



medihelp
Medical Aid in Action

ANNUAL REPORT 2020



Celebrating
115
YEARS

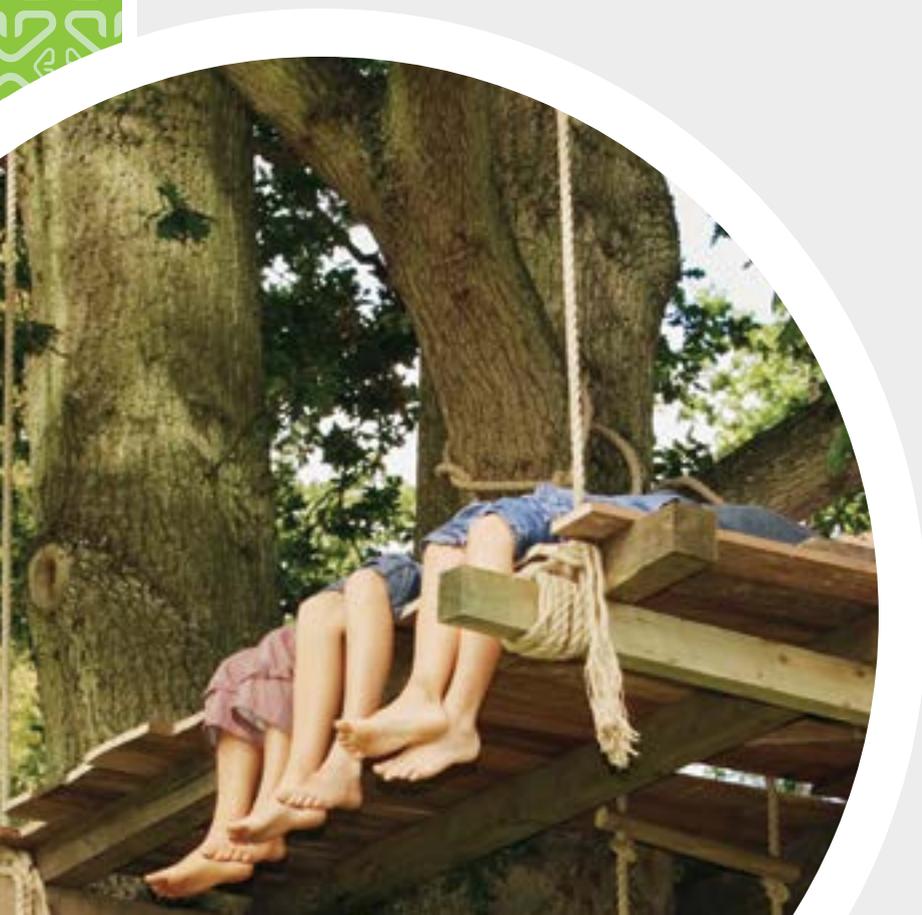
Medical Aid *in Action*

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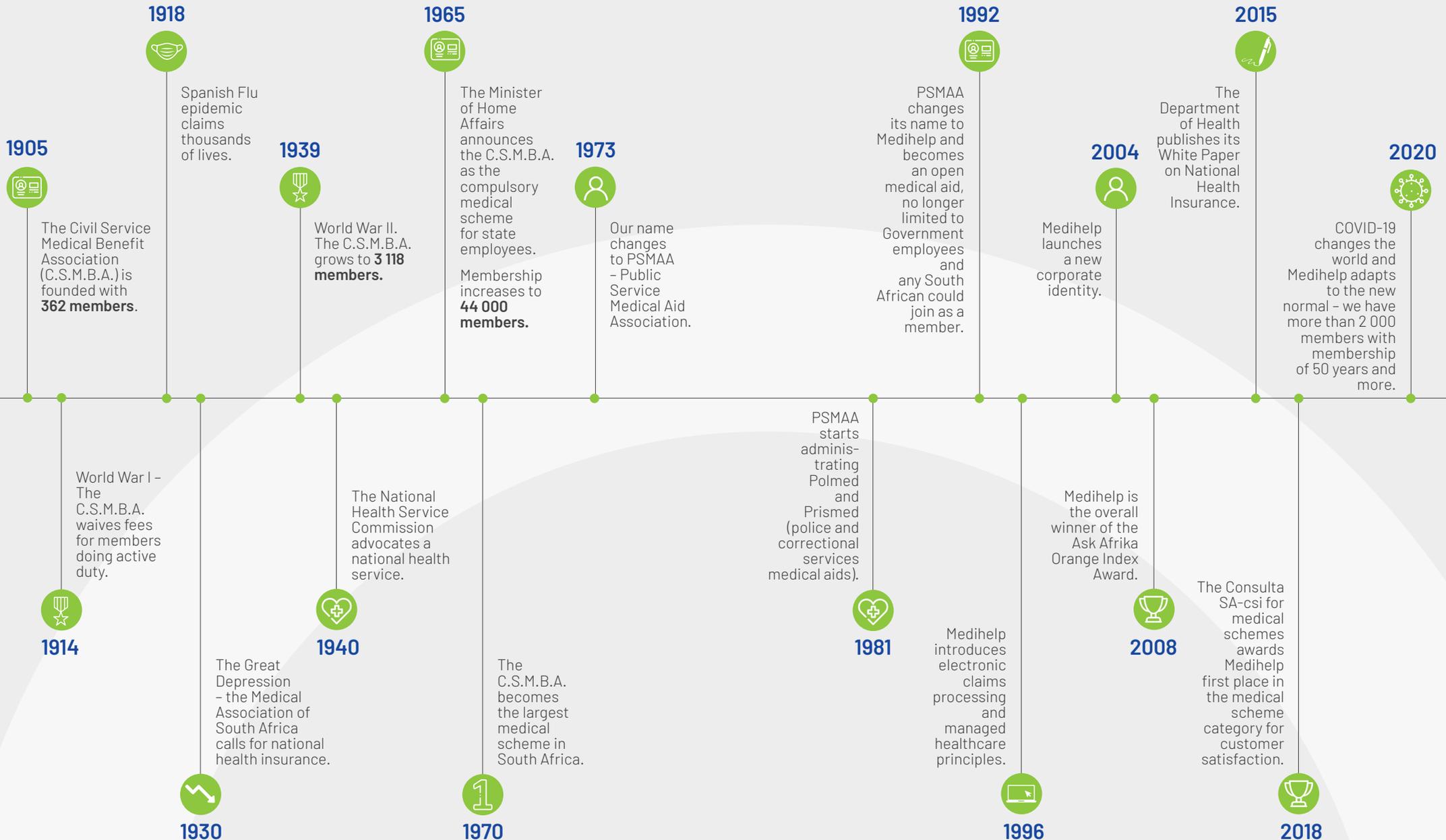
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115 years' timeline of key events



Medihelp's performance in 2020

Profile

115 years
EXPERIENCE

CGR rating **AA-** 

One of top five **LARGEST**
< schemes >

Average age of members **37**
(6th year running) 

1,19 DEPENDANTS per member
(was 1,18 in 2019)

194 941
beneficiaries

89 056
MEMBERS

Finances

Solvency level
40,28%

Average accumulated funds per member
R23 000
(R14 375 in 2019)

Non-healthcare costs as a percentage of risk contributions

8,8%

79,0%
claims ratio spent on benefits

Total accumulated funds
R2 048 293 303
(Regulation 29) 

R683,6m
Net surplus

Service and engagement

SA-csi
front runner in high quality service delivery

17 309
Member app users

996 413
website visits 

526 357
log ins

9,4%  GROWTH
Member Zone

108 418 
registered secured site users

 **99,93%**
uptime

57 253
social media followers
f t p in



15 984
active HealthPrint members

1 875 717
emails sent @

SMS messages
1 146 357



13 196
letters posted



Message by the Chairman of the Board of Trustees

Medihelp had the rare privilege of celebrating 115 years in the medical schemes industry in 2020. This distinction was made possible by the Scheme's ability to adapt and reinvent itself in a changing landscape with a history that reflects that of our country.

2020 was dominated by the global COVID-19 pandemic, and will be remembered as a year of unexpected adversity and remarkable resilience.

COVID-19 pandemic

At the time of this report, 1,5 m South Africans have tested positive and 95% have recovered. In 2020, 3 851 Medihelp members tested positive for the virus, with Gauteng, the Western Cape, North West and KwaZulu-Natal reporting the highest number of positive tests. Our thoughts are



Chris Klopper

with those who have lost friends, colleagues and loved ones to the virus, especially the families of the 59 Medihelp members who succumbed to the virus in 2020, and those lost this year.

