NOTICE OF ANNUAL GENERAL MEETING

THE MEMBERS OF THE BOARD OF TRUSTEES OF SEDMED and

ALL THE MEMBERS OF SEDMED

Notice is hereby given in terms of rule 26.1.2 of the Sedmed Rules that an ANNUAL GENERAL MEETING will be held on:

20 JUNE 2024
AT 09:30
HELDERBERG COLLEGE
VENUE: CAFETERIA
27 ANNANDALE DRIVE
HELENA HEIGHTS
SOMERSET WEST
CAPE TOWN

Please note that registration will commence at 09h00.

The Agenda is attached hereto.

The Sedmed Annual Report and Financial Statements for 2023 will be accessible on the Sedmed website (www.sedmed.co.za) starting 31 May 2024. In support of Sedmed's environmental initiatives, these documents will not be provided in hard copy at the AGM. Attendees are encouraged to download the documents from the website. Additionally, a QR code will be available at the AGM for easy access to the documents on capable devices. Please ensure your device has a QR code scanning capability for this purpose.

The attention of Members who wish to place an item for discussion on the Agenda, is respectfully drawn to the provisions of rule 26.1.5 as set out hereunder:

"26.1.5 Notices of Motion to be placed before the annual general meeting must reach the principal officer not later than seven days prior to the date of the meeting."

2 Fairview Street, Naval View | PO Box 468, Bloemfontein, 9300
Tel: (051) 447 8991 | Fax: (051) 448 3800 | e-mail: sau.sedcomdir@adventist.org.za

Any additional Agenda items must, therefore, reach the principal officer on or before 11 June 2024. Items received after the aforementioned date will not be considered.

In the event that the Agenda is amended, the updated Agenda will be sent to members by 13 June 2024.

In terms of rule 26.1.1, attendance at the Annual General Meeting will be limited to members, officers of the Scheme and individuals or organisations who are expressly invited by the Scheme to attend. Proof of membership must be provided during registration to access the venue.

A quorum of 15 members is required to ensure that the meeting may proceed.

Important

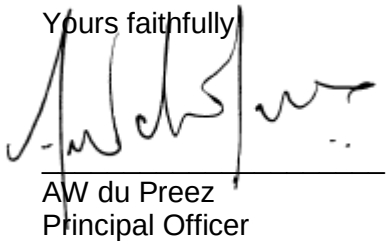
The AGM is an elective AGM, and trustee elections will take place during the meeting. The Trustee Recruitment Committee of Sedmed will present its Election Report to the members in attendance, and the elections will be conducted in accordance with Sedmed's rules.

Health & Safety

The venue will be under 24-hour security surveillance by a private security company before and during the AGM. No unauthorised individuals will be allowed to enter the property. Sufficient parking will be available inside the premises.

With Christian greetings

Yours faithfully



AW du Preez
Principal Officer

ANNUAL GENERAL MEETING
SEDMED MEDICAL SCHEME
20 JUNE 2024

AGENDA

1. Prayer.
2. Opening Remarks.
3. Principal Officer and Chairman's Report.
4. Trustee Report.
5. Financial Statements – 2023
6. Rule Amendments:

6.1 **Recommended** to amend rule 18.2 as follows:

All trustees must be elected by members from among the membership body. Trustees shall serve a term of office of three years. Retiring members of the Board may seek re-election, subject to the stipulation that no trustee may serve more than three consecutive terms. Upon completion of three consecutive terms, a mandatory break of one term is required before eligibility for re-election. All trustees serving more than three terms shall be vetted annually in accordance with the vetting requirements of the scheme.

6.2 **Recommended** to amend rule 18.13 to include a sub-paragraph 9, which states:

he/she is removed from office in terms of rule 18.16.

6.3 **Recommended** to amend rule 18 to include a sub-paragraph 18.16 stating:

A member of the Board who acts in a manner which is seriously prejudicial to the interests of the beneficiaries of the medical scheme may be removed by members of the Board after following a due process that is consistent with provisions of section 46 of the Medical Schemes Act or of the provisions of just administrative action or by way of a special resolution taken at a special general meeting, provided that:

Special notice shall be given to the trustee(s) concerned by the Board accompanying the resolution, and on receipt of the notice, shall be entitled to be heard on the proposed resolution at the meeting of trustees.

The notice convening the special general meeting containing the agenda and proposed special resolution must be furnished to members at least 14 days before the date of the meeting. The non-receipt of such notice by a member does not invalidate the proceedings at such a meeting, provided that the notice procedure followed by the Board was reasonable.

Where the trustee concerned makes representation in writing which is of a reasonable length and requests dissemination to members, the Board shall unless the representations are received by it too late for it to do so, state that such representations have been made in its notice to members in terms of rule 18.16 and send a copy of the representations to all members, whether such notice was sent before or after the receipt of representations by the Board.

Where the representation was not sent due to late receipt, the trustee concerned may require that the representations be read at the meeting.

The resolution to remove the trustee/s must be passed by at least 2/3 of members present in person or by proxy entitled to vote.

Rule 18.13 applies mutatis mutandis

If he Board of Trustees or the members, in the case of a trustee, suspends or removes the Principal Officer or a trustee from office and that person(s) is aggrieved by the decision, he/she may lodge a complaint in writing to the Registrar.

6.4 **Recommended** to amend the numbering of the current rule 18.16 to 18.17 and amend its wording as follows:

Trustees may be reimbursed for all reasonable expenses incurred by them in the performance of their duties as trustees. Such costs related to trustees must be disclosed to the members in the Annual General Meeting (AGM) and included in the annual financial statements.

6.5 **Recommended** to include a new rule 18.18 stating:

The costs related to trustees' fees (i.e. remuneration for holding a particular office on the Board or subcommittee and/or remuneration for attending meetings of the Board or subcommittees) and/or allowances (i.e. training, business travelling, accommodation and telephone costs for business purposes) must be approved by the members of the scheme annually at the AGM.

7. Trustee Remuneration 2024-2025.

8. Trustee Appointments.

9. Appointment of External Auditors.

10. Closing Remarks

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RULES FOR SEDMED
REGISTERED UNDER THE
MEDICAL SCHEMES ACT, 1998 (ACT NO. 131 OF 1998)

RULE **TABLE OF CONTENTS** **PAGE**

RULES

1. NAME {Sec 23}

The name of the Scheme is **SEDMED**, hereinafter referred to as the "Scheme".

2. LEGAL PERSONA {Sec 26}

The Scheme, in its own name, is a body corporate, capable of suing and of being sued and of doing or causing to be done all such things as may be necessary for or incidental to the exercise of its powers or the performance of its functions in terms of the Medical Schemes Act and regulations and these rules.

3. REGISTERED OFFICE {Sec 26(10)}

The registered office of the Scheme is situated at 2 Fairview Street, Naval View, Bloemfontein, but the Board may transfer such office to any other location in the Republic of South Africa, should circumstances so dictate.

4. DEFINITIONS

In these rules, a word or expression defined in the Medical Schemes Act (Act 131 of 1998) bears the meaning thus assigned to it and, unless inconsistent with the context—

(a) a word or expression in the masculine gender includes the feminine;

(b) a word in the singular number includes the plural, and *vice versa*; and

(c) the following expressions have the following meanings:

4.1 **"Act",** the Medical Schemes Act (Act No 131 of 1998), and the regulations framed thereunder.

4.2 **"Approval"**, prior written approval.

4.3 **"Auditor"**, an auditor registered in terms of the Public Accountants' and Auditors' Act, 1991, (Act No. 80 of 1991).

4.4 **"Beneficiary"**
a member or a person admitted as a dependant of a member.

4.5 **"Board"**, the Board of Trustees constituted to manage the Scheme in terms of the Act and these rules.

4.6 **"Child"**,{Sec 1: Definition of dependant; Sec 28} a member's natural child, or a stepchild, or legally adopted child or a child in the process of being legally adopted or a child in the process of being placed in foster care, or a child for whom the member has a duty of support or a child who has been placed in the custody of the member or his/her spouse or partner and who is not a beneficiary of any other medical scheme.

4.7 **"Condition specific waiting period"**, a period during which a beneficiary is not entitled to claim benefits in respect of a condition for which medical advice, diagnosis, care or treatment was recommended or received within the twelve-month period ending on the date on which an application for membership was made.

4.8 **"Continuation member"**, a member who retains his membership of the Scheme in terms of rule 6.2 or a dependant who becomes a member of the Scheme in terms of rule 6.3.

