Highlights of the

Financial Statements

for the year ended 31 December 2024

bestMed

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“Free time is a terrible thing to waste. Read a book.”

- E.A. Bucchianeri

You are invited to attend Bestmed's 61st Annual General Meeting

Bestmed Medical Scheme remains one of the most sustainable medical schemes in South Africa, recording positive membership growth for six consecutive years. Bestmed beneficiaries totalled 254 840 for the year ended 31 December 2024.

We believe that, despite global, as well as local economic uncertainties, the Scheme has grown and remained sustainable due to our commitment to member service and our relentless drive to remain *Personally Yours* to our members. Bestmed won the News24 Medical Scheme of the Year at the News24 Business Awards in 2024, as voted by subscribers.

We are committed to continue to deliver excellent service and products to you, our loyal members. We sincerely appreciate your ongoing support.

You are cordially invited to share in the operational and financial highlights for the year ended 31 December 2024, at the Annual General Meeting (AGM).

Date:	Thursday, 26 June 2025
Time:	09:00 - 11:30
Virtual event link:	https://www.events.bestmed.co.za/
Register by:	Monday, 16 June 2025
Enquiries:	Email bestmed-agm@bestmed.co.za

You will receive a user guide to navigate the virtual event platform prior to the AGM. Should you wish to submit a motion for the AGM, kindly email it to bestmed-agm@bestmed.co.za by no later than Thursday, 12 June 2025.

Programme

08:00 – 09:00	Online registration and log in
09:00 – 11:30	AGM

Agenda for the 61st Annual General Meeting

- Opening and welcome
- Presentation by the Chairperson
- Minutes of the previous AGM held on 26 June 2024
- Chairperson's report
- Financial statements and auditor's report
- Appointment of external auditors for 2025
- Motions received in terms of rule 26.1.4
- Approval of the proposed increase in Trustee Remuneration for 2025-2026
- Member voting
- Closure

PLEASE NOTE:

Documents are printed in the same language that they were presented in and submitted to the Registrar of Medical Schemes. A full set of the financial report is available electronically on request. For your copy, please send an email to **bestmed-agm@bestmed.co.za**.

Minutes of the 60th Annual General Meeting

Minutes of the 60th virtual Annual General Meeting of members held at 09:00 on Wednesday, 26 June 2024

1. OPENING

The Master of Ceremonies (MC), Mrs Madelein O'Connell, opened the Annual General Meeting (AGM), which was a virtual meeting, and introduced herself to the meeting as the Executive Manager: Sales, Marketing and Corporate Relations. She warmly welcomed all the attendees, including the Bestmed Board of Trustees, to the 60th AGM, which was an important milestone in the history of Bestmed.

The MC proceeded by informing the members that, in the past year, the Scheme had faced several global and national challenges. From the lingering effects of the COVID-19 pandemic to economic fluctuations and economic demands, Bestmed had navigated a complex and often tumultuous landscape. However, despite these challenges, Bestmed had not only weathered the storm, but had also continued to grow and thrive.

The continued growth of the Scheme was testament to the trust and loyalty of its members, as well as the hard work and dedication of the employees and partners. Bestmed deeply appreciated the trust and loyalty of its members as well as the dedication of its employees and partners. The Scheme was deeply grateful for the members' ongoing support and confidence in Bestmed's ability to meet their healthcare needs.

When looking at the future, the Scheme remained committed to excellence. Together, Bestmed and its stakeholders would continue to achieve great heights and uphold the values that had made Bestmed the members' choice for healthcare.

The MC then welcomed the three presenters at the AGM – the Board's Chairperson, Mr Colin Mowatt, the Principal Officer/Chief Executive Officer (PO/CEO), Mr Leo Dlamini, and the Chief Financial Officer (CFO), Mr Jessogan Chetty. These three presenters would take the attendees through the AGM's agenda.

The agenda had been sent to the members with the AGM notices 21 days prior to the AGM on 5 June 2024, in accordance with Rule 26.1.1 of the registered Bestmed Rules. The agenda was also included in the Highlights of the Annual Financial Statements document, as published on Bestmed's website. For members' convenience, the agenda was also published on the virtual platform. No requests for additional agenda items had been received and, therefore, the agenda had remained unchanged. An overview of the agenda was given. Voting would take place at the end of the meeting after concluding all the agenda items.

House rules for the virtual event

Next, the house rules for the virtual AGM were explained. Members were also informed that their microphones were muted and were requested to use the Q&A functionality available on the screen to raise any comments or questions. Bestmed employees were available to answer any questions raised during the meeting. Members attention was drawn to the fact that any information published on the Q&A functionality was publicly available and therefore members should refrain from disclosing any personal details on the platform. Questions could also be directed by telephone, and an indication would be given to the members when they could phone in to ask any questions. Questions, limited to 90 seconds per question, would be taken at that time. Members could also raise any questions which they may have had during the presentations, and these questions would be recorded and displayed to the presenters during the Q&A sessions. The available telephone numbers for member enquiries as well as for technical assistance were then displayed on the screen. In addition, the AGM would be managed strictly according to the agenda provided for the AGM and, therefore, questions made per the Q&A functionality were restricted to the matters relevant to the AGM. Questions pertaining to any other matters, for example, the Scheme's options or service delivery, could be raised using any of the available channels implemented for this purpose. Bestmed employees would answer all telephone calls and assist with resolving these enquiries.

The attendees were informed that copies of the following documents had been made available for download on the platform:

- The 2024 AGM agenda
- Guideline document for streaming and voting
- Highlights of the Financial Statements (HFS) 2023 booklet
- Financial Statements (FS)
- Trustee Remuneration Policy – including proposed amendments reflected in track changes to Annexure A
- Trustee Remuneration Policy – final copy
- Explanatory note on the annual increase in Trustee remuneration for 2024/2025
- Bestmed Substantive Scheme Rules

Principal members who had logged in with a one-time pin (OTP) would be allowed access to the voting functionality. Voting would take place after dealing with all the agenda items. Members' attention was drawn to the fact that they would only be allowed one opportunity to cast their vote on each matter, and after submitting a vote, members would not be able to amend or resubmit the vote. After successfully submitting a vote, a message acknowledging receipt of the vote would be displayed on the screen. The member voting screen, explaining the actions required from members when voting on a matter was then

displayed and explained to the attendees. The voting functionality would be explained to members again when dealing with agenda item 9. The MC informed the members that they would be required to vote on the following resolutions:

- Adoption of the Annual Financial Statements for the year ended 31 December 2023 inclusive of the unqualified Auditor's Report
- Appointment of External Auditors in accordance with Rule 25.1
- Approval of the proposed 7.5% increase in Trustee Remuneration for 2024/2025

Accessing full-screen mode during live streaming was also explained to the members. Members were also requested to click on the **Refresh** button, should they experience any difficulties viewing the screen, and to press Esc to return to the dashboard.

The MC then welcomed the Chairperson of the Board of Trustees, Mr Colin Mowatt, to the stage.

2. PRESENTATION BY THE CHAIRPERSON

The Chairperson took over the proceedings of the AGM. He declared the meeting properly constituted, members and employers affiliated to Bestmed having been given adequate notice of the meeting in terms of Rule 26.1.1. A total of 118 active voting members, as recorded at the start of the broadcast, were attending the meeting virtually, which was more than the stipulated number of 30 members required to constitute a quorum in terms of Rule 26.1.3.

The Chairperson proceeded by indicating it was a virtual AGM broadcast from a media studio.

It was noted that all the relevant administrative matters had been finalised. The Chairperson reiterated that only matters pertaining to the AGM, as reflected on the agenda, would be dealt with at the meeting. Any personal matters on benefits, service delivery and claims would be dealt with by the Scheme's support staff.

Next, he welcomed the following stakeholders to the AGM:

- The Scheme's members who were attending the virtual meeting, in particular new members who were attending the AGM for the first time.
- Employers affiliated to Bestmed
- The members of the Bestmed Board of Trustees, former Chairpersons of the Board and former Trustees
- Ms Shelley Thomas, independent Chairperson of the Bestmed Audit Committee
- Representatives of the Council for Medical Schemes (CMS)
- Representatives from Deloitte, the Scheme's External Auditors
- Representatives of PricewaterhouseCoopers (PwC), the Scheme's Independent Electoral Body (IEB)
- Executive Management and support employees of Bestmed

No apologies were made for the meeting.

The Chairperson indicated that the CMS had approved amendments to the Bestmed Rules in terms of which the Scheme was authorised to host a virtual, physical or hybrid AGM. These rule amendments had been approved in view of the COVID-19 lockdown restrictions implemented in 2020. These restrictions had remained in place in 2021 due to the uncertainties pertaining to the progression of the pandemic. The past four AGMs - 2020 to 2023 - had been successfully hosted as virtual meetings. In addition, important to note was that the hosting of the AGM by means of a virtual meeting platform had also become the industry norm. The Chairperson reiterated that the opportunity to include members nationally by means of the virtual platform remained a priority for the Scheme, particularly in view of the fact that more than 50% of the Scheme's members were now residing outside the Gauteng region. In addition, the Scheme noted the recently published CMS Circular 21 of 2023 and supported their request for hosting the AGM via a virtual platform in order to attract a larger audience. For these reasons, the 2024 AGM was also presented as a virtual meeting. The Chairperson proceeded by thanking all the Bestmed members present for joining the virtual AGM, and assured the members all possible measures had been implemented to ensure the AGM would proceed as smoothly as possible.

Finalisation of Agenda

The meeting proceeded with the finalisation of the agenda. The Chairperson indicated that the MC had already provided an overview of the meeting's agenda. No notification had been received from members of additional matters to be included in the agenda or motions to be placed before the AGM, which members would be required to vote on. Therefore, the agenda included in the AGM pack disseminated to members was regarded the final version for the meeting.

The meeting then proceeded with the approval of the minutes of the previous AGM held on 22 June 2023, as published in the Highlights of the Annual Financial Statements document. A copy of this document was also available on members' dashboard.

3. MINUTES OF PREVIOUS ANNUAL GENERAL MEETING HELD ON 22 JUNE 2023

The minutes of the previous AGM, held on 22 June 2023, were available in the HFS booklet, as published from pages 11 to 23. The HFS booklet had been included in the meeting pack disseminated to the members.

The following matters arising from the minutes were tabled at the meeting. The subsequent action taken was also indicated:

Proposed increase in Trustee Remuneration for 2023-2024

- 'Provide a comprehensive explanation at the next AGM on benefits, reserves and how these are structured, similar to the presentation on the increase in Trustee remuneration delivered at the AGM.'

Action taken

- Explanations had been included in the presentations of the Chairperson and Chief Financial Officer (CFO) at this AGM.

The Chairperson informed the members that no notification had been received of additional matters identified as arising from the minutes and it was assumed that all matters had been dealt with satisfactorily. In addition, no proposed amendments to the minutes of the 60th Annual General Meeting had been received by the deadline, as indicated in the Scheme's communication.

Members were then requested to propose and second the approval of the minutes as a fair and true reflection of the 2023 AGM. The Chairperson drew members' attention to the fact that the **proposer** and the **seconder** buttons would automatically disappear, once the relevant members proposing and seconding the approval of the minutes had clicked on these buttons. In addition, members were requested to click on the ***Refresh*** button prior to proposing or seconding the approval of the minutes.

The minutes of the 60th Annual General Meeting were then unanimously approved as a fair and accurate record of the proceedings.

Proposed: Ms TM Sithole (membership number: 17899414); seconded: Ms MC Dickens (membership number: 1767089)

The Chairperson indicated that the minutes would be published and made available to the CMS.

4. REPORT OF THE CHAIRPERSON

Operational and financial highlights

The report of the Chairperson, which was included in full in the HFS document, had been disseminated to the members prior to the meeting. A copy of the document was also available on Bestmed's website. The following operational and financial matters were highlighted from the Chairperson's report:

2023 Overview

Bestmed's 60th birthday milestone in 2024 coincided with various challenges in the healthcare industry, including higher claims ratios, high costs and a decline in the reserves accumulated in the financial years of 2020 and 2021.

It was expected that the economic outlook for 2024 would remain challenging, with a marginal improvement anticipated in 2025. This ongoing economic pressure was likely to impact household disposable income, directly affecting all South African medical schemes and their members.

Although economic pressure was increasing and an industry-wide increase in claims was being experienced after the COVID-19 pandemic, Bestmed had continued to build on its sustainable membership growth and the service excellence achieved in the previous financial years. A sustainable increase in membership and a growing risk pool were important aspects ensuring the long-term strength and survival of a medical scheme. The Scheme had achieved this membership growth for the fourth consecutive year by increasing its membership by 4.6% in 2023, while continuing to render exceptional customer service. Furthermore, Bestmed had retained its position as the fourth-largest open medical scheme and the largest open self-administered scheme in South Africa, rendering healthcare cover services to more than 245 000 lives in South Africa.

The Chairperson continued by giving an overview of the Scheme's membership growth from 2015 to 2023 and highlighted the change which had occurred in the membership composition over this period. In 2015, the membership comprised 68% corporate members and 32% individual members. This composition had since changed with a growth in individual membership and a decline in corporate members. In 2023, the Scheme's membership had comprised 62% corporate members and 38% individual members, constituting and increase of 6% in individual membership. This change in membership composition had been driven by the Scheme's strategy over the past five years, thus making it less reliant on corporate members, and more attractive to individual members.

