

MINUTES OF THE ANNUAL GENERAL MEETING OF THE FISHING INDUSTRY MEDICAL SCHEME HELD ON FRIDAY, 8 JUNE 2018 AT 10:00 AT THE SEA HARVEST OFFICE, BLUE LAGOON TRAINING CENTRE, HARBOUR BAY, SALDANHA BAY

PRESENT:

44 members represented in person
Two Council for Medical Schemes (CMS) representatives
MMI Health

CHAIRPERSON:

Mr I Dwayi

PRINCIPAL OFFICER:

Ms A Sprague

APOLOGIES:

Mr G Nortje

1. CHAIRPERSON'S WELCOME

The Principal Officer opened the meeting at 10:20 and welcomed those present.

As this was the first Annual General Meeting to be held in Saldanha Bay, the Principal Officer extended a special welcome to all members attending the meeting. A warm welcome was also extended to the two CMS representatives, Mr Mfana Maswanganyi and Mr Viaan Pullen.

There being a quorum present, the Chairperson confirmed that the meeting was duly constituted.

The notice convening the Annual General Meeting, which was confirmed as having been circulated timeously to all members, was taken as read.

Mr Graham Jacobs proposed that the Annual General Meeting packs were received timeously.

Ms Elodia Alexander seconded the proposal that the Annual General Meeting packs were received timeously.

2. CONFIRMATION OF THE MINUTES OF THE PREVIOUS ANNUAL GENERAL MEETING HELD ON 9 JUNE 2017

The Fund Manager provided an overview of the proceedings of the 2017 Annual General Meeting for the benefit of all members who were not able to attend.

Mr Ashley Johnson proposed that the minutes of the Annual General Meeting be approved and adopted.

Mr Ivan Bosch seconded the proposal that the minutes of the Annual General Meeting be approved and adopted.

The minutes of the Annual General Meeting held on 9 June 2017 was signed as a true record of the proceedings.

3. CHAIRPERSON'S REPORT AND ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

The Chairperson's report was noted.

The audited annual financial statements for the year ended 31 December 2017, having been circulated, were presented to the meeting. Ms Adam, Management Accountant at MMI Health, provided a brief summary of the annual financial statements, noting the following salient points:

- Membership increased from 1 535 in 2016 to 1 752 in 2017.
- A surplus was reported for both the Primary Option and the Standard Option.
- The reserve ratio decreased from 77.45% in 2016 to 75.41% in 2017, which was still well above the legislated minimum of 25%.
- A clean audit report was noted for 2017.

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3. CHAIRPERSON'S REPORT AND ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

Ms Avril Hector proposed that the Chairperson's report and the annual financial statements be approved and adopted.

Mr Sizwe Nojekwa seconded the proposal that the Chairperson's report and the annual financial statements be approved and adopted.

4. APPOINTMENT OF THE AUDITORS FOR THE ENSUING YEAR

The Principal Officer informed the meeting that the Scheme had decided to review the services of the external audit partner, KPMG, as there had been much negative media hype regarding KPMG. As such, they had decided to invite tenders for a new audit partner. Six audit companies submitted their value offerings to the Scheme. In addition, it was noted that KPMG sent a letter advising the Scheme that they would not have been able to deliver certain services due to resource challenges.

The Audit Committee and the Financial Sub-Committee embarked on the process and recommended the services of PricewaterhouseCoopers (PwC) to the Board of Trustees, as their value offering was the best fit and affordable for the Scheme.

Upon approval by the Board of Trustees, the decision to accept PwC as the audit partner was accepted by the members.

Mr Deon Ocks proposed that the appointment of PwC be approved and adopted.

Mr Zain Grant seconded the proposal that the appointment of PwC be approved and adopted.

5. ELECTION OF TWO MEMBER-ELECTED TRUSTEES AND ALTERNATE TRUSTEE

The Principal Officer informed the meeting that two member-elected Trustees and one alternate member-elected Trustee resigned and, as such, three member-elected Trustee positions needed to be filled.

Following an election process, members nominated the following members:

- Mr Sizwe Nojekwa – six nominations
- Mr Raymond Bosch – five nominations
- Mr Bongani Mthethwa – four nominations.

The meeting was in favour of the composition of the member-elected Trustees, as follows:

- Mr Sizwe Nojekwa – member-elected Trustee
- Mr Raymond Bosch – member-elected Trustee
- Mr Bongani Mthethwa – alternate member-elected Trustee.

Both the Chairperson and the Principal Officer welcomed and congratulated the three newly-appointed member-elected Trustees.

6. CHANGE TO RULE 18.5

The Fund Manager explained that rule 18.5 only allows a term of office of two years for Trustees, which was too short a period of time to fully understand the governance of the Scheme in its entirety, as well as the responsibilities of a Trustee.

To support the motion, to change the rule, the Principal Officer informed the meeting that there were only four Board of Trustee meetings a year and as such Trustees would not acquire all the necessary knowledge after eight meetings in two years.

The motivation for the rule change from two years to three years for the term of office of a Trustee was submitted to the Council for Medical Schemes, who indicated that the rule change be approved by the members at the Annual General Meeting.

