



MEDIMED MEDICAL SCHEME
(Registration Number 1506)

ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2021



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 2021, 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 2021.

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 8 April 2022. 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.

Director: AF Puggia

Registered Auditor

8 April 2022

Gqeberha, South Africa

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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.

**MEDIMED MEDICAL SCHEME
SUMMARISED FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2021**

REPORT OF THE BOARD OF TRUSTEES

The Board of Trustees hereby presents its report for the year ended 31 December 2021

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 2021 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 referred 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
	S. Wynne - resigned 28 February 2021		Trustee
	K. Turro		Trustee
	V. Daweti		Trustee
	S. Syphus		Trustee
	S. Jobela		Trustee
	C. Williams		Trustee
	G. Mbedzi - co-opted 19 February 2021		Trustee
	T. Plaatjie - co-opted 19 February 2021		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 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

2021	Alpha	Medisave Essential	Medisave Max	Medisave Standard	Total
Average number of members during the accounting period	1 705	795	155	3 159	5 814
Number of members at the end of the accounting period	1 674	818	151	3 240	5 883
Average number of beneficiaries during the accounting period	4 121	1 890	318	7 760	14 089
Number of beneficiaries at 31 December	4 022	1 942	304	7 912	14 180
Number of dependants at 31 December	2 348	1 124	153	4 672	8 297
Average number of dependants	2 416	1 096	163	4 600	8 275
Dependant ratio at 31 December	1.40	1.37	1.01	1.44	1.41
Net contributions per average beneficiary per month (R)	1 022.93	1 193.48	2 233.77	1 218.47	1 180.85
Relevant healthcare expenditure per average beneficiary per month (R)	1 036.77	1 033.91	2 708.42	1 005.98	1 057.17
Non-healthcare expenditure per average beneficiary per month (R)	87.86	56.11	141.61	110.72	97.41
Relevant healthcare expenditure as a percentage of gross contributions (%)	101.35	77.97	90.94	61.92	73.46
Non-healthcare expenditure as a percentage of gross contributions (%)	8.59	4.23	4.75	6.82	6.77
Average age per beneficiary	33.70	30.79	46.69	30.17	31.61
Pensioner ratio at 31 December (beneficiaries > 65 years)	7.41	4.12	19.74	3.53	5.06
Average accumulated funds per member at 31 December (R)	-	-	-	-	41 802
Return on investments as a percentage of investments (%)	-	-	-	-	4.45

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

	2021 R	2020 R
The accumulated funds ratio is calculated on the following basis:		
Accumulated funds	245 922 664	230 920 995
Fair value adjustment reserve	9 456 455	2 993 300
Total e ber f d per Statement of Financial Position	255 379 119	233 914 295
Accumulated funds per regulation 29	255 379 119	230 920 995
Gross contributions	243 317 180	209 587 818
Ratio of accumulated funds to gross annual contribution income	101.07%	110.18%
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 2021 financial year, were as follows:

Administration fees for Medical Scheme	R 14 876 861 (2020: R 14 060 680)
Managed care management service fee	R 5 711 661 (2020: R 5 334 155)

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 respect of this scheme the Alpha 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 saw numerous high cost cases during the year, a large portion of those cases relating to Covid -19. These cases are not the norm. The trustees have applied a higher than inflation increase in Alpha contributions for 2022.

As the Medisave Max option is the highest benefit option and is selected by the higher risk/utilising members, the costs of the members on this option are 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, the 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. 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. COVID-19 PANDEMIC

On 11 March 2020, the World Health Organisation declared the Covid-19 virus (more commonly referred to as the Corona virus) to be a worldwide pandemic. On 5 March 2020, the National Institute for Communicable Diseases confirmed that a suspected case of Covid-19 had tested positive in KwaZulu Natal, after which it spread to all 9 provinces. On 24 March 2020, President Cyril Ramaphosa ordered a 21 day nationwide lockdown, except for essential service providers. The developments in the spread of the virus and the global impact has negatively affected financial markets but there has been some recovery.

The lockdown ordered by President Ramaphosa was adjusted throughout 2020 to take into account the number of active cases in South Africa which allowed businesses to start operating again.

On 9 December 2020, Health Minister Dr Zweli Mkhize announced that South Africa had entered a second wave of Covid-19 infections with the majority of the new infections being from the Western Cape and Eastern Cape. Due to this re-occurrence, the lockdown level was increased to an adjusted level 3 by the President. Since 1 October 2021, South Africa has been on adjusted level 1 on the lockdown.

The South African Health Products Regulatory Authority (SAHPRA) approved two vaccines for use on the South African public initially:

- Pfizer - a two-shot vaccine, with a booster shot
- Johnson & Johnson - a single shot vaccine, with a booster shot

South Africa has experienced a third and fourth wave to date, with the fourth wave being less severe than expected. A fifth wave is expected from May 2022. The possible financial impact of the next wave is unknown at this stage but based on risk assessments, financial forecasts and the strong financial position of the scheme, the impact of a fifth wave is likely to be insignificant. No adjustment to the financial statements for the year ended 31 December 2021 is deemed necessary.

