



**MEDIMED MEDICAL SCHEME**  
(Registration Number 1506)

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31 DECEMBER 2023**

**MEDIMED MEDICAL SCHEME**  
**SUMMARISED FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2023**

**REPORT OF THE BOARD OF TRUSTEES**

The Board of Trustees hereby presents its report for the year ended 31 December 2023

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 2023 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. Reinsurance contracts (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**

<b>2.1</b>	Board of Trustees in office during the year under review:	<b>2.2</b>	Principal officer
	G. Zamisa		Chairperson
	V. Daweti		Trustee
	L. Dobell		Trustee
	A. Higgs – resigned 18 August 2023		Trustee
	S. Jobela		Trustee
	G. Mbedzi		Trustee
	T. Moahi		Trustee
	G. Naidoo – co-opted 20 September 2023		Trustee
	T. Plaatjie		Trustee
	S. Syphus		Trustee
	K. Turro		Trustee
	C. Wildman-Marais		Trustee
	C. Williams		Trustee
<b>2.3</b>	Registered office address:	<b>2.4</b>	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		
<b>2.5</b>	Medical Scheme Administrators during the year:	<b>2.6</b>	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		
<b>2.7</b>	Actuaries (used for calculation of risk adjustment factor)		
	Momentum Health Solutions (Pty) Ltd		
	201 Umhlanga Ridge Boulevard		
	Cornubia		
	4439		

**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

2023	Alpha	Medisave Essential	Medisave Max	Medisave Standard	Total
Average number of members during the accounting period	1 640	910	152	3 399	6 101
Number of members at the end of the accounting period	1 616	854	150	3 319	5 939
Average number of beneficiaries during the accounting period	3 956	2 057	315	8 149	14 476
Number of beneficiaries at 31 December	3 893	1 856	311	7 867	13 927
Number of dependants at 31 December	2 277	1 002	161	4 548	7 988
Average number of dependants	2 316	1 147	163	4 750	8 375
Dependant ratio at 31 December	1.41	1.17	1.07	1.37	1.35
Net insurance revenue per average beneficiary per month (R)	1,188.37	1,211.90	2,428.41	1,340.74	1,304.45
Insurance service expenses per average beneficiary per month (R) *	1,258.34	1,207.39	4,401.48	1,381.00	1,388.50
Other expenses per average beneficiary per month (R)	20.54	21.43	24.29	20.98	20.99
Insurance service expenses as a percentage of insurance revenue (%) *	105.89	99.63	181.25	103.00	106.44
Other expenses as a percentage of Insurance revenue (%)	1.73	1.77	1.00	1.56	1.61
Average age per beneficiary	34.10	29.61	44.35	29.66	31.22
Pensioner ratio at 31 December (beneficiaries > 65 years)	7.70	3.97	18.65	3.44	5.04
Average insurance contract liability to future members per member at 31 December (R)	-	-	-	-	46 042
Return on investments as a percentage of investments (%)	-	-	-	-	7.97

##### 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 Solvency ratio

	2023 R	Restated 2022 R
The solvency ratio is calculated on the following basis:		
Insurance contract liabilities to future members	273 443 265	268 528 127
Less: cumulative unrealised net gains	(16 088 624)	(11 577 140)
Insurance contract liabilities to future members excluding unrealised gains	257 354 641	256 950 987
Gross contributions	276 688 319	262 863 436
Ratio of insurance contract liabilities (future members) to gross annual contribution income	93.01%	97.75%

#### 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.

Transactions in terms of the administration agreement during the 2023 financial year, were as follows:

Administration fees	R 16 962 597 (2022 R 15 994 225)
Managed care fees	R 6 567 418 (2022: R 6 185 768)

#### 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 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, Medisave Max and Medisave Standard options incurred insurance service deficits.

The Alpha option had 31 high cost cases during the year, with a combined total cost of R 9.4 million, 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 2024 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. During 2023, this option had 13 high cost cases, with a combined total cost of R 3.7 million.

