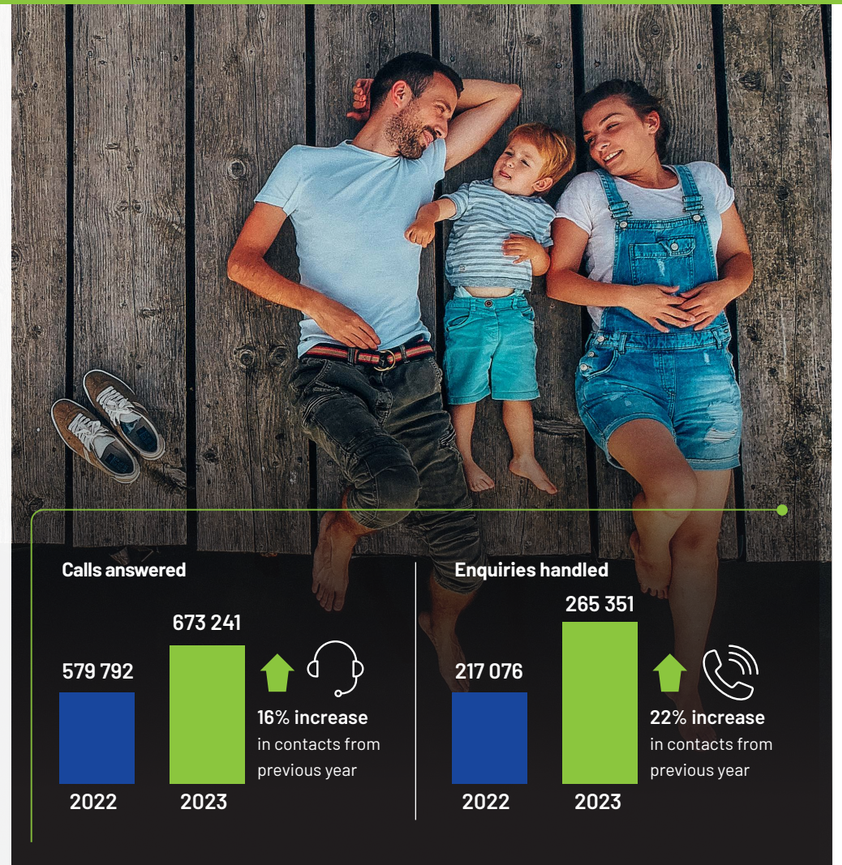
	December 2022	December 2023
HIV	1 540	1 689
Oncology	2 423	2 558

It remains the responsibility of the Medihelp Board and management team to make sure benefits are managed fairly and judiciously in accordance with the Regulations to the Medical Schemes Act 131 of 1998 and the registered Rules of Medihelp. With this goal in mind, Medihelp has adjusted its underwriting policies to bring them closer to those of the industry and carefully reviewed protocols for certain high-cost procedures to ensure that they benefit all beneficiaries. The result is that hospital audit savings amounted to around R77 million (2022: R35 million) and case management savings to R84,5 million (2022: R60 million). The number of applications for chronic medication also decreased from around 75 000 in 2022 to 56 500 in 2023.

Member experience and engagement

The increase in members put pressure on service levels: our consultants answered a total of 673 241 calls (2022: 579 792) and 265 351 enquiries (2022: 217 076). This increased the average turnaround time per query from 1,86 days in 2022 to 2,35 days in 2023. Consumer education in the form of regular newsletters to members is supporting Medihelp's efforts to redirect as many enquiries as possible to digital channels so that consultants can focus on more complex questions.

To encourage members and all our stakeholders to communicate with us electronically, we have expanded our digital channels so that they can engage with us on all essential and everyday interactions through our online platforms, day or night.

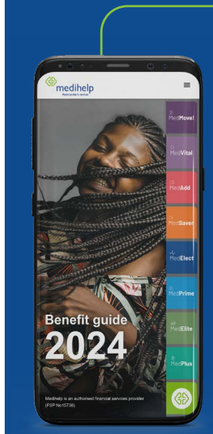


The Member Zone, Medihelp's web platform specifically for members, has more than 121 000 beneficiaries who regularly check their benefits, submit claims, or change their personal details. Approximately 40 000 members use the Medihelp app, where they also have access to their membership e-card. Medihelp is in the process of phasing out all communication via postal services, but we realise that some of our members might not have an email address or smartphone.
To accommodate those who do not have access to digital devices, we allow third-party consent to assist in managing medical aid matters online.

We also encourage members to make sure they update their contact details on the Member Zone when their mobile number or email address changes so that Medihelp is always able to communicate with them.

The functions of the Adviser Toolbox have been significantly expanded and the more than 2 000 financial advisers who use it can manage their business with Medihelp almost exclusively online.

After discussions with the corporate groups that trust Medihelp as their employees' medical aid, several improvements have also been made to the Corporate Zone. For example, we have made it convenient for administrators and members to add dependants or download tax certificates in the blink of an eye.
A new addition to our digital channels is the Healthcare Professionals Zone. Our partners in healthcare can now also manage their business with Medihelp online. Since the launch of the Healthcare Professionals Zone in May 2023, around 27 000 healthcare professionals have already been using this platform.
However, the Scheme is still committed to personal service delivery. Members, advisers, and healthcare professionals can pick up the phone at any time and speak to a service consultant.



more than
40 000
actively using
these e-brochures

eco-friendly
digital membership
cards

Communication

Thanks to regular communication, marketing, and media exposure, Medihelp remains top of mind for our members, advisers, healthcare providers, the media, and employees. Newsletters with articles that help members to keep body and mind healthy, keep advisers informed of industry and Medihelp news, and help healthcare providers to do business with Medihelp easily are now distributed monthly to stakeholders by email.

The media plan to generate and publish opinion pieces is beginning to bear fruit. We are positioning Medihelp as a leader in the medical scheme industry and strengthening the Scheme's reputation in the eyes of South Africans.

New benefits

In February, Medihelp launched the Major Joints for Life programme, a cost-effective alternative for MedPlus members undergoing elective hip and knee replacements. The addition of more providers for pathology services has made it easier for members to receive these services at contracted rates. The list of chronic medications has been expanded and the limits for specialised radiology services have been increased for the benefit of members.

Corporate citizenship

Medihelp's employees have once again proven their goodwill towards their fellow man and animal. The 'Help a Medihelper' initiatives for staff and outreach actions at three of the welfare organisations, as well as donations to the other six that the Scheme supports with its corporate social investment, were a huge success.

Medihelpers volunteered their time at Wollies Animal Shelter in Pretoria, one of the charities the Scheme supports as part of its corporate social investment initiatives.

New Principal Officer

With Varsha Vala now on board as Medihelp's new Principal Officer, I am confident that she will lead the Scheme to new heights, offering only the best to all our stakeholders while advocating for members at all times.

Appreciation

My greatest appreciation goes to our loyal members, service providers, and advisers who confidently recommend Medihelp. Finally, I would like to sincerely thank Medihelp's Board of Trustees for entrusting me with the responsibility of serving the interests of Medihelp members. I greatly appreciate their unwavering support and encouragement during my eight-month tenure as Acting Principal Officer.

The future is in our DNA

Consumers drive today's economy. They want their expectations met and they want a consistently superior client experience from the businesses they support. Recognising how important it is to satisfy these needs, the member and stakeholder engagement strand of our DNA will receive an acute focus in the coming year. While it won't require a complete rewrite, there are opportunities to augment those areas that contributed to Medihelp's Ask Afrika Orange Index and Financial Intermediary Association accolades.

Looking through an experience and sustainability lens in particular, I see significant opportunities to refine how we help our members as they navigate the complexities of the healthcare and well-being ecosystem. We will enhance our role from merely being a funder of illness care to being in partnership with our members and healthcare providers. Through a member advocacy approach, we aim to empower members to take accountability for their health.

Outside-in mindset

By adopting an outside-in mindset to prioritise the needs of our members, we will apply human-centred design principles to the solutions and experiences strand of Medihelp's DNA. In collaboration with our partners, we aim to deliver these solutions and experiences with care and empathy at every touchpoint.

Varsha Vala
Principal Officer

The vision

My vision for Medihelp is one where our members and stakeholders work together to unlock tangible value, improving healthcare outcomes and promoting overall well-being. This vision is grounded in a mutual commitment to safeguarding the interests of all Scheme members and it is supported by dedicated employees who continue to serve our members with empathy and energy. As we look to the future, I am confident in our ability to continue to build on our past successes and deliver exponential value to existing and future members.

Corporate governance report

1. **Introduction**

Medihelp is a registered medical scheme that provides healthcare cover in terms of its Rules to all beneficiaries by using the contributions entrusted to it by its members. As a self-administered scheme, Medihelp has consistently remained true to its intent in providing appropriate and efficient healthcare cover to all members while adhering to sound governance principles.

The Board of Trustees, management, and employees of the Scheme share a commitment to perform their duties with the integrity, accountability, transparency, and fairness expected from a self-administered scheme owned by its members.

An independent Board of Trustees, comprising six trustees, governs the activities of the Scheme on behalf of members, who elect the trustees to serve on the Board and protect members' interests. The Board of Trustees fulfils its responsibilities in line with section 57 of the Medical Schemes Act 131 of 1998. Section 57 requires all medical schemes to have a board of trustees consisting of persons who are fit and proper to manage the business contemplated by the medical scheme, in accordance with the applicable laws and the rules of such medical scheme.

The Board is also tasked with overseeing consistent sound governance by Medihelp in line with the Rules of Medihelp, the Medical Schemes Act 131 of 1998, as amended, the Board of Trustees Charter, the Conflict of Interest Policy and all other relevant policies, as well as the principles provided in the King IV Report on Corporate Governance for South Africa.

The fit and proper requirements for members of the Board and vetting guidelines as proposed by the Council for Medical Schemes are regularly updated and are strictly adhered to by all existing members of the Board of Trustees. The Scheme's Human Resources Committee sees to it that all nominees for election to the Board meet the criteria to effectively fulfil their fiduciary duties and consistently act in the best interests of all stakeholders.

