2018

# YOU ARE INVITED TO THE SELFMED ANNUAL GENERAL MEETING

Selfmed
MEDICAL SCHEME

## Date:

Saturday, 23 June 2018

## Time:

09h30

## Venue:

Bell Rosen Guesthouse
116 Kommissaris Street,
Welgemoed, Bellville, 7530

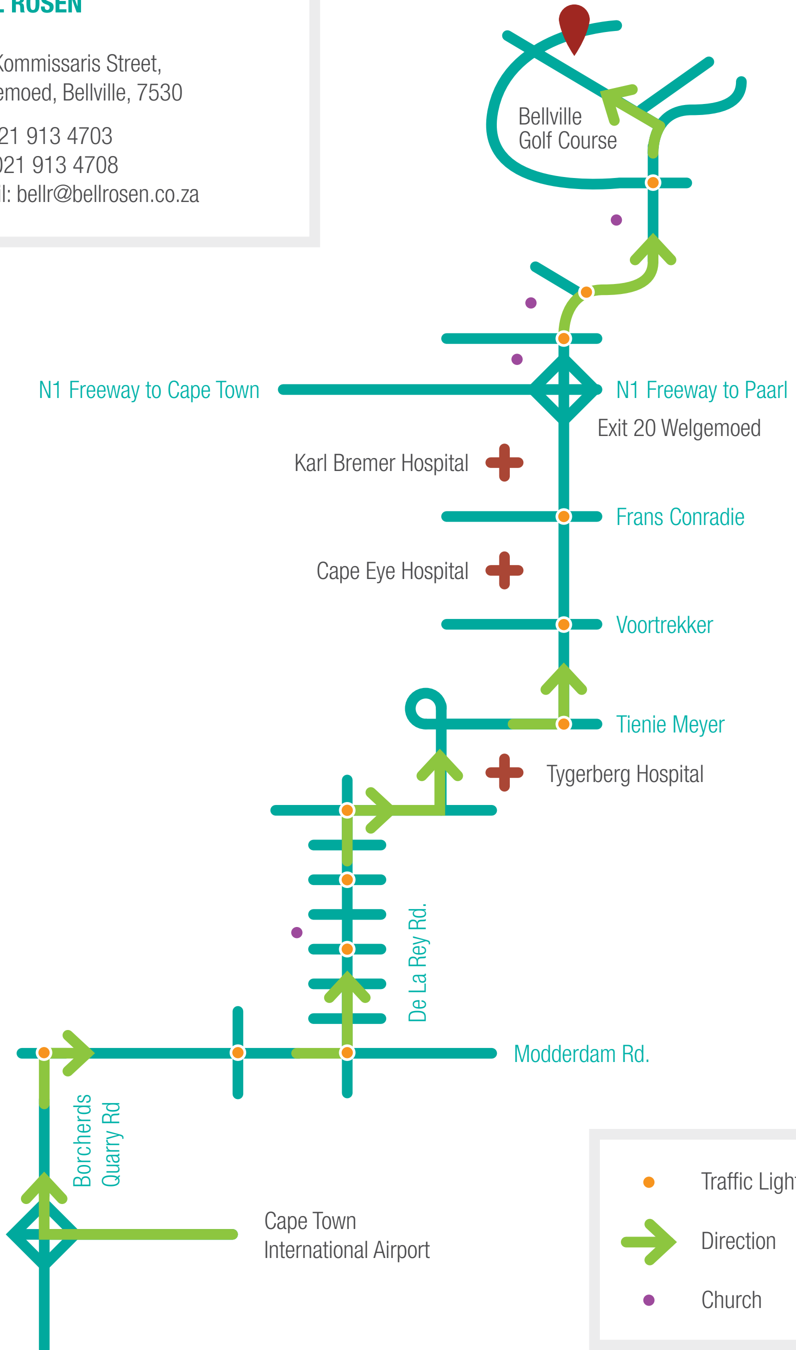
**Annual General Meeting**

Notice is hereby given that the Annual General Meeting of members of Selfmed Medical Scheme, will be held at 09h30 on Saturday, 23 June 2018 at the Bell Rosen Guesthouse, 116 Kommissaris Street, Welgemoed, Bellville, 7530

**BELL ROSEN**

116 Kommissaris Street,
Welgemoed, Bellville, 7530

Tel: 021 913 4703
Fax: 021 913 4708
E-mail: bellr@bellrosen.co.za



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* Abridged Annual Financial Statements.
A full set of AFS is available from the Scheme, upon member request.

Notice of the
Annual General Meeting
of Selfmed Medical Scheme,
to be held on Saturday, 23 June 2018
at 09h30 (9:30 am)
at the Bell Rosen Guesthouse
116 Kommissaris Street, Welgemoed,
Bellville, 7530

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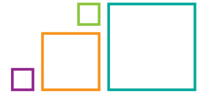
# AGENDA

1. NOTICE OF MEETING
2. CONFIRMATION AND SIGNING OF PREVIOUS MINUTES
3. SUMMARY OF MATTERS ARISING FROM PREVIOUS MINUTES
4. CHAIRMAN'S REPORT
5. PRINCIPAL OFFICER'S REPORT
6. ADOPTION OF THE REPORT OF THE BOARD OF TRUSTEES
7. INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SELFMED MEDICAL SCHEME
8. ADOPTION OF THE ANNUAL FINANCIAL STATEMENTS
9. APPOINTMENT OF AUDITORS
10. TERM OF OFFICE: TRUSTEES
11. APPROVAL OF TRUSTEE REMUNERATION
12. ANY OTHER BUSINESS (ONLY THOSE MATTERS WHICH THE SCHEME RECEIVED NOTICE OF BY 8 JUNE 2018)

Please join us
for some light refreshments

Held on Saturday 24 June 2017 at 10:30 at Bell Rosen Guesthouse, Kommissaris Street, Welgemoed



| **PRESENT:** | Mr T Harris | (Chairman) |
|---|---|---|
| | Dr R Engelbrecht | (Trustee) |
| | Mr F de Wit | (Trustee) |
| | Mr D Albertyn | (Trustee) |
| | Mr C Becker | (Principal Officer) |

A total of 27 members (including 2 of the Trustees above) were present.

| **IN ATTENDANCE:** | Mr M Salee | (Mazars Inc.) |
|---|---|---|
| | Mr N Jansen | (Mazars Inc.) |
| | Mr J de Kock | (Chairman, Selfmed Audit Committee) |

No proxies were received in respect of members transferring their voting rights to a member in attendance.

## 1. NOTICE OF MEETING

The Chairman convened the meeting by welcoming all, and introducing the Trustees to all present. He confirmed that the notice of the meeting had been duly circulated to all members and could thus be taken as read. He furthermore requested that all members present, duly sign the attendance register.

Mr Becker noted that as a quorum was present, the meeting is duly constituted, as per the rules of the Scheme.

## 2. CONFIRMATION AND SIGNING OF MINUTES OF THE PREVIOUS AGM HELD ON 25 JUNE 2016

The minutes of the previous AGM were tabled, with the Chairman taking a moment to peruse said minutes page by page in order to allow all present to note any amendments that might be relevant. Mr Stevenson referred the Chairman to page 7, Item 11: "Trustee election" for consideration of amendment. The sentence reads: "… in the event of fewer, or equal, nominations to positions available, the nominated members are automatically nominated and therefore no voting process was applicable at the AGM." Mr Stevenson suggested that this should read "...in the event of fewer, or equal nominations to positions available, the nominated members are automatically elected and therefore no voting process was applicable at the AGM."