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 insurance revenue 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 deficit for the scheme would be higher if the Medisave Max option were closed. During 2023, this option had 17 high cost cases, with a combined total cost of R 5.1 million.

The Medisave Standard option had 73 high cost cases during the year, with a combined total cost of R 27.6 million, which contributed significantly to the bigger than budgeted loss. This is not the norm, however, the option is still very much self-supporting.

The Board of Trustees are monitoring all the options very carefully with the support of the administrator's clinical team.

#### 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 2023 the Committee comprised: D. Middleton (chairperson), B. Mntoninzi, L. Dobell, G. Mbedzi and C. Isaacs.

The Committee met on 24 March 2023, 21 July 2023 and 17 November 2023.

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 three occasions during the year:

24 March 2023;  
21 July 2023; and  
17 November 2023.

### 11. ASSESSMENT AS TO WHETHER THE SCHEME IS A MUTUAL ENTITY

A medical scheme is not legally defined as a mutual entity and the assessment as to whether a medical scheme is a mutual entity was done based on the principles set out in IFRS® Accounting Standards.

IFRS 3 defines a "mutual entity" as "An entity, other than an investor-owned entity, that provides dividends, lower costs or other economic benefits directly to its owners, members or participants. For example, a mutual insurance company, a credit union and a co-operative entity are all mutual entities".

IFRS 17 does not define a "mutual entity", however it provides a key characteristic of a mutual entity in the basis of conclusion to the standard. IFRS 17 explains that "a defining feature of an insurer that is a mutual entity is that the most residual interest of the entity is due to a policyholder and not a shareholder." The Act is not explicit that members (i.e. policyholders) hold a residual interest or are entitled to the residual interest upon the liquidation of the medical scheme. Section 64 of the Act requires the medical scheme rules to be followed in the event of liquidation.

The rules of the scheme do not contain specific guidance on how the assets of the scheme should be distributed on liquidation. The Act prohibits the disposal of assets of a medical scheme except in limited, listed circumstances, one of them being the liquidation of the scheme. Members can opt for voluntary liquidation and can distribute the scheme's remaining assets amongst themselves. As the scheme does not have shareholders, the current members will access the reserves through economic benefits such as funding reductions in contributions or deferral of contribution increases.

Although the rules do not specify how the assets should be distributed on liquidation, IFRS 17 states that "contracts can be written, oral or implied by an entity's customary business practices. Contractual terms include all terms in a contract, explicit or implied, but an entity shall disregard terms that have no commercial substance (i.e. no discernible effect on the economics of the contract). Implied terms in a contract include those imposed by law or regulation". Therefore, based on customary business practices, the remaining assets of the scheme should be distributed to the members on liquidation if there are any and if the scheme does not amalgamate with another scheme. Even if the assets are distributed by a regulator or by the policyholders to an independent third party e.g. another medical scheme, an administrator or a charity, the important aspect is that the choice resides with the members or the regulator acting on behalf of the members, not with an equity holder.

The substance of the legal framework issued regarding insurance contracts and observed practice is that once a contribution is paid to the medical scheme, the contribution is used to provide benefits to members. The benefits are provided by the medical scheme (or amalgamated schemes) through insurance coverage, reduced contributions, or payment to members on liquidation (based on votes taken by members).

It is therefore expected that the remaining assets of the scheme will be used to pay current and future members. Based on the above, the scheme meets the definition of a mutual entity in IFRS Accounting Standards.

The scheme has therefore developed an accounting policy in terms of the IFRS 17 guidance for mutual entities and the educational material as issued by the IASB and the scheme recognises any cumulative surpluses or deficits as part of the insurance liability attributable to future members (which forms part of the insurance contract liabilities on the face of the statement of financial position).

Due to the scheme being categorised as a mutual entity in terms of IFRS 17, the assessment of onerous contracts is also affected.

