

**KENNIS GESKIED HIERMEE DAT DIE ALGEMENE JAARVERGADERING VAN DIE LEDE VAN TRANSMED
MEDIËSE FONDS OP WOENSDAG, 26 JUNIE 2024 OM 14:00 BY DIE LAGOON BEACH HOTEL & SPA,
LAGOON GATE-LAAN 1, LAGOON BEACH, MILNERTON, KAAPSTAD, SAL PLAASVIND.**

DIE SAKE WAT OORWEEG SAL WORD, VERSKYN IN DIE ONDERSTAANDE AGENDA.

AGENDA

1. Openingsformaliteite
2. Bevestiging van die notule van die Algemene Jaarvergadering gehou op Woensdag, 2 Augustus 2023
3. Sake voortspruitend uit die notule
4. Jaarlikse Finansiële Hoogtepunte van 2023
5. Aanstelling van die Ouditeure
6. Jaarlikse verhoging in Trusteefoöie
7. Bespreking van mosies ontvang van lede
8. Aanstelling van Trustees

KENNISGEWING

Mosies wat tydens die Algemene Jaarvergadering bespreek moet word, moet die Sekretaris nie later as sewe dae voor die vergadering bereik nie en moet soos volg geadresseer word:

Die Sekretaris
Transmed Raad van Trustees
Traduna House
Jorissenstraat 118
Braamfontein
2001

Faksnommer: 011 403 1740
Epos: fundmanagement@transmed.co.za

BELANGRIK

Registrasie van die lede van die Fonds wat die vergadering bywoon, sal 45 minute voor die aanvang van die vergadering geskied. Lede moet hulself identifiseer deur hul lidmaatskapkaarte aan die registrasiepersoneel te toon.

MINUTES OF THE ANNUAL GENERAL MEETING OF THE TRANSMED MEDICAL FUND HELD ON WEDNESDAY, 2 AUGUST 2023 AT 13:00 AT THE SUNCOAST CASINO AND CONFERENCE CENTRE, SUNCOAST BOULEVARD, MARINE PARADE, NORTH BEACH, DURBAN

PRESENT

- Mr B Jonker (Chairperson)
- Mr PL Wassermann (Principal Officer)
- Mr E Weyers (Secretary)

1. OPENING FORMALITIES

The Chairperson welcomed all present to the meeting. He also added that the Council for Medical Schemes sent an apology excusing its representative Mr S Situnda, who could not attend the AGM due to unforeseen circumstances.

The Chairperson informed the attendees that the previous AGM a month before on 28 June 2023 had been postponed because a quorum had not been registered for the meeting. In terms of the rules of the Fund, another AGM was convened, as approved by the Board of Trustees, and the members present would form the quorum.

The Fund therefore fulfilled the formalities of ensuring that the AGM was properly constituted.

2. CONFIRMATION OF THE MINUTES OF THE AGM HELD ON WEDNESDAY, 27 JULY 2022

The minutes of the previous meeting were approved with no amendments. A motion for the approval was supported by Ms S Booysen and seconded by Mr HF Fourie.

3. MATTERS ARISING

There were no matters arising from the previous minutes.

The members were asked whether there were any matters that they wanted to raise from the minutes; no responses were recorded from any of the members attending the AGM.

The Chairperson then handed the proceedings over to the Principal Officer to address the members at the AGM.

4. ANNUAL FINANCIAL HIGHLIGHTS 2022

The Principal Officer stated that he would deal with certain salient matters in terms of the financial highlights that were distributed to all members of the Fund. The Principal Officer highlighted the following items:

4.1 MANAGEMENT

The Principal Officer stated that the Fund had appointed a new Chairperson and Vice-Chairperson and that there had been resignations and two new appointments. Two Trustees, namely Mr Campher and Mr Goosen, passed away in the last financial year and, following elections, two new Trustees had been appointed to fill those vacancies.

4.2 THE SOLVENCY RATIO

The Principal Officer highlighted to the members that the solvency ratio had decreased marginally from 2021 to 2022 from 19.7% to 17.9%.

He stated that the largest contributing factor towards the decrease had been the reduced funding of the SATS pensioners on the Guardian Plan by Transnet SOC Ltd during the financial year. The funding is determined on an annual basis.

The Principal Officer stated that the Fund was performing very well, creating surpluses and standing at 19.5% at the end of May 2023. It was expected that the Fund would close off the financial year ahead of budget.

MINUTES OF THE ANNUAL GENERAL MEETING OF THE TRANSMED MEDICAL FUND HELD ON WEDNESDAY, 2 AUGUST 2023 AT 13:00 AT THE SUNCOAST CASINO AND CONFERENCE CENTRE, SUNCOAST BOULEVARD, MARINE PARADE, NORTH BEACH, DURBAN (CONTINUED)

4. ANNUAL FINANCIAL HIGHLIGHTS 2022 (CONTINUED)

4.3 THE FUND AS A GOING CONCERN

The Principal Officer stated that it was very important that members take note that the Board of Trustees had assessed the feasibility and future of the Fund and determined that the Fund was a going concern based on the following:

- available cash and investments
- Transnet SOC Ltd's funding of the SATS risk pool
- the Trustees' business plan
- the Fund's reserve ratio.

An actuarial model provided by the Fund's actuaries indicated that the Fund would be a going concern.

The Principal Officer continued by stating that even with the most negative assumptions, the risk profile model indicated that the Fund would remain a going concern for the financial year 2023. As the audit was done in the year 2022, the auditors required comfort that the Fund would be a going concern in the next financial year, which was 2023.