2. **The composition of the Board of Trustees**

The registered Rules of Medihelp determine that the trustees serve on the Board for a period of five years from the date of election and that, in the event of a vacancy arising on the Board, a strict process to nominate and elect new trustees must be followed. The Human Resources Committee is responsible for overseeing the process of filling vacancies on the Board of Trustees in line with the Rules of Medihelp.

3. **Duties of the Board of Trustees**

The Board of Trustees consists of members who are suitably qualified for their roles. They have extensive experience and specialised skills that they apply to the benefit of the Scheme.

The Board has fulfilled its fiduciary responsibilities during the period under review and has taken all reasonable steps to ensure that the interests of beneficiaries are protected at all times.

4. **Board performance assessment**

The Board of Trustees must meet at least four times a year to oversee Medihelp's performance, address specific business issues and, where required, obtain independent professional advice and training.

The Board performed its annual self-assessment and referred the results to its Oversight Committee for review and confirmation that the Board is functioning optimally.

5. **Remuneration policies (employees and trustees)**

In terms of the Human Resources Committee Charter, the Committee is responsible for making recommendations to the Board of Trustees on the overall reward strategy for the Scheme. The Committee is also responsible for overseeing compliance with sound governance principles on how remuneration is managed, especially at the executive management level. In 2023, the Charter was updated in respect of the composition of the Human Resources Committee by including the Head of Finance as the office bearer of Medihelp. The cornerstones of Medihelp's reward philosophy are fair, responsible, and transparent rewards and remuneration with a strong focus on performance.

Medihelp's total reward offering – including all financial and non-financial benefits – aims to attract, motivate, reward, and retain appropriate employees. The Remuneration Policy provides for the payment of market-related fixed remuneration that aims to attract and retain employees. The policy also provides for long- and short-term variable remuneration to improve organisational performance on several strategic goals.

Variable remuneration can only be paid if the organisation performs better than budgeted on the set targets. Medihelp did not meet the overall 2023 performance targets; therefore, variable remuneration is not payable for the 2023 financial year.

Medihelp uses an accredited job evaluation system to measure the relative worth of jobs. This ensures that remuneration is managed equitably and that job content and grading are used to benchmark positions appropriately in the Old Mutual national all-incumbent market

annually. All major medical schemes and medical scheme administrators participate in the Old Mutual RemChannel database.

Medihelp strives to align employees' positioning on the salary scale with their level of performance, subject to affordability. Medihelp remunerates its employees from the minimum of the salary scale to the maximum of the scale. The outcome of a future-focused behaviour assessment is used to determine the position on the pay scale from the minimum to the maximum of the scale. Continued unacceptable individual performance is addressed through Medihelp's disciplinary processes.

Medihelp uses the services of Khokhela Remuneration Advisors to benchmark the remuneration payable to the Board of Trustees annually. The honorarium of the Board of Trustees is based on the policy approved at Medihelp's annual general meeting. As Medihelp is a non-profit open medical scheme, the annual value of the remuneration payable to the Chairperson of the Board is based on a percentage of the average annual remuneration of a chairperson of a comparable peer group of JSE-listed companies. The fee for other role players is calculated as a percentage of the Chairperson's annual fee. The fee for the Vice Chairperson is the average between the fee for the Chairperson and the fee for a trustee. The increase in the honorarium for the different role players, which was confirmed at the annual general meeting, was 5,95% for all role players, except for members of other committees, who received a 14,70% increase.

6. Board committees

The following committees operated within Medihelp during 2023:

- Audit and Risk Committee
- Investment Committee
- Rule and Product Committee
- Social and Ethics Committee
- Human Resources Committee
- Oversight Committee, with a sub-committee, the Information and Communication Technology (ICT) Committee

The Oversight Committee evolved into the Governance, Risk and Compliance Committee, and a new Charter was approved in November 2023 with changes to be implemented in 2024.

The committees do not assume management's functions, nor do they have any decision-making authority other than the Board's mandate. The activities of the committees are reported to the Board of Trustees.

7. Internal Audit and Forensic Investigations

Medihelp's Internal Audit and Forensic Investigations department reports functionally to the Audit and Risk Committee and renders a practical risk-based internal audit function.

Internal Audit operates according to a three-year audit plan, which includes a detailed plan for the first year, and uses an appropriate risk-based methodology.

The Internal Audit department's annual audit plan is approved by the Audit and Risk Committee. Internal audit findings, together with management comments and corrective actions instituted, are periodically reported to the Audit and Risk Committee. The internal audit function additionally provides an annual written assessment of the effectiveness of the Scheme's system of internal control, governance, and risk management to the Audit and Risk Committee.

The Forensic Investigations component is dedicated to investigating allegations of fraud, waste, and abuse and is guided by the Medihelp Fraud and Corruption Policy. Investigations are conducted into matters reported through existing fraud reporting channels and proactive investigations in high-risk areas. The Audit and Risk Committee has also approved the Forensic Investigations plan. Every rand saved or recovered by detecting or preventing fraud, waste, and abuse benefits Medihelp's members by helping to keep medical inflation as low as possible.

Members can report fraud in two ways. They can:

- Phone the Fraud Line on 012 334 2428; or
- Send an email to fraud@medihelp.co.za or bedrog@medihelp.co.za.

The Medihelp fraud reporting channels successfully serve as an independent conduit between Medihelp, its employees, and its members. All information is treated as confidential, and callers' anonymity is protected. In 2023, 632 cases were reported through fraud reporting channels, and proactive investigations resulted in 285 positive outcomes.

The Internal Audit and Forensic Investigations Committee Charter

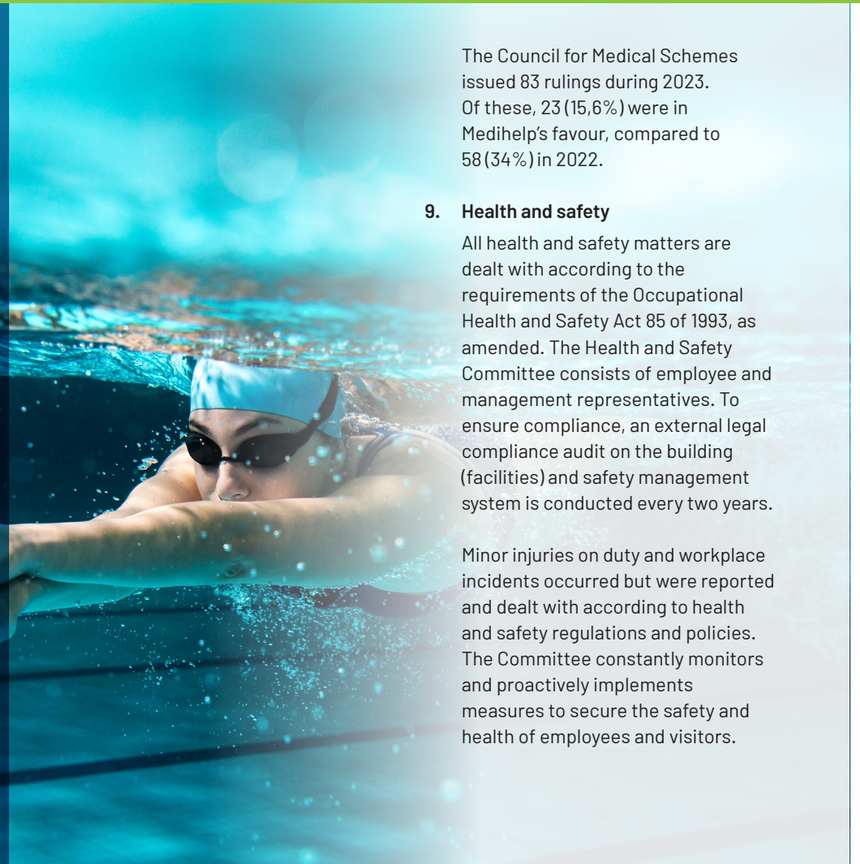
was revised. The Audit and Risk Committee reviewed the adequacy of Internal Audit and Forensic Investigations' budget and resource plan.

The Chairperson and a member of the Audit and Risk Committee were delegated to do the performance contracting and evaluation of the Chief of Internal Audit and Forensic Investigations in collaboration with the Principal Officer.

The effectiveness of the internal audit function was reviewed by means of self-assessment and an evaluation by the Audit and Risk Committee, and it was found to be adequate for the size and operations of the Scheme.

8. Complaints

Medihelp received 147 complaints from the Council for Medical Schemes between 1 January and 31 December 2023, all of which were professionally addressed.



The Council for Medical Schemes issued 83 rulings during 2023. Of these, 23 (15,6%) were in Medihelp's favour, compared to 58 (34%) in 2022.

9. Health and safety

All health and safety matters are dealt with according to the requirements of the Occupational Health and Safety Act 85 of 1993, as amended. The Health and Safety Committee consists of employee and management representatives. To ensure compliance, an external legal compliance audit on the building (facilities) and safety management system is conducted every two years.

Minor injuries on duty and workplace incidents occurred but were reported and dealt with according to health and safety regulations and policies. The Committee constantly monitors and proactively implements measures to secure the safety and health of employees and visitors.

10. Governance and compliance

Compliance with statutory, legislative, and regulatory requirements is a crucial area of focus for Medihelp to provide assurance to the Board of Trustees on effective governing and management of compliance.

Changes in legislation, the impact thereof on Medihelp as a financial services provider and a registered medical scheme, and the actions to be taken by management are reported and monitored at Audit and Risk Committee meetings. Medihelp's Legal, Risk and Compliance department reports directly to the Audit and Risk Committee and the Board of Trustees where all compliance-related responsibilities are considered and addressed.

No material fines or penalties were incurred for failing to comply with applicable legislation or regulations during the reporting period.

Medihelp's accreditation as both an administrator and managed healthcare organisation is in place. While the accreditation is only renewable in 2024, continuous compliance monitoring is conducted to ensure that Medihelp complies, at all times, with the accreditation standards, as amended from time to time.

11. Financial advisory and intermediary services

Medihelp is an authorised financial services provider (FSP number 15738) and complies with the Code of Conduct and Fit and Proper Requirements of the Financial Advisory and Intermediary Services Act 37 of 2002.

