

MAKOTI

MEDICAL SCHEME



Makoti Annual General Meeting | **2019**

Administered by Universal Healthcare Administrators (Pty) Ltd



Universal
Administrators

AGENDA

1. To confirm the Minutes of the Forty First Annual General Meeting held on 22 June 2018.
2. To receive and consider the report of the Board of Trustees for the year ended 31 December 2018 and the Annual Financial Statements for the year ended 31 December 2018, together with the Report of the Auditors.
3. To fill member trustee vacancies and confirm Board of Trustees.
4. To confirm Trustee remuneration for 2020.
5. To appoint an Auditor for the ensuing year.
6. To transact any other business that may be transacted at an Annual General Meeting.

Notices of motions to be placed before the Annual General Meeting must be in writing and must reach the Principal Officer not later than **seven days** prior to the date of the meeting, therefore by Friday, the 21 June 2019.

BY ORDER OF THE BOARD OF TRUSTEES

10 June 2019

MAKOTI MEDICAL SCHEME

MINUTES OF MEETING OF THE FORTY-FIRST ANNUAL GENERAL MEETING OF MEMBERS OF THE MAKOTI MEDICAL SCHEME, HELD AT IRENE CORPORATE OFFICE PARK, NELMAPIUS AVE, IRENE, AT 69 REGENCY DRIVE BLOCK B, ON FRIDAY, 22 JUNE 2018 AT 10H40.

PRESENT:

Mr P Nxumalo	-	Chairperson
Mr K Naidoo	-	Trustee
Mr B le Roux	-	Trustee
Mr S Motshoane	-	Member and Trustee
Mr D Nkambule	-	Member and Trustee
Mr J Lekgoro	-	Member and Trustee
15 members as per attendance register		

Action

IN ATTENDANCE:

Ms M Conradie	-	Fund Manager
Mr R Rapoza	-	Enabledem (Pty) Ltd
Mr W Nkosi	-	Enabledem (Pty) Ltd
Mr K Mokoena	-	Universal Healthcare
Mr T Khumalo	-	Universal Healthcare
Ms K Fisher	-	Universal Healthcare

PRINCIPAL OFFICER: Mr H Makgopela

OBSERVER: Ms A Jacobs - Council for Medical Schemes

APOLOGIES: Nil

The notice calling the meeting was taken as read.

1. CHAIRPERSON'S WELCOME TO MEMBERS:

The Chairperson welcomed those present to the Forty-First Annual General Meeting of the Makoti Medical Scheme with a special welcome to Ms Jacobs of the Council for Medical Schemes who was present to observe the proceedings. He advised that the meeting had been publicised as per the Rules of the Scheme. There were 15 members present in person and although proxy forms had been distributed to members none were received. A quorum being present the Chairperson declared the meeting duly constituted.

At the request of the Chairperson, the Principal Officer said a prayer and a minute of silence was observed for Prof Sam Fehrsen, the Chief Executive of Enabledem, who had recently passed.

2. CONFIRMATION OF THE MINUTES OF THE FORTIETH ANNUAL GENERAL MEETING HELD ON 28 JUNE 2017:

The Minutes of the Fortieth Annual General Meeting held on 28 June 2017, having been circulated with the notice of meeting, were taken as read.

There being no amendments to the Minutes, the Chairperson called for a proposer and seconder for the adoption of the Minutes. Mr Nkambule proposed and Mr Motshoane seconded that the Minutes be adopted as a true record of the proceedings and signed by the Chairperson.

3. ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017:

The Annual Financial Statements of the Scheme for the year ended 31 December 2017 had been circulated to members.

At the request of the Chairperson, Mr Mokoena gave a brief overview of the performance of the Scheme for the 2017 year highlighting the salient points as follows:

- Average number of members increased from 2 429 in 2016 to 2 754 in 2017, an increase of 13%, which indicates that the Scheme is growing.
- Average age of beneficiaries increased from 29 years to 30 years which remains a good age mix for any medical scheme.
- The solvency ratio, which is a key element of any medical scheme, decreased from 111.68% in 2016 to 105.27% in 2017, as a result of the growth in membership, which remains well above the 25% statutory requirement of 25% in terms of the Medical Schemes Act.
- The Scheme has total assets of R64 574 434 of which R49 109 913 is invested in cash and cash equivalents.
- Accumulated Funds were reflected at R55 378 897 for the year under review, indicating a strong financial position.
- The Scheme incurred a net surplus for the year of R316 254m.
- The balance at 31 December 2017 of total members' funds amounts to R58 557 050.