COVID-19 treatment and testing amounted to R68,3 million in 2020. These benefits comprised 1,80% of Medihelp's total benefit expenditure for the year.

In 2020, over 32 000 members were tested for COVID-19, with 14,91% testing positive.

COVID-19 cost in 2020



Test and treatment cost R68,3 million



% of net benefits 1,80% of total benefit expenditure

COVID-19 prevalence in 2020

3 851	POSITIVE	
3 433	RECOVERED	
59	DEATHS	

Financial results

Medihelp concluded 2020 with a net surplus of R683,6 million. In line with the industry and as a result of the pandemic, the results were much higher than those reported in the previous year, with the average accumulated funds per member at the end of the accounting period amounting to R23 000 in 2020 as opposed to R14 375 in 2019. Medihelp has remained steadfast throughout, once again achieving an AA- minus rating for our claims-paying ability from Global Credit Rating.

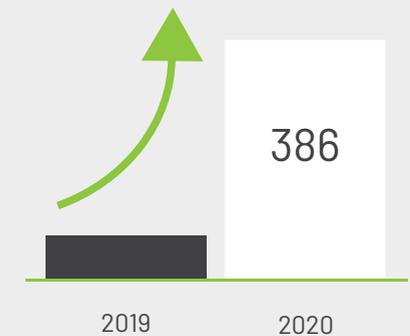
Membership

The effect of the pandemic on the medical schemes industry showed a decline in membership of registered medical schemes across the industry. Medihelp maintained its position as one of the largest open medical schemes in the country although not realising the same growth results as in previous years. Our membership profile has remained stable with an average age of 37 years.

Meanwhile, the industry continues to grapple with and await the outcome of challenges such as the National Health Insurance Bill which has been approved by Cabinet, but presents uncertainty with regard to the funding of the project and how it will be administrated. The revision of prescribed minimum benefits with a focus on primary and preventive care as opposed to hospital-based care is still awaited, and the roll-out of the COVID-19 vaccination

campaign has been initiated with frontline workers in the healthcare industry prioritised. It is expected that Phase 2 of the roll-out will commence in May of 2021 with vulnerable members of society receiving the vaccine. Please be assured that Medihelp is and will continue to be an active participant in these processes, guiding where we are able to contribute, voicing our concerns and ultimately and always acting in the best interest of members.

Virtual AGM attendance



Annual General Meeting

Resolute that COVID-19 would not prevent us from engaging with our stakeholders, Medihelp hosted the first virtual annual general meeting in the industry on 18 June 2020 allowing stakeholders nationwide the opportunity to participate remotely. Thank you to members who embraced the new technology and for providing valuable input which resulted in record attendance showing an increase of 67% in the attendance of the AGM in 2020.

The continued transparency in all actions, risk management and sound governance of Medihelp remain priorities for the Board.

I would like to acknowledge the contribution of my fellow Board members, the Principal Officer and Medihelp employees for their exceptional dedication during a taxing year.

To the healthcare providers, your commitment has never been more evident and compelling than during the past year, and you have our gratitude for your



Chris Klopper
Chairman: Medihelp Board of Trustees

22 April 2021

unrelenting service under such difficult circumstances. Thank you to all our loyal advisers who have managed to provide a service to existing clients and potential members alike, even though personal contact was not an option.

Our members are the reason for Medihelp's existence, and we appreciate your loyalty, and your continued support – we wish you good health and trust that the vaccination of all our members will be realised within the coming year and beyond.

Overview by the Principal Officer



Ettie da Silva

In considering the 115 years of Medihelp's existence, it seemed fitting that we use a tree as metaphor for the Scheme – a seed planted in 1905 has developed into a tree deeply rooted in South African soil, providing shelter, sustenance and shade to the diverse ecosystem it supports. It has weathered storms and changing seasons, constantly growing stronger, flexible and undaunted, resolute in benefiting those who depend upon it. May we continue to offer shelter to generations to come.

While the COVID-19 pandemic exposed the vulnerabilities of healthcare systems and communities across the world, it also brought renewed insight and appreciation of the value of good health, the importance of protecting those most fragile and the need for guaranteed access to quality healthcare. The pandemic served to accelerate changes in systems and accentuated the need for collaboration to secure a more inclusive and fairer future prioritising the daily healthcare needs of people while promoting a sustainable environment.

Protecting the safety of members and employees alike, Medihelp responded to the lockdown immediately by digitally enabling employees and streamlining the transition

of our call centres and support systems to operate from remote locations to continue delivering uninterrupted and unfaltering service and support to members. These challenging times resulted in a year of unprecedented collaboration, increased working hours and commitment to carry the Scheme and its members through this period and focusing on securing a future in a changed landscape.

We not only spent the past year rapidly adapting to a new way of doing business and engaging with stakeholders, but made considerable inroads into first defining and then deliberately executing a clear and relevant strategy which we have immersed throughout all corporate, business, functional and operational objectives.

Having determined measurable outcomes as targets to meet the needs of our members' and stakeholders' changing needs in an evolving environment and to leverage opportunities, the next step was to define the very essence of what

Medihelp stands for. We have distilled these elements into a new positioning statement of active care expressed as Medical Scheme in Action which is now an integral part of our logo design, relating directly to our values of collective care, leading and acting with a shared vision to help shape confident, healthy South Africans who are making the most of every life stage, and a mission to help South African families take charge of their health, as their strength is our own. Visual representation of the new brand positioning is conveyed by capturing memorable moments resonating with members and potential members alike.

The following provides an brief overview of how Medihelp dealt with the numerous challenges encountered in terms of its overall performance and more specifically

those interconnected areas that impact on the fulfilment of the organisation's strategy.

Financial results

COVID-19 severely affected the utilisation of healthcare services in 2020, with elective surgeries cancelled and/or postponed for several months. Lockdown restricted movement and resulted in people working from home with fewer minor ailments and routine screenings performed, and members opting for virtual consultations where needed. This resulted in a claims ratio of 79% at the end of 2020 as opposed to 93% in 2019, and a solvency ratio of 40,28% at 31 December 2020 compared to 27,68% in 2019. Medihelp's benefit options hence concluded the year with a positive performance.

	Solvency level	Claims ratio	Net financial results	Non-healthcare expenses as a percentage of risk contribution
2018	28,65%	93,3%	R8,7 million	9,2%
2019	27,68%	93,0%	R55,4 million	8,6%
2020	40,28%	79,0%	R683,6 million	8,8%

An increase in benefit expenditure is expected in 2021 as patients undergo procedures previously suspended and once again begin consulting healthcare providers in person as infection rates abate. It is also vital that members undergo regular check-ups, especially those with chronic health conditions, and that members use their preventive benefits to conduct health screenings to ensure that potential health problems are identified and addressed in time.

Membership results

In terms of membership, the industry experienced a slower take-up due to the restrictions on movement and engagement in 2020, as well as consumers' reluctance to risk moving between schemes during the pandemic.

The most devastating result of the economic conditions was the impact on businesses and the subsequent retrenchments in certain industries leading to a loss in membership. The need for healthcare services and adequate healthcare cover became a primary concern, but affordability given the economic pressure brought to bear by the state of disaster became a barrier to medical scheme membership.

The pandemic also brought into sharp focus the importance of medical scheme coverage, with the retention of members improving as members chose to prioritize their cover despite the economic downturn.

On one side of the scale, the economic pressure on industries led to an increase in corporate resignations, while on the other it brought about a decrease in resignations by individual members. Since the Scheme's membership predominantly consists of individual members, the lapse ratio improved by 0,2% and the Scheme organically enrolled 22 038 new beneficiaries, concluding 2020 with 194 941 beneficiaries. Going forward, Medihelp will work on also increasing its corporate footprint through product innovation and revised distribution strategies.

The profile of new members enrolling on the Scheme remained favourable, with an average age of 28 years and with limited chronic exposure, contributing to a positive risk profile. The family size of new members was 2,18 in the previous year, and 2,24 in 2020.

In 2021 Medihelp will focus on enhancing our product range in order to increase competitiveness, invest in supporting and building our distribution network, as well as streamlining our new business and service processes.

Product performance

Increasing economic pressure influenced members' choices, with the three options attracting the majority of enrolments in 2020 being the Prime 1 Network option and the two savings options, Prime 2 Network and Unify. Apart from affordable premiums and the savings options offering flexibility

and the comfort of a credit facility, these options also offer good value for money through insured benefits and have maintained a favourable risk profile.