The impact on the opening insurance contract liabilities on future members as a result of IFRS 17 was R 1 033 129 on 1 January 2022.

## 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		
Mr. G. Zamisa *	5	5	-	-	3	3	30 398	7 461
Mr. V. Daweti *	5	5	-	-	-	-	14 485	9 457
Mr. L. Dobell *	5	5	3	3	3	3	-	6 408
Mr. A. Higgs *	4	-	-	-	-	-	-	-
Mr. S. Jobela *	5	5	-	-	-	-	14 485	6 408
Ms. G. Mbedzi *	5	4	3	3	-	-	-	14 950
Mr. T. Moahi *	5	3	-	-	-	-	8 505	6 408
Ms. G. Naidoo – co-opted 20 September 2023 *	1	-	-	-	-	-	-	6 408
Mr. T. Plaatjie *	5	5	-	-	-	-	14 485	6 408
Mr. S. Syphus *	5	5	-	-	-	-	14 485	9 364
Ms. K. Turro*	5	3	-	-	-	-	-	6 408
Ms. C. Wildman-Marais *	5	5	-	-	-	-	-	6 407
Ms. C. Williams *	5	4	-	-	-	-	-	6 407
Mr. G. Roberts	5	5	3	3	3	3	-	-
Ms. B. Mntoninzi	-	-	3	2	-	-	-	-
Ms. C. Isaacs	-	-	3	2	-	-	-	-
Mr. D. Middleton	-	-	3	3	3	3	-	-
Mr. M. Volker	-	-	-	-	3	2	-	-

\* - 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.

## 13. 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: 19 April 2024

**SUMMARISED FINANCIAL STATEMENTS**

**SUMMARISED STATEMENT OF FINANCIAL POSITION  
31 DECEMBER 2023**

	2023 R	Restated 31 Dec 2022 R	Restated 1 Jan 2022 R
<b>ASSETS</b>			
<b>Non-current assets</b>	<b>240 298 268</b>	<b>202 038 599</b>	<b>186 341 293</b>
Financial assets at fair value through profit or loss	207 074 168	202 038 599	186 341 293
Financial assets at amortised cost	33 224 100	-	-
<b>Current assets</b>	<b>97 734 414</b>	<b>123 718 832</b>	<b>119 987 773</b>
Financial assets at amortised cost	18 090 341	56 003 528	40 183 889
Trade and other receivables	4 887	-	-
Cash and cash equivalents	25 564 241	16 569 211	32 351 782
Savings trust assets	53 884 409	50 902 295	47 452 102
Reinsurance contract assets	190 536	243 798	-
<b>Total assets</b>	<b>338 032 682</b>	<b>325 757 431</b>	<b>306 329 066</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Insurance contract liabilities	273 443 265	268 528 127	254 345 990
<b>Current liabilities</b>	<b>64 589 417</b>	<b>57 229 304</b>	<b>51 983 076</b>
Trade and other payables	980 904	574 283	310 400
Reinsurance contract liabilities	700 392	776 939	1 164 328
Insurance contract liabilities	62 908 121	55 878 082	50 508 348
<b>Total liabilities</b>	<b>338 032 682</b>	<b>325 757 431</b>	<b>306 329 066</b>