4.4 NON-COMPLIANCE MATTERS

The Principal Officer stated that he had to disclose the non-compliance matters to the members at the AGM and the corrective action that had been taken in these matters. These were the following:

1. Outstanding contributions

Inherent to the nature of the business and the fact that active member contributions were collected from members' salaries via the employers and pensioner member contributions from the pension fund, the Fund did not always collect contributions within the three days specified in the Act, which said that 'you are obliged to collect the contribution within three days after it becomes due'. The due date is the last day of each month and contributions need to be collected within three days after this date. However, the Fund sometimes only received the contributions from the employer by around the fourth, fifth or seventh day of the month.

The Fund had ongoing communication with Transnet on the matter and, more importantly, the Fund applies for and obtains formal exemption from complying from the Council for Medical Schemes annually.

2. Self-supporting plans

The Principal Officer indicated that the Fund had one plan, i.e. the Prime Plan, that was not self-supporting and reported ongoing losses. In addition, the Fund's reserve level was below the 25% solvency ratio required in terms of the Medical Schemes Act.

However, the Fund had exemption from the Council for Medical Schemes and a business plan that had been approved by the Board and accepted and approved by the Council for Medical Schemes.

The Fund was under financial monitoring and had regular meetings with the Council for Medical Schemes to prove that it was on track with the business plan. The Principal Officer also stated that he could give members comfort that the Fund was on track to meet the targets set in the business plan.

3. The reserve ratio

The Principal Officer stated that legislation prescribed the reserve level and in 2021 the Fund's reserves had been below the required 25% level required by the Council for Medical Schemes. In terms of this the Fund had an approved business plan, as submitted to the Council for Medical Schemes, to bring the Fund back to the reserve ratio level of 25% and because of this the Fund could continue as a going concern. However, the Fund remained under financial monitoring, as already imparted to members at the AGM.

MINUTES OF THE ANNUAL GENERAL MEETING OF THE TRANSMED MEDICAL FUND HELD ON WEDNESDAY, 2 AUGUST 2023 AT 13:00 AT THE SUNCOAST CASINO AND CONFERENCE CENTRE, SUNCOAST BOULEVARD, MARINE PARADE, NORTH BEACH, DURBAN (CONTINUED)

4. ANNUAL FINANCIAL HIGHLIGHTS 2022 (CONTINUED)

4.4 NON-COMPLIANCE MATTERS (CONTINUED)

4. Payment of claims within 30 days

The Principal Officer informed members that legislation prescribed payment of claims within 30 days once claims had been received. Despite the volume of claims the Fund received and processed and the strict legal requirements the Fund had to adhere to in terms of claims processing, the number of claims that were not processed within 30 days was minimal.

If members could not make a payment, the claim would be rejected, feedback given to the provider and the 30 days extended for a further 30 days until the claim could be dealt with.

Such claims were minimal and there were usually valid reasons for non-payment. The Fund put in controls to prevent this from happening again in future; however, due to the volume of claims, this was a recurring problem every year.

4.5 STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)

The Principal Officer stated that the assets of the Fund had been reduced from R154 million to R133 million from 2021 to 2022. The biggest contributor to this was the underfunding by Transnet SOC Ltd. The funding, which is paid quarterly in advance, is an investment the Fund draws on over that quarter. Therefore, when Transnet reduces its funding, the value of the investment portfolio decreases and this is the biggest contributor toward the reduction in the assets of the Fund.

4.6 STATEMENT OF COMPREHENSIVE INCOME (INCOME STATEMENT)

The Principal Officer highlighted the deficit for the year and told members that in 2021 the Fund closed off the year with a R4.6 million deficit compared to a R15 million deficit in 2022 due to the reduced contribution for the SATS pensioners on the Guardian Plan from Transnet SOC Ltd. The more they reduced funding, the larger the deficit and the less they reduced funding, the smaller the deficit.

The Principal Officer asked the members present whether they had any questions about the financials, as presented to them, and since no questions were raised by any members present, it could be recorded that the financials were disclosed to the members and that they took note of the financial position of the Fund.

5. APPOINTMENT OF AUDITORS

The Auditors (Messrs Deloitte & Touché) were appointed as Auditors for the 2023 financial year by the Board of Trustees.

6. ANNUAL TRUSTEE FEE INCREASE

The proposed annual Trustee fee increase was tabled for consideration.

Thereafter all members of the Fund that were present were given the opportunity to vote on the proposed increase of 5%. After all the votes were cast and counted the members attending the AGM approved the Trustee fee increase of 5%.

7. DISCUSSION OF MOTIONS RECEIVED THAT WERE TABLED AT THE AGM

The Principal Officer told the members that no motions were received from members for discussion at the AGM:

7.1 INCREASES IN COSTS

The Principal Officer stated to the members attending the AGM that a request had been received about whether the Fund could contain medical cost increases going forward, seeing that there was a general increase in costs, SATS pensions were not increased by more than two percent per year and other pension increases were also limited. He stated that the Fund had a lot of sympathy for this.

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7. DISCUSSION OF MOTIONS RECEIVED THAT WERE TABLED AT THE AGM (CONTINUED)

7.1 INCREASES IN COSTS (CONTINUED)

However, two very different types of drivers influence medical inflation. A large quantity of medical equipment is imported from the USA because the South African market is too small and fluctuations in the rand/dollar exchange rate has a direct bearing on the cost of importing medical equipment.

