

An aerial photograph of a winding asphalt road that curves through a dense, lush green forest. Several cars are visible on the road, including a white car in the upper left, a blue car, and a white car further down. The road has white dashed lines. The forest is thick with various shades of green trees.

**2019**

# **Selfmed Annual General Meeting**

**YOU ARE INVITED**



# Invitation

## Date:

Saturday, 29 June 2019

## Time:

09h30

## Venue:

Ruslamere Conference Centre,  
14 Langeberg Road, Durbanville,  
7550

### Annual General Meeting

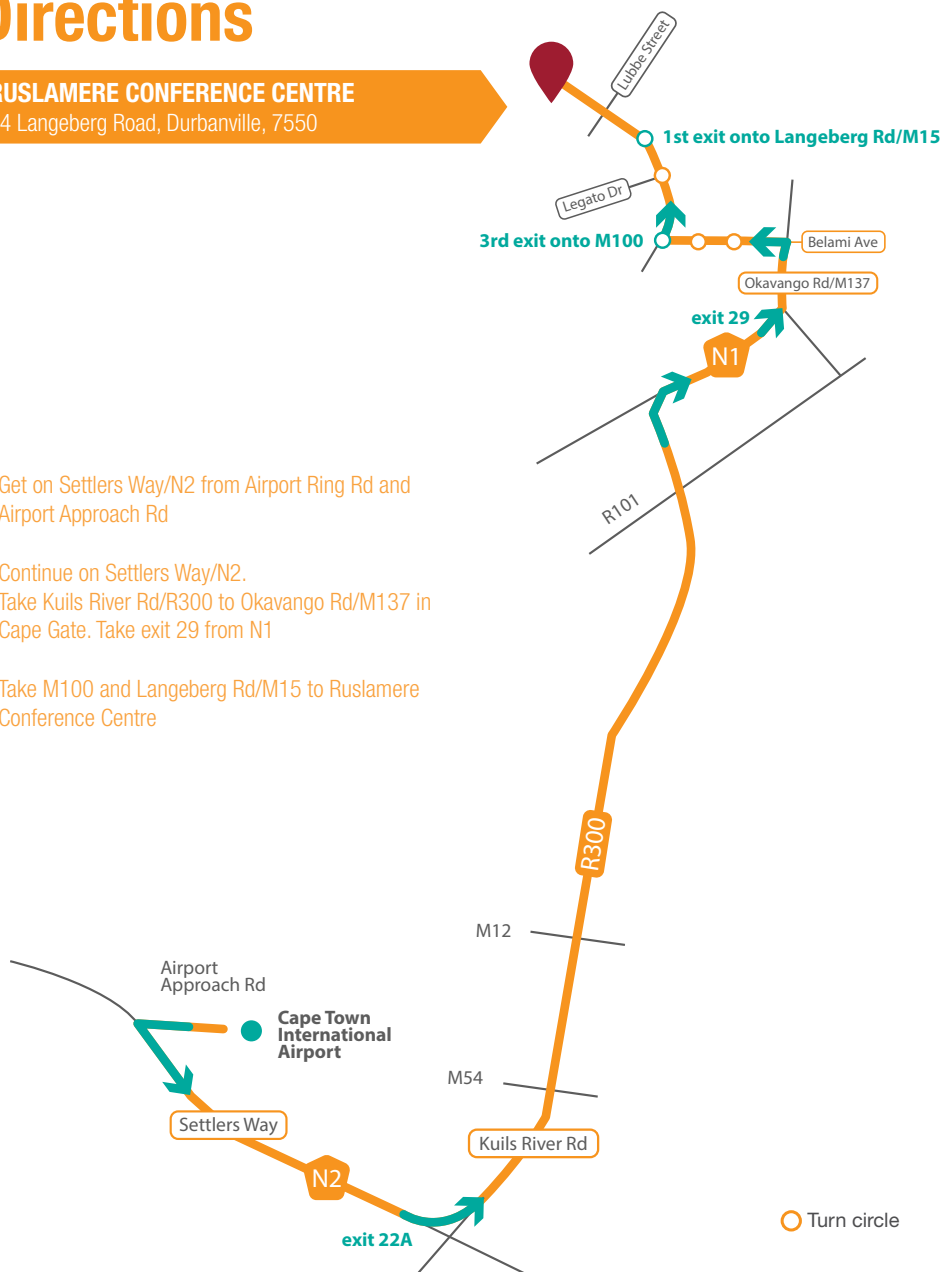
Notice is hereby given that the Annual General Meeting of members of Selfmed Medical Scheme, will be held at 09h30 on Saturday, 29 June 2019 at the Ruslamere Conference Centre, 14 Langeberg Road, Durbanville, 7550

# Directions

## RUSLAMERE CONFERENCE CENTRE

14 Langeberg Road, Durbanville, 7550

- Get on Settlers Way/N2 from Airport Ring Rd and Airport Approach Rd
- Continue on Settlers Way/N2.  
Take Kuils River Rd/R300 to Okavango Rd/M137 in Cape Gate. Take exit 29 from N1
- Take M100 and Langeberg Rd/M15 to Ruslamere Conference Centre



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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, 29 June 2019  
at 09h30 (9:30 am)  
at the Ruslamere Conference Centre,  
14 Langeberg Road, Durbanville,  
7550

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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. PRINCIPAL OFFICER'S REPORT
5. ADOPTION OF THE REPORT OF THE BOARD OF TRUSTEES
6. INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SELFMED MEDICAL SCHEME
7. ADOPTION OF THE ANNUAL FINANCIAL STATEMENTS
8. ANY OTHER BUSINESS (ONLY THOSE MATTERS WHICH THE SCHEME RECEIVED NOTICE OF BY 7 JUNE 2019)

Please join us  
for some light refreshments





# Minutes of the Annual General Meeting of the Selfmed Medical Scheme (Reg No. 1446)

Held on Saturday 23 June 2018 at 09:30 at Bell Rosen Guesthouse,  
Kommissaris Street, Welgemoed

<b>PRESENT:</b>	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.