With no other amendments raised for consideration, the Chairperson requested that the minutes be accepted and approved at the meeting.

**Proposed: Ms S Adonis** **Seconded: Ms T Bell**

## 3. SUMMARY OF MATTERS ARISING FROM PREVIOUS MINUTES

It is noted that there were no matters arising from the previous minutes.

## 4. REPORT BY THE CHAIRMAN OF THE BOARD OF TRUSTEES

It was noted that the Chairman's report had been distributed to members as part of the AGM notice. The Chairman highlighted a number of key activities and decisions made by management and the BOT throughout the past year.

The report was adopted by the attendees of the meeting.

**Proposed: Ms N Williams-Cook** **Seconded: Mr W Stemmett**

## 5. PRINCIPAL OFFICER'S REPORT

It was noted that the Principal Officer's report had been distributed to members as part of the AGM notice. Mr Becker highlighted several points of interest contained in the report.

The report was adopted by the attendees of the meeting.

Mr Becker expressed his appreciation to management and all staff for their dedication and hard work, in the year under review.

**Proposed: Ms S Veldsman** **Seconded: Ms C van Graan**

## 6. REPORT OF THE BOARD OF TRUSTEES

The Chairperson tabled the report, highlighting the following points:

With reference to paragraph 2.1 Board of Trustees in office during the year under review: it was noted that Mr Harris and Dr Engelbrecht were elected at the previous AGM, whilst Mr Albertyn and Mr de Wit were duly appointed by the elected Trustees.

In respect of the Management of Healthcare Risk, the Chairman explained the control measures in place to ensure that claims expenditure is correctly adjudicated. The Chairman stated that the claims patterns are highly volatile, with the effect on a smaller Scheme, even more apparent than in a larger Scheme. He noted that Prescribed Minimum Benefits have a large impact and result in high-cost cases in which there is very limited action that can be taken by management, in mitigation of these costs.

The Chairperson discussed the solvency ratio of the Scheme as reported on page 20, highlighting the reserve decline for the period under review, predominantly attributable to the exponential increase in the healthcare costs.

The Chairman referred to paragraph 11: Compliance – noting the content thereof.

With reference to paragraph 12.1 pertaining to Risk Management and Control Framework: The Chairman indicated that a Risk Committee had been established to oversee the operational implementation of risk mitigation.

The Chairman concluded by thanking the Board of Trustees, the management team and all staff members for their dedication during the 2016 financial period.

## 7. ADOPTION OF THE REPORT OF THE BOARD OF TRUSTEES

The Chairman requested proposal of the Report.

**Proposed: Ms B Marks** **Seconded: Ms T Bell**

## 8. INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SELFMED MEDICAL SCHEME

The Chairman referred to the Auditor's Report, included in the AGM notice pack, duly distributed to members.

The Chairman introduced Mr Mansoor Salee, the Senior Partner from Mazars requesting that Mr Salee provide feedback on the audit in respect of the 2016 financial period.

Mr Salee thanked the Chairperson, confirming that Mazars had provided an unqualified audit opinion for the 2016 financial period under review.

The Chairman requested the Auditor's Report be proposed and accepted.

**Proposed: Mr W Stemmett** **Seconded: Mr J Love**

## 9. ADOPTION OF THE ANNUAL FINANCIAL STATEMENTS

An abridged version of the Annual Financial results were included in the AGM booklet. The following extracts were highlighted by the Chairperson:

Page 27 – Statement of Financial position as at 31 December 2016
Page 28 – Statement of comprehensive income for the year ended 31 December 2016
Page 29 – Statement of changes in the Member's funds for the year ended 31 December 2016
Page 30 – Statement of Cash flows for the year ended 31 December 2016

The Chairperson requested adoption of the Abridged Annual Financial Statements for 2016.

**Proposed: Ms C van Graan** **Seconded: Mr J Love**

## 10. APPOINTMENT OF AUDITOR

With regard to Agenda point 10:

Mr Becker indicated that a benchmark comparison has been conducted, using information contained in the 2015 Council for Medical Schemes annual report. He reported that the fees charged by Mazars compares very favourably when compared to audit fees charged by other audit firms, for audit services rendered for like-size schemes. Mr Becker noted that due to Mazars' policy of senior partner rotation after a period of three years, the senior partner, Mr Salee, would no longer oversee the audit and a new senior partner would oversee the 2017 financial audit of the Scheme.

Mr Becker requested, upon recommendation from the Audit Committee, to re-appoint Mazars Inc., as the Scheme's auditors for the 2017 audit.

**Proposed: Mr J Love** **Seconded: Ms C Steele**

## 11. APPROVAL OF TRUSTEE REMUNERATION

Mr Becker tabled the Trustee remuneration increase.

Mr Becker explained that the proposed increase had been duly circulated to all members, prior to the meeting, for noting purposes. It is noted that Member Robinson, who was not in attendance at the AGM had indicated that he did not agree with the proposed increase.

Mr Becker proposed an inflationary linked increase of 6.5%, effective 1 July 2017.

He furthermore noted that the current travel rate per kilometre that the BOT were eligible to claim for, was in line with AA rates, and therefore, will remain unchanged.

As no objections were voiced, Mr Becker tabled the proposed increase for acceptance.

**Proposed: Mr J de Gouveia** **Seconded: Mr W Stemmett**

## 12. ANY OTHER BUSINESS

With reference to the request as per the AGM notice pack, to members in respect of the submission of any other matters to be added to the agenda, Mr Becker reiterated the importance of the submission thereof, prior to the AGM, in order to allow the Trustees and the management team the opportunity to provide comprehensive feedback. Mr Becker further explained that prior submission of matters also afforded non attending members the opportunity to table any matter.

The following matters were submitted for noting at the meeting:

**Mr Robinson – via e-mail**

Mr Robinson requested that pensioners that do not claim receive a discount on their contributions paid to the Scheme

Mr Becker explained that in accordance with the regulations as contained in the Medical Schemes Act, no differentiation may be made between contributions payable per member on the same option. He further explained that the annual contribution increase therefore had to be applied uniformly across the specific benefit option.

**Mr Rampersadh – via e-mail**

Mr Rampersadh requested that his contributions remain the same, as he is a pensioner and is finding it difficult to afford the contribution.

Mr Becker explained that, as with Mr Robinson's request, the contributions have to be allocated uniformly across a benefit option.

**Mr Bester – via e-mail**

It was noted that Mr Bester had submitted several points in an e-mail. Mr Becker confirmed that some of these points had been addressed at a previous AGM. Mr Becker proposed to the floor, that he and the Chairperson arrange a meeting directly with Mr Bester to address the points submitted via e-mail. It is noted that all present were in agreement with this proposal.

### Mr Stevenson – via e-mail

Mr Stevenson suggested in his mail that the description "Average age per beneficiary" on the two operational statistics per benefit option tables be extended to show that this is calculated at year end, on 31 December, and not on the average number of beneficiaries during the accounting period. This would eliminate some potential confusion.

He further suggested that all proxies received are mentioned and recorded. The members who submitted them would then see that their interest was appreciated.

The same for any apologies (people who took the trouble to inform the Scheme that they were unable to attend).

He further noted that it might encourage more members to attend the AGM if the invitation included a statement explicitly mentioning the low number who normally attend, and pointing out just how few of those are not employees of the Scheme.

Mr Becker responded by assuring Mr Stevenson that his suggestion regarding the descriptions of average age would be implemented in the following year.

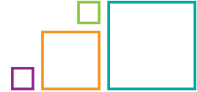
Mr Becker further stated that the suggestion regarding proxies, is already incorporated into the current AGM minutes. He stated that going forward, apologies will be noted.

