LA HEALTH RULES

1. NAME AND CONSTITUTION

The name of the Scheme shall be "LA HEALTH Medical Scheme", hereinafter referred to as "LA HEALTH" and the translated name shall be "LA HEALTH Mediese Skema".

2. LEGAL PERSONA

2.1 The Scheme, is a body corporate, in its own name, 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.

2.2 Any person, whether in the capacity as Member, Beneficiary or Dependant, who intends to sue the Scheme on matters arising solely from the application of the Act or the Rules of the Scheme, shall subject to Rule 27 and Sections 47 to 50 of the Act, and notwithstanding the provisions of any other law, institute such procedures in a court within whose jurisdiction the Scheme's registered office is situated.

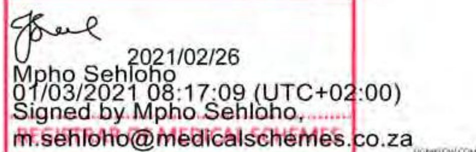
3. REGISTERED OFFICE

The registered office of LA HEALTH shall be situated at CRF Building, Unit 7, Level 2, 4 Bridal Close, Tyger Falls, 7530 for the purposes of all legal proceedings, or at any other address in the Republic of South Africa, as the Board may from time to time decide.

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, 131 of 1998, including any regulations under Section 67 thereof.

4.2 **"Admission date",**

4.2.1 in respect of a member, the date on which he/she is admitted as a member.

4.2.2 in respect of a dependant of a member, the date on which such dependant is registered as a dependant in terms of these rules.

4.3 **"Adult dependant",**

A person who has reached the age of twenty-one (21) in terms of these rules.

4.4 **"Application",**

an application on a form approved by the Board.

4.5 **"Approval",**

prior written or telephonic approval by the Board of Trustees or its authorised representative.

4.6 **"Associate employer",**

any organisation associated or affiliated with the local government sector, which has been admitted as an employer by the Board.

4.7 **"Auditor",**

an individual or firm that is a registered auditor as defined in Section 1 of the Auditing Professional Act, 2005 and authorised by the Registrar.

4.8 **"Beneficiary",**

a member or a person admitted as a dependant of a member.

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REGISTRAR OF MEDICAL SCHEMES

4.9 **"Benefits",**

the benefits payable by LA HEALTH to its members and their dependants in terms of these rules.

4.10 **"Board",**

the Board of Trustees constituted to manage the Scheme in terms of the Act and these rules.

4.11 **"Case management",**

the process whereby beneficiaries' specific health care needs are identified and utilisation management plans or programmes implemented which efficiently utilise health care benefits to achieve optimum patient care in the most cost-effective manner.

4.12 **"CDL"**

Chronic Disease List being the Prescribed Minimum Benefit (PMB) chronic conditions published from time to time by the Council for Medical Schemes.

4.13 **"Child",**

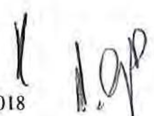
A dependant who is under the age of twenty-one (21) or older if he or she is permitted under the rules/policy of the Scheme to be a child dependant.

4.14 **"Claim",**

the amount to which a beneficiary is in terms of these rules entitled in respect of expenses incurred by him/her in connection with any relevant health service rendered or provided to him/her and his/her dependants.

4.15 **"Condition-specific waiting period",**

a period not exceeding twelve (12) months 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 (12) month period ending on the date on which an application for membership was made.



4.16 **"Continuation member",**

a member who retains his/her membership of the Scheme after his/her retirement or the termination of his/her employment due to age, ill-health or other disability, or a surviving dependant who becomes the principal member after the death of the original principal member (in terms of Rule 6.1; and 6.2).

4.17 **"Contribution",**

Amount payable by a member on a monthly basis as membership fee to the Scheme in return for medical coverage and in accordance with a payment structure in Annexure A of these rules, for the purpose of qualifying for benefits offered by the Scheme in terms of these rules.

4.18 **"Co-payment"**

An amount the member has to pay towards a healthcare service as stipulated in the Benefit Schedules.

4.19 **"Cost",**

in relation to a benefit, the nett amount payable in respect of a relevant health service.

4.20 **"Council",**

The Council for Medical Schemes established by Section 3 of the Medical Schemes Act.

4.21 **"Councillor",**

4.21.1 in the case of a local government body any Councillor appointed, elected or nominated in terms of any legislation governing the appointment, election or nomination of a Councillor thereof;

4.21.2 in the case of the South African Local Government Association or any other similar body in any province, a member of the Executive thereof;

4.21.3 in the case of a branch of a union recognised by the employer that has full-time employees who are members of LA HEALTH; or a fund or joint fund referred to in the definition of "local government body", a member of the committee of such a body or such fund;

4.21.4 in the case of any other institution, body, association or fund recognised by LA HEALTH, a member of the committee responsible for controlling the affairs thereof.

4.22 **"Creditable coverage",** any period in which a late joiner was-

4.22.1 a member or a dependant of a medical scheme;

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

4.22.3 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

4.22.4 a member or a dependant of the Permanent Force Continuation Fund, excluding any period of coverage as a dependant under the age of twenty-one (21) years.

4.23 **"Date of service",**

4.23.1 in respect of a consultation, visit or treatment by a healthcare professional providing a service, the date on which each such consultation, visit or treatment occurred, whether for the same illness or not;

4.23.2 in respect of an operation, procedure or confinement, the date on which any such operation, procedure or confinement occurred;

4.23.3 in respect of hospitalisation, the date of each admission to hospital or similar institution, or the date of cessation of membership, whichever date occurs first, and

4.23.4 in respect of any other healthcare service or supply, the date on which such service or supply was rendered or provided.

4.24 **"Deductible"**

a specific payment for which a beneficiary is personally liable, the amount of which is specifically stipulated in these rules.

4.25 **"Dependant" –**

4.25.1 the spouse or partner, dependant children or other members of the member's immediate family in respect of whom the member is liable for family care and support; or

4.25.2 any person who, under these rules is recognised as a dependant of a member.