<b>IN ATTENDANCE:</b>	Mr M Salee	Mazars
	Mr A Batt	Mazars
	Mr J de Kock	Chairman, Selfmed Audit Committee
	Mr V Pullen	Council for Medical Schemes (CMS)

Three proxies were received in respect of members transferring their voting rights to a member in attendance, one being invalid.

## 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 and the AGM booklet had been duly circulated to all members and could thus be taken as read. He furthermore requested that all members present sign the attendance register.

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

## 2. CONFIRMATION AND SIGNING OF MINUTES OF THE PREVIOUS AGM HELD ON 24 JUNE 2017

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 members present to note any amendments that might be relevant.

Mr Stevenson referred the Chairman to the following amendments and also voiced a suggestion with regard to the AGM attendance form:

### 1. Page 9 of the booklet, Principal Officer's Report

Typing error: he noted a discrepancy in the Gross Healthcare Result. Page 9 incorrectly reflects a figure of R 11 607 501, whereas the Statement of Comprehensive Income on page 27 correctly reflects same as R 11 607 531.

## **2. Page 25, Auditor's Report**

Spelling, "Independant" in the page heading should read "Independent".

## **3. Page 33, Confirmation of Attendance form**

The attendance form stipulates two methods for returning the completed form to Selfmed, i.e. per postage or per fax. With postage being slow and unreliable, and not everyone having access to fax, Mr Stevenson suggested that a third method be added, namely e-mail.

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

**Proposed: Ms T Bell**

**Seconded: Ms A Trautman**

## **3. SUMMARY OF MATTERS ARISING FROM PREVIOUS MINUTES**

Mr Becker noted that during the previous meeting it was reported that there were points raised by a member which would be addressed directly through a one-on-one meeting with said member. Mr Becker confirmed that the member declined the one-on-one meeting.

It is noted that there were no further 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 Board of Trustees throughout the past year.

He noted that it had been a challenging year mostly due to high cost claims – stating that 25 members alone claimed in excess of R 33 000 000.

The Chairman reported that the medical scheme market was unpredictable and volatile. He stated that in mitigation of possible future high cost claims, the Scheme was utilising the Salutem Healthcare program to assist members in managing severe chronic conditions and to ensure that they receive adequate treatment, thus preventing the deterioration of the condition and subsequent hospitalisation.

He highlighted that, with the implementation of artificial intelligence and machine learning, the Scheme will be able to adjudicate claims faster and more accurately. He further stated that the Health Management System project is aimed at creating member-specific health trends that will improve their future healthcare outcomes.

Mr Harris indicated that the growth in membership remains a key challenge. The economic climate has impacted on the growth of the economy which in turn impacts the ability to afford medical aid.

He noted that the Scheme has embarked on a project to insource the managed healthcare component of its administration. The Trustees and the management team are confident that this will have a positive financial impact on the high healthcare costs.

The Trustees retained a strong focus on considering the health and benefits of members during 2017. He stated that two new options were introduced in 2015 and 2017 respectively and they were attracting a younger member base which will decrease the average age of the Scheme.

Although the Scheme had experienced a tough year, the Trustees are proactively taking action to address the challenges.

The new Cape Town office is proving to have a positive effect on the Scheme and that the financial implications of the new office is reflected in the financial statements.

Mr Harris thanked the Trustees, the Principal Officer, Management and all staff for their continued effort and hard work.

Member James de Gouveia raised a question with regard to Selfmed's growth. He made a comment that other medical schemes advertise substantially and grow. He indicated that he occasionally notices an advertisement from Selfmed. He noted that if marketing can be aimed more to the younger generation, there will be a bigger possibility to obtain more members.

The Chairman replied by saying that the Scheme does significant advertising, especially through digital marketing channels, specifically targeting younger people.

He reported that approximately 70% of members who resign from the Scheme, resign due to economic reasons and affordability.

The 2 new options are growing and making an impact on the average age of the Scheme.

The Chairman thanked Member de Gouveia for his comment. He assured Mr de Gouveia that the Scheme is acutely aware of the value spent on advertising. He further reported that the marketing cost is discussed in Board meetings and the return on investment on marketing campaigns is closely monitored.

The report was adopted by the attendees of the meeting.

**Proposed: Ms S Veldsman**

**Seconded: Ms N Williams-Cook**

## **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.

He reported that the investment income improved year on year while an increase in high cost cases impacted the relevant healthcare expenditure.

Mr Becker reported that the Health Management System is being developed to create predictive healthcare models that can assist members in improving their health status.

He indicated that the restructuring of the Information Technology Department had proved to be successful with the overall functioning of technology improving significantly.