4.9 **"Contracted fee",** the fee determined in terms of an agreement between the scheme and a service provider or group of providers in respect of the payment of relevant health services.

4.10 **"Contribution"**, in relation to a member, the amount, exclusive of interest, paid by or in respect of the member and his registered dependants if any, as membership fees.

4.11 **"Council"**, the Council for Medical Schemes as contemplated in the Act.

4.12 **"Cost"**, in relation to a benefit, the net or final amount payable in respect of a relevant health service.

4.13 **"Creditable coverage"** any period during which a late joiner was-

4.13.1 A member or a dependant of a medical scheme;

4.13.2 a member or a dependant of an entity doing the business of a medical scheme which, at the time of his/her membership of such entity, was exempt from the provisions of the Act;

4.13.3 a uniformed employee of the South African National Defence Force, or a dependant of such employee, who received medical benefits from the South African national Defence Force; or

4.13.4 a member of a dependant of the Permanent Force Continuation Fund, but excluding any period of coverage as a dependant under the age of 21 years.

4.14 "Dependant" {Sec 1(1); Sec 28 of the Act and Sec 1 of the Regulations}

4.14.1 a member's spouse or partner who is not a member or a registered dependant of a member of a medical scheme;

4.14.2 a dependent child;

4.14.3 the immediate family of a member in respect of whom the member is liable for family care and support; {Council interprets "immediate family" to be, at a minimum, blood relatives of the member}

4.14.4 any other person who is recognised by the Board as a dependant for purposes of these Rules.

4.15 "Dependent", in relation to a dependant other than the members's spouse or partner, and who is financially dependent on the member.

4.16 "Dependent" in relation to a child, is:

4.16.1 a child under the age of 21, or older if he or she is permitted under the rules of the Scheme to be a dependant, who is not a member or a registered dependant of a member of a medical scheme who is financially dependent on the member;

4.16.2 a child who is a student at a recognised institution and who is under the age of 26 years, who is financially dependent on the member, as determined by the Board for a period not exceeding 12 (twelve) months at a time, or a period determined by the Board from time to time;

4.16.3 a child who, due to a mental or physical disability, is dependent upon the member;

4.17 "Designated Service Provider", a healthcare provider or group of providers selected by the scheme as preferred provider/s to provide to the members, diagnosis, treatment and care in respect of one or more prescribed minimum benefit conditions. (Reg 7)

4.18 "Domicilium citandi et executandi", the member's chosen physical address at which notices in terms of rules 11 and 13 as well as legal process, or any action arising therefrom, may be validly delivered and served.

4.19 "Emergency medical condition", the sudden and, at the time, unexpected onset of a health condition that requires immediate medical or surgical treatment, where failure to provide medical or surgical treatment would result in serious impairment of bodily functions or serious dysfunction of a bodily organ or part, or would place the person's life in serious jeopardy. (Reg 7)

4.20 **"Employee"**, a person or group of persons in the regular and full time employment of an employing organization within the Republic of South Africa, Namibia, Lesotho or Swaziland existing in terms of the Constitution of the Southern Africa Union Conference of Seventh-Day Adventists, said person being required to work on a regular basis for at least 37.5 hours per week and also to be a member of the Seventh-Day Adventist Church in good and regular standing.

4.21 **"Employer"**, The Seventh-day Adventist Church in the Republic of South Africa, Namibia, Lesotho or Swaziland or any of its recognised sub-organisations and any other employer or employer group within the Seventh-day Adventist Church as determined by the Board.

4.22 **"General waiting period"**, a period during which a beneficiary is not entitled to claim any benefits.

4.23 **"Income"**, means, for the purposes of calculating contributions;

4.23.1 in the event of an employee, the employee's gross monthly salary.

4.23.2 in the event of a continuation member, his gross monthly earnings.

4.23.3 a member who registers a spouse or partner as a dependant - the higher of member or spouse's or partner's salary or earnings.

4.24 **"Late joiner"**, an applicant or the adult dependant of an applicant who, at the date of application for membership or admission as a dependant, as the case may be, is 35 years or older but excludes any beneficiary who enjoyed coverage with one or more medical schemes as from a date preceding 01 April 2001, without a break in coverage exceeding 3 consecutive months since 01 April 2001.

4.25 **"Member"**, an employee who is admitted as a member of the Scheme in terms of these rules.

4.26 **"Member family"** the member and all the registered dependants.

4.27 **"Partner",** a person with whom the member has a committed and serious relationship akin to a marriage based on objective criteria of mutual dependency and a shared and common household, irrespective of the gender of either party.

4.28 "**Pre-existing sickness condition**", means a sickness condition for which medical advice, diagnosis, care or treatment was recommended or received within the twelve-month period ending on the date on which an application for membership was made.

4.29 **"Prescribed Minimum Benefits"**, the benefits contemplated in section 29(1)(o) of the Act and consist of the provision of the diagnosis, treatment and care cost of-

(a) the Diagnosis and Treatment Pairs listed in Annexure A of the Regulations, subject to any limitations specified therein; and

(b) any emergency medical condition.

4.30 **"Prescribed minimum benefit condition"**, a condition contemplated in the Diagnoses and Treatment Pairs listed in Annexure A of the Regulations or any emergency medical condition.

4.31 **"Registrar**", the Registrar or Deputy Registrar/s of Medical Schemes appointed in terms of section 18 of the Act.

4.32 **"Scale of benefits",** the scale of benefits in respect of relevant health services determined and published by BHF from time to time.

4.33 **"Spouse",** the spouse of a member to whom the member is married in terms of any law or custom.

5. OBJECTS

The objects of the Scheme are to:

(a) undertake liability, in respect of its members and their dependants, in return for a contribution or premium;

(b) make provision for the obtaining of any relevant health service;

(c) grant assistance in defraying expenditure incurred in connection with the rendering of any relevant health service; and/ or

(d) render a relevant health service, either by the Scheme itself, or by any supplier or group of suppliers of a relevant health service or by any person in association with, or in terms of an agreement with, the Scheme.

6. MEMBERSHIP

6.1 Eligibility

Subject to rule 8, membership of the Scheme is voluntary but is restricted to **employees** as defined in rule 4.20.

6.2 Retirees {Sec 29(1)(s); Reg 14}

6.2.1 A member shall retain his/her membership of the Scheme with his/her registered dependants, if any, in the event of his/her retiring from the service of the employer or his/her employment being terminated by his/her employer on account of age, ill-health or other disability.

6.2.2 The Scheme shall inform the member of his/her right to continue his/her membership and of the contribution payable from the date of retirement or termination of his employment. Unless such member informs the Scheme in writing of his desire to terminate his membership, he shall continue to be a member.

6.3 Dependants of deceased members { Sec 29(1)(t) }

6.3.1 The dependants of a deceased member who are registered with the Scheme as his dependants at the time of such member's death, shall be entitled to membership of the Scheme without any new restrictions, limitations or waiting periods.

6.3.2 The Scheme shall inform the dependant of his right to membership and of the contributions payable in respect thereof. Unless such person informs the ~~Board~~ Scheme in writing of his/her intention not to become a member, he/she shall ~~be admitted~~ continue to be ~~as~~ a member of the Scheme.

6.3.3 Such a member's membership terminates if he becomes a member or a dependant of a member of another medical scheme.

7. REGISTRATION AND DE-REGISTRATION OF DEPENDANTS {Sec 28; Def. *"dependant*"}

7.1 REGISTRATION OF DEPENDANTS

7.1.1 A member may apply for the registration of his dependants at the time that he/she applies for membership in terms of Rule 8.

7.1.2 If a member applies to register a new born or newly adopted child as a dependant, within 30 days of the date of birth or adoption of the child, increased contributions shall be due as from the first day following the month of the birth/adoption and benefits accrue as from the date of the birth/adoption.

7.2 DE-REGISTRATION OF DEPENDANTS

7.2.1 A member shall inform the Scheme within 30 days of the occurrence of any event which results in any one of his/her dependants no longer satisfying the conditions in terms of which he may be a dependant.

7.2.2 When a dependant ceases to be eligible to be a dependant, he/she shall no longer be deemed to be registered as such for the purpose of these Rules or entitled to receive any benefits, regardless of whether notice has been given in terms of these Rules or otherwise.