The trend experienced in the industry of comprehensively insured members opting to downgrade to lower options continued in 2020. Medihelp also accommodated members who wished to interchange to our hospital plan due to financial difficulty brought about by the COVID-19 lockdown, either for a limited, fixed period in 2020 or for the remainder of the year. Fewer interchanges were recorded for 2020 compared to 2019, an indication of increased product satisfaction.

During the lockdown period of 2020, a great deal of work went into enhancing Medihelp's products with a focus on specifically augmenting the frequently used day-to-day services covered through either a savings plan or insured benefits, and also to provide an increased range of preventive care provided by added insured benefits available across all options. The more comprehensive options, Prime 3 and Elite, were also enhanced for 2021 to include a savings solution serving to decrease out-of-pocket payments and providing more flexibility with a view to stimulating growth in these options.

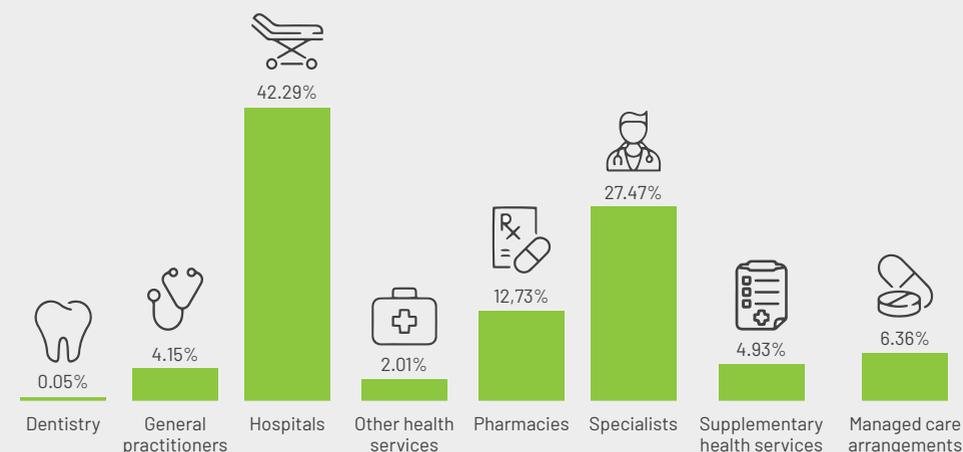
The product design strategy will continue to focus on innovation, ensuring that solvency is maintained, and positioning and aligning Medihelp's products to the appropriate target market while increasing members' value experience. Restructuring and increasing the value and extent of day-to-day cover remains a priority, and a move from curative to preventive care resulting in enhanced preventive programmes will empower members to take responsibility for pro-actively protecting their health and support them on their health journey to increase their quality of life.

Benefit utilisation

All Medihelp's options performed significantly better than initially estimated, resulting in a positive net healthcare result for the majority of products at the end of the year.

While hospitals and GP benefit expenditure notably decreased in the period under review due to the unusual circumstances, the expenditure for other health services increased marginally. The following provides an indication of the benefit expenditure per category of healthcare provider:

Benefit expenditure per discipline



To ensure that members receive the appropriate level of care and have access to the best quality treatment when needed, requires a partnership between patient, scheme and healthcare provider. In 2020, members could benefit from networks offering negotiated tariffs and healthcare programmes which contributed to optimising support, efficiency and relevant healthcare. Networks of private hospitals and day clinics, specialists and general practitioners were evaluated, extended and refined in terms of efficiency.

Access to networks will continue to expand in 2021 to include more disciplines, with a day procedure network for certain procedures one of the efficiency measures implemented to further guide members through the continuum of care and help them optimise their health.

Patients diagnosed with a life-threatening condition require complex care, and therefore Medihelp offers specific programmes in this regard. In 2020, there were 2 264 members registered on Medihelp's Oncology Programme and 1 427 on the HIV/Aids programme. As spinal surgery is an invasive and expensive procedure, Medihelp continues to provide an alternative back treatment programme. In 2020, 268 members participated in the back treatment programme offered by Document Based Care facilities, with only 17 of the participants in the programme requiring surgery, effecting potential savings of over R26 million in terms of surgery costs.

Medihelp will continue in 2021 to employ management systems, preferred providers, networks and care programmes on various levels to optimise efficiency and delivery of care. Members can benefit from these initiatives in terms of negotiated tariffs as well as personal care and support to assist them in managing their health challenges.

The Scheme also supported the wellness of our members through various offerings on the HealthPrint wellness programme, including a maternity and baby programme, resulting in a growth in participation by 16% in 2020. New wellness partners were added to the programme during 2020, offering value to Medihelp moms including discounts on child and baby sleep

consultations, parenting webinars and courses, a free BabySense book and discounts of up to 30% on 4D scans.

Medihelp also reviewed maternity cover across all options, adapting the structure to include more benefits for 2021 to ensure comprehensive maternity and post-birth care for members, regardless of their plan of choice. All options will offer benefits for 2D ultrasound scans, antenatal and post-natal consultations at a gynaecologist, GP or midwife, as well as pre- or post-natal consultations which may be used for either a nutritional assessment with a dietitian, antenatal classes or to consult a lactation specialist.



Engagement

To ensure that members had access to quality service during the lockdown, digital platforms were promoted and subsequently the use of digital self-service platforms increased in 2020, with registered users of the secured site for members, the Member Zone, increasing to more than 50 000 active users.

A redesigned corporate website, the Corporate Zone, was developed in 2020 as a self-help secured website for corporate clients providing access to a number of

features such as downloading company subscription accounts or uploading a membership change.



Other developments included Medihelp's first progressive web app brochure, offering an automatically updated digital brochure which functions as an app on digital devices which can be shared with clients and beneficiaries.

The year was dominated by regular digital communication and increased engagement via SMS, and included the production of 55 videos throughout the year to visually demonstrate newly available features, platforms, ease of access to available benefits and other relevant information on processes and the location of network providers.

A newly developed member app with enhanced functionalities was similarly introduced in March 2021, together with the

newly integrated Member Zone and Healthprint platform, providing members with access to their health records and Medihelp-related information where and when required.

To facilitate ease of enrolment, the Application in Motion system was developed keeping both new members and advisers informed of the progress of their applications, ease of provision of relevant documents and information and digital acceptance of enrolment conditions.

Service and SA-csi rating

Providing our members with exceptional service and support remains a main focus area and included the implementation of new call centre technology in 2020. The results of the external South African Customer Satisfaction Index, the SA-csi, which was conducted amongst members of leading medical schemes, rated Medihelp as one of the front runners in the industry across all metrics of high-quality service delivery, showing one of the biggest increases in satisfaction levels from the previous measurement.

The Scheme also recorded the smallest gap between customer expectation and actual experience - which is a strong indicator of clear communication and simple, easy to understand products. Medihelp will continue to enhance its personalised service delivery, as this remains one of our primary strategic objectives.

A strategy for the future

Relevance, excellence and innovation are key to securing an organisation which is future fit. Medihelp has spent 2020 developing a strong corporate, business and functional strategy to guide all our endeavours, first and foremost staying true to the inherent nature of Medihelp by always acting in the interest of the collective.



Ettie da Silva
Principal Officer

22 April 2021

We will continue to pursue excellence in 2021 to cement Medihelp as a scheme of choice for South Africans by consistently optimising efficiencies, developing targeted health and wellness initiatives, optimally delivering our brand through appropriate technology touchpoints, aligning our products with relevant target markets to grow our membership and optimising our service delivery to all stakeholders.

Having faced adversity in 2020, I believe that we have all emerged stronger, more agile and more caring, realising afresh that life and health are our most precious commodities. I wish to assure our members that the Medihelp team shares a common vision of not only providing you with access to quality healthcare cover with compassion and efficiency, but to enhance your experience on every level.

I would like to thank all our members for your continued loyalty, our advisers for your support of Medihelp and your clients, the dedicated healthcare professionals who provide the very best quality healthcare to members and our Board and employees for your unflinching dedication and commitment. I wish you all the very best for a year of recovery, strength, good health and renewed energy. May we contribute to a future where access to quality healthcare may be extended to include many more South Africans.



Corporate Governance Report

1. Introduction

Consistently acting in the best interest of Medihelp's members and stakeholders guides our approach to conducting the business of a medical scheme, and has rarely been more prevalent than during the past year, which has been associated with unexpected challenges requiring rapid adaptation to unusual circumstances brought about by the COVID-19 pandemic. The Scheme succeeded in providing uninterrupted service, relevant healthcare benefits and support to members and stakeholders during the year under review, with ethical and sound practice continuing to guide all decisions and strategies. The Scheme also had the privilege of commemorating 115 years in the medical schemes industry through the support of thousands of South African families.

