



MEDIMED MEDICAL SCHEME
(Registration Number 1506)

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2022**

**MEDIMED MEDICAL SCHEME
SUMMARISED FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2022**

REPORT OF THE BOARD OF TRUSTEES

The Board of Trustees hereby presents its report for the year ended 31 December 2022

Registration number 1506

1. DESCRIPTION OF THE MEDICAL SCHEME

1.1. Terms of registration

The Medimed Medical Scheme is a Medical Scheme registered in terms of the Medical Schemes Act 131 of 1998 (the Act), as amended. Although the scheme is registered as an open scheme, it is focused on providing health care benefits to members in the Eastern Cape.

1.2. Benefit options with Medimed Medical Scheme

In 2022 the Medical Scheme offered 4 benefit options to its members.

These were:

- Medisave Max
- Medisave Standard
- Medisave Essential
- Alpha

1.3. Personal medical savings account monies managed by the scheme on behalf of its members

In order to provide a facility for medical scheme members to set funds aside to meet future healthcare costs not covered in the benefit options, the Trustees have made the savings plan option available to meet this objective.

The Medisave Max and Standard options both provide comprehensive cover for hospital and in-hospital costs as well as chronic medication. Out of hospital costs are covered through a savings account and an elective benefit. Members are responsible to manage their savings and elective benefit.

The Medisave Essential Option provides comprehensive cover for hospital and in-hospital costs and benefits for the full year are provided through contracted providers who are paid a capitation fee for the beneficiaries covered. The contracted doctors manage the services to ensure cost effective care is provided to the members and their dependants.

Unexpended savings amounts are accumulated for the long-term benefit of the member and interest is paid on balances at a rate determined by the Trustees from time to time.

The liability to the members in respect of the savings plan is reflected as a current liability in the financial statements, repayable in terms of Regulation 10 of the Act.

With effect from December 2012, the scheme has implemented circular 38 of 2011. The effect of this is that credits due to members are kept in a separate trust account, and do not form part of the assets of the scheme. All interest earned on these funds, is credited in full to members.

1.4. Risk transfer arrangements

On the Medisave Essential option risk for all out-of-hospital services and some of the in-hospital services is transferred to the contracted IPA's (Independent Practitioner Associations).

The scheme has entered into a capitation agreement with ER 24 for the provision of emergency transport for all options and Momentum Health Solutions for the Essential Option, for members out of area.

2. MANAGEMENT AND KEY THIRD PARTY CONTRACTORS

2.1	Board of Trustees in office during the year under review:	2.2	Principal officer
	G. Zamisa		Chairperson
	A. Higgs		Trustee
	L. Dobell		Trustee
	K. Turro		Trustee
	V. Daweti		Trustee
	S. Syphus		Trustee
	S. Jobela		Trustee
	C. Williams		Trustee
	G. Mbedzi		Trustee
	T. Plaatjie		Trustee
	T. Moahi – appointed 10 June 2022		Trustee
	C. Wildman-Marais – appointed 10 June 2022		Trustee
2.3	Registered office address:	2.4	Registered postal address:
	Momentum Thebe Ya Bophelo (Pty) Ltd		Momentum Thebe Ya Bophelo (Pty) Ltd
	7 Lutman Street		P O Box 1672
	Richmond Hill		Gqeberha
	Gqeberha		6000
	6001		
2.5	Medical Scheme Administrators during the year:	2.6	Auditors
	Momentum Thebe Ya Bophelo (Pty) Ltd		PricewaterhouseCoopers Inc.
	(Accreditation number: Admin 22)		Ascot Office Park
	7 Lutman Street		Greenacres
	Richmond Hill		Gqeberha
	Gqeberha		6045
	6001		

3. INVESTMENT STRATEGY OF THE MEDICAL SCHEME

The Trustees continue to invest in line with the requirements of the Medical Schemes Act. There has been no change in the policy during the current accounting period. The investment strategy adopted for the current year, has aimed to increase returns on investments, whilst maintaining an acceptable level of risk across a more diverse portfolio. The scheme's investment objectives continue to be: to maximise the return on its investments on a long term basis at minimal to moderate risk. The investment strategy takes into consideration both constraints imposed by legislation and those imposed by the Board of Trustees. To achieve this, the funds are invested on call, short-term deposits and money market instruments with major banking institutions, as well as bonds and equity instruments with recognised institutions.

