

Your invitation to attend the Annual General Meeting of LA Health Medical Scheme

EVENT DETAILS

Date: Wednesday 17 June 2026

Time: 14:00

Where: Radisson Blu Hotel
7 Lagoon Drive
uMhlanga

DIRECTIONS TO THE VENUE VIA M4 FROM CENTRAL DURBAN

- Follow Joe Slovo St to Stalwart Simelane St/M4 in Stanford Hill.

- Follow M4 to uMhlanga Rocks Drive/M12 in uMhlanga, uMhlanga.
- Take the M12/uMhlanga Rocks Drive exit from M4.
- Continue on uMhlanga Rocks Drive/M12 to your destination.



BEFORE THE ANNUAL GENERAL MEETING YOU MAY WANT TO READ THE FOLLOWING DOCUMENTS

- The 2025 audited Annual Financial Statements
- The 2025 Board of Trustees' report
- The draft minutes of the previous meeting, held on 25 June 2025

These documents are available on www.lahealth.co.za, or you can request copies from the call centre on **0860 103 933**.

Note: We will not deal with any claims or other personal queries at the Annual General Meeting. You may contact the LA Health call centre on 0860 103 933 for help.

Agenda for the Meeting

1. Welcome and verification that the required number of members are present in the meeting
2. Noting and approving the minutes of the Annual General Meeting held on 25 June 2025
3. Consider and discuss the Annual Financial Statements and auditor's report for the year ended 31 December 2025
4. Consider and discuss the Board of Trustees' annual report in line with Section 37[1] of the Medical Schemes Act [1998]
5. Confirm the Board's appointment of Deloitte as the Scheme's external auditor for the 2026 audit
6. Consideration: Notices of motions received for referral to the Board of Trustees for final decision
7. Introduction of the Chairperson's report

This is the official notice of the Annual General Meeting

Please notify the Principal Officer of any motions at least 7 days before the date of the meeting if you would like to raise a motion for discussion.

Please send your motions by not later than 12:00 on Wednesday, 10 June 2026.

How to send your motion

Email: rdutoit@lahealth.co.za

Post: LA Health AGM, PO Box 652509,
Benmore 2010

Chairperson's report

FOR THE 2025 FINANCIAL YEAR



INTRODUCTION

LA Health Medical Scheme (“the Scheme”) remains committed to protecting the healthcare needs of employees, pensioners and their families within the Local Government sector and associated stakeholders, amid a challenging healthcare environment characterised by regulatory uncertainty, escalating healthcare costs and continued pressure on household affordability.

During the 2025 financial year, the Board maintained a strong focus on financial sustainability, prudent risk management and equitable access to benefits across the Scheme’s diverse benefit options. Despite increased healthcare utilisation and claims cost pressures consistent with broader industry trends, the Scheme achieved stronger-than-expected membership growth, reinforcing its position within the Local Government sector.

Through disciplined financial management and ongoing oversight of risk exposure, the Board ensured that the Scheme maintained a strong solvency position well above the statutory minimum requirement. The Board also continued to monitor the composition of the Scheme’s risk pool closely, including age profiles, pensioner ratios and member retention trends, as these remain critical determinants of claims experience and long-term sustainability.

In support of affordability, contribution increases for 2025 were kept as low as reasonably possible while balancing the Scheme’s financial obligations and long-term sustainability. During the year, all benefit options were enhanced for 2026 through improved mental health benefits in response to growing demand for mental healthcare support, and a new benefit option, LA Engage, was introduced to better meet the needs of young, growing families.

The Board continued to engage proactively with regulators and monitor legislative and policy developments affecting medical schemes, ensuring full compliance with statutory requirements and maintaining high standards of governance and accountability.



INDUSTRY AND REGULATORY ENVIRONMENT

The medical schemes industry continues to face significant structural pressures arising from demographic shifts, healthcare inflation above CPI, and sustained increases in healthcare utilisation. These pressures continue to widen the gap between healthcare costs and member affordability.

While the industry, and LA Health in particular, remains financially sound, these dynamics are accelerating the need for more sustainable, efficient and technologically integrated healthcare delivery models. The Board recognises that innovation in care models is necessary but cannot alone resolve the structural cost pressures embedded in the current regulatory framework.

The Board continues to support appropriate regulatory reform, including a comprehensive review of the Prescribed Minimum Benefits framework and the introduction of appropriately structured low-cost and primary healthcare options, aimed at improving long-term affordability, access and sustainability.

Uncertainty surrounding the implementation of the National Health Insurance Act continues to shape the policy environment. The Board remains vigilant and will respond appropriately as developments unfold.