It is acknowledged in the medical schemes industry that medical inflation is approximately three to four percent higher than normal inflation and this is one of the primary drivers of contribution increases in the medical schemes environment.

The second biggest driver is benefits utilisation. If members were not to utilise Fund benefits, the Fund would produce large surpluses and be able to curtail cost increases. Unfortunately, as we get older, we utilise medical benefits more. Utilising the medical benefits more translates into annual contribution increases for the following financial year.

Unfortunately, this cycle cannot be broken. What the Fund does try to do is to keep these increases as low as possible to assist members.

As a medical fund we will never endeavour to make huge profits and have huge reserves. The Fund is happy to manage its business on the lowest reserve level allowed by the Council for Medical Schemes.

7.2 NATIONAL HEALTH INSURANCE (NHI) STRUCTURE

Another member asked that the Fund touch on how Transmed would operate within the NHI structure and what will happen to the Fund if the NHI is implemented.

The Principal Officer stated that the implementation of the NHI will be one of the most positive things that can happen in South Africa and will ensure that everybody gets medical cover at the same level and quality of care. However, the implementation of the NHI will not happen overnight.

In summary, everyone has heard about the NHI and will tell you that there is currently no money in South Africa, that a lot of processes need to be put in place and that we will most probably not see the full implementation of the NHI in our lifetimes.

Closely related to this matter is the question of Transmed's future. Transmed, along with all other medical schemes in the country, will no longer provide medical cover as we know it since you will also get it from the NHI, with medical schemes providing gap cover. This will lead to the collapse of many medical schemes and the survival of just a few large schemes that have the membership numbers to provide cover for any gaps.

The Principal Officer stressed that members need not be concerned, as this will not happen overnight and, where Transmed is concerned, he stated that he could give members the comfort that Transmed was explicitly mentioned in terms of the white paper and Transmed will be consolidated into GEMS and GEMS will be consolidated into the NHI. Therefore, members will not lose their cover, but will migrate into another environment where they will continue their cover. Essentially, all medical schemes will migrate into the NHI.

The Principal Officer stated that, as reflected in the white paper, there will have to be a consolidation of all the government and parastatal schemes into one scheme and that is GEMS. GEMS and all the other private schemes will then migrate into the NHI.

The Principal Officer concluded by stating that, in terms of contributions, there was no clear-cut definition of how contributions will be made and what those contributions will be. It had to be kept in mind that this was all only discussions and no final decisions had been made.

MINUTES OF THE ANNUAL GENERAL MEETING OF THE TRANSMED MEDICAL FUND HELD ON WEDNESDAY, 2 AUGUST 2023 AT 13:00 AT THE SUNCOAST CASINO AND CONFERENCE CENTRE, SUNCOAST BOULEVARD, MARINE PARADE, NORTH BEACH, DURBAN (CONTINUED)

8. TRUSTEE APPOINTMENTS

The Principal Officer referred the member to paragraph 2 in the Annual Financial Statements, which reflected the resignations and appointments of Trustees during the past year (2022).

He stated that he had already highlighted the election that was held recently and that two new Trustees had been appointed to fill the vacancies created by the two Trustees who passed away during the financial year.

9. GENERAL

The Chairperson opened the floor for informal discussions of a general nature. The Principal Officer was able to deal with all other matters raised to the satisfaction of the members.

10. CLOSURE

There being no further business for discussion, the Chairperson thanked the members for their attendance and closed the meeting.

CHAIRPERSON

DATE

TRANSMED MEDICAL FUND
(Registration number: 1582)

ANNUAL FINANCIAL HIGHLIGHTS 2023
REPORT OF THE BOARD OF TRUSTEES
For the year ended 31 December 2023

The financial highlights document is a summary of the audited Financial Statements and, as such, is presented in less detail than the audited Financial Statements. For a better understanding of Transmed Medical Fund's financial position and the results of its operations, the financial highlights information should be read in conjunction with the Fund's audited Financial Statements of the corresponding year, which include all disclosures required by the relevant financial reporting framework. A complete set of the Financial Statements is available on written request from the Fund at its registered postal address.

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

1. DESCRIPTION OF THE MEDICAL FUND

1.1 TERMS OF REGISTRATION

The Fund is a not-for-profit, restricted medical fund registered in terms of the Medical Schemes Act 131 of 1998 (the Act), as amended.

1.2 BENEFIT PLANS WITHIN TRANSMED MEDICAL FUND

The Fund offers the following benefit plans to employees and pensioners of Transnet SOC Ltd and its subsidiaries:

- Guardian;
- Link;
- Select; and
- Prime.

2. MANAGEMENT

2.1 BOARD OF TRUSTEES IN OFFICE DURING THE YEAR UNDER REVIEW AND AT THE DATE OF THIS REPORT:

Employer and Labour-nominated Trustees

Mr HF Fourie	
Mr F Mackenzie	Vice-Chairperson
Ms J Phokane	
Mr V Ramlugaan	
Mr L Siwani	
Ms C Sophete	

Member-elected Trustees

Mr C Beard	
Ms S Booysen	
Mr JJ Groenewald	Elected 1 July 2023
Mr B Jonker	Chairperson
Mr F Mabaso	
Mr LJ Ngaka	Elected 1 July 2023

2.2 PRINCIPAL OFFICER

Mr PL Wassermann

1 st Floor Eagle Canyon Office Park	PO Box 32043
C/o Dolfyn and Christiaan de Wet Streets	Braamfontein
Randparkridge	2017
Randburg	
2169	