10. AUDIT COMMITTEE

During 2021 the Committee comprised: D. Middleton (chairperson), C. Baling, S. Wynne (resigned 28 February 2021), B. Mntoninzi, L. Dobell and G. Mbedzi (co-opted 19 February 2021).

The Committee met on 26 March 2021, 23 July 2021 and 19 November 2021.

The CEO of the administrator, the scheme Principal Officer and the external auditors 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' 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.

11. 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:

26 March 2021;
23 July 2021; and
19 November 2021.

12. MEETING ATTENDANCE AND REMUNERATION

The following schedule sets out Board of Trustees meeting attendances and attendances by members of Board sub-committees. The Member elected Trustees are remunerated.

Trustee/Sub-Committee Member	Board Meetings		Audit Committee Meetings		Investment Committee Meetings	
	A	B	A	B	A	B
Ms. S. Wynne - resigned 28 February 2021 *	2	2	-	-	-	-
Mr. A. Higgs *	5	2	-	-	-	-
Ms. K. Turro*	5	5	-	-	-	-
Mr. L. Dobell *	5	5	3	3	3	3
Mr. V. Daweti *	5	5	-	-	-	-
Mr. G. Zamisa *	5	4	-	-	3	1
Mr. S. Syphus *	5	5	-	-	-	-
Mr. S. Jobela *	5	5	-	-	-	-
Mr. G. Roberts	5	5	3	3	3	3
Ms. C. Williams *	5	1	-	-	-	-
Ms. G. Mbedzi - co-opted 19 February 2021 *	5	4	3	2	-	-
Mr. T. Platjje - co-opted 19 February 2021 *	5	5	-	-	-	-
Ms. C. Baling	-	-	3	1	-	-
Ms. B. Mntoninzi	-	-	3	2	-	-
Mr. D. Middleton	-	-	3	3	3	3
Mr. M. Volker	-	-	-	-	3	3

* - 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: 2022/04/08

SUMMARISED FINANCIAL STATEMENTS

**SUMMARISED STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2021**

	2021 R	2020 R
ASSETS		
Non-current assets	186 341 293	114 199 168
Investments	186 341 293	114 199 168
Current assets	129 019 575	181 909 726
Investments	39 000 000	102 000 000
Trade and other receivables	11 227 960	11 831 400
Cash and cash equivalents	32 291 615	24 728 326
Savings trust assets	46 500 000	43 800 000
Total assets	315 360 868	296 108 894
FUNDS AND LIABILITIES		
Members' funds	255 379 119	233 914 295
Accumulated funds	245 922 664	230 920 995
Fair value adjustment reserve	9 456 455	2 993 300
Current liabilities	59 981 749	62 194 599
Trade and other payables	4 672 369	4 026 064
Outstanding risk claims provision	12 100 000	17 000 000
Personal medical savings account monies managed by the scheme on behalf of its members	43 209 380	41 168 535
Total funds and liabilities	315 360 868	296 108 894

**SUMMARISED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021**

	2021 R	Notes	2020 R
Risk contribution income	199 646 940	5	171 970 822
Relevant healthcare expenditure			
Net claims incurred	(169 774 183)		(151 607 094)
Net expense of risk transfer arrangements	(3 250 402)	9	(2 510 772)
Managed care services (accredited organisations)	(5 711 661)		(5 334 155)
Gross healthcare result	20 910 694		12 518 801
Administration expenditure	(16 504 039)		(15 822 962)
Net movement on impairment of healthcare receivables	(95 637)		(106 509)
Movement on impairment on advance payments on savings accounts	131 291		(134 347)
Net healthcare result	4 442 309		(3 545 017)
Other income	12 864 189		16 835 088
Investment income	11 467 535		16 011 912
Prescribed savings balances written off	1 089 310		577 276
Sundry income	307 344		245 900
Other expenditure	(2 304 829)		(2 916 679)
Interest paid on savings accounts	(1 868 593)		(2 618 085)
Investment consulting fees	(436 236)		(298 594)
Net surplus for the year	15 001 669		10 373 392
Other comprehensive income			
Items that may be reclassified to profit or loss	6 463 155		1 106 948
Fair value adjustments on available-for-sale investments	6 463 155		1 106 948
Total comprehensive income for the year	21 464 824		11 480 340

**SUMMARISED STATEMENT OF CHANGES IN FUNDS AND RESERVES
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Accumulated funds R	Fair value adjustment reserve R	Total Members' Funds R
Balance as at 1 January 2020	220 547 603	1 886 352	222 433 955
Net surplus for the year	10 373 392	-	10 373 392
Fair value adjustments of available-for-sale investments	-	1 106 948	1 106 948
Balance as at 31 December 2020	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

**SUMMARISED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021**

	2021 R	2020 R
Net cash inflow from operating activities	631 590	632 345
Net cash inflow/(outflow) from investing activities	10 081 699	(5 446 149)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	10 713 289	(4 813 804)
Cash equivalents at beginning of year	68 078 326	72 892 130
TOTAL CASH AND CASH EQUIVALENTS AT END OF YEAR	78 791 615	68 078 326
Comprising of:		
Cash and cash equivalents	32 291 615	24 278 326
Savings trust assets	46 500 000	43 800 000
	78 791 615	68 078 326