8. TERMS AND CONDITIONS APPLICABLE TO MEMBERSHIP {Sec 29(1)(n)}

8.1 A minor may become a member with the consent of his parent or guardian. {Sec 30(1)(f)}

8.2 No person may be a member of more than one medical scheme or a dependant:

8.2.1 of more than one member of a particular medical scheme; or

8.2.2 of members of different medical schemes or;

8.2.3 claim or accept benefits in respect of himself or any of his/her dependants from any medical scheme in relation to which he/she is not a member**.** {Sec 28 }

8.3 Prospective members shall, prior to admission, complete and submit the application forms required by the Scheme, together with satisfactory evidence in respect of himself and his/her dependants, of age, income, state of health and of any prior membership or admission as dependant of any other medical scheme. The Scheme may require an applicant to provide the Scheme with a medical report in respect of any proposed beneficiary in respect of a condition for which medical advice, diagnosis, care or treatment was recommended or received within the twelve-month period ending on the date on which an application for membership was made. The cost of any medical tests or examinations required to provided such medical report will be paid for by the Scheme. The Scheme may however designate a provider to conduct such tests or examinations. {Reg 12(1)}

8.4 WAITING PERIODS

8.4.1 The Scheme may impose upon a person in respect of whom an application is made for membership or admission as a dependant, and who was not a beneficiary of a medical scheme for a period of at least 90 days preceding the date of application -

8.4.1.1 A general waiting period of up to three months; and

8.4.1.2 A condition-specific waiting period of up to 12 months.

8.4.2 The Scheme may impose upon any person in respect of whom an application is made for membership or admission as a dependant, and who was previously a beneficiary of a medical scheme for a continuous period of up to 24 months, terminating less than 90 days immediately prior to the date of application -

8.4.2.1 A condition-specific waiting period of up to 12 months, except in respect of any treatment or diagnostic procedures covered within the prescribed minimum benefits;

8.4.2.2 In respect of any person contemplated in this subrule, where the previous medical scheme had imposed a general or condition-specific waiting period, and such waiting period had not expired at the time of termination, a general or condition-specific period for the unexpired duration of such waiting period imposed by the former medical scheme.

8.4.2 The Scheme may impose upon any person in respect of whom an application is made for membership or admission as a dependant, and who was previously a beneficiary of a medical scheme for a continuous period of more than 24 months, terminating less than 90 days immediately prior to the date of application, a general waiting period of up to three months, except in respect of any treatment or diagnostic procedures covered within the prescribed minimum benefits.{Sec 29A}

8.5 No waiting periods may be imposed on:

8.5.2 a person in respect of whom application is made for membership or admission as a dependant and who was previously a beneficiary of a medical scheme, terminating less than 90 days immediately prior to the date of application, where the transfer of membership is required as a result of –

8.5.2.1 change of employment; or

8.5.2.2 an employer changing or terminating the medical scheme of its employees, in which case such transfer shall occur at the beginning of the financial year, or reasonable notice must have been furnished to the scheme to which an application is made for such transfer to occur at the beginning of the financial year.

Where the former medical scheme had imposed a general or condition-specific waiting period in respect of persons referred to in this rule, and such waiting period had not expired at the time of termination of membership, the Scheme may impose such waiting period for the unexpired duration of a waiting period imposed by the former medical scheme.

8.5.3 a beneficiary who changes from one benefit option to another within the Scheme unless that beneficiary is subject to a waiting period on the current benefit option in which case the remaining period may be applied;

8.5.4 a child dependant born during the period of membership.

8.6 The registered dependants of a member must participate in the same benefit option as the member.

8.7 Every member will, on admission to membership, receive a detailed summary of these rules which shall include contributions, benefits, limitations, the member's rights and obligations. Members and their dependants, and any person who claims any benefit under these Rules or whose claim is derived from a person so claiming is bound by these Rules as amended from time to time. {Sec 30(2) and 32 }

8.8 A member may not cede, transfer, pledge or hypothecate or make over to any third party any claim, or part of a claim or any right to a benefit which he may have against the Scheme. The Scheme may withhold, suspend or discontinue the payment of a benefit to which a member is entitled under these rules, or any right in respect of such benefit or payment of such benefit to such member, if a member attempts to assign or transfer, or otherwise cede or to pledge or hypothecate such benefit. {Sec 34}

8.9 The Scheme shall in no circumstances be obliged to re-establish membership of a member whose membership has been terminated in terms of rule 12.4 or 12.5.

9. (Transfer of Employer Groups - Not Applicable)

10. MEMBERSHIP CARD AND CERTIFICATE OF MEMBERSHIP {Reg 3}

10.1 Every member shall be furnished with a membership card, containing such particulars as may be prescribed. This card must be exhibited to the supplier of a service on request. It remains the property of the Scheme and must be returned to the Scheme on termination of membership.

10.2 The utilisation of a membership card by any person other than the member or his registered dependants, with the knowledge or consent of the member or his dependants, is not permitted and is construed as an abuse of the privileges of membership of the Scheme.

10.3 On termination of membership or on de-registration of a dependant, the Scheme must, within 30 days of such termination, furnish such person with a certificate of membership and cover, containing such particulars as may be prescribed.

11. CHANGE OF ADDRESS OF MEMBER

A member must notify the Scheme within 30 days of any change of address including his/her *domicilium citandi et executandi*. The Scheme shall not be held liable if a member's rights are prejudiced or forfeited as a result of the member's neglecting to comply with the requirements of this rule.

12. TERMINATION OF MEMBERSHIP

12.1 Resignation

12.1.1 A member who resigns from the service of the employer shall, on the date of such termination, cease to be a member and all rights to benefits shall thereupon cease, except for claims in respect of services rendered prior thereto.

12.1.2 Notwithstanding the above, a member whose employment is terminated for reasons related to the operational requirements of the employer may, in the discretion of the Board, be allowed continued membership for a period of up to 6 months after termination of employment, provided that if such member should obtain alternative employment, his/her membership shall terminate with immediate effect.

12.2 Voluntary termination of membership

12.2.1 A member, who is not required in terms of his conditions of employment to be a member, may terminate his membership of the Scheme on giving 1 (one) month written notice. All rights to benefits cease after the last day of membership.

12.2.2 Such notice period shall be waived in substantiated cases where membership of another medical scheme is compulsory as a result of a condition of employment.

12.3 Death

Membership of a member terminates on his death.

12.4 Failure to pay amounts due to the Scheme

If a member fails to pay amounts due to the Scheme, his membership may be terminated as provided in these rules. {Sec 29 (2)(b*)* }

12.5 Abuse of privileges, False claims, Misrepresentation and Non-disclosure of Factual information {Sec 29 (2) and 66}

The Board may exclude from benefits or terminate the membership of a member or dependant whom the Board finds guilty of abusing the benefits and privileges of the Scheme by presenting false claims or making a material misrepresentation or non-disclosure of factual information. In such event he may be required by the Board to refund to the Scheme any sum which, but for his abuse of the benefits or privileges of the Scheme, would not have been disbursed on his behalf.

13. CONTRIBUTIONS

13.1 The total monthly contributions payable to the Scheme by or in respect of a member are as stipulated in Annexure A.

13.2 Contributions shall be due monthly in advance and be payable by not later than the 10th day of each month. Where contributions or any other debt owing to the scheme, have not been paid within thirty (30) days of the due date, the Scheme shall have the right to suspend all benefit payments which have accrued to such member irrespective of when the claim for such

benefit arose, and to give the member and/or employer notice that if contributions or such other debts are not paid up to date within fourteen (14) days of receipt of the notice, membership may be cancelled. {Section 26(7)}

13.3 In the event that payments are brought up to date, and provided membership had not been cancelled in accordance with rule 13.2, benefits shall be reinstated without any break in continuity subject to the right of the Scheme to levy a reasonable fee to cover any expenses associated with the default and to recover interest at the prime overdraft rate of the Scheme's bankers. If such payments are not brought up to date, no benefits shall be due to the member from the date of default and any such benefit paid may be recovered by the Scheme**.**

13.4 A member shall be liable to pay any shortfall becoming due by him to the Scheme immediately on receipt of a notice from the Scheme setting out the amount due. Payment shall be made in such manner, as the Scheme shall from time to time, determine. A member shall be in arrears with his payment of shortfalls due if payment is not received in full by the Scheme;

13.4.1 in the case of a member effecting payment personally, within 30 days of the date upon which notice of the shortfall is posted to him; or

13.4.2 in the case of a member whose payment is deducted from this remuneration by his Employer, within 30 days of the date upon which payment was due.

14. LIABILITIES OF EMPLOYER AND MEMBER

14.1 The liability of the employer towards the Scheme is limited to any amounts payable in terms of any agreement between the employer and the Scheme.

14.2 The liability of a member to the scheme is limited to the amount of his unpaid contributions together with any sum erroneously disbursed by the Scheme on his behalf or on behalf of his dependants.