TRANSMED MEDICAL FUND
(Registration number: 1582)

ANNUAL FINANCIAL HIGHLIGHTS 2023
REPORT OF THE BOARD OF TRUSTEES
For the year ended 31 December 2023 (continued)

2. MANAGEMENT (CONTINUED)

2.3 REGISTERED OFFICE ADDRESS AND POSTAL ADDRESS

1 st Floor Eagle Canyon Office Park C/o Dolfyn and Christiaan de Wet Streets Randparkridge Randburg 2169	PO Box 32043 Braamfontein 2017
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2.4 FUND ADMINISTRATOR

Momentum Health Solutions (Pty) Ltd

Parc du Cap Mispel Road Bellville 7530	Parc du Cap Mispel Road Bellville 7530
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Council for Medical Schemes accreditation number: 13

2.5 MANAGED CARE PROVIDERS

Momentum Health Solutions (Pty) Ltd

Parc du Cap Mispel Road Bellville 7530	Parc du Cap Mispel Road Bellville 7530
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Council for Medical Schemes accreditation number: 59

Universal Healthcare (Pty) Ltd

Universal House 15 Tambach Road Sunninghill Park Sandton 2128	PO Box 1411 Rivonia 2128
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Council for Medical Schemes accreditation number: MCO 17

2.6 INVESTMENT MANAGER

Ninety One SA (Pty) Ltd

36 Hans Strijdom Avenue
Foreshore
Cape Town
8001

Financial services provider number: 587

2.7 ACTUARIES

NMG Consultants and Actuaries (Pty) Ltd

Belvedere Office Park Block B Pasita Street Tyger Valley 7536	PO Box 3950 Tyger Valley 7536
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TRANSMED MEDICAL FUND
(Registration number: 1582)

ANNUAL FINANCIAL HIGHLIGHTS 2023
REPORT OF THE BOARD OF TRUSTEES
For the year ended 31 December 2023 (continued)

2. MANAGEMENT (CONTINUED)

2.8 AUDITOR

Deloitte & Touche

5 Magwa Crescent
Waterfall City
Midrand
2066

Private Bag X6
Gallo Manor
2052

3. INVESTMENT STRATEGY OF THE FUND

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

The Board of Trustees ensures that:

- the Fund remains solvent;
- investments are placed at minimum risk and at the best possible rate of return;
- investments made are in compliance with the Regulations of the Act; and
- a risk assessment is performed with feedback to the Board of Trustees with recommendations on the risks identified.

During 2023 the Fund invested in money-market instruments, which included bonds and cash instruments. This was done mainly to ensure that the Fund had sufficient liquidity available.

The Fund's policy is reviewed annually, taking into consideration compliance with the Act and the risk and returns of the various investment instruments and the surplus of funds available.

4. REVIEW OF THE FINANCIAL YEAR'S ACTIVITIES

4.1 RESULTS OF OPERATIONS

Working member and pensioner (WMP) risk pool

The Trustees have implemented the actions stipulated in the business plan in order to increase the reserve ratio of the WMP risk pool to reach the required 25%.

The WMP risk pool consists of three plans: Link Plan, Select Plan and Prime Plan. Both the Link and Select Plans exceeded budget expectations at year end.

The risk profile of the risk pool deteriorated further during the year, partially as a result of the implementation of a revised subsidy structure by the employer, which has an ongoing impact on the risk pool. The revised subsidy structure allows members to belong to other open medical schemes, as approved by the employer. The strategic plan of the Fund is to attract new members to the risk pool in order to improve the risk profile.

The reserve ratio for WMP increased from 11.31% at 31 December 2022 to 19.43% at 31 December 2023.

The Trustees believe that the risk pool will remain solvent and will build reserves during the 2024 benefit year.

South African Transport Services (SATS) pensioner risk pool

Transnet SOC Ltd will continue to fund this risk pool.

TRANSMED MEDICAL FUND
(Registration number: 1582)

ANNUAL FINANCIAL HIGHLIGHTS 2023
REPORT OF THE BOARD OF TRUSTEES
For the year ended 31 December 2023 (continued)

4. REVIEW OF THE FINANCIAL YEAR'S ACTIVITIES (CONTINUED)

4.1 RESULTS OF OPERATIONS (CONTINUED)

The SATS risk pool's reserve ratio decreased from 35.66% at 31 December 2022 to 34.20% at 31 December 2023. This decrease is mainly due to the reduced Transnet SOC subsidy intended to bring the risk pool closer to the 25% solvency requirement. This risk pool performed better than anticipated during 2023.

Transnet SOC Ltd remains committed to funding the SATS risk pool to the reserve level required by the Act.

The Fund

The results of the Fund are set out in the Annual Financial Statements. The reserve ratio increased from 17.70% at the end of December 2022 to 23.79% at the end of December 2023. Due to the fact that the Fund's reserve ratio is below the required level of 25%, the Fund is currently under financial monitoring by the Council for Medical Schemes (CMS). The Fund has regular interactions with the CMS and constantly keeps the CMS informed of developments at the Fund.

