



SIZWE HOSMED
MEDICAL SCHEME
Your choice for quality care



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INTEGRATED ANNUAL
REPORT | 2022





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MEDICAL SCHEME
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NOTICE OF ANNUAL GENERAL MEETING (AGM) OF MEMBERS AND CALL FOR MOTIONS

The Sizwe Hosmed Medical Scheme (Scheme) is registered in terms of the Medical Schemes Act of 1998, as an unrestricted membership medical scheme.

To: Members of Sizwe Hosmed Medical Scheme

The Board of Trustees and Independent Committee Members of Sizwe Hosmed Medical Scheme.

Notice is hereby given that the Sizwe Hosmed Medical Scheme AGM for the year ended December 2022 will be held as follows:

Date: 22 July 2023

Time: 10h00

Venue: ANEW-Resort Hunters Rest
R24 Rustenburg
Krugersdorp Road
Rustenburg
0300

Kindly note that the Scheme is calling for motions to be placed before the AGM. The Call for motions period is now open and will close on the **22nd May 2023**. Motions can be sent to the office of the Principal Officer by emailing agm@sizwe-hosmed.co.za

IMPORTANT: Members attending the meeting should provide their South African Identity document and membership card to be able to participate at the Annual General Meeting.

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Message from the Chairperson of the Board

- Mr Songandaba Derryl Langa

"I can be changed by what happens to me, but I refuse to be reduced by it". - Maya Angelo

The year 2022 was indeed a trying one, following the end of the pandemic.

The scheme experienced above normal claims which negatively affected our solvency. The board through the advice of the audit and risk committee and the finance and investment committee, immediately invested its resources towards investigating the route courses of the high claims and commenced with the implementation of mitigating strategies.

We have woken to the dynamism and the unpredictability of the industry that our organisation operates in. The Scheme has commenced to put corrective measures to address the current challenges better navigate such contingencies in the future.

The kind of engagements we have had with our key stakeholders including the regulator have been very productive and guiding towards achieving sustained financial soundness and aiding our forward looking view.

We realize the importance of doing business with sustainability in mind, covering the solvency improvement project, cost containment, sustained business growth and investment returns.

The governance structures and its committees have work painstakingly to drive the Scheme towards a favourable outlook contributing towards, an unqualified audit opinion and achieving the required solvency despite the challenges.

We take away from 2022 some positives, our global rating has remained stable at A+, it is comforting to know that the scheme is capable to meet its financial obligations.

Developments in the economy were to lead to a new perspective on how to conduct business, especially with reference the changes healthcare industry.

National Health Insurance plan started to gain momentum for implementation "The National Health Insurance (NHI) is a health financing system that is designed to pool funds to provide access to quality affordable personal health services for all South Africans based on their health needs, irrespective of their socio-economic status.

NHI is intended to ensure that the use of health services does not result in financial hardship for individuals and their families. NHI seeks to realise universal health coverage for all South Africans”.

The Scheme is committed and embraces these solidarity principles as this promotes the ideal of quality care for all, which is embedded in our vision.

We view NHI as a solution in uplifting the public healthcare system and allowing private healthcare to traverse skills and knowledge in the envisioned NHI environment and with medical aids having a role to play.

To sustain the regulatory requirements and market appreciation it is required for us to innovate and do business differently. We are comforted with the audit outcomes though we note that there is much more work that still needs to be done to turn the Scheme around.

Finally, on behalf of the Board of Trustees, I would like to express our gratitude to our members and stakeholders, you have always given us your trust and support. And thank all trustees, executives and employees for putting together your best effort and spirit during difficult time coming from the past year.

Your Choice for Quality Care



Songandaba Derryl Langa

Board of Trustees: Chairperson





Message from the Acting Principal Officer

- Ms Nozibele Tshobeni

On a positive note, the Scheme has managed to maintain a positive credit outlook of A+ by Global Credit Rating (GCR) and achieved an improved BBBEE ranking from the previous level 8 to level 2.

Sizwe Hosmed Medical Scheme (the Scheme) embraces stability, pricing certainty, rich yet competitive benefits, and the affordability of its members – all of which are key to the unique value proposition offered to its large membership base.

The Scheme is also mindful of the dire economic conditions in the country and the impact that the cost of living has on our members.

There is a general consensus amongst industry experts that claim increases post-COVID have been above normal levels. Sizwe Hosmed experienced an increase of approximately 13% in claims per beneficiary from 2021 to 2022. This compares to annual industry norms, which would generally be expected to be in the range of 7% to 9%. The poor claims experience was particularly evident for in-hospital events. The Scheme saw a significant increase in the volume of less complex and costly admissions. In particular, a 24% increase in admission rate was experienced from 2021 to 2022. The diagnosis categories most responsible for driving additional in-hospital claims relative to the budget were claims related to the circulatory system, the respiratory system, and injuries.

In 2021 benefit utilisation rebounded due to the lifting of restrictions on economic activities and members accessing previously suspended elective procedures and benefits. In 2022 the claims experience worsened as the year progressed.

The claims have increased significantly due to pent-up demand in the COVID-19 years that was released at levels far greater than expected. Members are using more and more of their benefits. Given the rich benefits available on Sizwe Hosmed, the total cost of claims has reached a level that requires an interim increase to ensure financial sustainability.

As a not-for-profit fund owned by its members, it is prudent for Sizwe Hosmed to protect the interests of its members. In years when claims were low, the Scheme accordingly lowered the increases to levels far below inflation in support of affordability and a strained economic environment. The Scheme is in a healthy financial position and continues to ensure that members' healthcare needs are paid for in-line with available benefits.

Accordingly, the Scheme has embarked on several initiatives to protect its solvency. These include but are not limited to:

- Efforts to reduce claims by 5% without impacting members' access to quality care.
- A 5% interim contribution increase, effective 1 May 2023.

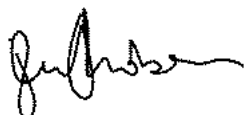
The comparison between the existing benefit options and the closest matched products in the industry indicates the lowest and highest price points of the comparative (mapped) options creates a band and shows that Sizwe Hosmed is within the band and close to the minimum price point across most options.

On a positive note, the Scheme has managed to maintain a positive credit outlook of A+ by Global Credit Rating (GCR) and achieved an improved BBBEE ranking from the previous level 8 to level 2.

The Scheme also achieved unqualified audit results for the financial year ended 31 December 2022, and management, staff, and the governance structures are all working hard to turn things around at the Scheme.

Finally, on behalf of the Executive Management, I would like to express our gratitude to our members and stakeholders; you have always given us your trust and support. And thank all trustees, executives and employees for putting together your best effort and spirit during difficult times over the past year.

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Ms. Nozibele Tshobeni

Acting Principal Officer

SIZWE HOSMED MEDICAL SCHEME



ANNUAL GENERAL MEETING AGENDA

NO.	ITEM	ACTION	RESPONSIBLE
1.	Opening and Welcome	Opening	Chairperson
2.	Confirmation of proper notice given	Confirmation	Chairperson
3.	Quorum	Confirmation	Chairperson
4.	Attendance and apologies	Noting	Chairperson
5.	Adoption of the minutes of previous meeting	Approval	chairperson
MATTERS ARISING			
6.	Chairperson's report	Noting	Chairperson
7.	Acting Principal Officer's Report inclusive of operations overview	Noting	APO
8.	Presentation and adoption of the Annual Financial Statements and Auditor's Report	Noting	CFO/PwC
9.	Confirmation of appointment of the external auditors for the ensuing year	Approval	APO
10.	Presentation and approval of the trustee remuneration for the ensuing year	Approval	APO
11.	Motions for which notice had been given	Noting	Chairperson
12.	Other matters dealt with at an Annual General Meeting	Discussion	All
13.	Closure	Discussion	Chairperson



MINUTES OF 2022 AGM

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MINUTES OF THE SIZWE HOSMED MEDICAL SCHEME ANNUAL GENERAL MEETING (“AGM”) MEMBERS HELD ON SATURDAY, 27 AUGUST 2022 AT 10H00 AT THE CAPE TOWN INTERNATIONAL CONVENTIONAL CENTRE (CTICC), 1 LOWER LONG STREET, CAPE TOWN, 8001

PRESENT

Mr. Songandaba Langa	Chairperson
Mr. Luyolo Makwabe	Deputy Chairperson
Mr. Mandla Shamase	Trustee (via Teams)
Mr. Martin Hennig	Trustee
Dr. Zinzi Limba	Trustee
Ms. Priscilla Dumelakgosi	Trustee
Mr. Arne Greyling	Trustee
Ms. Chrystolene van Rensburg	Trustee
Mr. Thomas Kgekolo	Trustee
Ms. Zukiswa Matikinca	Trustee
Mr. Ayanda Phikhani	Trustee
Trustee	Trustee
Mr. Zonwabele King	Trustee
Mr. Mpho Monei	Trustee
Mr. Alex Nhlapo	Trustee
Ms. Busisiwe Zinhle Maseko	Trustee
Mr. Luvuyo Pokomela	Trustee

IN ATTENDANCE

Dr. Simon Mangcwatywa	Principal Executive Officer
Dr. Lebogang Maroo	Clinical and Operations Executive
Ms. Nozibele Tshobeni	Chief Financial Officer
Mr. Milford Chuene	Legal, Compliance, and Governance Executive
Mr. Malema Pitsoane	Communications, Marketing, and Business Development Executive
Ms. Sibongile Njwenga	Compliance Administrator
Mr. Andre van Staden	Chairperson of the Audit and Risk Committee
Mr. Tebogo Malatji	Malatji & Co Attorneys
Mr. Vian Pullen	Council for Medical Schemes (CMS)
Mr. Clinton Mitshelson	PWC
Dr. Nomonde Mabuya and her Executives	3 Sixty Health
Ms. Sandiswa Madlala	PWC
Ms. Bertha Chaora	Statucor(Pty) Ltd-Minutes

APOLOGIES

Mr. Pogiso Shikwane	Trustee
Mr. Nicolaas Erasmus	Trustee

1. OPENING AND WELCOME

The Chairperson, Mr. S Langa, opened the meeting. He welcomed all those present at the 2022 Sizwe Hosmed Medical Scheme Annual General Meeting (AGM) held at the Cape Town International Convention Centre "ICC".

The Chairperson requested the Safety Officer to provide a safety brief to the meeting.

2. SAFETY BRIEFING

The ICC Compliance Officer provided a safety brief to the meeting.

3. CONFIRMATION OF PROPER NOTICE GIVEN

Mr. M Chuene (the Legal, Governance & Compliance Executive) confirmed that in terms of Rule 27.1.2 of the Scheme, that a 90-day notice period was required to be served on the members regarding the holding of the AGM.

Mr M Chuene confirmed that the notice of the AGM met the requirements of the Scheme Rules and accordingly confirmed proper notice of the AGM.

4. QUORUM

Mr. M Chuene confirmed that the required quorum was attained and therefore the meeting was duly constituted in terms of the Scheme Rule.

5. ATTENDANCE AND APOLOGIES

Apologies were tendered for Mr. P Shikwane and Mr. N Erasmus for the meeting.

A moment of silence was observed for the late Deputy Chairperson, Mr. Brian Salters.

6. ADOPTION OF THE AGENDA

Members considered the agenda, which was taken as read and adopted without any amendments.

Mr. R Swarts and Mr. S Motshoene moved and seconded, the adoption of the agenda.

7. ADOPTION OF THE MINUTES OF THE PREVIOUS MEETING

The minutes of the AGM held on 21 August 2021 were taken as read and approved as a true reflection of proceedings, subject to the following amendments:

- a. Page 9, item 4 (b): To reflect that Mr. S Motshoene confirmed that the Mpumalanga region had received their packs in due time. Mr. R Swarts confirmed that he had also received his pack in due time.
- b. Page 9, item 4 (d): To correct "Mr. Swartz" to "Mr. Swarts" and reflect as such across all minutes.

Mr. S Motshoene moved and Mr. T Tsubulane seconded the approval of the minutes.

8. MATTERS ARISING FROM THE MEETING HELD ON 21 AUGUST 2022

The matters arising from the AGM held on 21 August 2021 were tabled and taken as read.