The annual compliance report compiled by Medihelp's independent compliance officer as well as the required audited financial statements were submitted to the Financial Sector Conduct Authority.

12. Conclusion

Medihelp focuses on the provision of healthcare cover to members to obtain access to appropriate and cost-efficient healthcare services. The Scheme acts on behalf of members to negotiate tariffs with providers of healthcare services. The Scheme also applies effective risk management to ensure continued sustainability as well as rapid adaptation to regulatory requirements, constantly enhancing service platforms and touchpoints to support members and stakeholders.

Report of the Board of Trustees

1. Description of the medical scheme

1.1 Terms of registration

Medihelp is a not-for-profit open medical scheme registered with reference number 1149 in terms of the Medical Schemes Act 131 of 1998 as amended ("Medical Schemes Act, 1998").

1.2 Insurance contract options within Medihelp

The Scheme offered eight insurance contract options to employees of participating employers and members of the public during the period under review:

- MedPlus
- MedElite
- MedPrime (plus efficiency-discounted option)
- MedAdd (plus efficiency-discounted option)
- MedVital (plus efficiency-discounted option)
- MedElect
- MedSaver
- MedMove!

The Scheme provides cover for types of services that are categorised under core benefits and day-to-day

services, of which the levels of cover differ according to each insurance contract option. Types of services that qualify for core benefits include hospitalisation, prosthesis components, private nursing, emergency evacuation, blood transfusion, renal dialysis, technologist services, oxygen, and oncology. Types of services that qualify for day-to-day benefits include consultations at general practitioners, nursing professionals and specialists (in-person and virtual), radiology, pathology, dental services, physiotherapy, optical services, medical, surgical, and orthopaedic appliances, non-chronic and chronic medicine, and supplementary health services rendered out of hospital.

1.3 Personal medical savings accounts (PMSA)

The PMSAs are managed in terms of the Rules of Medihelp and the monies belong to the Scheme.

Members of the MedElite (10%), MedPrime (10%), MedAdd (15%), and MedSaver (25%) insurance contract options pay an agreed sum of their gross contributions (percentage shown in brackets) into PMSAs to help pay their portion of healthcare costs, up to a prescribed threshold.

Members earn interest on the balance in their savings account at the end of each month, based on the interest earned on the savings funds that are invested in short-term investment instruments. The Scheme does not charge an administration fee for the management of members' PMSAs.

The liability to members in respect of the savings accounts is considered a non-distinct investment component (in terms of IFRS 17 Insurance Contracts). As such, this liability is included in the measurement of insurance contract liabilities in the financial statements, refundable in terms of regulation 10 of the Regulations under the Medical Schemes Act, 1998. Savings plan contributions are refundable when a member enrols on another insurance contract option at another medical scheme without a PMSA, or does not enrol at another medical scheme. The accumulated unused PMSA balance will be transferred to the member in terms of the Rules of Medihelp.

2. Management

2.1 Board of Trustees in office during the year under review (in alphabetical order)

Adv JM Ferreira
18 June 2020 - June 2025

Mr JC Klopper (Chairperson)
21 June 2019 - June 2024

Adv PJ Louw
17 June 2021 - June 2026

Mr TN van der Westhuizen
17 June 2021 - June 2026

Mr PM van Deventer
18 June 2020 - June 2025

Mr MJ Visser (Vice Chairperson)
21 June 2019 - June 2024

A quorum was present for all meetings of the Board of Trustees held in 2023.

2.2 Principal Officer

- Ms EM da Silva – passed away on 11 June 2023
- Mr J Viljoen - Acting Principal Officer from 13 June 2023
- Mrs V Vala appointed 1 March 2024.

2.3 Registered office addres and postal address

189 Clark Street
Brooklyn
Pretoria
0181

PO Box 26004
Arcadia
0007

2.4 Investment managers during the year

Medihelp invested funds with two investment managers during the 2023 financial year, namely Allan Gray Life Limited and MandG Investments Southern Africa (Pty) Ltd.

Allan Gray Life Limited
1 Silo Square
V&A Waterfront
Cape Town
8001
FSP number: 6663

PO Box 51318
V&A Waterfront
Cape Town
8002

MandG Investments Southern Africa (Pty) Ltd
5th Floor
Protea Place
30 Dreyer Street
Claremont
7708
FSP number: 45199

PO Box 44813
Claremont
7735

2.5 Auditors

Deloitte & Touche
5 Magwa Crescent
Waterfall City
Waterfall
2090

2.6 Attorneys

Dyason Attorneys
Walker Creek Office Park
Building 3, Floor 2
90 Florence Ribeiro Avenue
Nieuw Muckleneuk
Pretoria
0181

Private Bag X15
Brooklyn Square
Pretoria
0075

MacRobert Inc Attorneys
MacRobert Building
1060 Jan Shoba Street
Brooklyn
Pretoria
0181

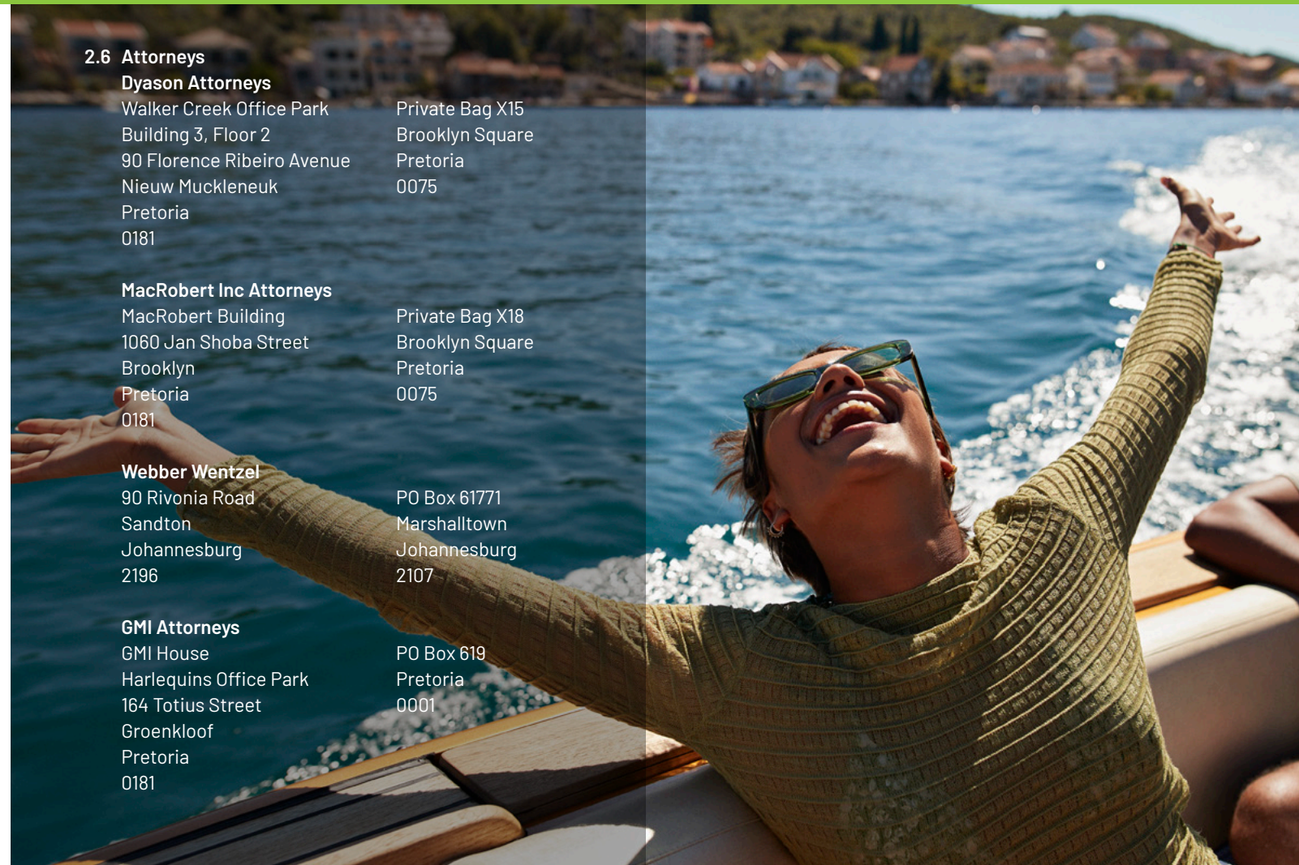
Private Bag X18
Brooklyn Square
Pretoria
0075

Webber Wentzel
90 Rivonia Road
Sandton
Johannesburg
2196

PO Box 61771
Marshalltown
Johannesburg
2107

GMI Attorneys
GMI House
Harlequins Office Park
164 Totius Street
Groenkloof
Pretoria
0181

PO Box 619
Pretoria
0001



3. Review of the accounting period's activities

3.1 Operational statistics per insurance contract

For the year ended 31 December 2023

	MedPlus	MedElite	MedPrime	MedAdd	MedVital	MedElect	MedSaver	MedMove!	Total
Average number of members during the accounting period	1 476	8 140	21 777	17 488	28 917	6 416	11 574	3 077	98 865
Number of members at the end of the accounting period	1 422	7 925	21 355	18 388	29 807	6 898	11 722	4 116	101 633
Average number of beneficiaries during the accounting period	1 863	11 680	48 086	41 860	69 221	9 419	26 650	3 504	212 283
Number of beneficiaries at the end of the accounting period	1 788	11 331	46 954	43 843	70 944	10 124	27 013	4 789	216 786
Dependants per member at the end of the accounting period	0,26	0,43	1,20	1,38	1,38	0,47	1,30	0,16	1,13
Insurance revenue per average beneficiary per month (R)	10 461	5 234	2 578	1 480	1 381	1 641	1 632	1 211	2 003
Claims ratio*	85,7%	105,0%	98,3%	104,1%	100,9%	106,8%	102,7%	94,2%	100,8%
Claims ratio per average beneficiary per month (R)*	8 963	5 510	2 535	1 542	1 394	1 754	1 677	1 143	2 022
Non-healthcare expenses as a percentage of insurance revenue**	7,5%	8,6%	9,5%	10,6%	9,4%	9,2%	12,1%	8,5%	9,7%
Non-healthcare expenses per average beneficiary per month (R)**	783	453	244	157	130	151	198	104	194
Average age of beneficiaries	68	64	41	34	35	35	34	37	38
Pensioner ratio (beneficiaries > 65)	64,9%	60,2%	19,0%	9,8%	9,6%	13,7%	8,2%	8,7%	14,8%
Average regulation 29 accumulated funds per member at the end of the accounting period (R)***	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	13 256
Return on investments as a percentage of investments	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	10,0%

