

MINUTES OF THE VIRTUAL ANNUAL GENERAL MEETING OF MEMBERS OF LA HEALTH MEDICAL SCHEME HELD ON THURSDAY, 30 JUNE 2022

PRESENT:

32 Members / 1 Scheme official / 3 Administrator officials / 1 Chairperson Audit Committee / 1 Actuary who are not members of the Scheme and 1 CMS representative as per the Attendance Register.

NOTE: The meeting was scheduled for 10h00 but a quorum of 30 members was not achieved at such time. A quorum was however achieved at 10h25 and pursuant to the Scheme's Rule 25.1.3 the Annual General Meeting was proceeded with.

AGENDA

(Proceedings commenced with a Moment of Reflection observed by all)

1. WELCOME

The Chairperson of the Board of Trustees welcomed all in attendance, and conveyed a special word of welcome to Mr. S. Mdluli from the Council for Medical Schemes, who was in attendance as an Observer.

The notice convening the Annual General Meeting was taken as read.

Apologies

Mr. A. Bennett	(Trustee)
Mr. R. de Bruyn	(Trustee)
Ms. C. Nel	(Trustee)

2. MINUTES AGM 2021

The Chairperson of the Board of Trustees informed the meeting that the Minutes of the 2021 Annual General Meeting had been available on the Scheme's website and also available on request from the Scheme's Call Centre.

The Chairperson of the Board of Trustees called for a proposer and a seconder for the adoption of the Minutes of the 2021 Annual General Meeting as a true reflection of the relevant proceedings. The adoption of the minutes was proposed and duly seconded.

Resolved: That the Minutes of the LA Health Medical Scheme Annual General Meeting, held on 11 August 2021, be **CONFIRMED**.

At this juncture, the Chairperson of the Board of Trustees called on the Principal Officer, Mr. A.M. de Koker, to address the meeting and also to deal with Item 3. Annual Financial Statements and Auditor's Report for the year ended 31 December 2021 and Item 4. Board of Trustees' Annual Report (as per Section 37 (1) of the Medical Schemes Act, 1998.

The Principal Officer delivered a PowerPoint presentation and highlighted the following:

(a) COVID-19

- (i) LA Health's COVID-19 experience as at 20 June 2022 stood at 29,778 confirmed cases (28,547 recovered), with 138,211 tests conducted – 4,818 admissions, 1,005 deaths and 116,566 vaccinations;
- (ii) The Scheme experienced a significant reduction in other claims cost for 2020/2021, due to:
 - fewer hospitalisation cases (elective surgeries); and
 - decline in other medical services, except chronic medication;
- (iii) Going forward a pent up demand can be expected due to postponed elective surgeries, to be funded from Scheme reserves above the 25% threshold; and
- (iv) The claims experience will have a positive impact on the 2022 contribution increases.

NOTED

(b) Membership:

- (i) As at 31 December 2021 LA Health's membership stood at 92,132 principal members;
- (ii) The number of LA Health beneficiaries as at 31 December 2021 stood at 231,416;
- (iii) LA Health maintained constant membership growth, and
- (iv) LA Health retained its position as the largest medical scheme in local government with 42% market share, 18% more than its closest competitor.

NOTED

(b) Financial Performance

- (i) The Scheme's net contribution income increased from R3.9 billion in 2020 to R4.2 billion in 2021;
- (ii) The Scheme's healthcare expenditure increased from R2,9 billion in 2020 to R3.4 billion in 2021;

- (iii) The Scheme's non-healthcare expenditure increased from R465 million in 2020 to R495 million in 2021. This increase in expenditure is linked to membership growth;
- (iv) Other income is mainly interest on investments, which decreased from R146 million in 2020 to R133 million in 2020 due to lower interest rates and the Scheme's conservative investment strategy; and
- (v) The Scheme ended the year with a surplus of more than R397 million.

(c) Trustee Remuneration

- (i) Based on the CMS Annual Report for 2019/2020 LA Health, out of top 20 medical schemes' average cost per Trustee was rated 18th;
- (ii) LA Health's Trustee reimbursements and remuneration is disclosed on an annual basis in the Annual Financial Statements which are put before the Annual General Meeting. Refer to Note 22 for ease of reference. Members have the opportunity here to raise their objections or questions for clarity;
- (iii) The Trustee Reimbursements and Remuneration Policy, pursuant to independent expert advice, was previously approved by the AGM;
- (iv) The Trustees' maximum monthly retainer is increased annually with CPI+2% in accordance with such policy;
- (v) The Board of Trustees undertakes an independent market evaluation on a regular basis to determine whether the Scheme's Trustees Remuneration paid remains commensurate their role and fiduciary responsibilities and not out of line with such remuneration paid by comparable medical schemes in the industry;
- (vi) Trustees are reimbursed on actual costs incurred; and
- (vii) No meeting allowances are paid to Trustees.

(d) Health Funders Association (HFA), National Health Insurance (NHI) and Health Market Inquiry (HMI)

The Principal Officer provided a brief overview of the important work being done by HFA on behalf of its member schemes, as well as the latest position in relation to the NHI and HMI.

Resolved:

- (1) That the summary of the Scheme's financial performance for the year ended 31 December 2021, set out above, offered by the Principal Officer be **NOTED**.

- (2) That the Audited Financial Statements and Audited Auditor's Report for the year ended 31 December 2021 (Item3) be **NOTED**.
- (3) That the Board of Trustees Annual Report as provided for in Section 37 (1) of the Medical Schemes Act (Item4), be **NOTED**.
- (4) That the summary by the Principal Officer of the processes followed by Scheme in relation to the payment of Trustee Remuneration, pursuant to the Scheme's Trustee Reimbursements and Remuneration Policy previously approved by the AGM, be **NOTED**.
- (5) That the brief overview from the Principal Officer on the work being done by HFA as well as the latest position in relation to NHI and HMI be **NOTED**.

5. Announcement of re-appointment of the Scheme's external auditors

The Chairperson of the Board of Trustees announced that the Board of Trustees on 26 November 2020 adopted a recommendation from the Audit Committee that KPMG be re-appointed LA Health's external auditors for the financial period 1 January 2022 to 31 December 2023.

NOTED

6. Consideration: Notices of Motion for referral to the Board of Trustees for consideration

The Chairperson of the Board of Trustees announced that no motions had been received for consideration.

NOTED

7. Introduction of the Chairperson's Report

The Chairperson of the Board of Trustees reminded the meeting that the Chairperson's Report for 2021 formed part of the Notice Convening the Annual General Meeting.

The Chairperson's Report was **taken as read**.

Resolved: That the Chairperson's Report: 2021 be **NOTED**.

In conclusion, the Chairperson of the Board of Trustees paid tribute to the Deputy Chairperson of the Board of Trustees, Mr. R. Denge, for his support and encouragement throughout, as well as to his fellow Trustees, the Scheme's Management and Staff, the Scheme's Audit Committee, the Administrator and Staff, the Scheme's Actuaries and other Advisors for their sterling work always in the best interest of the Scheme and its membership.

THE MEETING CONCLUDED AT 10h55

CHAIRPERSON

29 June 2023
DATE