In 2023, Bestmed had maintained a positive member experience, as reflected in the recognition in prominent industry measures and awards, including the Ask Afrika Orange Index®, the Financial Intermediaries association (FIA) Product Supplier of the Year Award, the Board of Healthcare Funders (BHF) Titanium Awards, and, more recently, the News24 Medical Scheme of the Year Award. In addition, the Scheme had also met financial performance expectations in 2023.

The 2023 Annual Financial Statements had been prepared in compliance with International Financial Reporting Standard (IFRS) 17. IFRS 17 had introduced a significant change to the terminology and presentation of the Annual Financial Statements. Bestmed's CFO, Mr Jessogan Chetty, would discuss this in more detail when presenting the 2023 Annual Financial Statements.

The Chairperson proceeded by indicating that higher-than-expected healthcare costs were the main contributor to the negative -R41.9 million insurance service result, previously referred to as the net healthcare result, recorded in 2023. However, taking all income and expenditure into account, the Scheme had achieved a net surplus of R38.7 million for the year. The balance sheet had improved marginally to R4.9 billion in 2023, and the Scheme had achieved its budget objective of reducing its solvency ratio to a respectable 36.9%, compared to the statutory requirement of 25%. The importance of a stable financial position had become even more significant, considering the current economic conditions.

With regard to the Scheme's financial performance, total healthcare costs in 2023 had amounted to R6.5 billion, compared to R5.9 billion in 2022. The claims ratio reflected the increase in claims after the COVID-19 pandemic, which was exceeding the claims ratio prior to the pandemic. Healthcare expenditure included all payments made in respect of claims for medical expenses incurred by members. The claims ratio was defined as the ratio of claims to the contributions received. In 2023, the claims ratio of 95% implied that for every R100 received from members' contributions, R95 had been paid to service providers for members' healthcare costs. In 2023, the industry-wide claims ratio was marginally higher that the pre-COVID-19 pandemic level. In 2020, the industry-wide claims ratio was the lowest it had ever been the past 16 years, which could be largely attributed to the impact of the COVID-19 pandemic. The unprecedented increase in claims in 2021, which was an industry-wide trend, following the easing of the COVID-19 restrictions, had continued into 2022 and 2023, which had impacted negatively on the Scheme's net healthcare result. A combination of factors contributed to the increase in claims in 2022, which had all directly impacted healthcare costs. These included increased utilisation of medical services, costs exceeding medical inflation, increased diagnostic testing required, increased registration of chronic conditions, and an increase in oncology claims.

The increase in claims ratio and the associated healthcare expenditure in 2023 had been financed by a combination of an increase in member contributions and a reduction in the Scheme's reserves. In 2023, Bestmed had purposefully budgeted to give back a portion of the reserves which the Scheme had accumulated during the COVID-19 pandemic to its members. This decision, combined with various benefit enhancements and increased claims, had resulted in a portion of the Scheme's reserves being utilised for the payment of member healthcare claims in 2023. Bestmed's balance sheet was still a healthy R4.9 billion at 31 December 2023.

The 2023 split of healthcare costs were very similar to that of 2022. The increase in specialists' fees in 2023 largely reflected the increase in procedures after the COVID-19 pandemic, as members resumed consultations with specialists as well as a catch-up in postponed elective procedures.

Managed Healthcare interventions in 2023

In terms of the stipulations of the Medical Schemes Act, 1998, medical schemes were allowed to implement certain measures to curb medical expenses, particularly those pertaining to the diagnosis and treatment of medical conditions qualifying for Prescribed Minimum Benefits (PMB). One of these measures included implementing a Designated Service Providers (DSP) network, enabling the Scheme to negotiate a lower tariff for rendering medical services to Bestmed members. The Scheme had made significant progress in establishing healthcare provider networks, with approximately 84% of claims paid to network service providers, resulting in a saving of more than R15 million a month. Selecting a network remained the choice of the member or the attending healthcare professional. More information on Bestmed's network providers was available on the Scheme's website. Alternatively, more information could be obtained by contacting the Scheme's contact centre, or by referring to the email that had been distributed to all members at the end of May 2024.

In addition, Bestmed had implemented various Managed Healthcare interventions over the years as a measure to manage its healthcare costs. Bestmed's Managed Healthcare initiatives maintained the balance between clinical and financial risks by providing Bestmed members access to the best medical care within the parameters of the Scheme's Rules. Managed Healthcare aimed to provide clinically appropriate and necessary care, while maintaining cost efficiencies. Through these initiatives, the focus was on managing the care, and not managing the cost only. Bestmed believed that the attending service provider should coordinate the members' care, and thus the Scheme was committed to building strong relationships with the service providers.

Although Bestmed's membership had increased over the past few years, the Scheme's reserves had increased as well. As mentioned previously, a portion of the Scheme's reserves had been used to fund the increased healthcare costs. Although a portion of healthcare claims had been funded from the Scheme's reserves, the reserves had increased marginally to R4.9 billion.

Fraud, Waste and Abuse (FWA)

Unfortunately, fraud, waste and abuse had become part and parcel of the medical schemes industry. The CMS estimated annual losses in the industry of approximately of R25 billion due to fraud, waste and abuse, with up to 15% of healthcare claims tainted by these practices. Perpetrators were employing increasingly sophisticated tactics, leveraging technology and syndicates to orchestrate large-scale schemes, while regulatory delays and prosecutorial challenges hindered effective resolution.

More common fraud scenarios in the medical scheme sector included the following:

- Merchandising, involving non-healthcare merchandise sold by pharmacies, which was claimed as a healthcare product;
- False claims by claiming for services not rendered;
- ATM scams, where doctors submitted false claims and provided cash to patients;
- Card farming, where members lent their membership cards to non-members;
- Code gaming, which involved doctors manipulating billing rules to increase revenue; and
- Hospital cash plan fraud, which entailed doctors and members colluding to arrange unnecessary hospital admissions.

The integration of artificial intelligence (AI) may emerge as a potential pivotal strategy with the capability to analyse large volumes of data rapidly and enabling the identification of suspicious patterns and behaviours.

The Scheme had a responsibility towards its members to ensure that member funds were managed in a financially responsible manner for the defrayal of healthcare expenditure. The fraud, waste and abuse environment had changed and reached a stage where Bestmed actively engaged and followed up each case of suspected fraudulent and/or unprofessional conduct.

The Scheme had also appointed an external specialist forensic investigator to investigate the more material anomalies requiring urgent and in-depth attention. Bestmed had investigated a total of 209 cases of possible fraud, waste and abuse in 2023. These cases could either have been reported via the KPMG Hotline or to Bestmed directly. For example, investigation into possible wastage and abuse of pathology and radiology services during 2023 had effected savings of more than R20 million. A formal, prescribed process was followed, which could lead to sanctions, including criminal procedure and/or disciplinary procedure and/or implementing section 59(2) and/ or section 59(3) of the Medical Schemes Act, 1998.

Members were advised to report any suspected fraud to the KPMG Hotline, fraud@kpmg.co.za or +27(0) 80 111 0210. This information was also available on Bestmed's website. In addition, members were advised to keep track of their medical scheme statements to ensure healthcare claims were valid, and to ensure the services rendered were reflected on the healthcare claim. Furthermore, the importance of having sufficient knowledge of the benefits covered by a specific benefit option was emphasised, to ensure that services not covered were accepted.

Other achievements

Accolades in 2023 and 2024

Bestmed had achieved the following accolades in 2023 and 2024:

- Bestmed had achieved second place in the medical schemes category in the Ask Afrika Orange Index survey in 2023.
- The Board of Healthcare Funders' (BHF's) Titanium Excellence Awards acknowledged the persons in the sector working tirelessly to render exceptional service and honoured those organisations who had made an impact in various sectors of healthcare. Bestmed had received the 2023 BHF's Titanium Excellence Award for its significant contribution to the healthcare landscape by creating access to quality healthcare.
- Bestmed had been identified as a top three contender in the Financial Intermediaries Association (FIA) Intermediary Experience Award for Healthcare Product Supplier of the Year in 2023. This was the most prestigious and well-recognised award in the South African financial services industry.
- Bestmed had been identified as the News24 Medical Scheme of the Year in 2024.

The Chairperson congratulated the Bestmed employees for winning these awards.

Corporate Social Investment (CSI)

An overview was given of the CSI initiatives in which the Scheme was involved. Bestmed's approach to CSI initiatives was to implement initiatives that would have both internal and external impact. In this manner, employees were given the opportunity to participate in upliftment initiatives in their communities.

Partners for Possibility

Bestmed was continuing its relationship with the Partners for Possibility project. This initiative matched organisations with school principals from

local under-resourced schools. Bestmed had been associated with Partners for Possibility for the past seven years, and had partnered with the Matseke Primary School in Atteridgeville in 2022/2023.

Unjani Clinic Health Pod

Bestmed's partnership with Unjani Clinic had commenced in 2020 and had continued into 2023.

- During the year, re-usable sanitary pad kits had been distributed to young ladies, ensuring they would be able to attend school and meet their sporting commitments.
- Bestmed had sponsored a second health pod that would be used in Dewetsdorp, Wepener and surrounding areas to offer primary healthcare services to members of the community who would otherwise not have access to these services.

Hockey programme at underprivileged schools

Bestmed was the official partner in the SuperSport Let's Play school modified Hockey Programme initiatives.

- SA Hockey skilled coordinators were assisting schools with training and coaching as well as project management. Physical education teachers underwent the necessary training to ensure sustainability.
- The two best performing schools in the league competed in the Bestmed Cup final.

Corporate Governance

The terms of office of four Trustees would lapse at the AGM in 2024:

- Two elected Trustees (one Individual Member Representative and one Employee Member Representative)
- Two appointed Trustees

In terms of the registered Bestmed Rules, the nomination forms for the two elected Trustees had been disseminated to Bestmed members on 1 November 2023. The 2024 Board election process had commenced on 19 April and had concluded on 27 May.

PricewaterhouseCoopers (PwC) had been appointed as the independent electoral body to conduct and oversee the election.

The following two members had been elected to the Board of Trustees:

- Mr Theuns du Buisson (employee member representative) (first term)
- Ms Clarette Lombard (individual member representative) (second and final term)

The term of office of the following two appointed Trustees would also expire after the 2024 AGM:

- Mr Leon Jordaan (first term)
- Mr Colin Mowatt (second and final term)

A Board Search Committee had managed the selection to replace the two appointed Trustees.

Having reviewed the expertise/skill set required by the Scheme, the Board of Trustees had appointed to the Board:

- Mr Leon Jordaan (second and final term), and
- Mr Michael Brewis (first term)

Once the formal vetting process had been finalised, the appointment of the above two Trustees to the Board would be formalised.

The Chairperson expressed his sincere appreciation to Ms Elmarie Marx, the exiting Trustee, for her valuable inputs and contributions to the Board.

The Board would be duly constituted in accordance with Bestmed Rules and comprised 10 Trustees:

- Five elected Trustees (2x Employee, 2x Individual and 1x Continuation/Retired/ Widowed member representatives); and
- Five appointed Trustees (skills/expertise specific).

The terms of the current Chairperson and Vice-Chairperson would end after the AGM. The Chairperson and Vice-Chairperson for the next 12 months (up to the 2025 AGM) would be elected at a Board meeting to be held directly after the 2024 AGM.

The five elected Trustees and their terms of office were as follows:

- Ms Louise de Vries – first term – 2022-2026 (individual member category)
- Mr Theuns du Buisson – first term – 2024-2028 (employee member category)
- Ms Annelise Hartzenberg – second term – 2022-2026 (continuation/retired/widowed member category)
- Ms Clarette Lombard – second term – 2024-2028 (individual member category)
- Prof Magda Slabbert – first term – 2022-2026 (employee member category)

The five appointed Trustees and their terms of office were as follows:

- Mr Michael Brewis – first term – 2024-2028
- Mr Steyn du Plessis (Vice-Chairperson) – second term – 2022-2026
- Mr Leon Jordaan – second term – 2024-2028
- Dr Tumi Legobye – second term – 2022-2026
- Dr Leshni Shah – first term – 2023-2026

In addition, the term of office of the following two independent Board Committee members would lapse at the AGM in 2024:

- Mr Heyn Wolmarans (Independent Audit Committee member)
- Ms Suzanne Stevens (Independent Remuneration and Human Resources Committee member)

The following Disputes Committee member had resigned and would be replaced after the 2024 AGM:

- Mr Justus van Heerden

A fair and transparent recruitment process had been followed to replace the above Board Committee members and the appointment of the successful candidates would be formalised at a Board meeting after finalisation of the vetting process.

Rule amendments

The following amendments to the Bestmed Rules had been approved and registered by the CMS in 2023. The various rule changes had been communicated to members and published on the Scheme's website.

- 2023 Changes to the Substantive Rules
- The member's grandchildren qualified for benefits as the member's dependants if the member was liable for their family care and support.
- The addition of a provision that Prescribed Minimum Benefits (PMBs) may be excluded during a waiting period as part of the underwriting provisions on rule 8.4.1.