FINANCIAL OVERVIEW

The Scheme recorded a positive net healthcare result of **R350.29 million** for the year ended 31 December 2025, supported by investment income of **R361.6 million**. Accumulated funds increased to **R4.127 bn**, resulting in a solvency ratio of **49.27%**, compared to 52.21% in 2024.

The Scheme continues to exceed the statutory minimum solvency requirement of 25%, reflecting strong financial resilience and prudent reserve management.

LA Health remains the leading medical scheme within the Local Government sector, servicing more than fifty percent of the employee market.



KEY FINANCIAL METRICS

METRIC	2025 VS 2024 ACTUALS		CURRENT STATUS
	2025	2024	
Membership	+10 818 members	↑	Membership increased to 119 430 from 108 612 principal members at the end of 2025. This is a 9.96% year-on-year growth.
Average age of beneficiaries	1.28%	↑	The average age of the beneficiaries (30.03 years) is marginally higher than the 29.65 years in 2024. This is lower than the industry average of 34.2 years (CMS:2024).
Proportion of lives over age 65	1.19%	↓	The pensioner ratio decreased to 4.14% from 2024. This is lower than the industry average of 9.8% (CMS:2024).
Reserve ratio	2.94%	↓	The reserve ratio decreased slightly to 49.27% in 2025, from 52.21% in 2024. The reserves exceed the required level of 25%.
Reserves	+R350.29 million	↑	At year end, the Scheme held reserves of R4.127 billion, an increase from R3.776 billion in 2024.
Accumulated funds per member	-R216	↓	The accumulated funds per member decreased marginally from R34 769 at the end of 2024 to R34 553.
Net healthcare result	-R34.61 million	↓	A R350.29 million surplus was achieved against the R384.9 million in 2024.
Net investment income	+R1.09 million	↑	The investment income was higher: R361.61 million in 2025 vs R360.52 million in 2024.
Insurance service expenditure as a percentage of insurance revenue	1%	↑	Insurance service expenditure as a percentage of insurance revenue increased to 98% from 97% in 2024.
Non-healthcare costs	3.89%	↑	Non-healthcare costs were higher in 2025: R90.84 per member per month, compared to R87.44 per member per month in 2024. This is due to inflation.

*CMS:2024 refers to the latest report of the Council for Medical Schemes

On average the Scheme received contributions of **R4 803** and paid claims of **R4 686** per member per month in 2025.



FINANCIAL OUTLOOK AND SUSTAINABILITY

The 2025 financial year unfolded against the backdrop of increasing healthcare costs, elevated utilisation trends and continued regulatory uncertainty. Despite these pressures, the Scheme delivered an operating surplus against budget, reflecting prudent financial management and effective Board oversight.

Membership growth during the year strengthened the Scheme's long-term sustainability and further reinforced its strategic position in the Local Government market. Investment income performed in line with expectations and contributed positively to reserves during a period of market volatility.

Looking ahead, the Board remains cautiously confident. Healthcare inflation, utilisation patterns and regulatory reform continue to require careful monitoring. Reserve management, prudent contribution calibration and ongoing oversight of demographic risk trends remain central to maintaining the Scheme's long-term sustainability.

The introduction of LA Engage from 1 January 2026 reflects the Board's commitment to ensuring that benefit structures remain relevant, competitive and affordable, while ensuring sustainable growth.



GOVERNANCE AND COMPLIANCE

TRUSTEES

The Board of Trustees oversees the Scheme on behalf of members in accordance with the Medical Schemes Act and the Scheme Rules. The Board remains committed to high standards of fiduciary oversight, ethical governance and accountability.

All Trustees, except one, serving during 2025, were elected by members.

The Trustees of the Scheme were:

Mr. R. Denge (Chairperson)

Ms. C.S Nel (Deputy Chairperson)

Mr. R.C Barnard

Mr. H.F Botha

Ms. M.N Chidi-Manganye

Mr. R. de Bruyn

Mr. M.A.V Dlamini

Ms. A. Joseph

Mr. B.J. Koen (Appointed 1 September 2025)

Ms. G. Komapi

Mr. S. Mabunda

Mr. C.L Mavuso (Resigned 29 April 2025)

Mr. A. Vorster

Mr. S. Yamba

Mr. CL Mavuso resigned, effective 29 April 2025.

In line with Scheme Rule 17.4.1, the Board of Trustees resolved to appoint the next available member who had received the greatest number of member votes during the 2024 trustee elections.

Mr. B.J. Koen was accordingly appointed, effective 1 September 2025, to serve the remainder of Mr. Mavuso's term in office.

PRINCIPAL OFFICER

Mr A.M de Koker continued to serve as Principal Officer and remains responsible for the day-to-day management of the Scheme, implementation of Board strategy, and ensuring operational compliance.