4.26 **"Designated Service Provider (DSP)",**

A healthcare provider or group of healthcare providers selected by the Scheme as its preferred service provider/s to provide its beneficiaries diagnosis, treatment and care in respect of one or more Prescribed Minimum Benefit conditions, or any other relevant healthcare service covered by the Scheme.

4.27 **"Domcilium citandi et executandi",**

4.27.1 the member's chosen physical address at which notices in terms of Rules 10 and 11.2.2, as well as legal process or any action arising there from, may be validly delivered and served;

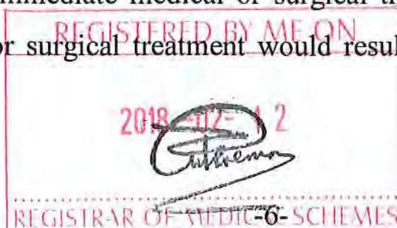
4.27.2 the Scheme's registered office in terms of Rule 3.

4.28 **"Due date",**

in respect of the payment of contributions in arrears, the last day of each and every month, and in the case of any other moneys owing to LA HEALTH, the date determined by LA HEALTH.

4.29 **"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 to bodily



functions or serious dysfunction of a bodily organ or part, or would place the person's life in serious jeopardy.

4.30 **"Employee",**

any person who is in the service of an employer.

4.31 **"Employer",**

a local government body, or a municipal entity as defined in the Municipal Systems Act, No. 32 of 2000, including an associate employer and LA HEALTH.

4.32 **"Financial year",**

each period of twelve months ending on 31 December of each year.

4.33 **"Fit and Proper",**

the regulatory eligibility of a person to hold an important position of trust in a medical scheme and the regulated entities with whom it contracts, including that person's character, integrity, competence and ability to do the job.

4.34 **"Fixed Fee",**

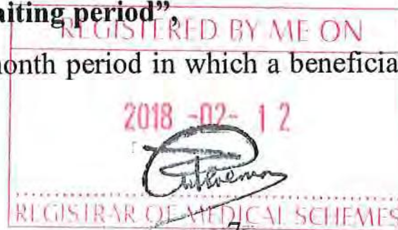
a fee that covers all costs incurred by the facility for a specified procedure, including, but not limited to ward, theatre and drug costs, unless otherwise specifically agreed to.

4.35 **"Frail care",**

The assistance required by persons who, due to physical or mental ailment, are wholly or partially incapable of carrying out activities associated with daily living, which activities may include attention to personal hygiene, feeding, dressing, reasonable and due attendance to personal safety and the safety of others.

4.36 **"General waiting period",**

a three (3) month period in which a beneficiary may not be entitled to claim benefits.



4.37 **"Global Fee",**

a fee that covers all relevant medical expenses including, but not limited to, professional, facility, radiology and pathology expenses.

4.38 **"Immediate family member",**

4.38.1 a member's spouse or life partner;

4.38.2 a member's dependent children;

4.38.3 a member's legally adopted children; or

4.38.4 in the absence of a spouse, life partner or dependent children, the member's siblings and parents in respect of whom the member is liable for family care and support.

4.39 **"Income",**

for the purposes of calculating contributions in respect of -

4.39.1 a member who is an employee, gross monthly pensionable earnings;

4.39.2 an individual member, gross annual income;

4.39.3 a member who registers a spouse, ex-spouse or partner as a dependant, the higher of the member or spouse's or partner's salary or earnings;

4.39.4 a continuation member, gross annual income.

4.40 **"LA HEALTH Rate (LAHR)",**

4.40.1 the maximum fee/rate payable in respect of relevant health services; or

4.40.2 in the absence of a fee/rate contemplated in Rules 4.34 and 4.37, the fee/rate as 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.

4.41 **"LA Medicine Rate (LAMR)",**

The single exit price plus professional fee negotiated with the Scheme's Designated Service Provider Network.

4.42 **"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 thirty-five (35) years of age or older but excludes any beneficiary who enjoyed coverage with one or more medical schemes as from a date preceding 1 April 2001, without a break in coverage exceeding three (3) consecutive months since 1 April 2001.

4.43 **"Local government body",**

4.43.1 any institution or body contemplated in section 84(1)(f) of the Provincial Government Act, 1961 (Act No. 32 of 1961);

4.43.2 any institution or body contemplated by the Local Government Transitional Act, 1993 (Act 209 of 1993);

4.43.3 a municipality referred to in section 155 (6) of the Constitution of the Republic of South Africa, 1996;

4.43.4 any institution or body established in terms of a law and which is similar to an institution or body contemplated in this definition; or

4.43.5 an institution, body, association or fund recognised by LA HEALTH as an employer by virtue of the service benefits which are provided to employees in the service of a local government body or by virtue of the interests of the local government body it serves or by virtue of the employment of members of LA HEALTH as a result of secondment, transfer or employment of such members arising out of the restructuring, or privatisation of local government functions.

4.44 **"Medically necessary",**

services, care or supplies which are appropriate and necessary, and evidence-based for evaluating or determining the symptoms, diagnosis and/or clinical management of a medical condition and/or is provided for

the direct care and/or treatment of a medical condition provided that the level of service, care or supply-

4.44.1 meets the standard of good clinical practice amongst relevant medical practitioners in the community within which the Member resides;

4.44.2 is not primarily for the convenience or comfort of the Member, the Scheme and/or the provider; and

4.44.3 is deemed to be appropriate and necessary (relative to and consistent with the Member's diagnosis or condition) to meet the healthcare needs of the Member, as may be determined by the Scheme or a healthcare professional, multi-disciplinary committee or panel of experts appointed by the Scheme to make such a determination.

4.45 **"Medical Savings Account"**

a medical savings account is provided to a member within a specific benefit option offering such benefit. The Scheme allocates an amount not exceeding twenty-five percent (25%) of total contributions to a member's medical savings account at the beginning of the year where after the member repays that amount back to the Scheme through a portion of his/her monthly contributions.