4. REVIEW OF THE ACCOUNTING PERIOD'S ACTIVITIES

4.1 Operational statistics – Current year

2022	Alpha	Medisave Essential	Medisave Max	Medisave Standard	Total
Average number of members during the accounting period	1 667	928	153	3 332	6 080
Number of members at the end of the accounting period	1 662	942	150	3 351	6 105
Average number of beneficiaries during the accounting period	4 026	2 199	309	8 101	14 634
Number of beneficiaries at 31 December	4 015	2 202	305	8 132	14 654
Number of dependants at 31 December	2 353	1 260	155	4 781	8 549
Average number of dependants	2 359	1 271	156	4 769	8 554
Dependant ratio at 31 December	1.42	1.34	1.03	1.43	1.40
Net contributions per average beneficiary per month (R)	1 110.03	1 137.40	2 328.68	1 268.33	1 227.47
Relevant healthcare expenditure per average beneficiary per month (R)	1 138.61	1 106.66	3 132.20	1 069.92	1 137.81
Non-healthcare expenditure per average beneficiary per month (R)	93.19	54.62	136.61	118.48	102.31
Relevant healthcare expenditure as a percentage of gross contributions (%)	102.57	87.57	100.88	63.27	76.01
Non-healthcare expenditure as a percentage of gross contributions (%)	8.39	4.32	4.40	7.01	6.83
Average age per beneficiary	33.39	29.14	44.63	29.40	30.77
Pensioner ratio at 31 December (beneficiaries > 65 years)	7.25	3.18	18.36	3.27	4.66
Average accumulated funds per member at 31 December (R)	-	-	-	-	42 200
Return on investments as a percentage of investments (%)	-	-	-	-	5.66

4.2 Results of operations

The results of the scheme are set out in the Annual Financial Statements, and the Trustees believe that no further clarification is required.

4.3 Accumulated funds ratio

	2022 R	2021 R
The accumulated funds ratio is calculated on the following basis:		
Accumulated funds	257 633 628	245 922 664
Revaluation reserve	11 577 140	9 456 455
Total member's funds per Statement of Financial Position	269 210 768	255 379 119
Accumulated funds per regulation 29	257 633 628	245 922 664
Gross contributions	262 863 436	243 317 180
Ratio of accumulated funds to gross annual contribution income	98.01%	101.07%
NOTE: There are no adjustments required to the reserves as per the Statement of Financial Position in order to arrive at the reserves as per Regulation 29.		

4.4 Reserve accounts

Movements in the reserves are set out in the Statement of Changes in Funds and Reserves included in 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 Medical Scheme.

4.5 Outstanding risk claims

Movements on the outstanding risk claims provision are set out in Note 6 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 Medical Scheme.

5. ADMINISTRATION SERVICES

Momentum Thebe Ya Bophelo (Pty) Ltd, the administrator provides key management information to the scheme. Momentum Thebe Ya Bophelo (Pty) Ltd participates in the financial and operational activities of the scheme but does not control the scheme.

Payments made in terms of the administration agreement during the 2022 financial year, were as follows:

Administration fees for Medical Scheme	R 15 994 225 (2021: R 14 876 861)
Managed care management service fee	R 6 185 768 (2021: R 5 711 661)

6. EVENTS AFTER THE REPORTING PERIOD

There were no significant events after the reporting period that require disclosure, other than those already addressed.

7. INVESTMENTS IN AND LOANS TO PARTICIPATING EMPLOYERS OF MEMBERS OF THE MEDICAL SCHEME AND TO OTHER RELATED PARTIES

The Medical Scheme holds no investments in participating employers of medical scheme members, or other related parties.

8. NON-COMPLIANCE MATTERS

Section 59(2)

Certain claims were paid in excess of 30 days after receipt by the administrator as a result of queries to be investigated/ audited in relation thereto. Non-compliance could impact on the relationship with members and providers. Procedures and policies are in place to manage late payment of claims including a weekly report of claims held for investigation which is checked and signed by management to ensure that the 30 day limit is not exceeded. This practice ensures accurate claims processing and is in the interest of the risk management of the scheme.