**SUMMARISED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2023**

	2023 R	Notes	Restated 2022 R
Insurance revenue	226 604 416	4	215 555 451
Insurance service expenses (excluding amounts attributable to future members)	(241 204 970)		(212 252 723)
Net expense from reinsurance contracts held	(958 664)	8	(3 173 193)
<b>Insurance service result</b>	<b>(15 559 218)</b>		<b>129 536</b>
Investment income from financial assets	21 906 738		15 496 088
Net fair value gains on fair value investments	4 911 459		2 173 573
<b>Net investment income</b>	<b>26 818 197</b>		<b>17 669 661</b>
Finance expenses from insurance contracts issued – PMSA	(4 215 233)		(2 635 782)
<b>Net insurance finance expenses</b>	<b>(4 215 233)</b>		<b>(2 635 782)</b>
<b>Net healthcare result</b>	<b>7 043 746</b>		<b>15 163 415</b>
Investment consulting	(632 952)		(521 119)
Other operating expenses	(3 013 668)		(2 000 376)
Prescribed savings balances written off	1 207 443		1 188 453
Sundry income	310 569		351 765
<b>Total comprehensive income for the year</b>	<b>4 915 138</b>		<b>14 182 137</b>

**SUMMARISED STATEMENT OF CHANGES IN MEMBERS' FUNDS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

	Accumulated funds R	Revaluation reserve - investments R	Total Members' Funds R
<b>Balance as at 1 January 2022 (as previously reported)</b>	<b>245 922 664</b>	<b>9 456 455</b>	<b>255 379 119</b>
Transition restatement	(245 922 664)	(9 456 455)	(255 379 119)
<b>Balance as at 1 January 2022 (restated)</b>	<b>-</b>	<b>-</b>	<b>-</b>

**SUMMARISED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

	2023 R	Restated 2022 R
Net cash (outflow)/inflow from operating activities	(14 138 553)	1 762 503
Net cash inflow/(outflow) from investing activities	25 103 924	(14 535 412)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>10 965 371</b>	<b>(12 772 909)</b>
Cash equivalents at the beginning of the year	66 018 706	78 791 615
<b>TOTAL CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>76 984 077</b>	<b>66 018 706</b>
Comprising of:		
Cash and cash equivalents	25 484 077	16 518 706
Savings trust assets	51 500 000	49 500 000
	<b>76 984 077</b>	<b>66 018 706</b>

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**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 2023. The same accounting policies and methods of computation have been used in preparing the summarised financial statements as in the full annual financial statements. Comparative figures have been reclassified where considered necessary due to the adoption of IFRS 9 and IFRS 17.

**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. 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.

**4. Insurance revenue**

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**

	2023 R	2022 R
Gross contributions per registered rules	276 688 319	262 863 436
Less: Savings contributions received	(50 083 903)	(47 307 985)
Insurance revenue per statement of comprehensive income	226 604 416	215 555 451

**5. Insurance service expenses**

Insurance service expenses comprise the total estimated cost of all insurance services arising from healthcare events that have occurred in the year and for which the scheme is responsible, whether or not reported by year-end.

**6. 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. These amounts are disclosed as part of insurance service expenses.

**7. Investment income**

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

**8. Reinsurance contracts held (risk transfer arrangements)**

Reinsurance expenses are recognised as an expense over the indemnity period on a straight-line basis. Reinsurance expenses and reinsurance income 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 reinsurance contracts held**