4.46 **"Member",**

any person who is admitted as a member of the Scheme in terms of these rules.

4.47 **"Member family",**

the member and all his/her registered dependants.

4.48 **"Month",**

a period extending from the first day to the last day of any one of the twelve months of the financial year.

4.49 **"Motion",**

a written proposal formally submitted to a general meeting for discussion and possible adoption as a resolution.

4.50 **"Orphan",**

the child of a deceased member who was, at the time of the death of the member, a registered dependant of the member.

4.51 **"Partner",**

a person with whom the member has a committed and serious relationship akin to a marriage or recognised as a union or partnership by any law, based on objective criteria of mutual dependency and a shared and common household, irrespective of the gender of either party.

4.52 **"Pay(ment) in full",**

in relation to a prescribed minimum benefit (PMB), means payment according to the service provider's invoice (i.e. cost) for relevant healthcare services rendered, subject to the use of protocols, designated service providers (DSP's), formularies, pre-authorisation or such other managed care initiatives in place and provided for in these rules.

4.53 **"Planned Procedures",**

those medical procedures that are non-life threatening that develop over time, are not of sudden onset and where the timing of the procedure is generally discretionary and/or elective.

4.54 **"Pre-existing condition",**

a condition for which medical advice, diagnosis, care or treatment was recommended or received within the twelve (12) month period ending on the date on which an application for membership was made.

4.55 **"Preferred Provider",**

a healthcare provider or group of providers, selected by the Scheme in terms of an agreement in which the fee/rate is determined in respect of the payment of relevant healthcare services.

4.56 **"Pre-authorisation",**

authorisation in advance, of the medical necessity, efficiency and or appropriateness of health care services and treatment plans for specified services.

4.57 **"Premier rate"**

The rate that the Scheme will pay a Premier Rate provider in accordance with the undertaking referred to in Annexure G pursuant to which such provider's claims will be paid by the Scheme in full and beneficiaries will not be required to make any further payments to the provider, save in the instances of depleted benefits.

4.58 **"Premier Rate provider"**

A healthcare provider who has undertaken in writing *inter alia*, to bill beneficiaries at the Premier rate for procedures and consultations in accordance with the relevant procedure codes and consultation codes in return for direct payment by the Scheme of benefits to which beneficiaries are entitled.

4.59 **"Prescribed minimum benefits",**

Benefits contemplated in Regulation 7 of the Act which are available to beneficiaries on all registered options.

4.60 **"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.

4.61 **"Registrar",**

the Registrar or Deputy Registrar of Medical Schemes appointed in terms of Section 18 of the Act.

4.62 **"Related Account",**

is any account related to an approved in-hospital admission other than the hospital account.

4.63 **"Relevant health services",**

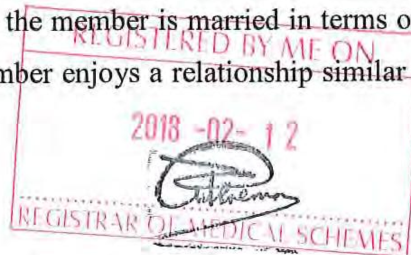
a service as defined in the Act which is provided for in a Benefit Option.

4.64 **"Rules",**

the rules of Scheme and shall include the Schedules, Annexures and any other provisions relating to contributions payable to LA HEALTH and the benefits payable by LA HEALTH in terms of these rules.

4.65 **"Spouse",**

the spouse of a member to whom the member is married in terms of any law or custom, or with whom the member enjoys a relationship similar to that of legally married spouses.



4.66 **"Termination date",**

the effective date of termination of a Member's membership, Dependant's registration or an Employer's participation in terms of these Rules.

4.67 **"Treatment",**

provision of healthcare services which would include, but is not limited to hospitalisation benefits and subject to Rule 4.44.

5. BUSINESS OF A MEDICAL SCHEME

The business of the Scheme is to undertake liability, in respect of its members and their dependants, in return for a contribution -

5.1 to make provision for the obtaining of any relevant health service;

5.2 to grant assistance in defraying expenditure incurred in connection with the rendering of any relevant health service; and/ or

5.3 where applicable to 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. TERMS AND CONDITIONS APPLICABLE TO MEMBERSHIP

6.1 MEMBERSHIP

6.1.1 Eligibility

Membership of LA HEALTH is restricted to –

6.1.1.1 employees of an employer;

6.1.1.2 members who retire from the service of an employer or whose services are terminated on account of age, ill-health or other disability;

6.1.1.3 members who cease to be employees of an employer in the case of retrenchment or redundancy;

6.1.1.4 the registered dependants of deceased members including widows and orphaned children. Where child dependants have been orphaned, the eldest child may be considered to be the member, and any younger siblings, the child dependants.

6.1.1.5 councillors and former councillors who were members of the Scheme at the time of expiry of their term of office.

6.1.2 A minor may only become a member with the written consent of his/her parent or guardian.

6.1.3 No person may be a member of a dependant of more than one medical scheme or claim benefits under the name of another beneficiary.

6.1.4 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 relation to 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 costs of any medical tests or examinations required to provide such medical report will be paid for in full by the Scheme. The Scheme may however designate a provider to conduct such tests or examinations.

6.1.5 Every member will, on admission to membership, have access to the Rules which shall include contributions, benefits, limitation and exclusions, the member's rights and obligations.

6.2 CONTINUATION MEMBERSHIP

6.2.1 Retirees

6.2.1.1 A member shall have the right to 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 his/her employer or his/her employment being terminated by his/her employer on account of age, ill-health, disability, retrenchment, or redundancy.

6.2.1.2 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/her employment. Unless such member informs the Board within sixty (60) days of his/her retirement or termination of service in writing of his/her desire to terminate his/her membership, he/she shall continue to be a member.

6.2.2 Surviving dependants

6.2.2.1 The surviving dependants who are registered with the Scheme as his/her 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.