Section 26(7)

Certain contributions were not received within three days of becoming due. Non-compliance could affect the cash flow of the scheme and lead to member benefits being suspended. Due to the short duration of the contributions being outstanding, this is not significant. A credit control process is in place to address this matter.

Section 33(2)

Each benefit option should be financially sound and self supporting. In this financial year the Alpha, Medisave Essential and Medisave Max options incurred net healthcare deficits. Non-compliance results in benefit options making a surplus subsidising benefit options making a deficit.

The Alpha option had a number of very high cost cases during the year which contributed significantly to the bigger than budgeted loss. Whilst this number of high cost cases is not considered normal, a higher than inflation increase in Alpha contributions for 2023 was implemented and it is likely that higher than inflation increases will be implemented in the foreseeable future.

The Medisave Essential option is designed for the lower earning employees and their families and provides benefits through provider networks. Changes were agreed with the major Medisave Essential risk transfer counterparty which are expected to be beneficial for the option. It is important that the Medisave Essential option remains affordable for lower earning employees to ensure that the scheme can provide cover for all employees at participating employer groups.

As the Medisave Max option is the highest benefit option it is selected by the higher risk/utilising members. The costs of the members on this option are therefore higher than on the Medisave Standard option. The contributions of this option are higher than the Medisave Standard option and should the Medisave Max option be closed, these members would move to the Medisave Standard option, which will result in the scheme receiving less contribution income in respect of these members, but the costs would not reduce to the same extent as Prescribed Minimum Benefits would need to be funded. The result would therefore be that the loss for the scheme would be higher if the Medisave Max option were closed.

Section 35(8)(a)

In terms of this section of the Medical Schemes Act 131 of 1998, as amended, a medical scheme shall not invest any of its assets in the business of or grant loans to an employer who participates in the medical scheme or any administrator or any arrangement associated with the medical scheme. The Scheme has an investment in a pooled fund which may invest in the shares and bonds of the ultimate holding companies of certain medical scheme administrators from time to time, at the discretion of the Fund Manager. The scheme has been granted exemption from section 35(8)(a) by the Council for Medical Schemes.

The trustees do not consider that these non-compliance matters have had a significant impact on the operations of the scheme or on the Annual Financial Statements.

9. AUDIT AND RISK COMMITTEE

During 2022 the Committee comprised: D. Middleton (chairperson), C. Baling (resigned 8 February 2022), B. Mntoninzi, L. Dobell, G. Mbedzi and C. Isaacs (appointed 25 March 2022).

The Committee met on 25 March 2022, 22 July 2022 and 18 November 2022.

The CEO of the administrator, the scheme Principal Officer, the external auditors and a representative from the Internal Audit Committee attend all Audit Committee meetings and 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 external auditors formally report to the Committee on critical findings arising from audit activities.

The Audit Committee is pleased to report that:

- It has carried out its duties in terms of the Medical Schemes Act;
- The external auditors have confirmed their independence;
- The assurances provided by management, external auditors and the internal auditors have satisfied the Committee that the controls are adequate and effective;
- It has had oversight of the financial reporting process; and
- It has reviewed the Annual Financial Statements and the audit report thereon and recommended the acceptance thereof by the Board of Trustees.

10. INVESTMENT COMMITTEE

The Board of Trustees has delegated the implementation of the scheme's investment policy to the Investment Committee. The overall objective of the Investment Committee is to assist the Trustees to discharge their duties and responsibilities in so far as investments of the Scheme are concerned.

In performing its duties, the Investment Committee will maintain effective working-relationships with the Board of Trustees, as well as with the appointed Financial Consultant and any other external service providers.

The Committee and Chairperson shall be appointed by the Board of Trustees. The Committee shall consist of at least four members, one of whom must be the Principal Officer. The maximum number of members is six. The Board of Trustees may appoint two trustees as members of the Committee. To avoid impairment of judgement, members of the Committee must be free of any business relationship or any other relationship with any of the Financial Institutions or Service Providers which the Scheme utilises for placing its investments.