The Board acknowledges his continued leadership, professionalism and stewardship during the year.



AUDIT AND RISK COMMITTEE

The Audit and Risk Committee, constituted by three independent members and two Trustee representatives, assists the Board in overseeing financial reporting, internal controls, compliance and risk management.

During 2025, the Committee monitored key financial, operational and regulatory risks, reviewed the integrity of the annual financial statements, and assessed the effectiveness of internal controls.

The Board is satisfied that the Committee discharged its responsibilities effectively.

The members of the Audit and Risk Committee during 2025 were:

Ms. F. Mohamed (Chairperson and Independent Member)

Ms. Y. Maseko (Deputy Chairperson and Independent Member)

Mr. S. Martinus (Independent Member)

Mr. H.C Botha (Trustee representative)

Mr. A. Vorster (Trustee representative)



NOMINATION AND APPOINTMENTS COMMITTEE

The Nomination and Appointments Committee supports the Board in its succession planning, Board composition review, and governance continuity.

Its role remains important in ensuring that the Board retains an appropriate balance of skills, independence and experience.

The members of the Committee during 2025 were:

Ms. C.S Nel (Trustee and Chairperson of the Committee)

Mr. R. de Bruyn (Trustee)

Mr. A.M de Koker (Principal Officer)



SPECIAL COMMITTEE

This Committee consists of five members – four Trustees and the Principal Officer – and was established through written terms of reference to support the Board of Trustees and ensure the application of good corporate governance.

The members of this Committee were:

Ms. C.S Nel (Trustee and Chairperson of the Committee)

Mr. R. de Bruyn (Trustee)

Mr. A. Vorster (Trustee)

Mr. S. Yamba (Trustee)

Mr. A.M de Koker (Principal Officer)





RECRUITMENT COMMITTEE

The Recruitment Committee has been established to advise and make recommendations to the Board of Trustees on the succession of the Principal Officer. Its purpose is to ensure the long-term stability and effectiveness of the organisation's leadership and governance structure.

The members of the Committee were:

Mr. S. Yamba (Trustee and Chairperson of the Committee)

Mr. R. de Bruyn (Trustee)

Mr. A. Vorster (Trustee)



EXTERNAL AUDITOR

Deloitte served as the Scheme's independent external auditor during 2025 and provided assurance on the annual financial statements in accordance with applicable auditing standards.

The Board is satisfied that the external audit remained independent and effective throughout the year.



RISK MANAGEMENT

The Scheme maintains a formal risk management framework, reviewed annually and supported by biennial risk workshops.

During 2025, the Board and Audit and Risk Committee participated in the risk workshop and reviewed the Scheme's strategic and operational risk profile and are satisfied that risks remain within approved appetite levels.



LEGISLATIVE ENVIRONMENT

The Scheme continues to monitor and respond to developments in the legislative and regulatory landscape, ensuring compliance and proactively addressing potential impacts on operations and members.



NATIONAL HEALTH INSURANCE (NHI)

The Board supports the objective of universal healthcare coverage that does not impose financial hardship on members and that would not undermine the interest of the members of the Scheme.

While the National Health Insurance Act was signed into law in 2024, implementation remains uncertain pending constitutional challenges and delayed promulgation. No direct operational impact arose during 2025.

The Scheme continues to monitor developments closely.



ROAD ACCIDENT FUND (RAF)

In August 2022, the Road Accident Fund (RAF) announced that it would no longer pay third party-related medical bills for people who are members of medical schemes.

Discovery Health, the Scheme's Administrator, continues to pursue recovery of past medical expenses paid on behalf of members injured in road accidents. An appeal by Discovery Health was heard by the Supreme Court of Appeal in February 2026, and judgment remains reserved. Recent court rulings, including the February 2026 Western Cape Full Bench decision, have reaffirmed that the RAF remains liable for such expenses even where these have been paid by a medical scheme.



OTHER INDUSTRY MATTERS

The issues below were previously mentioned in the Chairperson's report, much of which hasn't progressed or changed much since then:

- **Section 59 Investigation Panel**

The final Section 59 Investigation Report was published in July 2025. In March 2026, CMS issued Circular 10 of 2026, introducing immediate directives governing fraud, waste and abuse investigations, pending implementation of a Universal Code of Conduct.

The Board continues to monitor implications for the Scheme and industry.

- **The South African Society of Physiotherapy (SASP) case**

The South African Society of Physiotherapy constitutional challenge concerning Section 59(3) of the Medical Schemes Act remains ongoing.

- **Competition Commission complaint lodged by the Health Funder's Association (HFA):**

The Health Funders Association's complaint with the Competition Commission concerning alleged overcharging for COVID-19 PCR testing remains ongoing. The matter is expected to be heard in 2026.