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

	2023 R	2022 R
<b>ER24 REINSURANCE CONTRACT</b>		
Reinsurance expenses from reinsurance contract held	(2 148 392)	(2 141 203)
Reinsurance income from reinsurance contract held	1 917 448	1 711 149
Net expense	<u>(230 944)</u>	<u>(430 054)</u>
<b>ECIPA REINSURANCE CONTRACT</b>		
Reinsurance expenses from reinsurance contract held	(5 090 578)	(5 380 978)
Reinsurance income from reinsurance contract held	3 717 309	2 905 928
Net expense	<u>(1 373 269)</u>	<u>(2 475 050)</u>
<b>PEGP REINSURANCE CONTRACT</b>		
Reinsurance expenses from reinsurance contract held	(235 797)	(271 647)
Reinsurance income from reinsurance contract held	203 369	216 700
Net expense	<u>(32 428)</u>	<u>(54 947)</u>
<b>PREFERRED PROVIDER NEGOTIATORS REINSURANCE CONTRACT</b>		
Reinsurance expenses from reinsurance contract held	(537 741)	(480 307)
Reinsurance income from reinsurance contract held	900 097	644 094
Net income	<u>362 356</u>	<u>163 787</u>
<b>BAY RADIOLOGY REINSURANCE CONTRACT</b>		
Reinsurance expenses from reinsurance contract held	(813 075)	(851 411)
Reinsurance income from reinsurance contract held	1 322 151	894 496
Net income/(expense)	<u>509 076</u>	<u>43 085</u>
<b>MOMENTUM HEALTH SOLUTIONS REINSURANCE CONTRACT</b>		
Reinsurance expenses from reinsurance contract held *	(511 914)	(817 877)
Reinsurance income from reinsurance contract held	318 459	397 863
Net expense	<u>(193 455)</u>	<u>(420 014)</u>
* The reinsurance expenses amount includes the scheme's share of the profit on the agreement and amounted to R 777 786 (2022: R 480 823).		
<b>SUMMARY</b>		
Reinsurance expenses from reinsurance contract held	(9 337 497)	(9 943 423)
Reinsurance income from reinsurance contract held	8 378 833	6 770 230
Net expense	<u>(958 664)</u>	<u>(3 173 193)</u>

**9. 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.

**10. Personal medical savings accounts**

The personal medical savings account liability (2023: R 48 217 220 and 2022: R 46 090 857) is the net balance due to members in respect of the savings contributions received and incurred claims paid. These amounts are disclosed as part of insurance contract liabilities to current members.

**11. 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 2023 paid to Momentum Thebe Ya Bophelo (Pty) Ltd amounted to R 16 962 597 (2022: R 15 994 225).

Managed care fees for the year ended 31 December 2023 paid to Momentum Thebe Ya Bophelo (Pty) Ltd amounted to R 6 567 418 (2022: R 6 185 768).

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:

	2023 R		2022 R
Contributions received	590 640		571 810
Claims paid	970 051		288 400
Principal Officer fees and expenses	247 499		211 350
Audit committee meeting fees	31 407		26 430
Savings due to members	133 201		137 591
Savings due to scheme	2 571		2 571