Strategy and the way forward

The CMS Annual Report for 2022 highlighted that the medical aid industry continued to consolidate with the number of schemes decreasing to only 71 registered medical schemes, comprising 17 open schemes, in just more than two decades (2000-2022).

In 2022, the number of principal members in open schemes had increased by 1.25%, while the number of beneficiaries had increased by 0.51%.

During the corresponding period, Bestmed's membership had increased by 10.55% and 10.19% respectively, achieving the highest growth in the industry during this period. This membership growth had continued into 2023, with the Scheme's 2023 strategic focus on maintaining its value-for-money offering to members and its competitive edge in the medical aid industry.

The Scheme's key strategic goals remained operational excellence, sustainable membership growth, healthcare sector leadership and innovation.

Stakeholder engagements

Stakeholder engagement was critical to Bestmed's operations and a key catalyst in ensuring that the Scheme continued to deliver on its *Personally Yours* commitment.

The aspiration to extract value for the Scheme and its members, whilst also having a positive impact in the various spaces in which the Scheme operated, remained central to the stakeholder management approach.

Towards the Scheme's aspiration, the main objectives of the stakeholder engagements were to gain an awareness and understanding of any concerns or opportunities in the stakeholder community, and identify any measures needed to manage these effectively, while building mutually rewarding relationships.

Bestmed continued to build relationships in the industry and had made great progress with hospital groups, the healthcare advisor community, corporates, industry and governing bodies (including the CMS and the National Department of Health (NDoH)) and service providers.

Stakeholder engagements also ensured that the Scheme reached its goals of greater transparency and good corporate governance, as well as ensuring its sustainability.

The future

National Health Insurance (NHI)

Bestmed continued to support the Government's aspiration of universal access to primary health via National Health Insurance (NHI). More specifically, the Scheme supported the public-private alliances that would be required to attain this goal.

Although the NHI Bill had been signed into law on 15 My 2024, the funding model of the NHI was still unclear.

Bestmed's primary focus would remain finding a way to ensure the sustainability of the Scheme, within the regulatory framework of the Medical Schemes Act, parallel to the planned implementation of the NHI.

The Scheme was not expecting material changes within the next five to 10 years.

Bestmed would continue to –

- actively reposition the Scheme as a new-generation healthcare business through innovation to achieve increased membership growth and render excellent service, while maintaining sustainable financial performance;
- enhance its product offering, increase its

service provider network, increase brand awareness, and remain a preferred choice for members and healthcare advisers (brokers); and

- care for its Heartbeats (employees) by supporting and building resilience in the ranks through health and wellbeing initiatives to continue to provide award-worthy member experience.

Acknowledgements

The Chairperson conveyed his sincere appreciation towards the Scheme's members for their continued support, loyalty and commitment to Bestmed. In addition, he thanked the Advisors of healthcare cover for continuing to entrust their clients to Bestmed's care. Furthermore, the Chairperson expressed his heartfelt gratitude to Bestmed's Management and employees for their loyalty and dedication to increase the membership base, and for realising the *Personally Yours* brand promise, despite challenging and changing work circumstances over the past three years. Finally, he thanked his colleagues on the Board and the independent members of the Board subcommittees for their input, guidance and support during the year.

After dealing with the Chairperson's report, the MC took over the proceedings of the meeting. She thanked the Chairperson for his efforts and leadership of the Board.

The attendees were then afforded the opportunity to ask questions through the relevant Q&A functionality. The MC also informed the attendees that questions could still be raised after commencement with the next agenda item. She also indicated that a request had been received prior to the AGM and she requested the PO/CEO to respond to the remark. The member was requesting an option for reducing the annual membership fee, specifically for retired or pensioner members in the various membership categories, in other words, a special dispensation for retired members. The PO/CEO responded by explaining that the Medical Schemes Act, 1998 stipulated two components which could be taken into consideration for differentiated member contributions. The first component was the number of dependants of the member, and the second component the member's salary. To enable Bestmed to apply differentiated member contributions, the Scheme had registered two benefit options, namely Rhythm1 and Rhythm2 with differentiated member contributions, according to specified income bands or categories for each of these two options. In terms of the Medical Schemes Act, 1998, medical schemes were prohibited from applying differentiated member contributions based on a member's age. Furthermore, the Scheme was committed to offering an affordable rate for the quality of healthcare that members procured, for example establishing service provider networks, implementing protocols, and controls to ensure the continued viability of the Scheme. All measures implemented by the Scheme were aimed at balancing the affordability of healthcare and member contributions. More detail would be provided in the presentation that the CFO would deliver on Bestmed's financial performance in 2023.

5. ANNUAL FINANCIAL STATEMENTS AND AUDITOR'S REPORT

The Chief Financial Officer (CFO) expressed his sincere appreciation to Deloitte for their professional work, excellent service, and support over the past year. In addition, he thanked the rest of Bestmed's Executive Management Team, employees and the members for their dedication, hard work and support during a particularly challenging year with the implementation of IFRS 17. He also thanked the Chairperson of the Audit Committee and its members for their expert guidance.

Members' attention was drawn to the full set of financial statements for 31 December 2023 provided in the Annual Report and the accompanying comprehensive notes.

Auditor's report

The auditors advised that, in their opinion, the 31 December 2023 Annual Financial Statements presented fairly, in all material respects, the financial position of Bestmed Medical Scheme and its financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards and in the manner required by the Medical Schemes Act, 1998 as amended, section 33(2).

In 2023, the country had faced a number of issues, including unemployment, fluctuating fuel prices resulting in subdued growth, loadshedding, COVID-19 catch-up, the weakening rand, political tension arising from the recent elections and the looming implementation of NHI. To a large extent, these factors had continued into the current financial year.

IFRS 17 insurance contracts

As referred to previously by the Chairperson, IFRS 17 governed how financial statements reported transactions and events, enabled consistency, and ensured transparency and comparability between businesses worldwide.

IFRS 17 Insurance Contracts, which were applicable to all medical schemes, had become effective from 1 January 2023, replacing the interim standard IFRS 4, issued by the International Accounting Standards Board.

Although IFRS 17 introduced significant changes to the terminology and presentation of Financial Statements, there were no changes for members, the nature or operations of the Scheme or its business model, any processes applied by the Scheme in fulfilling its obligation to members or how the Scheme's reserves were managed.

IFRS 17 only impacted the accounting treatment of medical aid contracts issued by the Scheme, which fell within the scope of the definition of insurance contracts in terms of IFRS.

An example of a notable change, albeit not material to the Scheme's overall financial position, was the introduction of a risk adjustment, previously known as the Incurred But Not yet Reported (IBNR) claims provision, which was now referred to as the Liability for Incurred Claims (LIC). The purpose of this risk adjustment was to allow for uncertainty in the estimated future cash flows related to the claims provision.

In conclusion on the matter of IFRS 17, the CFO provided an overview of terminology changes with the changeover from IFRS 4 to IFRS 17.

Financial results for the year ended 31 December 2023

Absolute Terms Comparison

Insurance revenue, previously referred to as risk contribution income, had increased by 10.20% in 2023, compared to 2022. Risk claims incurred had increased by 10.79%, while the relevant healthcare expenditure, now referred to as insurance service expense, as a percentage of insurance revenue, i.e. the claims ratio had increased from 94.31% in 2022 to 95.58% in 2023. From this information, it was clear that the claims ratio had increased in a greater proportion than the revenue received from member contributions. Directly attributable expenses as a percentage of insurance revenue had decreased from 5.19% in 2022 to 5.07% in 2023.

Highlights from the statement of financial position

Total assets had increased from R4.8 billion in 2022 to R4.9 billion in 2023. This amount included non-current assets at R2.7 billion and current assets at R2.3 billion, which then equated to the member funds of R3.4 billion, referred to as insurance liabilities to future members under IFRS 17, non-current liability of R19.9 million and current liability of R1.5 billion. These figures were representative of a healthy solvency of 36.89% as at 31 December 2023, which was significantly higher than the statutory requirement of 25%. The reduction in the solvency from 41.60% as at 31 December 2022 had resulted from the Board's decision to apportion accumulated reserves to relieve economic pressure on members. The solvency for 2022 had been restated from 41.73% to 41.60%, aligned with the risk adjustment, as was required with the IFRS 17 adaptation.

Highlights from the statement of comprehensive income

The CFO explained that he preferred to refer to the illustration of the highlights from the statement of comprehensive income as a hybrid illustration, given the change in reporting requirements, specifically from IFRS 17. Terminology that members were familiar with from previous years had deliberately been included in the illustration.

The financial statements reflected a total risk contribution income of R6.5 billion for 2023, compared to R5.9 billion for 2022. Relevant healthcare expenditure had increased from R5.5 billion in 2022 to R6.1 billion in 2023, while the gross healthcare result had decreased from R422 million in 2022 to R388 million in 2023. The non-healthcare cost year on year had increased from R596 million in 2022 to R635 million in 2023, constituting an increase of 6.5% year on year. This increase had resulted in a net healthcare loss of -R246 million in 2023, compared to a net healthcare loss of -R174 million in 2022. It was explained that, as previously indicated, the net healthcare loss was a consequence of the lower subscription increases implemented in 2022 and 2023.

Other income and expenses amounting to R285 million in 2023, compared to R170 million in 2022 had resulted in a net surplus of R38.8 million, compared to the net loss of R3.4 million incurred in 2022, constituting a swing of R42.1 million.

Analysis of members' funds

Key considerations in the analysis of members' funds included the nature of medical schemes as mutual funds, encouraging open enrolment, community rating, in terms of which subscription fees were dictated by income and the number of dependants as well as Prescribed Minimum Benefits.

The above information implied that medical schemes were not-for-profit organisations aimed at reserve building by increasing member contributions in order to meet future claims payment responsibilities. Members benefited through benefit enhancements and ideally lower than average subscription increases, relative to reserves (solvency levels). When considering the increases relative to the solvency ratio over the last few years, it could be observed that, in the instances of a solvency ratio significantly exceeding the statutory requirement of 25%, below-inflation subscription increases had been imposed in the following years in combination with benefit enhancements. Once benefit enhancements had been made available to members, members continued to benefit from them in subsequent years. This implied a dual benefit in terms of lower subscription increases, while giving back to members in the form of benefit enhancements,

relative to the solvency level.

Members' funds, or insurance liability to future members, had remained relatively stable at R3.4 billion in 2023, compared to 2022, and were made up as follows:

- Investments of R3.6 billion in 2023, compared to R3.53 billion in 2022
- An increase in medical savings accounts from R1.0 billion in 2022 to R1.2 billion in 2023, which were funds managed by the Scheme on members' behalf
- A slight decrease in cash and cash equivalents from R51 million in 2022 to R40 million, due to the increase in claims
- A decrease in other assets from R130 million in 2022 to R114 million in 2023
- An increase in liabilities, including medical savings accounts, from R1.4 billion in 2022 to R1.5 billion in 2023, which included the IBNR claims, now referred to as Liability For Incurred Claims, reconciling back in total member funds of R3.4 billion in 2023

Solvency

As already indicated, the statutory calculated solvency ratio was 36.89% as at 31 December 2023, relative to the restated solvency level of 41.60% in 2022. This was a clear message that the Scheme was financially strong with adequate cash reserves or cash cover of risk benefits. Should the Scheme not generate any revenue, it would be able to pay members' claims for a period of 6.6 months, compared to 7.4 months the previous year. This decrease of 0.8 months over this period was attributed to the increased claims expenditure.

Investments performance

The total assets on investment had amounted to R3.59 billion in 2023, compared to R3.53 billion in 2022. The Scheme had achieved a return on investments of 7.1% over 10 years in 2023. In addition, a real return of 1.9% ahead of inflation had been achieved over a 10-year period. The consumer price inflation over 10 years was 5.2% in 2023 and 2022. Although this was slightly below the investment mandate for the year, a real return of 2.9% had been achieved over 18 years (since inception) ahead of inflation, which was in line with the investment expectations. These results were representative of the turbulence of the investment markets in 2022, continuing into 2023.

Adoption of the 2023 Annual Financial Statements

The CFO informed the members that they would be required to vote on the adoption of the Annual Financial Statements for the year ended 31 December 2023, inclusive of the unqualified Auditor's Report. Members would be given the opportunity to vote on the adoption of the Annual Financial Statements during the voting session at the end of the AGM.

6. APPOINTMENT OF AUDITORS FOR 2024/2025

The meeting was informed that the members present at the AGM should appoint the external auditors for the next financial year. Deloitte had served as the Scheme's auditors for the financial year ending 31 December 2023.

The Board of Trustees and the Audit Committee recommended that Deloitte be reappointed as the Scheme's external auditors for the financial year ending 31 December 2024. The members would be required to vote on the reappointment of Deloitte as the Scheme's external auditors for the financial year ending 31 December 2024 in accordance with Rule 25.1.

The MC took over the proceedings of the meeting and informed the members that a comment had been received from Mr RF Camphor, expressing his sincere appreciation towards Mr Mowatt for the excellent work done over a number of years, first as Board member and then as Chairperson of the Board.

7. MOTIONS RECEIVED IN TERMS OF RULE 26.1.4

In terms of Rule 26.1.4 of the Bestmed Rules, no motions had been received from members to be placed before the AGM, which members would be required to vote on.