He also briefly discussed IT security, indicating that information security is a high priority item for the Scheme.

Mr Becker was asked to comment on National Health Insurance (NHI) and the possible impact on the medical aid industry. He commented that the Scheme fully supports universal access to healthcare for all citizens and that universal access is a fundamental right of each human being.

He explained that he foresees a phased implementation and that NHI cannot be implemented over a short period of time. He noted that the financing of NHI, as well as the treatment protocols and benefit packages that will be available under NHI, is still unclear.

He further explained that there was an overall agreement that the current public healthcare system needs to be improved but there are different views on how this can be achieved.

Mr Becker expressed his appreciation for the support from the Board of Trustees, Management and all staff and thanked them for their dedication and hard work.



Member Stevenson reiterated the incorrect amount quoted in the Principal Officer's Report, stating that page 9 reflects a figure of R 11 607 501, whereas the Statement of Comprehensive Income on page 27 correctly reflects same as R 11 607 531.

The report was adopted by the attendees of the meeting.

**Proposed: Mr J de Gouveia**

**Seconded: Ms A Knoetzen**

## **6. ADOPTION OF THE REPORT OF THE BOARD OF TRUSTEES**

It was noted that the Board of Trustees report had been distributed to members as part of the AGM notice. The Chairman highlighted several points of interest contained in the report.

- The Chairman indicated the decline in the reserves from 106.8% to 92.4%, noting that this was due to increased claims as well as an increase in the contributions. (The statutory reserve percentage is calculated by taking the accumulated reserves over the annual contributions.) He confirmed that the overall solvency level was still substantially above the 25% as required by the Council for Medical Schemes.
- He indicated that the Board of Trustees and the Management team had remained unchanged for the year.
- The Chairman briefly discussed the different investment managers utilised during the year as noted in the BOT report.
- The Chairman noted that SelfNET Essential was launched in 2017 with slower than anticipated growth in membership.
- He noted with concern that on average the net contribution income per beneficiary per month was less than the healthcare claims, which places the Scheme in a deficit at operational level.
- He further indicated that the non-healthcare expenditure increased during 2017 and this was attributable to a large extent, to the relocation of the Cape Town office.
- The Chairman highlighted the slight decrease in average age stating that while it was a small decrease it was positive for the Scheme.
- He discussed the different areas of non-compliance noted in the BOT report and indicated that the non-compliance matters remain the same year on year and that the Trustees are comfortable that the non-compliance are on par with industry standard and do not impact on the governance of the Scheme.

The Chairman concluded by thanking the Board of Trustees, the Management team and all staff members for their dedication during the 2017 financial period.

The Chairman requested adoption of the Report.

**Proposed: Ms C Willemse**

**Seconded: Mr W Mansell**

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

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

He introduced Mr Mansoor Salee, the Senior Partner from Mazars, requesting that Mr Salee provide feedback on the audit in respect of the 2017 financial period.

Mr Salee thanked the Chairman, confirming that Mazars has afforded an unqualified audit opinion for the 2017 financial period.

He confirmed the Audit for Selfmed for the year ended December 2017 was completed and signed off.

He noted two key audit matters:

Valuation of outstanding claims provision at the end of the reporting period and the validity of the claims offset against the claims provision.

Mr Salee reported to the attendees that adequate evidence has to be presented to substantiate the above mentioned two values. He was happy to report that the actuaries were confident that these two audit matters were reported correctly.

## 8. ADOPTION OF THE ANNUAL FINANCIAL STATEMENTS

The Chairman noted that an abridged version of the AFS formed part of the AGM booklet on pages 26 – 29. He reminded the attendees that a full copy of the Annual Financial Statements can be requested from the Principal Officer.

Mr Harris referred to the increased non-healthcare expenditure and indicated that this was due to the relocation of the Cape Town office.

He also directed attention to the decrease in the accumulated funds and explained that this was due to a higher than expected claims experience.

The Chairman thanked Mr Salee, who is the Senior Partner at Mazars, for his services, further stating that due to Mazars' internal policies, Mr Salee has to rotate off the Scheme's audit. The Chairman explained that should members in attendance approve the re-appointment of the Auditors, a new partner will take over from Mr Salee in respect of the 2018 audit.

The Chairman requested the Annual Financial Statements Report be proposed and accepted:

**Proposed: Ms B Marks**

**Seconded: Ms M Swanepoel**

## 9. APPOINTMENT OF AUDITOR

Mr Becker noted that both the Audit Committee and the Board of Trustees have critically reviewed the service received from Mazars. He confirmed that a benchmark comparison had been performed regarding the audit fees paid to Mazars, where it was found that Mazars' audit fees are competitive.

He once again confirmed that Mr Salee would no longer oversee the audit going forward and a new senior partner, Mr Andries Batt, was introduced as the new Senior Engagement Partner should Mazars be re-appointed.

The Chairman proposed, upon the recommendation from the Audit Committee, to re-appoint Mazars, as the Scheme's auditors for the 2018 Audit.

No objections were raised and it was agreed that Mazars would be appointed as the Auditors for the 2018 Audit.

## **10. TERM OF OFFICE: TRUSTEES**

Mr Becker reported that the Trustee term of office was amended and approved by Council from 3 to 5 years, effective 25 June 2016. This in effect means that there will be no Trustee election during 2019 and the first subsequent Trustee election will take place in 2021.