For the year ended 31 December 2022 (restated)

	MedPlus	MedElite	MedPrime	MedAdd	MedVital	MedElect	MedSaver	MedMove!	Total
Average number of members during the accounting period	1 649	8 646	22 817	14 390	26 635	5 613	10 480	643	90 873
Number of members at the end of the accounting period	1 586	8 484	22 525	15 841	28 121	5 929	11 030	1 305	94 821
Average number of beneficiaries during the accounting period	2 093	12 540	51 279	34 542	65 042	8 019	24 291	695	198 501
Number of beneficiaries at the end of the accounting period	2 004	12 255	50 400	37 789	67 962	8 527	25 402	1 432	205 771
Dependants per member at the end of the accounting period	0,26	0,44	1,24	1,39	1,42	0,44	1,30	0,10	1,17
Insurance revenue per average beneficiary per month (R)	9 634	4 812	2 380	1 396	1 280	1 554	1 512	1 375	1 936
Claims ratio*	81,6%	105,2%	95,3%	100,9%	98,1%	116,2%	105,0%	86,3%	99,0%
Claims ratio per average beneficiary per month (R)*	7 859	5 062	2 269	1 409	1 256	1 807	1 587	1 187	1 917
Non-healthcare expenses as a percentage of insurance revenue**	8,1%	9,4%	10,2%	11,3%	10,1%	9,9%	13,0%	8,4%	10,3%
Non-healthcare expenses per average beneficiary per month (R)**	784	451	244	163	132	159	202	153	203
Average age of beneficiaries	67	63	40	34	34	37	34	41	38
Pensioner ratio (beneficiaries > 65)	63,3%	57,5%	17,7%	10,5%	8,8%	15,7%	7,3%	13,5%	14,9%
Average regulation 29 accumulated funds per member at the end of the accounting period (R)***	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	18 244
Return on investments as a percentage of investments	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	6,5%

* Claims ratio equals insurance service expenses as per the statement of profit and loss and comprehensive income, excluding directly attributable administration expenses and amounts attributable to future members, plus net income / (expense) from reinsurance contracts held, as a percentage of insurance revenue.

** Non-healthcare expenses include direct and indirect administration expenses, asset management fees, and remeasurement of retirement benefit obligation.

*** Regulation 29 accumulated funds are not apportioned per insurance contract option.

3.2 Results of operations

The results of the year's activities are clearly set out in the financial statements and the Board of Trustees believes that no further clarification is needed.

3.3 Funds and reserves

In terms of IFRS 17 Insurance Contracts (IFRS 17) members' funds, except for the revaluation reserve on financial assets, have been reclassified as non-current and current liabilities attributable to future members. Refer to notes 10.3 and 14 to the financial statements.

3.4 Insurance contract liabilities

The basis of the calculation of the Liability for Incurred Claims (LIC) is set out in note 10 to the financial statements. Prior years have been restated due to the implementation of IFRS 17.

3.5 Reporting in terms of International Financial Reporting Standards (IFRS)

The Board of Trustees applied all the applicable requirements of IFRS and the Medical Schemes Act, 1998 to the financial statements. Refer to note 24.3 regarding the transition to IFRS 17.

3.6 Solvency ratio

	2023	2022 Restated
	R	R
Total of amounts attributable to current and future members and revaluation reserves	1 815 910 726	2 145 979 330
Less: Unrealised investment gains	(332 812 173)	(310 315 819)
Revaluation reserve for financial assets	(315 827 169)	(293 330 815)
Reclassification of investments on adoption of IFRS 9 included in accumulated funds	(16 985 004)	(16 985 004)
Less: Net fair value gain on financial assets at fair value through profit or loss	(135 820 321)	(105 779 445)
Balance at the beginning of the year	(105 779 445)	(81 415 572)
Movement in current year	(30 040 876)	(24 363 873)
Accumulated funds per regulation 29 of the Regulations under the Medical Schemes Act, 1998	1 347 278 232	1 729 884 066
Gross contributions	5 651 405 669	5 098 305 198
Solvency ratio calculated as the ratio of accumulated funds/gross annual contributions x 100	23,84%	33,93%
Minimum ratio required by regulation 29 of the Regulations under the Medical Schemes Act, 1998	25,00%	25,00%

For disclosure on capital risk management, refer to note 21.2.

4. Management of insurance risks

The primary insurance activity carried out by the Scheme assumes the risk of loss arising from the occurrence of a health event (insured event) from members and their dependants. This risk relates to the actual experience of the Scheme differing from what was expected during the budgeting process. This includes, but is not limited to, deviations on the loss ratio, which can be attributed to membership and claims being different from what was expected.

The Scheme is exposed to uncertainty surrounding the timing and severity of claims under the insurance contract options and insurance revenue received due to membership enrolments, resignations, and movements between options being different from what is expected and budgeted for. The Scheme also has exposure to insurance risk through its insurance risk sharing and risk transfer activities.

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. Certain risks are mitigated by entering into risk transfer arrangements. A team of forensic auditors investigates trends, service providers, and members for possible fraudulent transactions on a continuous basis.

The Scheme uses several methods to assess and monitor insurance risk exposure both for individual and overall types of risks insured. These methods include internal risk measurement models, reserve calculations, scenario analyses, managed healthcare protocols, reference pricing principles, managed care programmes, and financial projections, taking into account actual experience to date.

The results of model and scenario analyses are used for insurance contract options design and pricing purposes. The theory of probability is applied to the pricing and provisioning for a portfolio of insurance contract options. The principal risk is that the frequency and severity of claims will be greater than expected.

Insurance events are random by nature, and the actual number and size of events during any one year may vary from those estimated by using established statistical techniques. The financial statements have been restated to take into account the impact of the implementation of IFRS 17, which affected the measurement of insurance assets and liabilities. Refer to note 24.3 of the financial statements.

The Board of Trustees also uses a Strategic Risk Register to gauge and manage the strategic risks associated with the Scheme and its sustainability.

4.1 Risk transfer arrangements

The Scheme was party to risk transfer agreements with the following service providers during the year under review: Netcare 911, Dental Risk Company (DRC), and Preferred Provider Negotiators (PPN). Details regarding the nature, terms and conditions and results of these agreements are disclosed in note 11 of the financial statements.

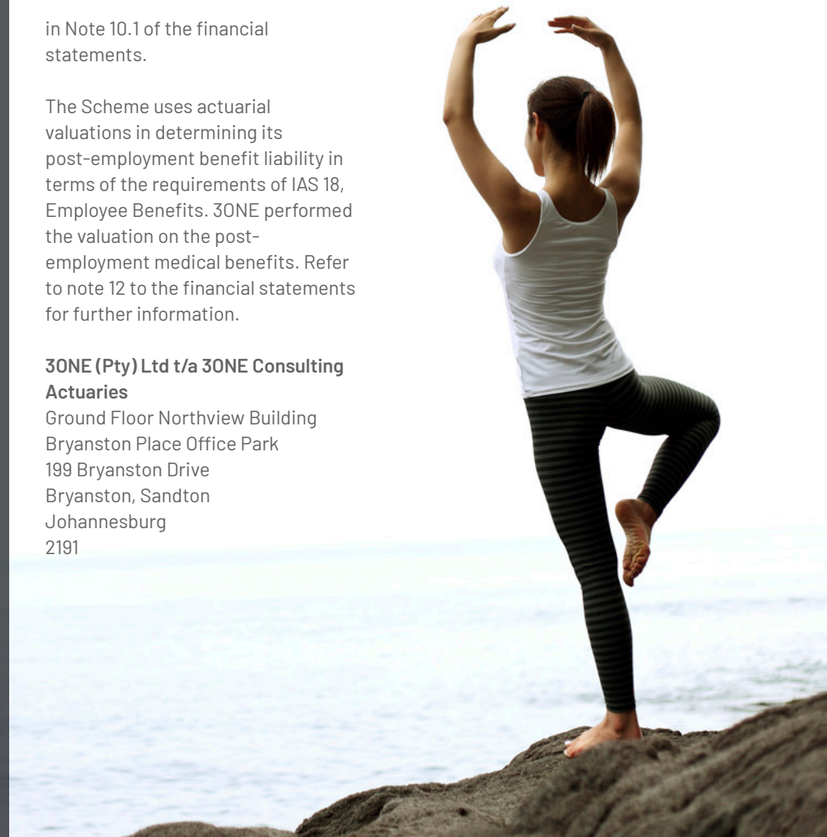
4.2 Actuarial services

The role of actuaries at medical schemes is mainly to enhance risk management measures and to assist with insurance contract design and pricing. The contracted actuaries of the Scheme as at 31 December 2023 was 3ONE (Pty) Ltd t/a 3ONE Consulting Actuaries to perform the necessary actuarial functions.

3ONE was consulted regarding the determination of contribution and benefit levels, and also assisted in determining the assumptions used in the calculation of the liability for incurred claims, which are explained in Note 10.1 of the financial statements.

The Scheme uses actuarial valuations in determining its post-employment benefit liability in terms of the requirements of IAS 18, Employee Benefits. 3ONE performed the valuation on the post-employment medical benefits. Refer to note 12 to the financial statements for further information.

3ONE (Pty) Ltd t/a 3ONE Consulting Actuaries
Ground Floor Northview Building
Bryanston Place Office Park
199 Bryanston Drive
Bryanston, Sandton
Johannesburg
2191



5. Fidelity cover

The Scheme has adequate fidelity cover in place, as required by the Medical Schemes Act, 1998.