The MC then informed the attendees that no further questions had been received and she welcomed the PO/CEO to the stage to deliver a presentation on the proposed Trustee remuneration for 2024-2025.

8. APPROVAL OF PROPOSED INCREASE IN TRUSTEE REMUNERATION FOR 2024-2025

Trustee Remuneration

The PO/CEO took over the proceedings of the meeting and extended a word of welcome to the Scheme's members, the Board of Trustees and External Auditors, as well as representatives of the CMS at the Scheme's AGM. He then proceeded with discussing the proposed amendments to the Trustee Remuneration Policy, specifically the proposed increase in Trustee remuneration.

Amendments to Trustee Remuneration Policy Purpose of submission

In terms of clause 4.2(c) of the Trustee Remuneration Policy, any amendments to this Policy should be approved by the Board and thereafter by members at the AGM. On 25 April 2024, the Board had approved that the proposed amendments to the Trustee Remuneration Policy, specifically the proposed increase to fees payable as per Annexure A, be recommended to the members for approval at the 60th AGM on 26 June 2024.

Furthermore, it was stipulated in clause 4.2(d) of the Trustee Remuneration Policy that the Scheme should ensure that the members and the CMS be provided with all information pertaining to proposed principles and remuneration of Trustees, at least 21 days prior to the AGM.

On 5 June 2024, the following documents pertaining to the amendments had been sent to the members:

- The Trustee Remuneration Policy (track changes reflecting the proposed amendments)
- The Trustee Remuneration Policy (track changes accepted to represent the final Policy, should the proposed amendments be approved at the AGM)
- An explanatory note on the proposed increase in the annual Trustee remuneration

As stipulated in clause 4.3 of the Trustee Remuneration Policy, the members at the AGM were required to approve any proposed amendments to the fees set out in Annexure A of the Policy by means of voting.

The PO/CEO continued by explaining that discharging the Board's responsibility of oversight, governance, compliance, implementing strategic objectives and risk management in a highly regulated industry, especially with the enactment of the NHI Bill, presented risks to both the Scheme and the Trustees. Trustees could be held personally liable for the actions taken on behalf of the Scheme. These should all be complied with, whilst ensuring positive member experiences and the sustainability of the Scheme. Consequently, the level of Trustee remuneration should take into account the expertise, responsibility, risk and time devoted to the Scheme, which extended far beyond preparing and attending Board meetings, as well as the level of Trustee remuneration relative to similar schemes, and the Scheme's exceptional performance in 2023.

Bestmed Benchmark Analysis of Trustee Remuneration

To compare Bestmed's Trustee remuneration relative to that of the industry, the Scheme consulted information from resources that were recent, publicly available, and easily accessible by members, should they want to verify the information provided at the AGM. The only available source of information that met these requirements was the 2022 CMS Annual Report, published on 12 October 2023. The 2022 and 2023 reporting cycles had been considered for the benchmark. Since the latest information included in the 2022 CMS Annual Report was the actual Trustee remuneration for each medical scheme in 2022, the 2022 actual figures had been increased by 5.0% to calculate the Trustee remuneration for medical schemes in 2023, except Bestmed. The Trustee remuneration for Bestmed in 2023/2024 was based on the actual increase of 8.9% as approved at the 2023 AGM. The benchmark analysis conducted by Bestmed included eight open schemes.

The following variables had been considered in the analysis:

- Total Trustee remuneration
- Average Trustee remuneration (average fee per Trustee)

It was explained that Bestmed's Trustee remuneration in 2022 was higher than in 2023, given the number of Trustees who had served on the Board. A total of 12 Trustees had served on the Board in 2022, compared to 10 Trustees in 2023.

The benchmark analysis on the total Trustee remuneration revealed that fees paid to the Bestmed Board and subcommittee members were still positioned far below the average in this cohort of medical schemes, with Bestmed's average Trustee remuneration positioned in the bottom half of this cohort, based on a 5% increase assumed for the other medical schemes.

It was, however, pointed out that the total Trustee remuneration was distorted, in that information on the number of Trustees serving on each scheme's Board had not been taken into consideration. As a result, this figure did not provide an indication of the average Trustee remuneration.

To calculate the average Trustee remuneration in 2023, the 2022 actual figures published in the 2022 CMS Annual Report had been increased by 5.0%, except Bestmed. The Trustee remuneration for Bestmed in 2023 was based on the actual increase of 8.9%, as approved at the 2023 AGM, which was higher than the 5.0% increase applied for the other medical schemes included in the benchmark analysis.

The benchmark analysis on the average Trustee remuneration revealed that the average Trustee remuneration was positioned in the bottom half of this cohort, based on a 5% increase assumed for the other medical schemes.

Other considerations

Over the past four years, the Scheme had recorded exceptional membership growth from 95 000 principal members in 2019 to 116 612 principal members at the end of 2023.

As revealed by the benchmark analysis, the average

Trustee remuneration was still below average, despite a higher increase in 2023. A 7.5% increase in Trustee remuneration, as reflected in Annexure A of the Policy, was proposed. Ideally, the proposed increase in Trustee remuneration should remain in line with the Consumer Price Index (CPI), which was 5.3% at the end of March 2024, with an additional 2.2% included to prevent further deterioration of the relative position of the Bestmed Trustee remuneration. Secondly, the proposed increase in Trustee remuneration should correct the increasing disparity between Bestmed's Trustee remuneration and that of the industry.

In view of the information provided in the presentation, members would be required to vote on the proposed increase of 7.5% in the fees payable to Trustees.

The MC took over the proceedings of the meeting and indicated that a member, Mr Fredericks, had posted a statement on the Q&A functionality, indicating that, after the excessive increase of 8.9% in 2023, especially in view of the CPI of 5.3% at the end of March 2024, he was of the opinion that the proposed increase of 7.5% in Trustee remuneration for 2024 was also unacceptable in view of the subscription increase of 9.6% and the fact that it was anticipated that CPI increase would slow down further. The current CPI was 5.2% and forecast to be 3.1% for 2024. A 5.5% increase in Trustee remuneration would, therefore, be more appropriate. The PO/CEO responded by indicating that, given the current economic climate, any increase exceeding CPI was a challenge. In addition, he referred to Mr Fredericks' comment of the excessive increase of 8.9%. The PO/CEO explained that the 8.9% increase should not be considered in isolation. This increase had followed subscription increases of 3.9% and 4% two years prior to the 8.9% increase, which had been much lower than the industry average. The reason for the lower subscription increases was that the Scheme had budgeted to use more of the accumulated reserves to pay healthcare expenditure. The 2023 claims had been funded from both reserves and member contributions, since the claims expenditure had exceeded revenue received from member contributions. Therefore, although the 8.9% was regarded excessive, it should be viewed in the context of ensuring the future sustainability of the Scheme. Furthermore, should in a given year the subscription increase exceed the claims expenditure, the accumulated reserves would remain that of the members for future healthcare needs.

The PO/CEO proceeded by explaining that the proposed 7.5% increase should be viewed in the context of Bestmed's Trustee remuneration in relation to that of other medical schemes. To ensure fair Trustee remuneration, the Scheme should ensure that its Trustee remuneration was comparable to that of similar sized medical schemes. As a result, the proposed 7.5% increase had been calculated, based on the CPI of 5.3% at the end of March 2024, with an additional 2.2% included in an attempt to prevent further deterioration of the relative position of the Bestmed Trustee remuneration. The objective was also to follow this approach over a number of years to gradually correct the increasing disparity between Bestmed's Trustee remuneration and that of the industry over time.

In conclusion, the PO/CEO indicated that the Scheme was not indifferent to members' perspective. Although a specific Trustee remuneration increase could be proposed to the members, based on the results of Trustee remuneration benchmarks, it remained the members' prerogative to exercise their right when voting on the proposed increase in Trustee remuneration.

Since no further enquiries were raised, the attendees proceeded with voting on the required resolutions.

9. MEMBER VOTING

The MC indicated that, prior to proceeding with the member voting, Bestmed would like to express its heartfelt gratitude to the Chairperson, who would be retiring after this AGM. Mr Mowatt had played a pivotal role in the Scheme's journey, while serving on the Board of Trustees. He had been an example of excellent leadership and unwavering commitment to Bestmed. His calm nature and guidance as well as his absolute dedication to Bestmed and its members had been instrumental in steering Bestmed through both prosperous and challenging times. Under Mr Mowatt's leadership, Bestmed had grown in size and the quality of service rendered to its stakeholders. Mr Mowatt's strategic insight and compassionate approach had ensured that Bestmed remained true to its core values, always placing the wellbeing of the members at the forefront of the Scheme's mission. The MC thanked Mr Mowatt on behalf of the PO/CEO and the entire Bestmed family for his invaluable contribution to the Board and wished him all the best for his journey ahead. She assured Mr Mowatt that his legacy would definitely continue to inspire Bestmed's Management and employees in future.

The MC informed the members that they would now be given the opportunity to cast their votes on the relevant matters. After explaining the online voting process in detail, the MC informed the members that they would be required to vote on the following resolutions:

- Adoption of the Annual Financial Statements for the year ended 31 December 2023 inclusive of the unqualified Auditor's Report
- Appointment of External Auditors in accordance with Rule 25.1
- Approval of the proposed 8.9% increase in Trustee Remuneration for 2024/2025

The MC requested the members to click on the Refresh button, should they be unable to access the voting page. She announced that the meeting would adjourn for 25 minutes to allow members sufficient time to vote on the resolutions.

After the Internal Audit Department had audited the voting results, the meeting reconvened and the Chairperson announced the voting results. He indicated that, should any member require the voting results, they may contact the PO/CEO in writing.

Voting results

- Adoption of the Annual Financial Statements for the year ended 31 December 2022 inclusive of Auditor's Report

- For: 67 votes (98.53%); against: 1 votes (1.47%)

The Annual Financial Statements for the year ended 31 December 2023 inclusive of Auditor's Report were therefore approved.

- Reappointment of Deloitte as External Auditors in accordance with Rule 25.1

- For: 67 votes (98.53%); against: 1 votes (1.47%)

The reappointment of Deloitte as External Auditors in accordance with Rule 25.1 was therefore approved.

- Approval of the proposed 7.5% increase in Trustee remuneration for 2024/2025:

- For: 53 votes (82.81%); against: 11 votes (17.19%)

The proposed 7.5% increase in Trustee remuneration for 2024/2025 was therefore approved.

The Chairperson thanked the members on behalf of the Board of Trustees for the confidence placed in the Board. He also thanked the Technical Team and the Internal Audit Department for finalising the numbers.

10. CLOSURE

The Chairperson thanked the members for attending the virtual AGM and their patience with any technical difficulties experienced. In addition, he thanked the Sales, Marketing and Corporate Relations Executive and her Team as well as the external providers for the effort and assistance.

The 60th AGM was adjourned at 10:46.

Signed in Pretoria on this _____

day of _____ 2024.

GS du Plessis
Chairperson
Bestmed Board of Trustees

Chairperson's report

OVERVIEW

Economic uncertainties, regulatory changes and subsequent pressure on household disposable income characterised the 2024 global and local landscapes. These challenges have placed various industries under significant strain, particularly the South African medical schemes industry. The ongoing economic pressures will undoubtedly affect medical schemes and their members in the coming year.

Despite a turbulent environment, Bestmed demonstrated resilience and maintained strong financial performance in 2024 while celebrating its 60th anniversary. The Scheme continued its commitment to sustainability, evidenced by positive principal membership growth for a sixth consecutive year, a robust solvency ratio, and a strengthened balance sheet. Bestmed recorded principal membership growth of 4.4% (2023: 4.8%) for the year under review. According to the 2023 Council for Medical Schemes (CMS) annual report, the industry growth rate was 1.06%, underscoring Bestmed's outperformance of the market.

This membership growth was achieved alongside Bestmed's unwavering delivery of member-centric service. The Scheme was honoured with the News24 Medical Scheme of the Year award and placed second in the Ask Afrika Orange Index® 2024 under the medical schemes category.

FINANCIAL PERFORMANCE

Bestmed once again achieved a strong financial outcome. While high claims ratios remained an industry-wide trend, the Scheme outperformed its budgeted net healthcare result through disciplined management of healthcare and non-healthcare costs. Although the net healthcare result remained negative, a positive result is projected for 2025.

The investment income for the year (net of Investment expenses) of R345.3 million (2023: R286.9 million) positively impacted the financial position, and the solvency ratio remained strong at 33.23% (2023: 36.89%). Total assets increased to R5.4 billion (2023: R4.9 billion) as of 31 December 2024. Key financial metrics are summarised below:

BESTMED (31/12/2024)

Solvency ratio	33.23%
Insurance revenue per average beneficiary per month	R2 412
Relevant healthcare expenditure per average beneficiary per month	R2 280
Relevant healthcare expenditure as a percentage of insurance revenue	94%
Amounts attributable to future members (Previously Net Surplus - R million)	R164.4
Insurance contract liability attributable to future members (Previously Member funds - R billion)	R3.6

In terms of the Medical Schemes Act (No. 131 of 1998), schemes must maintain accumulated funds equivalent to at least 25% of gross annual contributions. Bestmed's solvency remains well above this minimum, affirming prudent financial stewardship.