## **11. APPROVAL OF TRUSTEE REMUNERATION**

Mr Becker tabled the Trustee remuneration increase for 2018/2019.

Mr Becker explained that the proposed increase had been duly circulated to all members, prior to the meeting, for noting and commenting purposes.

He stated that the increase had been discussed at the Audit Committee meeting to ensure that it is reasonable and within acceptable limits.

Mr Becker noted that a 6% increase was communicated to members. Subsequent to this communication the Audit Committee amended the proposed increase to 5%.

Mr Becker duly proposed an inflationary linked increase of 5%, effective 1 July 2018.

He furthermore noted that the current trustee travel rate per kilometre had remained unchanged for the last four years. He proposed the travel rate be increased from R 6.00 to R 6.50, in line with AA rates.

No objections were raised and both the increase in Trustees fees of 5% and a 50 cent per kilometre increase in the travel rate was approved.

## **12. ANY OTHER BUSINESS**

Mr Becker noted that the following members had tendered their acceptance or apologies in respect of the AGM:

Members indicating attendance:

- Mr J de Gouveia
- Mr C Stevenson

Members that tendered apologies for not being able to attend:

- Dr G Howes
- Mr Oosthuizen
- Mr G Hughes
- Mr M St John
- Mr M Arendse
- Mr H Paine

Mr Becker reported that several questions were raised via e-mail with all queries having been attended to and members having received feedback.

The Chairman noted the proxies received:

- Mr J Love gave a proxy in favour of Ms A Trautman;
- Mr BD Reide in favour of nobody specific – this proxy reverts to the Chairperson;
- Ms J Fransman nominated herself – unfortunately the proxy is invalid.

Upon Member Stevenson's request at the 2017 AGM regarding the inclusion of proxy details as well as member attendance notifications in the minutes, Mr Becker noted that detail regarding proxies are already incorporated into the 2017 AGM minutes. He further stated that member apologies will be included in the minutes going forward.

Mr Becker reiterated that to increase AGM attendance, several communications were sent to members after the circulation of the booklet, 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 closed at 10:30 am.

Principal Officer	Chairman	Trustee
Date	Date	Date

# Principal Officer's Report

Selfmed Medical Scheme  
2018 Financial Year

The medical scheme industry as a whole has experienced a tough year as is evident with the high annual contribution increases being levied across the entire industry. Our Scheme in particular, with a significant increase in claims, coupled with a poor investment performance due to adverse investment markets, has not been spared.

The 2018 results compelled the Trustees and the Management team to re-evaluate the long-term financial strategy of the Scheme. Assessing potential merger opportunities to open up new efficiencies and economies of scale that would ultimately greatly benefit our Selfmed members, proved the best long-term solution. Selecting the precise merger partner involved extensive due diligence on the part of the Board of Trustees and Management, to ensure that Selfmed found the perfect fit in respect of encapsulating Selfmed's core values, passion for service excellence, and the more. To this end a proposed merger with CompCare Wellness Medical Scheme was communicated and members were encouraged to participate in the merger voting process. By the time the AGM is held, the final outcome of this proposal will be known.

My report highlights the results for 2018 and at the same time provides insight into some of the reasons leading to the merger proposal.

When considering the Statement of Comprehensive Income provided in the Annual Financial Statements we see that the contribution income increased from R 317 634 297 to R 329 744 262 year on year. This translates into a R 12 109 965 increase which is 3.81%. The average increase is diluted due to an increase of members on lower benefit options and members buying down from higher benefit options to lower benefit options.

The relevant healthcare expenditure has increased from R 329 241 828 to R 341 548 234, this is an increase of R 12 306 406 or 3.73%. What is immediately apparent is that the relevant healthcare expenditure is higher than the contribution income, therefore the Scheme is in a deficit prior to the non-healthcare expenditure being taken into consideration.

The net healthcare result or operational result indicates an increase in the deficit of R 3 784 796 or 7.47%, from R 50 649 075 in 2017 to R 54 433 871 in 2018. At this level all costs except the asset management fees, attributable

to the management of the investments, has been taken into consideration.

The investment income, which has offset the above deficit in prior years, was dismal in 2018 with the reserves only adding R 725 633 to the income. This is compared to 2017 when the income was R 44 568 641. The Scheme is dependent on the income from its reserves to remain viable, and this in itself is a threat to the long term financial health of the Scheme.

The overall picture is that the Scheme lost R 57 742 814 in 2018 compared to a loss of R 8 718 347 in 2017.

Several strategies were implemented to address the trend that has developed over the last three years including a focus on fraud and waste detection, improvement in the billing process, implementation of a high risk membership management program, improving IT through machine learning and growth of membership. Unfortunately the economic climate has not been conducive to growth and the 2018 financial position necessitated decisive action.

The decision to propose a merger with CompCare was not a decision that was made lightly. Ensuring the long-term interest of all our members is the main priority of the Trustees and the Management team in all decisions made. We believe that Selfmed and CompCare complement each other and can together provide enhanced services and value that will benefit our members well into the future.

I would like to thank the Trustees and all Selfmed staff members for their support and commitment during a particularly difficult year.

My team and I remain committed to the ethos of placing our members first. Our total approach to member wellbeing will continue to ensure the sustainability of the Scheme while providing meaningful cover to our members who depend on us. I trust that our members will recognise this in the proposed merger.