The NHI update as well as the Essential Copper strategy plan items were to be addressed under the PO's report.

The vitamin item was included in the option ranges that the Scheme would be launching in September 2022.

9. CHAIRMAN'S REPORT

The Chairman presented his report and highlighted the following salient points:

- a. The Sizwe Hosmed Medical Scheme came into existence on 21 November 2021 as an amalgamation of the Sizwe and Hosmed Medical Schemes.
- b. The Scheme was administered by 3Sixty Health Proprietary Limited and regulated by the Council of Medical Schemes (CMS).
- c. The Scheme offers 12 benefit options namely:



- d. The Board of Trustees was made up of the two Boards of the amalgamated Schemes with the majority of elected and appointed members with 6 well-functioning Board committees to assist the Board in executing its duties.
- e. It was noted that the Board monitors the performance of these committees through evaluations from institutions such as the Institute of Directors of South Africa (IoDSA).
- f. In respect of the impact of the merger on the staff, there were no vacancies within the executive team. The team consisted of the PO, Chief Financial Officer, Clinical and Operations Executive, Communications, Marketing, and Business Development Executive as well as the Legal, Compliance, and Governance Executive.
- g. As of the end of December 2021, the Scheme recorded a deficit of -R84m due to excessive claims and remains a going concern with reserves of R1.4bn and with a solvency rate that is above the minimum requirement of 25%.

- h. The Scheme received an unqualified audit opinion from PwC with 5 non-compliance areas flagged which are being addressed by management.
- i. The Chairman thanked the Board, management, the Scheme staff, the members, 3Sixty Health, and all stakeholders for being patient through the teething and ongoing changes that came with a merger.

10. PRINCIPAL OFFICER'S REPORT

Dr. S Mangwatywa, the Principal Officer (PO) presented his report and highlighted the following salient points:

- a. Historical background on the merger was outlined which involved the exposition document approval, the Competition Commission as well as the SALGA approvals.
- b. The Board was focused on what they wanted to see in the future and flowing from the strategy were the following strategic objectives; financial sustainability, economies of scale, reduction in non-healthcare costs, and providing a competitive product suite.
- c. The merger had placed the Scheme at the 4th highest solvency ratio level in the country.
- d. In terms of the corporate governance perspective, there were 6 Board committees.
- e. The Scheme was focused on sustainable membership growth, improved member health, and organizational sustainability.
- f. The Scheme was also required to be above the minimum solvency ratio of 25% and was currently at 34%, while the claims ratio was reported at 90%. Engagements would be undertaken with members on the reduction of claims and how they can utilize their benefits.
- g. There were several factors affecting the Scheme such as the political, economic, social, technological, and legislative factors. Some of the issues included lifestyle diseases, diabetes, cancers, Ukrainian invasion, cyber-attacks, B-BBEE, and the Protection of the Personal Information Act (POPIA).
- h. To mitigate some of these macroeconomic issues, management was implementing IT infrastructure among many other interventions.
- i. Almost 100% of the Trustees as well as the employers had been vaccinated. Furthermore, 1081 members had been admitted at R244m with 121 932 members vaccinated against COVID-19 for R26.8m. At least 86 members had been lost to the pandemic.
- j. Initiatives were underway to reduce the Essential Copper losses, a new mobile app, a new website, and a new broker portal were launched, furthermore, a new B-BBEE strategy implementation was underway as well as new offices were opened thereby increasing the Scheme's footprint.
- k. In conclusion, the Scheme was well run and in a good financial position.

11. PRESENTATION OF THE 2021 ANNUAL FINANCIAL STATEMENTS

Ms. N Tshobeni, the Chief Financial Officer (CFO) presented the 2021 Annual Financial Statements report and highlighted the following salient points:

- a. From a financial perspective, several factors impacted the economic landscape such as political, social, technological, environmental, and legislation.
- b. In 2021, the Scheme obtained an unqualified audit opinion from PwC.
- c. The Scheme was rated an A+ (Stable) Credit Rating by GCR, (Credit Ratings Agency)
- d. It was noted that the two former Schemes had budgeted for a - R222m deficit but closed at a deficit of - R84m with reduced claims which reflected that the members were being responsible with their benefits
- e. The IFRS9 financial standard was adopted, and the Scheme was liquid and remains solvent.
- f. It was further highlighted that the 2021 financial statements consisted of 10 months' worth of performance of the former Sizwe and 2 months of the former Hosmed accounts.
- g. From a Balance Sheet, the reserves were reported at R1.4bn while the size of the balance sheet was reported at R4.4bn.
- h. Formerly Sizwe acquired formerly Hosmed and the value of former Hosmed's reserve was noted as R503 152 267 which was brought into the merger.
- i. Management was in the process of finalizing the benefit design process to provide prudent contribution increases with a key focus to cushion the members, for the benefits to remain rich, and ensure financial sustainability.

Question and Answers

The Chairperson proceeded to open the floor to the members for comments and questions regarding the Principal Officer's report and financial highlights, as presented.

The following questions were raised by members:

- a. Mr. M Maqungo sought clarity regarding the new Scheme Rules considering that two Schemes had merged. He further highlighted that the current rules specify that the Board should consist of 8 members as opposed to 20 members of which he was of the view that it should be an issue at an operational level
- b. Mr. R Swarts recognized and commended the marketing initiatives, considering that the average age had dropped to 33.13%, and suggested that the Scheme continues in targeting the younger age groups. Furthermore, in respect of non-compliance of payment of contributions by the employers, the initiatives underway to address this matter as well as the strategy/plan to address the non-healthcare costs was to be provided at the next AGM.
- c. Mr. R Swarts enquired further regarding the formulation of the specialist group to address the pathology costs.
- d. Mr. Gabriel [-] enquired regarding the improvement of the stability of the member and broker portal in

respect of the POPI Act, as other members' details were popping up upon logging. He further inquired in terms of the investment of reserves, if there was any consideration of investing outside of the country.

- e. Mr. N Brown inquired about the R84bn deficit as well as the unallocated funds.
- f. Mr. T Tsibulane commended the Scheme for the merger and enquired if there was a way in which the Scheme could be expanded beyond South Africa to the rest of the SADC region.
- g. Mr. S Zondi enquired how the excessive claims would be resolved, and how the Scheme would improve membership growth as well as improve information circulation to the members.

Scheme Rules:

- The Chairperson highlighted that the former Scheme rules were almost similar, however, from a legal perspective, the former Sizwe rules applied, as Sizwe acquired Hosmed. He further noted that the standing rules needed to be read in conjunction with the approved exposition document and the current Board was legitimate until 2024. He further indicated that one of the Board members had passed on and would not be replaced.
- Mr. M Magungo raised a concern that the approved formerly Sizwe Rules provided a different number to what was reality in terms of the Board members.
- Mr. M Chuene, clarified that once the exposition document was approved by the members and the Council for Medical Schemes, it became de facto Rules of the Scheme. He further indicated that the exposition document envisaged the Board consisting of 20 members hence the current size of the Board
- The PO indicated that the Sizwe Hosmed Rules would be communicated to the members and that the exposition document was approved by the Registrar on the basis that the merger would benefit the members and a plan was underway to reduce the current Board composition to meet the required number.
- Mr. T Malatji, from Malatji & Co Attorneys, clarified the amalgamation process in terms of Section 63 of the Medical Schemes Act. He indicated that in terms of Section 63(11) provided that once the Registrar had confirmed the exposition and approved the transaction, the rules are supposed to be read in conjunction with the exposition document.

New Financial Year:

- The CFO confirmed that the new financial year was from 01 January – 31 December and as of 31 December 2022 there would be one set of Sizwe Hosmed Annual Financial Statements.

CMS:

- The PO confirmed that the CMS representative was in attendance and advised the members that the AGM invitation is extended to the Regulator each year.

Marketing:

- The PO confirmed that 3Sixty Health was responsible for the marketing initiatives and the positive change in the age group was attributed to their efforts particularly, to Dr. N Mabuya and her team.

Non-Healthcare Costs:

- It was clarified that the size of the Board was non-related to the non-healthcare costs and that the size thereof was regulated in conjunction with CMS.
- Furthermore, the merger process required re-branding and several marketing-related processes which contributed to the non-healthcare costs.

Pathology:

- The Scheme was working on developing a specialist network with specific doctors that the Scheme can contract under specific conditions and part of the process was to reduce the pathology costs.
- Furthermore, a claims risk management project was underway to assist in curbing claims costs which in the past year had yielded savings of approximately R70m.

Cyber-attacks

- Significant IT infrastructure had been put in place with a new service provider appointed to deal with cyber protection.

Deficits:

- The PO indicated that the business of the Scheme was not to make a profit and the Board was of the view that a reasonable, actuarial-based, and well-calculated amount of the savings should be invested back into the members. A five-year solvency plan was in process in order to benefit the members.
- Presently the Scheme was not permitted to invest outside of the borders of South Africa.
- It was clarified that the reported deficit was -R84m and not -R84bn.

Contribution Increases:

- The contribution increases could not be confirmed as the calculations were still in draft form other than that the CMS had issued Circular 44 as a guideline to determine the pricing process.

Non-compliance:

- It was clarified that a small percentage of the members fell outside the 7 days with a credible credit management team in place to manage these members.

Essential Copper:

- Essential Copper remains a key area of focus and Copper Core had been collapsed into Essential to match the benefits with the claims.

Growth:

- Part of the growth strategy included potential mergers and acquisitions; engagements were underway with other Schemes for potential partnerships. Marketing activities included a positive business development pipeline underway and the Scheme was becoming more visible on social media platforms.

12. PRESENTATION AND ADOPTION OF THE 2021 AUDITORS REPORT

Ms. S Madlala, from PwC, presented the audit report by the External Auditors. The following salient points were highlighted:

- a. It was noted that the external auditors' main objective was to obtain reasonable assurance that the financial statements as a whole were free from material misstatement due to fraud or error in line with the IFRS standards.
- b. PwC confirmed that they had been given full access to information and were independent of Sizwe Hosmed Medical Scheme.
- c. The audit of the Scheme ended on 31 December 2021 resulting in an unqualified audit opinion.
- d. It was noted that the audit opinion included a key audit matter in respect of the outstanding claims provision.
- e. In terms of regulatory matters, there were a few non-compliance matters with the sustainability of the benefit options highlighted as a significant matter.

13. CONFIRMATION OF THE APPOINTMENT OF EXTERNAL AUDITORS

Mr. C Mitchelson and Ms. S Madlala were recused from the meeting.

Mr. A van Staden, the Audit and Risk independent Chairperson presented the appointment of the external auditors' proposal. The following salient points were highlighted:

- a. That PwC was appointed three years back and still had a year to go in terms of their contract.
- b. That as per the Scheme rules, the external auditors' appointment was to be confirmed at each Annual General Meeting.
- c. It was noted that PwC performed exceptionally well for the audit year.
- d. The Audit and Risk Committee recommended the reappointment of PwC for the next audit year to the Board

RESOLUTION 1 OF 27 AUGUST 2022

It was resolved that the appointment of PwC as Sizwe Hosmed Medical Scheme external auditors for the next audit year be approved.

Mr. R Swarts moved for the re-appointment of the external auditors, seconded by Mr. Zondi.

14. APPROVAL OF BOARD OF TRUSTEES' REMUNERATION

The Board was excused from the meeting at 13h03.

The PO presented the proposed BoT 2023 remuneration structure and highlighted that any increase for the members of the Board must be approved at an AGM.

The PO further indicated that the Board was proposing an inflationary related increase which was then sitting at 5.7% increase.