- **Routine Council for Medical Schemes (CMS) inspection**

Three directives arising from the 2020 CMS inspection remain under appeal and are suspended pending determination by the Appeal Committee. The Scheme has engaged the Office of the Registrar of Medical Schemes with the aim of expediting and finalising the matter.



CONCLUDING REMARKS

The Board is satisfied that LA Health operated in a financially sound, well-governed and compliant manner during 2025.

The Scheme remains committed to delivering affordable, appropriate healthcare benefits while safeguarding long-term sustainability in the interests of all members.

As the healthcare environment continues to evolve, the Board remains focused on prudent governance, responsible financial stewardship and ensuring that LA Health continues to meet members' healthcare needs effectively and equitably.



THANKS AND APPRECIATION

I extend sincere thanks and appreciation to the following stakeholders for their dedicated efforts and valuable contributions:

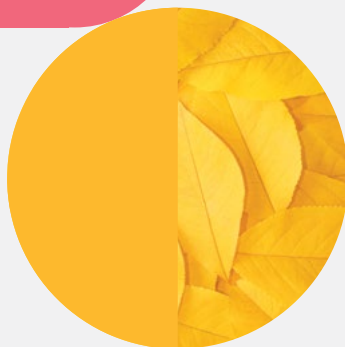
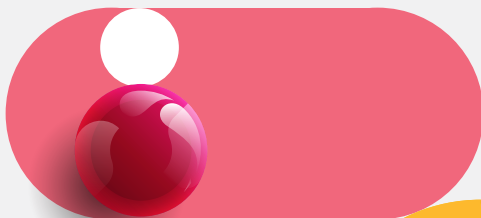
- The Trustees and members of the Audit and Risk Committee for their diligent service.
- Our members for their continued trust and support.
- The Principal Officer, André de Koker, and his team.
- Healthcare service providers.
- NMG Consultants and Actuaries.
- Administration, managed care and clinical risk management services provided by Discovery Health (Pty) Ltd.
- Deloitte, our external auditors; and
- The Registrar of Medical Schemes and his office.

I wish the Board, the Scheme and all our members continued success in the year ahead.

Reuben Denge

Chairperson

May 2026



HIGHLIGHTS OF Financial Results for 2025

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2025

	2024 R	2025 R
ASSETS		
Property and equipment	3 965 733	17 244
Financial assets at amortised cost	2 963 908 893	3 102 843 455
Scheme Funds	2 378 908 893	2 517 843 455
Medical Savings Account <i>trust</i> funds	585 000 000	585 000 000
Other financial assets at amortised cost	111 490 145	102 360 285
Cash and cash equivalents	1 449 874 881	1 821 841 720
Scheme Funds	1 311 560 365	1 536 543 597
Medical Savings Account <i>trust</i> funds	138 314 516	285 298 123
Total assets	4 529 239 652	5 027 062 704
LIABILITIES		
Liability to members for future benefits [*]	3 776 327 777	4 126 621 318
Liability to members for current benefits ^{**}	718 935 518	891 104 340
Reinsurance contract liabilities	-	2 696 940
Post retirement healthcare funding liability	2 882 000	3 242 000
Other financial liabilities at amortised cost	31 094 357	3 398 106
Total liabilities	4 529 239 652	5 027 062 704

^{*}This represents the obligation of the Scheme to provide healthcare benefits to its members in the future. It was previously referred to as the Insurance liability for future members.

^{**}Included in the Liability to members for current benefits is the Medical Savings Account trust liability to the value of R903 139 293 (2024: R739 676 464)



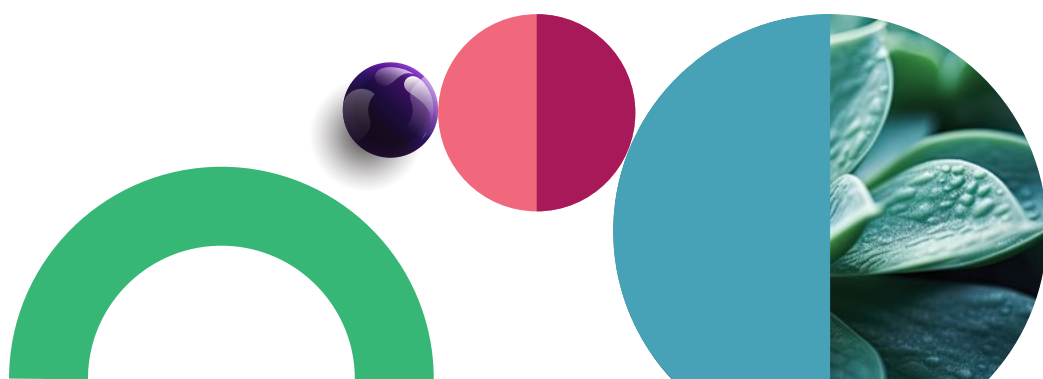
HIGHLIGHTS OF Financial Results for 2025