The Scheme is a registered medical scheme which provides healthcare cover in terms of its Rules to all beneficiaries by utilising the contributions entrusted to it by its members. 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 governs the activities of the Scheme on behalf of members who elect the Trustees to serve on the Board and diligently protect their interests. The Board of Trustees fulfils its responsibilities diligently and applies its collective experience and expertise to the benefit of the Scheme and its members.

The Board is also tasked with overseeing the consistent practice of sound governance by Medihelp in line with the Rules of the Scheme, 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 III Code and Report on Governance for South Africa 2009 (King III™) and the King IV™ Report on Corporate Governance for South Africa 2016. Copyright and trademarks are owned by the Institute of Directors in South Africa and the IoDSA (<http://www.iodsa.co.za/?page=AboutKingIV>). 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, while the Scheme's Nomination 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 and the election of trustees in 2020

Every year, the tenures of two trustees expire on the day of the Annual General Meeting. A nomination process is therefore followed in accordance with the Rules of Medihelp and the Medical Schemes Act. In February 2020, Medihelp invited members to nominate principal members for election to the Board of Trustees. The prescribed election and voting processes were diligently followed and duly audited. The results were announced to members at the Annual General Meeting which took place on 18 June 2020. Results were communicated to all members of the Scheme.

3. Duties of the Board of Trustees

The Board of Trustees consists of members who are suitably qualified for their roles and who have extensive experience and specialist skills across a range of sectors, including the commercial, legal, finance and business arenas. They perform a host

of functions as described in the report of the Board of Trustees. 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 while avoiding conflicts of interest, acting with due care, diligence, skill and good faith, and with impartiality in respect of all beneficiaries.

4. Board performance assessment

The Board of Trustees meets at least four times a year (seven times in 2020) to oversee Medihelp's performance, address specific business issues and, where required, obtain independent professional advice and training. The Board acts in terms of a Charter which includes an annual performance evaluation.

5. Remuneration policies (employees and trustees)

In terms of the charter of Medihelp's Human Resources Committee, the committee is responsible for making recommendations to the Board of Trustees on the overall reward strategy for the Scheme and to oversee compliance with sound governance principles on how remuneration is managed, especially at executive management level. The cornerstones of Medihelp's reward philosophy are fair, responsible and transparent reward 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 aiming to attract and retain employees, and for long- and short-term variable remuneration to improve organisation performance on a number of strategic goals.

Variable remuneration can only be paid if the organisation performs better than budgeted on the set targets. Medihelp met or exceeded most of its 2020 financial performance targets. The Scheme's financial performance was outstanding as a result of fewer elective procedures in hospital during the year due to the COVID-19 pandemic. Membership growth targets were not met, as the economic decline resulted in many members being unable to afford medical cover. Medihelp achieved an overall score of 3,83 on a five-point rating scale, and therefore variable remuneration is payable for the 2020 financial year.

Medihelp makes use of an accredited job evaluation system to measure the relative worth of jobs. This ensures that remuneration is managed equitably and that job content and job grading are used to benchmark positions appropriately in the Old Mutual national all-incumbent market on an annual basis. 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 up to the maximum of the scale. Thus, outstanding performers who maintain their performance over time will be remunerated towards the higher end of the salary scale and lower performers towards the lower end of the salary scale. Continued unacceptable individual performance is addressed through Medihelp's disciplinary processes.

Medihelp utilises the services of Khokhela Remuneration Advisors to benchmark the remuneration payable to the Board of Trustees on an annual basis. The honorarium of the Board of Trustees is based on the policy approved at Medihelp's Annual General Meeting. As Medihelp is not a profit-driven open medical scheme, the annual value of the remuneration payable to the chairman of the Board is based on a percentage of the average annual remuneration of a chairman of a comparable peer group of JSE-listed companies. The fee for other role players is calculated as a percentage of the chairman's annual fee. The fee for the vice-chairman is the average between the fee for the chairman and for a trustee. The increase in the

honorarium for the different role players, which was confirmed at the Annual General Meeting, was between 0% and 2,46% for all role players, except for members of other committees, who received a 5% increase.

In 2021, the Human Resources Committee will again focus on the annual revision of salaries, but also on continued compliance with King IV™, the restructuring of Medihelp and the implementation of culture change interventions, aligning Medihelp's policy on the honorarium with business requirements, and compiling a revised human resources strategy.

6. Committees

The committees in 2020 were as follows:

- Audit and Risk Committee
- Investment Committee
- Rule and Product Committee
- Nominations Committee
- Human Resources Committee
- Oversight Committee

The committees do not assume the functions of management nor do they have any decision-making authority.

The activities of the committees are presented in the report of 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 an effective risk-based internal audit function. Internal Audit operates in accordance with a three-year audit plan which includes a detailed plan for the first year, and uses an appropriate risk-based methodology. The organisational structure of Internal Audit was expanded with a Clinical Audit section.

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 and risk management to the Audit and Risk Committee.

The Forensic Investigations component is dedicated to the investigation of 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, as well as proactive investigations in high-risk

areas. The Forensic Investigations plan is also approved by the Audit and Risk Committee. Every rand which is 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 as follows:

- Phone the Fraudline on 012 334 2428
- Send a fax to 012 336 9538
- 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 the anonymity of callers is protected. A total of 389 cases resulting from fraud reporting channels and proactive investigations were completed during 2020.

The Audit and Risk Committee also reviewed the Internal Audit & Forensic Investigations charter and the adequacy of the Internal Audit budget and resource plan. The Chairman of the Audit and Risk Committee also did the performance evaluation of the Head of Internal Audit & Forensic Investigations in collaboration with the Principal Officer.

The effectiveness of the Internal Audit function was reviewed by means of self-assessment as well as an evaluation by the Audit and Risk Committee and was found to be effective for the size and operations of the Scheme.

8. Information requests

One request for information was lodged with Medihelp in terms of the Promotion of Access to Information Act 2 of 2000 during 2020. The request was duly attended to and finalised.

9. Complaints

Medihelp received a total of 191 complaints from the Council for Medical Schemes from 1 January to 31 December 2020 which were effectively addressed. The Council for Medical Schemes referred 118 cases for review, rulings and appeal hearing outcomes during the period under review.

10. Health and safety

All health and safety matters are dealt with in accordance with the requirements of the Occupational Health and Safety Act 85 of 1993, as amended. The Health and Safety Committee consists of employee representatives as well as representatives from management. An external legal compliance audit on the building (facilities) and safety management system is conducted every two years to ensure compliance. Minor injuries on duty as well as workplace incidents occurred, but were reported and dealt with in accordance with health and safety regulations and policies. The committee constantly monitors and proactively implements measures to secure the safety and health of employees and visitors. For 2020,

COVID-19 protocols were strictly applied to ensure the safety of employees. The offices were vacated on 26 March 2020 and the majority of employees were enabled to work from home in the interest of their safety. The walk-in service counters have been closed for the duration of 2020 to date, to protect our employees and members. Employees returned to the office on 1 March 2021 in a staggered approach and with the continued monitoring of adherence to all relevant health and safety and COVID-19 protocols.

11. New products/benefit options

In terms of section 33 of the Medical Schemes Act, 1998, medical schemes that provide its members with more than one benefit option must apply to the Council for Medical Schemes for the approval of its benefit options. This process is preceded by extensive research conducted amongst stakeholders, market research, gap assessments, viability studies, utilisation and trend analysis, intensive discussion to ensure alignment with the product strategy, and specialist actuarial input in order to confirm the financial viability of the potential benefit option/amendment to an existing benefit option. Proposed amendments are reviewed and assessed by the Rule and Product Committee, which advises the Board of Trustees. Medihelp submitted various applications for benefit option approvals and rule changes to enhance benefits for 2020 to the Council for Medical Schemes, which were duly approved and registered.

12. Compliance governance

Compliance with statutory, legislative and regulatory requirements is a key area of focus of Medihelp to ensure that the Scheme provides assurance to the Board of Trustees on effective governing and managing 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 Compliance department reports directly to the Board of Trustees where all compliance related responsibilities are considered and addressed.

No material fines or penalties were incurred for failure to comply with any applicable legislation or regulation during the reporting period.

13. Financial advisory and intermediary services

Medihelp is an authorised financial services provider (FSP number 15738) and complies with the FAIS Act 37 of 2002 Code of Conduct and Fit and Proper Requirements. The annual compliance report compiled by Medihelp's independent compliance officer was submitted to the Financial Sector Conduct Authority, as well as the required audited financial statements.