Comments and questions

The PO proceeded to open the floor to the members for comments and questions on the BoT remuneration as presented. The following was raised by members:

- a. Mr. W Hanisi proposed that the proposed increases be deferred to 2024 given the significant size of the Board.
- b. Mr. E Sesele supported the first motion, highlighting that Sizwe Hosmed was too small a Scheme to have a very large Board.
- c. Mr. M Maqungo sought clarity regarding the proposed 5.7%. the PO clarified that the increase would apply to the monthly retainers and attendance fees per meeting.
- d. Mr. R Swarts enquired which Scheme's model had informed the proposed 5.7% increase, if that was either the formerly Sizwe or Hosmed model.
- e. The PO clarified that it was the Sizwe Hosmed model.
- f. Mr R Swarts counter-proposed a 4% increase as opposed to 5.7% or the zero percent proposed by other members.
- g. Ms. S Motshoene urged the members to reconsider their stance regarding a 0% increase as it would not be fair considering the Board's efforts and strategies they had put in place.
- h. The PO noted the conflicting views regarding the matter and highlighted that there were two proposals on the table, to either effect a 0% increase or a 4% increase.
- i. He suggested that in line with the Scheme rules, that the matter be voted on through a show of hands.
- j. The PO facilitated the voting and the following was confirmed:
 - The number of those who supported the 0% increase was 11.
 - The number of those who supported the 4% increase was 33.

RESOLUTION 2 OF 27 AUGUST 2022

It was resolved that the current BoT remuneration structure be increased by 4%.

Mr. S Motshoene moved for the current BoT remuneration structure to be increased by 4% until the next AGM, seconded by Mr. R Swarts.

The Trustees re-joined the meeting at 13:40.

15. MOTIONS RECEIVED IN TERMS OF RULE 27.1.5

The PO confirmed that an estimate of 30 or more motions were received in terms of Rule 27.1.5 however, they were all found to be query related with no competent motions for consideration.

16. CLOSING REMARKS

The PO thanked those in attendance for their time and participation.

17. CLOSURE

The Chairman thanked all those in attendance and the executive team for a successful AGM and their participation during the meeting.

The executives were requested to advise the members where the next AGM would be held within the next 2 weeks.

The being no further business to discuss, the meeting was closed at 13h46.

Adopted as a true reflection of proceeding at the meeting.



SD Langa
Chairperson



STATEMENT OF RESPONSIBILITY
BY THE BOARD OF TRUSTEES
SIZWE HOSMED MEDICAL
SCHEME

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STATEMENT OF RESPONSIBILITY BY THE BOARD OF TRUSTEES

Annual Financial Statements

The Board of Trustees (BOT) is responsible for the preparation, integrity, and fair presentation of the Annual Financial Statements (AFS) of the Sizwe Hosmed Medical Scheme (the Scheme). The AFS has been prepared in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Medical Schemes Act, No 131 of 1998, as amended and includes amounts based on judgments and estimates made by management.

The AFS comprise the statement of financial position as at 31 December 2022, the statement of comprehensive income, the statement of changes in members' funds and reserves and the statement of cash flows for the year then ended, and the notes to the AFS which include a summary of significant accounting policies and other explanatory notes.

The BOT considers that in preparing the AFS, appropriate accounting policies have been applied and that IFRS has been followed. These are consistent with those adopted in the prior financial years and are supported by reasonable and prudent judgments and estimates.

The BOT are responsible for ensuring that proper accounting records are kept and maintained by the Scheme and the Administrator. The accounting records disclose with reasonable accuracy the financial position of the Scheme, which enables the trustees to ensure that the annual financial statements comply with the relevant legislation. The Scheme operates in an adequate control environment, which is well documented and regularly reviewed. This incorporates risk management and internal control procedures, which are designed to provide reasonable, but not absolute assurance, that assets are safeguarded, and the risks facing the business are controlled.

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

The going concern basis has been adopted in preparing the AFS. The Trustees have no reason to believe that the Scheme will not be a going concern in the foreseeable future, based on forecasts and available cash resources. These AFS support the viability of the Scheme.

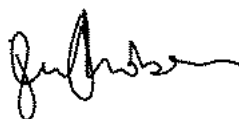
The annual financial statements set out on pages 46 to 93 were approved by the board of trustees and were signed on 25 April 2023 on their behalf by:



Mr S.D Langa
Chairman



Mr L Makwabe
Deputy Chairman



Ms N Tshobeni
Acting Principal Officer



STATEMENT OF CORPORATE
GOVERNANCE BY THE BOARD
OF TRUSTEES

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STATEMENT OF CORPORATE GOVERNANCE BY THE BOARD OF TRUSTEES

Sizwe Hosmed Medical Scheme is committed to the principles and practice of fairness, openness, integrity, and accountability in all dealings with its stakeholders. The trustees are required to act with due care, diligence, and good faith in the best interest of the members. In pursuit of this, the trustees conduct themselves in accordance with the Rules of the Scheme. The trustees are proposed and elected by the members in accordance with the Medical Schemes Act no. 131 of 1998, as amended.

1. Board of Trustees

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

All trustees have access to the advice and services of the Acting Principal Officer and where appropriate, may seek independent professional advice at the expense of the Scheme.

2. Internal Controls and Risk Management

The BOT has adopted relevant principles of Corporate Governance as applicable to medical schemes as contained in the King IV report. The administrator of the Scheme maintains internal controls and systems designed to provide reasonable assurance as to the integrity and reliability of the AFS and to safeguard, verify and maintain accountability for its assets. Such controls are based on established policies and procedures and are implemented by skilled personnel with the appropriate segregation of duties.

A formal internal audit function exists within the Scheme with regular reporting to the Audit and Risk Committee. This function is provided by SekelaXabiso CA Incorporated and SM Xulu Inc.

The Scheme's risk profile continues to be addressed by risk management, evaluation and management processes, including the use of a risk register utilising the Combined Assurance model.

3. Ethical values of the Scheme

The Scheme is bound by a Code of Conduct, mandates, and principles of treating members fairly. The Code of Conduct outlines the principles that guide the Scheme in a way that contributes to the welfare of the key stakeholders and helps balance the needs of all stakeholders in the system. Governance and ethical values within Sizwe Hosmed Medical Scheme are continually being addressed by the BOT.

The Scheme's committees have mandates that set out their responsibilities that promote the principles of transparency and ethics. The Scheme is bound to open communication with all its stakeholders about its financial and business

targets and to treat them fairly in all business dealings.

4. Compliance with the Medical Schemes Act

The Trustees monitor that the Scheme complies with the Medical Schemes Act no. 131 of 1998 (the "Act") and the Regulations issued in terms of the Act. The Trustees endeavour to apply the King IV Code of Corporate Governance where necessary and practical. The BOT noted non-compliance matters which are set out fully in the BOT Report.

5. Administrator performance

The administrator, 3Sixty Health (Pty) Ltd, as well as all providers of administrative services are charged with implementing a functioning control environment, which is well documented and regularly reviewed. The contracts and Service Level Agreements (SLA) provide for the monthly and quarterly submission of reports to the Scheme, which are then used to measure and monitor the service providers' performance.

6. Independent evaluation of the Board and Committees

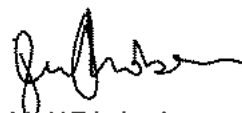
The Scheme adopted a practice of performing annual evaluations on its BOT and its Committees with independent evaluations being undertaken every second year. The latest evaluation commenced in the early part of 2023 and is currently in the final stages of completion. The evaluation is carried out by the Institute of Directors in South Africa (IODSA).



Mr S.D Langa
Chairman



Mr L Makwabe
Deputy Chairman



Ms N Tshobeni
Acting Principal Officer



BOARD OF TRUSTEES
REPORT

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Board Of Trustees Report

1. DESCRIPTION OF THE MEDICAL SCHEME

1.1 Terms of registration

Sizwe Hosmed Medical Scheme (the Scheme) is a not-for-profit, open medical scheme registered under reference number 1486 in terms of the Medical Schemes Act no. 131 of 1998, as amended. The Scheme is administered by 3 Sixty Health (Pty) Ltd and regulated by the Council for Medical Schemes (CMS).

An amalgamation between Sizwe Medical Fund (SMF) and Hosmed Medical Scheme was approved by the Council for Medical Schemes on 29 October 2021, as required by Section 63 of the Medical Schemes Act 131 of 1998. The amalgamation was effective 1 November 2021. The Council for Medical Schemes also approved the name change of the amalgamated Scheme to Sizwe Hosmed Medical Scheme.

1.2 Benefit options within Sizwe Hosmed Medical Scheme

The Scheme offered the following eight benefit options to employers and members of the public during the year:

- Titanium Executive Plan
- Platinum Enhanced Plan
- Gold Ascend Plan
- Silver Hospital Plan
- Plus Option
- Value Option
- Essential Copper Option
- Access Saver Option*

* These benefit options contain a savings plan.

1.3 Risk Transfer Arrangement

During the 2021 financial year and prior to the amalgamation, Hosmed Medical Scheme had entered into a risk transfer arrangement with Isoleso Optics for optometry benefits. As a result of the amalgamation between Sizwe Medical Fund and Hosmed Medical Scheme effective 1 November 2021, the contract was continued by the amalgamated entity.

The table below reflects the premiums paid and net expenses incurred in respect of the risk transfer arrangement:

	2022 R	2021 R
Risk transfer fees paid	(20 913 577)	(3 604 701)
Recovery from risk transfer arrangement	22 574 365	3 744 224
Net income on risk transfer arrangement	1 660 788	139 523

1.4 Unallocated Funds

Unallocated funds arise on receipt of deposits in favour of the Sizwe Hosmed Medical Scheme that have been identified as members' contributions but have not been allocated to individual members as at 31 December 2022.

Unallocated funds as at 31 December 2022 amounted to R38 983 830 (2021: R25 246 855).

1.5 BOARD OF TRUSTEES MEETING ATTENDANCE - 2022

	Designation	Date initially appointed/elected	Date Term ended	(BOT)		(REMCO)	
				A	B	A	
Mr S.D. Langa	Chairperson-Elected Trustee	13 September 2021		11	11	10	
Mr L. Makwabe	Deputy Chairperson-Elected Trustee	21 July 2017		11	11	10	
Ms Z. Matikinca	Elected Trustee	21 July 2017		11	11	10	
Mr Z. King	Elected Trustee	21 August 2021		11	11	-	
Mr A. Nhlapo	Elected Trustee	21 August 2021		11	11	-	
Mr L. Pokomela	Elected Trustee	21 August 2021		11	11	-	
Mr A. Phikani	Elected Trustee	21 August 2021		11	11	-	
Mr A. Greyling	Appointed Trustee	13 September 2021		11	11	-	
Mr P. Shikwane	Elected Trustee	13 September 2021		11	11	-	
Mr M. Monei	Elected Trustee	13 September 2021		11	11	10	
Mr M. Hennig	Appointed Trustee	13 September 2021		11	11	10	
Ms P. Dumelakgosi	Elected Trustee	13 September 2021		11	11	10	
Ms B. Maseko	Elected Trustee	13 September 2021		11	11	10	
Mr V.M. Shamase	Elected Trustee	21 July 2017		11	11	10	
Ms C. Rensburg	Elected Trustee	21 July 2017		11	11	-	
Mr T. Kgokolo	Appointed Trustee	01 February 2019		11	11	-	
Dr B.Z. Limba	Appointed Trustee	01 February 2019		11	11	-	
Mr N. Erasmus	Elected Trustee	13 September 2021		11	11	-	

A: Number of meetings that could be attended B: Number of meetings attended

BOT: Board of Trustees

REMCO: HR and Remuneration Committee FIC: Finance and Investment Committee ARC: Audit and Risk Committee

CGC: Clinical Governance Committee

CDRC: Complaints and Dispute Resolution Committee PC: Procurement Committee

In terms of the Scheme Rules, elected trustees are elected by members and remain in office until the third Annual General Meeting. The Sizwe Hosmed Board includes members from both Sizwe Medical Fund and Hosmed Medical Scheme, as approved by the Registrar for Medical Schemes in terms of the Exposition document.