Mr Becker reiterated that communication had been sent to members, after the circulation of the AGM booklet, once again, inviting them to attend the AGM.

Mr Becker thanked Mr Stevenson for his practical and well considered suggestions.

With all matters having been concluded, the Chairperson invited all attending members to remain after the meeting for refreshments and to use the opportunity to interact with the Trustees and Management team.

The Chairman declared the meeting adjourned at 11:30am.



When considering the healthcare industry globally it is evident that the challenges we face in South Africa are not unique. The delicate balancing act of matching available resources with healthcare needs is an almost impossible task.

There are currently major forces at play in the healthcare industry; the revision of the prescribed minimum benefits, the implementation of the National Health Insurance, the demarcation between medical aids and medical insurance products and the Competition Commission's inquiry into the high cost of private healthcare, are all in their own right, industry changing events. Mixing them all together in the boiling healthcare cauldron, creates a volatile and unpredictable industry that requires adaptation and renewal.

At Selfmed the Trustees and the Management team fundamentally believe that the interests of the member must stand central within all our actions and decisions. We remain focused on creating a partnership between the Scheme, the Member and the Healthcare practitioner that will facilitate the best possible outcome.

The Salutem program – a support program for members with complex medical conditions – was launched early in 2016 and during 2017 it faced some internal staffing challenges. The program is up and running and to date has 35 members enrolled that are actively supported by the Scheme, in meeting their healthcare needs.

During 2017 we identified several areas in which we improved our billing processes. This entails ensuring that service providers bill the correct codes, which impact the claims costs of the Scheme. These interventions occur without detriment to the member, by way of ensuring that accepted billing practices are correctly applied. In 2018 we will continue to expand this project to address incorrect or predatory service provider billing practices.

We also invested in our staff members – they attended a customer centricity course in October 2017, and concomitantly we implemented member interaction quality monitoring and staff mentorship processes, which assist staff in consistently applying what they have learnt .

The strategic focus in 2018 is based on three broad outcomes:

1. Membership growth
2. Health management
3. Managed healthcare

### 1. Membership growth

The Scheme has a relatively older membership base; the higher the average age of the Scheme, the higher the healthcare costs in general. Our aim in 2018 is to accelerate the growth in the membership numbers to widen the risk base, as this will help absorb the expenditure on complicated incidents. In the long term it will play a definitive role in the management of contribution costs.

### 2. Health management

In creating a partnership with both the member and the service provider the Scheme aims to deliver value beyond the current relationship. The claims data is rich with healthcare information and this creates possibilities that we will be exploiting during 2018. We have started a relationship with an IT partner that will culminate in extracting the healthcare data from our databases and applying this information to assist both members and service providers in making better informed healthcare decisions. By making information available we will be able to meaningfully impact a member's health and the long-term cost of healthcare – a goal which is to the benefit of all.

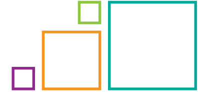
### 3. Managed healthcare

In conjunction with the health management we will improve the manner in which we assist members and service providers during active healthcare interventions. The health management program is focused on longer term outcomes and the improvement of health, and this strategy is focused on playing a role while a member is actively being treated.

The above strategies will be implemented with the least possible impact on members, if any – it is imperative that we manage Scheme costs responsibly to ensure that we have a Scheme that is sustainable and able to deliver value-adding services to our members.

The Board of Trustees and Management wish to thank our members for their support of the Scheme over the years. Despite the challenges faced by the healthcare industry as a whole, Selfmed is a great scheme with strong principles, excellent people and a robust strategy that we believe, will ensure continued growth well into the future.

**Trevor Harris**
Chairman: Board of Trustees



The year under review has had successes and concerns. Selfmed continues to make strides in upholding its commitment to providing our members with quality healthcare, despite some real concerns for us as a Scheme - with the overall impact of many of these concerns being felt by all schemes in the medical aid industry.

The impact of a very volatile investment marketplace, and the investment confinements of Schedule B of the Regulations of the Medical Schemes Act, have necessitated the constant management of the Scheme's reserves and investments, to secure and protect both investment returns and reserves. We were extremely fortunate that a decision to move funds from one investment manager, to another, prior to the Steinhoff collapse, meant there was no material impact on the Scheme's investments.

Investment income for the year of R44,568,641 compared to that of 2016 of R28,336,207, is quantified by the net increase in both realised and unrealised gains of R29,557,986 for 2017 against R12,814,609 for 2016, whilst net investment income declined from R15,455,366 in 2016 to R14,909,921 in 2017.

With regard to the net increase in contributions from 2016 of R301,416,847 to R317,634,297 in 2017, representing an overall increase of R16,217,450 (5.38%) one should take cognisance of some salient influencing facts;

1. That there was a decline in membership of the older plans with higher contribution levels, and

2. An increase in membership of the SelfNET Plan with lower contributions levels.

The corollary impact of the increase in claims from R305,953,035 in 2016 to R329,471,424 in 2017, is a combination of the increased occurrence of claims and medical inflation in the high costing service providers, of private hospitals and specialists. This resulted in a gross Healthcare cost for the Scheme of R11,607,501 for 2017 compared to R4,186,888 in 2016.

The net healthcare costs, which includes all administration and broker service fees, before the allocation of all investment income, rose from a deficit of R39,317,495 in 2016, to a deficit of R50,649,075, which fortunately was offset by the investment income to a net deficit of R8,718,347 for 2017 versus a net deficit of R13,655,061 for 2016.

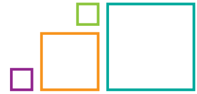
The Scheme is in the ongoing process of implementing critical initiatives to ensure that it can minimise the effect of rising healthcare costs. These include waste and abuse initiatives with the aim of reducing the burden of claims associated with this unfortunate practice, thereby preserving the financial well-being of the Scheme and its reserves. The management team have, over the last 24 months, managed to reduce the claims costs by several million rands. A decision to introduce a proactive Health Management System in the coming months, will be focused on preventative healthcare and an integrated well-being and lifestyle monitoring programme.

The primary strategy of the Trustees and Management, is to provide an excellent service and product to current and future members of the Scheme, and to ensure the continuity of the Scheme on a strong financial footing, offering a range of benefit plans than can meet the demands of a very wide range of the populace, requiring medical aid cover.

The relocation to new premises in Cape Town has added value to staff performance, better integration of management systems, and provided a modern feel and working environment so that the Scheme can grow and meet all the service expectations of members.

We will continue to add to the experience of excellence and innovation for the benefit of members. I would like to express my gratitude to the Board of Trustees and to the management team and staff who work tirelessly and with great passion in ensuring that we deliver a solid performance that contributes toward the long-term sustainability of the Scheme, whilst providing a first-class service to our members.

**Christo Becker**
Principal Officer



# 1. DESCRIPTION OF THE MEDICAL SCHEME

## 1.1 Terms of registration

Selfmed Medical Scheme is a not-for-profit, open enrolment medical scheme, registered in terms of the Medical Schemes Act 131 of 1998 (the Act), as amended.

The Scheme is self-administered, with the pharmacy benefit management, hospital authorization and case management administered by third party service providers. MMI Health (CareCross) is contracted to administer claims and the front office of the SelfNET and SelfNET Essential options.

## 1.2 Benefit options within the Selfmed Medical Scheme

The Scheme offers five benefit options to employers and members of the public. In 2017 the Scheme added the SelfNET Essential benefit option in line with strategy and growth aspirations.