The Scheme's balance sheet improved from R4.9 billion to R5.4 billion as at 31 December 2024. With ongoing economic uncertainty, financial stability remains paramount.

The average claims ratio was 94% (2023: 96%). Although claims levels remain high, they have shown signs of stabilisation. Total healthcare costs were R6.8 billion (2023: R6.2 billion), as budgeted. This supported a positive insurance service result of R57.0 million (2023: -R41.9 million).

Average in-network spending exceeded 82.6% (2023: 81.7%), contributing positively to financial performance.

Bestmed achieved an annual investment return of 8.6% (2023: 7.9%), translating to a net investment income of R345.3 million (2023: R286.9 million). The Scheme's long-term investment strategy balances returns with conservative risk exposure.

Taking all income and expenditure into account, the net surplus for the year was R164.4 million (2023: R38.7 million).

STRATEGIC FOCUS

The Scheme remains focused on sustainable membership growth, adherence to governance best practices, and continuous strategic refinement. The Board and Executive Management undertake an annual strategic planning process, which ensures that the Scheme's strategy is reviewed and updated in alignment with the envisioned goals.

The Scheme's key strategic goals remain operational excellence, sustainable membership growth, healthcare sector leadership and innovation. Strategic priorities for 2024 included operational excellence, healthcare innovation, and ensuring value for money for members while maintaining competitiveness.

STAKEHOLDER ENGAGEMENTS

Stakeholder engagement is fundamental to Bestmed's ethos and delivery of its *Personally Yours* promise. The Scheme pursues transparent, value-creating relationships with industry partners, corporates, healthcare advisors, service providers, and regulators.

Efforts to build open, independent, and constructive relationships with the CMS continue.

Bestmed remains committed to King IV principles and the long-term sustainability they support.

GOVERNANCE

The election process for two member-elected Trustees concluded at the 2024 AGM, with vacancies in both the Individual and Employee member categories. Two Board-appointed Trustee positions were also filled. PwC served as the Independent Electoral Body to ensure a fair and transparent process. The new Trustees commenced four-year terms from the 2024 AGM.

THE FUTURE

As the NHI Act implementation advances, uncertainties around its funding and operational models persist. Bestmed's priority remains compliance with existing legislation and sustainability within this evolving landscape.

Looking ahead, the Scheme will enhance product offerings, expand provider networks, and strengthen brand preference. Continued human capital and IT systems investment will support high service levels and future readiness. As we look ahead to 2025, a central priority is safeguarding the long-term sustainability of the Scheme for the benefit of all stakeholders. Our ambition is to remain relevant and thrive for another 60 years and beyond. In refining our product design, we focus on preserving the richness and competitiveness of our benefit options while ensuring that contribution levels remain market-aligned and accessible.

Equally important is maintaining our reputation for exceptional member service. To this end, we have launched strategic initiatives to reinforce our service excellence—strengthening our human capital and information technology infrastructure to support continued growth and operational resilience.

Employee well-being is central to Bestmed's success. The Scheme will invest in initiatives that empower staff and reinforce the *Personally Yours* culture.

RECOGNITION

Despite the challenges of 2024, Bestmed remains financially sound and service-oriented.

We thank our loyal members for their support, our healthcare advisors for their trust, our Heartbeats for their dedication, and the Board for their guidance. Your collective efforts sustain our mission and future

GS du Plessis
Chairperson

Operational highlights

Report from the Chief Executive Officer

ECONOMIC OUTLOOK

South Africa's medical scheme industry and healthcare sector are influenced by various economic factors that shape consumer behaviour, operational costs, and overall accessibility to medical services. This was evident in Bestmed during 2024, as members continued to buy down to lower options as a result of economic pressure, while claims ratios remained high.

Rising inflation and interest rates strain household budgets, leading consumers to reassess discretionary expenditures, including their medical aid membership. This financial pressure may result in individuals opting for more affordable healthcare alternatives or foregoing coverage altogether, impacting the risk pool and financial stability of medical schemes.

The medical scheme industry is experiencing demographic shifts, with the average age of beneficiaries in open medical schemes increasing from 33.5 years in 2013 to 36.1 years in 2023. This aging membership base leads to higher claims ratios, challenging the financial sustainability of schemes. Additionally, South Africa's high youth unemployment rate limits the influx of younger, healthier members who are essential for cross-subsidising older beneficiaries.

Global trade tensions and economic policies, such as recent measures implemented by major economies, contribute to elevated uncertainty. These factors can tighten global financing conditions and affect South Africa's exports, potentially slowing economic growth and influencing domestic price formations. Such external pressures may challenge the SARB's efforts to maintain a stable inflation profile while supporting economic activity.

The low economic growth expectations remain a key concern for the Scheme's growth strategy and the retention of membership in the appropriate benefit options.

A YEAR IN REVIEW

In 2024, South Africa's medical schemes industry faced significant developments, most notably the advancement of the National Health Insurance (NHI) Bill and the economic challenges faced by South Africans.

Amid these industry challenges, Bestmed Medical Scheme, South Africa's fourth largest open medical scheme and largest self-administered scheme, demonstrated resilience and achieved notable successes in 2024. The Scheme was honored with the News24 Medical Scheme of the Year award in the News24 Business Awards. This accolade recognised outstanding client satisfaction, particularly in claims processing and communication, as well as the Scheme's value for money offerings. Bestmed's commitment to member-centric services was further highlighted by the Scheme achieving second place in the Ask Afrika Orange Index® medical schemes category.

Bestmed reported consistent year-on-year growth, marking a 4.4% (2023: 4.8%) increase in membership – the sixth consecutive year of net membership growth. The Scheme maintained a strong solvency ratio of 33.23% (2023: 36.89%) and recorded total assets of R5.4 billion (2023: R4.9 billion). Amid industry-wide high claims experiences, Bestmed recorded an average claims ratio of 94% (2023: 96%) for the year under review.

The Scheme also continued to enhance its national healthcare network quality and accessibility, with close to 20 000 healthcare providers currently accessible to members.

INDUSTRY MATTERS

2024 was a transformative year for South Africa's medical schemes industry, with significant policy shifts and challenges. Medical schemes must continue to navigate a dynamic regulatory environment, with significant developments across several key areas:

NHI implementation

The South African government is advancing the implementation of the NHI Bill, aiming to provide universal healthcare coverage and overhaul the existing two-tier system. NHI seeks to create a public fund granting free access to healthcare services, standardise pricing, and limit the role of private insurance. Despite facing opposition from various stakeholders, including major health insurers and political parties concerned about the funding model's feasibility, the government is proceeding with a phased rollout. Health Minister, Dr Aaron Motsoaledi, has initiated transitional mechanisms, such as forming advisory committees and aligning existing laws with NHI objectives.

Demarcation Regulations and Exemptions

The Demarcation Regulations, effective since April 2017, delineate the boundaries between medical schemes and health insurance products. To accommodate insurers offering products that might be classified as conducting the business of a medical scheme, an Exemption Framework was established. This framework has been extended a number of times and was recently extended again by another two years to 31 March 2027, allowing insurers additional time to align their offerings with regulatory requirements.

Low-cost benefit options (LCBOs)

The introduction of low-cost benefit options (LCBOs) by medical schemes has been a contentious issue. In December 2019, the Council for Medical Schemes (CMS) announced that LCBOs would not be permitted for low-income market segments, and products based on the Demarcation Exemption Framework would not be allowed beyond 2021. This stance has been reinforced by Health Minister, Dr Aaron Motsoaledi, who expressed opposition to LCBOs, aligning with CMS' recommendations. In response, the Board of Healthcare Funders (BHF) has sought legal intervention, urging the High Court in Pretoria to compel CMS to permit medical schemes to offer LCBOs. The case underscores the ongoing debate over providing affordable healthcare options within the regulatory framework.

These developments reflect the ongoing efforts to balance regulatory oversight, affordability, and comprehensive coverage within South Africa's evolving healthcare landscape.

CONCLUSION

As we reflect on the past year, it is evident that the Scheme has navigated a complex and evolving healthcare landscape with resilience, innovation, and an unwavering commitment to our members. Despite economic pressures, regulatory shifts, and industry-wide challenges, we have maintained financial stability, enhanced service delivery, and strengthened our member value proposition.

Looking ahead, we remain committed to adapting to regulatory changes, particularly the implementation of NHI, while continuing to offer high-quality healthcare solutions that meet the diverse needs of our members. Our strategic focus will remain on affordability, sustainability, and digital transformation to enhance member engagement and operational efficiency.

We extend our gratitude to our members for their trust, our healthcare partners for their collaboration, and our dedicated employees for their relentless commitment to excellence. Together, we will continue to build a healthier future, ensuring that Bestmed remains a trusted and progressive healthcare partner in the years to come.

Operational Excellence

Bestmed's operational units remain dedicated to enhancing efficiency and aligning processes with member expectations. In 2024, continuous measurement, reporting, and process improvements earned the Scheme industry recognition, which reinforced our commitment to excellence. Strategic alignment, sustainable growth, and resource management remained key priorities.

Operational teams remained focused on maintaining turnaround times and quality benchmarks to uphold Bestmed's industry-leading status. This commitment was further strengthened by the successful renewal of our administration accreditation. The Claims Department continued to excel in prompt processing, ensuring transparency and data protection.

To support continued membership growth and improve service delivery, we strategically expanded the team, enhancing our capacity to meet increasing demands and deliver value to stakeholders. Additionally, we prioritised improving direct communication by leveraging digital platforms, fostering stronger relationships, and enhancing transparency.

Despite these achievements, the increasing expectations from stakeholders continue to put pressure on the resources and operational capacity of the Scheme. Addressing these demands remains critical for sustained growth. Bestmed has consistently exceeded contracted targets, by means of effective management of subscriptions and reconciliation processes. Despite the complexities of accommodating diverse payer requirements, we remain committed to timely premium collection, demonstrating our financial resilience.

Fraud, Waste, and Abuse (FWA) remains a significant focus area. Our internal FWA business unit, in collaboration with external forensic partners, has, since the inception of the agreement, investigated 163 cases. An investigation into a syndicate of 11 providers engaged in fraudulent activities in Limpopo is also underway. Our proactive approach includes direct engagement, rigorous follow-ups, and collaboration with forensic specialists to recover misappropriated funds. Detecting and preventing FWA will remain a top priority for 2025.

Looking ahead, Bestmed will continue to strengthen its operational foundation, refine processes, and optimise resources to meet evolving stakeholder needs. Through our commitment to excellence, transparency, and ethical governance, we are well-positioned to drive sustainable growth while maintaining our industry leadership.

Human Resources (HR)

OUR EMPLOYEES – THE HEARTBEAT OF BESTMED

Bestmed takes pride in fostering a workplace where our Heartbeats consistently go above and beyond what is expected. Their dedication, teamwork, and commitment to ethical excellence have been instrumental in the Scheme's continued success. By embracing our core values of Going the Extra Mile, Leading the Way, Playing for the Team, Being Upbeat, and Doing the Right Thing, we ensure a consistently exceptional *Personally Yours* service experience for all stakeholders.

The Organisational Human Factor Benchmark (OHFB) workplace analytics system is a standardised and culturally sensitive human resources risk management instrument that identifies employee and workplace functioning risks that might impede the ability of employees to act on strategic intent. In 2024, the Scheme ranked second overall for employee function and recorded the highest best workplace support score, outperforming other participating organisations by a significant margin.

In 2024, the Scheme continued on a positive membership growth trajectory, but financially, costs had to be contained. This led to strained operations since the employee complement was not increased notably. Despite this challenge, our teams remained engaged and committed to Bestmed's high-performance culture (89%, as per the OHFB instrument). This dedication is reflected in the outcomes of our performance enablement process. Prioritising employee wellbeing remained central, with a strong focus on individual and group wellness initiatives, as well as financial and employee assistance programmes designed to support our 483 Heartbeats holistically.

From a compliance perspective, Bestmed continues to uphold its Employment Equity (EE) commitments, with successful reporting to the Department of Employment and Labour and full skills compliance through the Insurance Sector Education and Training Authority (INSETA). Our strong performance on the B-BBEE scorecard highlights our alignment with EE and skills development objectives. Additionally, the industrial relations (IR) matters dealt with during the period under review were minimal.

Talent development remains a priority, with Internship and Learnership programmes playing a key role. The Scheme successfully absorbed 8 interns and 5 learners into permanent roles and provided bursary support to 32 candidates, the majority of whom completed their programmes successfully. A strong focus on learning and development is evident, with 2 652 e-Learning interventions completed alongside 1 009 e-assessments, complemented by 269 internal and 923 external training initiatives.

Ensuring an inclusive and dynamic Employee Value Proposition (EVP) remains a key focus for Bestmed. Ongoing initiatives are implemented to attract, retain, and nurture top talent, ensuring the Scheme recruits the expertise needed to achieve its strategic goals. During 2024, the team placed 103 Heartbeats into new roles after following a full recruitment process – 40 placements were internal and 63 external. Our resignation rate is 7.83%, which is lower than most organsiations. We believe our Heartbeats are indeed treated as *Personally Ours* and are the heart of the Scheme.