4.2 SOLVENCY RATIO

	2023	2022
	R	R
Insurance contract liability to future members	126 926 295	95 714 762
Less:		
Unrealised gains on financial assets at fair value through profit or loss	(56 977)	(15 356)
Accumulated funds per regulation 29	<u>126 869 318</u>	<u>95 699 406</u>
Annual insurance revenue	533 218 229	540 760 594
Accumulated funds ratio	<u>23.79%</u>	<u>17.70%</u>

4.3 GOING CONCERN

The Board of Trustees considers the Fund to be a going concern. The Board took the following into consideration in the evaluation of the Fund's going-concern status:

- Available cash and investments at the end of the year amounted to R161 404 990.
- Transnet SOC Ltd will be providing funding to ensure that the SATS risk pool maintains a reserve level of 25%.
- A business plan has been developed by the Trustees with the assistance of the Fund's actuary in order to get the Fund to a reserve level of 25%.
- It is expected that the Fund's reserve ratio will increase from 23.79% at 31 December 2023 to 23.89% at 31 December 2024.
- An actuarial model was developed to assist the Trustees to consider the going-concern status of the Fund. Even with the most negative assumptions on membership movements and membership risk profiles, the model indicated that the Fund will be a going concern.

ANNUAL FINANCIAL HIGHLIGHTS 2023
REPORT OF THE BOARD OF TRUSTEES
For the year ended 31 December 2023 (continued)

4. REVIEW OF THE FINANCIAL YEAR'S ACTIVITIES (CONTINUED)

4.4 OPERATIONAL STATISTICS

	2023				
	Link	Select	Prime	Guardian	Total
Number of members at the end of the accounting period	1 443	8 067	197	3 859	13 566
Average number of members for the accounting period	1 505	8 476	233	4 137	14 352
Number of beneficiaries at the end of the accounting period	2 507	12 646	237	4 420	19 810
Average number of beneficiaries for the accounting period	2 635	13 430	282	4 739	24 118
Beneficiaries per member at 31 December	1.7	1.6	1.2	1.1	1.5
Average age of beneficiaries for the accounting period	49	51	75	80	58
Pensioner ratio (beneficiaries > 65 years)	36.5%	40.3%	85.2%	97.2%	53.0%
Average insurance revenue per member per month	R1 979.03	R3 057.37	R10 377.37	R3 172.27	R3 096.18
Average insurance revenue per beneficiary per month	R1 130.48	R1 929.75	R8 566.08	R2 769.18	R1 842.42
Average insurance service expenses per member per month	R1 588.42	R2 731.72	R13 132.03	R3 068.40	R2 877.64
Average insurance service expenses per beneficiary per month	R907.36	R1 724.20	R10 839.94	R2 678.51	R1 712.37
Average managed care services per member per month	R98.46	R72.19	R270.91	R125.53	R93.55
Average managed care services per beneficiary per month	R56.24	R45.57	R223.63	R109.58	R55.67
Average attributable administration and other expenses per member per month	R180.81	R175.70	R745.87	R587.48	R304.19
Average attributable administration and other expenses per beneficiary per month	R103.29	R110.90	R615.69	R512.83	R181.01
Managed care services as a percentage of insurance revenue	5%	2%	3%	4%	3%
Insurance service expenses as a percentage of insurance revenue	80%	89%	127%	97%	93%
Average attributable administration and other expenses as a percentage of insurance revenue	9%	6%	7%	19%	10%
Average accumulated funds per member at 31 December *	WMP = R7 525			R13 964	R9 356
Return on investments					9.10%

* Accumulated funds are measured for the two risk pools, WMP and SATS, and for the Fund as a whole, but not per benefit plan.

ANNUAL FINANCIAL HIGHLIGHTS 2023
REPORT OF THE BOARD OF TRUSTEES
For the year ended 31 December 2023 (continued)

4. REVIEW OF THE FINANCIAL YEAR'S ACTIVITIES (CONTINUED)

4.4 OPERATIONAL STATISTICS (CONTINUED)

	2022				
	Link	Select	Prime	Guardian	Total
Number of members at the end of the accounting period	1 530	9 050	294	4 470	15 344
Average number of members for the accounting period	1 566	9 488	326	4 762	16 142
Number of beneficiaries at the end of the accounting period	2 719	14 595	355	5 124	22 793
Average number of beneficiaries for the accounting period	2 814	15 442	394	5 469	24 118
Beneficiaries per member at 31 December	1.8	1.6	1.2	1.1	1.5
Average age of beneficiaries for the accounting period	49	51	73	81	58
Pensioner ratio (beneficiaries > 65 years)	34.5%	38.2%	78.0%	97.1%	51.6%
Average insurance revenue per member per month	R1 896.68	R2 832.30	R8 944.78	R2 583.85	R2 791.70
Average insurance revenue per beneficiary per month	R1 055.42	R1 740.26	R7 407.28	R2 250.13	R1 868.48
Average insurance service expenses per member per month	R1 593.89	R2 738.42	R8 492.93	R2 979.72	R2 814.83
Average insurance service expenses per beneficiary per month	R886.92	R1 682.58	R7 033.10	R2 594.87	R1 883.96
Average managed care services per member per month	R102.11	R69.56	R208.77	R117.61	R89.71
Average managed care services per beneficiary per month	R56.82	R42.74	R172.88	R102.42	R60.04
Average attributable administration and other expenses per member per month	R174.52	R157.03	R503.17	R512.58	R270.62
Average attributable administration and other expenses per beneficiary per month	R97.11	R96.48	R416.68	R446.38	R181.12
Managed care services as a percentage of insurance revenue	5%	2%	2%	5%	3%
Insurance service expenses as a percentage of insurance revenue	84%	97%	95%	115%	101%
Average attributable administration and other expenses as a percentage of insurance revenue	9%	6%	6%	20%	10%
Average accumulated funds per member at 31 December *	WMP = R4 581			R11 679	R6 238
Return on investments					6.06%

* Accumulated funds are measured for the two risk pools, WMP and SATS, and for the Fund as a whole, but not per benefit plan.