14.3 In the event of a member ceasing to be a member, any amount still owing by such member is a debt due to the Scheme and recoverable by it.

15. CLAIMS PROCEDURE {Reg6.}

15.1 Every claim submitted to the Scheme in respect of the rendering of a relevant health service as contemplated in these Rules, must be accompanied by an account or statement as prescribed as well as a formal receipt, if applicable.

15.2 In order to qualify for benefits, any claim must, be signed and certified as correct and must be submitted to the Scheme not later than the last day of the fourth month following the month in which the service was rendered.

15.3 In respect of services which enjoy a benefit of 75% of cost, if electronic submission of claim(s) to the Scheme by service providers are not possible, the member shall pay the account in full and in support of his claim he shall submit the account or statement in accordance with Rule 15.1 as well as the relevant receipt.

15.4 Accounts for treatment of injuries or expenses recoverable from third parties, must be supported by a statement, setting out particulars of the circumstances in which the injury or accident was sustained.

15.5 Where the Scheme is of the opinion that an account, statement or claim is erroneous or unacceptable for payment, the Scheme shall notify the member or the health care

provider, whichever is applicable, accordingly within 30 days after receipt thereof. The Scheme shall state the reasons why such claim is erroneous or unacceptable and afford such member or provider the opportunity to return such corrected claim to the Scheme within four months of the notice.

15.6 If an account, statement or claim is correct or where a corrected account, statement or claim is received, as the case may be, the Scheme must, in addition to the payment contemplated in Section 59 (2) of the Act, dispatch to the member a statement containing at least the following particulars-

(a) The name and the membership number of the member;
(b) The name of the supplier of service;
(c) The final date of service rendered by the supplier of service on the account or statement which is covered by the payment;
(d) The total amount charged for the service concerned; and
(e) The amount of the benefit awarded for such service.

16. BENEFITS

16.1 Members are entitled to benefits during a financial year, as per Annexure B, and such benefits extend through the member to his registered dependants.

16.2 Once an account and a receipt (if applicable) have been rendered, the Scheme shall pay any benefit due to a member within 30 days of receipt of the claim pertaining to such benefit.{Sec 59(2)}

16.3 The Scheme excludes the services from benefits as set out in Annexure C.

16.4 The benefits cover in full the cost of the prescribed minimum benefits rendered by a state hospital.

16.5 The Scheme may, in respect of the financial year in which a member joins the Scheme, reduce the annual benefits pro rata to the period remaining of membership in the financial year concerned, calculated from the admission date to the end of the financial year concerned.

16.6 In the event that a member or dependant becomes entitled to any benefit for medical services rendered in the treatment of an injury sustained as a result of or arising out of the negligent driving of a motor vehicle by a person within the Republic of South Africa, the member or dependant shall:

16.6.1 be obliged to take all steps which are necessary to timeously submit to the Road Accident Fund ("RAF") established in terms Act 56 of 1996, a claim for compensation for the costs of any health care services performed and which in the future may be necessitated in connection with such injury; and

16.6.2 advise and keep the Scheme advised of the progress in relation to such claim for compensation; on admission of such claim by the RAF, advise the Scheme of the terms of such admission, including any terms relating to any undertaking by the RAF to make payments of the costs of any future medical expenses, in which event the Scheme shall be entitled to recover payment of any benefit in respect of health care services for which the RAF has undertaken to make payment**.**

16.7 In the event that a member or dependant becomes entitled to any benefit for medical services rendered in the treatment of an injury or disease sustained or contracted in the course of his employment, the member or dependant shall*:*

16.7.1 be obliged to take all steps which are necessary to timeously submit a claim for compensation to the Compensation Commissioner ("the Commissioner") as provided for in terms of the Compensation for Occupational Injuries and Diseases Act 130 of 1993, a claim for compensation for the costs of any health care services performed and which in the future may be necessitated in connection with such injury or disease and;

16.7.2 advise and keep the Scheme advised of the progress in relation to such claim for compensation; on submission of such claim to the Commissioner, advise the Scheme of the terms of such submission, including any terms relating to any undertaking by the Commissioner to make payment of the costs of any future medical expenses, in which event the Scheme shall be entitled to recover payment of any benefit in respect of healthcare services for which the Commissioner has undertaken to make payment, limited to the amount paid by the Scheme.

17. PAYMENT OF ACCOUNTS

17.1 Payment of accounts is restricted to the maximum amount of the benefits stated.

17.2 The Scheme may, whether by agreement or not with any supplier or group of suppliers of a service, pay the benefit to which the member is entitled, directly to the supplier who rendered the service.

17.3 Where the Scheme has paid an account or portion of an account or any benefit to which a member is not entitled, whether payment is made to the member or to the supplier of service, the amount of any such overpayment is recoverable by the Scheme.

17.4 Notwithstanding the provisions of this rule, the Scheme has the right to pay any benefit directly to the member concerned.

18. GOVERNANCE {Sec 29(1)(a); Sec 57}

18.1 The affairs of the Scheme must be managed according to these Rules by a Board of Trustees consisting of at least five persons who are fit and proper to be trustees.

18.2 All the trustees must be elected by members from amongst members to serve terms of office of three years each.

18.3 The following persons are not eligible to serve as members of the Board:

18.3.1 A person under the age of 21 years;

18.3.2 a director, employee, officer, consultant or contractor of the administrator of the Scheme or of the holding company, subsidiary, joint venture or associate of the administrator;

18.3.3 The principal officer of the Scheme;

18.3.4 The auditor of the Scheme; and

18.3.5 A broker.

18.4 Retiring members of the Board are eligible for re-election

18.5 Nominations to fill vacancies, signed by the candidate signifying his consent to stand for election, must be submitted to the Scheme by 31 March, of the year concerned and the election must be carried out by the members present at the annual general meeting of the Scheme.

18.6 The Board may fill by appointment by the remaining members of the Board, any casual vacancy, which occurs during its term of office. A person so appointed must retire at the first ensuing annual general meeting and that meeting must fill the vacancy for the unexpired period of office of the vacating member of the Board;

18.7 The Board may co-opt a knowledgeable person to assist it in its deliberations provided that such person shall not have a vote.

18.8 Half of the members of the Board plus one is a quorum at meetings of the Board.

18.9 The Board must elect from its number the chairperson and vice-chairperson.

18.10 In the absence of the chairperson and vice-chairperson, the Board members present must elect one of their numbers to preside.

18.11 Matters serving before the Board must be decided by a majority vote and in the event of an equality of votes, the chairperson has a casting vote in addition to his deliberative vote.

18.12 A member of the Board may resign at any time by giving written notice to the Board.

18.13 A member of the Board ceases to hold office if -

18.13.1 He is declared insolvent or has surrendered his estate for the benefit of his creditors;

18.13.2 He is convicted, whether in the Republic or elsewhere, of theft, fraud, forgery or uttering of a forged document or perjury;

18.13.3 He is removed by the court from any office of trust on account of misconduct;

18.13.4 He is disqualified under any law from carrying on his profession;

18.13.5 He becomes mentally ill or incapable of managing his affairs;

18.13.6 He absents himself from three consecutive meetings of the Board without the permission of the Chairperson;

18.13.7 He is removed from office by the Council in terms of Section 46 of the Act.

18.13.8 He ceases to be a member.

18.14 The Board must meet at least once every four months or at such intervals as it may deem necessary.

18.15 The chairperson may convene a special meeting should the necessity arise. Any 2 (two) members of the Board may request the chairperson to convene a special meeting of the Board, stating the matters to be discussed at such meeting.

18.16 Members of the Board are not entitled to any remuneration, honorarium or any other fee in respect of services rendered in their capacity as members of the Board.