6. Investments in and loans to participating employers of members of the medical scheme and to other related parties

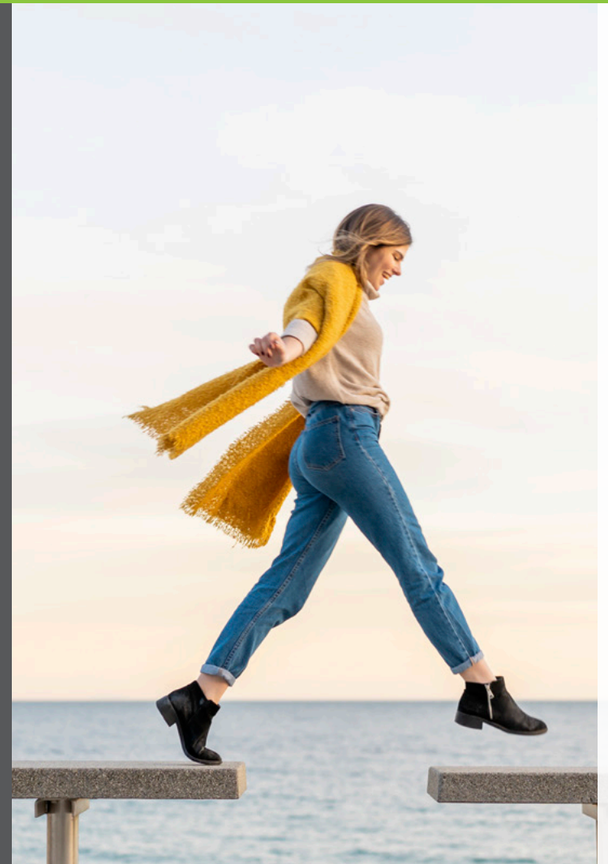
The Scheme holds investments in participating employers of medical scheme members (refer to paragraph 16.4 of the Board of Trustees' report for non-compliance disclosure).

The Scheme holds an investment in Curamed Holdings (Pty) Ltd, which forms part of a provider network that serves a number of members of the Scheme. Details are disclosed in the Related Party note 23 to the financial statements.

7. Related party transactions

Related party transactions are disclosed in note 23 to the financial statements.

Trustee remuneration is disclosed in note 28 to the financial statements.



8. Audit and Risk Committee

An Audit and Risk Committee was established in accordance with the provisions of the Medical Schemes Act, 1998. The Committee is mandated by the Board of Trustees by means of the Audit and Risk Committee Charter, which regulates its membership, authority, and duties.

The purpose of the Committee is to assist the Board in fulfilling its duties to ensure the integrity of reporting and reviewing the effectiveness of the financial reporting process, the system of internal controls, the management of risks, the assurance process, and the Scheme's process for monitoring compliance with laws, regulations, the Board's Code of Conduct and the Rules of Medihelp.

The Committee consists of five members, two of whom are members of the Board of Trustees while three members, including the Chairperson, are independent members. The Committee met on three occasions during the course of the year. The meetings indicated below were also attended by the Principal Officer, external auditors as well as relevant senior management and internal auditors of the Scheme who had a standing invitation to attend these meetings. The Committee met on three occasions during the course of the year:

13 April 2023
24 August 2023
14 November 2023

The meetings were attended by all members of the Committee.

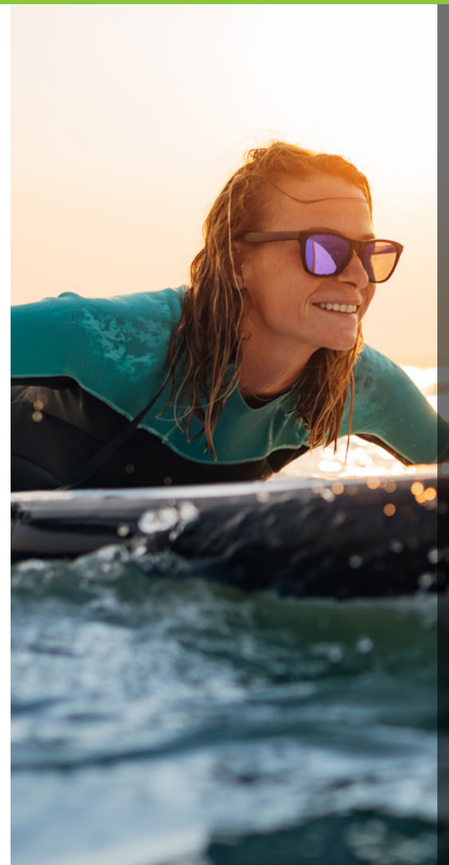
The Committee reported that:

- Its terms of reference were updated and approved by the Board of Trustees;
- It has carried out its duties in terms of the Medical Schemes Act, 1998 and the written and approved Audit and Risk Committee Charter of the Board of Trustees;
- It has evaluated the external auditors, including their independence, the skills level of the engagement team, the ethical standards of the audit firm, the approval of the audit firm and engagement partner by the Council for Medical Schemes and their overall performance. It has also noted the findings of inspection reports by the Independent Regulatory Board for Auditors where applicable. The Board of Trustees, on the recommendation of the Audit and Risk Committee, will recommend to the annual general meeting the appointment of Deloitte & Touche as statutory auditors to the Scheme for the 2024 financial year;
- It has carried out oversight of the risk and governance processes adopted and implemented by the Board of Trustees and management;
- The assurance provided by management, the external auditors, and the internal auditors has satisfied the Committee that

internal controls are adequate and effective;
- It has monitored the relationship between the external assurance providers and the Scheme;
- It has approved the internal audit and forensic investigations plans, and has reviewed and commented on the internal audit and forensic investigations reports and the effectiveness of the internal audit function;
- It has oversight of the Scheme's financial reporting risks, internal financial controls, fraud risks as these relate to financial reporting, and information technology (IT) risks as these relate to financial reporting;
- It has reviewed the documented assessment, prepared by management, of the Scheme's status as a going concern;
- It has reviewed the Scheme's audited financial statements and accounting policies, obtained assurances from the external auditors and recommended the adoption of the financial statements by the Board of Trustees for presentation to the members;
- It has reviewed the Scheme's annual report and recommended its approval by the Board of Trustees;
- It has performed a self-evaluation;
- It has performed a review of the qualifications and experience of the finance personnel and was satisfied that the finance staff members are suitably qualified and experienced;
- The Committee is satisfied that the policies and procedures implemented by management were sufficient to ensure that the controls related to the accounting and information system are adequate, effective, and in compliance with the requirements of the CMS;
- It has reviewed the effectiveness of the system for monitoring compliance with applicable laws and regulations and the Scheme's code of conduct; and
- It has noted the Scheme's response to a CMS inspection report.

The Committee has confirmed that a combined assurance model is applied to address the strategic risks facing the Scheme. The combined assurance model is being updated following improvements to the risk management process and identification of all significant and emerging risks.

The Committee has reviewed the Board of Trustees' risk evaluation and risk management process and made recommendations on the process, including the identification of emerging and unexpected risks. The Committee further took note of the Board's decision to transform the Oversight Committee into a Governance, Risk and Compliance Committee as an additional measure to enhance the risk management function. The Committee fulfilled its oversight role in the review of the risk management processes and structures. The Committee acknowledged that risk management is an evolving process and that management has adopted the Committee of Sponsoring Organisations (COSO) principles to further enhance enterprise risk management (ERM) throughout the Scheme.



The Committee has also reviewed the Legal, Risk and Compliance department's governance report and corporate governance policies adopted by the Board of Trustees and made recommendations on the report and policies where appropriate. The Committee also noted feedback from the Information and Communication Technology (ICT) Committee, Investment Committee, and the Social and Ethics Committee.

At year-end the Committee comprised Mr GJ Kapp (Chairperson), Mr JE Carstens, Mr GJ Lourens, Mr TN van der Westhuizen and Mr PM van Deventer.

9. Investment Committee

An Investment Committee was established and is mandated by the Board of Trustees by means of written terms of reference to its membership, authority, and duties. This Committee consists of four members who are members of the Board of Trustees. The Committee met on three occasions during the year:

9 February 2023
3 August 2023
9 November 2023

The meetings were attended by all members of the Committee.

The members of the Audit and Risk Committee hold the following qualifications:

- Mr JE Carstens – BCom (Ed), BCompt, CIA, CRMA, CISA;
- Mr GJ Kapp – BComHons, CA (SA);
- Mr GJ Lourens – BComHons, CA (SA);
- Mr TN van der Westhuizen – BComptHons, MBA; and
- Mr PM van Deventer – BCom, MBA.

The purpose of the Investment Committee is to assist the Board of Trustees in fulfilling its duties by ensuring that the relevant laws and regulations relating to the investment of excess funds are adhered to and to review the Investment Policy Statement (strategy document), the Investment Policy, and Investment Committee Charter for approval by the Board of Trustees. The Committee also provides an enabling environment for the proper administration of Medihelp's investments.

The Scheme's investment objective is to maximise the return on its investments on a long-term basis at minimal risk. The investment strategy takes into consideration legislative constraints as well as constraints imposed by the Board of Trustees.

The mandate given by the Board of Trustees to the Investment Committee is to invest surplus funds in accordance with risk-minimising measures at institutions offering the highest possible returns. The Scheme also invests in fixed deposits (short-term investments) and money market instruments for purposes of cash flow planning related to predetermined claims payment dates.

The Investment Committee discharged its responsibilities during 2023 as follows:

- The Medihelp Investment Policy Statement (strategy document), the Investment Policy, and Investment Committee Charter were reviewed and changes were recommended for approval by the Board of Trustees. The changes were approved by the Board of Trustees in November 2023;
- The performance of all investments (short- and long-term) was evaluated and monitored at the hand of presentations by asset managers and reviews of reports submitted and presented to the Committee at its meetings. An independent investment consultant also reviewed and reported on the diversification and exposure of the Scheme's portfolio, the performance of funds and its asset distribution;
- The Scheme's investment portfolio was further evaluated from a strategic perspective to ensure that the decisions taken by the Committee were in line with market trends and in the best interest of the members. This was achieved through consideration of the performance of portfolio investments against defined benchmarks and similar portfolios of other asset managers;
- The composition and nature of the Scheme's investments were also evaluated through comparison with other open medical schemes;
- The adequacy of the Scheme's cash resources over the short term, compared to budgeted claims, was monitored continuously and included in the reports reviewed by the Committee;
- Compliance with the requirements of the short- and long-term investments of the Scheme, as set out in Annexure B of the Regulations under the Medical Schemes Act, 1998, was also monitored throughout 2023; and
- The Committee considered feedback for approval by the Board of Trustees and progress updates on alterations relating to the Scheme's fixed property (office space) throughout 2023.