6.2.2.2 The Scheme shall notify the dependant of his/her right to membership and of the contributions payable in respect thereof. Unless such person informs the Board within sixty (60) days of such notice in writing of his/her intention not to become a member, he/she shall be admitted as a member of the Scheme.

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

7. REGISTRATION AND DE-REGISTRATION OF DEPENDANTS

7.1 Registration of dependants

7.1.1 A member may apply for the registration of his/her dependants at the time that he/she applies for membership in terms of Rule 6.

7.1.2 If a member applies to register a new born or newly adopted child within sixty (60) days of the date of birth or adoption of the child, such child shall thereupon be registered by the Scheme as a dependant. Increased contributions shall then be due as from the first day of the month following the month of birth or adoption and benefits will accrue as from the date of birth or adoption.

7.1.3 If a member who marries subsequent to joining the Scheme, applies within sixty (60) days of the date of such marriage to register his/her spouse as a dependant, his/her spouse shall thereupon be registered by the Scheme as a dependant. Increased contributions shall then be due as from the first day of the month following the month of marriage and benefits will accrue as from the date of marriage.

7.1.4 In the event of any person becoming eligible for registration as a dependant other than in the circumstances set out in Rules 7.1.1 to 7.1.3, the member may apply to the Scheme for the registration of such person as a dependant, whereupon the provisions of Rule 6 shall apply *mutatis mutandis*.

7.2 **De-registration of Dependants**

7.2.1 A member shall inform the Scheme within thirty (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/she 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. WAITING PERIODS

8.1 On admission the Scheme may impose upon a person in respect of whom an application is made for membership or for registration as a dependant; and who was not a beneficiary of a medical scheme for a period of at least ninety (90) days preceding the date of application:

8.1.1 a general waiting period of up to three (3) months; and

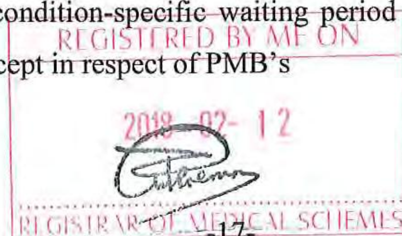
8.1.2 a condition-specific waiting period of up to nine (9) months on existing pregnancies in respect of all pregnancy-related services; and

8.1.3 a condition-specific waiting period of up to twelve (12) months where applicable.

8.1.4 PMBs may also be excluded during the waiting period.

8.2 A medical scheme may impose on a person in respect of whom application is made for membership, or for admission as a dependant in a benefit option, and who previously was a beneficiary of a medical scheme for a continuous period of up to twenty-four (24) months terminating less than ninety (90) days before the date of application, a waiting period that is as follows:

8.2.1 a condition-specific waiting period of up to twelve (12) months, except in respect of PMB's



8.2.2 any unexpired waiting period imposed by the applicant's former medical scheme.

8.3 **The general waiting period shall not apply-**

8.3.1 to a person who has been a beneficiary of a medical scheme for a continuous period of less than twenty-four (24) months immediately preceding his/her application and who applies within ninety (90) days of termination as such beneficiary;

8.3.2 to a child dependant born during his/her parent's membership of the Scheme;

8.3.3 to a person who changes from one benefit option to another;

8.3.4 to a person who was previously a beneficiary of a medical scheme and who applies within ninety days of ceasing to be such beneficiary, to become a beneficiary of the Scheme because of a change of employment or of his/her employer changing medical schemes; and

8.3.5 in respect of the prescribed minimum benefits, except where a person has not been a beneficiary of a medical scheme for at least ninety days immediately preceding his/her application.

8.4 **A condition-specific waiting period shall not apply-**

8.4.1 to a person who has been a beneficiary of a medical scheme for a continuous period of at least twenty-four months immediately preceding his/her application and who applies within ninety (90) days of termination as such beneficiary;

8.4.2. to a child dependant born during his parent's membership of the Scheme;

8.4.3 to a person who changes from one benefit option to another;

8.4.4. to a person who was previously a beneficiary of a medical scheme and who applies within ninety (90) days of ceasing to be such beneficiary, to become a beneficiary of the Scheme because of a change of employment or of his/her employer changing medical schemes; and

8.4.5. in respect of the prescribed minimum benefits, except where a person has not been a beneficiary of a medical scheme for at least ninety days immediately preceding his/her application.

8.5 Notwithstanding the provisions of Rules 8.1, 8.2, 8.3 and 8.4, the Scheme may apply only the un-expired duration of a waiting period-

8.5.1 imposed by a previous medical scheme that applied immediately preceding the application of a beneficiary; and

8.5.2 where beneficiaries change from one benefit option to another.

9. PROOF OF MEMBERSHIP AND CERTIFICATE OF MEMBERSHIP

9.1 Every member shall be furnished with valid proof of membership, containing such particulars as may be prescribed. Such proof must be exhibited to the supplier of a health service on request. It remains the property of the Scheme and must be returned to the Scheme or destroyed on termination of membership.

9.2 The utilisation of a membership card or other proof of membership by any person other than the member or his/her registered dependants, with the knowledge or consent of the member or his/her dependants, is not permitted and is construed as an abuse of the privileges of membership of the Scheme and is construed as fraud. The provisions of Rule 11.3 will be instituted.

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

10. CHANGE OF ADDRESS OF MEMBER

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

11. TERMINATION AND SUSPENSION OF MEMBERSHIP

11.1 Voluntary termination of membership

11.1.1 a member may terminate his/her membership of LA HEALTH by giving one (1) months written notice. All rights to benefits cease after the last day of membership.