ANNUAL FINANCIAL HIGHLIGHTS 2023
REPORT OF THE BOARD OF TRUSTEES
For the year ended 31 December 2023 (continued)

4. REVIEW OF THE FINANCIAL YEAR'S ACTIVITIES (CONTINUED)

4.5 RESERVE ACCOUNTS

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

4.6 LIABILITY FOR INCURRED CLAIMS (LIC)

The basis of calculation of the LIC is discussed in note 7 to the Annual Financial Statements and is consistent with the prior year. There have been no unusual movements that the Trustees believe should be brought to the attention of the members of the Fund.

5. ACTUARIAL SERVICES

The Fund's actuaries have been consulted in the determination of the contribution and benefit levels and provide regular reports to the Fund. Reporting also includes the LIC and risk adjustment (RA) calculation.

6. GUARANTEES RECEIVED BY THE FUND FROM A THIRD PARTY

No guarantees have been received by the Fund for the year ended 31 December 2023.

7. EVENTS AFTER REPORTING DATE

There have been no events that have occurred between the end of the accounting period and the date of the approval of these Annual Financial Statements that the Trustees consider should be brought to the attention of the members of the Fund.

8. INVESTMENTS IN AND LOANS TO PARTICIPATING EMPLOYERS OF MEMBERS OF THE MEDICAL FUND AND TO OTHER RELATED PARTIES

- The Fund holds no investments in participating employers of the Fund's members. Refer to the related-party disclosure in note 18 to the Annual Financial Statements.
- Trustee remuneration is disclosed in note 15.1 to the Annual Financial Statements.

9. MANAGEMENT OF INSURANCE RISK

The primary insurance activity carried by the Fund assumes the risk of loss from members and their dependants that are directly subject to the risk. The risk relates to the health of the Fund members. As such, the Fund is exposed to the uncertainty surrounding the timing and severity of claims under contract.

The Fund manages its insurance risk through benefit limits and sub-limits, approval procedures for transactions that involve pricing guidelines, pre-authorisation and case management and service provider profiling.

The Fund uses several methods to assess and monitor insurance risk exposures, both for individual types of risks insured and overall risks. The theory of probability is applied to pricing and provision for a portfolio of insurance contracts. The principal risk is that the frequency and severity of risk claims are greater than expected.

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

ANNUAL FINANCIAL HIGHLIGHTS 2023
REPORT OF THE BOARD OF TRUSTEES
For the year ended 31 December 2023 (continued)

10. AUDIT COMMITTEE

The Audit Committee was established in accordance with the provisions of the Act. The Committee is mandated by the Board of Trustees by means of written terms of reference as to its membership, authority and duties. The Committee consists of five members of whom two are members of the Board of Trustees.

The majority of the members, including the Chairperson, are not officers of the Fund or its third-party Administrator. The Committee met on two occasions during the course of the year.

The Principal Officer of the Fund, Momentum Health Solutions (Pty) Ltd management and the internal and 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 Fund's accounting policies, risk management, internal control systems and financial reporting practices. The internal and external Auditors formally report to the Committee on critical findings arising from audit activities.

The Committee presently comprises:

- Mr K Buthelezi (Chairperson)
- Mr G Hauptfleisch
- Mr V Ramlugaan
- Ms C Sophete
- Ms S Thomas

11. BOARD OF TRUSTEE COMMITTEE MEETINGS

11.1 MANAGEMENT COMMITTEE

The Management Committee is mandated by the Board of Trustees by means of written terms of reference as to its membership, authority and duties.

The Management Committee incorporates the functions and responsibilities in the following areas:

- financial and investment management;
- supplier management;
- marketing management; and
- managed care management.

11.2 BENEFITS COMMITTEE

The mandate of the Benefits Committee is to:

- make recommendations to the Board on the benefits that are offered to members; and
- ensure the long-term viability of the benefit plans.

11.3 REMUNERATION COMMITTEE

The mandate of the Remuneration Committee is to:

- appraise the annual performance of the employee of the Fund; and
- decide on an annual increase in the remuneration of the employee of the Fund.

11.4 EX GRATIA COMMITTEE

The Ex Gratia Committee approved applications to the value of R131 078 (2022: R207 079) for ex gratia assistance to members. Applications for assistance from members are evaluated against criteria approved by the Board from time to time.

ANNUAL FINANCIAL HIGHLIGHTS 2023
REPORT OF THE BOARD OF TRUSTEES
For the year ended 31 December 2023 (continued)

12. NON-COMPLIANCE WITH MEDICAL SCHEMES ACT, 131 OF 1998

12.1 SELF-SUPPORTING PLANS

Nature and impact

In terms of Section 33(2) of the Act, benefit plans shall be self-supporting in terms of membership and financial performance. The Prime Plan recorded a deficit for the year ended 31 December 2023.

Causes for the failure

The Prime Plan had an adverse, high-cost case experience in comparison to the prior year.

Corrective action

The Prime Plan is not sustainable in the longer term on account of the following:

- the small and declining membership;
- the poor and rapidly deteriorating risk profile as a result of anti-selection;
- the poor value proposition that it offers; and
- the substantial operating losses being experienced on the plan.