The Scheme's financial assets details are disclosed in note 6 to the financial statements.

At year-end the Committee comprised Mr PM van Deventer (Chairperson), Adv PJ Louw, Mr TN van der Westhuizen, and Mr MJ Visser.

10. Human Resources Committee

The Human Resources Committee was established and mandated by the Board of Trustees through its Charter. The Committee consists of five members, three of whom are members of the Board of Trustees. The Committee met on three occasions during the year:

15 February 2023
12 April 2023
8 November 2023

These meetings were attended by all members of the Committee.

The Human Resources Committee discharged its responsibilities for the 2023 financial year in addressing the following matters:

- Review of Human Resource policies and Committee Charter;
- Nomination of board members;
- Variable remuneration;
- Performance and reward for executive management;
- Salary increases;
- Honorarium of the Board of Trustees and sub-committees and reporting thereon;
- Filling of the executive positions; and
- Human Resources strategy.

At year-end the Committee comprised Mr MJ Visser (Chairperson), Adv JM Ferreira, Mr LC Grubb, Mr P Kruger, and Adv PJ Louw.

The independent members of the Human Resources Committee hold the following qualifications and membership:

- Mr LC Grubb – BScHons Mechanical Engineering, MBA, Master Reward Specialist (SARA);
- Mr P Kruger – MCom Industrial Psychology, Master Reward Specialist (SARA), Faculty member since 2004 – teaching Global Remuneration Professional Programme – WorldatWork (USA), Global Remuneration Professional – WorldatWork (USA).

11. Oversight Committee

The Oversight Committee was established and mandated by the Board of Trustees with written conditions regarding its membership, authority, and duties. The overall objective of the Oversight Committee is to consider macro environmental and regulatory issues. The Committee consists of four members who are members of the Board of Trustees. The Committee met on three occasions during the year:

14 April 2023
15 August 2023
2 November 2023

These meetings were attended by all members of the Committee.

The Oversight Committee discharged its responsibilities for the year by overseeing the following:

- Critical strategic risk matters and practical measures to address problem areas;
- Certain focus areas as determined by the Board of Trustees from time to time; and
- Compliance with the stipulations of the Medical Schemes Act, 1998 that affect the governance of the Scheme.

On 28 November 2023 the Board of Trustees approved the evolution of the Committee to the Governance, Risk and Compliance Committee (GRC Committee) for the purpose of assisting the Board in setting the direction for enterprise risk and compliance management. The GRC Committee oversees and holds management accountable for implementing effective risk and compliance management. This includes considering the opportunities and associated risks when developing strategy as well as the potential positive and negative effects of these risks on Medihelp's ability to achieve its strategic objectives.

At year-end the Committee comprised Adv PJ Louw (Chairperson), Adv JM Ferreira, Mr JC Klopper, and Mr MJ Visser.

12. The Information and Communication Technology (ICT) Committee

The ICT Committee was established and mandated by the Board of Trustees with written conditions regarding its membership, authority, and duties. The overall objective of this Committee, a sub-committee of the Oversight Committee, is in compliance with King IV: Principle 12 in that "the governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objective". To this end and to ensure that "the governing body should consider the need to receive periodic independent assurance on the effectiveness of the organisation's technology and information arrangements, including outsourced services", the composition of the Committee includes independent IT experts. The Committee met simultaneously with the Oversight Committee.

The ICT Committee ensures ICT compliance with business objectives and focuses on:

- Ensuring that systems development and maintenance are cost-effective, efficiently managed and of value;
- Future planning, monitoring, and reporting in terms of ICT risks, resources and efficiencies;
- Ensuring best practice and good governance; and
- Cybersecurity and measures taken to address risks associated with cybersecurity.

At year-end the Committee comprised Adv PJ Louw (Chairperson), Adv JM Ferreira, Mr JC Klopper, Mr N Kruger, Mr MJ Visser, and Mr HB Zulch.

The independent members of the ICT Committee hold the following qualifications and membership:

- Mr N Kruger – National Higher Diploma (T4) Electrical Engineering (LC), MBA, PhD IT;
- Mr HB Zulch – CA(SA), M Com IT Audit, ISO 9001, 14001 and 27001 Certified, PG Dip, Environmental Management, Executive Coaching Basic.

13. Rule and Product Committee

The Rule and Product Committee was established and mandated by the Board of Trustees with written conditions regarding its membership, authority, and duties. The purpose of the Rule and Product Committee is to recommend to the Board of Trustees changes to existing insurance contract options, discontinuation of existing insurance contract options, and/or the introduction of new insurance contract options. This includes related products such as value-add programmes, with the purpose of assisting the Board of Trustees in fulfilling its responsibilities to ensure that insurance contract options comply with relevant laws and regulations. The Committee also sees to it that products support Medihelp's marketing strategy, are marketable in the medical scheme industry, and are financially viable. The Committee further recommends to the Board of Trustees all rule changes with the purpose of assisting the Board in fulfilling its responsibilities to ensure that the Rules of Medihelp comply with relevant laws and regulations and provide an enabling environment for the proper administration of Medihelp's affairs. The Committee met on three occasions during the course of the year:

3 May 2023
29 June 2023
31 August 2023

These meetings were attended by all members of the Committee.

At year-end the Committee comprised Mr TN van der Westhuizen (Chairperson), Adv JM Ferreira, Mr JC Klopper, Adv PJ Louw, Mr PM van Deventer, and Mr MJ Visser.

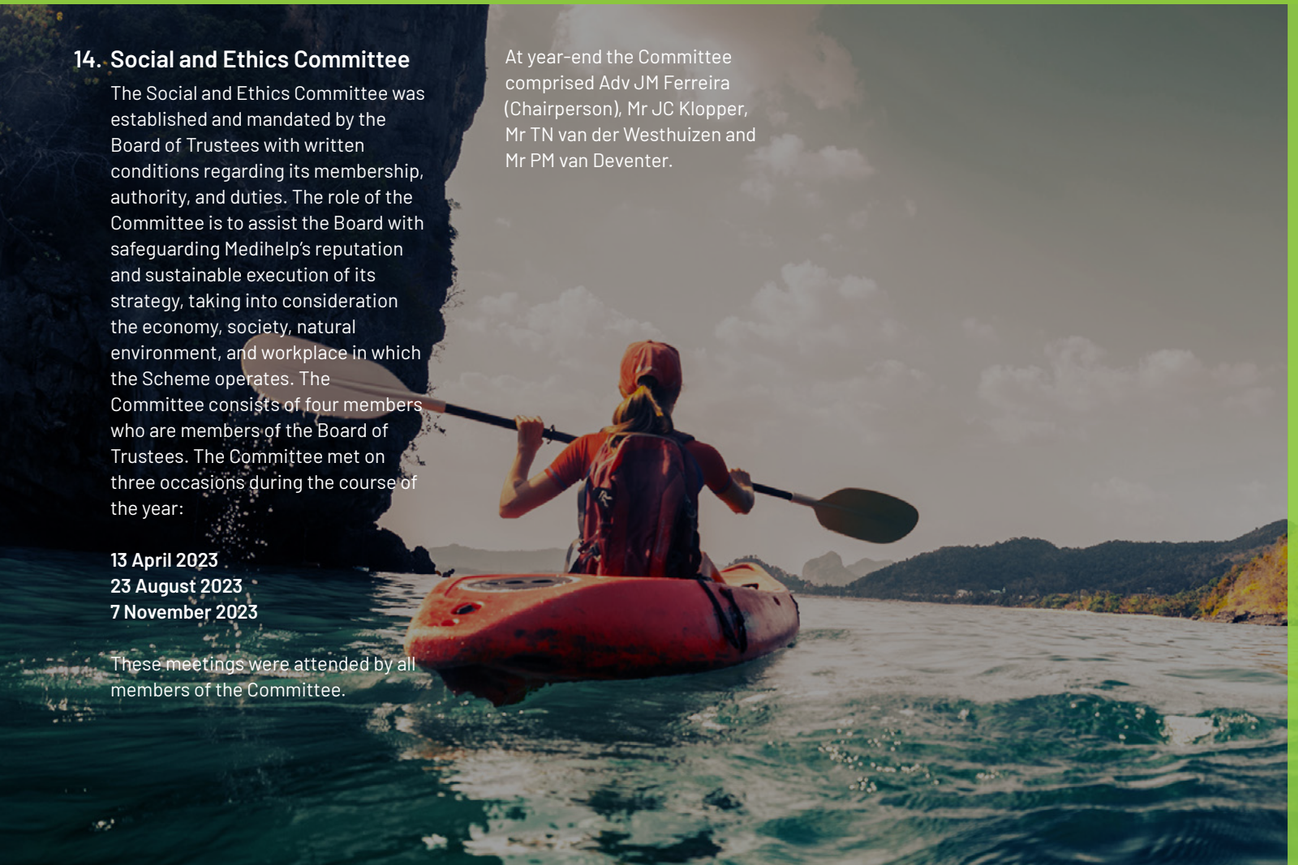
14. Social and Ethics Committee

The Social and Ethics Committee was established and mandated by the Board of Trustees with written conditions regarding its membership, authority, and duties. The role of the Committee is to assist the Board with safeguarding Medihelp's reputation and sustainable execution of its strategy, taking into consideration the economy, society, natural environment, and workplace in which the Scheme operates. The Committee consists of four members who are members of the Board of Trustees. The Committee met on three occasions during the course of the year:

13 April 2023
23 August 2023
7 November 2023

These meetings were attended by all members of the Committee.

At year-end the Committee comprised Adv JM Ferreira (Chairperson), Mr JC Klopper, Mr TN van der Westhuizen and Mr PM van Deventer.