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

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 2021. 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

	2021 R	2020 R
Balance at beginning of year	17 000 000	12 625 000
Payments in respect of prior year	(16 834 529)	(12 980 260)
Over/(under) provision in prior year	165 471	(355 260)
Adjustment for current year	11 934 529	17 355 260
Balance at end of year	12 100 000	17 000 000

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 member 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

	2021 R	2020 R
Gross contributions per registered rules	243 317 180	209 587 818
Less: Savings contributions received	(43 670 240)	(37 616 996)
Risk contribution income per statement of comprehensive income	199 646 940	171 970 822

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.

	2021 R	2020 R
AMBULANCE SERVICE FESS		
Premiums/fees paid	(2 081 935)	(1 954 420)
Claims incurred in respect of related risk transfer arrangements	1 523 239	1 494 618
Net expense	(558 696)	(459 802)
UDIPA RISK TRANSFER ARRANGEMENT		
Premiums/fees paid	-	(1 039 114)
Claims incurred in respect of related risk transfer arrangements	-	504 447
Net expense	-	(534 667)
ECIPA RISK TRANSFER ARRANGEMENT		
Premiums/fees paid	(4 951 295)	(3 599 791)
Claims incurred in respect of related risk transfer arrangements	2 516 052	2 140 969
Net expense	(2 435 243)	(1 458 822)
PEGP RISK TRANSFER ARRANGEMENT		
Premiums/fees paid	(304 212)	(309 596)
Claims incurred in respect of related risk transfer arrangements	248 212	236 374
Net expense	(56 000)	(73 222)
PREFERRED PROVIDER NEGOTIATORS RISK TRANSFER ARRANGEMENT		
Premiums/fees paid	(416 693)	(387 635)
Claims incurred in respect of related risk transfer arrangements	694 244	533 259
Net income	277 551	145 624
BAY RADIOLOGY RISK TRANSFER ARRANGEMENT		
Premiums/fees paid	(800 113)	(744 798)
Claims incurred in respect of related risk transfer arrangements	735 311	614 915
Net expense	(64 802)	(129 883)
MOMENTUM HEALTH SOLUTIONS RISK TRANSFER ARRANGEMENT		
Premiums/fees paid	(715 163)	-
Claims incurred in respect of related risk transfer arrangements	301 951	-
Net expense	(413 212)	-
SUMMARY		
Premiums/fees paid	(9 269 411)	(8 035 354)
Claims incurred in respect of related risk transfer arrangements	6 019 009	5 524 582
Net expense	(3 250 402)	(2 510 772)

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 (2021: R 43 209 380 and 2020: R 41 168 535) 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 2021 paid to Momentum Thebe Ya Bophelo (Pty) Ltd amounted to R 14 876 861 (2020: R 14 060 680).

Managed care fees for the year ended 31 December 2021 paid to Momentum Thebe Ya Bophelo (Pty) Ltd amounted to R 5 711 661 (2020: R 5 334 155).

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:

	2021 R	2020 R
Contributions received	537 770	501 250
Claims paid	2 089 083	426 920
Principal Officer fees and expenses	178 849	174 000
Audit committee meeting fees	30 900	23 781
Savings due to members	111 143	91 446

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

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

	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
	2020 R Alpha	2020 R Medisave Essential	2020 R Medisave Max	2020 R Medisave Standard	2020 R Total
Gross contribution income	44 260 364	24 765 786	10 724 806	129 836 862	209 587 818
Savings plan contributions	-	(2 476 579)	(2 681 201)	(32 459 216)	(37 616 996)
Net contribution income	44 260 364	22 289 207	8 043 605	97 377 646	171 970 822
Relevant healthcare expenditure	(39 669 498)	(23 764 883)	(9 145 465)	(86 872 175)	(159 452 021)
Net claims incurred	(38 286 564)	(20 801 296)	(8 970 473)	(83 548 760)	(151 607 094)
Premiums/fees paid	(584 974)	(6 362 251)	(54 517)	(1 033 612)	(8 035 354)
Claims incurred in respect of related risk transfer arrangements	454 332	4 227 132	41 759	801 358	5 524 582
Managed care services (accredited organisations)	(1 252 292)	(828 468)	(162 234)	(3 091 161)	(5 334 155)
Gross healthcare result	4 590 866	(1 475 676)	(1 101 860)	10 505 471	12 518 801
Administration expenses	(4 323 053)	(1 194 928)	(514 105)	(9 790 876)	(15 822 962)
Net impairment on healthcare receivables	(2 827)	(7 522)	(47 697)	(48 463)	(106 509)
Net impairment on advance payments on savings accounts	-	(23 885)	(27 239)	(83 223)	(134 347)

Net healthcare result	264 986	(2 702 011)	(1 690 901)	582 909	(3 545 017)
Members as at 31 December 2020	1 719	746	158	3 032	5 655

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 8 April 2022 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.