The committee during the year under review was:

G. Roberts (Chairperson) B.Com (Hons); B. Compt
D. Middleton CA (SA)
M. Volker B.Com (Law); LLB
L. Dobell (Trustee) B.Com
G. Zamisa (Trustee) MBA (Human Resources)

The committee met on four occasions during the year:

25 March 2022;
22 July 2022;
21 September 2022; and
18 November 2022.

11. IMPACT OF IFRS 17

IFRS 17 is the new accounting standard under which insurance contracts will be reported and is effective for the scheme's period end commencing 1 January 2023. Previously insurance contracts were reported under the ambit of IFRS 4.

Two methodologies are allowed in the standard, namely the general measurement model or the premium allocation approach. As the contract boundary for the scheme is 12 months (January to December), the scheme is eligible to apply the premium allocation approach, which is a simplified valuation model.

IFRS 17 requires medical schemes to identify a portfolio of insurance contracts, which comprises contracts of similar risk and are managed together. These portfolios could be at, amongst others, three main levels for a medical scheme – scheme level, option level or member level. As the scheme is managed as a whole, i.e. options and members are managed together, the portfolio of insurance contracts in the case of the scheme would be at scheme level.

Fulfilment cash flows would include all items which are directly attributable to the business of a medical scheme, for example contribution income, relevant healthcare expenses, administration fees and other directly attributable items. Those non-directly attributable items, such as investment returns, will be excluded. This is subject to final guidance from SAICA and the Council for Medical Schemes.

The standard also requires a risk adjustment factor to be included in the scheme's IBNR provision, to be known under IFRS 17 as the Liability for Incurred Claims (LIC), to address the following risks: premium risk, claims risk, reinsurance risk and administration risk. This adjustment will be evaluated at the time of calculation as the scheme's current IBNR provision includes an additional margin already.

From a disclosure point of view, the face of the statement of financial position will refer specifically to "insurance contract liabilities" and the face of the statement of profit and loss and other comprehensive income to "insurance revenue" and "insurance service expenses", amongst others.

12. MEETING ATTENDANCE AND REMUNERATION

The following schedule sets out Board of Trustees meeting attendances and attendances by members of Board sub-committees. Trustees and members of committees established by the Board can elect to be remunerated for attending meetings of the scheme. Certain trustees elected to be remunerated, the details of which are reflected in the schedule below:

Trustee/Sub-Committee Member	Board Meetings		Audit and Risk Committee Meetings		Investment Committee Meetings		Meeting fees	Other costs
	A	B	A	B	A	B	R	R
Mr. A. Higgs *	6	2	-	-	-	-	-	-
Ms. K. Turro *	6	5	-	-	-	-	-	-
Mr. L. Dobell *	6	6	3	2	4	3	-	-
Mr. V. Daweti *	6	6	-	-	-	-	16 605	3 003
Mr. G. Zamisa *	6	6	-	-	4	3	-	980
Mr. S. Syphus *	6	6	-	-	-	-	13 770	2 801
Mr. S. Jobela *	6	5	-	-	-	-	13 770	2 801
Mr. G. Roberts	6	6	3	3	4	4	-	-
Ms. C. Williams *	6	6	-	-	-	-	-	2 000
Ms. G. Mbedzi *	6	6	3	2	-	-	-	-
Mr. T. Plaatjie *	6	6	-	-	-	-	16 605	-
Mr. T. Moahi – appointed 10 June 2022 *	3	4	-	-	-	-	8 370	-
Ms. C. Wildman-Marais – appointed 10 June 2022 *	3	3	-	-	-	-	-	-
Ms. C. Baling – resigned 8 February 2022	-	-	1	-	-	-	-	-
Ms. B. Mntoninzi	-	-	3	2	-	-	-	-
Ms. C. Isaacs – appointed 25 March 2022	-	-	3	2	-	-	-	-
Mr. D. Middleton	-	-	3	3	4	4	-	-
Mr. M. Volker	-	-	-	-	4	4	-	-

* - Trustee

A – total possible number of meetings could have attended
B – actual number of meetings attended

Mr. Dieter Briechele of Old Mutual Wealth attends all the investment committee meetings.