11.1.2 where a member elects to become a member of another medical scheme accredited by the South African Local Government Bargaining Council in accordance with any agreement between employers and employees;

11.1.3 where a member elects to become a dependant on his/her spouse's medical scheme;

11.1.4 in the case of a surviving dependant contemplated by Rule 6.2.2.3 on becoming a member or a dependant of a member of any other medical scheme, or if LA HEALTH is requested in writing to cancel such membership;

11.1.5 in the case of a divorced spouse who is a registered dependant of a member, on remarriage, or if by reason of employment, he/she becomes a beneficiary of a medical scheme, or if he/she requests LA HEALTH in writing to cancel his/her enrolment;

11.1.6 in the case of a continuation member, if he/she requests LA HEALTH in writing to cancel his/her membership, or if by reason of his/her re-employment he accepts membership of any medical scheme; and

11.1.7 in accordance with any agreement between LA HEALTH and the local government body and the member concerned.

11.2 Involuntary termination of membership

The Board may in its sole discretion suspend benefits instead of terminating the membership.

11.2.1 **Amounts due to the Scheme**

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:

11.2.1.1 suspend all benefit payments in respect of claims which arose during the period of default; and

11.2.1.2 give the member written notice at his/her *domicilium citandi et executandi* or by means of an electronic means agreed upon, that if contributions or such other debts are not paid within twenty one (21) days of posting of such notice, membership may be cancelled.

11.2.2 A notice sent by prepaid registered post to the member at his/her *domicilium citandi et executandi* or by any agreed electronic means shall be deemed to have been received by the member on the seventh (7th) day after the date of distribution. In the event that the member fails to nominate a *domicilium citandi et executandi*, or provide an electronic mail address or facsimile, the member's postal or residential address on his/her application form shall be deemed to be his/her *domicilium citandi et executandi*.

11.2.3 In the event that payments are brought up to date, and provided membership has not been cancelled in accordance with Rule 11.2.1.2, benefits shall be reinstated without any break in continuity. 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 will be recovered by the Scheme.

11.2.4 Any amount due and owing to the Scheme in respect of a member or a dependant of the member after reasonable demands for payment have been issued, becomes a debt due to the Scheme and is recoverable by it.

11.3 Submission of fraudulent claims, committing of any fraudulent act and/or non-disclosure of material information

The Board may suspend or terminate the membership of a beneficiary who:

11.3.1 abused his/her benefits/privileges as a member or dependant of the Scheme;

11.3.2 submitted fraudulent claims, committed any fraudulent act;

11.3.3 failed to disclose material information.

11.3.4 An applicant is obliged to disclose all material information to the Scheme with regard to any matter concerning the state of health or medical history of the person concerned, or that of any of his or her dependants, which arose or occurred during the period of twelve (12) months preceding the date of application for membership. In such event, the member must refund the Scheme any claims paid out by the Scheme and the Scheme must refund all the contributions paid to the member.

11.4 A member who ceases to reside in the Republic of South Africa. Provided that he/she may elect to retain his/her membership in terms of the rules of LA HEALTH if he/she fully complies with the terms and conditions laid down by the rules from time to time. Payment of benefits to such a member shall be made in South African currency into his/her bank account in the Republic: Provided that contributions shall be paid to LA HEALTH in South African currency.

12. CONTRIBUTIONS

12.1 The total monthly contributions payable to the Scheme by or in respect of a beneficiary are as stipulated in Annexure's A appended hereto, depending on the benefit option elected by the member.

12.2 Contributions shall be due monthly in arrears. Contributions shall be payable by not later than the third day of the due date. 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 during the period of default, and to give the member and/or employer written notice at his/her *domicilium citandi et executandi* that if contributions or such other debts are not paid up to date within fourteen (14) days, membership may be cancelled.

12.3 Unless specifically provided for in the rules in respect of medical savings accounts, no refund of any portion of a contribution shall be paid to any person where such member's membership or cover in respect of any dependant terminates during the course of a month.

12.4 A member who retires from the service of a local government body and who at the date of such retirement elects to take his/her retirement benefit in cash only, shall have the right to be a continuation member of the Scheme against payment of a contribution in accordance with any contribution schedule not having income as a basis or the maximum contribution determined in any contribution schedule, having income as a basis, as amended from time to time.

13. LIABILITIES OF EMPLOYER AND MEMBER

13.1 The liability of the employer towards the Scheme is limited to any amounts payable in terms of any binding agreement.

13.2 The liability of a member to the Scheme is limited to the amount of his/her unpaid contributions together with any sum disbursed by the Scheme on his/her behalf or on behalf of his/her dependants, which has not been repaid to the Scheme. Such liability may be recoverable from the member by way of legal proceedings, or set off against any amounts due to the member at any time.

13.3 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 on cancellation of the membership, or when called upon by the Scheme to do so.

14. CLAIMS PROCEDURE

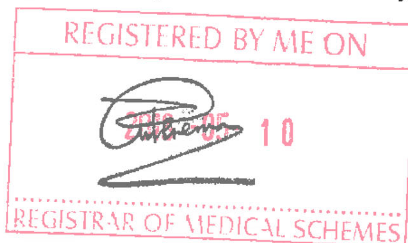
The procedures for dealing with the submission and settlement of claims shall be as detailed in Annexure D or the Major Medical Benefit, Annexure E, appended to these rules.

15. BENEFITS

15.1 Unless membership is suspended in terms of Rule 11.2, beneficiaries shall be entitled to the benefits as detailed in Annexure's B, appended hereto, for the specific benefit option as elected by the member concerned, in respect of relevant healthcare expenses incurred by members and their dependants.

15.2 A member's dependants who are registered as such with the Scheme, must participate in the same benefit option as such member.

15.3 Notwithstanding anything to the contrary in these rules contained, any benefit option offered by the Scheme covers in full, as stipulated in the relevant benefit schedule Annexures B, the diagnosis, treatment and care cost of the prescribed minimum benefit conditions as may be prescribed from time to time if such services are obtained from the Scheme's designated service provider; or if involuntarily obtained from any other service provider. If cover in terms of



these rules, for a condition specified in the statutory prescribed minimum benefits is involuntarily obtained from another service provider the Scheme will, subject to pre-authorization, provide that patient with the cover prescribed, as detailed in Annexures B hereof.