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2025		
	2024 R	2025 R
Insurance revenue	5 761 334 113	6 662 225 073
Insurance service expenses**	(5 561 211 632)	(6 499 556 407)
Net claims incurred*	(4 967 285 694)	(5 828 331 383)
Accredited managed healthcare services*	(123 107 953)	(139 293 947)
Directly attributable expenses	(325 943 373)	(369 592 338)
Insurance acquisition cash flows	(144 874 612)	(162 338 739)
Net income/(expense) from reinsurance contracts*	(1 528 034)	15 888 475
Premiums paid	(49 327 024)	(58 021 442)
Amounts recovered from reinsurance contracts	47 798 990	73 909 917
INSURANCE SERVICE RESULT	198 594 447	178 557 141
OTHER INCOME	361 812 669	362 376 396
Investment income	360 517 682	361 609 770
Sundry income	1 294 987	766 626
OTHER EXPENDITURE	(175 434 560)	(190 639 996)
Other operating expenditure	(112 780 409)	(126 002 246)
Finance expense from insurance contracts	(62 654 151)	(64 637 750)
Net surplus for the year before amounts attributable to members for future benefits	384 972 555	350 293 541
Amounts attributable to members for future benefits	(384 972 555)	(350 293 541)
Total comprehensive income for the year***	–	–
Relevant healthcare expenditure*	(5 091 921 681)	(5 951 736 855)

* Relevant healthcare expenditure consists of net claims incurred, accredited managed healthcare services and net expense from risk transfer arrangements.

** The Scheme expanded its presentation of the Insurance service expense to reflect the breakdown of relevant healthcare expenditure and align with the medical schemes accounting guide issued by the South African Institute of Chartered Accountants.

*** The Scheme is classified as a Mutual Entity



HIGHLIGHTS OF Financial Results for 2025

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2025

	2024 R	2025 R
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from members and providers	7 205 025 178	8 326 024 450
Cash receipts from members – contributions	7 203 094 409	8 326 024 450
Cash receipts from members and providers – other	1 930 769	-
Cash paid to providers, employees and members	(7 130 561 845)	(8 190 024 895)
Cash paid to members and providers – claims and other directly attributable expenses paid	(6 963 233 592)	(7 944 561 893)
Cash paid to reinsurer	(49 327 024)	(55 324 502)
Cash paid to members and providers – other	-	(25 970 378)
Cash paid to providers – non-healthcare expenditure	(112 076 146)	(126 815 221)
Cash paid to members – Medical Savings Account refunds	(32 925 083)	(37 352 901)
Net cash generated in operating activities	74 463 333	135 999 555
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property and equipment	(13 513)	(11 894)
Disposal of property and equipment	-	4 700 000
Additions to investments at amortised cost	(74 236 808)	(138 934 562)
Interest received	343 692 256	370 213 740
Net cash generated from investing activities	269 441 935	235 967 284
NET INCREASE IN CASH AND CASH EQUIVALENTS	343 905 268	371 966 839
Cash and cash equivalents at beginning of year	1 105 969 613	1 449 874 881
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	1 449 874 881	1 821 841 720
Scheme funds	1 311 560 365	1 536 543 597
Medical Savings Account <i>trust</i> funds	138 314 516	285 298 123



Financial statements

FOR THE YEAR ENDED 31 DECEMBER 2025

CASH AND CASH EQUIVALENTS

Cash and cash equivalents are short-term, highly liquid instruments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

In the Statement of Cash Flows, cash and cash equivalents comprise:

- Current accounts
- Money market instruments

Cash and cash equivalents only include items held for the purpose of meeting short-term cash commitments rather than for investing or other purposes and are carried at amortised cost, which, due to their short-term nature, approximates fair value.

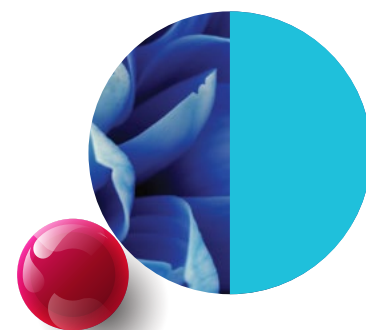
Cash and cash equivalents are made up of the following year-end balances:

Scheme funds	2024 R	2025 R
SCHEME FUNDS	1 311 560 365	1 536 543 597
Current accounts	126 193 687	183 012 873
Money market instruments	1 185 366 678	1 353 530 724
MEDICAL SAVINGS ACCOUNT TRUST FUNDS	138 314 516	285 298 123
Current accounts	5 748 290	4 209 472
Money market instruments	132 566 226	281 088 651
	1 449 874 881	1 821 841 720

The weighted average effective interest rate on cash and cash equivalents was 7.72% (2024: 7.90%).