12. INTERNAL AUDIT COMMITTEE

Momentum Thebe Ya Bophelo (Pty) Ltd (the administrator) has an internal audit committee which is chaired by an independent chairperson. The committee meets on a quarterly basis to discuss the findings from the internal audits performed during that quarter. The internal audit process covers a wide range of areas, which include systems related and operational tests. The CEO of the administrator does not form part of the committee, however, the internal auditor has direct access to him regarding any audit findings. The scheme Principal Officer attends all internal audit committee meetings.

The internal auditor reports to the Chief Risk Officer of Momentum Metropolitan Health.



G. Zamisa
Chairperson

Date: 21 April 2023



Independent Auditor's Report on Summarised Financial Statements

To the Members of Medimed Medical Scheme

Opinion

The summarised financial statements of Medimed Medical Scheme, as set out on pages 5 to 8, which comprise the summarised statement of financial position as at 31 December 2022, and the summarised statement of comprehensive income, summarised statement of changes in funds and reserves and summarised statement of cash flows for the year then ended, and related notes, are derived from the audited financial statements of Medimed Medical Scheme (the Scheme) for the year ended 31 December 2022.

In our opinion, the accompanying summarised financial statements are consistent, in all material respects, with the audited financial statements, in accordance with the content and disclosure requirements of Circular 6 of 2013 issued by the Council for Medical Schemes.

Summarised Financial Statements

The summarised financial statements do not contain all the disclosures required by International Financial Reporting Standards and the Medical Schemes Act of South Africa applicable to annual financial statements. Reading the summarised financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited financial statements and the auditor's report thereon.

The Audited Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated 21 April 2023. That report also includes:

- The communication of a key audit matter.

Trustees' Responsibility for the Summarised Financial Statements

The trustees are responsible for the preparation of the summarised financial statements in accordance with the content and disclosure requirements of Circular 6 of 2013 issued by the Council for Medical Schemes.

Auditor's Responsibility

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

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.

Director: AF Puggia

Registered Auditor

Gqeberha, South Africa

21 April 2023

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Chief Executive Officer: L S Machaba

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

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

SUMMARISED FINANCIAL STATEMENTS

**SUMMARISED STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2022**

	2022 R	2021 R
ASSETS		
Non-current assets	202 038 599	186 341 293
Investments	202 038 599	186 341 293
Current assets	134 462 970	129 019 575
Investments	55 000 000	39 000 000
Trade and other receivables	13 444 264	11 227 960
Cash and cash equivalents	16 518 706	32 291 615
Savings trust assets	49 500 000	46 500 000
Total assets	336 501 569	315 360 868
FUNDS AND LIABILITIES		
Members' funds	269 210 768	255 379 119
Accumulated funds	257 633 628	245 922 664
Revaluation reserve - investments	11 577 140	9 456 455
Current liabilities	67 290 801	59 981 749
Trade and other payables	4 799 944	4 672 369
Outstanding risk claims provision	16 400 000	12 100 000
Personal medical savings account monies managed by the scheme on behalf of its members	46 090 857	43 209 380
Total funds and liabilities	336 501 569	315 360 868

**SUMMARISED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

	2022 R	Notes	2021 R
Risk contribution income	215 555 451	5	199 646 940
Relevant healthcare expenditure			
Net claims incurred	(190 451 390)		(169 774 183)
Net expense of risk transfer arrangements	(3 173 193)	9	(3 250 402)
Managed care services (accredited organisations)	(6 185 768)		(5 711 661)
Gross healthcare result	15 745 100		20 910 694
Administration expenditure	(17 828 817)		(16 504 039)
Net movement on impairment of healthcare receivables	(137 085)		(95 637)
Movement on impairment on advance payments on savings accounts	(527)		131 291
Net healthcare result	(2 221 329)		4 442 309
Other income	17 089 194		12 864 189
Investment income	15 496 088		11 467 535
Prescribed savings balances written off	1 188 453		1 089 310
Realised gain on investment	52 888		-
Sundry income	351 765		307 344
Other expenditure	(3 156 901)		(2 304 829)
Interest paid on savings accounts	(2 635 782)		(1 868 593)
Investment consulting fees	(521 119)		(436 236)
Net surplus for the year	11 710 964		15 001 669
Other comprehensive income			
Items that may be reclassified to profit or loss	2 120 685		6 463 155
Fair value adjustments on available-for-sale investments	2 173 573		6 463 155
Realised gain on investment	(52 888)		-
Total comprehensive income for the year	13 831 649		21 464 824