14. Conclusion

Medihelp focuses on the provision of healthcare cover to members to obtain access to appropriate and cost-efficient healthcare services, acting on behalf of members to negotiate tariffs with providers of healthcare services and applying effective risk management in order to ensure not only continued sustainability, but also rapid adaptation to regulatory requirements, constantly enhancing service platforms and touchpoints to support members and stakeholders.

Strict governance principles and shared corporate values guide all employees of the Scheme and the Board of Trustees who are committed to diligently and efficiently provide our members, the regulator and all our stakeholders with the best quality service, support and relevant and appropriate healthcare cover while consistently increasing efficiencies and enhancing members' value experience.



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 seven insurance contract options to employees of participating employers and members of the public during the period under review:

- Plus
- Elite
- Prime 3 (including an efficiency-discounted option)
- Prime 2 (including an efficiency-discounted option)
- Prime 1 (including an efficiency-discounted option)
- Necesses
- Unify

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 per 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 and specialists, radiology, pathology, dental services, physiotherapy, optical services, medical, surgical and orthopaedic appliances, non-chronic and chronic medicine and supplementary health services out of hospital.

1.3 Personal medical savings accounts (PMSA)

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

Members of the Prime 2 and Unify insurance contract options pay an agreed sum of approximately 15% and 25% respectively of their gross contributions into a savings plan to help pay the members' 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 vehicles. No administration fee is charged by the Scheme for the management of members' PMSA.

The liability to members in respect of the savings accounts is reflected as a financial liability 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 enrolls on another insurance contract option at another medical scheme without a PMSA, or does not enrol at another medical scheme. The accumulated unutilised PMSA balance will be transferred to the member in terms of the Rules of Medihelp.

1.3.1 COVID-19 financial support

The Council for Medical Schemes granted Medihelp exemption under section 8(h) of the Medical Schemes Act, 1998 from compliance with the prescripts of regulation 10(3) of the Regulations promulgated under the Medical Schemes Act, 1998 and sections 26(7) and 32 of the Medical Schemes Act, 1998 to allow members to utilise their accrued PMSA balances to offset contributions from 1 May until 31 December 2020.

Details are disclosed in the PMSA liability note 12 to the Financial Statements.

2.2 Principal Officer

Ms EM da Silva

2.3 Registered office address and postal address

410 Steve Biko Road PO Box 26004
Arcadia ARCADIA
Pretoria 0007
0083

2.4 Investment managers during the year

Medihelp invested funds with two investment managers during the 2020 financial year, namely Allan Gray Life Ltd and Prudential Investment Managers (South Africa)(Pty) Ltd.

Allan Gray Life Limited PO Box 51318
1 Silo Square V&A Waterfront
V&A Waterfront CAPE TOWN
Cape Town 8002

Financial services provider number: 6663

Prudential Investment Managers (South Africa)(Pty) Ltd

5th Floor PO Box 23167
Protea Place CLAREMONT
40 Dreyer Street 7735

Claremont
7708

Financial services provider number: 45199

2. Management

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

Trustee	Term of office
Adv JM Ferreira	18 June 2020 - June 2023
Mr JC Klopper (Chairman)	21 June 2019 - June 2022
Adv PJ Louw	21 June 2018 - 17 June 2021
Mr TN van der Westhuizen	21 June 2018 - 17 June 2021
Mr PM van Deventer	18 June 2020 - June 2023
Mr MJ Visser (Vice-chairman)	21 June 2019 - June 2022

A quorum was present for all Board of Trustees' meetings held during 2020.

2.5 Auditors

PricewaterhouseCoopers Inc
 4 Lisbon Lane Private Bag X36
 Waterfall City SUNNINGHILL
 Jukskei View 2157
 2090

2.6 Attorneys

Dyason Attorneys Private Bag X15
 Walker Creek 3 BROOKLYN SQUARE
 2nd Floor 0075
 90 Florence Ribeiro Avenue
 Nieuw Muckleneuk
 Pretoria
 0181

MacRobert Inc Private Bag X18
 MacRobert Building BROOKLYN SQUARE
 1060 Jan Shoba Street 0075
 Brooklyn
 Pretoria
 0181

Webber Wentzel PO Box 61771
 90 Rivonia Road Marshalltown
 Sandton JOHANNESBURG
 Johannesburg 2107
 2196

Lancaster Kungoane Attorneys
 Cambridge Office Park
 Building 03, First Floor
 5 Bauhinia Street
 Centurion
 0169



3. Review of the accounting period's activities

3.1 Operational statistics per insurance contract

	For the year ended 31 December 2020							Total
	Plus	Elite	Prime 3	Prime 2	Prime 1	Necesse	Unify	
Average number of members during the accounting period	2 239	9 914	26 526	12 821	25 145	5 850	7 948	90 443
Number of members at the end of the accounting period	2 150	9 663	25 689	12 562	25 258	5 760	7 974	89 056
Average number of beneficiaries during the accounting period	2 875	14 742	61 156	30 544	61 430	8 254	18 621	197 622
Number of beneficiaries at the end of the accounting period	2 743	14 305	59 122	30 019	62 094	8 010	18 648	194 941
Dependants per member at the end of the accounting period	0,28	0,48	1,30	1,39	1,46	0,39	1,34	1,19
Risk contributions per average beneficiary per month (R)	8 690	4 809	2 415	1 478	1 276	1 773	1 387	2 062
Relevant healthcare expenditure as a percentage of risk contributions	71,7%	80,6%	80,4%	76,7%	76,9%	89,1%	78,7%	79,0%
Relevant healthcare expenditure per average beneficiary per month (R)	6 227	3 874	1 941	1 133	981	1 579	1 092	1 629
Non-healthcare expenses as a percentage of risk contributions*	7,0%	7,3%	8,3%	10,7%	9,4%	9,1%	12,3%	8,8%
Non-healthcare expenses per average beneficiary per month (R)*	607	349	201	158	120	162	171	181
Average age of beneficiaries	65	61	38	34	33	39	32	37
Pensioner ratio (beneficiaries > 65)	58,4%	53,0%	14,8%	11,1%	8,3%	18,0%	5,9%	14,8%
Average 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	23 000
Return on investments as a percentage of investments	N/A	N/A	N/A	N/A	N/A	N/A	N/A	5,1%

	For the year ended 31 December 2019							Total
	Plus	Elite	Prime 3	Prime 2	Prime 1	Necesse	Unify	
Average number of members during the accounting period	2 592	10 915	29 074	13 353	24 196	6 849	7 105	94 084
Number of members at the end of the accounting period	2 511	10 657	28 551	13 185	24 545	6 731	7 337	93 517
Average number of beneficiaries during the accounting period	3 361	16 541	68 299	31 616	58 790	10 094	16 738	205 439
Number of beneficiaries at the end of the accounting period	3 248	16 072	66 929	31 228	59 718	9 792	17 318	204 305
Dependants per member at the end of the accounting period	0,29	0,51	1,34	1,37	1,43	0,45	1,36	1,18
Risk contributions per average beneficiary per month (R)	7 707	4 230	2 127	1 369	1 177	1 629	1 222	1 901
Relevant healthcare expenditure as a percentage of risk contributions	85,8%	97,9%	93,2%	86,4%	91,5%	104,1%	94,1%	93,0%
Relevant healthcare expenditure per average beneficiary per month (R)	6 611	4 142	1 983	1 183	1 077	1 697	1 149	1 768
Non-healthcare expenses as a percentage of risk contributions*	7,1%	7,5%	8,5%	9,4%	9,6%	9,4%	10,6%	8,6%
Non-healthcare expenses per average beneficiary per month (R)*	549	316	180	128	113	153	129	164
Average age of beneficiaries	64	60	37	34	33	39	31	37
Pensioner ratio (beneficiaries > 65)	56,1%	50,0%	12,9%	10,8%	7,9%	17,5%	5,3%	14,3%
Average 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	14 375
Return on investments as a percentage of investments	N/A	N/A	N/A	N/A	N/A	N/A	N/A	7,0%

* Non-healthcare expenses include administration expenditure, broker service fees, net impairment losses on healthcare receivables and asset management fees.

** Accumulated funds are not apportioned per insurance contract.

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 no further clarification is needed.

percentage of risk contribution income from 93% in 2019 to 79% in 2020. The decrease in relevant healthcare expenditure was due to the cancellation of elective procedures which resulted in a substantial surplus for the 2020 financial year.

3.3 Funds and reserves

Movements in the members' funds and reserves are set out in the Statement of Changes in Funds and Reserves on page 20 of the Financial Statements. The COVID-19 pandemic caused a significant decrease in relevant healthcare expenditure as a

3.4 Outstanding risk claims provision

The basis of the calculation and the movement of the outstanding risk claims provision is set out in note 11 to the Financial Statements and is consistent with prior years.