NOTES TO THE Financial statements



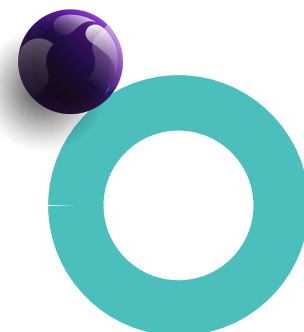
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

INSURANCE CONTRACT LIABILITY 2024

Insurance liability for current members	Liability for remaining coverage (LRC)	Liability for incurred claims (LIC)		Total
		Present value of future cash flows	Risk adjustment	
NET OPENING BALANCE	(255 015 841)	921 056 963	4 225 981	670 267 103
Insurance service result	(5 761 334 113)	5 560 907 575	304 058	(200 122 480)
Insurance revenue	(5 761 334 113)	–	–	(5 761 334 113)
Insurance service expense	–	5 560 907 575	304 058	5 561 211 633
Incurred claims directly attributable expenses and insurance acquisition costs	–	5 392 772 033	–	5 392 772 033
Changes in fulfilment cash flows relating to the liability for incurred claims – past service	–	(20 616 056)	(4 225 981)	(24 842 037)
Changes in fulfilment cash flows relating to the liability for incurred claims – current service	–	188 751 598	4 530 039	193 281 637
Finance income from insurance contracts issued	–	62 654 151	–	62 654 151
Total amounts recognised in the Statement of Comprehensive Income	(5 761 334 113)	5 623 561 726	304 058	(137 468 329)
Investment component – Medical Savings Account	(1 472 849 710)	1 472 849 710	–	–
Medical Savings Account contributions received	(1 471 817 122)	1 471 817 122	–	–
Transfers received from other schemes	(1 032 588)	1 032 588	–	–
Total movement	(7 234 183 823)	7 096 411 436	304 058	(137 468 329)
CASH FLOWS				
Contributions received	7 203 094 409	–	–	7 203 094 409
Claims and other directly attributable expenses paid	–	(6 936 233 592)	–	(6 936 233 592)
Refunds on death or resignation – Medical Savings Account	–	(32 925 083)	–	(32 925 083)
Total cash flows	7 203 094 409	(6 969 158 675)	–	233 935 734
NON CASH FLOWS				
Claims related to recoveries from reinsurance	–	(47 798 990)	–	(47 798 990)
NET CLOSING BALANCE	(286 105 255)	1 000 510 733	4 530 039	718 935 518

NOTES TO THE Financial statements

FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)



INSURANCE CONTRACT LIABILITY 2025

Insurance liability for current members	Liability for remaining coverage (LRC)	Liability for incurred claims (LIC)		Total
		Present value of future cash flows	Risk adjustment	
NET OPENING BALANCE	(286 105 255)	1 000 510 733	4 530 039	718 935 517
Insurance service result	(6 662 225 073)	6 498 875 134	681 272	(162 668 666)
Insurance revenue	(6 662 225 073)	–	–	(6 662 225 073)
Insurance service expense	–	6 498 875 134	681 272	6 499 556 407
Incurred claims directly attributable expenses and insurance acquisition costs	–	6 269 718 868	–	6 269 718 868
Changes in fulfilment cash flows relating to the liability for incurred claims – past service	–	2 577 522	(4 530 039)	(1 952 517)
Changes in fulfilment cash flows relating to the liability for incurred claims – current service	–	226 578 744	5 211 311	231 790 055
Finance income from insurance contracts issued	–	64 637 750	–	64 637 750
Total amounts recognised in the Statement of Comprehensive Income	(6 662 225 073)	6 563 512 884	681 272	(98 030 917)
Investment component – Medical Savings Account	(1 714 334 127)	1 714 334 127	–	–
Medical Savings Account contributions received	(1 712 978 334)	1 712 978 334	–	–
Transfers received from other schemes	(1 355 793)	1 355 793	–	–
Total movement	(8 376 559 200)	8 277 847 011	681 272	(98 030 917)
CASH FLOWS				
Contributions received	8 326 024 450	–	–	8 326 024 450
Claims and other directly attributable expenses paid	–	(7 944 561 893)	–	(7 944 561 893)
Refunds on death or resignation – Medical Savings Account	–	(37 352 901)	–	(37 352 901)
Total cash flows	8 326 024 450	(7 981 914 794)	–	344 109 657
NON CASH FLOWS				
Claims related to recoveries from reinsurance	–	(73 909 917)	–	(73 909 917)
NET CLOSING BALANCE	(336 640 005)	1 222 533 033	5 211 311	891 104 340

Financial statements

FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

MEDICAL SAVINGS ACCOUNT MONIES

The Medical Savings Account monies, which is managed by the Scheme on behalf of its members, represents savings contributions, and accrued interest thereon, net of any savings claims paid on behalf of members in terms of the Scheme's registered rules.