Legal and Governance

During the period under review, Bestmed, as with the rest of the industry, had to assess the impact of the promulgation of the National Health Insurance (NHI) Act in May 2024. This notably has far-reaching implications for the sustainability of the industry in its entirety. Through the Board of Healthcare Funders (BHF), one of the stakeholders that has formally pronounced its opposition to the process which pre-dated the signing of the Bill into law, the Scheme continues to monitor and provide input into the legal processes unfolding in our courts.

The Scheme has further taken a keen interest in the legal process related to low-cost benefit options (LCBOs) between BHF as an industry representative body against the Council for Medical Schemes (CMS). These developments necessitate the Scheme continually monitors and contributes to shaping the compliance and legislative landscape in order to ensure its future.

Work is underway to maintain the Scheme's current rating as a level 6 B-BBEE contributor. This ensures that the Scheme continues to remain relevant and more importantly contributes to the transformation agenda captured in the B-BBEE Act.

FRAUD, WASTE AND ABUSE

As the Scheme grows, particularly in the individual membership category, there has been a marked increase in cases of FWA. These include non-disclosures, collusion between providers and members and various other cases of non-desirable conduct. As a result, FWA continues to be a focal point in the Scheme's effort to safeguard members' funds, thereby protecting the interests of members.

Several initiatives were introduced during the 2024 financial year including the establishment of various governance structures within the Scheme dedicated to monitoring progress made. External attorneys have also been engaged to assist in the recovery of funds owed to the Scheme as a result of FWA.

In addition, contractual relationships with external providers specialising in claims analysis are beginning to bear fruit and the Scheme realised savings emanating from these initiatives.

RISK MANAGEMENT

The Scheme, under the stewardship of the Legal, Risk and Governance Department, embarked on a complete Risk Management review in 2024. The intention of the review was to ensure alignment between the approved strategy outcomes and the associated risks. This process culminated in the approval of an updated strategic risk register presented to the Board in November 2024. The strengthened Risk Management team is tasked to ensure the effective oversight and facilitation of all Risk Management processes. Throughout 2024, the Legal, Risk and Governance Department reinforced Business Continuity Management (BCM) processes and procedures, ensuring the successful implementation and ongoing monitoring of the BCM Framework. Via well-governed risk processes, the Scheme remains committed to providing comprehensive and adequate risk management assurance to the Risk Management Committee as well as the Board of Trustees.

LEGAL COMPLIANCE

To ensure compliance to, inter alia, Protection of Personal Information Act (POPIA), the Legal, Risk and Governance Department is responsible to provide ongoing guidance and support to the Scheme to ensure that the personal information of our stakeholders is protected at all times.

GOVERNANCE

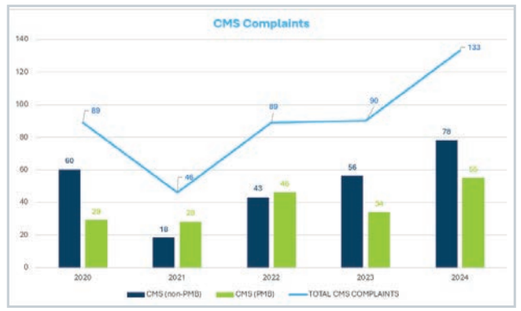
In 2024, there were four vacancies on the Board of Trustees, i.e. two member-elected Trustees (one Individual member representative category and one Employer (Corporate) member representative category) and two Board-appointed Trustees. PricewaterhouseCoopers Advisory Services (Pty) Ltd (PwC) was appointed as an Independent Electoral Body (IEB) in respect of the electoral process. As an outcome of the election process, during the 2024 AGM, the Chairperson of the Board announced the candidates who had been successful during both the election and the appointment processes. The terms of office for the successful candidates would be for four years from the date of the 2024 AGM.

Bestmed's accreditation as a self-administered medical scheme expired on 6 December 2024. The CMS granted Bestmed a new accreditation certificate, issued in terms of the Medical Schemes Act 131 of 1998 (the MSA), subsequent to the Scheme's application for renewal. The certificate is valid until 6 December 2027. Bestmed's compliance certificate in respect of the managed healthcare organisations' accreditation standards in terms of Chapter 5 of the Regulations to the MSA will expire on 22 November 2025. The Scheme will submit its application for the renewal of its compliance certificate.

As illustrated in the graph below, the Scheme observed an increase in the number of member complaints in 2024 in comparison to previous years. This can primarily be ascribed to membership growth, particularly within the individual membership category. To curb the increase, Bestmed has invested in reviewing its business processes and also planned member education initiatives to ensure an improved understanding of the different benefit options available to members.

In addition to the aforementioned initiatives, the Scheme started work to revive its internal dispute resolution capability. This is intended to limit the number of complaints escalated to the CMS for resolution. Any improvement in the utilisation of the Bestmed Dispute Resolution Committee will ensure that disputes capable of resolution are mediated internally without the need to escalate to the CMS. This is further validation of our commitment to living our *Personally Yours* brand promise which is sacrosanct to the Scheme's existence.

YEAR	2020	2021	2022	2023	2024
Total beneficiaries	202 386	208 559	232 414	243 197	254 840
Total CMS complaints	89	46	89	90	133
Complaints /1 000	0.43	0.22	0.38	0.37	0.52



Information and Communication Technology (ICT) 2024

The Information Technology (IT) Governance Framework is strategically aligned with the principles of King IV, with an emphasis on the use of information and technology to support the Schemes' strategic business objectives. Our IT strategy positions members at the centre of our decision making with a focus on highly secured, customer-focused solutions.

Cyber threats continue unabated and are evolving to include the use of artificial intelligence (AI) to exploit weaknesses in corporate cybersecurity defenses. The Scheme is not immune to these threats and must similarly evolve to protect against these more dangerous cyber threats. To counter the AI enhanced cyber threats, our technologies increasingly utilise AI to proactively identify and defend against cyber threats continuously and in real time.

Our cyber security defense strategy includes continuous cyber security awareness training for all employees, investments in world class cyber security defense technologies, upskilling of our cyber security specialists, and around the clock vigilance.

The IT team performs continuous proactive risk assessments, cyber security awareness training, and strict identity and access management protocols to ensure only authorised personnel have systems access. The Scheme's data and information is highly encrypted, secured and monitored to respond to unauthorised access attempts. Advanced penetration techniques are employed to test the effectiveness of our detection and protection technologies.

Simulations of cyber security incidents and other business interruption events are practised to ensure that the Scheme continues to serve our valued members and service providers under abnormal conditions.

To fulfil our *Personally Yours* promise, we continue to evolve our systems and remain committed to deliver member-focused, cost efficient, secure and resilient solutions.

Managed Healthcare and Service Providers

In 2024, Hospital Benefit Management (HBM) focused on optimising pre-authorisation, case management, and hospital claims audits by formalising funding guidelines and standardising processes. This improved access to high-quality, cost-effective in-hospital care for members. HBM is also progressing with a process to further re-engineer business operations to enhance efficiency and service delivery, ensuring the ethos of *Personally Yours* is reflected in all member interactions.

Dental benefit management was expanded to ensure consistent and fair treatment for all members.

The quality and accessibility of the Scheme's healthcare provider network, which includes nearly 20 000 providers, is crucial for member satisfaction and quality healthcare. Bestmed regularly seeks feedback from members about their provider experiences to assess the network. Members rated network providers at 85.2% in 2024, with 95% willing to recommend their providers to family and friends.

Bestmed offers a comprehensive pharmacy network that ensures ease of access to both acute and chronic medication. The network pharmacies play an important role in dispensing cost-effective medications and minimising co-payments.

Globally, cancer cases have increased, and South Africa is no exception. The Disease Management Department provides comprehensive care for oncology, spinal rehabilitation, and HIV/AIDS management.

Given the healthcare market's lack of price regulation, the Scheme plays a vital role in negotiating pricing to mitigate healthcare inflation, especially since most healthcare prices are unregulated (except for the Single Exit Price [SEP] of medicines). Bestmed continuously strives to secure the best prices for members.

Key achievements in the chronic medication department include automated updates for chronic medicine authorisations and SMS notifications to members, keeping them informed about the progress of their service requests, and as such contributing to our *Personally Yours* approach.

Benefit Options and 2025 Contribution Increases

Medical inflation has, for a number of years, exceeded the Consumer Price Index (CPI) and therefore annual medical scheme increases are normally higher than CPI. In 2021 and 2022, however, many medical schemes opted to increase their contributions by less than CPI because they had accumulated reserves during the COVID pandemic when claims levels were lower. With claims returning to pre-COVID levels, schemes must safeguard their sustainability by managing reserves and ensuring that contribution increases are at levels that commensurate with claims and expenditure.

Since the end of the COVID-19 pandemic, healthcare claims have risen more rapidly. This is due to several reasons including increased claims for treating long-term health complications related to the COVID pandemic, an increase in oncology prevalence, an increase in the prevalence of Fraud Waste and Abuse (FWA), a growing demand for mental health services and an increased prevalence of chronic conditions such as diabetes and hypertension.

Bestmed's core priority remains that of providing value for money medical cover for our members whilst also managing the medium to long-term sustainability of the Scheme. While we recognise that the average weighted contribution increase of 12.75% on average for all options in 2025 is higher than previous years, we are confident that it is the right thing to do given the increased demand (utilisation) for healthcare services by our members as well as the increasing cost of healthcare. The 2025 contribution increase must be considered in the context of Bestmed's average increase over the past five (5) years, which is 7%. This is marginally less than the market average for the same period. Also, whilst the annual percentage increase is an important lens through which one compares what different medical schemes, the rand amount (absolute number) is what the member will experience. Rand for rand, Bestmed's benefit options remained very competitive in 2025.

Bestmed has prioritised its members by continuing to offer comprehensive and rich benefits as well as a 4.6% average benefit limit increase, further solidifying its reputation as a trusted provider.

A key product change for 2025 was the enhancement of our internal prosthesis offerings with endovascular and catheter-based procedures. Drug-eluting stents are now be funded on all our options, subject to the limits for vascular prosthesis on each option. Both single and dual chamber pacemakers are also be funded on all options.

The structure of the specialised diagnostic imaging benefit has also been changed, where MRI scans, CT scans and nuclear/isotope studies now have a combined family limit per annum for in-hospital and out-of-hospital on all options, with variable co-payments applied for non-PMB scans. This is applicable on all options except Rhythm1, where it is only covered for approved Prescribed Minimum Benefits (PMBs).

Preventative care benefits are covered by the Scheme's risk cover and not by day-to-day benefits and therefore, do not come at any additional cost to the member. Bestmed offers a highly competitive range of complimentary preventative care benefits, including flu, pneumonia and travel vaccines as well as female contraceptives and pap smears. By offering, for example, preventative screenings, the Scheme supports members to take a proactive approach towards managing their health. The Scheme adjusted the preventative care benefits on the Rhythm1 option for mammograms and pap smears to be covered from 2025. This means that these two preventative benefits are now covered on all 14 benefit options.

In addition, dependants up to the age of 24 years are still regarded as child dependants, where previously dependants who were registered students up to the age of 26 years were covered at child dependant rates. The existing benefit for members only paying for three children and the rest being covered for free, remains in place on all options, except Rhythm1.

We have prioritised maximising value for our members, while continuing to grow and remain competitive within the industry. As we celebrated the milestone of our 60-year anniversary, we continue to be attentive to and serve our members for the next 60 years and beyond.

TEMPO WELLNESS PROGRAMME

Bestmed's wellness benefits and wellness programme are included across the benefit options and cost thereof is covered as Scheme benefits. In essence, members have access to Tempo benefits at no additional cost to them. The programme consists of areas namely Physical wellbeing, Nutrition and Emotional wellbeing. Members have access to various Wellness Webinars throughout the year. The programme provides members with the tools and support they need to improve their health and wellness. During the year under review, the benefits and structure of the programme was reviewed, and strategic decisions were taken regarding the information technology systems that support the programme. New developments and more exciting content are planned for 2025.

Sales, Relationships and Marketing

OUTGROWING THE INDUSTRY

The Scheme has once again, for a sixth consecutive year, been able to grow its principal membership and is steadily increasing its market share. For the year under review, the Scheme's principal membership increased by 4.4% (2023: 4.8%). The increase was the net effect of

an increase in new member registrations combined with strong membership retention numbers.

It is also important to note that positive relationships with the Scheme's healthcare advisor community, which is effectively an extension of the Sales division, is an important contributor to its growth since most sales are generated via this channel. For the year under review, more healthcare advisors opted to enter into contracts with the Scheme. The number of healthcare advisors who completed their Product Specific Training (PST) assessments, have also increased, indicating an increased number of advisors interested in selling the Scheme's products.

In the Direct Sales environment, further enhancements of existing processes and procedures and concerted efforts to generate leads via the Marketing and Communication Department, have again yielded positive results. Compliance with the Financial Advisory and Intermediary Services (FAIS) Act is very crucial in this environment. Compliance audits are completed quarterly, and the Scheme achieved 99.9% on the audits conducted by the external compliance organisation for the year under review.

A large number of organisations have introduced Bestmed as one of the preferred medical schemes for their employees. The Corporate Relations team is responsible for building and nurturing relationships with these organisations. Engagements with the corporates and their employees include scheduled visits, regular service points to assist members with benefit option education and query resolution as well as participation in the wellness days. Engagements are conducted either virtually or in-person, depending on the size and the needs of the corporate. For the year under review, membership at the Scheme's material groups has either remained stable or increased.