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6. CHANGE TO RULE 18.5 (CONTINUED)

Mr Noel Watson proposed that the term of office change to rule 18.5 from two to three years be approved and adopted, subject to approval from the Council for Medical Schemes.

Ms Elizabeth Presents seconded the proposal that the term of office change to rule 18.5 from two years to three years be approved and adopted, subject to approval from the Council for Medical Schemes.

7. REMUNERATION OF INDEPENDENT MEMBERS

The Chairperson shared the concern that the Scheme faced in recruiting independent members that were not affiliated with the Scheme or the fishing industry to serve on the Audit Committee. He had submitted a motivation to the Council for Medical Schemes to approve an Audit Committee comprised of two independent instead of three independent members.

In response, the Council for Medical Schemes advised the Scheme to consider remunerating independent members, as the financial position of the Scheme was fairly stable and having only two independent members would render the Audit Committee unduly constituted. The Trustees and the Board meeting held on 27 March 2018 proposed a fee of R2 500 for an independent Chairperson and R1 500 in respect of an Audit Committee member.

Mr Graham Jacobs proposed that the independent members be remunerated for their services, as proposed by the Council for Medical Schemes.

Mr Clifford Ramiel seconded the proposal that the independent members be remunerated for their services, as proposed by the Council for Medical Schemes.

8. GENERAL

The Principal Officer informed the meeting that she had been onsite on 7 June 2018 to attend to members' queries and indicated that she would ensure that all queries be investigated and resolved timeously.

Matters that were noted as concerns were:

- a. Very few service providers were available in Saldanha Bay.

Dentists were a huge concern, as there were only three dentists in the area: one who refused to attend to the members of the Scheme, one who was contracted, but had no bedside manner with patients, and the other who would have been approached for networking with the Scheme.

- b. Pharmacies were another concern, where pharmacies were not reviewing the Scheme's formulary to advise members that there was a generic alternative available, as opposed to telling members that the Scheme would not pay for the prescribed medication. The Principal Officer indicated that this would be further investigated with the pharmacies in the area.

- c. Cover for over-the-counter (OTC) medication was raised, as it was not a benefit of the Scheme and members indicated that if they had the OTC benefit, they would be able to self-medicate in the absence of a service provider after hours and also save on costs.

A member indicated that pharmacies had a clear idea of members' prescribed medication and indicated that pharmacies should review members' records to manage OTC medication.

The Principal Officer advised that the matter of an OTC medication benefit would be included in the 2019 benefit design.

The Principal Officer advised members to consult a dispensing service provider, where medication could be dispensed, as opposed to being prescribed to avoid inconvenience at the pharmacy.

- d. Most specialists were contracted out of medical scheme rates and charged members an upfront fee.

The Principal Officer advised that specialists could by law charge whatever they wanted to and that the Scheme or the Administrator could not influence this unless the specialist agreed to network with the Scheme and agreed to charge Scheme rates, which they were not prepared to do.

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8. GENERAL (CONTINUED)

The Fund Manager advised that she would liaise with the networks department at MMI Health to ensure that they liaise with specialists and try to encourage them to network with the Scheme and charge the Scheme's agreed rates.

She further explained that the challenge was that the Scheme's footprint in Saldanha Bay was very small and that this made bargaining difficult, whereas if the Scheme had a big footprint in the area, service providers would be more willing to review reimbursement.

- e. In response to a question as to why members had to pay for certain procedures at a general practitioner, the Fund Manager advised that there was a restricted tariff code list of procedures that general practitioners were contracted to provide.

The Fund Manager would review the procedure code list for the 2019 benefit design.

- f. Members indicated that service providers were over-servicing by requesting that members visit them for follow-up consultations.
- g. The Fund Manager enquired if members were prepared to pay higher monthly contributions in order to enhance benefits. Members agreed to pay higher contributions for better medication benefits and services.

The Principal Officer indicated that, as the meeting mainly consisted of Standard Option members, benefits be reviewed for these members.

Members were referred to the Schemes website where they could review the medication formulary.

- h. A concern regarding ambulance services was discussed and the Fund Manager explained the benefit to the member.
- i. A member raised a concern over the approval and renewal of chronic medication and the Fund Manager explained the process of applying for chronic medication, the renewal of the prescription every six months and the approval of medication prescribed for a new condition.

The Fund Manager informed the meeting that she would table all the above concerns with the necessary departments and the Scheme to review the above benefits to ensure a better benefit structure that would suit the members in Saldanha Bay.

The Chairperson requested that the Principal Officer and her assistant be onsite in Saldanha Bay more frequently per year.

9. CLOSURE

The Chairperson thanked the members for their attendance as well as the Principal Officer, the Fund Manager, the Board of Trustees, the outgoing Chairperson Mr Thinus van der Westhuizen, the Audit Committee, the Financial Sub-Committee, CMS and the Fund's service providers for their contribution to the successful running of the Fund over the past year.

APPROVED AND SIGNED THIS _____ DAY OF _____ 20 _____ AT _____

CHAIRPERSON

PRINCIPAL OFFICER