In consultation with the Council for Medical Schemes, it was agreed that consideration should be given to closing the plan once the plan membership falls below 500 lives and closure of the plan would not threaten the financial sustainability of the WMP risk pool. The Prime Plan membership fell below 500 in November 2021. However, impact analyses carried out as part of the 2024 benefit review process for closing the Prime Plan indicated that closing the Prime Plan at this time would result in the members of the WMP risk pool being substantially worse off. Taking this into account, the Trustees decided to (1) continue with the Prime Plan for 2024, even though on a loss-making basis, and (2) to continue to monitor the plan closely with a view to closure when it makes financial sense to do so.

12.2 RESERVE RATIO

Nature and impact

In terms of Regulation 29, a medical scheme should have reserves of at least 25% of its gross annual contributions. At 31 December 2023, the Fund had a reserve ratio of 23.79%, which is lower than the required level.

Causes for the failure

The working member and pensioner risk profile deteriorated during the year. Further to this, Transnet SOC Ltd reduced its subsidy for the Guardian Plan intended to bring the risk pool closer to the 25% solvency requirement.

Corrective action

A business plan was developed by the Trustees with the assistance of the Fund's actuary in order to restore the Fund's reserve levels to 25%. The Council for Medical Schemes approved the business plan.

12.3 PAYMENT OF CLAIMS WITHIN 30 DAYS

Nature and impact

In terms of Section 59(2) of the Act, a member or provider claim should be settled within 30 days of submission. Instances were noted during sample testing where settlements took more than 30 days.

Causes for the failure

Delays can occur when accounts are referred for clinical audit or other investigations. These are, however, the exceptions and claims are generally paid within the prescribed time.

ANNUAL FINANCIAL HIGHLIGHTS 2023
REPORT OF THE BOARD OF TRUSTEES
For the year ended 31 December 2023 (continued)

12. NON-COMPLIANCE WITH MEDICAL SCHEMES ACT 131 OF 1998 (CONTINUED)

12.3 PAYMENT OF CLAIMS WITHIN 30 DAYS (CONTINUED)

Corrective action

The Administrator is aware of the requirements and complies as far as possible. It is, however, an inherent part of the industry where a limited number of problematic claims may exceed the payment requirement of 30 days.

12.4 OUTSTANDING CONTRIBUTIONS

Nature and impact

In terms of Section 26(7) of the Act, contributions should be received in accordance with the rules of the Fund. Per the Fund rules, contributions are required to be received at least three days after their due date. Instances were noted where contributions were received late.

Causes for the failure

The reason for this is due to the inherent nature of the business.

Corrective action

Ongoing communication to employer groups has occurred.

ANNUAL FINANCIAL HIGHLIGHTS 2023
STATEMENT OF FINANCIAL POSITION
As at 31 December 2023

		2023 R	*Restated 2022 R	*Restated 1 January 2022 R
	Notes			
ASSETS				
Non-current assets		73 794 491	63 787 491	63 279 277
Equipment		32 644	36 945	72 120
Financial assets at fair value through profit or loss	2	73 761 847	63 750 546	63 207 157
Current assets		88 063 877	54 155 425	84 010 961
Financial assets at fair value through profit or loss	2	83 329 740	51 056 679	80 033 819
Cash and cash equivalents	3	4 313 403	2 812 808	3 671 505
Trade and other receivables		420 734	285 938	305 637
Total assets		<u>161 858 368</u>	<u>117 942 916</u>	<u>147 290 238</u>
LIABILITIES				
Non-current liabilities				
Insurance contract liability to future members		126 926 295	95 714 762	110 758 521
Current liabilities		34 932 073	22 228 154	36 531 717
Insurance contract liability to current members		32 622 671	20 430 765	34 908 685
Trade and other payables		2 309 402	1 797 389	1 623 032
Total liabilities		<u>161 858 368</u>	<u>117 942 916</u>	<u>147 290 238</u>

* The 2022 comparatives have been restated as a result of changes in significant accounting policies due to the adoption of the IFRS 17 accounting standard. Refer to note 1 on standards that are effective on or after 1 January 2023 for detailed changes in significant accounting policies and the transition note 30.

ANNUAL FINANCIAL HIGHLIGHTS 2023
STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2023

	2023 R	Restated 2022 R
Insurance revenue	533 218 229	540 760 594
Insurance service expenses	(495 581 227)	(545 240 212)
Claims incurred	(451 632 557)	(497 825 322)
Third-party claims recoveries	21 445	235 210
Accredited managed healthcare services (no transfer of risk)	(16 110 622)	(17 376 463)
Attributable expenses incurred	(33 031 678)	(34 221 635)
Changes that relate to past service – adjustments to the LIC	5 172 185	3 947 998
Losses on onerous contracts and reversal of these losses	-	-
Insurance service result	37 637 002	(4 479 618)
Other income	13 089 961	7 786 020
Investment income	13 003 714	7 543 740
Sundry income	44 626	242 280
Unrealised gains on investments at fair value through profit or loss	41 621	-
Other expenditure	(19 515 430)	(18 350 160)
Administration fees and other operating expenses	(19 318 852)	(17 946 212)
Asset management fees	(150 127)	(127 952)
Net impairment loss on healthcare receivables	(36 051)	(251 717)
Sundry expenses	(10 400)	-
Unrealised loss on investments at fair value through profit or loss	-	(24 279)
Profit/(loss) for the year	31 211 533	(15 043 758)
Total comprehensive income for the year	31 211 533	(15 043 758)