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.

Scheme is exposed to the uncertainty surrounding the timing and severity of claims under the contract. The Scheme also has exposure to market risk through its insurance and investment activities.

4. Management of insurance risks

The primary insurance activity carried out by the Scheme assumes the risk of loss of members and their dependants who are directly subject to the risk. This risk relates to the health of the Scheme's members. As such, the

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, centralised management of

3.6 Solvency ratio

	2020 R	2019 R
Total members' funds per Statement of Financial Position.....	2 338 298 892	1 626 070 381
Less: Reserve for unrealised investment gains	(301 983 836)	(276 987 887)
Revaluation reserve for financial assets	(284 998 832)	(260 002 883)
Reclassify investments from available-for-sale to fair value through profit or loss (FVPL) on adoption of IFRS 9	(16 985 004)	(16 985 004)
Less: Fair value adjustment at date of transition to IFRS for property, plant and equipment included in the accumulated funds	(16 290 109)	(16 290 109)
Add: Net fair value loss on financial assets at fair value through profit or loss	28 268 356	11 531 629
Balance at the beginning of the year	11 531 629	17 779 264
Movement in current year	16 736 727	(6 247 635)
Accumulated funds per regulation 29 of the Regulations under the Medical Schemes Act, 1998	2 048 293 303	1 344 324 014
Gross contributions	5 085 751 727	4 857 371 884
Solvency ratio calculated as the ratio of accumulated funds/gross annual contributions x 100	40,28%	27,68%
Minimum ratio required by regulation 29 of the Regulations under the Medical Schemes Act, 1998	25,00%	25,00%

risk transfer arrangements 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, scenario analyses, managed healthcare protocols, reference pricing principles and managed care programmes. The results of model and scenario analyses are used for insurance contract 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. There are no changes to assumptions that are 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.

The Board of Trustees also utilises 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 18 of the Financial Statements.

4.2 Actuarial services

Medical schemes, like Medihelp, do not by definition have long-term liabilities to members, which is why the Board of Trustees is of the opinion that an actuarial valuation of the Scheme's liabilities is not required. The role of actuaries at medical schemes is mainly to enhance risk management measures and to assist with insurance contract design and pricing. The Scheme contracted NMG Consultants & Actuaries (Pty) Ltd to perform the necessary actuarial functions.

NMG Consultants & Actuaries (Pty) Ltd were consulted regarding the determination of contribution and benefit levels. They assisted in determining the assumptions used in the calculation of the outstanding risk claims provision, which are fully explained in the notes to 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. NMG Consultants & Actuaries (Pty) Ltd performed the valuation on the post-employment medical benefits. Refer to note 10 to the Financial Statements for further information.

NMG Consultants and Actuaries (Pty) Ltd
Nicolway West PO Box 3075
Office Block RANDBURG
Corner William Nicol 2194
Drive and Wedgewood
Link Road
Bryanston
2021
Financial services provider number:
12968

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 17.4 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 28 to the Financial Statements.

7. Related party transactions

Related party transactions are disclosed in note 28 to the Financial Statements. Trustee remuneration is disclosed in note 35 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 and is mandated by the Board of Trustees by means of the Audit and Risk Committee Charter which regulates its membership, authority and duties.

The overall objective of the committee is to assist the Board in discharging its duties in ensuring 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.

The committee consists of five members, two of whom are members of the Board of Trustees while three members, including the chairman, are independent members. The committee met on three occasions during the course of the year. The meetings 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:

6 February 2020
17 April 2020
25 August 2020

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 Board of Trustees' written and approved Audit and Risk Committee Charter;
- It has evaluated the external auditors, including their independence, the skills level of the engagement team, the ethical standards of the firm, the approval of the 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. Based on the evaluation the committee proposed the reappointment of the external auditors to the Board of Trustees for approval at the Annual General Meeting;
- The assurance provided by management, the external auditors

and the internal auditors have 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 plan, and has reviewed and commented on the internal audit 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 IT risks as these relate to financial reporting;
- It has reviewed the documented assessment, prepared by management, of the going-concern status of the Scheme;
- 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 personnel consist of suitably qualified and industry experienced staff;
- It has reviewed the effectiveness of the system for monitoring

compliance with applicable laws and regulations and the Scheme's code of conduct; and

- In line with mandatory audit firm rotation the committee received assurance that a proper process is in place and followed to appoint a new external auditor for Medihelp for the 2023 financial year.

The committee has confirmed that a combined assurance model is applied to address all the significant risks facing the Scheme. This model is updated continuously following improvements to the risk management process and identification of emerging risks, which includes risks relating to the COVID-19 pandemic.

The committee has reviewed the Board of Trustees' risk evaluation and risk management process and made recommendations thereon, including the identification of emerging and unexpected risks, which includes risks relating to the COVID-19 pandemic. It has reviewed the strategic risk register, as well as the COVID-19 risk register, and the responses to address key risks and is satisfied that all major risks facing the Scheme have been identified and treated within the approved risk tolerance levels. The risk management process is evolving and management has adopted the principles of the Committee of Sponsoring Organisations (COSO) to further enhance enterprise risk management throughout the Scheme. The committee also obtained assurance that operational risk registers are in place for all business portfolios.

The committee has also reviewed the Principal Officer's governance report, corporate governance policies adopted by the Board of Trustees and the results of the ethics survey and made recommendations thereon where appropriate.

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

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

- Mr GJ Kapp – Hons. B.Com. Accounting, CA (SA);
- Mr JE Carstens – B.Com. (Ed), B.Compt., CIA, CRMA, CISA;
- Mr GJ Lourens – Hons. B.Com. Accounting, CA (SA);
- Mr TN van der Westhuizen – Hons. B.Compt., MBA; and
- Mr PM van Deventer – B.Com., MBA.

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 course of the year:

5 February 2020
5 August 2020
3 November 2020

The meetings were attended by all members of the committee.

The purpose of the Investment Committee is to assist the Board of Trustees in fulfilling its responsibilities 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 constraints imposed by legislation as well as those 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 averaging 78 days) and money market instruments for purposes of cash flow planning related to predetermined claims payment dates.

The Investment Committee discharged its responsibilities during 2020 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 2020;

- 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;
- 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 consultation with an independent consultant and asset manager;
- The adequacy of the Scheme's cash resources on the short term, compared to budgeted claims, was monitored continuously and included in the reports reviewed by the committee; and
- Compliance to the requirements as set out in Annexure B of the Regulations under the Medical Schemes Act, 1998 of the short- and long-term investments of the Scheme was also monitored throughout 2020.

Detail of the Scheme's financial assets are disclosed in note 6 to the Financial Statements.

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

10. Nominations Committee

The Nominations Committee was established and mandated by the Board of Trustees with written conditions regarding its membership, authority and duties. This committee consists of two members who are members of the Board of Trustees. The committee met on two occasions during the course of the year:

4 February 2020
16 April 2020

These meetings were attended by all members of the committee.

The Nominations Committee discharged its responsibilities for the year under review as follows:

- Ensured the continuation of a formal process for the nomination of trustees in terms of the registered Rules of the Scheme; and
- Recommended the nomination of accepted candidates to the Board of Trustees for approval.

At year-end the committee comprised Adv JM Ferreira (chairman) and Mr JC Kloppe.

11. Human Resources Committee

The Human Resources Committee was established and mandated by the Board of Trustees with written conditions

regarding its membership, authority and duties. The committee consists of four members, two of whom are members of the Board of Trustees. The committee met on five occasions during the course of the year:

15 January 2020
15 April 2020
11 August 2020
5 November 2020
14 December 2020

These meetings were attended by all members of the committee. The meeting held on 14 December 2020 was also attended by Mr JM Ferreira, Adv PJ Louw, Mr TN van der Westhuizen, Mr PM van Deventer and Mr MJ Visser.

The Human Resources Committee discharged its responsibilities for the 2020 financial year by approving or recommending matters for approval to the Board of Trustees, within the framework of Medihelp's delegation of authority:

- Market benchmark – inclusions and exclusions;
- Considerations on the absolute scarcity allowance;
- Strategy, performance and remuneration alignment;
- Update of Medihelp's Remuneration Policy;
- Remuneration policy for Sales;
- Changes to Medihelp's Leave Policy;
- Human resources strategy 2020/21;
- Short- and long-term incentive scheme;
- Retention strategies for sought-after skills;

- Benchmarking of benefits;
- Revised Medihelp structure;
- Honorarium of the Board of Trustees and committees; and
- Increases in the remuneration for Medihelp's Principal Officer, executive managers and general staff.