The Chairperson noted that the financial performance of the Scheme is monitored rigorously by the Scheme's Finance Committee.

The Fund Manager noted that a full set of the Scheme's Annual Financial Statements were available on the Scheme's website.

In response to a question on the possibility of reducing hospital claims, the Chairperson advised that there is discussions with the Minister of Health to address this issue with service providers. An important issue which the Trustees will be dealing with is member education.

As there were no further questions, the Chairperson requested that the Annual Financial Statements be adopted and that all matters and actions undertaken by the Administrator on behalf of the Scheme be confirmed. The motion having been proposed by Mr Lekgoro and duly seconded by Ms Barron was unanimously agreed to.

4. TRUSTEE REMUNERATION:

The Chairperson advised that the meeting allowance for the year 2018 is R8 658 per meeting attended. The meeting allowance for the year 2019 is recommended at R9 175 per meeting attended, which constitutes a 6% increase. This meeting allowance was taxable.

In terms of the Rules of the Scheme, the affairs of the Scheme must be managed by a Board consisting of six trustees, 3 member elected and 3 employer appointed trustees.

As it stands, one of the appointed trustees, Mr Bernard le Roux, will no longer be a trustee as the employer who nominated the said individual is no longer a participating employer. This resulted in a vacancy on the Board of Trustees.

4. TRUSTEE REMUNERATION (Continued):

The Chairperson advised that the Board of Trustees will co-opt a suitable person to fill the vacancy until the position has been filled - a process to be followed in terms of the Rules of the Scheme.

After due consideration, there being no objection, the remuneration for 2019 of R9 175 per meeting attended, having been proposed by Mr Nkosi, duly seconded by Ms Labuschagne, was unanimously approved.

5. APPOINTMENT OF AUDITORS:

The Chairperson advised that the appointment of the Auditors was a statutory requirement and as per the previous Annual General Meeting, the Scheme had gone out to tender followed by an adjudication process and after due consideration it was the recommendation of the Sub-Committee that PwC be re-appointed as the Scheme's auditor for the 2017 audit.

The motion to re-appoint PwC as the Scheme's Auditor for the 2018 financial year was proposed by Ms Barron, duly seconded by Ms Labuschagne and carried unanimously.

6. GENERAL:

The Principal Officer confirmed that no notice of motions had been received and invited those present to raise any general matters.

The matters raised were summarised as follows:

1. The queries raised related to new members joining the Scheme and are encountering difficulties with accessing GP's. Mr Rapoza reported that a substantial effort had been made to improve the access to GP's and that the network is expanding on a weekly basis.
2. In terms of Over-the-Counter (OTC) benefits, members were experiencing difficulty in obtaining the medicine. Mr Rapoza explained that members do not require a script, but must be made aware that only generic medicine can be obtained and members need to request the generic medicine.
3. Maternity Benefit on the Primary Option. Concern was raised in that there are no service providers in a particular area which members can access with regard to the available limit in respect of the maternity benefit for non-PMB related treatment. Mr. Rapoza advised that the available benefit on the Primary Option is R25 000. He advised that Enabledem is currently negotiating with a preferred provider to provide services at a reasonable price and until such time the above limit will apply. He undertook to keep the Board of Trustees informed of the progress.

The Chairperson advised that these matters would be debated at the Board of Trustees meeting to see how to improve the service to members.

There being no further business the Chairperson thanked members for their attendance and declared the meeting closed at 11h25.

DATE

CHAIRPERSON

**MAKOTI MEDICAL SCHEME
EXTRACT FROM THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2018**

**OPERATIONAL STATISTICS
As at 31 December 2018**

	2018	2017
Average number of members	4 256	2 754
Average number of beneficiaries	6 641	4 933
Net contributions per average beneficiary per month (R)	809	889
Relevant healthcare expenditure per average beneficiary per month (R)	736	814
Average age of beneficiaries	30	31
Pensioner ratio (%)	0.30	0.46
Average accumulated funds per member at year end (R)	11 869	15 832
Solvency Ratio (%)	86.85	105.27