Bestmed's retention numbers are also positive. Members have access to information on multiple channels, i.e., via the Scheme's website, the Bestmed App, on social media platforms, the Annual General Meeting, year-end information sessions as well as other information sessions held during the year. Retention initiatives are implemented both on individual and corporate level.

External stakeholder satisfaction survey results over the last few years confirm that Bestmed has been able to maintain its service excellence. The Scheme was voted the News24 Medical Scheme of the year and achieved second place in the 2024/2025 Ask Afrika Orange Index® Medical Aid Companies category.

STRIVING FOR MARKETING EXCELLENCE

Sales initiatives are supported by an extensive marketing plan and relationship management activities coupled with an organisation-wide effort to render excellent service and improve efficiencies. The main objectives of the Marketing and Communication Department are to increase brand awareness in the target market and to implement initiatives and campaigns to support the Sales departments to grow the Scheme's membership sustainably. The Scheme's Marketing strategy included utilising a mixed-medium approach. Traditional and digital channels as well as Public Relations and various sponsorship and Corporate Social Investment (CSI) projects contributed to a versatile marketing and communication rollout.

Concerted strategies were implemented to increase brand awareness, improve engagements with key stakeholders, enhance stakeholder communication and improve the Scheme's digital presence. A brand awareness campaign continued throughout 2024, including channels such as television, radio, billboard, influencer and YouTube advertising. The main goal of the brand awareness campaign is to ensure that the creative messaging produced reaches Bestmed's target audience effectively and achieves the maximum impact utilising the available budget. This includes market and competitor research as well as tracking of campaign performance to assess its effectiveness.

The Scheme has grown its digital presence via an increase in social media following and engagement as well as increased activity via the corporate website.

Sponsorships are selected carefully with the intent to maximise the returns of the sponsorship investments and to ensure access to audiences that reflect the Scheme's target market. Material sponsorships included SuperSport Let's Play, The Gauteng Lions Referees Society, and the University of Pretoria's TuksSport. The Bestmed TuksRace, took place in February 2024 when runners attempted various distances through the streets of Tshwane.

Corporate Social Investment (CSI)

BEING A RESPONSIBLE CORPORATE CITIZEN

Bestmed has a well-defined corporate social investment (CSI) framework. The main intent of CSI initiatives is to benefit previously disadvantaged members of society in a sustainable manner. The initiatives help the Scheme to achieve its objective of being a good corporate citizen by continuing to give back to the communities in which Bestmed operates.

In addition to the CSI budget, Bestmed also implements initiatives that require its employees to contribute and be involved. It is important for the Scheme to nurture an organisational culture of caring.

Bestmed's main CSI projects in 2024 included the following:

- Unjani Clinic, a registered non-profit organisation which launched in 2014, is a network of primary healthcare clinics owned and operated by Black women. The Unjani Clinic Health Pods, launched in 2021, are mobile clinics that are equipped with the necessary medicine and medical equipment to provide access to affordable, quality healthcare in low-income communities. Services offered include family planning, antenatal care, immunisation, basic screening (HIV, TB, diabetes, hypertension) and basic primary healthcare (colds, coughs, diarrhoea etc.).

  In 2022, Bestmed invested in an Unjani Clinic Health Pod to provide healthcare to under-served communities in and around George and parts of the Garden Route. In November 2023, Bestmed invested in a second Health Pod to serve the community between Dewetsdorp and Wepener in the Free State. The Scheme donated a solar power unit and an ultrasound machine in 2024 to ensure efficient, uninterrupted services and improved diagnostics, respectively.
- Bestmed has partnered with SuperSport Let's Play since 2023 to promote a healthy lifestyle via school-modified hockey programme initiatives. The programme makes hockey accessible to communities with little to no previous exposure to the sport.

  A Centre of Sporting Excellence school is selected in a rural area, where a multipurpose pitch is built and located. Neighbouring schools join the centre in a league (schools within a 5km radius from where the pitch is located). Skilled coordinators from SA Hockey assist the school with training, coaching and project management. Physical education teachers undergo the necessary training to run the league programme to ensure sustainability.

  All the pre-selected schools receive co-branded Bestmed and SuperSport Let's Play hockey kits and sporting equipment, and take part in the Bestmed Cup, an annual SuperSport interschool festival.
- Bestmed's Tempo wellness programme offers the Scheme's beneficiaries two consultations each with a Tempo biokineticist and dietitian at no additional cost, after completing their Tempo Lifestyle Screening (lifestyle questionnaire, blood pressure, cholesterol and glucose checks, and height and weight measurements).

  In 2024, the Scheme assisted six black owned service providers financially to run their practices optimally and deliver efficient and quality services to the Scheme's beneficiaries and other patients. To qualify for assistance, service providers must meet certain minimum requirements, including an annual turnover of less than R10 million and a minimum of 51% black ownership.
- Bestmed has an ongoing partnership with Matseke Primary School in Atteridgeville, Pretoria, to provide an environment for children that is conducive to a healthy balanced lifestyle through learning and physical activity. In 2024, Bestmed donated artificial grass and shade to the school. Furthermore, the Scheme partnered with SuperSport Let's Play Family Fitness Mornings and the University of Pretoria to host a Family Fitness Mornings session for learners and educators.
- Bestmed continues to support Laerskool Lorraine Primary School's young development cycling team. The team, consisting of 63 riders in all age categories, was named the top NMB MTB Schools Team 2024 after beating 21 other schools in the NMB Schools Series 2024. Nine of the team's riders received their Eastern Cape Colours. The team also dominated in the schools' categories with numerous Cyclist of the Year awards.

  Bestmed donated towards a cycling ramp for the school's training track as well as apparel in 2024.
- Bestmed employees (Heartbeats) were asked to nominate and motivate for a worthy cause that all of business may support on Mandela Day 2024 to make a larger, more sustainable impact in our communities. After careful consideration, the initiative selected was the associated Louis Botha Children's Home and Jacaranda Children's Home. The independent unaffiliated welfare organisation cares for over 320 children placed in their care by the Children's Court due to physical and emotional abuse or neglect.

  The homes rely heavily on donations for the development and overall wellbeing of the children in residence. Both Bestmed's employees and the Scheme itself contributed to the children's everyday needs as well as sporting equipment.

LB DLAMINI
Chief Executive Officer and Principal Officer

Highlights of the 2024 financial statements

STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2024

	2024	2023
	R	R
ASSETS		
Non-current assets	**2 663 484 049**	**2 635 839 275**
Property and equipment	27 716 222	35 982 344
Intangible assets	21 989 333	20 660 929
Lease assets	11 249 062	27 633 373
Financial assets at fair value through profit or loss	2 063 840 727	1 997 347 299
Financial assets at fair value through other comprehensive income	538 688 705	554 215 330
Current assets	**2 763 290 905**	**2 260 943 451**
Financial assets at fair value through profit or loss	2 369 795 080	1 894 651 110
Scheme	1 435 358 236	1 039 880 047
Personal medical savings account trust monies invested	934 436 843	854 771 063
Trade and other receivables	29 411 008	24 890 910
Reinsurance contract assets	6 527 128	4 943 259
Cash and cash equivalents	357 557 688	336 458 172
Scheme	16 960 129	39 516 976
Personal medical savings account trust monies invested	340 597 559	296 941 196
Total assets	**5 426 774 954**	**4 896 782 727**
FUNDS AND LIABILITIES		
Non-current liabilities	**3 565 199 783**	**3 263 084 141**
Insurance liability to future members	3 556 132 204	3 243 176 180
Retirement benefit obligations	7 614 915	7 781 824
Lease liability	1 452 663	12 126 137
Current liabilities	**1 861 575 172**	**1 633 698 586**
Insurance liability due to future members	63 435 925	170 293 692
Insurance liability for current members	1 747 383 021	1 382 105 766
Reinsurance contract liabilities	2 591 612	4 433 733
Lease liability	12 613 057	21 635 457
Trade and other payables	35 551 558	55 229 939
Total funds and liabilities	**5 426 774 954**	**4 896 782 727**

STATEMENT OF PROFIT AND LOSS AND COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2024

	2024	2023
	R	R
INSURANCE REVENUE	**7 244 488 100**	**6 481 967 730**
Insurance service expense	(7 209 639 226)	(6 518 282 476)
Net income/(expenses) from reinsurance contracts held	22 132 335	(5 535 478)
Reinsurance expenses from reinsurance contracts held	(100 805 766)	(125 670 583)
Reinsurance income from reinsurance contracts held	122 938 101	120 135 105
Insurance service result	**56 981 209**	**(41 850 224)**
Net finance expenses from insurance contracts issued - PMSA	(105 466 847)	(91 761 734)
Other income	**457 124 357**	**386 697 748**
Investment income	456 972 703	385 482 367
Scheme	351 505 856	293 720 633
Net personal medical savings account trust monies invested	105 466 847	91 761 734
Sundry income	151 654	1 215 381
Other expenditure	**(244 246 041)**	**(214 348 242)**
Non-attributable expenses	(236 038 984)	(204 299 718)
Interest expense	(2 013 179)	(3 264 279)
Asset management fees	(6 193 878)	(6 784 245)
Net surplus before amounts attributable to future members	**164 392 677**	**38 737 548**
Amounts attributable to future members	(164 392 677)	(38 737 548)
NET (DEFICIT)/SURPLUS FOR THE YEAR	**-**	**-**
Other comprehensive income	**41 705 580**	**15 968 965**
Items that will not be reclassified to profit and loss	**41 705 580**	**15 968 965**
Unrealised (losses)/gains on equity instruments designated at FVOCI	30 651 314	(11 454 069)
Cumulative gains upon disposal of equity instruments designated at FVOCI	11 054 266	27 423 034
Items that will be reclassified to profit or loss	**-**	**-**
Amounts attributable to future members	**(41 705 580)**	**(15 968 965)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**-**	**-**

SOLVENCY RATIO

The solvency ratio is calculated as follows:

	2024	2023
	R	R
Insurance liability attributable to future members	3 619 568 129	3 413 469 872
Less: Cumulative unrealised investment gains	(785 454 225)	(600 968 659)
Accumulated funds as per Regulation 29	2 834 113 905	2 812 501 213
Gross insurance revenue from contracts measured under the PAA	**8 528 023 424**	**7 624 600 182**
Solvency ratio calculated as the ratio of accumulated funds/Gross insurance revenue from contracts measured under the PAA x 100	**33.23%**	**36.89%**

OPERATIONAL STATISTICS PER BENEFIT OPTION

2024	Beat1	Beat2	Beat3	Beat3 Plus	Beat4	Pace1	Pace2	Pace3	Pace4	Ryhthm1	Ryhthm2	Total Scheme
Members at 31 December	11 940	52 979	7 981	747	2 323	29 620	7 738	4 609	1 608	714	1 448	**121 707**
Average number of members for the accounting period	11 494	51 403	7 988	659	2 390	29 629	7 904	4 650	1 635	657	1 487	**119 896**
Dependants at 31 December	11 973	54 269	8 414	766	2 417	43 812	4 803	3 805	668	344	794	**132 065**
Average number of dependants for the accounting period	11 490	52 884	8 364	699	2 474	43 873	4 940	3 872	684	313	832	**130 424**
Average beneficiaries for the accounting period	22 984	104 287	16 352	1 358	4 864	73 502	12 844	8 522	2 319	970	2 318	**250 320**
Ratio of average dependants at 31 December	1.00	1.03	1.05	1.06	1.04	1.48	0.62	0.83	0.42	0.48	0.56	**1.09**
Average age of beneficiaries for the accounting period	37.00	31.70	38.10	39.31	47.53	35.31	58.20	58.04	67.30	34.52	48.46	**36.81**
Ratio of beneficiaries older than 65 years	10.20%	4.70%	14.20%	15.07%	26.33%	11.47%	48.74%	48.15%	69.02%	13.71%	31.71%	**12.71%**
Insurance revenue per average member per month	3 252	3 238	4 759	5 002	8 052	6 497	8 704	10 501	13 471	2 029	3 923	**5 035**
Insurance revenue per average beneficiary per month	1 626	1 596	2 325	2 426	3 956	2 619	5 356	5 730	9 499	1 374	2 516	**2 412**
Insurance service expenses per average member per month	3 262	3 164	4 626	5 514	8 439	6 003	9 588	11 369	15 115	2 228	4 844	**5 011**
Insurance service expenses per average beneficiary per month	1 631	1 560	2 260	2 675	4 146	2 420	5 900	6 204	10 659	1 509	3 107	**2 400**
Insurance service expenses as a percentage of insurance revenue	100.3%	97.7%	97.2%	110.2%	104.8%	92.4%	110.2%	108.3%	112.2%	109.8%	123.5%	**99.5%**
Relevant healthcare expenditure per average beneficiary per month	1 517	1 440	2 133	2 549	4 030	2 313	5 745	6 049	10 485	1 376	2 960	**2 280**
Relevant healthcare expenditure as a percentage of insurance revenue	93%	90%	92%	100%	102%	88%	107%	105%	110%	101%	118%	**94%**
Directly attributable insurance service expenses per average beneficiary per month	115	120	127	126	115	107	155	155	174	132	147	**120**
Directly attributable insurance service expenses as a percentage of insurance revenue	7.06%	7.50%	5.47%	5.19%	2.92%	4.09%	2.90%	2.70%	1.83%	9.63%	5.85%	**4.97%**