These are:

- Selfmed 80%
- MEDXXI
- MED ELITE
- Selfsure
- SelfNET; and
- SelfNET Essential

The Scheme's overall performance for the year under review resulted in Scheme reserves decreasing from a solvency level of 106.80% at the end of 2016 to 92.40% at the end of 2017. The solvency ratio is calculated by expressing the reserves as a percentage of the annual contributions of the Scheme. The decrease in the reserves are as a result of an increase in the contribution income and the net deficit the Scheme experienced for 2017 after the investment income has been taken into account. The Scheme's overall solvency remains substantially higher than the statutory minimum solvency requirement of 25% set by the Council for Medical Schemes.

## 1.3 Risk transfer arrangements

The Scheme has entered into a risk transfer arrangement with ER24 EMS (Pty) Ltd to provide emergency medical primary response and hospital transport services for the duration of the year. The risk transfer arrangement is disclosed in the notes to the Annual Financial Statements.

## 2. MANAGEMENT

### 2.1 Board of Trustees in office during the year under review

| Name | Description | Date elected/re-appointed |
|---|---|---|
| T Harris | Member trustee ( Chairman) | 25-Jun-16 |
| Dr R Engelbrecht | Member trustee | 25-Jun-16 |
| D Albertyn | Appointed trustee | 25-Jun-16 |
| F de Wit | Appointed trustee | 25-Jun-16 |

The Board of Trustees is mandated by the members of the Scheme by means of written terms of reference. It is the view of the Board of Trustees that it has satisfied its responsibilities under the terms of reference for the period under review.

The term of office to serve on the Board of Trustees was amended to a period of 5 years, effective 1 January 2018. The Rules of the Scheme were accordingly updated.

### 2.2 Principal Officer during the year

Mr Christo van Wyk Becker
South Gate Office Park, First Floor South
Carl Cronje Drive
South Gate
Tyger Waterfront
Bellville
7530

PO Box 5543
Tygervalley
7536

### 2.3 Registered office address and postal address

**Selfmed Medical Scheme**
South Gate Office Park, First Floor South
Carl Cronje Drive
South Gate
Tyger Waterfront
Bellville
7530

PO Box 5543
Tygervalley
7536

### 2.4 Investment Managers during the year

**Allan Gray Life Limited**
Granger Bay Court
Beach Road
V & A Waterfront
Cape Town
8001

PO Box 51318
V & A Waterfront
Cape Town
8002
Financial Service Provider number: 6663

**Coronation Fund Managers**

Seventh Floor
MontClare Place
Cnr Campground & Main Roads
Claremont
Cape Town
7708

PO Box 44684
Claremont
7735
Financial Service Provider number:548

**Prudential Portfolio Managers**

Seventh Floor - Protea Place
40 Dreyer Street
Claremont
Cape Town
7708

PO Box 44813
Claremont
7735
Financial Service Provider number: 615

**Mazi Capital (Pty) Ltd**

11th Floor, Sandton Eye
126 West Street (cnr Rivonia),
Sandton
2196

PO Box 784583
Sandton
2146
Financial Service Provider number: 27404

**Prescient Management Company (RF) (Pty) Ltd**

Prescient House, Westlake Business Park
Otto Close
Westlake
7945

PO Box 31142
Tokai
7966
Financial Service Provider number: 612

**STANLIB Collective Investments (RF) Limited**

17 Melrose Boulevard
Melrose Arch
2196

PO Box 202
Melrose Arch
2076
Financial Service Provider number: 719

**Sanlam Investment Management (Pty) Ltd**

2 Strand Road
Bellville
South Africa
7530

PO Box 1
Sanlamhof
7532
Financial Service Provider number: 579

## 2.5 Investment consultants

**Acsis Limited**

Cullinan Place
Block A, 1st Floor
2 Cullinan Close
Morningside
Gauteng
2057

PO Box 650140
Benmore Gardens
2010
Financial Service Provider number: 588

## 2.6 Actuaries during the year

**Willis Towers Watson**

Level 4, MontClare Place
23 Main Road
Claremont
7708

Private Bag X30
Rondebosch
7701

## 2.7 Auditors for the year

**Mazars**

Mazars House
Rialto Road
Grand Moorings Precinct
Century City
7441

PO Box 134
Century City
7446

## 2.8 Third party service providers

**Managed Healthcare**
**MMI Health (Pty) Ltd (CareCross)**
**(SelfNET and SelfNET Essential options only)**

4 Mispel Road
Bellville Park
Cape Town
7530

PO Box 2212
Bellville
7535

**Medical Services Organisation (Pty) Ltd (MSO)**

Healthcare Park
Woodlands Drive
Woodmead
Sandton
2191

PO Box 1578
Gallo Manor
2052

**Mediscor PBM (Pty) Ltd**

Baobab Building
River Falls Office Park
Rose Avenue
Centurion
0157

PO Box 8796
Centurion
0046

**Independent Clinical Oncology Network (Pty) Ltd (ICON)**

14 Mispel Road
Bellville
7430

PO Box 15811
Panorama
7605

**Verirad (Pty) Ltd**

15 Sunnyside Road
Birnam
Johannesburg
2196

PO Box 79712
Senderwood
2145

**Uno Healthcare (Pty) Ltd**

3 Ridge Road
193 Cussonia Park
Lazer Park
Honeydew
2040

PO Box 4975
Rivonia
2125

### 2.9 Risk transfer arrangement (Capitation Agreement)

**ER24 (Pty) Ltd**

Cambridge Manor Office Park, Manor 1
Cnr Stone Haven and Witkoppen Roads
Paulshof
Sandton
2056

PO Box 242
Paulshof
Sandton
2056

## 3. INVESTMENT STRATEGY OF THE MEDICAL SCHEME

The Scheme's investment objectives are to maximise the returns on its investments on a long-term basis, at minimal risk. The investment strategy takes into consideration both constraints imposed by legislation and those imposed by the Board of Trustees. All investment decisions are approved by the Board of Trustees.

The Board of Trustees are responsible for all investments. These responsibilities include that:

- the Scheme remains liquid;
- investments are placed at the lowest possible risk and the best possible rate of return;
- investments made are in compliance with the regulations of the Act.

Summary of main investment categories:

| | Cash and Deposits | Bonds and Debentures | Property | Equities | Other | Total |
|---|---|---|---|---|---|---|
| Allan Gray Domestic Stable Medical Scheme Portfolio | 43 158 261 | 27 755 665 | 4 522 513 | 46 522 694 | 311 748 | 122 270 881 |
| Prudential Life Inflation Plus 5% Medical Aid Fund | 8 874 254 | 48 732 841 | 10 674 258 | 42 287 505 | 838 880 | 111 407 738 |
| Sanlam Absolute Return Medical | 27 726 858 | 8 334 104 | 3 288 478 | 20 940 235 | 4 973 | 60 294 648 |
| Coronation Medical Aid Money Market Fund | 14 252 532 | 8 953 838 | 3 811 | - | - | 23 210 181 |
| Prescient Equity Top 40 | (9 177 501) | 9 207 739 | 320 188 | 5 548 462 | 12 392 470 | 18 291 358 |
| Mazi Capital Prime Equity Fund | 851 388 | - | 1 152 401 | 15 392 505 | - | 17 396 294 |
| Stanlib Property Income Fund | 212 170 | 10 765 | 12 677 737 | - | - | 12 900 672 |
| | **85 897 962** | **102 994 952** | **32 639 386** | **130 691 401** | **13 548 071** | **365 771 772** |

## 4. MANAGEMENT OF HEALTHCARE RISK

The primary activity carried out by the Scheme assumes the risk of funding healthcare costs of members and their dependants that are directly subject to the risk. This risk relates to the health of the Scheme's members. As such, the Scheme is exposed to the uncertainty surrounding the timing and severity of healthcare claims of members.