15. Board of Trustees and committee meeting attendance and remuneration

The following schedule sets out the attendance at meetings of the Board of Trustees and attendance by members of committees of the Board of Trustees. Trustee remuneration is disclosed in note 28 to the financial statements.

	Board of Trustees	Audit and Risk Committee	Investment Committee	Rule and Product Committee	ICT Committee and Oversight Committee	Social and Ethics Committee	Remuneration, Nomination and Human Resources Committee
Number of meetings for the year	8	3	3	3	3*	3	3
Trustee/committee member							
Trustees							
JM Ferreira	8			3	3*	3	3
JC Klopper	8			3	3*	3	
PJ Louw	8		3	3	3*		3
TN van der Westhuizen	8	3	3	3		3	
PM van Deventer	8	3	3	3		3	
MJ Visser	8		3	3	3*		3
Independent members							
JE Carstens		3					
LC Grubb							3
GJ Kapp		3					
N Kruger					3*		
P Kruger							3
GJ Lourens		3					
HB Zulch					3*		

* The ICT Committee is a sub-committee of the Oversight Committee and meetings were held simultaneously.

16. Non-compliance with the Medical Schemes Act, 1998

16.1 Limitation of investments in unlisted shares

In terms of regulation 30 (1) and Annexure B of the Medical Schemes Act, 1998 the maximum percentage of aggregate fair value of liabilities for investments in unlisted shares is 2,5%. Due to the increase in the fair value of Curamed Holdings (Pty) Ltd the Scheme exceeds this limitation, but the cost of the investment still falls within the 2,5% requirement. The Board of Trustees classified the Curamed share investment as a long-term strategic asset that will not be sold in the short term. The Scheme was granted exemption in terms of regulation 30 (8) until 15 December 2024.

16.2 Limitation of investments in immovable property

In terms of Annexure B, Category 3 (a) of the Medical Schemes Act, 1998 the maximum percentage of aggregate fair value of liabilities for investments in immovable property is 2,5%. Due to the acquisition of Erf 871 Brooklyn Township, the fair value of the building exceeds this limitation, but it still falls within the overall property category limitation per Annexure B of 10%. The Scheme was granted exemption in terms of regulation 8 (h) until 15 December 2024.

16.3 Contribution income not received after three days of becoming due

In terms of section 26 (7) of the Medical Schemes Act, 1998, all subscriptions or contributions must be paid directly to a medical scheme not later than three days after payment thereof becomes due. In this regard, rule 18 (10) of the Rules of Medihelp stipulates that the Board of Trustees must take all reasonable steps to ensure that contributions are paid timeously to the Scheme in accordance with the Act and the Rules. In order to give effect to this stipulation, rule 11 (6) determines the manner in which arrear contributions are dealt with. However, with regard to the application of section 26 (7) of the Medical Schemes Act, 1998 it is important to note that Medihelp has no control over the timely payment of contributions to the Scheme. This issue was raised with the Council for Medical Schemes and the Scheme has received written confirmation that the legal obligation lies with the member or employer to pay contributions within the prescribed period.

16.4 Investments in administrators and employer groups

In terms of section 35 (8) (c) of the Medical Schemes Act, 1998 a medical scheme shall not invest any of its assets in the business of or grant loans to any administrator. The Scheme held an investment in Momentum Metropolitan Holdings Limited via its investment in a Linked Insurance Policy (Allan Gray Domestic Balanced Fund). The Scheme was granted an exemption in terms of section 35 (8) (c) which is valid until 30 November 2025.

Section 35 (8) (a) states that a medical scheme shall not invest any of its assets in the business of or grant loans to an employer who participates in the medical scheme. The Scheme held investments in various employer groups via its investments in a Linked Insurance Policy and a Collective Investment Scheme. In the view of the Board of Trustees, these investments do not pose a risk to the Scheme. The Scheme was granted an exemption in terms of section 35 (8) (a) which is valid until 30 November 2025.

16.5 Security in relation to obligations

In terms of section 35 (6) (d) of the Medical Schemes Act, 1998 a medical scheme shall not by means of a suretyship or any other form of personal security, whether under a primary or accessory obligation, give security in relation to obligations between other persons without the prior approval of the Council for Medical Schemes or subject to such directives as the Council may issue. Medihelp's bulk mail postal agreement with the South African

Post Office requires it to have a guarantee to the amount of R1 million in favour of the South African Post Office. Absa issued the guarantee on behalf of Medihelp to the South African Post Office in November 2016. Medihelp has had an exemption in place from the Council for Medical Schemes since 21 June 2017 until it is cancelled by either party.

16.6 Financial soundness of insurance contract options

In terms of section 33 (2) of the Medical Schemes Act, 1998 each insurance contract option must be self-supporting in terms of membership and financial performance and must be financially sound. The MedElite, MedPrime, MedAdd, MedVital, MedElect, MedSaver, and MedMove! insurance contract options realised a negative insurance service result for the year ended 31 December 2023. Each of these options are monitored and evaluated on an ongoing basis and specific counter measures are continuously implemented based on the risks, claim patterns, conditions, and procedures identified. Counter measures include inter alia managed care interventions, managing high risk members and benefit adaptations.

16.7 Claims received more than four months from service date

In terms regulation 6 (1) and (2) of the Medical Schemes Act, 1998 claims should be received by the last day of the fourth month from the service date. In this regard, rule 15.5 of the Rules of Medihelp stipulates that in order to qualify for benefits a claim must be submitted to Medihelp, its collector or its contracted managed healthcare organisation not later than the last day of the fourth calendar month following the month in which the service was rendered. Claims for services rendered by the National Department of Health (NDoH) for COVID-19 vaccinations were received over four months after the service was rendered and payment processed. Even though the CMS granted exemption to this rule per Circular 56 of 2022 to the NDoH to ensure that all COVID-19 vaccine claims are eventually paid, it remains a non-compliance with rule 15.5 of the Rules of Medihelp.

16.8 Claims not paid within 30 days from date of receipt

In terms of section 59 (2) of the Medical Schemes Act, 1998 a medical scheme shall, in the case where an account has been rendered, subject to the provisions of this Act and the rules of the medical scheme concerned, pay to a member or supplier of the service, any benefit owing to that member or supplier within 30 days after the day on which the claim in respect of such benefit was received by the scheme. During the financial year Medihelp paid hospital claims after 30 days from date of receipt due to the necessity of reassessment of the claims after the hospital provided appropriate authorisation codes. Given the volume of claims handled by the Scheme, the low number of exceptions noted are not regarded as significant. The Scheme has implemented further strict control measures to minimise the incidence of these cases.

16.9 Minimum accumulated funds to be maintained by a medical scheme

In terms of regulation 29 (2) of the Medical Schemes Act, 1998 a medical scheme must at any time maintain accumulated funds, expressed as a percentage of gross annual contributions, of minimum 25%. The Scheme's solvency ratio of 23,84% at 31 December 2023, decreased from 33,93% (restated) as at the end of 2022 due to continued high claims experienced by the Scheme. In terms of section 29 (4) of the Medical Schemes Act, 1998 a medical scheme that for a period of 90 days fails to comply with section 29 (2) of said Act, must notify the Registrar in writing of such failure, and must provide information relating to the nature and causes of the failure and the course of action being adopted to ensure compliance therewith. The Scheme duly reported the matter as required by section 29 (4) of the Medical Schemes Act, 1998.

17. Subsequent events

The Board of Trustees is not aware of any events after the reporting period that require disclosure in the financial statements.

18. Council for Medical Schemes: annual financial statements and annual return submission

In accordance with the provisions of the Act, the Scheme is required to furnish the Registrar of Medical Schemes with an annual statutory return comprising information from the financial statements and additional historical financial information extracted from the underlying accounting records within four months of the Scheme's financial year end. The CMS issued Circular 12 of 2024 on 4 March 2024 advising on significant changes to the Annual Statutory Returns system due to the implementation of IFRS 17 and the planned go live date to be in the beginning of May 2024. The submission deadline will be announced once the system is live. At the date of this report, the Scheme was in the process of completing its submission and is confident that it would be able to submit all required documentation to CMS on or before the deadline.

JC Klopper
Chairperson

MJ Visser
Vice Chairperson

25 April 2024

Statement of responsibility by the Board of Trustees

The trustees are ultimately responsible for the preparation, integrity, and fair presentation of the Scheme's financial statements. The financial statements presented on pages 17 to 65 have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB) and IFRIC Interpretations applicable to schemes reporting under IFRS. The financial statements are also prepared in accordance with the Medical Schemes Act, 1998 as amended, which requires additional disclosures for registered medical schemes.

The trustees consider that in preparing the financial statements, the most appropriate accounting policies were implemented, consistently applied, and supported by reasonable judgements and estimates in preparing the financial statements, and that all IFRS requirements considered to be applicable have been followed.

The trustees are ultimately responsible for ensuring that accounting records are kept. These records should disclose with reasonable accuracy the financial position of the Scheme. The Scheme operated in an established controlled environment, which is properly documented and regularly reviewed.

The going concern basis has been adopted in preparing the financial statements. Based on forecasts and available cash resources, the trustees have no reason to believe that the Scheme will not be a going concern in the foreseeable future.

The Scheme's external auditors, Deloitte & Touche, audited the financial statements. The audit report is presented on pages 13 to 16 of the financial statements.

The financial statements were approved by the Board of Trustees on 25 April 2024 and signed on behalf of the Board by:

JC Klopper
Chairperson

MJ Visser
Vice Chairperson

V Vala
Principal Officer

Statement of corporate governance by the Board of Trustees

The Board of Trustees is committed to the principles and practice of fairness, openness, integrity, and accountability in all dealings with its stakeholders. The Medihelp Board of Trustees Charter, which includes the requirement that each trustee sign an Undertaking in terms of the Medihelp Code of Conduct, has been adhered to. The trustees are also committed to the principles of the Code of Corporate Practices and Conduct as set out in the King IV Report on Corporate Governance for South Africa 2016.