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

## 12. Surplus/(deficit) from operations per benefit option

	2023 R Alpha	2023 R Medisave Essential	2023 R Medisave Max	2023 R Medisave Standard	2023 R Total
Insurance revenue	56 410 504	29 913 307	9 174 527	131 106 078	226 604 416
Insurance service expenses (excluding amounts attributable to future members)	(59 731 993)	(29 801 999)	(16 628 795)	(135 042 182)	(241 204 970)
Net expense from reinsurance contracts held	(61 994)	(762 137)	(5 753)	(128 780)	(958 664)
Reinsurance expenses from reinsurance contracts held	(577 382)	(7 509 556)	(53 575)	(1 196 984)	(9 337 497)
Reinsurance income from reinsurance contracts held	515 388	6 747 419	47 822	1 068 204	8 378 833
<b>Insurance service result</b>	<b>(3 383 483)</b>	<b>(650 829)</b>	<b>(7 460 021)</b>	<b>(4 064 883)</b>	<b>(15 559 218)</b>
Investment income from financial assets	5 888 554	3 266 233	546 367	12 205 584	21 906 738
Net fair value gains on fair value investments	1 320 205	732 285	122 495	2 736 474	4 911 459
<b>Net investment income</b>	<b>7 208 759</b>	<b>3 998 517</b>	<b>668 862</b>	<b>14 942 059</b>	<b>26 818 197</b>
Finance expenses from insurance contracts issued – PMSA	-	(788 804)	(401 778)	(3 024 651)	(4 215 233)
<b>Net insurance finance expenses</b>	<b>-</b>	<b>(788 804)</b>	<b>(401 778)</b>	<b>(3 024 651)</b>	<b>(4 215 233)</b>
<b>Net healthcare result</b>	<b>3 825 276</b>	<b>2 558 884</b>	<b>(7 192 938)</b>	<b>7 852 524</b>	<b>7 043 746</b>
Investment consulting	(170 106)	(94 410)	(15 784)	(352 651)	(632 952)
Other operating expenses	(804 695)	(434 506)	(75 988)	(1 698 479)	(3 013 668)
Prescribed savings balances written off	-	487 836	99 480	620 127	1 207 443
Sundry income	83 481	46 305	7 746	173 037	310 569
<b>Net surplus/(deficit) for the year</b>	<b>2 933 956</b>	<b>2 564 109</b>	<b>(7 177 484)</b>	<b>6 594 558</b>	<b>4 915 138</b>
<b>Members as at 31 December 2023</b>	<b>1 616</b>	<b>854</b>	<b>150</b>	<b>3 319</b>	<b>5 939</b>
	2022 R Alpha	2022 R Medisave Essential	2022 R Medisave Max	2022 R Medisave Standard	2022 R Total
Insurance revenue	53 624 593	30 010 351	8 620 760	123 299 747	215 555 451
Insurance service expenses (excluding amounts attributable to future members)	(58 706 808)	(27 510 601)	(12 018 921)	(114 016 392)	(212 252 723)
Net expense from reinsurance contracts held	(117 699)	(2 808 953)	(10 820)	(235 721)	(3 173 193)
Reinsurance expenses from reinsurance contracts held	(586 888)	(8 129 213)	(53 810)	(1 173 512)	(9 943 423)
Reinsurance income from reinsurance contracts held	469 189	5 320 260	42 990	937 791	6 770 230
<b>Insurance service result</b>	<b>(5 199 914)</b>	<b>(309 204)</b>	<b>(3 408 981)</b>	<b>9 047 634</b>	<b>129 536</b>
Investment income from financial assets	4 248 951	2 365 225	389 319	8 492 593	15 496 088
Net fair value gains on fair value investments	595 983	331 760	54 608	1 191 221	2 173 573
<b>Net investment income</b>	<b>4 844 934</b>	<b>2 696 985</b>	<b>443 927</b>	<b>9 683 814</b>	<b>17 669 661</b>
Finance expenses from insurance contracts issued – PMSA	-	(514 363)	(269 778)	(1 851 641)	(2 635 782)
<b>Net insurance finance expenses</b>	<b>-</b>	<b>(514 363)</b>	<b>(269 778)</b>	<b>(1 851 641)</b>	<b>(2 635 782)</b>
<b>Net healthcare result</b>	<b>(354 980)</b>	<b>1 873 419</b>	<b>(3 234 832)</b>	<b>16 879 807</b>	<b>15 163 415</b>
Investment consulting	(142 888)	(79 540)	(13 092)	(285 598)	(521 119)
Other operating expenses	(543 419)	(290 833)	(51 101)	(1 115 024)	(2 000 376)
Prescribed savings balances written off	-	609 369	23 462	555 622	1 188 453
Sundry income	96 452	53 691	8 838	192 784	351 765
<b>Net surplus/(deficit) for the year</b>	<b>(944 835)</b>	<b>2 166 106</b>	<b>(3 266 726)</b>	<b>16 227 591</b>	<b>14 182 137</b>
<b>Members as at 31 December 2022</b>	<b>1 662</b>	<b>942</b>	<b>150</b>	<b>3 351</b>	<b>6 105</b>



**12. 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:

- insurance revenue
- insurance service expenses
- reinsurance expenses
- finance expenses from insurance contracts issued - PMSA
- risk transfer arrangement fees
- prescribed savings balances written off

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

- sundry income
- other operating expenses
- net investment income
- investment consulting

**13.** There are no contingent assets or liabilities.

**APPROVAL OF THE STATUTORY ANNUAL FINANCIAL STATEMENTS**

The Annual Financial Statements were approved by the board on 19 April 2024 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.