**Christo Becker**  
Principal Officer



# Selfmed Medical Scheme Report of the Board of Trustees

The Board of Trustees hereby present its report for the year ended 31 December 2018  
Registration Number: 1446

## 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 administered by a third party service provider. On the 1st of October 2018, the hospital authorisation and case management functions were brought in-house, with these functions being administered directly by the Scheme. MMI Health (Pty) Ltd (CareCross) is contracted to administer claims and the front office of the SelfNET and SelfNET Essential options.

### 1.2 Benefit options within Selfmed Medical Scheme

The Scheme offers six benefit options to employers and members of the public.

These are:

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

The Scheme's overall performance for the year under review resulted in the Scheme reserves decreasing from a solvency level of 92.40% at the end of 2017 to 80.77% at the end of 2018. The solvency ratio is calculated by expressing the reserves as a percentage of the annual contributions received for the year under review. The decrease in the reserves are as a result of an increase in the contribution income and the net deficit the Scheme experienced for 2018, due to exceptionally high claims costs for the year, coupled with the unexpected decline in investment values, resulting in a significant decrease in the reserves of the Scheme. 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 arrangement

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

<b>Name</b>	<b>Description</b>	<b>Date re-elected/ re-appointment</b>
T Harris	Member trustee (Chairman)	25 June 2016
Dr R Engelbrecht	Member trustee	25 June 2016
D Albertyn	Appointed trustee	25 June 2016
F de Wit	Appointed trustee	25 June 2016

The Board of Trustees are 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 fully met 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  
Tygervally  
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  
Tygervally  
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 (South Africa) (Pty) Ltd**

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

### **Old Mutual Wealth, Treasury and Advisory Services**

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

PO Box 650140  
Benmore Gardens  
2010

Financial Service Provider  
number: 588

## 2.6 Actuaries during the year

### **NMG Consultants and Actuaries (Pty) Ltd**

(previously Willis Towers Watson (Pty) Ltd)  
Belvedere Office Park, Block B  
Pasita Street  
Bellville  
7530

PO Box 3950  
Tygervally  
7536  
Financial Service Provider  
number: 12968

## 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)**

(contract terminated on 30 September 2018)

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)**

Madison Square Park, Second Floor  
 4 Howick Close, Tyger Falls  
 c/o Bill Bezuidenhout Avenue & Carl Cronje Drive  
 Bellville  
 7530

PO Box 15531  
 Panorama  
 7605

**Verirad (Pty) Ltd**

15 Sunnyside Road  
 Birnam  
 Johannesburg  
 2196

PO Box 79712  
 Senderwood  
 2145

**HaloCare Health (Pty) Ltd**

Baobab Building  
 River Falls Office Park  
 Rose Avenue  
 Centurion  
 0157

PO Box 8796  
 Centurion  
 0046

**2.9 Risk transfer arrangement (Capitation Agreement)****ER24 EMS (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 is responsible for all investments. These responsibilities include ensuring that:

- the Scheme remains liquid;
- investments are placed at the lowest possible risk and the best possible rate of return; and
- 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	23 454 600	28 983 274	4 479 566	31 386 429	192 721	88 496 590
Prudential Life Inflation Plus 5% Medical Aid Fund	4 991 843	51 152 049	7 527 326	39 286 888	205 114	103 163 220
Sanlam Absolute Return Medical	5 935 121	32 777 171	3 378 475	19 427 058	-	61 517 825
Coronation Medical Aid Money Market Fund	18 474 079	11 805 933	281 447	-	-	30 561 459
Prescient Equity Top 40	2 769 578	7 220 362	188 613	1 831 641	114 618	12 124 812
Mazi Capital Prime Equity Fund	513 738	-	585 687	14 005 827	-	15 105 252
Stanlib Property Income Fund	464 881	56 079	8 732 193	-	-	9 253 153
	<b>56 489 737</b>	<b>131 994 868</b>	<b>25 173 307</b>	<b>105 937 843</b>	<b>512 453</b>	<b>320 222 311</b>

## 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

<b>2018</b>	<b>Selfmed 80%</b>	<b>MEDXXI</b>	<b>Selfsure</b>	<b>Med Elite</b>	<b>SelfNET</b>	<b>SelfNET Essential</b>	<b>TOTAL</b>
Average number of members during the accounting period	405	2 778	2 319	469	1 921	245	8 137
Number of members at 31 December	389	2 687	2 233	446	1 951	258	7 964
Average number of beneficiaries during the accounting period	607	4 741	3 840	697	3 305	422	13 612
Number of beneficiaries at 31 December	572	4 572	3 691	659	3 352	450	13 296
Dependant ratio at 31 December	0,47	0,70	0,65	0,48	0,72	0,74	0,67
Net contributions per average beneficiary per month	R 6 387	R 1 696	R 2 291	R 4 833	R 941	R 683	R 2 019
Relevant healthcare expenditure per average beneficiary per month	R 6 480	R 1 861	R 2 316	R 5 127	R 858	R 956	R 2 086
Non-healthcare expenditure per average beneficiary per month#	R 367	R 324	R 339	R 372	R 66	R 35	R 261
Relevant healthcare expenditure as a percentage of gross contributions	101,46%	109,74%	101,08%	106,09%	91,26%	139,93%	103,58%
Non-healthcare expenditure as a percentage of gross contributions#	5,75%	19,12%	14,78%	7,70%	7,01%	5,11%	12,93%
Average age per beneficiary	67,33	54,52	45,67	68,46	29,80	32,18	46,32
65 years+ ratio at 31 December	67,48%	38,54%	26,06%	67,98%	3,70%	5,78%	27,89%
Average accumulated funds per member at year end	n/a	n/a	n/a	n/a	n/a	n/a	R 34 524
Return on investments as a percentage of investments	n/c	n/c	n/c	n/c	n/c	n/c	2,91%