**MAKOTI MEDICAL SCHEME
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018**

	Notes	2018	2017
		R	R
ASSETS			
Non-current assets			
		8 339 015	10 003 195
Available-for-sale financial instruments	2	-	9 996 432
Investments held at fair value through profit or loss	2	8 335 633	-
Computer Equipment	3	3 382	6 763
Current assets			
		54 097 471	54 571 239
Trade and other receivables	4	4 849 524	5 461 326
Cash and cash equivalents	5	14 904 003	49 109 913
Loans and receivables	6	34 343 944	-
Total assets		62 436 486	64 574 434
FUNDS AND LIABILITIES			
Members' funds			
		55 962 164	58 557 050
Accumulated funds		55 962 164	55 378 897
Available -for-sale reserve		-	3 178 153
Current liabilities			
		6 474 322	6 017 384
Outstanding claims provision	7	3 602 960	2 316 322
Trade and other payables	8	2 871 362	3 701 062
Total funds and liabilities		62 436 486	64 574 434

MAKOTI MEDICAL SCHEME
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018	2017
		R	R
Risk contribution income	9	64 435 412	52 605 844
Relevant healthcare expenditure		(58 626 325)	(48 200 063)
Net claims incurred		(55 923 562)	(52 640 745)
Risk claims incurred	10	(55 996 949)	(52 640 745)
Third party claims recoveries		73 387	-
Net (loss) / income on risk transfer arrangements	11	(2 702 763)	4 440 682
Risk transfer arrangement fees		(58 699 712)	(48 200 063)
Recoveries from risk transfer arrangements		55 996 949	52 640 745
Gross healthcare result		5 809 087	4 405 781
Broker service fees		(1 640 610)	(1 354 106)
Administration expenses	11	(8 233 927)	(6 290 418)
Net impairment (loss) on healthcare receivables	4	(413 421)	(12 750)
Net healthcare result		(4 478 871)	(3 251 493)
Other income		2 479 612	3 659 676
Investment income	12	2 479 612	3 659 676
Other expenditure			
Asset management fees		(97,344)	(91 929)
Sundry expense	13	(498 284)	-
Net (deficit) / surplus for the year		(2 594 887)	316 254
Other comprehensive income			
Fair value adjustment on available-for-sale investment		-	1 881 555
Total comprehensive (loss) / income for the year		(2 594 887)	2 197 809

MAKOTI MEDICAL SCHEME
STATEMENT OF CHANGES IN FUNDS AND RESERVES
FOR THE YEAR ENDED 31 DECEMBER 2018

	Accumulated funds	Available-for- sale reserve	Total members' funds
		R	R
Balance at 1 January 2017	55 062 644	1 296 598	56 359 242
Total comprehensive income for the year	316 254	1 881 555	2 197 809
Net surplus for the year	316 254	-	316 254
Other comprehensive loss for the year	-	1 881 555	1 881 555
Balance at 31 December 2017	55 378 898	3 178 153	58 557 051
Total comprehensive income for the year	583 266	(3 178 153)	(2 594 887)
IFRS 9 Adjustment	3 178 153	(3 178 153)	-
Net deficit for the year	(2 594 887)	-	(2 594 887)
Other comprehensive income for the year	-	-	-
Balance at 31 December 2018	55 962 164	-	55 962 164

**MAKOTI MEDICAL SCHEME
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Notes	2018	2017
		R	R
Cash flows from operating activities			
Cash utilised in from operations before working capital changes	15	(5 071 117)	(3 340 040)
Working capital changes:			
Decrease / (Increase) in trade and other receivables		611 802	(2 122 613)
Increase in outstanding claims provision		1 286 638	869 033
(Decrease) / Increase in trade and other payables		(829 700)	329 999
<i>Cash utilised in from operations</i>		<u>(4 002 377)</u>	<u>(4 263 621)</u>
Cash flows from investing activities			
Investment in term deposits	6	(34 343 944)	
Disposal of investments	2	636 578	3 076 726
Unrealised fair value loss on revaluation	2	1 024 221	-
Purchase of computer equipment	3	-	(10 145)
Investment income	12	2 479 612	3 659 676
<i>Cash (utilised in) / generated from investing activities</i>		<u>(30 203 533)</u>	<u>6 726 257</u>
Net (decrease) / increase in cash and cash equivalents		(34 205 910)	2 462 636
Cash and cash equivalents at the beginning of the year		49 109 913	46 647 277
Cash and cash equivalents at the end of the year	5	<u>14 904 003</u>	<u>49 109 913</u>

NB: Please note that a full set of the audited Annual Financial Statements is available on our web site at www.makotihealth.com A copy will be available at the Annual General Meeting.

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