At year-end the committee comprised Mr MJ Visser (chairman), Adv JM Ferreira, Mr LC Grubb and Mr P Kruger.

12. Oversight Committee

The Oversight Committee was established and mandated by the Board of Trustees with written conditions regarding its membership, authority and duties. 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:

20 April 2020
12 August 2020
4 November 2020

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;

- Compliance with the Medical Schemes Act that affects the governance of the Scheme; and
- Cybersecurity and measures taken to address risks associated with cybersecurity.

At year-end the committee comprised Adv PJ Louw (chairman), Mr JC Klopper, Mr PM van Deventer and Mr MJ Visser.

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. All the members of the Board of Trustees serve on the committee. The committee met on two occasions during the course of the year:

24 June 2020
27 August 2020

These meetings were attended by all members of the committee.

The Rule and Product Committee discharged its responsibilities regarding Medihelp's insurance contracts for the year under review as follows:

- Discussed and debated the proposed Medihelp benefit range for 2021;
- Ensured that the proposed insurance contract changes comply with relevant laws and regulations, support Medihelp's marketing strategy, are competitive in the medical schemes industry and are financially viable; and

- Recommended the approval of the proposed insurance contract changes for 2021 to the Board of Trustees.

The Rule and Product Committee's function is also to make recommendations on rule amendments to the Board of Trustees, in order to support the Board in its responsibility to ensure that:

- the Rules of Medihelp comply with all legal and regulatory directives; and
- the Rules create an enabling environment for the proper administration of the affairs of Medihelp.

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

14. Claim against National Treasury

The National Treasury paid subsidies on behalf of state pensioners to Medihelp as their contribution or part thereof. During the past few years, National Treasury unilaterally deducted from the monthly subsidy payments of other members, amounts for past subsidies paid of pensioners who did not, in terms of the rules of National Treasury, qualify for subsidy any more. However, these pensioners enjoyed membership of Medihelp. The Scheme issued summons against National Treasury for the repayment of

R10 million that was illegally deducted, but the High Court ruled in favour, on a point *in limine*, of the defendant (Treasury) and dismissed the case. Medihelp appealed the ruling at the Supreme Court of Appeal.

On 26 February 2020, the appeal was heard and judgement reserved. The Supreme Court of Appeal ruled that Medihelp could submit an amended plea. In this regard, the Acting Deputy Judge President authorised Medihelp to set down the matter on 20 April 2021 for four days.

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, for which they were remunerated. Trustee remuneration is disclosed in note 35 to the Financial Statements.

Trustee/ committee member	Scheduled Board meetings	Audit and Risk Committee meetings	Investment Committee meetings	Rule and Product Committee meetings	Nominations Committee meetings	Human Resources Committee meetings	Oversight Committee meetings
Number of meetings for the year	7	3	3	2	2	5	3
Trustees							
JM Ferreira	7	-	-	2	-	4*	-
JC Klopper	7	-	1	2	-	-	3
PJ Louw	7	-	2	2	2	-	3
PM van Deventer	7	3	3	2	-	-	3
TN vd Westhuizen	7	3	3	2	2	-	-
MJ Visser	7	-	3	2	-	4*	3
Independent members							
JE Carstens	-	3	-	-	-	-	-
LC Grubb	-	-	-	-	-	5	-
GJ Kapp	-	3	-	-	-	-	-
P Kruger	-	-	-	-	-	5	-
GJ Lourens	-	3	-	-	-	-	-

* Mr MJ Visser (chairman) and Adv JM Ferreira did not receive a honorarium for the fifth Human Resources Committee meeting held on 14 December 2020 but were in attendance.

16. Impact of COVID-19

Member impact	Financial Statements note	2020
<i>Claims experience</i>		
Total member lives infected by COVID-19		3 851
Total member lives recovered from COVID-19		3 433
Total member deaths from COVID-19		59
<i>Types of COVID-19 relief granted to its members</i>		
(a) COVID-19 relief granted via the Personal Medical Savings Account (PMSA) utilisation		
• Total members utilising PMSA for COVID-19 relief		109
(b) COVID-19 relief granted via contribution deferrals		
• Total members granted contribution deferrals		12
Member impact	Financial Statements note	2020 R
<i>Claims experience</i>		
Total COVID-19 related claims		68 261 385
<i>Types of COVID-19 relief granted to its members</i>		
(c) COVID-19 relief granted via the Personal Medical Savings Account (PMSA) utilisation		
• Total amount of PMSA COVID-19 relief utilised	12	821 195
• Total of the PMSA liability of the Scheme (before relief granted)	12	83 201 325
(d) COVID-19 relief granted via contribution deferrals		
• Total amount of contribution deferrals granted		62 708
• Total amount of deferrals recovered / paid back		52 022
• Total remaining balance of contribution deferrals		10 686
• Total amount of deferrals impaired to date		-
• Total accounts receivable balance of the Scheme	7 & 8	144 290 930
• Impact of relief on net healthcare results		-

The Scheme continues to closely monitor statistics relating to the spread, recovery and mortality rates of the COVID-19 virus, in anticipation of the third wave of infections. The Scheme has also made provision for the COVID-19 vaccine roll-out for its members in the 2021 budget.

17. Non-compliance with the Medical Schemes Act

17.1 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 31 December 2019. Management reapplied for exemption in November 2019 which was granted, subject to certain conditions, for a period of two years, effective from 18 December 2020 until 18 December 2022.

17.2 Claims not paid within 30 days

In terms of section 59(2) of the Medical Schemes Act, 1998 claims submitted to a scheme should be paid out within 30 days after the day on which the claims are received. The Scheme was exposed to the risk of non-compliance with this section as various claims were not paid or reported on timely during 2020. The COVID-19 pandemic had an adverse effect on Medihelp's claims administration operations

during 2020, but it was addressed with the implementation of a workflow system that diminished the risk of claims not being processed within the required 30-day period.

17.3 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 becoming 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 subscriptions 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 subscription 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/ employer to pay subscription within the prescribed period.

17.4 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 investments in Discovery Limited and Momentum Metropolitan Holdings Limited via its investments in a Linked Insurance Policy (Allan Gray Domestic Balanced Fund) and a Collective Investment Scheme (The Prudential High Yield Bond Fund). The Scheme had exemption for the 2020 financial year which is valid until 30 November 2022.

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 Board of Trustees' view, these investments do not pose a risk to the Scheme. The Scheme had exemption for the 2020 financial year which is valid until 30 November 2022.

17.5 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 applied to the Council for Medical Schemes for exemption and this was granted on 21 June 2017 until it is cancelled by either party.

17.6 Utilisation of PMSA funds for payment of contributions

In Circular 28 of 2020: COVID-19 Medical Schemes Industry Guidelines, released on 10 April 2020, the Council for Medical Schemes announced the implementation of measures within the ambit of the Medical Schemes Act, 1998 to assist medical schemes in adapting to the adverse effects of COVID-19, in the best interest of medical scheme members. In an attempt to alleviate the financial distress experienced by members negatively affected by the COVID-19 pandemic, Medihelp proposed the use of accumulated funds in savings accounts (PMSA funds) to fund contributions. Annexure 1 to Medihelp's Rules describes the manner in which the PMSA operates. It does not provide for the utilisation of PMSA funds for the payment of contributions. The Scheme consequently applied to the Council for Medical Schemes for exemption in terms of section 8(h) of the Act. The Council for Medical Schemes granted the Scheme exemption from 1 May 2020 to 31 December 2020 to utilise PMSA funds for the payment of contributions.

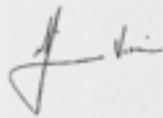
18. Subsequent events

The Board of Trustees are not aware of any events after the reporting period that require disclosure in the Financial Statements.



JC Klopper
Chairman

22 April 2021



MJ Visser
Vice-chairman



Statement of responsibility by the Board of Trustees

The trustees are ultimately responsible for the preparation, integrity and fair presentation of the Financial Statements of the Scheme. The Financial Statements presented on pages 18 - 62 have been prepared in accordance with International Financial Reporting Standards (IFRS) and the Medical Schemes Act, 1998 as amended and include amounts based on judgements and estimates made by management.

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, 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.

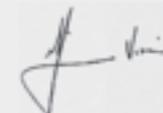
The going-concern basis has been adopted in preparing the Financial Statements. Based on forecasts and available cash resources, the trustees have no reason to believe that the Scheme will not be a going concern in the foreseeable future.