15.4 The Scheme may exclude services from benefits as set out in Annexure C.

15.5 The Board may consider additional benefits in exceptional circumstances based on the merits of each case. Each case must be fully motivated and accompanied by a document containing the specific clinical data needed for the motivation. The award of any additional benefits remains at the sole discretion of the Board.

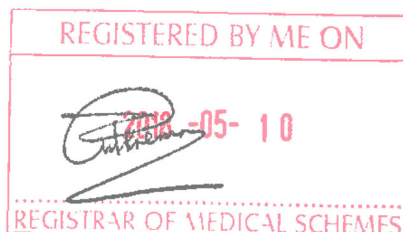
15.6 A member is entitled to change from one to another benefit option subject to the following conditions:

15.6.1 The change may be made only with effect from 1 January of any financial year. The Board of Trustees may, in its absolute discretion, permit a member to change from one to another benefit option on any other date.

15.6.2 Application to change from one benefit option to another must be in writing and lodged with the Principal Officer by no later than 30 November prior to the year upon which it is intended that the change will take place, provided that the member has had at least thirty (30) days prior notification of any intended changes in benefits or contributions for the next year.

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

15.8 Any member or dependant obtaining a relevant health service outside the South African monetary area shall not be entitled to any benefits from the Scheme in excess of those to which he would have been entitled had he received the same treatment in the Republic. Costs incurred in effecting such payment, shall be for the cost of the member.



16. PAYMENT OF ACCOUNTS

16.1 Payment of accounts or reimbursement of claims is restricted to the net amount payable in respect of such benefit and the maximum amount of the benefit to which the member is entitled in terms of the applicable benefit as follows:

16.1.1 up to the relevant benefit limit payable at the LAHR, and

16.1.2 in full for prescribed minimum benefits.

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

16.3 Where the Scheme has paid an account or portion of an account or any benefit to which a beneficiary is not entitled, whether payment is made to the member or to the supplier of service, the amount of any such overpayment is recoverable within three (3) years by the Scheme.

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

16.5 The Scheme may in its sole discretion stop all payments to a provider where it is satisfied on reasonable grounds that such provider has placed the Scheme at risk.

16.5.1 The Scheme shall notify the provider in writing of such decision and the reasons therefor. The provider will be entitled to dispute the decision.

16.6 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 may be prescribed.

16.7 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 shall 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-

16.7.1 the name and the membership number of the member;

16.7.2 the name of the supplier of service;

16.7.3 the final date of service on the account or statement that is covered by the payment;

16.7.4 the total amount charged for the service concerned; and

16.7.5 the amount of the benefit awarded for such service.

16. 8 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:

16.8.1 be obliged to take all steps which are necessary to timeously submit to the Road Accident Scheme ("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

16.8.2 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.

16.9 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:

16.9.1 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;

16.9.2 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.

16.10 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 for which any other party (excluding the parties mentioned in 17.8 and 17.9) is, or may be held wholly or partly liable in law for damages or indemnification in terms of statute, a contract or otherwise ("the Indemnifier"), then the member or dependant shall be entitled to such benefits as contemplated by his or her chosen benefit option and the Rules of the Scheme. This entitlement does not derogate from the member's or dependant's right to institute a claim against the Indemnifier for compensation for the costs of any healthcare services and/or medical expenses incurred and/or which in future may be necessitated in connection with such injury(ies) and/or disease(s). In the event of submitting such a claim against the Indemnifier, the member or dependant shall:

16.10.1 promptly inform the Scheme of such claim submitted to the Indemnifier;

16.10.2 include in such claim all payments made by the Scheme for healthcare services rendered and/or medical expenses incurred in respect of such injury or disease;

16.10.3 advise the Scheme of any undertaking by the Indemnifier to make payments of the costs of any past and/or future healthcare services and/or medical expenses in connection with such injury(ies) and/or disease(s). In the event of such an undertaking by the Indemnifier, the Scheme shall be absolved from liability to make further payment of any benefit in respect of healthcare services and/or medical expenses for which the Indemnifier has undertaken to make payment;

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m.maswanganyi@medicalschemes.co.za
REGISTRAR OF MEDICAL SCHEMES

16.10.4 reimburse the Scheme with any payment made by the Indemnifier in respect of such injury(ies) or disease(s) which were paid by the Scheme;

16.10.5 ensure that all reimbursements due to the Scheme in terms of 16.10.4 are made within thirty (30) days of receipt of the payment from the Indemnifier, whether the payment was made to the member or the member's appointed agent; and

16.10.6 make all reimbursements due to the Scheme in terms of 16.10.4 without any deductions.

17. GOVERNANCE: MANAGEMENT OF LA HEALTH

17.1 Composition of the Board of Trustees

The Scheme shall be managed in accordance with these rules by a Board of Trustees consisting of a maximum of sixteen (16) Trustees who are fit and proper to be Trustees constituted as follows, provided that a minimum of ten (10) trustees shall constitute the Board at any given time:

17.1.1 A minimum of ten (10) persons who are members of the Scheme, nominated and elected by members of the Scheme.

17.1.2 In addition, no more than six (6) persons may be appointed by the Board of Trustees to address knowledge, skills, experience, diversity and independence.

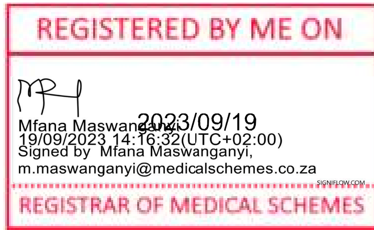
17.2 Term of Office

17.2.1 All Trustees shall, unless they become disqualified to serve as Trustees in terms of these Rules, serve for a period of six (6) years with effect from 1 July of the year in which an election is to be held, notwithstanding the date of election, or the date appointed by the Board of Trustees in terms of rule 17.1.2.

17.2.2 Retiring Trustees shall be eligible for re-election / re-appointment provided that no person shall serve more than two (2) consecutive terms, and no more than three (3) terms altogether.