19. DUTIES OF BOARD OF TRUSTEES {Sec 57(4)}

19.1 The Board is responsible for the proper and sound management of the Scheme, in terms of these rules.

19.2 The Board must act with due care, diligence, skill and in good faith. {Sec 57(6)(b)}

19.3 Members of the Board must avoid conflicts of interests, and must declare any interest they may have in any particular matter serving before the Board. {Sec 57 (6)(c)}

19.4 The Board must apply sound business principles and ensure the financial soundness of the Scheme.

19.5 The Board shall appoint a principal officer who is fit and proper to hold such office and may appoint any staff which in its opinion are required for the proper execution of the business of the Scheme, and shall determine the terms and conditions of service of the principal officer and of any person employed by the Scheme; {Sec 57(4)(a)}

19.6 The chairperson must preside over meetings of the Board and ensure due and proper conduct at meetings.

19.7 The Board must cause to be kept such minutes, accounts, entries, registers and records as are essential for the proper functioning of the Scheme. {Sec26(9) & 57(4)(b)}

19.8 The Board must ensure that proper control systems are employed by and on behalf of the Scheme.{Sec 57(4)(c)}

19.9 The Board must ensure that adequate and appropriate information is communicated to the members regarding their rights, benefits, contributions and duties in terms of the Rules. {Sec 57(4)(d)}

19.10 The Board must take all reasonable steps to ensure that contributions are paid timeously to the scheme in accordance with the Act and the Rules.{Section 57(4)(e)}

19.11 The Board must take out and maintain an appropriate level of professional indemnity I insurance and fidelity guarantee insurance.{Section 57(4)(f)}

19.12 The Board must obtain expert advice on legal, accounting and business matters as required, or on any other matter of which the members of the Board may lack sufficient expertise.{Section 57(4)(g)}

19.13 The Board must ensure that the Rules and the operation and administration of the scheme comply with the provisions of the Act and all other applicable laws.

19.14 The Board must take all reasonable steps to protect the confidentiality of medical records concerning any member or dependant's state of health. {Section 57(4)(l)}

19.15 The Board must approve all disbursements.

19.16 The Board must cause to be kept in safe custody, in a safe or strong room at the registered office of the Scheme or with any financial institution approved by the Board, any mortgage bond, title deed or other security belonging to or held by the Scheme, except when in the temporary custody of another person for the purposes of the Scheme. {Sec 29(1)(e)}

19.17 The Board must make such provision as it deems desirable, and with due regard to normal practice and recommended guidelines pertaining to retention of documents, for the safe custody of the books, records, documents and other effects of the Scheme.

19.18 The Board shall disclose annually in writing to the Registrar, any payment or considerations made to them that particular year by the Scheme, as prescribed-{Sec 57(8)}

20. POWERS OF BOARD {Sec 29(1)(b) & (c)}

The Board has the power —

20.1 to cause the termination of the services of any employee of the Scheme;

20.2 to take all necessary steps and to sign and execute all necessary documents to ensure and secure the due fulfillment of the Scheme's obligations under such appointments;

20.3 to appoint a subcommittee consisting of such Board members and other experts as it may deem appropriate;

20.4 to appoint a duly accredited administrator on such terms and conditions as it may determine, for the proper execution of the business of the Scheme. The terms and conditions of such appointment must be contained in a written contract, which complies with the requirements of the Act and the regulations;{Sec 58 & 67(1)(j); Chapter 6 of Regulations}

20.5 to appoint, compensate and contract with any accredited broker for the introduction or admission of a member to the Scheme; {Sec 65(1); Chapter 7 of the regulations}

20.6 to contract with managed health care organisations subject to the provisions of the Act and its regulations;

20.7 to purchase movable and immovable property for the use of the Scheme or otherwise, and to sell it or any of it; {Sec 26(1)(a)}

20.8 to let or hire movable or immovable property;

20.9 to provide administration services to other medical schemes;

20.10 in respect of any monies not immediately required to meet current charges upon the Scheme and subject to the provisions of the Act, and in the manner determined by the Board, to invest or otherwise deal with such moneys upon security and to realise, re-invest or otherwise deal with such monies and investments; {Sec 29(1)(g)}

20.11 with the prior approval of the Council, to borrow money for the Scheme from the Scheme's bankers against the security of the Scheme's assets for the purpose of bridging a temporary shortage;

20.12 subject to the provisions of any law, to cause the Scheme, whether on its own or in association with any person, to establish or operate any pharmacy, hospital, clinic, maternity home, nursing home, infirmary, home for aged persons or any similar institution, in the interests of the members of the Scheme;

20.13 to donate to any hospital, clinic, nursing home, maternity home, infirmary or home for aged persons in the interests of all or any of the beneficiaries; {Sec 30(1)(a)}

20.14 to grant repayable loans to members or to make *ex gratia* payments on behalf of members in order to assist such members to meet commitments in regard to any matter specified in Rule 5; {Sec 30(1)(b)}

20.15 to contribute to any fund conducted for the benefit of employees of the Scheme; {Sec 30(1)(d)}

20.16 to reinsure obligations in terms of the benefits provided for in these rules; {Sec 20(2)-(7)}

20.17 to authorise the principal officer and /or such members of the Board as it may determine from time to time, and upon such terms and conditions as the Board may determine, to sign any contract or other document binding or relating to the Scheme or any document authorising the performance of any act on behalf of the Scheme; {Sec 26(1)(a) and 29 (1)(d) & 57(4)(a)}

20.18 to contribute to any association instituted for the furtherance, encouragement and co-ordination of medical schemes; {Sec 30(1)(c)}

20.19 in general, do anything, which it deems necessary or expedient to perform its functions in accordance with the provisions of the Act and these rules.

21. DUTIES OF PRINCIPAL OFFICER AND STAFF {Sec 29(1)(b)}

21.1 The staff of the Scheme must ensure the confidentiality of all information regarding its members.

21.2 The principal officer is the executive officer of the scheme and as such shall ensure that:

21.2.1 The decisions and instructions of the Board are executed without unnecessary delay;

21.2.2 Where necessary, there is proper and appropriate communication between the Scheme and those parties, affected by the decisions and instructions of the Board;

21.2.3 He keeps the Board sufficiently and timeously informed of the affairs of the Scheme which relate to the duties of the Board as stated in section 57(4) of the Act;

21.2.4 He keeps the Board sufficiently and timeously informed concerning the affairs of the Scheme so as to enable the Board to comply with the provisions of section 57(6) of the Act;

21.2.5 He does not take any decisions concerning the affairs of the Scheme without prior authorisation by the Board and that he at all times observes the authority of the Board in its governance of the scheme.

21.3 The principal officer shall be the accounting officer of the Scheme charged with the collection of and accounting for all moneys received and payments authorised by and made on behalf of the Scheme.

21.4 The principal officer shall ensure the carrying out of all of his duties as are necessary for the proper execution of the business of the Scheme. He shall attend all meetings of the Board, and any other duly appointed subcommittee where his attendance may be required, and ensure proper recording of the proceedings of all meetings.

21.5 The principal officer shall be responsible for the supervision of the staff employed by the Scheme unless the Board decides otherwise.

21.6 The principal officer shall keep full and proper records of all moneys received and expenses incurred by, and of all assets, liabilities and financial transactions of the Scheme.

21.7 The principal officer shall prepare annual financial statements and shall ensure compliance with all statutory requirements pertaining thereto.

21.8 The following persons are not eligible to be a principal officer:

21.8.1 An employee, director, officer, consultant or contractor of the administrator of the Scheme or of the holding company, subsidiary, joint venture or associate of that administrator or

21.8.2 A broker.{Sec 57(7)}

21.9 The provisions or rules 18.13.1-18.13.5 apply mutatis mutandis to the principal officer.

22. INDEMNIFICATION & FIDELITY GUARANTEE {Sec 57(4)(f)}

22.1 The Board and any officer of the Scheme must be indemnified by the Scheme against all proceedings, costs and expenses incurred by reason of any claim in connection with the Scheme, not arising from their negligence, dishonesty or fraud.

22.2 The Board must ensure that the Scheme is insured against loss resulting from the dishonesty or fraud of any of its officers (including members of the Board) having the receipt or charge of moneys or securities belonging to the Scheme.

23. FINANCIAL YEAR OF THE SCHEME

The financial year of the Scheme extends from the first day of January to the 31st day of December of that year.

24. BANKING ACCOUNT {Sec 26 (1)(c)}

The Scheme must maintain a banking account with a registered commercial bank. All moneys received must be deposited to the credit of such account and all payments must be made either by electronic transfer, tape exchange or by cheque under the joint signature of not less than two persons duly authorised by the Board.

25. AUDITOR & AUDIT COMMITTEE {Sec 29(1)(f); Sec 36}

25.1 An auditor (who must be approved in terms of section 36 of the Act) must be appointed by resolution at each annual general meeting, to hold office from the conclusion of that meeting to the conclusion of the next annual general meeting.

25.2 The following persons are not eligible to serve as auditor of the Scheme -

25.2.1 A member of the Board;

25.2.2 An employee, officer or contractor of the Scheme;

25.2.3 An employee, director, officer or contractor of the Scheme's administrator, or of the holding company, subsidiary joint venture or associate of the administrator;

25.2.4 A person not engaged in public practice as an auditor;

25.2.5 A person who is disqualified from acting as an auditor in terms of the Companies Act, 1973. {Sec 36(3)}

25.3 Whenever for any reason an auditor vacates his office prior to the expiration of the period for which he has been appointed, the Board must within 30 days appoint another auditor to fill the vacancy for the unexpired period.