2023	Beat1	Beat2	Beat3	Beat4	Pace1	Pace2	Pace3	Pace4	Ryhthm1	Ryhthm2	Total Scheme
Members at 31 December	11 015	48 656	8 245	2 572	29 331	8 150	4 772	1 716	545	1 597	**116 599**
Average number of members for the accounting period	10 497	46 971	8 099	2 639	29 383	8 330	4 815	1 752	438	1 637	**114 560**
Dependants at 31 December	10 869	49 913	8 544	2 678	43 261	5 210	3 988	731	278	917	**126 389**
Average number of dependants for the accounting period	10 382	48 337	8 379	2 755	43 352	5 369	4 069	746	242	954	**124 585**
Average beneficiaries for the accounting period	20 879	95 307	16 479	5 393	72 735	13 700	8 883	2 498	679	2 591	**239 145**
Ratio of average dependants at 31 December	0.99	1.03	1.03	1.04	1.48	0.64	0.85	0.43	0.55	0.58	**1.09**
Average age of beneficiaries for the accounting period	36.75	31.26	38.39	46.88	35.28	57.79	57.36	66.48	34.52	48.46	**36.81**
Ratio of beneficiaries older than 65 years	9.73%	4.44%	13.57%	24.99%	11.22%	47.49%	46.64%	66.73%	14.95%	30.31%	**12.84%**
Insurance revenue per average member per month	2 961	2 957	4 347	7 353	5 936	8 002	9 588	12 307	1 901	3 624	**4 715**
Insurance revenue per average beneficiary per month	1 489	1 458	2 136	3 598	2 398	4 866	5 197	8 632	1 225	2 290	**2 259**
Insurance service expenses per average member per month	2 896	2 902	4 357	7 236	5 540	9 066	10 746	13 705	1 991	4 373	**4 742**
Insurance service expenses per average beneficiary per month	1 456	1 430	2 142	3 540	2 238	5 513	5 824	9 613	1 283	2 763	**2 271**
Insurance service expenses as a percentage of insurance revenues	97.8%	98.1%	100.2%	98.4%	93.3%	113.3%	112.1%	111.4%	104.8%	120.7%	**100.6%**
Relevant healthcare expenditure per average beneficiary per month	1 344	1 329	2 038	3 477	2 188	5 451	5 766	9 505	1 164	2 631	**2 189**
Relevant healthcare expenditure as a percentage of insurance revenue	91%	91%	94%	95%	89%	110%	109%	109%	95%	114%	**96%**
Directly attributable insurance service expenses per average beneficiary per month	112	111	133	114	103	144	146	160	121	137	**114**
Directly attributable insurance service expenses as a percentage of insurance revenue	7.55%	7.65%	6.23%	3.16%	4.28%	2.97%	2.81%	1.86%	9.91%	5.97%	**5.07%**

OPERATIONAL STATISTICS FOR THE SCHEME

	2024	2023
Average accumulated funds per average member at 31 December	23 638	24 550
Average accumulated funds per average beneficiary at 31 December	11 322	11 761
Return on investments as a percentage of investments	8.55%	7.99%
Directly attributable and non-attributable expenses as a percentage of gross insurance revenue	6.99%	6.99%

PERSONAL MEDICAL SAVINGS ACCOUNT TRUST MONIES

In accordance with the Rules of the Scheme, the personal medical savings accounts are underwritten by the Scheme.

The personal medical savings account trust liability contains a demand feature in terms of Regulation 10 of the Medical Schemes Act that any credit balance on a member's personal medical savings account must be taken as a cash benefit when the member terminates his or her membership of the Scheme or benefit option, and then enrolls in another benefit option or medical scheme without a personal medical savings account or does not enroll in another medical scheme.

The carrying amount of the personal medical savings account trust investments approximates their fair values due to the short-term nature of the investments. Interest earned on all personal medical savings account funds invested as cash and cash equivalents and financial assets investments are allocated to members' personal medical saving account balances, and are not recognised as income for the Scheme.

The Scheme does not charge interest on debit personal medical savings plan balances and advances on personal medical savings accounts are funded by the Scheme and are included and disclosed in insurance contracts.

The difference between the personal medical savings account trust liability and the personal savings trust account assets (Note 4, 8 and 11), is attributable to the timing of the collection of savings contributions versus the transfer of funds from the Scheme's bank account to the personal medical savings account.

Fair value as at 31 December 2024

	2024
	R
Cash and Cash Equivalents	
Personal medical savings account	
Current accounts	340 597 559
Financial assets at fair value through profit or loss represent investments in:	
Personal medical savings investments:	
Money market instruments	411 709 385
Linked insurance policies	522 727 458
	934 436 843

NON-COMPLIANCE WITH MEDICAL SCHEMES ACT 131 OF 1998, AS AMENDED

NON-COMPLIANCE	NATURE AND CAUSE	MANAGEMENT ACTION
Non-Compliance with S26(7) of the Medical Schemes Act & Scheme Rule 13.2.1	Section 26(7) of the Medical Schemes Act states that Contributions must be received within three days of becoming due. Furthermore Scheme rule 13.2.1 stated that Subscriptions shall be due monthly in advance, or in arrears as shall be determined and approved by the Scheme, on the following dates: 13.2.1.1 On the 20th (twentieth); or 13.2.1.2 On the 25th (twenty-fifth); or 13.2.1.3 On the 1st (first); or 13.2.1.4 As agreed upon between the Scheme and an Employer, and be payable by not later than the 3rd (third) day after each respective due date of each month. There were instances whereby the Scheme, in absence of any agreement or understanding received contributions more than 3 days after due date.	Employer group discrepancies are actively monitored and rectified on a monthly basis.
Non-compliance with Regulation 8 of the Medical Schemes Act & Scheme Rule 13.5.4	Regulation 8 of the Medical Schemes Act No 31 of 1998, as amended, states the following: "(1) Subject to the provisions of the regulation, any benefit option that is offered by a Medical Scheme must pay in full, without co-payment or the use of deductibles, the diagnosis, treatment and care costs of the prescribed minimum benefit conditions". Furthermore Rule 13.5.4 of the Scheme Rules states that: "The balance standing to the credit of a Member in terms of any option which provides for individual medical savings accounts shall be for the exclusive benefit of the Member and his Dependents: Provided that such savings account; shall not be used to pay for the costs of prescribed minimum benefits". Instances were identified where certain prescribed minimum benefit "PMB's" claims were incorrectly paid from savings.	Reversals to savings were subsequently effected.
Non-compliance with Section 59(2) of the Medical Schemes Act & Scheme Rule 16.3	Section 59(2) of the Medical Schemes Act states the following: "A medical scheme shall, in the case where an account has been rendered, subject to the provisions of this Act and the rules of the medical scheme concerned, pay to a member or a supplier of service, any benefit owing to that member or supplier of service within 30 days after the day on which the claim in respect of such benefit was received by the medical scheme". Furthermore Scheme rule 16.3 states the following: Subject to the respective provisions of Rules 12.7, 17.2 and 17.4, the Scheme shall, where an account has been correctly rendered, pay any benefit that is due to a Member, either to that Member or to the supplier of the relevant health service who rendered the account, within 30 (thirty) days after the date of receipt of the claim pertaining to such benefit. Instances were identified where claims were paid 30 days after the day on which the claim was received by the Scheme.	Claims are paid bi-weekly and where further investigation is required, this could result in the claim being paid after 30 days from notification.

NON-COMPLIANCE	NATURE AND CAUSE	MANAGEMENT ACTION
Non-compliance with Section 33(2)(b) of the Medical Schemes Act	Section 33(2)(b) of the Medical Schemes Act states the following: The Registrar shall not approve any benefit option under this section unless the Council is satisfied that such benefit option— (a) includes the prescribed benefits; (b) shall be self-supporting in terms of membership and financial performance; (c) is financially sound; and will not jeopardise the financial soundness of any existing benefit option within the medical scheme. During the year under review, eight benefit options of the Scheme, namely Beat1, Beat3 Plus, Beat4, Rhythm1, Rhythm2, Pace2, Pace3 and Pace4 incurred a net deficit.	The Scheme monitors the results of all options and evaluates different strategies to improve the financial outcomes of all options. The strategy on sustainability of options must balance short and long-term financial considerations, with fairness to both healthy and sick members and with continued affordability of cover for members on different levels of income and needs. The Scheme remains committed to comply with the applicable legislation, as far as possible, but also focuses on the overall stability and financial position of the Scheme as a whole and not only on individual options.
Non-compliance with Regulation 6 of the Medical Schemes Act and Scheme Rule 15.3.1	Per Regulation 6 of the Medical Schemes Act, a medical scheme must not in its rules or in any other manner in respect of any benefit to which a member or former member of such medical scheme or a dependant of such member is entitled, limit, exclude, retain or withhold, as the case may be, any payment to such member or supplier of service as a result of the late submission or late re-submission of an account or statement, before the end of the fourth month — (a) from the last date of the service rendered as stated on the account, statement or claim; or (b) during which such account, statement or claim was returned for correction. Instances were identified where Covid-19 claims were received more than 120 days after treatment date and subsequently processed and paid by the Scheme. The Council for Medical Schemes (CMS) via Circular 56 of 2022 appraised the industry that it has granted an extended exemption to the National Department of Health (NDOH) to ensure that all COVID-19 vaccine claims are eventually paid despite these claims being submitted outside the ambit of Regulation 6 of the Medical Schemes Act (131 of 1998) (MSA). Medical schemes were therefore authorised to process claims received on or before 210 days. Furthermore, the NDOH is allowed to submit claims after 120 days as required by regulation 6(1) and (2) but must do so within 210 days. The exemption will be valid for a period of three years or will expire once the NDOH has recovered all vaccine-related costs on all insured members of medical schemes.	The Scheme has complied with Circular 56 of 2022.
Non-compliance with Section 35(6)(a) of the Medical Schemes Act	Section 35(6)(a) states that "A medical scheme shall not encumber its assets." The Scheme registered as a financial service provider with the Financial Sector Conduct Authority (FSCA). Registration number 44058. The FSCA required a guarantee of R1 million in terms of section 8(7) of the FSCA Board notice 106 of 2008. The terms of the Scheme building lease agreement required a guarantee to an amount of R2 523 036.	The Scheme obtained CMS exemption for guarantees in respect of the building lease (until 31 December 2025) and FSCA (until 28 February 2025) respectively.

NON-COMPLIANCE	NATURE AND CAUSE	MANAGEMENT ACTION
Non-compliance with Section 35(8)(a), (c) and (d) of the Medical Schemes Act	Section 35(8) of the Medical Schemes Act states that "A medical scheme shall not invest any of its assets in the business of or grant loans to: (a) An employer who participates in the medical scheme or any administrator or any arrangement associated with the medical scheme; (b) any other medical scheme; (c) any administrator and (d) any person associated with any of the above." Due to some of the Scheme's employer groups being listed on the JSE, investments were made in a certain number of its employer groups listed on the JSE through the portfolios of the investment products the Scheme utilises. This is also applicable to a JSE listed medical scheme administrators groups.	The CMS has granted the Scheme an exemption from section 35(8)(a), (c) and (d) of the Medical Schemes Act until November 2025.
Non-compliance with Section 32 of the Medical Schemes Act and Scheme Rule 3.4.13	Section 32 of the Medical Schemes Act, Binding force of rules, states that "The rules of a medical scheme and any amendment thereof shall be binding on the medical scheme concerned, its members, officers and on any person who claims any benefit under the rules or whose claim is derived from a person so claiming." The following two areas were isolated instances of non-compliance to the scheme rules occurred: 1. As per Rule 13.1 of the Scheme, the total monthly subscriptions payable to the Scheme by or in respect of a Member are as stipulated in Annexure A of these Rules, as amended from time to time: Provided that subscriptions shall be determined on the basis of income or the number of Dependants or both income and number of Dependants: Provided further that contribution penalties for persons joining late in life may be applied in accordance with the provisions of the Act. A member was charged two contributions for the month of July 2024, once as an adult dependent registered on their parent's medical scheme membership and again as an individual principal member on a new separate membership. 2. As per rule 1.2.5 of the Scheme (Annexture B.1. Beat Benefit Options) Treatment of chemical and substance abuse - the benefits shall be at 100% of the scheme tariff/cost, subject to the following: - Pre-authorisation; - DSP Network; - The length of stay shall be limited to 21 (twenty-one) days for in hospital or limited to R37 352 per beneficiary per financial year, whichever comes first. OR - 15 (fifteen) contact session for out-patient psychotherapy per condition, per beneficiary per financial year. It was identified that a member utilised both the benefits for in and out of hospital for the treatment of chemical and substance abuse which is in contravention of the rule.	This was an isolated instance with the indexing of the member's join date. The member was erroneously transferred in as a principal member in the same month whilst still being a dependent on their parents' Scheme membership. This occurrence has been escalated to the PMB and Pre-Authorisation teams for case notes to be included on the administration system. The process is being implemented in order to resolve and ensure approval of the appropriate benefits for this and other members.

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