**SUMMARISED STATEMENT OF CHANGES IN FUNDS AND RESERVES
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Accumulated funds R	Fair value adjustment reserve R	Total Members' Funds R
Balance as at 1 January 2021	230 920 995	2 993 300	233 914 295
Net surplus for the year	15 001 669	-	15 001 669
Fair value adjustments of available-for-sale investments	-	6 463 155	6 463 155
Balance as at 31 December 2021	245 922 664	9 456 455	255 379 119
Net surplus for the year	11 710 964	-	11 710 964
Fair value adjustments of available-for-sale investments	-	2 173 573	2 173 573
Realised gain on investment	-	(52 888)	(52 888)
Balance as at 31 December 2022	257 633 628	11 577 140	269 210 768

**SUMMARISED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022**

	2022 R	2021 R
Net cash inflow from operating activities	4 130 362	1 537 941
Net cash (outflow)/inflow from investing activities	(16 903 271)	9 175 348
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(12 772 919)	10 713 289
Cash equivalents at beginning of year	78 791 615	68 078 326
TOTAL CASH AND CASH EQUIVALENTS AT END OF YEAR	66 018 706	78 791 615
Comprising of:		
Cash and cash equivalents	16 518 716	32 291 615
Savings trust assets	49 500 000	46 500 000
	66 018 706	78 791 615

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

1. Basis of preparation

The summarised financial statements have been extracted from the statutory financial statements prepared in accordance with IFRS for the year ended 31 December 2022. The same accounting policies and methods of computation have been used in preparing the summarised financial statements as in the previous annual financial statements.

2. Financial assets

Financial assets are recognised on the scheme's statement of financial position when it becomes a party to the contractual provisions of the instrument.

3. Provisions

Provisions are recognised when the scheme has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The outstanding risk claims provision is a provision made for the estimated cost of healthcare benefits that have occurred before the year end, but have not been reported to the scheme by that date.

3.1 Outstanding risk claims provision

	2022 R		2021 R
Balance at beginning of year	12 100 000		17 000 000
Payments in respect of prior year	(11 090 017)		(16 834 529)
Over provision in prior year	1 009 983		165 471
Adjustment for current year	15 390 017		11 934 529
Balance at end of year	16 400 000		12 100 000

4. Medical insurance Contracts

Contracts under which the scheme accepts significant medical insurance risk from another party (the member) by agreeing to compensate the member or other beneficiary if a specified uncertain future event (the insured event) adversely affects the member or other beneficiary, are classified as insurance contracts. The contracts issued compensate the scheme's members for healthcare expenses incurred.

5. Risk contribution income

Contribution income is received monthly and recognised as income over the period of indemnity. Risk contribution income represents gross contributions after deduction of savings plan contributions.

Risk contribution income

	2022 R		2021 R
Gross contributions per registered rules	262 863 436		243 317 180
Less: Savings contributions received	(47 307 985)		(43 670 240)
Risk contribution income per statement of comprehensive income	215 555 451		199 646 940

6. Claims

Gross claims incurred comprise the total estimated cost of all claims arising from healthcare events that have occurred in the year and for which the scheme is responsible, whether or not reported by year-end.

7. Managed care: management services

These expenses represent internal expenditure and the amounts paid or payable to third party administrators, related parties and other third parties for managing the utilization, costs and quality of healthcare services to the scheme.

8. Investment income

Interest is recognised as it accrues according to the effective interest method.