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

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

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

# 5. REVIEW OF THE ACCOUNTING PERIOD'S ACTIVITIES

## 5.1 Operational statistics per benefit option

| 2017 | Selfmed 80% | MEDXXI | Selfsure | Med Elite | SelfNET | SelfNET Essential | TOTAL |
|---|---|---|---|---|---|---|---|
| *Average number of members during the accounting period | 444 | 3 006 | 2 482 | 544 | 1 636 | 97 | 8 208 |
| Number of members at 31 December | 429 | 2 932 | 2 412 | 521 | 1 878 | 198 | 8 370 |
| *Average number of beneficiaries during the accounting period | 686 | 5 203 | 4 162 | 809 | 2 802 | 160 | 13 823 |
| Number of beneficiaries at 31 December | 662 | 5 047 | 4 049 | 772 | 3 210 | 334 | 14 074 |
| Dependant ratio at 31 December | 0,54 | 0,72 | 0,68 | 0,48 | 0,71 | 0,69 | 0,68 |
| Net contributions per average beneficiary per month | R 5 702 | R 1 538 | R 2 080 | R 4 212 | R 858 | R 533 | R 1 915 |
| Relevant healthcare expenditure per average beneficiary per month | R 5 519 | R 1 716 | R 2 131 | R 4 680 | R 730 | R 125 | R 1 985 |
| #Non-healthcare expenditure per average beneficiary per month | R 303 | R 275 | R 283 | R 321 | R 63 | R 33 | R 235 |
| Relevant healthcare expenditure as a percentage of gross contributions | 96,78% | 111,58% | 102,45% | 111,10% | 85,09% | 23,51% | 103,65% |
| #Non-healthcare expenditure as a percentage of gross contributions | 5,31% | 17,86% | 13,59% | 7,62% | 7,30% | 6,14% | 12,29% |
| Average age per beneficiary at 31 December | 64,64 | 53,35 | 44,59 | 67,24 | 29,57 | 30,34 | 46,15 |
| 65 years+ ratio at 31 December | 62,84% | 35,80% | 24,08% | 66,58% | 2,96% | 4,19% | 27,15% |
| Average accumulated funds per member at year end | n/a | n/a | n/a | n/a | n/a | n/a | R 39 748 |
| Return on investments as a percentage of investments | n/c | n/c | n/c | n/c | n/c | n/c | 9,31% |

* Averages are calculated using the sum of the 12 months' actual monthly membership divided by 12
# Non - health expenses = broker service fees + administration expenditure + net impairment losses
**n/a** - not applicable **n/c** - not calculated

| 2016 | Selfmed 80% | MEDXXI | Selfsure | Med Elite | SelfNET | SelfNET Essential | TOTAL |
|---|---|---|---|---|---|---|---|
| *Average number of members during the accounting period | 483 | 3 239 | 2 665 | 620 | 1 135 | n/a | 8 143 |
| Number of members at 31 December | 468 | 3 166 | 2 620 | 603 | 1 410 | n/a | 8 267 |
| *Average number of beneficiaries during the accounting period | 751 | 5 681 | 4 525 | 952 | 1 986 | n/a | 13 896 |
| Number of beneficiaries at 31 December | 727 | 5 502 | 4 426 | 918 | 2 432 | n/a | 14 005 |
| Dependant ratio at 31 December | 0,55 | 0,74 | 0,69 | 0,52 | 0,72 | n/a | 0,69 |
| Net contributions per average beneficiary per month | R 5 195 | R 1 388 | R 1 851 | R 3 599 | R 768 | n/a | R 1 808 |
| Relevant healthcare expenditure per average beneficiary per month | R 5 679 | R 1 377 | R 1 880 | R 4 145 | R 465 | n/a | R 1 833 |
| #Non-healthcare expenditure per average beneficiary per month | R 255 | R 228 | R 238 | R 260 | R 58 | n/a | R 211 |
| Relevant healthcare expenditure as a percentage of gross contributions | 109,31% | 99,18% | 101,59% | 115,16% | 60,56% | n/a | 101,39% |
| #Non-healthcare expenditure as a percentage of gross contributions | 4,91% | 16,41% | 12,88% | 7,24% | 7,49% | n/a | 11,66% |
| Average age per beneficiary at 31 December | 63,54 | 51,82 | 43,33 | 65,70 | 28,35 | n/a | 46,58 |
| 65 years+ ratio at 31 December | 61,90% | 32,46% | 22,35% | 62,96% | 2,01% | n/a | 27,50% |
| Average accumulated funds per member at year end | n/a | n/a | n/a | n/a | n/a | n/a | R 41 298 |
| Return on investments as a percentage of investments | n/c | n/c | n/c | n/c | n/c | n/a | 6,74% |

* Averages are calculated using the sum of the 12 months' actual monthly membership divided by 12
# Non - health expenses = broker service fees + administration expenditure + net impairment losses
**n/a** - not applicable **n/c** - not calculated

## 5.2 Results of operations

The results of the Scheme are set out in the Annual Financial Statements and the Board believes that no further clarification is required.

## 5.3 Solvency ratio

| | 2017<br>R | 2016<br>R |
|---|---|---|
| Total members' funds per statement of financial position | 332 690 366 | 341 408 713 |
| Less: *Cumulative net gains on re-measurement to fair value of financial instruments included in the accumulated funds | (39 198 147) | (19 501 759) |
| Accumulated funds per Regulation 29 | 293 492 219 | 321 906 954 |
| Gross contributions | 317 634 297 | 301 416 847 |
| Solvency ratio at year end (accumulated funds/gross contributions) | 92,40% | 106,80% |
| Minimum solvency requirement from Council | 25% | 25% |
| Accumulated funds required (25% of gross contributions) to meet minimum solvency requirement from Council | 79 408 574 | 75 354 212 |
| **Scheme surplus resulting from difference between scheme accumulated funds and Council's accumulated funds requirement** | **214 083 645** | **246 552 742** |

## 5.4 Reserve accounts

Movements in the reserves are set out in the Statement of Changes in Members' Funds. *With the Cumulative net gains on re-measurement to fair value of financial instruments (Unrealised Profits) increasing from R19,501,759 in 2016 to R39,198,147 in 2017, this resulted in the decrease of the Accumulated funds (reserves) by R19,696,388. There are no other material movements that the Trustees believe should be brought to the attention of the members of the Scheme.

## 5.5 Outstanding claims

The basis of calculation of the outstanding claims provision is discussed in the notes to the Annual Financial Statements. Movements on the outstanding claims provision are set out in the notes to the Annual Financial Statements. There have been no unusual movements that the Trustees believe should be brought to the attention of the members of the Scheme.

# 6. ACTUARIAL SERVICES

The Scheme's actuaries have been consulted in the determination of the contribution and benefit levels, as well as the outstanding claims provision calculation.

# 7. SUBSEQUENT EVENTS AFTER ACCOUNTING DATE

There were no material events after the reporting date, that would require any adjustment to the stated results, or any additional disclosures.

## 8. INVESTMENT IN AND LOANS TO PARTICIPATING EMPLOYERS OF MEMBERS OF THE MEDICAL SCHEME TO OTHER RELATED PARTIES.

The Scheme holds no investments in participating employers of the Scheme. All contributions and claims relating to the Board of Trustees and Management Committee were on the same terms as applicable to other Scheme members.