25.4 If the members of the Scheme at a general meeting fail to appoint an auditor required to be appointed in terms of this rule, the Board must within 30 days make such appointment, and if it fails to do so, the Registrar may at any time do so.

25.5 The auditor of the Scheme at all times has a right of access to the books, records, accounts, documents and other effects of the Scheme, and is entitled to require from the Board and the officers of the Scheme such information and explanations as he deems necessary for the performance of his duties.

25.6 The auditor must report to the members of the Scheme on the accounts examined by him and on the financial statements laid before the Scheme in the general meeting.

25.7 The Board must appoint an audit committee of at least five members of whom at least two must be members of the Board. The majority of the members, including the chairperson of the audit committee, shall be persons who are not officers of the medical scheme or the administrator of the medical scheme, the controlling company of the administrator or any subsidiary of its controlling company.

26. GENERAL MEETINGS {Sec 29(1)(m)}

26.1 Annual general meeting

26.1.1 The annual general meeting of members must be held not later than 30th June of each year on a date which may be shown to permit reasonable attendance by members.

26.1.2 The notice convening the annual general meeting, containing the agenda, the annual financial statements, auditor's report and annual report, must be furnished to members at least 21 days before the date of the meeting. The non-receipt of such notice by a member does not invalidate the proceedings at such meeting provided that the notice procedure followed by the Board was reasonable.

26.1.3 At least 15 members of the Scheme present in person constitute a quorum. If a quorum is not present after the lapse of 30 minutes from the time fixed for the commencement of the meeting, the meeting must be postponed to a date determined by the Board with notice of such postponed meeting being reissued in terms of rule 26.1.2 and members then present constitute a quorum.

26.1.4 The financial statements and reports specified in rule 26.1.2 must be laid before the meeting.

26.1.5 Notices of motions to be placed before the annual general meeting must reach the principal officer not later than seven days prior to the date of the meeting.

26.2 Special general meeting {Sec 29 (1)(m)}

26.2.1 The Board may call a special general meeting of members if it is deemed necessary.

26.2.2 On the requisition of at least 15 members of the Scheme, the Board must cause a special general meeting to be called within 30 days of the deposit of the requisition. The requisition must state the objects of the meeting and must be signed by all the requisitionists and deposited at the registered office of the Scheme. Only those matters forming the objects of the meeting may be discussed.

26.2.3 The notice convening the special general meeting, containing the agenda, must be furnished to members at least 14 days before the date of the meeting. The non-receipt of such notice by a member does not invalidate the proceedings at such a meeting provided that the notice procedure followed by the Board was reasonable.

26.2.4 At least 15 members present in person constitute a quorum. If a quorum is not present at a special general meeting after the lapse of 30 minutes from the time fixed for the commencement of the meeting, the meeting is regarded as cancelled.

27. VOTING AT MEETINGS {Sec 29(1)(m)}

27.1 Every member who is present at a general meeting of the Scheme and whose contributions are not in arrears, has the right to vote. Votes by proxy will not be allowed.

27.2 The chairperson must determine whether the voting must be by ballot or by a show of hands. In the event of the votes being equal, the chairperson, if he is a member, has a casting vote in addition to his deliberative vote.

28. COMPLAINTS AND DISPUTES {Sec 29(1)(j); Sec 48}

28.1 Members may lodge their complaints, in writing, to the Scheme. The Scheme may also provide a telephone number which may be used for dealing with telephonic complaints.

28.2 All complaints received in writing will be responded to by the Scheme in writing within 30 days of receipt thereof.

28.3 A disputes committee of three members, who may not be members of the Board, must be appointed by the Board to serve a term of office of 3 years. At least one of such members shall be a person with legal expertise.

28.4 Any dispute, which may arise between a member, prospective member, former member or a person claiming by virtue of such member and the Scheme or an officer of the Scheme, must be referred by the principal officer to the disputes committee for adjudication.

28.5 On receipt of a request in terms of this rule, the principal officer must convene a meeting of the disputes committee by giving not less than 21 days notice in writing to the complainant and all the members of the disputes committee, stating the date, time, and venue of the meeting and particulars of the dispute.

28.6 The disputes committee may determine the procedure to be followed.

28.7 The parties to any dispute have the right to be heard at the proceedings, in person or be represented by another party.

28.8 An aggrieved person has the right to appeal to the Council for Medical Schemes against the decision of the disputes committee. Such appeal must be in the form of an affidavit directed to Council and shall be furnished to the Registrar not later than three months after the date on which the decision concerned was made. .

28.9 A member may appeal to the Council against a decision of a review panel established in terms of Chapter 5 of the regulations to the Act.

28.10 The operation of any decision, which is the subject of any appeal under rule 28.8, shall be suspended pending the decision of the Council on such appeal.

29. TERMINATION OR DISSOLUTION {Sec 53; Sec 29(1)(h)}

29.1 The Scheme may be dissolved by order of a competent court or by voluntary dissolution**.** {Sec 64; Sec 29 (1)(i)}

29.2 Members in general meeting may decide that the Scheme must be dissolved, in which event the Board must arrange for members to decide by ballot whether the Scheme must be liquidated. Unless the majority of members decide that the Scheme must continue, the Scheme must be liquidated in terms of section 64 of the Act.{Section 64}

29.3 Pursuant to a decision by members taken in terms of rule 29.2 the principal officer must, in consultation with the Registrar, furnished to every member a memorandum containing the reasons for the proposed dissolution and setting forth the proposed basis of distribution of the assets in the event of winding up, together with a ballot paper.

29.4 Every member must be requested to return his ballot paper duly completed before a set date. If at least 50 per cent of the members return their ballot papers duly completed and if the majority thereof is in favour of the dissolution of the Scheme, the Board must ensure compliance therewith and appoint, in consultation with the Registrar, a competent person as liquidator.

30. AMALGAMATION AND TRANSFER OF BUSINESS {Sec 63 and Council Ruling}

30.1 The Scheme may, subject to the provisions of section 63 of the Act, amalgamate with, transfer its assets and liabilities to, or take transfer of assets and liabilities of any other medical scheme or person, in which event the Board must arrange for members to decide by ballot whether the proposed amalgamation should be proceeded with or not.

30.2 If at least 50 per cent of the members return their ballot papers duly completed and if the majority thereof is in favour of the amalgamation or transfer then, subject to section 63 of the Act, the amalgamation or transfer may be concluded. {Council Ruling}

31. RIGHT TO OBTAIN DOCUMENTS AND INSPECTION OF DOCUMENTS {Sec 41}

31.1 Any beneficiary must on request and on payment of a fee of R150.00, be supplied by the Scheme with a copy of the following documents:

31.1.1 The rules of the Scheme;

31.1.2 The latest audited annual financial statements, returns, Trustees reports and auditors report of the Scheme; and

31.1.3 The management accounts in respect of the scheme and all of its benefit options.

31.2 A beneficiary is entitled to inspect free of charge at the registered office of the Scheme any document referred to in rule 31.1 and to make extracts therefrom.

31.3 This rule shall not be construed to restrict a person's rights in terms of the Promotion of Access to Information Act, Act No. 2 of 2000

32. AMENDMENT OF RULES {Sec 31; Sec 20(1)(k) and (l)}

32.1 The Board is entitled to alter or rescind any rule or annexure or to make any additional rule or annexure. No alteration, rescission or addition which affects the objects of the Scheme or which increases the rates of contribution or decreases the extent of benefits of the scheme or of any particular benefit option by more than twenty five percent during any financial year, is valid unless it has been approved by a majority of members present in a general meeting or a special meeting or by ballot.

32.2 Members must be furnished with a copy of such amendment within 14 days after registration thereof. Should a member's rights, obligations, contributions or benefits be amended, he/she shall be given 30 days advance notice of such change.

32.3 Notwithstanding the provisions of rule 32.1 above, the Board must, on the request and to the satisfaction of the Registrar, amend any rule that is inconsistent with the provisions of the Act.