17.2.3 Trustees referred to in Rules 17.1.1 must be elected in accordance with Rule 17.3.

17.3 **Election of Trustees**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m.maswanganyi@medicalschemes.co.za
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17.3.1 Any member of the Scheme may nominate a candidate for election to the Board.

17.3.2 A notice inviting nominations shall be sent to all members by 28 February in the year in which an election is to be held.

17.3.3 Nominations to fill vacancies, signed by the candidate signifying his/her consent to stand for election, must be submitted to the Scheme by such date determined by the Board of Trustees, which date may not be less than 30 days from date of notice referred to in 17.3.2 above, and must include the following :-

17.3.3.1 the full name and an abbreviated *curriculum vitae* of the member nominated;

17.3.3.2 the employer by whom he is/was employed or where he is serving as a Councillor;

17.3.3.3 the name, membership number and signature of one member nominating him/her.

17.3.4 The election shall be carried out by a postal and/or any means of electronic ballot of all the members of the Scheme.

17.3.5 The election shall be held before the office of the serving Board expires so as to enable the newly elected Board to assume office on 1 July of the year in which such election was held.

17.3.6 If for any reason whatsoever the aforesaid election cannot be held before 1 July of the year in which such term of office shall expire, the existing members of the Board shall continue to hold office until the election shall have been held and their successors shall have been elected and shall have assumed office.

17.4 **Filling of Vacancies**

17.4.1 The Board of Trustees shall have the power to fill any casual vacancy which may occur during the term of office of an elected member. A person so appointed shall fill the vacancy for the un-expired period of office of the vacating member.

17.4.2 Notwithstanding any vacancy on the Board, the continuing members thereof may act on its behalf: Provided that if and so long as their

number is reduced below that fixed for a quorum by these Rules such members may act only for the purpose of increasing the number of members to that number, but for no other purpose.

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

17.5.1 A person under the age of twenty (21) years;

17.5.2 a director, employee, officer, consultant or contractor partner, representative or agent of the administrator of the Scheme or of the holding company, subsidiary, joint venture or an associate of that administrator;

17.5.3 a broker;

17.5.4 the Principal Officer of the Scheme;

17.5.5 the auditor of the Scheme; or

17.5.6 a person who is or becomes a Trustee of any other medical scheme.

17.6 At the Board's first meeting of each new term of office of trustees, it shall elect by secret ballot, if there is more than one nomination, from amongst its number a Chairperson, and a Deputy-Chairperson.

17.7 The Board shall meet not less than once in every three (3) months; provided that the Chairperson may from time to time convene additional meetings.

17.8 Subject to the provisions of Rule 17.1 above, half of the Trustees plus one, personally present at meetings of the Board, shall constitute a quorum. At a meeting of any committee appointed by the Board, this principle shall apply *mutatis mutandis*.

17.9 The Principal Officer shall cause minutes to be kept of every meeting of the Scheme.

17.10 Notwithstanding the provisions of Rule 17.4, the office of a member of the Board shall become vacant whenever he –

17.10.1 ceases to be a member of the Scheme;

17.10.2 absents himself/herself from three (3) consecutive meetings of the Board without an apology;

17.10.3 at any time tenders his/her resignation in writing as a member of the Board;

17.10.4 becomes of unsound mind or is subject to a reception order in terms of the Mental Health Act, 1973 (Act 18 of 1973), or has been

declared by a competent court to be incapable of managing his/her affairs;

17.10.5 has been declared insolvent or has surrendered or assigned his/her estate for the benefit of his/her creditors;

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

17.10.7 is removed by a competent court from any office of trust on account of misconduct; or

17.10.8 is removed by the Council for Medical Schemes from office in terms of Section 46 of the Act.

17.11 In the event of the office of every member of the Board being vacant, the Principal Officer shall appoint an ad hoc committee of not less than five (5) persons with the approval of the Registrar, to control and manage the Scheme until a new Board is elected in terms of these rules.

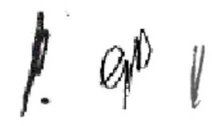
17.12 Until the new Board has been elected in terms of these rules, the ad hoc committee shall have the powers and privileges and be subject to the duties and obligations of the Board.

17.13 **Voting**

Matters serving before a meeting of the Board shall be decided by a majority of votes of Board members present at such meeting except in relation to matters contemplated by the proviso hereto. In the event of an equality of votes, the Chairperson will have a casting vote as well as a deliberate vote; Provided that the salaries and conditions of service of the Principal Officer and other persons appointed in terms of these rules for the proper execution of the Scheme's activities shall be determined by a majority of the total number of members of the Board.

17.14 **Remuneration of Board Members**

An honorarium as may from time to time be determined at the annual general meeting may be paid to members of the Board. Members of the Board may also be reimbursed for all reasonable expenses incurred by them in the performance of their duties as trustees, at the rate determined from time to time by the Board. Such honorarium related to the Trustees must be disclosed to the members at the Annual General Meeting (AGM) and included in the annual financial statements.



17.15 If the Board of Trustees suspends or removes the Principal Officer or a trustee from office in terms of Rule 19.1, and that person(s) is aggrieved by the decision, he/she may lodge a complaint with the Registrar.

17.16 On receipt of a written complaint mentioned in Rule 17.15 above:

17.16.1 The Registrar shall investigate the basis of the complaint and;

17.16.2 If he/she finds that the complaint has merit, the Registrar or the Council shall take such steps as may be necessary in terms of the powers provided for by the Act to address the concerns raised in the complaint.

17.17 A member of the Board who acts in a manner which is seriously prejudicial to the interests of the beneficiaries of the 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 the provisions or just administrative action, by way of a special resolution taken at a special general meeting, provided that:

17.17.1 Special notice shall be lodged with the Board accompanying the requisition at date of lodgement, and on receipt of notice of such proposed resolution, the Board shall forthwith deliver a copy thereof to the trustee concerned, who shall be entitled to be heard on the proposed resolution at the meeting.