		(FIC)		(ARC)		(CGC)		(CDRC)		(PC)	
	B	A	B	A	B	A	B	A	B	A	B
	10	6	6	-	-	-	-	-	-	-	-
	10	6	5	-	-	-	-	-	-	-	-
	10	-	-	8	8	-	-	-	-	-	-
	-	-	-	-	-	7	7			11	11
	-	6	6	-	-	-	-	3	3	1	1
	-	-	-	-	-	7	7	3	3	-	-
	-	-	-	-	-	7	7	3	3	11	11
	-	6	6	-	-	-	-	-	-	11	11
	-	-	-	-	-	7	7	-	-	11	11
	10	-	-	-	-	-	-	-	-	11	11
	10	-	-	-	-	7	7	-	-	-	-
	10	-	-	-	-	-	-	-	-	11	11
	10	-	-	-	-	7	7	-	-	-	-
	10	6	6	-	-	-	-	-	-	-	-
	-	-	-	-	-	1	1	3	3	11	11
	-	1	1	8	7	-	-	-	-	-	-
	-	-	-	-	-	7	7	-	-	-	-
	-	6	6	-	-	7	7	-	-	-	-

1.6 Sub-Committees of the Board of Trustees governing the Scheme.

Audit and Risk Committee (ARC)

The Audit and Risk Committee (ARC) is a statutory committee established in terms of section 36(10) of the Act. The Committee's mandate is derived from its approved terms of reference. The Committee performs an oversight role and assists the Board of Trustees in discharging its responsibilities of safeguarding the Scheme's assets and of ensuring that an effective internal control system is operational.

In addition, the ARC performs a key corporate governance oversight role by safeguarding the integrity of the Scheme's financial reporting and internal financial control environment. The ARC periodically reported to the Board on how it has discharged its responsibilities.

The Committee met eight (8) times during the year and was comprised of the following members:

Audit and Risk Committee

Members		
Mr A. Van Staden	Chairperson and Independent member	(Appointed 13th September 2021)
Ms Z. Matikinca	Trustee representative	(Appointed 3rd August 2017)
Mr M. Matlwa	Independent member	(Appointed 1st August 2018) - Resigned 31st July 2022
Mr T. Kgokolo	Trustee representative	(Appointed 13th September 2021)
Mr L. Kubheka	Independent member	(Appointed 13th September 2021)

A report of the Audit and Risk Committee is presented on pages 38 to 41.

Other Committees

To improve and strengthen the governance of the Scheme, the BOT also operates the following committees:

Clinical Governance Committee

Whilst there is no statutory requirement for this Committee, it has been established in order to give power to the BOT to appoint and delegate authority to a sub-committee consisting of such BOT members and other experts as it may deem necessary. The Committee reviews and monitors all initiatives to reduce unnecessary healthcare costs without negatively impacting on the quality of care. The Committee met seven (7) times during the year and comprised the following members:

Clinical Governance Committee

Members		
Dr B.Z. Limba	Chairperson and Trustee representative	(Appointed 14th February 2019)
Mr N. Erasmus	Trustee representative	(Appointed 13th September 2021)
Mr Z. King	Trustee representative	(Appointed 21st August 2021)
Mr L. Pokomela	Trustee representative	(Appointed 21st August 2021)
Mr A. Phikani	Trustee representative	(Appointed 21st August 2021)
Ms Z. Maseko	Trustee representative	(Appointed 13th September 2021)
Mr P. Shikwane	Trustee representative	(Appointed 13th September 2021)
Ms C. Rensburg	Trustee representative	(Appointed 26th October 2022)
Mr M. Hennig	Trustee representative	(Appointed 13th September 2021)

Complaints and Dispute Resolution Committee

The role of the Complaints and Dispute Resolution Committee is to adjudicate disputes that may arise between a member, prospective member, or person claiming against the Scheme. The Committee is mandated by the BOT by means of formal terms of reference as to its membership, authority, and duties. The Committee met three (3) times during the year and was comprised of the following members:

Complaints and Dispute Resolution Committee

Members		
Ms N. Maseko	Chairperson and Independent member	(Appointed 24th April 2019)
Ms C. Rensburg	Trustee representative	(Appointed 3rd August 2017)
Mr A. Phikani	Trustee representative	(Appointed 21st August 2021)
Mr L. Pokomela	Trustee representative	(Appointed 21st August 2021)
Mr A. Nhlapo	Trustee representative	(Appointed 21st August 2021)

Finance and Investment Committee

The role of the Committee is to advise the BOT and Management on the best possible investment of the Scheme's resources available for that purpose, amendments to, or the reinvestment of existing investments and possible steps that may be considered in respect of the investment of available funds. The Committee is mandated by the BOT by means of formal terms of reference as to its membership, authority, and duties. The Acting Principal Officer and senior management attend meetings of the Committee. The Committee met six (6) times during the year and was comprised of the following members:

Finance and Investment Committee

Members		
Mr A. Greyling	Chairperson and Trustee representative	(Appointed 13th September 2021)
Ms N. Maponya	Independent member	(Appointed 1st August 2018)
Ms M. Maubane	Independent member	(Appointed 1st August 2018)
Mr L. Makwabe	Trustee representative	(Appointed 13th September 2021)
Mr M. Shamase	Trustee representative	(Appointed 3rd August 2018)
Mr N. Erasmus	Trustee representative	(Appointed 13th September 2021)
Mr A. Nhlapo	Trustee representative	(Appointed 21st August 2021)
Mr D. Langa	Trustee representative	(Appointed 13th September 2021)
Mr L. Gcilitshana	Independent member	(Appointed 13th September 2021) Resigned 26 July 2022
Mr T. Kgokolo	Trustee Representative	(Appointed 26th October 2022)

HR and Remuneration Committee

The role of the Committee is to ensure that the remuneration policy and practices are regularly reviewed, that the Scheme remunerates the BOT, senior management and its employees fairly and responsibly, and that disclosure of trustee and senior management remuneration is accurate, complete, and transparent. The Committee is mandated by the BOT by means of formal terms of reference as to its membership, authority, and duties. The Committee met ten (10) times during the year and was comprised of the following members:

HR and Remuneration Committee Members

Members		
Mr M. Hennig	Trustee representative	(Appointed 13th September 2021)
Ms Z. Matikinca	Trustee representative	(Appointed 21st August 2021)
Ms P. Dumelakgosi	Trustee representative	(Appointed 13th September 2021)
Mr M. Shamase	Trustee representative	(Appointed 3rd August 2017)
Mr L. Makwabe	Trustee representative	(Appointed 3rd August 2017)
Ms Z. Maseko	Trustee representative	(Appointed 13th September 2021)
Mr M. Monei	Trustee representative	(Appointed 13th September 2021)
Dr B.Z. Limba	Trustee representative	(Appointed 26th October 2022)
Mr D. Langa	Trustee representative	(Appointed 13th September 2021)

2. MANAGEMENT

2.1 Registered office and postal address

Postal address:

P.O. Box 62345
Marshalltown
2017

Business address:

3 Victoria Link,
Route 21 Corporate Park,
Irene, Pretoria
Gauteng
0178

Website:

www.sizwehosmed.co.za

2.2 Executive Management

The table reflects the names of the management team which was in the employment of the Scheme during the 2022 financial year, as well as their dates of engagement.

Name	Position	Date of Appointment
Dr S. Mangcwatywa	Acting Principal Officer	4th January 2018 - Resigned 17th October 2022
Ms N. Tshobeni	Chief Financial Officer	1st December 2020 - Appointed Acting Principal Officer 17th October 2022
Dr L. Maroo	Clinical and Operations Executive	1st November 2021
Mr M. Chuene	Legal and Compliance Executive	1st November 2021
Mr M. Pitsoane	Marketing, Business Development and Communications Executive	1st November 2021

The scheme instituted an independent investigation into the conduct of its former Principal Officer, Dr Simon Mangcwatywa, following an allegation made against him. The investigation found the former principal officer to have acted in a manner that was contrary to the scheme's code of conduct, scheme rules and his fiduciary duties. The Board of Trustees has overseen the implementation of the recommendations contained in the investigation report including reporting the matter to CMS and fulfilled all its fiduciary duties in this regard. The Scheme's external auditor was obliged to report the matter in terms of the Auditing Profession Act.

2.3 Medical Scheme Administrator and Managed Care provider

3Sixty Health (Pty) Limited
7 West Street
Houghton
Johannesburg
2001

P.O. Box 10436,
Johannesburg,
2000

2.4 External Auditor

PricewaterhouseCoopers Inc (PwC)
4 Lisbon Lane
Waterfall City
Jukskei View – Midrand
2090

Private Bag X36,
Sunninghill,
2157

2.5 Internal Auditor

SekelaXabiso CA Incorporated
1 Waverly Office Park
15 Forest Road
Bramley
2199

SM Xulu Inc,
4 Peltier Dr,
Sunninghill,
Sandton,
2157

2.6 Investment managers during the year

During the 2022 financial year, the BOT retained the services of asset managers to assist it with the investment and management of the Scheme's surplus funds. The following 12 companies are the asset managers that were engaged by the Scheme during the year.

Taquanta Asset Managers (Proprietary) Limited
7th Floor, Newlands Terrace
8 Boundary Road
Newlands
7700
FSP 618

P.O. Box 23540,
Claremont,
7735

Aluwani Capital Partners (Proprietary) Limited
24 Georgian Crescent
Bryanston East
2152
FSP 46196

Private Bag X75,
Bryanston,
2125

Argon Asset Management (Proprietary) Limited
1st Floor Colinton House
The Oval, 1 Oakdale Road
Newlands 7700
FSP 835

P.O. Box 23254,
Claremont,
7735

Sanlam Investment Management (Proprietary) Limited
55 Willie van Schoor Avenue
Bellville
7530
FSP 579

Private Bag X8,
Tygervalley,
7536

RH Managers (Proprietary) Limited
3rd Floor, 18 Melrose Boulevard
Melrose Arch
2076
FSP 4481

Postnet Suite 510,
Private Bag X 1,
Melrose Arch,
2076

Aeon Investment Management Proprietary Limited
4th Floor, The Citadel
15 Cavendish Street
Claremont
7708
FSP 27126

P.O. Box 24020,
Claremont,
7735

Sesfikile Capital
30 Melrose Boulevard
Melrose Arch
Johannesburg
2076
FSP 39946

Suite 334,
Private Bag X1,
Melrose Arch,
2076

Stanlib Collective Investments (RF) Proprietary Limited
17 Melrose Boulevard
Melrose Arch
2076
FSP 719

P.O. Box 202,
Melrose Arch,
2076

Prescient Investment Management Proprietary Limited
Prescient House
Westlake Business Park
Otto Close
Cape Town
7945
FSP 612

Visio Fund Management Proprietary Limited
92 Rivonia Road
Wierda Valley
Sandton
2146
FSP 49566

Perpetua Investment Managers
5th Floor, The Citadel
15 Cavendish Street
Claremont
7708
FSP 29977

Umthombo Wealth Suite 14, 2nd Floor
Katherine and West Building 114 West Street
Sandton 2196
FSP 44802

2.7 Investment advisors during the year

Independent Actuarial Consultants (Proprietary) Limited
6th Floor, Wale Street Chambers
38 Wale Street
Cape Town, 8001
FSP 6832

2.8 Actuaries

Matlotlo Group Pty Ltd
Suite 49 2nd Floor Nelson Mandela Square Sandown
2196

2.9 Regulator

Council for Medical Schemes (CMS) Block A Eco Glades
Office Park 420 Witch-Hazel Avenue,
Eco Park Centurion 0157

2.10 Banker

Nedbank Limited
Fifth floor Block F Nedbank 135
Rivonia Campus
135 Rivonia Road
Sandown Sandton

P. O Box 31142,
Tokai,
Cape Town,
7966

92 Rivonia Road,
Wierda Valley,
Sandton,
2146

PO Box 44367,
Claremont,
7735

P.O. Box 1144,
Johannesburg,
2000

3. INVESTMENT STRATEGY OF THE SCHEME

The Scheme's primary investment objective is to maximise the return on its investments on a long-term basis at minimal risk. The investment strategy takes into consideration both constraints imposed by legislation and the Board of Trustees. The monitoring and implementation of the strategy are delegated to the Finance and Investment Committee. Details of investments are set out in the AFS in notes 4 and 5.

The Scheme utilised the services of Independent Actuarial Consultants (Proprietary) Limited (IAC) as its investment advisor for 2022. The primary mandate of the investment advisor is to ensure compliance with the Scheme's investment strategy, actively monitor the performance of asset managers, and ensure legislative compliance and value retention while still ensuring growth.

4. MANAGEMENT OF INSURANCE RISK

The primary insurance activity carried out by the Scheme assumes the risk of loss from members and their dependents that are directly subject to the risk. This risk relates to the health of Scheme members.