9. Risk transfer arrangements

Risk transfer premiums are recognised as an expense over the indemnity period on a straight-line basis. Risk transfer premiums and benefits reimbursed are presented in the Statement of Comprehensive Income on a net basis. Only contracts that give rise to a significant transfer of insurance risk are accounted for as insurance. Amounts recoverable under such contracts are recognised in the same year as the related claim. Claims recoveries relating to risk transfer arrangements are calculated based on claims settled in terms of risk transfer arrangements.

Net expense of risk transfer arrangements

The scheme entered into the following risk transfer arrangements during the respective years.

	2022 R	2021 R
AMBULANCE SERVICE FEES		
Premiums/fees paid	(2 141 203)	(2 081 935)
Claims incurred in respect of related risk transfer arrangements	1 711 149	1 523 239
Net expense	<u>(430 054)</u>	<u>(558 696)</u>
ECIPA RISK TRANSFER ARRANGEMENT		
Premiums/fees paid	(5 380 978)	(4 951 295)
Claims incurred in respect of related risk transfer arrangements	2 905 928	2 516 052
Net expense	<u>(2 475 050)</u>	<u>(2 435 243)</u>
PEGP RISK TRANSFER ARRANGEMENT		
Premiums/fees paid	(271 647)	(304 212)
Claims incurred in respect of related risk transfer arrangements	216 700	248 212
Net expense	<u>(54 947)</u>	<u>(56 000)</u>
PREFERRED PROVIDER NEGOTIATORS RISK TRANSFER ARRANGEMENT		
Premiums/fees paid	(480 307)	(416 693)
Claims incurred in respect of related risk transfer arrangements	644 094	694 244
Net income	<u>163 787</u>	<u>277 551</u>
BAY RADIOLOGY RISK TRANSFER ARRANGEMENT		
Premiums/fees paid	(851 411)	(800 113)
Claims incurred in respect of related risk transfer arrangements	894 496	735 311
Net income/(expense)	<u>43 085</u>	<u>(64 802)</u>
MOMENTUM HEALTH SOLUTIONS RISK TRANSFER ARRANGEMENT		
Premiums/fees paid *	(817 877)	(715 163)
Claims incurred in respect of related risk transfer arrangements	397 863	301 951
Net expense	<u>(420 014)</u>	<u>(413 212)</u>
* The premiums/fees paid amount includes the scheme's share of the profit on the agreement and amounted to R 480 823 (2021: R 506 587).		
SUMMARY		
Premiums/fees paid	(9 943 423)	(9 269 411)
Claims incurred in respect of related risk transfer arrangements	6 770 230	6 019 009
Net expense	<u>(3 173 193)</u>	<u>(3 250 402)</u>

10. Impairment losses

The carrying amounts of the scheme's assets are reviewed at each reporting date to determine whether there is an indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

11. Personal medical savings accounts

The personal medical savings account liability (2022: R 46 090 857 and 2021: R 43 209 380) is the net balance due to members in respect of the savings contributions received and claims paid.

12. Related party transactions

Momentum Thebe Ya Bophelo (Pty) Ltd, the administrator, provides key management information to the scheme. Momentum Thebe Ya Bophelo (Pty) Ltd participates in the financial and operational activities of the scheme, but does not control the scheme.

Administration fees for the year ended 31 December 2022 paid to Momentum Thebe Ya Bophelo (Pty) Ltd amounted to R 15 994 225 (2021: R 14 876 861).

Managed care fees for the year ended 31 December 2022 paid to Momentum Thebe Ya Bophelo (Pty) Ltd amounted to R 6 185 768 (2021: R 5 711 661).

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the scheme. Key management personnel include the Board of Trustees, Principal Officer and members of the audit committee. The amounts include close family members of the Board of Trustees and the Principal Officer.

Transactions with key management personnel were:

	2022 R		2021 R
Contributions received	571 810		537 770
Claims paid	288 400		2 089 083
Principal Officer fees and expenses	211 350		178 849
Audit committee meeting fees	26 430		30 900
Savings due to members	137 591		111 143
Savings due to scheme	2 571		-

These transactions were all concluded in terms of the rules of the scheme.