Board of Trustees
The trustees meet regularly and monitor the performance of the Scheme. They address a range of key issues and ensure that discussions on policy, strategy, and performance are critical, informed, and constructive.

The Board of Trustees consists of six members who are elected by Medihelp members at the annual general meeting. Trustees are elected and appointed for a five-year period and may be re-elected, provided that no trustee serves more than two consecutive terms and no more than three terms altogether.

All trustees have access to the advice and services of the Principal Officer. They may also seek independent professional advice at the expense of the Scheme to support them in their duties, where appropriate. In terms of the Board of Trustees Charter, trustees should ensure that an annual performance evaluation is completed to identify their training needs. The Board of Trustees Charter also determines that the performance of all committees is assessed annually to ensure the credibility of the

committees. The Board ensures that the performance of service providers is monitored in line with applicable service level agreements.

Internal control and risk management
The Board establishes and manages manual and automated internal controls and systems. These controls and systems are designed to provide reasonable but not absolute assurance about the integrity and reliability of the financial statements and to safeguard the Scheme's assets through its combined assurance model. The Scheme's internal controls are based on established policies and procedures and are exercised by trained personnel with the appropriate segregation of duties.

The Medihelp Information Technology (IT) Governance Charter, Framework, and policies support the effective and efficient management of IT resources to facilitate and enable the achievement of the Scheme's strategic objectives. The Charter, framework and policies are aligned with the King IV principles, and international best practices and standards in information technology.

The Board of Trustees is ultimately responsible for risk management of the Scheme and has a formal risk evaluation process in place. The Governance, Risk and Compliance Committee (GRC Committee) oversees and holds management accountable for the implementation of effective risk and compliance management, including the consideration of opportunities and associated risks when developing strategy. The Audit and Risk Committee monitors the effectiveness of risk management and makes recommendations to the Board of Trustees.

No event or matter has come to the attention of the Board of Trustees that would indicate a material breakdown in the functioning of the key internal controls and systems that were in operation during the year under review.

JC Klopper
Chairperson

MJ Visser
Vice Chairperson

V Vala
Principal Officer

25 April 2024

Statement of financial position at 31 December 2023

Assets	Note	2023	2022 Restated	1 January 2022 Restated
		R	R	R
Non-current assets		1 017 807 440	937 393 421	818 760 347
Intangible assets	5	16 247 873	17 369 594	17 003 584
Property, plant, and equipment	4	98 240 979	85 847 905	9 156 309
Financial assets at fair value through other comprehensive income	6	333 279 320	310 782 966	307 450 173
Financial assets at fair value through profit or loss (FVPL)	6	570 039 268	523 392 956	485 150 281
Current assets		1 162 045 493	1 539 963 778	2 100 628 580
Financial assets at fair value through profit or loss	6	722 629 907	673 301 836	583 902 085
Non-current assets classified as held-for-sale	7	-	-	29 698 858
Financial assets at amortised cost	8	23 640 974	21 228 450	10 845 175
Cash and cash equivalents	9	415 774 612	845 433 492	1 476 182 462
Total assets		2 179 852 933	2 477 357 199	2 919 388 927

Funds and liabilities	Note	2023	2022 Restated	1 January 2022 Restated
		R	R	R
Members' funds		315 827 169	293 330 815	289 998 022
Revaluation reserve for financial assets		315 827 169	293 330 815	289 998 022
Non-current liabilities		1 364 152 866	1 864 292 515	1 815 587 770
Retirement benefit obligations	12	12 371 000	11 644 000	14 700 000
Insurance contract liability attributable to future members	10	1 351 781 866	1 852 648 515	1 800 887 770
Current liabilities		499 872 898	319 733 869	813 803 135
Insurance contract liability attributable to current members	10	301 642 289	272 872 305	440 603 382
Insurance contract liability attributable to future members	10	148 301 691	-	312 692 754
Trade and other payables	13	43 110 427	44 712 148	55 673 630
Reinsurance contract liability	11	6 818 491	2 149 416	4 833 369
Total funds and liabilities		2 179 852 933	2 477 357 199	2 919 388 927

Statement of profit and loss and comprehensive income for the year ended 31 December 2023

	Note	2023	2022 Restated
		R	R
Insurance revenue	14	5 103 563 267	4 610 543 808
Insurance service expenses	14	(5 156 805 474)	(4 626 383 440)
Net income from reinsurance contracts held		31 793 651	30 722 386
Risk transfer arrangement premiums paid	11	(205 484 932)	(192 277 735)
Recoveries under risk transfer arrangements	11	237 278 583	223 000 121
Insurance service result		(21 448 556)	14 882 754
Investment income	19	174 405 005	143 405 754
Net other gains	18	31 498 872	31 803 745
Net credit impairment losses	17	(7 290 225)	(2 669 269)
Net investment income		198 613 652	172 540 230
Finance expenses from insurance contracts issued - PMSA		(13 408 999)	(7 491 390)
Net insurance finance expenses		(13 408 999)	(7 491 390)
Net healthcare result		163 756 097	179 931 594
Sundry income	20	11 025 183	13 667 862
Asset management fees		(2 832 846)	(2 611 971)
Other operating expenses	16	(171 948 434)	(190 987 485)
Result for the year		-	-
Other comprehensive income		22 496 354	3 332 793
Items that will not be reclassified to profit or loss			
Changes in the fair value of equity investments at fair value through other comprehensive income (FVOCI)		22 496 354	3 332 793
Total comprehensive income for the year		22 496 354	3 332 793

Statement of changes in members' funds and reserves for the year ended 31 December 2023

	Accumulated funds	Revaluation reserve for financial assets	Total
	R	R	R
Balance as at 1 January 2022 Restated	1 800 887 770	289 998 022	2 090 885 792
Transition in terms of IFRS 17	(1 800 887 770)	-	(1 800 887 770)
Total comprehensive income for the year	-	3 332 793	3 332 793
Balance as at 31 December 2022 Restated	-	293 330 815	293 330 815
Balance as at 1 January 2023	-	293 330 815	293 330 815
Total comprehensive income for the year	-	22 496 354	22 496 354
Balance as at 31 December 2023	-	315 827 169	315 827 169

Statement of cash flows for the year ended 31 December 2023

	Note	2023	2022 Restated
Cash flows from operating activities		R	R
Cash receipts from members and providers		5 655 690 147	5 003 222 121
Cash receipts from members - contributions		5 635 234 241	4 996 672 932
Cash receipts from members and providers - other		20 455 906	6 549 189
Cash paid to providers, employees, and members		(6 148 957 214)	(5 609 843 844)
Cash paid to providers and members - claims		(5 798 607 962)	(5 214 261 063)
Cash paid to reinsurers		(200 815 857)	(194 961 690)
Cash paid to providers and employees - non-healthcare expenditure		(142 009 264)	(195 178 156)
Cash paid to members - savings plan refunds		(7 524 131)	(5 442 935)
Cash utilised by operations		(493 267 067)	(606 621 723)
Finance expenses from insurance contracts issued - PMSA		(13 408 999)	(7 491 390)
Net cash utilised by operations		(506 676 066)	(614 113 113)

Cash flows from investing activities	Note	2023	2022 Restated
		R	R
Purchase of property, plant, and equipment	4	(24 379 089)	(84 336 780)
Additions to financial assets		(361 804 867)	(574 718 716)
Programming cost capitalised through intangible assets	5	(5 881 983)	(7 317 095)
Proceeds from sale of property, plant, and equipment		431 446	712 584
Proceeds from realisation of financial assets		371 368 736	515 665 997
Proceeds from disposal of non-current assets classified as held-for-sale	7 & 18	-	35 815 000
Interest received	19	60 256 959	64 185 551
Dividends received	19	37 025 984	33 357 602
Net cash generated/(utilised) by investing activities		77 017 186	(16 635 857)
Net movement in cash and cash equivalents		(429 658 880)	(630 748 970)
Cash and cash equivalents at the beginning of the year		845 433 492	1 476 182 462
Cash and cash equivalents at the end of the year	9	415 774 612	845 433 492

Trustees' remuneration

2023

	Fees for Board of Trustees meeting attendance	Fees for committee meeting attendance	Other remuneration	Telephone allowance	Total remuneration	Travel and accommodation expenses	Total considerations
	R	R	R	R	R	R	R
JM Ferreira	233 059	288 608	-	3 180	524 847	-	524 847
JC Klopper	613 316	199 402	-	3 180	815 898	-	815 898
PJ Louw	233 059	288 608	38 955	3 180	563 802	-	563 802
TN van der Westhuizen	233 059	308 397	-	3 180	544 636	-	544 636
PM van Deventer	233 059	307 144	-	3 180	543 383	-	543 383
MJ Visser	423 189	289 861	43 407	3 180	759 637	-	759 637
	1 968 741	**1 682 020**	**82 362**	**19 080**	**3 752 203**	**-**	**3 752 203**

2022

	Fees for Board of Trustees meeting attendance	Fees for committee meeting attendance	Other remuneration	Telephone allowance	Total remuneration	Travel and accommodation expenses	Total considerations
	R	R	R	R	R	R	R
JM Ferreira	247 092	278 171	18 330	3 000	546 593	-	546 593
JC Klopper	650 253	173 659	-	3 000	826 912	-	826 912
PJ Louw	247 092	278 171	18 330	3 000	546 593	-	546 593
TN van der Westhuizen	219 004	280 285	-	3 000	502 289	-	502 289
PM van Deventer	247 092	279 613	-	3 000	529 705	-	529 705
MJ Visser	397 671	287 927	18 330	3 000	706 928	-	706 928
	2 008 204	**1 577 826**	**54 990**	**18 000**	**3 659 020**	**-**	**3 659 020**

Our business philosophy

Central to our philosophy is a commitment to:

- Do what is right;
- Serve the best interests of our members;
- Ensure a personalised and consistent engagement and service experience for our stakeholders; and
- Negotiate access to the best quality healthcare services on behalf of our members.

Our vision

To help shape confident, healthy South African families who make the most of every life stage.

Our mission

To actively care and lead the delivery of private healthcare that helps South African families take charge of their health, as it is their continued well-being that ensures our own.

Our values

To Lead | To Act | To Care

Medical Aid *in Action*

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