As such the Scheme is exposed to the uncertainty surrounding the timing and severity of claims under the contract. The Scheme manages its insurance risk through benefit limits and sub-limits, approval procedures for transactions that involve pricing guidelines, pre-authorisation and case management, service provider profiling, centralised management of risk transfer arrangements, and the monitoring of emerging issues.

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

Insurance events are by their nature, random, and the actual number and size of events during any one year may vary from those estimated with established statistical techniques. There are no changes to assumptions used to measure insurance assets and liabilities that have a material effect on the AFS 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.

5. OPERATIONAL STATISTICS PER BENEFIT PLAN

As part of its oversight role, the BOT reviews various ratios and operational statistics. The following tables reflect some of the key operational statistics that the BOT considered during the year.

5.1 Operation Statistics – 31 December 2022

		Total Scheme	Gold Ascend
1	Average number of members during the accounting period	63,577	23,730
2	Number of members at the end of the accounting period	62,247	23,591
3	Average number of beneficiaries during the accounting period	152,421	59,208
4	Number of beneficiaries at the end of the accounting period	148,569	58,402
5	Average age of beneficiaries for the accounting period	33,13	30,06
6	Pensioner ratio (beneficiaries >65)	8%	5%
7	Dependent ratio	1,39	1,48
8	Beneficiaries per member as at 31 December 2022	0,42	0,40
9	Average net contributions per member, per month (R)	5,520	4,686
10	Average net contributions per beneficiary, per month (R)	2,313	1,893
11	Average claims incurred per member per month (R)	5,468	4,382
12	Average claims incurred per beneficiary, per month	2,291	1,770
13	Average administration costs per member per month (R)	553	545
14	Average administration costs per beneficiary, per month (R)	232	220
15	Amount paid to administrator (R) *	402,815,117	153,626,8246
16	Average managed care: management services per member, per month (R)	275	276
17	Average accumulated funds per member as at 31 December 2022 (R)	1,415	1,218
18	Non-healthcare expenditure per beneficiary per month (R)	266	256
19	Relevant healthcare expenditure per average beneficiary, per month (R)	2,232	1,746
20	Relevant healthcare expenditure as a percentage of gross contribution	99%	94%
21	Non-healthcare expenditure as a percentage of gross contribution	12%	14%
22	Return on investment	6%	6%
23	Managed care management services as a percentage of net contributions	5%	6%
24	Administration expenses as a percentage of net contributions	10%	12%
25	Number of dependents at the end of the accounting period	86,322	34,811

A: Number of meetings that could be attended B: Number of meetings attended

BOT: Board of Trustees

REMCO: HR and Remuneration Committee FIC: Finance and Investment Committee ARC: Audit and Risk Committee

CGC: Clinical Governance Committee

CDRC: Complaints and Dispute Resolution Committee PC: Procurement Committee

In terms of the Scheme Rules, elected trustees are elected by members and remain in office until the third Annual General Meeting. The Sizwe Hosmed Board includes members from both Sizwe Medical Fund and Hosmed Medical Scheme, as approved by the Registrar for Medical Schemes in terms of the Exposition document.

	Titanium Executive	Platinum Enhanced	Essential Copper	Silver Saver	Plus Option	Value Option	Access Option
	2,395	12,981	5,519	371	2,615	14,106	1,861
	2,317	12,679	4,714	424	2,583	13,816	2,123
	4,358	29,707	10,853	666	5,767	37,526	4,335
	4,210	29,023	9,083	744	5,615	36,599	4,893
	51,74	34,25	35,49	39,48	42,26	33,31	29,87
	34%	10%	12%	14%	14%	6%	5%
	0,82	1,29	0,93	0,75	1,17	1,65	1,30
	0,55	0,44	0,52	0,57	0,46	0,38	0,43
	9,890	6,200	3,077	2,317	9,455	6,249	2,495
	5,443	2,709	1,597	1,321	4,350	2,359	1,083
	9,548	6,039	3,903	2,089	9,210	6,530	2,363
	5,255	2,638	2,025	1,191	4,237	2,465	1,025
	571	554	629	479	545	546	489
	314	242	326	273	251	208	2112
	5,481,148	83,997,101	27,292,996	2,383,349	16,872,069	91,072,095	12,090,115
	284	282	244	237	278	280	240
	18,241	2,288	(7,061)	(3,941)	14,901	(802)	234
	356	278	321	353	287	239	279
	5,076	2,577	1,695	1,329	4,114	2,401	1,165
	97%	97%	127%	90%	97%	104%	95%
	7%	11%	24%	24%	7%	10%	23%
	8%	6%	0%	0%	6%	6%	6%
	3%	5%	8%	10%	3%	4%	10%
	6%	9%	20%	20%	6%	9%	19%
	1,893	16,344	4,369	320	3,032	22,783	2,770

5.2 Operation Statistics – 31 December 2021

		Total Scheme	Gold Ascend
1	Average number of members during the accounting period	49,902	23,424
2	Number of members at the end of the accounting period	65,485	23,042
3	Average number of beneficiaries during the accounting period	118,748	59,650
4	Number of beneficiaries at the end of the accounting period	158,063	58,261
5	Average age of beneficiaries for the accounting period	32,64	29,78
6	Pensioner ratio (beneficiaries >65)	7,06 %	4,17 %
7	Dependent ratio	1,41	1,53
8	Beneficiaries per member at 31 December 2021	0,41	0,40
9	Average net contributions per member per month (R)	4,758	4,350
10	Average net contributions per beneficiary per month (R)	1,999	1,708
11	Average claims incurred per member per month (R)	4,533	4,095
12	Average claims incurred per beneficiary per month (R)	1,905	1,608
13	Average administration costs per member per month (R)	502	491
14	Average administration costs per beneficiary per month (R)	211	193
15	Amount paid to administrator (R)*	269,604,912	129,496,203
16	Average managed care: management services per member per month (R)	249	257
17	Average accumulated funds per member at 31 December 2021 (R)	2,263	1,653
18	Non-healthcare expenditure per average beneficiary per month (R)	250	229
19	Relevant healthcare expenditure per average beneficiary per month (R)	1,905	1,606
20	Relevant healthcare expenditure as a % of gross contribution	95,04 %	94,05 %
21	Non-healthcare expenditure as a % of gross contribution	12,49 %	13,38%
22	Return on Investment	8%	8%
23	Managed care management services as a percentage of net contributions	5,24 %	5,90 %
24	Administration expenses as a percentage of net contributions	10,54 %	11,29%
25	Number of dependents at the end of the accounting period	95,578	35,219
26	Average number of dependents per member during the accounting period	1	2

*Comprises of Administration and Managed Care Fees paid to 3Sixty Health (Pty) Limited ** Includes amalgamation reserves.

	Titanium Executive	Platinum Enhanced	Copper Core	Silver Saver	Plus Option	Value Option	Access Option	Essential Option
	2,748	13,986	5,601	791	483	2 442	161	266
	2,612	13,509	5,424	843	2,888	14,614	966	1587
	5,053	32,019	11,947	1,589	1,095	6,572	356	467
	4,768	30,971	11,571	1,694	6,553	39,327	2,138	2,780
	51,30	33,79	31,23	30,75	40,79	32,57	30,21	38,45
	33,72 %	9,73 %	6,78 %	5,84 %	11,11 %	5,16 %	4,82 %	13,02 %
	0,83	1,29	1,13	1,01	1,27	1,69	1,21	0,75
	0,55	0,44	0,47	0,50	0,44	0,37	0,45	0,57
	8,554	5,577	2,252	2,644	8,779	5,726	2,533	2,621
	4,651	2,436	1,056	1,315	3,869	2,128	1,141	1,495
	7,695	5,296	2,888	2,706	7,362	4,950	2,857	2,474
	4,184	2,313	1,354	1,346	3,245	1,839	1,287	1,411
	505	492	499	471	639	632	633	553
	275	215	234	234	382	235	285	315
	15,146,227	77,289,940	22,975,226	4,396,238	2,925,375	14,814,120	980,116	1,581,469
	253	256	195	255	258	258	260	255
	2,503	1,691	605	1,376	12,342	11,710	10,723	10,973
	324	254	276	281	344	287	348	390
	4,181	2,311	1,351	1,343	3,374	1,864	1,301	1,442
	89,90 %	94,88%	128%	83,96 %	84,61 %	87,59 %	83,07 %	96,49 %
	6,96 %	10,44 %	26,17 %	17,56 %	8,89 %	13,48%	22,19 %	26,08%
	31%	11%	0%	0%	6%	6%	6%	6%
	2,96 %	4,58 %	8,66 %	9,64 %	2,94 %	4,51 %	10,26 %	9,72 %
	5,90, %	0	22,17 %	17,81 %	7,28 %	11,05 %	25,00%	21,10 %
	2,156	17,462	6 147	851	3,665	24,713	1,172	1 193
	1	1	1	1	1	2	1	1

5.3 Operational statistics for the scheme

	2022 R	2021 R
Accumulated funds per member	16 935	21 977
Breakdown of total amount paid to the administrator:		
Administration Fees	166 754 763	130 262 035
Managed Care Fees	192 321 463	143 170 102
Marketing Fees	41 883 000	41 940 502
Maternity Programme	1 855 891	-
Return on investment as a percentage of investments	6,00%	8,00%

5.4 Results of Operations

The results of operations are set out in the annual financial statements, and the Board of Trustees believes that no further clarification is required.

5.5 Solvency ratio

	2022 R	2021 R
Accumulated funds	1 054 166 840	1 446 831 276
Less: Cumulative unrealised gains	16 359 826	43 163 586
Accumulated Funds per regulation 29	1 054 166 840	1 403 667 690
Gross contributions	4 142 609 981	2 856 150 159
Solvency ratio	25,45%	49,15 %*

The Board is aware of the decrease in the Scheme's solvency from 49,15% in 2021 to 25,05% in 2022. During the year, the solvency levels of the Scheme dropped below the minimum statutory levels as required by Regulation 29 to the Medical Schemes Act. Management reported this to the CMS, and provided a business plan including a turnaround strategy.

* In 2021 financial year, the Scheme achieved a solvency ratio of 49,15% due to the fact that the Statement of Comprehensive Income takes into account only two months of former Hosmed's contributions. The current year gross contributions represent a full year of contributions for the merged scheme.

5.6 Reserve accounts

Movements in the reserves are set out in the Statement of Changes in Members' Funds and Reserves.

5.7 Outstanding Claims Provision

The calculation of the outstanding claims provision is set out in Note 9 of the AFS and is consistent with the prior year. Movements on the outstanding claims provision are also set out in Note 9 of the AFS. The Board of Trustees wishes to bring to the attention of the members of the Scheme, the significant increase in claims paid since May 2022. This increase adversely impacted the Scheme's solvency during the months of September 2022 to November 2022, causing it to fall below the regulated solvency requirement. The Scheme has submitted a business plan and turnaround strategy to the Regulator.

6. ACTUARIAL SERVICES

The Scheme appointed Matlotlo Group (Pty) Ltd with effect from 01 March 2019 as the Scheme's actuaries. The Matlotlo Group was consulted in the determination of the 2022 claims IBNR disclosed in the AFS. The Matlotlo Group was consulted during 2021 in the determination of the contribution and benefits levels for the 2022 financial year.

7. RELATED PARTY TRANSACTIONS

Related party transactions are set out in Note 21 to the annual financial statements.

8. GOING CONCERN

The going concern basis has been adopted in preparing the Annual Financial Statements. The BOT has reviewed the Scheme's Statement of Financial Position as at 31 December 2022, as well as the budget for the year ending 31 December 2023. The Scheme's Statutory Solvency Ratio is 25,05% as at 31 December 2022. The decline in the Statutory Solvency Ratio is attributable to the surge in claims experienced from the second quarter of 2022. The BOT has considered management's recovery plans, the identified conditions, and events in the aggregate.