All transactions with related parties have been fully disclosed in the notes to the Annual Financial Statements and the Trustees believe that no further clarification is required.

## 9. AUDIT COMMITTEE

An Audit Committee was established in accordance with the provisions of the Act. The Committee is mandated by the Board of Trustees by means of written terms of reference as to its membership, authority and duties. The Committee consists of five members of which two are members of the Board of Trustees. The majority of the members, including the Chairman, are not officers of the Scheme. The Committee met on three occasions during the course of the year.

The members of the Audit Committee, External Auditor, Principal Officer and Financial Manager attended Audit Committee meetings. All members have unrestricted access to the Chairperson of the Committee.

In accordance with the provisions of the Act, the primary responsibility of the Committee is to assist the Board of Trustees in carrying out its duties relating to the Scheme's accounting policies, internal control systems and financial reporting practice.

### 9.1 External Auditor appointment and independence

The External Auditors formally reports to the Committee on critical findings arising from audit activities.

The Scheme appointed Mazars as External Auditor with effect from June 2013, in replacement of PricewaterhouseCoopers Inc. who had held the appointment for several years, with Mr Mansoor Salee being assigned as the lead engagement partner for the period under review.

Mr Mansoor Salee has held the position of lead engagement partner for 5 consecutive years. In terms of Mazars' rotation policy, Mr Salee will be required to rotate off the audit as the lead engagement partner after the audit for the year ended 31 December 2017.

The Audit Committee is satisfied that the External Auditor is independent of the Scheme, with assurance being confirmed through the firm's internal policies and procedures.

There were no significant changes in management during the External Auditor's tenure.

The principle that has been established for recommending the External Auditor for non-audit services is that the independence of the auditor should never be compromised, and prior to each assignment, this principle is tested.

Disclosure of amounts paid to the External Auditors for non-audit services have been separately disclosed in the notes to the Annual Financial Statements.

It is the Audit Committee's view that assurance can be placed on the adequacy and effectiveness of the Scheme's accounting policies, internal controls, relative to the fair presentation of the Annual Financial Statements.

The Audit Committee has satisfied its responsibilities under its terms of reference for the period under review.

### Composition of the Audit Committee

| Name | Date of re-appointment |
| --- | --- |
| J de Kock (Independent member) | 23 November 2016 |
| S Lapoorta (Independent member) | 23 November 2016 |
| C Schwab (Independent member) | 23 November 2016 |
| D Albertyn (Trustee) | 23 November 2016 |
| F de Wit (Trustee) | 23 November 2016 |

## 10. RISK COMMITTEE

The Committee is mandated by the Board of Trustees by means of written terms of reference, as to its membership, authority and duties. The Committee counsels the Board of Trustees and the Audit Committee in respect of the overall risk of the Scheme. The Committee met on 6 occasions during the course of the year.

### Composition of the Risk Committee

**Name**

T Harris (Trustee: Chairman)
F de Wit (Trustee)
C Becker (Principal Officer)

## 11. BOARD OF TRUSTEES AND SUB-COMMITTEE MEETING ATTENDANCE

The following schedule sets out meeting attendance by members of the Board of Trustees and Board sub-committees.

Trustee remuneration is disclosed in notes to the Annual Financial Statements.

| | Trustee/ sub-committee member | Board meetings | | Benefit & Contribution Review meetings | | Remuneration Committee meetings | | Audit Committee meetings | | Risk Committee meetings | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| | | A | B | A | B | A | B | A | B | A | B |
| 1&3 | T Harris | 4 | 4 | 1 | 1 | n/a | n/a | n/a | n/a | 6 | 6 |
| 1 | Dr R Engelbrecht | 4 | 4 | 1 | 1 | n/a | n/a | n/a | n/a | n/a | n/a |
| 1&2 | D Albertyn | 4 | 4 | 1 | 1 | n/a | n/a | 3 | 3 | n/a | n/a |
| 1,2&3 | F de Wit | 4 | 4 | 1 | 1 | n/a | n/a | 3 | 3 | 6 | 6 |
| 2 | J de Kock | n/a | n/a | n/a | n/a | n/a | n/a | 3 | 3 | n/a | n/a |
| 2 | S Lapoorta | n/a | n/a | n/a | n/a | n/a | n/a | 3 | 2 | n/a | n/a |
| 2 | C Schwab | n/a | n/a | n/a | n/a | n/a | n/a | 3 | 3 | n/a | n/a |

A - total possible number of meetings could have attended
B - actual number of meetings attended
1 Trustee
2 Audit committee member
3 Risk committee member

## 12. COMPLIANCE

The following areas of non-compliance with the Act were identified during the course of the financial year.

### 12.1 Contributions not received within three days of becoming due

**Nature and Impact**

In terms of Section 26(7) of the Medical Schemes Act 131 of 1998, all contributions shall be paid directly to a medical scheme not later than three days after payment thereof becoming due. There were a number of instances where the Scheme received contributions after three days of said contributions becoming due. The contract with the member and employer groups do not make allowance for this arrangement. The total contributions outstanding for more than three days after year-end equates to 0,34% (2016: 0,28%) of gross contributions for the year.

**Causes of failure**

There are several reasons that attribute to members not paying their contributions within three days of it becoming due. Some of these reasons may include members receiving their salary after contribution due date.

**Corrective course of action and time frame**

Membership is suspended in the event of contributions not having been received. The affected members and groups are notified of the late payments, and referred to the rules of the Scheme, governing contributions.

### 12.2 Sustainability of benefit options

**Nature and Impact**

In terms of section 33(2) of the Medical Schemes Act 131 of 1998, as amended, each option shall be self-supporting in terms of membership and financial performance and shall be financially sound. At 31 December 2017, three out of the six benefit options did not comply with section 33(2), after investment income.

Net surplus/(deficit) for the year including investment and other income and expenditure:

| | 2017<br>R | 2016<br>R |
|---|---|---|
| Selfmed 80% | 5 124 174 | (2 674 994) |
| MEDXXI | (15 602 216) | (6 620 471) |
| Selfsure | (2 992 524) | (5 941 761) |
| Med Elite | (2 341 754) | (5 688 792) |
| SelfNET | 6 204 161 | 7 270 957 |
| SelfNET Essential | 889 812 | - |
| | (8 718 347) | (13 655 061) |

**Causes of failure**

The high claims ratio on MEDXXI, Selfsure and Med Elite, due to aging profile impacted the Scheme negatively.

Med Elite and Selfmed 80% comprises of a small membership base with poor and deteriorating risk profiles. The Scheme has opted not to close these options, as an impact assessment indicated that closure of said options would have significant negative financial impact on the Scheme.

### Corrective course of action and time-frame

The options are closely monitored by both the Scheme, and the appointed actuaries, to ensure that the options do not place the Scheme or the members at risk.

To improve the performance of the options going forward, the Scheme has implemented various benefit changes, effective 2018. The Board relied on expert actuarial opinion, in arriving at the most appropriate benefit and contribution decisions in respect of 2018.

In addition, the Scheme applies all legislated underwriting criteria to safe-guard against a deteriorating risk profile. All the above, coupled with the ongoing monitoring, pro-active management and consideration of various enhanced managed care solutions, are utilised to enable an improved financial performance in the ensuing financial year.

## 12.3 Investment in medical aid administrators or related parties

### Nature and Impact

In terms of Section 35(8) "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 arrangements associated with the medical scheme;

( b ) any other medical scheme;

( c ) any administrator; and

( d ) any person associated with any of the above-mentioned."