TRANSMED MEDICAL FUND
(Registration number: 1582)

ANNUAL FINANCIAL HIGHLIGHTS 2023
STATEMENT OF CHANGES IN FUNDS AND RESERVES
For the year ended 31 December 2023

	Accumulated funds R
Balance as at 1 January 2022 (as previously reported)	112 369 529
IFRS 17 transition restatement	(112 369 529)
Balance as at 1 January 2022 (restated)	<u><u>-</u></u>

SELECTED NOTES TO THE ANNUAL FINANCIAL HIGHLIGHTS DOCUMENT
For the year ended 31 December 2023

1. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies applied by the Fund have been listed in the Annual Financial Statements from pages 23 to 30 and are in accordance with IFRS® Accounting Standards. The Fund has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for the accounting period. These policies have been consistently applied to all years presented, except for changes required by the mandatory adoption of new, revised IFRS® Accounting Standards and changes in accounting policy.

2. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023	2022
	R	R
Fair value of investments at the beginning of the year	114 807 226	143 240 976
Additions	295 895 000	266 365 000
Disposals	(266 055 000)	(301 975 000)
Capitalised interest	12 464 714	7 231 574
Realised and unrealised gain on financial assets at fair value through profit or loss	16 591	(19 939)
Management fees and transaction costs	(36 943)	(35 385)
	<u>157 091 587</u>	<u>114 807 226</u>
Fair value of investments at the end of the year	<u>157 091 587</u>	<u>114 807 226</u>
Total financial assets at fair value through profit or loss		
Non-current	73 761 847	63 750 546
Current	<u>83 329 740</u>	<u>51 056 679</u>
	<u>157 091 587</u>	<u>114 807 226</u>
Investments are summarised as follows:		
Money-market instruments	131 098 914	97 129 024
Bonds	<u>25 992 673</u>	<u>17 678 202</u>
	<u>157 091 587</u>	<u>114 807 226</u>

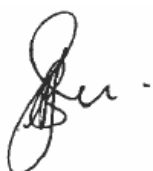
Financial assets at fair value through profit or loss consist of money-market instruments and bonds. A detailed register of investments is available for inspection at the registered office of the Fund. The maturity of the underlying instruments is disclosed on page 50 of the Financial Statements.

The weighted average interest rate received on the money-market portfolio was 9.10% (2022: 6.06%).

SELECTED NOTES TO THE ANNUAL FINANCIAL HIGHLIGHTS DOCUMENT
For the year ended 31 December 2023 (continued)

3. CASH AND CASH EQUIVALENTS	2023 R	2022 R
Current accounts	4 313 403	2 812 808
	<u>4 313 403</u>	<u>2 812 808</u>

The weighted average effective interest rate on the Fund's current accounts was 5.13% (2022: 2.73%). The carrying amounts of cash and cash equivalents approximate their fair values due to the short-term maturities of these assets.



B Jonker
CHAIRPERSON



F Mackenzie
VICE-CHAIRPERSON



PL Wassermann
PRINCIPAL OFFICER

TRANSMED MEDICAL FUND
(Registration number: 1582)

TRANSMED MEDICAL FUND ANNUAL GENERAL MEETING (AGM) – 26 June 2024
Agenda item 6: Annual Trustee fee increase

Transmed's payment philosophy for the Board of Trustees and Committees is to remunerate Trustees and Committee members in line with the mean-market benchmark. Appropriate considerations are also applied to the current and future market conditions, as well as to the economics and challenges within the Fund in terms of affordability. An additional consideration is the onerous requirements from a governance oversight monitoring and regulatory perspective that needs to be factored into the deliberations.

Trustee fees 2023/2024

Annual retainer – paid quarterly

- Trustees – R31 388
- Chairperson of the Board – R49 224

Board meeting attendance

- All Trustees – R6 540

Committee meeting attendance

- Trustees – R3 924
- Chairperson of the committee – R5 884

TRANSMED MEDICAL FUND ANNUAL GENERAL MEETING (AGM) – 26 June 2024
Agenda item 6: Annual Trustee fee increase

Proposed Trustee remuneration for 2024/2025

Recommendation of the Trustee Remuneration Committee to the Transmed Medical Fund Annual General Meeting

The remuneration of the Trustees is determined and recommended by the Trustee Remuneration Committee. The members of the Trustee Remuneration Committee who determined the Trustee remuneration for 2024/2025 are Mr Khulekani Buthelezi (Chairperson), Mr Frank Mackenzie, Mr Ben Jonker and Mr Vik Ramlugan.

The Trustee Remuneration Committee considered all the relevant factors from the various sources in terms of the 2024 inflation projection.

Recommendation to the Annual General Meeting

For 2024/2025, the Trustee Remuneration Committee, after taking into account the above inflationary statistics and forecasts, proposes to the Annual General Meeting a 5.0% increase in Trustee fees. The total fees after the proposed increase in comparison to the current fees are:

Trustee fees

Annual retainer (paid quarterly)	2023/2024	2024/2025
	Current	5.0% proposed increase
Trustees	R31 388	R32 957
Chairperson of the Board	R49 224	R51 685
Board meeting attendance		
All Trustees	R6 540	R6 867
Committee meeting attendance		
Trustees	R3 924	R4 120
Chairperson of the Committee	R5 884	R6 178



Mr K Buthelezi
CHAIRPERSON: TRUSTEE REMUNERATION COMMITTEE