The BOT has considered the plans for dealing with the adverse effects of the identified conditions and events such as excessive claims, the increased cost of doing business as well as the volatile foreign currency and assessed the likelihood of effective implementation thereof. The BOT is therefore of the opinion that the Scheme does not appear to have a going concern problem. Based on this review, the BOT considers that:

- 8.1 Liquidity - The Scheme reports a Current Ratio of 1.07
- 8.2 Solvency (Non – Statutory) - The Scheme reports total assets of R1,48 billion currently exceed its liabilities of R435 million.
- 8.3 Investments - The Scheme's Finance and Investment Committee's continued scrutiny of its investment strategy and investment markets, aims to ensure sound investment and reserve protection.
- 8.4 There is no reason to believe that there will not be continuity in key management during 2023.
- 8.5 Contingent Liabilities - There are no material contingent liabilities.

Based on the above, and the BOT review of the Scheme's financial position as at 31 December 2022 and the business plan for 2023, the BOT is of the opinion that there is no reason to believe that the Scheme will not continue as a going concern in the foreseeable future.

9. PERSONAL MEDICAL SAVINGS

Personal medical savings accounts in respect of the Scheme's Access Option is managed on the members' behalf in terms of the scheme rules. Following the Constitutional court ruling which found that PMSA funds enter the Scheme's bank account without being impressed by a trust or fiduciary relationship and once paid into the scheme's bank account become assets to the scheme, the Scheme's rules were amended in January 2019. The effect of the amendment establishes that a trust relationship no longer exists.

Therefore, PMSA assets are no longer defined and treated as trust assets and now form part of the Scheme's assets. PMSA contributions are refundable when a member enrolls in another benefit option or another medical scheme without a personal medical savings account, and in instances where a member does not enrol in another medical scheme, the accumulated unutilised personal medical savings account balance will be transferred to the member in terms of the medical scheme's rules.

10. NON-COMPLIANCE WITH THE ACT

The following areas of non-compliance with the Medical Schemes Act were identified during the financial year:

10.1 Contravention of Section 26(7) of the Act – Contributions not received within three days of becoming due.

Nature

Section 26 (7) of the Medical Schemes Act no. 131 of 1998 (MSA) states that all subscriptions or contributions shall be paid directly to a medical scheme not later than three days of becoming due. The rules can extend this period to seven days. Sizwe Hosmed Medical Scheme approved rules extended the requirement to seven days, as per paragraph 13.3 of the rules.

Cause of non-compliance

The Scheme has no control over payments by members and employer contributions, this could be caused by delays in Employers' pay runs.

Possible impact

If not well managed, late payment of contributions could result in:

- Inability to pay claims from members when they fall due; and
- Loss of potential interest income.

Corrective course of action

Less than 0,5% of contributions are received after the seventh day of the month. This is mainly due to:

- Members having insufficient funds in their bank account at the time of collection,
- Members paying contributions after the third day of becoming due, thus contravening Section 26(7).
- The Scheme has amended its rules such that the three days is increased to seven days and these rules have been approved accordingly by the Regulator (CMS). We actively pursue contributions not received within seven days, furthermore, apply credit control processes including the suspension and termination of membership for non-payment.

10.2 Contravention of Section 35(8) of the Act – Investment in medical scheme administrators and employer groups

Nature

Section 35(8) of the MSA requires 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 or any administrator or any arrangement associated with the medical scheme;
- Any other medical scheme;
- Any administrator; and
- Any person associated with any of the above mentioned.

Cause of non-compliance

The Scheme invests in a pool of funds through its investment managers which are invested in various portfolios which makes it difficult to manage the regulatory requirements.

Possible impact

- Non-compliance with the MSA
- Members may perceive the other medical schemes to be better and may consider leaving the Scheme

Corrective course of action

The Finance and Investment Committee reviewed this matter previously after having looked at the Sizwe Hosmed Investment Portfolios as well as the performance of the affected stocks. The Scheme has consequently applied for exemption in terms of Section 35(8) of the Act from the Regulator (CMS) in respect of the non-compliance noted and such exemption has been granted. It is also the intention of the Scheme to continue renewing such exemption on an annual basis as required.

10.3 Contravention of Section 33(2) of the Act – Sustainability of benefits Nature

Section 33(2) of the MSA states that each benefit option is required to be self-supporting in terms of membership and financial performance and be financially sound.

Cause of non-compliance

More claims than anticipated were received from the Gold Ascend, Titanium, Platinum Enhanced, Essential Copper, Silver Hospital, Plus, Value, and Access option members.

Benefit Option	Number of members	Net healthcare deficit	Net result
Gold Ascend	23 591	(97 750)	(68 848)
Titanium	2 317	(9 308)	(5 498)
Platinum Enhanced	12 679	(75 803)	(59 658)
Essential Copper	4 714	(88 445)	(88 330)
Silver Saver	424	(1 661)	(1 656)
Plus	2 583	(11 720)	(8 556)
Value	13 816	(155 998)	(137 149)
Access	2 123	(11 961)	(9 601)

Possible impact

- Risk of non-compliance with section 33(2) of the MSA.
- Increased risk to the financial sustainability to the scheme.

Corrective course of action

The Scheme is committed to complying wherever possible with the applicable legislation. The performance of all benefit options is monitored on an ongoing basis with a view to improving financial outcomes and different strategies to address the deficit in these plans are continually evaluated. In addition, Sizwe Hosmed continually provides the Regulator with updates on both the Scheme and individual benefit option performance through the monthly management accounts and quarterly filing of statutory returns. The Scheme intends to continue increasing the contributions annually at a rate higher than the market average within the constraints of the Act.

10.4 Contravention of Section 59(2) – Payment of claims within 30 days

Nature

Member or provider claims should be settled within 30 days of submission. Instances were noted where settlements took more than 30 days.

Cause of non-compliance

Claims were paid in part and the short payment later corrected, resulting in the latter being paid after 30 days of receipt.

Possible impact

- Non-compliance with section 59(2) of the MSA.
- The backlog in processing will change the pattern of the claims experience, and incorrect projections may arise if these are not considered.

Corrective course of action

The MSA requires that a valid claim submitted to the Scheme must be paid within 30 days after the day on which the claim is received. In limited instances claims were paid after this time frame, mostly as a result of incorrect coding by service providers. Remittance advice with reasons for short payment or rejection of the claim is shared with the member and service provider. Reprocessing of valid claims will be completed within stipulated conditions of the MSA.

10.5 Contravention of Section 57(4)(d) – Duty to communicate appropriate information to members

Nature

Section 57(4)(d) of the Medical Schemes Act No 138 of 1998 prescribes that the Board shall have a duty to communicate information regarding benefits, contributions, rights and obligations of its members to members.

Cause of non-compliance

There was an inconsistency between the approved benefit rules and the benefit brochures communicated to members as a result of an error in preparing the brochures.

Possible impact

Members may not be able to make informed decisions regarding their benefits which will affect their rights to access benefits as entitled by the Act.

Corrective Action

The Scheme has noted the inconsistency and put measures in place to avoid a similar situation in the future.

10.6 Contravention of Section 37(1) – Annual Financial Statements

Nature

Section 37(1) requires that the board of trustees, in respect of every financial year, prepare annual financial statements and within four months after the end of a financial year furnish copies of the statements concerned together with the report of the board of trustees to the Registrar.

Cause of non-compliance

Due to additional audit work that needed to be carried out.

Possible impact

Non compliance with section 37(1) of the MSA.

Corrective Action

The Scheme had applied for an extension with the Registrar, which was successfully granted. The annual financial statements were uploaded to the CMS website on 6th May 2022.

10.7 Contravention of Section 36(10) – Audit committee as appointed by the board of trustees has less than the minimum number of members appointed.

Nature

In terms of Section 36(10) of the Medical Schemes Act No 138 of 1998, the board of trustees of a medical scheme shall, subject to the provisions of subsection (13), appoint an audit committee of at least five members of which at least two shall be members of that board of trustees.

Cause of non-compliance

In the current year, the committee only had 4 members appointed. This was due to a vacancy that arose from a resignation by a member in August.

Possible impact

Non compliance with section 36(10) of the Act.

Corrective Action

The vacancy was filled in January 2023. The audit committee now comprises of five members.

10.8 Contravention of Regulation 29(2) - Accumulated funds ratio of 25% not maintained by the scheme during the year

Nature

Regulation 29 (2) subject to sub regulations (3), (3A) and (4) of the Medical Schemes Act requires, the medical scheme to maintain an accumulated funds expressed as a percentage of gross annual contributions for the accounting period under review which may not be less than 25%.

Cause of non-compliance

During the reporting months of September to November 2022, the scheme solvency ratio had dropped to below 25%.

Possible impact

Non compliance with regulation 29 (2) of the Act.

Corrective Action

Whilst the solvency ratio of the scheme had reverted to above 25% in December 2022, the scheme had duly informed the Council for Medical Schemes of the failure to meet the regulated requirement during the specific period and the reasons thereof. A full business plan and turn around strategy has been submitted to the regulator and is being implemented. The Scheme has further committed to submitting its financial results to the regulator on a monthly basis.

11. Legal Matters

11.1 SASP Commercial Affairs

In February 2022, SASP Commercial Affairs, the commercial arm of the South African Society of Physiotherapists (SASP) instituted an application in the Pretoria High Court, in which it seeks an order declaring s59 (3) of the Medical Schemes Act (1998), unconstitutional and invalid. If the application were to succeed, there is a possibility that medical aid schemes, including Sizwe Hosmed, would be required to refund the applicants all amounts previously withheld or clawed back from them by medical aid schemes, relating to fraud, waste, and abuse.

The claim has not been quantified yet but should the Applicant succeed, a quantum of five year claims will be quantified. The matter is before the court with the date for the main application yet to be determined. The court is currently seized with a number of interlocutory applications by various respondents. Common amongst them, are the desire for the Applicant (SASP) to provide security for the application.

11.2 Equality Court Matter

The Scheme is being sued, together with the other medical schemes for an amount of R236,000,000 for pain and suffering and emotional stress as a result of the Scheme having with-held payment of claims deemed to have been fraudulent.

The Scheme has received legal advice that there is no prospect of success as the Scheme has previously settled all disputes and claims between itself and the Applicant (Mr Mokoditso).

12. Matter against former Principal Officer

The scheme instituted an independent investigation into the conduct of its former Principal Officer, Dr Simon Mangcwatywa, following an allegation made against him. The investigation found the former principal officer to have acted in a manner that was contrary to the scheme's code of conduct, scheme rules and his fiduciary duties. The Board of Trustees has overseen the implementation of the recommendations contained in the investigation report including reporting the matter to CMS and fulfilled all its fiduciary duties in this regard. The Scheme's external auditor was obliged to report the matter in terms of the Auditing Profession Act.

13. Appreciation

The Scheme would like to express its sincere gratitude to its members, service providers, staff and all other stakeholders for their loyalty and continued support.

The annual financial statements set out on pages 47 to 51 (which have been prepared on the going concern basis) were approved by the board of trustees on 25 April 2023 and were signed on its behalf by:



Mr S.D Langa
Chairman



REPORT OF THE AUDIT
AND RISK COMMITTEE

ABRIDGED 
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Report of Audit and Risk Committee

The Audit and Risk Committee (The Committee) is pleased to present its report for the financial year ended 31 December 2022.

The Committee is an independent statutory committee.

1. AUDIT AND RISK COMMITTEE TERMS OF REFERENCE

The Committee confirms that it has adopted appropriate and formal terms of reference, which are approved by the BOT. The Committee has executed its duties and conducted its affairs in accordance with its terms of reference and has discharged all its responsibilities as contained therein. Members of the Committee keep up to date with the developments at the scheme that require their skill set.

The Audit and Risk Committee is assessed annually, with independent evaluations being undertaken every second year. The evaluation of the Audit and Risk Committee commenced in the early part of 2023 and is currently in the final stages of completion. The evaluation is carried out by the Institute of Directors in South Africa (IODSA).

2. MEMBERS OF THE COMMITTEE AND ATTENDANCE OF MEETINGS

At year end the Committee consisted of two independent members and two trustee members. An additional independent member was appointed in January 2023.

The executive officers of the Scheme and representatives of the Administrator attend meetings by invitation. In addition, the Internal and External auditors attend meetings or parts of meetings by invitation and meet with the Committee at least once per year without the executives being present. The Committee meets at least four times per year in accordance with its charter. During the year under review, eight meetings were held. Details of attendance are provided in the table below. Members of the Committee collectively bring a wide range of expertise and skills in the areas of accounting, auditing, compliance, finance, governance, investment, and fund management, the medical schemes industry, and risk management to assist and advise the Scheme in fulfilling its mandate.