The Scheme may, at times, have exposure to preference shares, bonds and money market instruments of which the issuing company might be in breach of Section 35(8).

### Causes of failure

The investments are placed with asset managers, and as such, the Scheme has no direct influence on such investment decisions.

### Corrective course of action and time-frame

Within the course of 2015, the Scheme obtained limited exemption in respect of Section 35(8) of the Medical Scheme Act.

## 12.4 Payments of benefits after 30 days where an account has been rendered for payment

### Nature and Impact

In terms of Section 59 (2) "A medical scheme shall, in the case where an account has been rendered for payment to a member or a supplier, settle such payment of any benefit owing to that member or supplier within 30 days after the day on which the claim in respect of such benefit was received by the Scheme".

### Causes of failure

In the course of the year, there were instances where claims were not settled within the 30 days after the day on which the claim was received. This could be due to several causes, one being, the necessity to request additional or correct information from the member or supplier.

**Corrective course of action and time-frame**

Management is continuously reviewing all claims paid after 30 days and applying procedures to mitigate the risk of claims not being paid within the 30 day period.

### 12.5 Investment exposure to derivatives

**Nature and Impact**

In terms of Regulation 30 of the Medical Scheme Act, in conjunction with Annexure B, the total exposure to derivatives may not exceed 2,5%.

**Causes of failure**

The investments are placed with asset managers, and as such, the Scheme has no direct influence on such investment decisions.

**Corrective course of action and time-frame**

The total exposure to derivatives equates to 3,68% as at 31 December 2017. The Scheme is in the process of applying for exemption.

## 13. CORPORATE GOVERNANCE

Selfmed Medical Scheme is committed to the principles and practice of fairness, independence, openness, integrity and accountability in all dealings with its stakeholders.

The Scheme has adopted the principles of King III and fully implemented Cobit 5 (IT governance). The performance of management is reviewed annually.

### 13.1 Risk Management and Control Framework

The Board of Trustees is accountable for communicating appropriate risk and control policies throughout the organisation and a process for identifying, evaluating and managing significant risks was in place throughout the year under review.

The Board of Trustees perform an annual business risk assessment that is overseen by the Risk Committee. The Risk Committee counsels the Board of Trustees and the Audit Committee on the risk management policies including Management's progress on risk mitigation that is duly reported upon at quarterly Board meetings.

The system of internal control is designed to manage, rather than eliminate risk of failure, and to this end, a comprehensive Disaster Recovery Plan (DRP) and site has been established to ensure continuity of business-critical activities and all change-over procedures function as planned.

### 13.2 Social and transformation policies and practices

Selfmed Medical Scheme remains committed to cultivating a balanced workforce that supports its strategy of being a member driven organisation.

The Employment Equity Committee met during 2017 and approved the Employment Equity report. Said report was submitted to the Department of Labour and acknowledged by the Director General on the 10th November 2017.

Employment equity performance:

| | Target | Actuals |
|---|---|---|
| Employment equity - disability % | 2% | 2% |
| Racial equity - all occupational levels | 62% | 62% |
| Racial equity - Senior management | 43% | 43% |
| Gender equity - all occupational levels | 73% | 73% |
| Gender equity - Senior management | 57% | 57% |

### Recruitment

During the reporting period 12 positions were filled. The percentage of equity candidates constituted 67% of the total appointees and 50% were female.

### Skills Development

A total of 54 employees received training during the year. The overall equity component constituted 61% of the trained staff members, and the female component thereof constituted 72%.

## 13.3 Occupational Health and Safety

The OHS Committee continues to meet and any identified risks are addressed. There were no health and safety incidents during 2017.

# 14. CONCLUSION

Service excellence and proactive communication with members have remained a priority of the Scheme. The back and front office will continue to maintain unsurpassed service levels and render efficient and quality service to the Scheme's members.

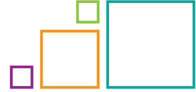
The Board of Trustees are confident that the amendments made to existing benefit options will ensure the Scheme's long-term sustainability. The benefits and contributions of all the Selfmed options have been approved and registered in respect of 2018.

All legislative changes are thoroughly researched to ensure that the Scheme promptly reacts to the changing market.

........................................
Chairman

........................................
Trustee

........................................
Principal Officer



## Report on the summarised Financial Statements

The summarised financial statements, as set out on pages 26 to 29, which comprise the summarised statement of financial position as at 31 December 2017, the summarised statement of comprehensive income, summarised statement of changes in members' funds and reserves and summarised statement of cash flows for the year then ended, are derived from the audited financial statements of Selfmed Medical Scheme for the year ended 31 December 2017. We expressed an unmodified opinion on those annual financial statements in our report dated 25 April 2018.

The summarised financial statements do not contain all the disclosures required by International Financial Reporting Standards and the requirements of the Medical Schemes Act of South Africa. Reading the summarised financial statements, therefore, is not a substitute for reading the audited annual financial statements of Selfmed Medical Scheme.

## Trustees' Responsibility for the Annual Financial Statements

The scheme's trustees are responsible for the preparation of a summarised version of the audited annual financial statements in accordance with the requirements of the scheme rules and the disclosure requirements of Circular 6 of 2013 issued by the Council for Medical Schemes.

## Auditors' Responsibility

Our responsibility is to express an opinion on the summarised financial statements based on our procedures, which were conducted in accordance with International Standards on Auditing (ISA) 810, "Engagements to Report on Summary Financial Statements".

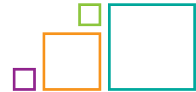
## Opinion

In our opinion, the summarised financial statements derived from the audited annual financial statements of Selfmed Medical Scheme for the year ended 31 December 2017 are consistent, in all material respects, with those audited annual financial statements, in accordance with the requirements of the scheme rules and the disclosure requirements of Circular 6 of 2013 issued by the Council for Medical Schemes

Mazars

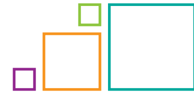
Mazars
Partner: Mansoor Salee
Registered Auditor
18 May 2018
Cape Town

# Selfmed Medical Scheme
# Statement of Financial Position
# as at 31 December 2017

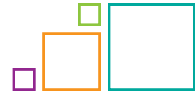


| ASSETS | 2017<br>R | 2016<br>R |
|---|---|---|
| **Non-current assets** | | |
| Property, plant and equipment | 3 918 273 | 1 994 813 |
| Financial assets | 365 771 772 | 369 838 962 |
| **Current assets** | 4 054 759 | 4 049 211 |
| Trade and other receivables | 1 983 479 | 1 332 535 |
| Cash and cash equivalents | 2 071 280 | 2 716 676 |
| **Total assets** | **373 744 804** | **375 882 986** |
| **FUNDS AND LIABILITIES** | | |
| **Members' funds** | | |
| Accumulated funds | 332 690 366 | 341 408 713 |
| **Non-current liabilities** | | |
| Operating lease liabilities | 127 859 | 72 383 |
| **Current liabilities** | 40 926 579 | 34 401 890 |
| Outstanding claims provision | 20 168 954 | 15 716 263 |
| Trade and other payables | 20 757 625 | 18 685 627 |
| **Total funds and liabilities** | **373 744 804** | **375 882 986** |