ANNEXURE A

1. Rates of contribution per month (for 2023) in terms of rule 13: {Section 29(1)(n) of the Act)}

Member	**R 2778.00**
First Dependent	**R 2778.00**
Each and every other registered dependent	**R 1416.00**

2. Premium penalties for persons joining late in life. {Reg 13}

2.1 Premium penalties may be applied to a late joiner. Such penalties shall be applied to that portion of the contribution relative to the late joiner and shall not exceed the following bands:

Penalty Bands	**Maximum Penalty**
1 – 4 years	0.05 x contribution
5 – 14 years	0.25 x contribution
15 – 24 years	0.50 x contribution
25 + years	0.75 x contribution

The following formula shall be applied to determine the applicable penalty band:

A = B – (35 + C) where:

A = number of years to determine appropriate penalty band

B = age of the late joiner at time of application

C = number of years of creditable coverage which can be demonstrated

2.2 Should a late joiner penalty already have been imposed and evidence of creditable coverage is produced thereafter, the penalty shall be recalculated and such revised penalty shall be applied from the time that such evidence was provided.

2.3 If an applicant is unable to obtain documentary proof to substantiate periods of creditable coverage, he/she shall be entitled to produce a sworn affidavit declaring such detailed information and that reasonable efforts to obtain documentary evidence of such periods of creditable coverage were unsuccessful.

ANNEXURE B

SUBJECT TO THE PROVISIONS OF THESE RULES MEMBERS AND THEIR REGISTERED DEPENDANTS ARE ENTITLED TO THE FOLLOWING BENEFITS (UNLESS EXCLUDED AS PROVIDED FOR IN ANNEXURE C)

SERVICE	%BENEFIT	ANNUAL LIMITS	CONDITIONS/ REMARKS
A. STATUTORY PRESCRIBED MINIMUM BENEFITS: (Voluntary & Involuntary payment conditions apply) (Appendix 2)	100% of cost	**No limit**	Services rendered by Public Hospitals and/or DSPs
OUT-OF-HOSPITAL benefits		**Overall annual limit M: R8000.00 M+1: R14000.00 M+2+: R20000.00**	**Limits are prorated calculated from the date of admission to the end of the financial year.**
B. PRIVATE & PUBLIC HOSPITALS, REGISTERED UNATTACHED OPERATING THEATRES and DAY CLINICS: 1. Accommodation in a general ward, high care ward and intensive care unit. 2. Theatre fees. 3. Medicines, materials and hospital equipment. 4. Visits by medical practitioners. 5. Confinement and midwives.	100%	**R500 000.00 per family**	1. 100% of cost in contracted DSP. 100% of scheme tariff in non-DSP (voluntary use of non-DSP) subject to co-payment in 5 below. 2. Authorization shall be obtained from the scheme prior to beneficiary being admitted to a hospital or day clinic(except in the case of an emergency) failing which benefits would be limited to 90% of scheme tariff, subject to the member's annual limit. 3. In the event of an emergency the scheme shall be notified on the next working day, failing which the conditions outlined in ~~1~~ 2 above shall apply. 4.Accommodation in a private ward is subject to certification by the attending practitioner as essential for recovery of the patient. 5. A co-payment of R10000.00 will be payable by a beneficiary on voluntary use of a non-DSP. 6. If a beneficiary voluntarily obtains diagnosis, treatment and care in respect of a PMB condition from a provider other than a DSP, the benefit payable in respect of such service is subject to a co-payment equal to the difference between the actual cost incurred and the cost that would have been incurred had the DSP been used.
6. Outpatient services.	75%	**Overall annual limit**	
PMB in DSP:	100%	**No limit**	
PMB in non-DSP(voluntary use)	100%	**No limit subject to condition 6**	
PMB in non-DSP(involuntary use)	100%	**No limit**	
C. SURGICAL PROCEDURES INCLUDING MAXILLO FACIAL SURGERY:	100%	**No limit**	Includes Osseo-integrated implants.
D. SPECIALIST SERVICES: 1. Consultations and visits (out of hospital) 2. All other services unless stated otherwise in this annexure.	75%	**Overall annual limit**	To be recommended by a general practitioner with the exception of services by an ophthalmologist or gynecologist.
E. GENERAL PRACTITIONER SERVICES: 1. Consultations and visits (out of hospital). 2. All other services unless stated otherwise in this annexure.	75%	**Overall annual limit**	**Subject to scheme tariff**
PMB in DSP:	100%	**No limit**	
F. CLINICAL TECHNOLOGISTS:	75%	**Overall annual limit**	

G. DENTAL SERVICES: 1. Conservative and Restorative dentistry (includes plastic dentures). 2. Special dentistry. (Including metal base dentures)	75%	**R8000.00 per year per** family.	General anaesthetic and hospitalization for conservative dental work excluded except in the case of trauma, patients under the age of seven years and impacted molars.
3.Specialist orthodontic work	75%	**R12 000 per patient in a cycle of two years**	Limited to patients under the age of 18 years and subject to pre-authorization being obtained, failing which benefits would be limited to 75% of **costs,** subject to the member's annual limit.
H. PRESCRIBED MEDICINE AND INJECTION MATERIAL: 1. Acute sickness conditions. 2. Pharmacy advised therapy.(PAT)	75%	**Overall annual limit According to scheme tariff.** **PAT limit: R350.00 per month per family.**	Prescribed by a person legally entitled to prescribe. Includes medicine given to a patient to take home(TTO). Scheme formulary, protocols, reference price, dispensing fee and DSP/network agreements applicable. Formulary in accordance to condition protocols applicable.
3. Chronic Disease List (CDL + DTP + PMB's) Chronic sickness conditions (other).	100% 80%	**Unlimited** **Unlimited According to scheme tariff.**	Subject to prior application, registration and approval by the Board. Non-CDL PMB's to be deduct from overall annual limit until depletion thereof. Thereafter non-CDL PMBs to deduct from PMB benefit. Scheme formulary, protocols, reference price, dispensing fee and DSP/network agreements applicable. Generic medicines to be (Voluntary & Involuntary payment conditions apply)preferred. Formulary in accordance to condition protocols applicable.
I. RADIOLOGY: 1. X-Rays 2. Scopes – Diagnostic 3. Scans – MRI and CAT 4. Scans - Ultra Sound 5. Angiography	100%	**No limit**	X-rays: no pre-authorization prior authorization required prior authorization required prior authorization required prior authorization required
J. PATHOLOGY and MEDICAL TECHNOLOGY:	75%	**Overall annual limit**	If part of hospital procedure and requirement: 100%
PMB in DSP:	100%	**No limit**	
K. CHEMOTHERAPY, RADIOTHERAPY, ORGAN TRANSPLANTS and KIDNEY DIALYSIS, subject to PMBs:	100%	**Included in limit for private hospitalization (see B)**	Subject to the approval of the Board prior to commencement of treatment or to the operation failing which benefits would be limited to 90% of NHRPL rates, subject to the member's annual limit.
L. PSYCHOLOGICAL and PSYCHIATRIC TREATMENT, subject to PMBs:	75%	**Overall annual limit**	All services included in limit.
PMB in DSP:	100%	**No limit**	
M. PHYSIOTHERAPY:	75%	**Overall annual limit**	To be recommended by a medical practitioner
N. BLOOD TRANSFUSIONS: (out of hospital)	100%	**No limit**	Includes the cost of blood, blood equivalents, blood products and the transport of blood.

O. AMBULANCE SERVICES (Road and Air):		**100% No limit**	Such transport is to be certified by a medical practitioner as essential.
P. ALTERNATIVES TO HOSPITALISATION: 1. Registered Frail Care Facilities 2. Step-down Nursing Facilities 3. Private Nursing 4. Hospice		**100% No limit**	Subject to the approval of the Board up to a maximum of one month subject to the understanding that it could be foreseen that the patient could possibly recover from his/her illness.
Q. AUXILIARY SERVICES: 1. Audiology 2. Occupational therapy 3. Speech therapy 4. Chiropody/ Podiatry 5. Dieticians 6, Homeopaths 7. Naturopaths 8. Chiropractors 9. Orthoptists	75%	**Overall annual limit**	To be recommended by a medical practitioner.
R. PROSTHESES, subject to PMBs: Internal and External	100%	**Overall annual limit**	If part of hospital procedure and requirement, included in limit for hospitalization, subject to prior authorization for such hospitalization.
S. MEDICAL and SURGICAL APPLIANCES, subject to PMBs: 1. Oxygen, cylinders 2. Nebulizers/ Glucometers 3. Colostomy kits; and 4. Diabetic equipment	75%	**Overall annual limit**	Wheelchairs are specifically excluded.
5.CPAP/APAP equipment	75%	**R8 000 per beneficiary In a cycle of five years excluding maintenance and accessories which are (claimable as a normal 75% benefit within annual limit)**	Subject to pre- authorisation being obtained failing which limit will be limited to75% of cost, subject to member's annual limit.
T. HEARING AIDS:	100%	**R24 000 per beneficiary in a cycle of two years**	Subject to pre-authorization being obtained failing which benefits would be limited to 75% of costs, subject to the member's annual limit
U. OPTICS:			
1. Frames	75%	**R 1500 per beneficiary in a cycle of two years**	
2. Lenses for spectacles & contact lenses	75%	**R 4000 per beneficiary in a cycle of two years**	
3. Testing of eyes	75%	**R 500 per beneficiary in a cycle of two years**	
4. Refractive surgery/ laser treatment	100%	**Overall annual limit**	Prior authorization shall be obtained from the Scheme failing which benefits would be limited to 90% of NHRPL rates, subject to the member's annual limit.