# Non - health expenses = broker service fees + administration expenditure + net impairment losses

n/a - not applicable n/c - not calculated



## 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	810	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	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%

# 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

	2018 R	2017 R
Total members' funds per statement of financial position	274 947 552	332 690 366
Less: *Cumulative net gains on re-measurement to fair value of financial instruments included in the accumulated funds	(8 606 976)	(39 198 147)
Accumulated funds per Regulation 29	266 340 576	293 492 219
Gross contributions	329 744 262	317 634 297
Solvency ratio at year end (accumulated funds/gross contributions)	80,77%	92,40%
Minimum solvency requirement from Council	25%	25%
Accumulated funds required to meet minimum solvency requirement from Council	82 436 066	79 408 574
<b>Scheme surplus resulting from difference between Scheme accumulated funds and Council's accumulated funds requirement</b>	<b>183 904 510</b>	<b>214 083 645</b>

## 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) decreasing from R 39 198 147 in 2017 to R 8 606 976 in 2018, this resulted in a net decrease of the accumulated funds (reserves) by R 30 591 171. 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

The financial results of the Scheme for the 2018 period, necessitated the Trustees to investigate alternative long-term strategic solutions that will ensure the sustainability of the Scheme. One of the strategic alternatives was to investigate the impact a possible merger will have on the long-term sustainability of the Scheme.

Subsequent to the closure of the reporting period, the Trustees approved an exposition document that details a proposed merger with CompCare Wellness Medical Scheme. The merger is subject to approval by the Council for Medical Schemes as well as the members of the Scheme.

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 practices.

The term of office to serve on the Audit Committee was amended to a period of 5 years, effective 1 January 2019. The Rules of the Scheme were accordingly updated.

### **9.1 External Auditor appointment and independence**

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

The Scheme appointed Mazars as External Auditor with effect from June 2013. Mr Mansoor Salee held the position of Lead Engagement Partner for 5 consecutive years. In terms of Mazars' internal rotation policy, Mr Salee was required to rotate off the audit as the Lead Engagement Partner after the audit for the year ended 31 December 2017. Mr Andries Batt was assigned the position of Lead Engagement Partner for the period under review.

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 impact on the independence of the auditing firm is evaluated, preceding any assignment for non-audit services from the appointed Auditor. 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	Description	Date of re-appointment
J de Kock	Independent member (Chairman)	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 5 occasions during the course of the year.

**Composition of the Risk Committee**

Name	Description	Date of appointment
T Harris	Trustee: Chairman	26 November 2015
F de Wit	Trustee	26 November 2015
C Becker	Principal Officer	26 November 2015

**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 the notes to the Annual Financial Statements.

	Trustee/ sub-committee member	Board meetings		Benefit & Contribution Review meetings		Audit Committee meetings		Risk Committee meetings	
		A	B	A	B	A	B	A	B
1&3	T Harris	4	4	1	1	n/a	n/a	5	5
1	Dr R Engelbrecht	4	4	1	1	n/a	n/a	n/a	n/a
1&2	D Albertyn	4	4	1	1	3	3	n/a	n/a
1&2&3	F de Wit	4	4	1	1	3	3	5	5
2	J de Kock	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	3	2	n/a	n/a
2	C Schwab	n/a	n/a	n/a	n/a	3	3	n/a	n/a
3	C Becker	n/a	n/a	n/a	n/a	n/a	n/a	5	5

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 0,40% (2017: 0,34%) 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 2018, only the SelfNET benefit option complied with section 33(2), after investment income.

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

	2018 R	2017 R
Selfmed 80%	(3 721 873)	5 124 174
MEDXXI	(29 199 565)	(15 602 216)
Selfsure	(17 871 224)	(2 992 524)
Med Elite	(5 969 184)	(2 341 754)
SelfNET	577 458	6 204 161
SelfNET Essential	(1 558 426)	889 812
	(57 742 814)	(8 718 347)

#### Causes of failure

The high claims ratio on Selfmed 80%, MedXXI, Selfsure and Med Elite, resultant of an aging profile, impacted the Scheme negatively. The SelfNET Essential option, a relatively new low cost hospital benefit option that provides cover for PMB conditions only was introduced into the market in February 2017. In the course of 2018, there were several high cost cases that gave rise to the option not complying with section 33(2) of the Medical Scheme Act.

Med Elite and Selfmed 80% comprise 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 2019. The Board relied on expert actuarial opinion in arriving at the most appropriate benefit and contribution decisions in respect of 2019.

In addition, Managed Healthcare, specifically, the hospital and case management functions were brought in-house, affording the Scheme greater influence in respect of reducing hospital related costs.

Furthermore, 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 2018, the Scheme obtained limited exemption in respect of Section 35(8) of the Medical Schemes 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) of the Medical Schemes Act 131 of 1998 "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.