The Scheme's external auditors, PricewaterhouseCoopers Incorporated, audited the Financial Statements. The audit report is presented on pages 13 - 17 of the Financial Statements.

The Financial Statements were approved by the Board of Trustees on 22 April 2021 and are signed on their behalf by:



JC Klopper
Chairman



MJ Visser
Vice-chairman



EM da Silva
Principal Officer

22 April 2021

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 (copyright and trademarks are owned by the Institute of Directors in South Africa and IoDSA and all rights are reserved).

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 items of policy, strategy and performance are critical, informed and constructive.

The Board of Trustees consists of six members who are elected by members at the Annual General Meeting. Trustees are elected and appointed for a three-year period and may be re-elected, provided that

no trustee may serve more than two consecutive terms and more than three terms altogether.

All trustees have access to the advice and services of the Principal Officer and may 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 training needs of trustees. The Board of Trustees Charter also determines that the performance of all committees is assessed on an annual basis to ensure the credibility of the committees. The Board of Trustees ensures that the performance of service providers is monitored in line with applicable service level agreements.

Internal control and risk management

The Board of Trustees establishes and manages internal controls (manual and automated) and systems, which are designed to provide reasonable but not absolute assurance as to the integrity and reliability of the Financial Statements and to safeguard its 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.

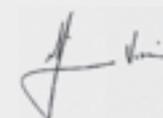
The Medihelp Information Technology (IT) Governance Charter, Framework and policies support effective and efficient management of IT resources to facilitate the achievement of the strategic objectives of the Scheme. The charter, framework and policies are aligned with the King IV™ Report on Governance for South Africa 2016 principles, and international best practices and standards in information technology. Feedback on IT performance, security, investments, service levels and governance issues are included in the executive reporting to the Board.

The Board of Trustees is ultimately responsible for risk management of the Scheme and has a formal risk evaluation process in place. 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 which were in operation during the year under review.



JC Klopper
Chairman



MJ Visser
Vice-chairman



EM da Silva
Principal Officer

22 April 2021

Statement of financial position at 31 December 2020

ASSETS

NON-CURRENT ASSETS	
Investments in subsidiaries	
Intangible assets	
Property, plant and equipment	
Financial assets at fair value through other comprehensive income	
Financial assets at fair value through profit or loss (FVPL)	
CURRENT ASSETS	
Financial assets at fair value through profit or loss	
Trade and other receivables	
Advance accounts in debit	
Cash and cash equivalents	
Total assets	

FUNDS AND LIABILITIES

MEMBERS' FUNDS	
Accumulated funds	
Revaluation reserve for financial assets	
NON-CURRENT LIABILITIES	
Retirement benefit obligations	
CURRENT LIABILITIES	
Advance accounts in credit	
Outstanding risk claims provision	
Personal medical savings account liability	
Leave pay obligation	
Trade and other payables	
Total funds and liabilities	

Note	2020 R	2019 R
	782 022 181	724 837 210
4	-	1
5	21 626 790	19 967 049
3	40 269 746	42 133 140
6	302 450 983	277 455 034
6	417 674 662	385 281 986
	1 993 995 268	1 271 991 638
6	668 582 429	234 203 132
7	143 273 142	142 458 773
8	1 017 788	1 017 788
9	1 181 121 909	894 311 945
	<u>2 776 017 449</u>	<u>1 996 828 848</u>
	2 338 298 892	1 626 070 381
	2 053 300 060	1 366 067 498
	284 998 832	260 002 883
	9 923 000	14 329 000
	427 795 557	356 429 467
8	7 854 734	7 854 734
11	184 155 441	171 363 156
12	82 380 130	62 232 255
13	15 454 455	12 397 211
14	137 950 797	102 582 111
	<u>2 776 017 449</u>	<u>1 996 828 848</u>

Statement of comprehensive income for the year ended 31 December 2020

	Note	2020 R	2019 R
Risk contribution income	15	4 890 896 015	4 686 594 742
		4 890 896 015	4 686 594 742
Relevant healthcare expenditure		(3 863 691 851)	(4 359 120 850)
Net claims incurred	16	(3 798 642 730)	(4 339 857 174)
Risk claims incurred		(3 806 449 465)	(4 346 681 080)
Third-party claims recoveries		7 806 735	6 823 906
Accredited managed healthcare services (no risk transfer)	17	(64 257 247)	(61 549 949)
Net (expense) / income on risk transfer arrangements		(791 874)	42 286 273
Risk transfer arrangement premiums paid	18	(185 435 416)	(188 577 629)
Recoveries under risk transfer arrangements	18	184 643 542	230 863 902
Gross healthcare result		1 027 204 164	327 473 892
Broker service fees	19	(73 677 869)	(73 015 909)
Administration expenditure	20	(346 052 062)	(322 348 945)
Net impairment losses on financial assets	21	(12 068 593)	(8 545 865)
Net healthcare result		595 405 640	(76 436 827)
Other income		94 029 763	138 312 405
Investment income	24	107 170 826	128 661 584
Net other (losses) / gains	23	(16 190 400)	6 739 732
Sundry income	25	3 049 337	2 911 089
Other expenditure		(5 857 841)	(6 436 461)
Asset management fees and expenses		(1 933 090)	(2 015 588)
Interest paid	22	(3 924 751)	(4 420 873)
Net surplus for the year		683 577 562	55 439 117
Other comprehensive income		28 650 949	16 094 539
<i>Items that may be reclassified to profit or loss</i>			
Changes in the fair value of equity investments at fair value through other comprehensive income (FVOCI)		24 995 949	15 075 539
Realised gain on disposal of equity investments at FVOCI		-	5 220 700
Transfer to accumulated funds on disposal of equity investments at FVOCI		-	(5 220 700)
Remeasurement of retirement benefit obligation	10.1	3 655 000	1 019 000
Total comprehensive income / (loss) for the year		712 228 511	71 533 656

Statement of changes in funds and reserves for the year ended 31 December 2020

Balance as at 1 January 2019
Comprehensive income
Net surplus for the year.....
Other comprehensive income
Transfer to accumulated funds on disposal of equity investment at FVOCI
Total comprehensive income for the year
Balance as at 31 December 2019
Balance as at 1 January 2020
Comprehensive income
Net surplus for the year.....
Other comprehensive income
Total comprehensive income for the year
Balance as at 31 December 2020

Note	Accumulated funds R	Revaluation reserve for financial assets R	Total members' funds R
	1 304 388 681	250 148 044	1 554 536 725
	55 439 117	-	55 439 117
	1 019 000	15 075 539	16 094 539
	5 220 700	(5 220 700)	-
	61 678 817	9 854 839	71 533 656
	1 366 067 498	260 002 883	1 626 070 381
	1 366 067 498	260 002 883	1 626 070 381
	683 577 562	-	683 577 562
	3 655 000	24 995 949	28 650 949
	687 232 562	24 995 949	712 228 511
	2 053 300 060	284 998 832	2 338 298 892

Trustees' remuneration

2020	Fees for Board of Trustees meeting attendance R	Fees for committee meeting attendance R	Telephone allowance R	Total remuneration R	Travel and accommodation expenses R	Total considerations R
JM Ferreira	152 936	104 907	1 260	259 103	337	259 440
JC Klopper	387 713	94 839	1 260	483 812	187	483 999
PJ Louw	131 088	172 562	1 260	304 910	352	305 262
TN van der Westhuizen	152 936	212 966	1 260	367 162	1 094	368 256
PM van Deventer	152 936	229 786	1 260	383 982	647	384 629
MJ Visser	270 326	230 435	1 260	502 021	402	502 423
	<u>1 247 935</u>	<u>1 045 495</u>	<u>7 560</u>	<u>2 300 990</u>	<u>3 019</u>	<u>2 304 009</u>

2019	Fees for Board of Trustees meeting attendance R	Fees for committee meeting attendance R	Telephone allowance R	Total remuneration R	Travel and accommodation expenses R	Total considerations R
JM Ferreira	131 088	135 347	1 200	267 635	1 005	268 640
JC Klopper	273 095	99 790	1 200	374 085	-	374 085
PJ Louw	131 088	149 366	1 200	281 654	1 557	283 211
TN van der Westhuizen	131 088	173 837	1 200	306 125	2 669	308 794
PM van Deventer	131 088	209 394	1 200	341 682	3 253	344 935
MJ Visser	245 789	156 121	1 200	403 110	1 610	404 720
	<u>1 043 236</u>	<u>923 855</u>	<u>7 200</u>	<u>1 974 291</u>	<u>10 094</u>	<u>1 984 385</u>



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Medihelp is an authorised financial services provider (FSP No 15738)