GENERAL:

1. ACQUIRED IMMUNE DEFICIENCY SYNDROME and RELATED ILLNESS,			
PMBs:	100%	**Unlimited**	
non-PMBs:	75%	**Overall annual limit**	
2. ALCOHOLISM AND DRUG DEPENDENCY: Subject to PMBs	100%	**Limited to 21 days per beneficiary per annum**	
3. COCHLEAR IMPLANTS:	100%	**No limit**	Prior authorization shall be obtained from the Scheme failing which benefits would be limited to 90% of NHRPL rates, subject to the member's annual limit.

Legend:

% Benefit = NHRPL rates/contracted fee/cost {whichever is applicable}.

M = Single Member
M+1 = Member with 1 dependant.
M+2+ = Member with 2 or more dependants.

ANNEXURE C

EXAMPLE OF EXCLUSIONS AND LIMITATION

EXCLUSIONS (With due regard to PMBs

1. Unless otherwise provided for or decided by the Board, expenses incurred in connection with any of the following will not be paid by the Scheme:

1.1 Subject to benefits payable in respect of the Prescribed Minimum Benefits (PMBs) all costs of whatsoever nature incurred for treatment of sickness conditions or injuries sustained by a member or a dependant and for which any other party is liable. The member is entitled to such benefits as would have applied under normal conditions, provided that on receipt of payment from another party in respect of medical expenses for which any other party is liable as mentioned above, the member will reimburse the scheme any money paid out in respect of this benefit by the Scheme.

1.2 All costs relating to infertility treatment and artificial insemination.

1.3 All costs in respect of injuries arising from participation in professional sport, speed contests and speed trials unless prior approval for participation has been obtained and, in this case, subject to PMB's.

1.4 All costs for operations, medicines, treatment and procedures solely for cosmetic purposes.

1.5 Holidays for recuperative purposes.

1.6 **Purchase of**:
- **Ø** contraceptives and apparatus to prevent pregnancy;
- **Ø** tonics, slimming preparations and drugs as advertised to the public and/or other products which are normally available over the counter, such as health tonics/tablets, headache tablets, etc unless prescribed by a physician for a specific illness and time frame;
- **Ø** patent medicines and proprietary preparations;
- **Ø** applicators, toiletries and beauty preparations;
- **Ø** bandages, cotton wool, other consumable items and similar aids; unless if a PMB condition:
- **Ø** patented foods, including baby foods; HIV prevention of mother to child transmission include provision of formula milk: and/or
- **Ø** household and biochemical remedies.

1.7 All costs in excess of the annual maximum benefit to which a member is entitled in terms of the rules of the Scheme.

1.8 Charges for appointments which a member or dependant of a member fails to keep.

1.9 **Costs for services rendered by —**

1.9.1 persons not registered with a recognized professional body constituted in terms of an Act of Parliament; or

1.9.2 any institution, nursing home or similar institution except a state or provincial hospital not registered in terms of any law.

2. LIMITATION OF BENEFITS:

2.1 The maximum benefits to which a member and his dependants are entitled in any financial year are limited as set out in Annexure B.

2.2 Members admitted to SEDMED during the course of a financial year are entitled to the benefits set out in the third column of Annexure B, with the maximum benefits being adjusted in proportion to the period of membership calculated from the date of admission to the end of the particular financial year.

2.3.1 In the absence of prior approval, benefits in respect of medicines obtained on a prescription are limited to one month's supply for every such prescription or repeat thereof.

Appendix 2

Prescribed Minimum Benefits (PMBs)

Definitions

Prescribed Minimum Benefits –

the benefits contemplated in Section 29 (1)(o) of the Act and consist of the provision of the diagnosis, treatment and care costs of ….

(a) the Diagnosis and Treatment Pairs (DTP) listed in Annexure A of the Regulations subject to any limitations specified therein; and

(b) any emergency medical condition. (Reg 7)

Prescribed Minimum Benefit Condition –

a condition contemplated in the Diagnosis and Treatment Pairs listed in Annexure A of the Regulations or any emergency medical condition. (Reg 7)

1. Designation of Service Providers (DSP)

The medical Scheme designates the following Service Providers for the delivery of Prescribed Minimum Benefits:

a. The MediClinic group of hospitals and the Netcare Group

b. MRI Criticare group for members' medical transport requirements.

c. Mediscor PBM has been appointed by the Scheme to manage CDLs and pharmaceutical benefits and a formulary is applicable.

d. Medical Services Organisation (MSO).

The above Service providers shall for the purposes of this Appendix be referred to as "Designated Service Providers".

2. Prescribed Minimum Benefits obtained from Designated Service Providers

100% of the cost in respect of diagnosis, treatment and care costs of Prescribed Minimum Benefits Conditions if those services are obtained from a Designated Service Provider.

3. Prescribed Minimum Benefits voluntarily obtained from other providers

If a beneficiary voluntarily obtains diagnosis, treatment and care in respect of a Prescribed Minimum Benefit Condition from a provider other than a Designated Service Provider, the benefit payable in respect of such service is subject to a co-payment equal to the difference between the actual cost incurred and the cost that would have been incurred had the Designated Service Provider been used.

4. **Prescribed Minimum Benefits involuntarily obtained from other providers**

a. If a beneficiary involuntarily obtains diagnosis, treatment and care in respect of a Prescribed Minimum Benefit Condition from a provided other than a Designated Service Provider, the Medical Scheme will pay 100% of the cost in relation to those Prescribed Minimum Benefit Conditions.

b. For the purposes of paragraph a., a beneficiary will be deemed to have involuntarily obtained a service from a provider other than a Designated Service Provider, if –

(a) the service was not available from the Designated Service Provider or would not be provided with unreasonable delay;

(b) immediate medical or surgical treatment for a Prescribed Minimum Benefit Condition was required under circumstances or locations which reasonably precluded the beneficiary from obtaining such treatment from a Designated service Provider; or

(c) there was no Designated Service Provider within reasonable proximity to the beneficiary's ordinary place of business or personal residence.

c. Except in the case of an emergency medical condition, pre-authorisation shall be obtained by a member prior to involuntarily obtaining a service from a provider other than a Designated Service Provider in terms of this paragraph, to enable the Scheme to confirm that the circumstances contemplated in paragraph b. are applicable.

5. **Prescribed Minimum Benefits obtained from a public hospital**

Notwithstanding anything to the contrary contained in these rules, the Scheme will pay 100% of the costs of Prescribed Minimum Benefits obtained in a public hospital, without limitation.

6. **Diagnostic Tests for an unconfirmed PMB diagnosis**

Where diagnostic tests and examinations are performed but do not result in confirmation of a PMB diagnosis, except for an emergency medical condition, such diagnostic tests or examinations are not considered to be a PMB.

7. **Co-Payments**

Co-payments in respect of the costs for PMBs may not be paid out of medical savings accounts.

8. **Chronic Conditions**

Any benefit option covers the full costs for services rendered in respect of the Prescribed Minimum Benefits which includes the diagnosis, management and medication to the extent that it is provided for in terms of a therapeutic algorithm as prescribed for the specified chronic conditions.

DIAGNOSIS	
Addison's disease	**Asthma**
Bipolar mood disorder	**Bronchiectasis**
Cardiac failure	**Cardiomyopathy disease**
Chronic renal disease	**Coronary artery disease**
Chronic obstructive pulmonary disorder	**Crohn's disease**
Diabetes isipidus	**Diabetes mellitus type 1 & 2**
Dysrhythmias	**Epilepsy**
Glaucoma	**Haemophilia**
Hyperlipidaemia	**Hypertension**
Hypothyroidism	**Multiple sclerosis**
Parkinson's disease	**Rheumatoid arthritis**
Schizophrenia	**Systemic lupus erythematosus**
Ulcerative colitis	**HIV**