Unspent medical savings at year end are carried forward to meet future expenses for which the members are responsible.

In terms of the Medical Schemes Act 131 of 1998, as amended, balances standing to the credit of members are refundable only in terms of Regulation 10 of the Act.

Reconciliation of Medical Savings Account monies	2024 R	2025 R
Balance on MSA liability at the beginning of the year	654 005 376	739 676 464
<i>Plus:</i>		
Medical Savings Account contributions received for the current year	1 471 817 122	1 712 978 334
Transfers received from other medical schemes	1 032 588	1 355 793
Return on Medical Savings Account trust monies invested	62 654 151	64 637 750
<i>Less:</i>		
Medical Savings Account claims paid to or on behalf of members	(1 416 907 690)	(1 578 156 147)
Refunds on death or resignation	(32 925 083)	(37 352 901)
Balance at the end of the year	739 676 464	903 139 293

It is estimated that claims to be paid out of members' Medical Savings Accounts in respect of claims incurred in 2025 but not recorded amount to R11.0m (2024: R9.7m).

The mismatch between the MSA trust liability and the MSA trust funds relate to timing differences. These differences are cleared after year end.

At 31 December 2025, the carrying amount of the MSA *trust* liability approximates its fair value, since it is payable on demand. These amounts were not discounted to present values due to their demand feature.

SOLVENCY RATIO

ACCUMULATED FUNDS

The accumulated funds ratio is calculated on the following basis:

Liability to members for future benefits per the Statement of Financial Position

3 776 327 777

4 126 621 318

Accumulated funds per Regulation 29 of the Act

3 776 327 777
4 126 621 318

Gross annual contributions

7 233 151 235
8 375 203 407

Insurance revenue

5 761 334 113

6 662 225 073

Medical Savings Account contributions received

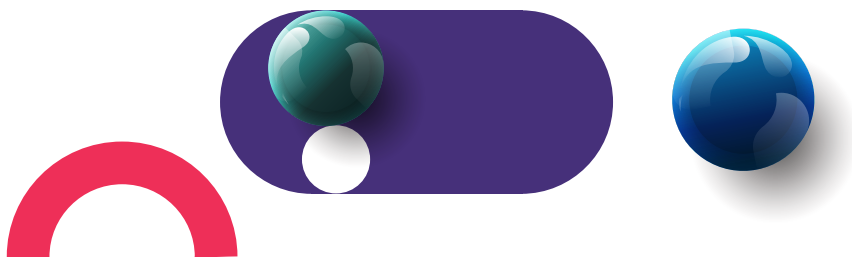
1 471 817 122

1 712 978 334

Solvency ratio

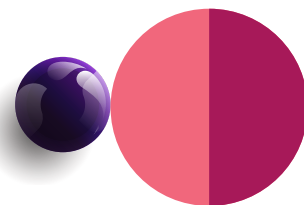
52.21%
49.27%

The Scheme's solvency ratio exceeds the statutory reserve requirement of 25% of gross annual contribution income.



Non-Compliance

MATTERS



Non-compliance with Section 33(2)(b) and Section 33(2)(c) – Financial performance and soundness of LA Health benefit options

NATURE AND IMPACT

In terms of Sections 33(2)(b) and 33(2)(c) of the Act, each benefit option shall be self-supporting in terms of membership and financial performance and be financially sound. The LA Core, LA Comprehensive and LA Keyplus benefit options incurred insurance service result deficits for the year ended 31 December 2025, thereby contravening Section 33(2)(b) and Section 33(2)(c) of the Act.

CAUSES FOR THE FAILURE

The Scheme offers multiple benefit options to provide benefits suited to the specific healthcare needs of the varying demographic groups within the Scheme's overall membership. The benefit design process, however, must also consider the overall financial impact on the Scheme of providing such benefits. This takes into account the Scheme's financial stability, reserve levels and ultimate sustainability. To achieve both objectives, it may be necessary to incur losses on certain options, which are then offset by surpluses on other options. These losses are anticipated in the annual budget, which is approved by the Council for Medical Schemes (CMS).