# Selfmed Medical Scheme
# Statement of Comprehensive Income
# for the year ended 31 December 2017



| | 2017<br>R | 2016<br>R |
|---|---|---|
| **Contribution income** | **317 634 297** | **301 416 847** |
| **Relevant healthcare expenditure** | **(329 241 828)** | **(305 603 735)** |
| Net claims incurred | (329 471 424) | (305 953 035) |
| Claims incurred | (323 243 323) | (300 650 158) |
| Managed care: management services | (6 593 070) | (6 153 587) |
| Third party claim recoveries | 364 969 | 850 710 |
| Net income/(expense) on risk transfer arrangement | 229 596 | 349 300 |
| Risk transfer arrangement fees/premiums paid | (2 010 584) | (1 688 190) |
| Recoveries from risk transfer arrangement | 2 240 180 | 2 037 490 |
| **Gross healthcare result** | **(11 607 531)** | **(4 186 888)** |
| Broker service fees | ( 991 445) | ( 989 587) |
| Administration expenditure | (37 880 611) | (34 050 437) |
| Net impairment losses on healthcare receivables | ( 169 488) | ( 90 583) |
| **Net healthcare result** | **(50 649 075)** | **(39 317 495)** |
| **Other income** | **44 568 641** | **28 336 207** |
| Investment income | 14 902 921 | 15 455 366 |
| Net gain on financial instruments at fair value | 29 577 986 | 12 814 609 |
| Sundry income | 87 734 | 66 232 |
| **Other expenditure** | **(2 637 913)** | **(2 673 773)** |
| Asset management fees | (2 629 881) | (2 673 773) |
| Sundry expenses | (8 032) | - |
| **Net (deficit)/surplus for the year** | **(8 718 347)** | **(13 655 061)** |
| Other comprehensive income | - | - |
| **Total comprehensive income** | **(8 718 347)** | **(13 655 061)** |



| | Accumulated funds R |
|---|---|
| **Balance at 1 January 2016** | 355 063 774 |
| Deficit for the year | (13 655 061) |
| **Balance as at 31 December 2016** | **341 408 713** |
| Deficit for the year | (8 718 347) |
| **Balance as at 31 December 2017** | **332 690 366** |

| **Scheme Solvency** | **2017 R** | **2016 R** |
|---|---|---|
| Gross annual contributions | 317 634 297 | 301 416 847 |
| Total members' funds as per the statement of financial position | 332 690 366 | 341 408 713 |
| Less: Unrealised gains on investments | (39 198 147) | (19 501 759) |
| Accumulated funds per Regulation 29 | 293 492 219 | 321 906 954 |
| Statutory minimum solvency requirement | 25% | 25% |
| **Solvency ratio at year-end** | **92,40%** | **106,80%** |

# Selfmed Medical Scheme
# Statement of Cash Flows
# for the year ended 31 December 2017

| Cash flows from operating activities | 2017<br>R | 2016<br>R |
|---|---|---|
| Cash flows from operations | (44 326 535) | (36 188 774) |
| Interest received | 864 138 | 617 500 |
| **Net cash flows from operating activities** | **(43 462 397)** | **(35 571 274)** |

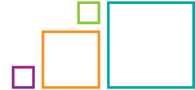
**Cash flows from investing activities**

| | | |
|---|---|---|
| Purchase of investments | (119 500 000) | (10 000 000) |
| Sale of investments | 164 973 114 | 45 950 000 |
| Purchase of fixed assets | (2 749 548) | (1 016 380) |
| Sale of fixed assets | 93 435 | 4 135 |
| **Net cash flows from investing activities** | **42 817 001** | **34 937 755** |

| | | |
|---|---|---|
| **Net decrease in cash and cash equivalents** | **( 645 396)** | **( 633 519)** |
| Cash and cash equivalents at the beginning of the year | 2 716 676 | 3 350 195 |
| **Cash and cash equivalents at the end of the year** | **2 071 280** | **2 716 676** |

Whilst Selfmed has taken all reasonable care in compiling the Highlights of Selfmed's Financial Statements, we cannot accept liability for any errors or omissions contained therein. Please note that should a dispute arise, the Audited Financial Statements shall prevail.

## Notes



## Proxy:

### Complete in full if you cannot attend the meeting in person

*(Please note: As per the Scheme Rules, each member is allowed a maximum of two proxies)*

I, (surname) ☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐

(first names) ☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐

of (full address) ☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐

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Being a member of the SELFMED MEDICAL SCHEME with membership number

4 9 0 ☐☐☐☐☐☐☐☐☐☐☐☐ hereby appoint

(surname) ☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐

(name) ☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐

of (full address) ☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐

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Being a member of the SELFMED MEDICAL SCHEME with membership number

4 9 0 ☐☐☐☐☐☐☐☐☐☐☐☐

as my proxy to vote for me and on my behalf at the Annual General Meeting of the Scheme to be held on 23 June 2018, and at any resumption of an adjournment thereof, as he/she sees fit.

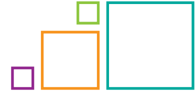
signed at ............................................................ on D D M M Y Y Y Y

........................................................................
Signature of Principal Member

........................................................................
Witness

........................................................................
Signature of Proxy

**Note:** The Proxy form must be returned to SELFMED MEDICAL SCHEME, P.O. Box 5543, Tygervalley, 7536 or faxed to 021 943 2301 **and reach the Scheme by no later than 8 June 2018.**



## Confirmation of Attendance:

**(Completion of this form is requested for catering purposes only.)**

**Complete in full ONLY if you are going to attend the meeting**

Surname: ☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐

First names: ☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐

Date of birth: D D M M Y Y Y Y

Full current address: ☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐
☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐
☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐

Membership number: 4 9 0 ☐☐☐☐☐☐☐☐☐☐☐☐

## Declaration:

I declare that the above particulars apply to me, that I am entitled to vote in terms of my membership of SELFMED, and or by proxy of a member of SELFMED and that I will attend this meeting.

..........................................................................

Signature

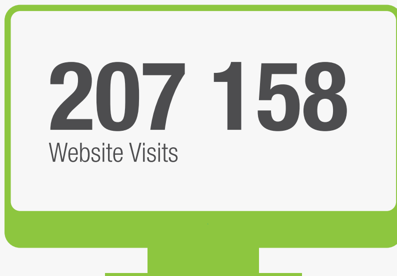
**Note:** The Confirmation of Attendance form must be returned to SELFMED MEDICAL SCHEME, P.O. Box 5543, Tygervalley, 7536 or faxed to 021 943 2301 **and reach the Scheme by no later than 8 June 2018.**

### ANY OTHER BUSINESS FOR DISCUSSION AT THE AGM

Should members have any other matters that they would like to address at the AGM, such matters must be submitted to the Scheme in writing. Written notice of such matters must reach the Scheme no later than **Friday 8 June 2018**. Only matters received by this deadline will be discussed at the AGM.

## Selfmed in Numbers **2017**

**R317 634 297**
Total risk contributions for the year




**43** Employees
**5** Managers
**1** Executive

**103.65%** Relevant healthcare expenditure of risk contributions

**R8 718 347**
Net deficit for the year

**We are committed to looking after the health of our members, no matter the cost. Below are the top five high-cost medical cases for members paid by the Scheme in 2017:**

**Acute respiratory failure**
Total of all claims paid for period in hospital : R1 884 107.98

**Respiratory failure**
Total of all claims paid for period in hospital : R1 559 399.69

**Cerebral Oedema**
Total of all claims paid for period in hospital : R1 431 204.94

**Respiratory distress syndrome of newborn**
Total of all claims paid for period in hospital : R1 286 734.21

**Respiratory failure**
Total of all claims paid for period in hospital : R1 285 525.85

**R329 241 828**
Relevant Healthcare Expenditure

**R293 492 219**
(excluding unrealised profit) Reserves - 92.40%

Selfmed
MEDICAL SCHEME

www.selfmed.co.za expert@selfmed.co.za 0860 78 73 72

REG.NO: 1446