During the year under review eight meetings were held.

Committee Member	Qualifications	Appointment date	Resignation date	Number of meetings that could be attended	Number of meetings attended
Mr A. Van Staden (Chairman and Independent Member)	CA(SA)	13 September 2021		8	8
Ms Z. Matikinca (Elected Trustee)	N3 Electrical Engineering	03 August 2017		8	8
Mr M. Matlwa (Independent Member)	BCompt Honours, MCom, MBA, CA(SA)	01 August 2018	31 July 2021	3	3
Mr T. Kgokolo (Appointed Trustee)	MBA, CA(SA)	13 September 2021		8	7
Mr L. Kubheka (Independent Member)	National Diploma- Financial Information Systems	13 September 2021		8	8

3. ROLES AND RESPONSIBILITIES

The Committee's roles and responsibilities include statutory duties as per the Medical Schemes Act, no 131 of 1998, as amended, (the Act) and further responsibilities assigned to it by the BOT. The Committee executed its duties in accordance with its terms of reference and the Act during the financial year.

4. EXTERNAL AUDITOR APPOINTMENT AND INDEPENDENCE

The Committee considered the matters set out in Section 36 of the Act and nominated PricewaterhouseCoopers Inc (PwC) for appointment as external auditor of the Scheme for the 2022 financial year in accordance with section 36(2) of the Act. The Committee is satisfied that PwC is independent of the Scheme as set out in Section 36(3) of the Act. Assurance was provided by the Auditor that internal governance processes within the audit firm support and demonstrate its claims of independence. The Committee, following consultation with the Scheme's Executive Officers, recommended the engagement letter, audit plan, budgeted audit fees, and representation letter for the year ended 31 December 2022 for approval by the BOT.

5. FINANCIAL STATEMENTS AND ACCOUNTING POLICIES

The Committee has reviewed the accounting policies and the Scheme's AFS and is satisfied that they are appropriate and comply with International Financial Reporting Standards (IFRS), the Medical Schemes Act no. 131 of 1998, and circulars issued by the Council for Medical Schemes. The Auditor has indicated that the 2022 AFS are a fair reflection of the Scheme's activities during the year and accounting practices have been applied appropriately.

6. INTERNAL FINANCIAL CONTROLS

The Committee is responsible for overseeing the Scheme's internal control environment. In this regard, the Committee has, among other things, evaluated the adequacy and effectiveness of the Scheme's systems of internal control and made appropriate recommendations to the BOT. This included a formal documented review by the Internal Audit function of the effectiveness of the Administrator's system of internal financial controls pertaining to the Scheme. Based on the results of this review, it is the view of the Committee that reasonable assurance can be placed on the adequacy and effectiveness of the Scheme's internal controls, relative to the fair presentation of the annual financial statements.

7. INTERNAL AUDIT

The Committee fulfils an oversight role on the Scheme's system of internal financial control. It is responsible for ensuring the independence of the internal audit function and that it has the necessary resources, understanding, and authority in the organisation to enable it to discharge its duties. Furthermore, the Committee oversees cooperation between the internal and external auditors and serves as a link between the BOT and these functions.

Internal Audit forms an integral part of the Scheme's risk management process and system of internal control. The Internal Audit plan for 2022 and the Internal Audit Charter were presented to and approved by the Committee. The Committee received regular internal audit reports confirming the soundness of the system of internal control of the Scheme. The Committee is satisfied with the working relationship between the Committee and the Scheme's external and internal auditors. In addition, the Committee is satisfied that the Internal Audit function of the Scheme is independent and has the relevant skills and resources to perform its duties.

8. RISK MANAGEMENT

The Audit and Risk Committee is responsible for ensuring that systems are in place to monitor and mitigate risk and comply with laws, regulations, and codes of conduct that may affect the integrity of the financial statements. The Committee monitors the risk management processes and systems of internal control of the Scheme through the review of reports from and discussions with the Scheme's internal and external auditor and the risk management function. The Scheme has performed a risk assessment and updated the risk register during the financial year and has managed the risks to which the Scheme was exposed. The Committee continues to monitor risks posed by the COVID-19 epidemic on the Scheme and is satisfied with the Scheme's ability to fund the vaccination of its members under the Government led COVID-19 vaccination programme.

Reports from internal and external audits indicated that the control environment and procedures are sound and functioning as intended. The Committee is satisfied that the system and process of risk management are effective.

9. EVALUATION OF THE EXPERTISE AND EXPERIENCE OF THE CHIEF FINANCIAL OFFICER AND FINANCE FUNCTION

The Committee is satisfied with the expertise and experience of the Scheme's Chief Financial Officer. The Committee further reviewed and satisfied itself of the experience, expertise, and appropriateness of the administrator's team that carries out the duties of a finance function for the scheme.

10. GOING CONCERN

The going concern basis has been adopted in preparing the Annual Financial Statements. The BOT has reviewed the Scheme's Statement of Financial Position as at 31 December 2022, as well as the budget for the year ending 31 December 2023. The Scheme's Statutory Solvency Ratio is 25,05% as at 31 December 2022. The decline in the Statutory Solvency Ratio is attributable to the surge in claims experienced from the second quarter of 2022. The BOT has considered management's recovery plans, the identified conditions, and events in the aggregate.

The BOT has considered the plans for dealing with the adverse effects of the identified conditions and events such as excessive claims, the increased cost of doing business as well as the volatile foreign currency and assessed the likelihood of effective implementation thereof. The BOT is therefore of the opinion that the Scheme does not appear to have a going concern problem. Based on this review, the BOT considers that:

- 10.1 Liquidity - The Scheme reports a Current Ratio of 1.07
- 10.2 Solvency (Non – Statutory) - The Scheme reports total assets of R1,48 billion currently exceed its liabilities of R435 million.
- 10.3 Investments - The Scheme's Finance and Investment Committee continue scrutiny of its investment strategy and investment markets, aiming to ensure sound investment and reserve protection.
- 10.4 There is no reason to believe that there will not be continuity in key management during 2023.
- 10.5 Contingent Liabilities - There are no material contingent liabilities.

Based on the above, and the BOT review of the Scheme's financial position as at 31 December 2022 and the business plan for 2023, the BOT is of the opinion that there is no reason to believe that the Scheme will not continue as a going concern in the foreseeable future.

11. Conclusion

Based on the information and explanations given by the Scheme's executive officers, the Administrator, and discussions with the independent external auditor regarding the results of the audit, the Committee is satisfied that there was no material breakdown in the accounting and internal controls during the financial year under review.

The Committee has evaluated the Scheme's AFS for the year ended 2022 and, based on the information provided to the Committee, considers that the Scheme complies (to a large extent) with the requirements of the Medical Schemes Act, no. 131 of 1998, as amended, and with International Financial Reporting Standards (IFRS). The Committee has recommended the AFS to the BOT for approval, which will be presented to the members at the forthcoming Annual General Meeting.



Andre van Staden
Chairperson
Audit and Risk Committee



REPORT OF THE
INDEPENDENT AUDITOR

ABRIDGED 
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REPORT OF THE INDEPENDENT AUDITOR

To the Members of Sizwe Hosmed Medical Scheme

Report on the financial statements

Opinion

We have audited the financial statements of Sizwe Hosmed Medical Scheme (the Scheme), set out on pages 47 to 51, which comprise the statement of financial position as at 31 December 2022, and the statement of comprehensive income, the statement of changes in members' funds and reserves and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Scheme as at 31 December 2022, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Medical Schemes Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Scheme in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards).

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Outstanding claims provision The outstanding claims provision of R213,224,511 at year-end as described in Note 9 to the financial statements, is a provision recognised for the estimated cost of healthcare benefits that have been incurred prior to year-end but that were only reported to the Scheme after year-end. The outstanding claims provision is calculated by the Scheme's actuaries which is reviewed by management and the Audit and Risk Committee and recommended to the Board of Trustees for approval. The Scheme's actuaries use an actuarial model, based on the Scheme's actual claim development patterns throughout the year, to project the year-end provision. This model applies the Basic Chain Ladder ("BCL"). The claim service date, processing date and amount are used to derive claim development patterns. These historical patterns are then used to estimate the outstanding claims provision.	 We obtained an understanding from the Scheme's actuaries regarding the process followed in calculating the outstanding claims provision, which included the design and implementation of controls within the process. The actuarial method applied by the Scheme is one that is generally applied within the medical scheme industry. We obtained the actual claims data from the member administration system covering the year ended 31 December 2022. The actual claims data reflects the most recent claims patterns, including the impact of COVID-19, and is taken into account in calculating the outstanding claims provision. We assessed the completeness of the claims data on the member administration system by understanding management's controls and selecting claim transactions from the claim source and agreeing these to the member administration system. No material inconsistencies were noted.

REPORT OF THE INDEPENDENT AUDITOR

Key audit matter	How our audit addressed the key audit matter
<p>We identified this to be a matter of most significance to the audit because of the uncertainty in the projected claims pattern. A change in the projected claims pattern could cause a material change to the amount of the provision.</p>	<p>We substantively tested a sample of claims received by the Scheme in the 31 December 2022 financial year, selected from the member administration system, and confirmed the accuracy of the service and process dates and the validity of the claim against the relevant Scheme rules. No material inconsistencies were noted</p> <p>We assessed the completeness of the claims data in the Scheme's actuarial model by understanding management's controls and testing the reconciliation between the claims data per the member administration system and the claims data per the actuarial model. No material inconsistencies were noted.</p> <p>To assess the reasonableness of the Scheme actuaries' estimation process, we compared the actual claim results in the current year to the prior year provision. We noted no material matters for further consideration with respect to the estimation process.</p> <p>Our internal actuarial experts independently calculated the Scheme's outstanding claims provision, taking into account the claims data tested above. We compared our results with that of the Scheme and found the amounts to be within a reasonable range.</p> <p>We further performed the following procedures to assess the adequacy of the outstanding claim provision</p> <ul style="list-style-type: none"> • We obtained the actual claims run-off report up to 31 May 2023 from the Scheme's administrator and compared the claims paid post year-end to the outstanding claims provision at year-end as part of subsequent event procedures. No material inconsistencies were noted. • For a sample of claims from the claims run-off report, we tested the occurrence and accuracy of the claims as well as the accuracy of the related service dates by agreeing the claims to underlying supporting documents on the policy administration system and we identified no material inconsistencies. • We inquired from the Scheme's administrator whether there were delays in processing claims at year-end that could possibly impact the claims run-off pattern subsequent to year-end. Delays identified did not have a material impact on the claims run-off impacting the 2022 financial year.

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 Private Bag X36, Sunninghill, 2157, South Africa
 T: +27 (0) 11 797 4000, F: +27 (0) 11 209 5800, www.pwc.co.za

Chief Executive Officer: L S Machaba

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

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

REPORT OF THE INDEPENDENT AUDITOR

Other Information

The Scheme's trustees are responsible for the other information. The other information comprises the information included in the document titled "Sizwe Hosmed Medical Scheme Annual Financial Statements for the year ended 31 December 2022". The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Scheme's Trustees for the Financial Statements

The Scheme's trustees are responsible for the preparation and fair presentation of the financial statements, in accordance with International Financial Reporting Standards and the requirements of the Medical Schemes Act of South Africa, and for such internal control as the Scheme's trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Scheme's trustees are responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Scheme's trustees either intend to liquidate the Scheme or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Scheme's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Scheme's trustees.
- Conclude on the appropriateness of the Scheme's trustees' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Scheme to cease to continue as a going concern.