13. Surplus/(deficit) from operations per benefit option

	2022 R Alpha	2022 R Medisave Essential	2022 R Medisave Max	2022 R Medisave Standard	2022 R Total
Gross contribution income	53 624 593	33 344 834	11 494 347	164 399 662	262 863 436
Savings plan contributions	-	(3 334 483)	(2 873 587)	(41 099 915)	(47 307 985)
Net contribution income	53 624 593	30 010 351	8 620 760	123 299 747	215 555 451
Relevant healthcare expenditure	(55 005 107)	(29 199 099)	(11 595 413)	(104 010 732)	(199 810 351)
Net claims incurred	(53 508 882)	(25 390 674)	(11 418 456)	(100 133 378)	(190 451 390)
Premiums/fees paid	(586 888)	(8 129 213)	(53 810)	(1 173 512)	(9 943 423)
Claims incurred in respect of related risk transfer arrangements	469 189	5 320 260	42 990	937 791	6 770 230
Managed care services (accredited organisations)	(1 378 526)	(999 472)	(166 137)	(3 641 633)	(6 185 768)
Gross healthcare result	(1 380 514)	811 252	(2 974 653)	19 289 015	15 745 100
Administration expenses	(4 450 974)	(1 411 201)	(522 339)	(11 444 303)	(17 828 817)
Net impairment on healthcare receivables	(50 758)	(38 909)	6 919	(54 337)	(137 085)
Net impairment on advance payments on savings accounts	-	8 903	9 688	(19 118)	(527)
Net healthcare result	(5 882 246)	(629 955)	(3 480 385)	7 771 257	(2 221 329)
Members as at 31 December 2022	1 662	942	150	3 351	6 105
	2021 R Alpha	2021 R Medisave Essential	2021 R Medisave Max	2021 R Medisave Standard	2021 R Total
Gross contribution income	50 585 991	30 083 709	11 368 422	151 279 058	243 317 180
Savings plan contributions	-	(3 008 371)	(2 842 105)	(37 819 764)	(43 670 240)
Net contribution income	50 585 991	27 075 338	8 526 317	113 459 294	199 646 940
Relevant healthcare expenditure	(51 270 169)	(23 455 275)	(10 338 049)	(93 672 753)	(178 736 246)
Net claims incurred	(49 780 478)	(19 747 769)	(10 160 468)	(90 085 468)	(169 774 183)
Premiums/fees paid	(600 975)	(7 499 773)	(54 645)	(1 114 018)	(9 269 411)
Claims incurred in respect of related risk transfer arrangements	433 436	4 707 568	39 097	838 908	6 019 009
Managed care services (accredited organisations)	(1 322 152)	(915 301)	(162 033)	(3 312 175)	(5 711 661)
Gross healthcare result	(684 178)	3 620 063	(1 811 732)	19 786 541	20 910 694
Administration expenses	(4 351 438)	(1 282 273)	(507 087)	(10 363 241)	(16 504 039)
Net impairment on healthcare receivables	6 494	(134)	(18 544)	(83 453)	(95 637)
Net impairment on advance payments on savings accounts	-	9 481	(14 905)	136 715	131 291
Net healthcare result	(5 029 122)	2 347 137	(2 352 268)	9 476 562	4 442 309
Members as at 31 December 2021	1 674	818	151	3 240	5 883

13. Surplus/(deficit) from operations per benefit option - continued

Allocation of income and expenditure to benefit options

The following items are directly allocated to benefit options:

- contribution income
- claims incurred
- managed care management services
- administration fees paid to the administrator, forming part of administration costs
- risk transfer arrangement fees
- net impairment losses on healthcare receivables

The following items are apportioned based on the total members for the period:

- sundry income
- administration expenses, excluding administration fees paid to the administrator
- net investment income
- fees paid for services rendered

14. There are no contingent assets or liabilities.

APPROVAL OF THE STATUTORY ANNUAL FINANCIAL STATEMENTS

The Annual Financial Statements were approved by the board on 21 April 2023 and signed on its behalf by Messrs G. Zamisa (Chairperson), L. Dobell (Trustee) and G.J. Roberts (Principal Officer).

The full audited annual financial statements, including the report of the auditors, will be available at the Annual General Meeting. Further copies may be obtained from the Fund Manager at (041) 395-4400.