CORRECTIVE ACTION

The Board of Trustees addresses the sustainability of all benefit options during their annual strategic conference, and subsequent budgetary process, taking into consideration the required annual contribution increases. Fair consideration was given to the affordability of the benefits in these benefit options for their registered beneficiaries.

Non-compliance with Section 26(7) – Late payment of contributions

NATURE AND IMPACT

Contributions due from a number of participating employers were received more than three days after becoming due in certain months during 2025, which is in contravention of Section 26(7) of the Act.

CAUSES FOR THE FAILURE

Due to internal process delays by some participating employers, the contributions paid on behalf of members were not paid within three days of becoming due. As a result the Scheme is in contravention of Section 26(7) of the Act.

CORRECTIVE ACTION

Scheme management continues to engage any employer group that pays late, and appropriate action is taken as and when necessary. Continuous improvements have been instrumental in timeous payment of contributions by employer groups. The Trustees consider the impact of the non-compliance to be immaterial.

Non-compliance with Section 59(2) – Payment of claims within 30 days

NATURE AND IMPACT

A medical scheme shall, in the case where an account has been rendered, subject to the provisions of the Act and the rules of the medical scheme concerned, pay to a member or a supplier of service, any benefit owing to that member or supplier of service within 30 days after the day on which the claim in respect of such benefit was received by the medical scheme.

CAUSES FOR THE FAILURE

A small number of claims were paid later than 30 days of the date of receipt. Delays occur when accounts are referred for clinical audit or other investigations. These are however exceptions and claims are generally paid within the prescribed time.

CORRECTIVE ACTION

The Scheme continues to comply as far as possible. It is however inherent to the industry that the adjudication of a small number of complex or problematic claims may result in payment thereof exceeding the standard 30-day period.

OPERATIONAL STATISTICS

2025	LA COMP	LA CORE	LA ACTIVE	LA FOCUS	LA KEYPLUS	CONSOLIDATED
Number of members at end of the accounting period	887	3 213	80 052	29 340	5 938	119 430
Average number of members for the accounting period	907	3 197	77 858	27 966	5 658	115 586
Average number of beneficiaries for the accounting period	1 142	4 461	204 051	70 729	13 213	293 596
Beneficiaries per member	1.27	1.39	2.61	2.51	2.33	2.53
Average age per beneficiary	69.30	68.44	30.05	27.23	29.12	30.03
Pensioner ratio (beneficiaries >65 years old)	71.37%	71.55%	3.51%	1.23%	1.82%	4.14%
Average net contributions (net insurance revenue) per member per month (R)	R 10 236	R 8 415	R 5 131	R 3 662	R 3 026	R 4 803
Average net contributions (net insurance revenue) per beneficiary per month (R)	R 8 129	R 6 030	R 1 958	R 1 448	R 1 296	R 1 891
Average insurance service expenditure per member per month (R)	R 12 440	R 9 339	R 4 888	R 3 655	R 3 130	R 4 686
Average insurance service expenditure per beneficiary per month (R)	R 9 880	R 6 693	R 1 865	R 1 445	R 1 340	R 1 845
Relevant healthcare expenditure per beneficiary per month** (R)	R 9 582	R 6 444	R 1 716	R 1 274	R 1 215	R 1 689
Relevant healthcare expenditure as a percentage of insurance revenue **	118%	107%	88%	88%	94%	89%
Directly attributable insurance service expenses as a percentage of insurance revenue	3.64%	4.42%	7.25%	10.16%	8.85%	7.64%
Attributable and non-attributable expenses as a percentage of net contributions	4.54%	5.52%	9.06%	12.68%	10.73%	9.53%
Average broker fees per member per month (R)	R 108	R 82	R 121	R 116	R 87	R 117
Managed care: management services per member per month (R)	R 100	R 100	R 100	R 100	R 100	R 100
Insurance service expenditure as a percentage of insurance revenue	122%	111%	95%	100%	103%	98%
Accumulated funds (insurance liability for future members) per member at 31 December						R 34 553
Average Medical Savings Account balance per member at 31 December						R 7 562.08

** Relevant healthcare expenses is equal to the insurance service expense (excluding amounts attributable to future members) less the directly attributable administration expenses component.



WE'RE IN IT FOR YOUR HEALTH

- CLIENT SERVICES 0860 103 933 ● WWW.LAHEALTH.CO.ZA
- SERVICE@LAHEALTHMS.CO.ZA ● REPORT FRAUD ANONYMOUSLY 0800 004 500



LA Health Medical Scheme, registration number 1145, is administered by Discovery Health (Pty) Ltd, registration number 1997/013480/07. Discovery Health (Pty) Ltd is an authorised financial services provider.