**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.

In line with this commitment, the Scheme has voluntarily undertaken to follow the King IV™ principles as well as implementing Cobit 5 (IT Governance) as guideline for good Corporate 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 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 that 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 2018 and approved the Employment Equity report. Said report was submitted to the Department of Labour and acknowledged by the Director General on the 22nd November 2018.

Employment equity performance:

	Target	Actuals
Employment equity - disability %	2%	2%
Racial equity - all occupational levels	57%	67%
Racial equity - Senior management	40%	40%
Gender equity - all occupational levels	73%	73%
Gender equity - Senior management	40%	40%

**Recruitment**

In the course of the reporting period 2 positions were filled. The percentage of equity candidates constituted 100% of the total appointees and 100% were female.

**13.3 Occupational Health and Safety**

The Occupational Health and Safety Committee continues to meet and any identified risks are addressed.

There were no health and safety incidents during 2018.

**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 the existing benefit options as well as the proposed merger with CompCare Wellness Medical Scheme will ensure the Scheme's long-term sustainability. The benefits and contributions of all Selfmed options have been approved and registered in respect of 2019.

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



Chairman



Trustee



Principal Officer



# Independent Auditor's Report

To the Members of Selfmed Medical Scheme

## Report on the Summary Financial Statements

### Opinion

The summary financial statements of Selfmed Medical Scheme, which comprise the summary statement of financial position as at 31 December 2018, the summary statements of comprehensive income, changes in members' funds and cash flows for the year then ended, as set out on pages 26 to 29, are derived from the audited annual financial statements of Selfmed Medical Scheme for the year ended 31 December 2018.

In our opinion, the accompanying summary financial statements are consistent, in all material respects, with the audited annual financial statements, in accordance with the requirements of the scheme rules.

### Summary Financial Statements

The summary financial statements do not contain all the disclosures required by International Financial Reporting Standards and the requirements of the Medical Scheme's Act as applicable to annual financial statements. Reading the summary financial statements, therefore, is not a substitute for reading the audited annual financial statements and the auditor's report thereon. The summary financial statements and the audited annual financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited annual financial statements.

### The Audited Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited annual financial statements in our report dated 25 April 2019. That report also includes the communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period.

### Trustees' Responsibility for the Summary Financial Statements

The Scheme's Trustees are responsible for the preparation of the summary financial statements in accordance with the requirements of the Scheme rules.

### Auditor's Responsibility

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with the audited annual financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), Engagements to Report on Summary Financial Statements



### MAZARS

Partner: Andries Batt  
Registered Auditor  
22 May 2019  
Cape Town

# Selfmed Medical Scheme

## Statement of Financial Position

### as at 31 December 2018

ASSETS	2018 R	2017 R
<b>Non-current assets</b>		
Property, plant and equipment	3 283 771	3 918 273
Financial assets	320 222 311	365 771 772
<b>Current assets</b>	6 516 450	4 054 759
Trade and other receivables	2 262 856	1 983 479
Cash and cash equivalents	4 253 594	2 071 280
<b>Total assets</b>	<b>330 022 532</b>	<b>373 744 804</b>
<b>FUNDS AND LIABILITIES</b>		
<b>Members' funds</b>		
Accumulated funds	274 947 552	332 690 366
<b>Non-current liabilities</b>		
Operating lease liabilities	357 642	127 859
<b>Current liabilities</b>	54 717 338	40 926 579
Outstanding claims provision	30 213 507	20 168 954
Trade and other payables	21 568 704	20 757 625
Provisions	2 935 127	-
<b>Total funds and liabilities</b>	<b>330 022 532</b>	<b>373 744 804</b>

# Selfmed Medical Scheme

## Statement of Comprehensive Income

### for the year ended 31 December 2018

	2018 R	2017 R
<b>Contribution income</b>	<b>329 744 262</b>	<b>317 634 297</b>
<b>Relevant healthcare expenditure</b>	<b>(341 548 234)</b>	<b>(329 241 828)</b>
Net claims incurred	(341 654 329)	(329 471 424)
Claims incurred	(334 172 260)	(323 243 323)
Managed care: management services	(7 720 709)	(6 593 070)
Third party claim recoveries	238 640	364 969
Net income on risk transfer arrangement	106 095	229 596
Risk transfer arrangement fees/premiums paid	(2 192 657)	(2 010 584)
Recoveries from risk transfer arrangement	2 298 752	2 240 180
<b>Gross healthcare result</b>	<b>(11 803 972)</b>	<b>(11 607 531)</b>
Broker service fees	( 914 205)	( 991 445)
Administration expenditure	(41 291 757)	(37 880 611)
Net impairment losses on healthcare receivables	( 423 937)	( 169 488)
<b>Net healthcare result</b>	<b>(54 433 871)</b>	<b>(50 649 075)</b>
<b>Other income</b>	<b>725 633</b>	<b>44 568 641</b>
Investment income	10 614 603	14 902 921
Net (loss)/gain on financial instruments at fair value	(10 063 963)	29 577 986
Sundry income	174 993	87 734
<b>Other expenditure</b>	<b>(4 034 576)</b>	<b>(2 637 913)</b>
Asset management fees	(2 210 238)	(2 629 881)
Sundry expenses	(1 824 338)	(8 032)
<b>Net deficit for the year</b>	<b>(57 742 814)</b>	<b>(8 718 347)</b>
Other comprehensive income	-	-
<b>Total comprehensive loss</b>	<b>(57 742 814)</b>	<b>(8 718 347)</b>