REPORT OF THE INDEPENDENT AUDITOR

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We communicate with the Scheme's trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- From the matters communicated with the Scheme's trustees, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Non-compliance with the Medical Schemes Act of South Africa

As required by the Council for Medical Schemes, we report the following material instances of non-compliance with the requirements of the Medical Schemes Act of South Africa, as amended, that have come to our attention during the course of our audit:

1. Contravention of Section 33(2) of the Act - Sustainability of benefit options
2. Contravention of Regulation 29(2) - Minimum accumulated funds to be maintained by a medical scheme

Reportable Irregularities

In accordance with our responsibilities in terms of sections 44(2) and 44(3) of the Auditing Profession Act, we report that we have identified a reportable irregularity in terms of the Auditing Profession Act. We have reported such matter to the Independent Regulatory Board for Auditors. The matter pertaining to the reportable irregularity has been described in note 30 to the financial statements

Audit Tenure

As required by the Council for Medical Schemes' Circular 38 of 2018, Audit Tenure, we report that PricewaterhouseCoopers Inc. has been the auditor of Sizwe Hosmed Medical Scheme for three years.

The engagement partner, Clinton Mitchelson, has been responsible for Sizwe Hosmed Medical Scheme's audit for three years.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.

Director: Clinton Mitchelson

Registered Auditor

Johannesburg,

South Africa

07 July 2023





ANNUAL FINANCIAL
STATEMENTS

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STATEMENT OF FINANCIAL POSITION

Figures in R	Notes	2022	2021
Assets			
Non-current assets			
Property, plant and equipment	1	2 356 423	2 232 237
Financial assets at Fair value through profit or loss	4	449 751 488	553 510 977
Financial assets at fair value through OCI	5	570 162 861	685 200 769
Total non-current assets		1 022 270 772	1 240 943 983
Current assets			
Right-of-use asset	2	764 211	2 265 763
Insurance and other receivables	3	217 862 328	196 466 040
Financial assets at fair value through OCI	5	127 890 557	293 755 676
Cash and cash equivalents	6	120 126 713	108 527 250
Total current assets		466 643 809	601 014 729
Total assets		1 488 914 581	1 841 958 712
FUNDS AND LIABILITIES			
Accumulated funds		1 059 894 121	936 048 963
Amalgamation reserves		-	503 152 267
FVOCI reserves		(5 727 281)	7 630 046
Members' funds and reserves		1 054 166 840	1 446 831 276
Liabilities			
Non-current liabilities			
Current liabilities			
Insurance and other payables	7	204 830 752	165 313 024
Personal medical savings account liability	8	15 764 356	12 755 302
Outstanding claims provision	9	213 224 511	214 232 056
Lease liability	10	10 928 122	2 827 054
Total current liabilities		433 819 619	392 300 382
Total equity and liabilities		1 488 914 581	1 841 958 712

STATEMENT OF COMPREHENSIVE INCOME

Figures in R	Notes	2022	2021
Risk contribution income	13	4 123 417 246	2 848 894 862
Relevant healthcare expenditure		(4 082 841 946)	(2 714 370 735)
Net claims incurred	14	(4 084 502 734)	(2 714 510 258)
Risk claims incurred		(3 885 633 001)	(2 569 458 021)
Accredited managed healthcare services	14.1	(205 246 676)	(149 294 052)
Third-party claims recoveries		6 376 943	4 241 815
Net expense on risk transfer arrangements	14.2	1 660 788	139 523
Risk transfer arrangement premiums paid		(20 913 577)	(3 604 701)
Recoveries from risk transfer arrangements		22 574 365	3 744 224
Gross healthcare result		40 575 300	134 524 127
Less:			
Administration expenditure	16	(413 023 185)	(301 661 996)
Broker service fees	17	(73 399 349)	(56 325 991)
Net impairment losses on healthcare receivables	18	(4 800 889)	1 413 915
Net healthcare result		(450 648 123)	(222 049 945)
Other income		77 542 932	143 839 620
Sundry income	15	1 315 538	33 239 611
Investment income	19	76 227 394	110 600 009
Other expenses		(6 201 918)	(6 060 345)
Asset management fees		(6 054 940)	(5 870 910)
Finance costs	20	(146 978)	(189 435)
Net expense for the year		(379 307 109)	(84 270 670)
Other comprehensive income:			
Items that will be reclassified to profit or loss			
Debt instruments at fair value through OCI - net change in fair value		(13 357 327)	432 346
Total comprehensive expense for the year		(392 664 436)	(83 838 324)

STATEMENT OF CHANGES IN MEMBERS' FUNDS AND RESERVES

Figures in R	FVOCI reserves	Amalgamation reserve	Accumulated funds	Total
Balance at 1 January 2021	7 197 700	-	1 020 319 633	1 027 517 333
Net expense for the year	-	-	(84 270 670)	(84 270 670)
Debt instruments through other comprehensive income	432 346	-	-	432 346
Total comprehensive expense for the year	432 346	-	(84 270 670)	(83 838 324)
Transfer of Amalgamation reserve	-	503 152 267	-	503 152 267
Balance at 31 December 2021	7 630 046	503 152 267	936 048 963	1 446 831 276
Balance at 1 January 2022	7 630 046	503 152 267	936 048 963	1 446 831 276
Net expense for the year	-	-	(379 307 109)	(379 307 109)
Debt instruments through other comprehensive income	(13 357 327)	-	-	(13 357 327)
Total comprehensive expense for the year	(13 357 327)	-	(379 307 109)	(392 664 436)
Transfer of Amalgamation reserve	-	(503 152 267)	503 152 267	-
Balance at 31 December 2022	(5 727 281)	-	1 059 894 121	1 054 166 840

STATEMENT OF CASH FLOWS

Figures in R	Notes	2022	2021
Cashflows from operating activities			
Cash receipts from members and providers		4 107 431 524	2 806 522 073
Cash receipts from members and providers – others		(2 518 970)	20 662 346
Cash paid to providers and employees – Claims		(4 094 871 493)	(2 691 034 616)
Cash paid to providers and employees – non-healthcare expenditure		(442 025 164)	(341 232 580)
Cash paid to members – savings plan refunds		(1 081 282)	(194 590)
Interest received on bank account	19	2 614 941	874 663
Interest paid on lease liabilities	20	(146 978)	(189 435)
		(430 597 422)	(204 592 139)
Cash flows from investing activities			
Proceeds on disposal of property, plant and equipment	1	90 667	151 338
Purchase of property, plant and equipment	1	(912 486)	(186 408)
Purchase of investments	5	(1 882 593 616)	(1 624 912 769)
Proceeds from disposal of investments		2 327 511 252	1 875 808 480
		444 095 817	250 860 641
Cash flows from financing activities			
Payment of lease liabilities	10	(1 898 932)	(3 506 910)
		(1 898 932)	(3 506 910)
Cash and cash equivalents movement for the year			
Cash and cash equivalents at beginning of the year		108 527 250	14 879 808
Transfer of cash and cash equivalents due to Amalgamation		-	50 885 850
	6	120 126 713	108 527 250

The scheme instituted an independent investigation into the conduct of its former Principal Officer, Dr Simon Mangcwatywa, following an allegation made against him. The investigation found the former principal officer to have acted in a manner that was contrary to the scheme's code of conduct, scheme rules and his fiduciary duties. The Board of Trustees has overseen the implementation of the recommendations contained in the investigation report including reporting the matter to CMS and fulfilled all its fiduciary duties in this regard. The Scheme's external auditor was obliged to report the matter in terms of the Auditing Profession Act.



CMS : CIRCULAR 20 OF 2023

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Reference: Impact of the delays of CMS Annual Returns and Annual General Meetings
Contact person: Ms Avril Jacobs
Tel: 012 431 0542
E-mail: a.jacobs@medicalschemes.co.za
Date: 6 June 2023



Circular 20 of 2023: Guidance to medical schemes on the impact of the delay in the submission of Annual Returns and Annual General Meetings

The purpose of this Circular is to provide registered medical schemes with guidance on dealing with the impact of the delay of the submission of scheme Annual Financial Statements (AFS) and Annual Returns (AR) for the year ended 31 December 2022, caused by technical issues experienced on the return system.

In this regard, Circulars 14 and 16 of 2023 were issued by the CMS to update medical schemes on the progress of the annual return system.

The CMS is mindful that the delay in the submission of the annual returns adversely impacts the sign-off timelines by the external auditors. It is common cause that the scheme auditors sign off the AFS and the AR at the same time. In terms of Circular 19 of 2023, which was duly issued on 15 May 2023, medical schemes were advised that the electronically signed submission of the Annual Statutory Returns must be submitted by the 9th of June 2023.

Therefore, this delay might have impacted the ability of schemes to conduct their Annual General Meetings (AGMs) within the required timeframes, given the relevant notice periods as stipulated in the medical scheme rules.

Furthermore, it is important to note that the medical scheme rules are binding as provided in section 32 of the Medical Schemes Act (MSA) and that AGM dates and notice periods should be adhered to.

In order to assist medical schemes to hold relevant AGMs within the stipulated planned timeframes and ensure that medical schemes do not incur unnecessary non-healthcare expenditure due to cancellations and reprinting etc., medical schemes may submit the unsigned AFS as part of the AGM notice packs to members.

A clear disclaimer should be indicated as follows: ***"The signed audited financial statements of scheme XXX have not been submitted to the CMS and might be subject to change as may be directed by the CMS"***.

Once the AFS are signed and approved, medical schemes may email the said copies of the AFS to members or issue notifications that the AFS has been published on the various schemes' websites.

Medical schemes are encouraged to openly communicate with members the reason for the delay in this year's submission of AFS and AR information. They may refer to the relevant circulars published by the CMS as it relates to updates on the Annual Statutory Return Systems.

Should medical schemes, however, decide to postpone AGMs in order to submit signed AFS in the AGM notice packs, it is encouraged that the relevant exemption applications should be made to the CMS urgently.

Kindly upload the required exemption documents in respect of the above on the Exemptions Portal (<https://ftp.medicalschemes.com/login>) and send the confirmation email/queries to exemptionapps@medicalschemes.co.za.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'Mfana Maswanganyi', is located below the 'Yours sincerely,' text.

Mr Mfana Maswanganyi
Executive: Regulation
Council for Medical Schemes

Chairperson: Dr M. Makiwane Chief Executive & Registrar: Dr S. Kabane
Block A, Eco Glades 2 Office Park, 420 Witch-Hazel Avenue, Eco Park, Centurion, 0157 **Tel:** 012
431 0500 **Fax:** 086 206 8260 **Customer Care:** 0861 123 267
Information@medicalschemes.co.za | www.medicalschemes.co.za



AGM-AUDITORS AND TRUSTEES

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APPOINTMENT OF EXTERNAL AUDITORS

The Board is required by the Scheme Rules to present a firm of external auditors to the Annual General Meeting for confirmation of appointment.

The current contract between the Scheme and PWC has lapsed with conclusion of the audit of the 2022 Annual Financial Statement.

TRUSTEE REMUNERATION

Rule 18 provides for payment of trustee remuneration to persons serving as trustee on the Sizwe- Hosmed Board of Trustees.

Sizwe- Hosmed also maintains Trustee Remuneration Policy that guides how Trustees and Independent committee members.

The following policy provisions are relevant.

- 5.1 The fee will comprise of a monthly retainer and an attendance fee per scheduled meeting for Board meetings, and an attendance fee per scheduled meeting for Committee meetings;
- 5.2 A retainer is differentiated to recognise the Board Member's duties as well as to emphasise that Board members are required to spend more time on board duties.
- 5.3 From time-to-time Council for Medical Schemes may ask individual Trustees to devote extra time or to undertake special duties. Such special duties shall not attract additional remuneration as it is covered by the retainer;
- 5.4 Meeting preparation time for Trustees and Independent Committee Members is included in the attendance;
- 5.5 Trustees and independent committee members are entitled to travel reimbursement in regard to meeting attendance which shall be in terms of the Scheme travel policy;

Clause 6.3

The fees for any special meetings shall be identical to normal meeting fees. Attendance fees for ad-hoc meetings attended by Board members and members of committees shall be paid at an hourly rate , up to a maximum of six hours per day.

Clause 13 – Annual Review of Fees

The headline consumer price index (CPI) will normally guide the Board on an annual basis in proposing any increases on the Trustee fees.



Head Office

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Web Address : www.sizwehosmed.co.za

Sizwe Hosmed Medical Scheme is regulated by the Council for Medical Schemes.
Sizwe Hosmed Medical Scheme is administered by 3Sixty Health (Pty)Ltd;
Registration number 1978/001109/07;
an accredited administration and managed care service provider.