# Selfmed Medical Scheme

## Statement of Changes in Members' Funds

### for the year ended 31 December 2018

	Accumulated funds R
<b>Balance at 1 January 2017</b>	341 408 713
Deficit for the year	(8 718 347)
<b>Balance as at 31 December 2017</b>	<b>332 690 366</b>
Deficit for the year	(57 742 814)
<b>Balance as at 31 December 2018</b>	<b>274 947 552</b>

<b>Scheme Solvency</b>	<b>2018 R</b>	<b>2017 R</b>
Gross annual contributions	329 744 262	317 634 297
Total members' funds as per the statement of financial position	274 947 552	332 690 366
Less: Unrealised gains on investments	(8 606 976)	(39 198 147)
Accumulated funds per Regulation 29	266 340 576	293 492 219
Statutory minimum solvency requirement	25%	25%
<b>Solvency ratio at year-end</b>	<b>80,77%</b>	<b>92,40%</b>



# Selfmed Medical Scheme

## Statement of Cash Flows

### for the year ended 31 December 2018

Cash flows from operating activities	2018 R	2017 R
Cash flows from operations	(41 641 178)	(44 326 535)
Interest received	648 938	864 138
<b>Net cash flows from operating activities</b>	<b>(40 992 240)</b>	<b>(43 462 397)</b>

Cash flows from investing activities		
Purchase of investments	(30 000 000)	(119 500 000)
Sale of investments	73 650 000	164 973 114
Purchase of fixed assets	( 475 446)	(2 749 548)
Sale of fixed assets	-	93 435
<b>Net cash flows from investing activities</b>	<b>43 174 554</b>	<b>42 817 001</b>

Net increase/(decrease) in cash and cash equivalents	2 182 314	( 645 396)
Cash and cash equivalents at the beginning of the year	2 071 280	2 716 676
<b>Cash and cash equivalents at the end of the year</b>	<b>4 253 594</b>	<b>2 071 280</b>



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

# Selfmed Medical Scheme Annual General Meeting 2019

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)

Being a member of the SELFMED MEDICAL SCHEME with membership number

4

9

0

hereby appoint

(surname)

(name)

of (full address)

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 29 June 2019, 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, PO Box 5543, Tygervally, 7536, or faxed to 021 943 2301, or emailed to expert@selfmed.co.za and reach the Scheme by no later than 7 June 2019.

# Selfmed Medical Scheme Annual General Meeting 2019

## 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:	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
First names:	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Date of birth:	<input type="text" value="D"/>	<input type="text" value="D"/>	<input type="text" value="M"/>	<input type="text" value="M"/>	<input type="text" value="Y"/>	<input type="text" value="Y"/>	<input type="text" value="Y"/>	<input type="text" value="Y"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Full current address:	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
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Membership number	<input type="text" value="4"/>	<input type="text" value="9"/>	<input type="text" value="0"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

## 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








## 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 7 June 2019**. Only matters received by this deadline will be discussed at the AGM.

## Selfmed in Numbers

2018

2017

	Principal members	<b>7964</b>	<b>8 370</b>
	Claims processed	<b>355 773</b>	<b>398 338</b>
	Hospital admissions authorised	<b>7191</b>	<b>5 465</b>
	Total risk contributions for the year	<b>R 329 744 262</b>	<b>R 317 634 297</b>
	Relevant Healthcare Expenditure	<b>R 341 548 234</b>	<b>R 329 241 828</b>
	Relevant healthcare expenditure of risk contributions	<b>103.58%</b>	<b>103.65%</b>
	Reserves (excluding unrealised profit)/ Solvency ratio	<b>R 266 340 576 / 80.77%</b>	<b>R 293 492 219 / 92.40%</b>

## Selfmed in Numbers continues

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 2018 and 2017:

### 2018

<b>Net deficit for the year</b>	<b>R 57 742 814</b>
<b>Sepsis due to other gram – negative organisms</b> Total of all claims paid for period in hospital	<b>R 3 079 414</b>
<b>Adult respiratory distress syndrome</b> Total of all claims paid for period in hospital	<b>R 2 583 988</b>
<b>Bronchopneumonia, unspecified</b> Total of all claims paid for period in hospital	<b>R 2 038 447</b>
<b>Mitral (Valve) Insufficiency</b> Total of all claims paid for period in hospital	<b>R 1 887 392</b>
<b>Thoracoabdominal aortic aneurysm, ruptured</b> Total of all claims paid for period in hospital	<b>R 1 649 367</b>

### 2017

<b>Net deficit for the year</b>	<b>R 8 718 347</b>
<b>Acute respiratory failure</b> Total of all claims paid for period in hospital	<b>R 1 884 107</b>
<b>Respiratory failure</b> Total of all claims paid for period in hospital	<b>R 1 559 399</b>
<b>Cerebral Oedema</b> Total of all claims paid for period in hospital	<b>R 1 431 204</b>
<b>Respiratory distress syndrome of newborn</b> Total of all claims paid for period in hospital	<b>R 1 286 734</b>
<b>Respiratory failure</b> Total of all claims paid for period in hospital	<b>R 1 285 525</b>



[www.selfmed.co.za](http://www.selfmed.co.za)



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REG.NO: 1446