17.17.2 The notice convening the special general meeting containing the agenda and proposed special resolution must be furnished to members at least fourteen (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.

17.17.3 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 17.17.2 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.

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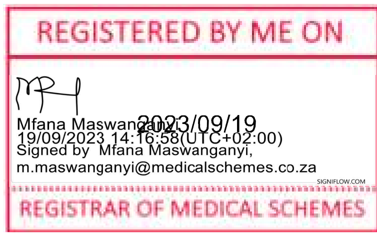

17.17.4 Where the representation was not sent due to late receipt, the trustee concerned may require that the representations be read at the meeting.

17.17.5 Fifty percent (50%) + one (1) member of the board of trustees present in person constitute a quorum.

17.17.6 The resolution to remove the trustee/s must be passed by at least two-thirds (⅔) of members present in person

18. FIDUCIARY DUTIES OF BOARD OF TRUSTEES

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

18.2 The Board shall act with due care, diligence, skill and in good faith.

18.3 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.

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

18.5 **Appointment of officers**

18.5.1 The Board shall appoint a principal officer who is fit and proper person, as defined in Section 57, to hold such office and within thirty (30) days of such appointment, give notice thereof in writing to the Registrar. The Board must determine the terms and conditions of employment of the person appointed (Sec 57 (4)(a)).

18.5.2 The Board may authorise the appointment of any staff by the Principal Officer, which in its opinion are required for the proper execution of the business of the Scheme and must determine the terms and conditions of service of any person employed by the Scheme.

18.5.3 The following persons are not eligible to be a principal officer-

18.5.3.1 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

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18.5.3.2 a broker.

18.6 The Chairperson, or in his/her absence the Deputy-Chairperson, shall preside over meetings of the Board and ensure due and proper conduct at meetings. In the absence of both the Chairperson and the Deputy-Chairperson, the members shall elect from their number a Chairperson to preside at that meeting.

18.7 The Board must cause to be kept such minutes, accounts, entries, registers and records as are essential for the proper functioning of the Scheme.

18.8 The Board must ensure that proper control systems are employed by and on behalf of the Scheme.

18.9 The Board must ensure that adequate and appropriate information is communicated to the members of the Scheme regarding their rights, benefits, contributions and duties in terms of the rules.

18.10 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.

18.11 The Board must take out and maintain an appropriate level of professional indemnity insurance, fidelity guarantee insurance and may, as provided for in section 30 (1) (d) of the Act, contribute to any fund of any kind whatsoever, which is conducted for the benefit of the officers of the Scheme or pay for insurance policies on the lives of officers of the Scheme, including Board Group Life Insurance, for the benefit of such officers and their dependents and account for it in terms of section 57 (8) of the Act.

18.12 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.

18.13 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.

18.14 The Board must take all reasonable steps to protect the confidentiality of medical records concerning any member or dependant's state of health in terms of the Protection of Personal Information Act.

18.15 The Board must approve monthly financial statements of income and expenditure submitted by the Principal Officer in accordance with his/her duties outlined in Rule 20.8 hereof.

18.16 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.

18.17 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.

18.18 The Board shall disclose annually in writing to the Registrar, any payment or considerations made to members of the Board in that particular year by the Scheme.

18.19 The Board shall cause to be done a "Board effectiveness self-assessment" on an annual basis and an independent assessment every three (3) years with due regard to normal practice and recommended guidelines pertaining to improving the Board's effectiveness.

18.20 The Board shall ensure that every existing and newly appointed/elected Board member undergoes trustee training in the form of induction/advanced training provided by the Council.

18.21 The Board must appoint the authorised auditor and the audit committee annually.

19. POWERS OF BOARD

The Board has the power -

19.1 to suspend or remove the Principal Officer or a Trustee from office on good cause shown;

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

19.3 to appoint a committee consisting of such Board members and other experts, as it may deem appropriate;

19.4 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.

19.5 to appoint, compensate and contract subject to the provisions of the Act and the Regulations, with any accredited broker for the introduction or admission of a member to the Scheme and for ongoing broker services if it so deems fit;

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

19.7 to purchase movable and immovable property for the use of the Scheme or otherwise, and to sell it or any of it;

19.8 to let or hire movable or immovable property;

19.9 to co-opt knowledgeable persons to participate in the deliberations of the Board, but such co-opted persons shall not have a vote.

19.10 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 in accordance with an investment policy approved by the Board from time to time;

19.11 with the prior approval of the Council for Medical Schemes, 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;

19.12 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 beneficiaries of the Scheme;

19.13 to make a donation to any hospital, clinic, nursing home, maternity home, infirmary or home for aged persons in the interests of all or any of the beneficiaries of the Scheme;

19.14 to make additional benefit payments on behalf of beneficiaries in order to assist such members to meet commitments in regard to any matter specified in these rules;

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19.15 to meet legal costs incurred by the Scheme or by members in enforcing or defending any right or interest of the Scheme or of its members, including but not limited to payment by any person of contributions or any other moneys referred to in these rules;

19.16 to contribute to any fund conducted for the benefit of employees of the Scheme;

19.17 to reinsure obligations in terms of the benefits provided for in these rules;

19.18 to delegate either generally or specifically to a committee appointed by it from its members and/or other experts or to an officer employed by the Scheme, any of its functions, duties and powers;

19.19 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;

19.20 to contribute to any association instituted for the furtherance, encouragement and co-ordination of medical schemes;

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

19.22 to apply risk management tools in terms of the benefits provided for in these Rules.

20. DUTIES OF PRINCIPAL OFFICER AND STAFF

20.1 The staff of the Scheme must, in terms of the Protection of Personal Information Act, ensure the confidentiality of all information regarding its beneficiaries.

20.2 The Principal Officer is the executive officer of the Scheme and as such, shall ensure that:

20.2.1 he/she acts in the best interests of the members of the Scheme at all times;

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

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

20.2.4 he/she keeps the Board sufficiently and timeously informed of the affairs of the Scheme that relate to the duties of the Board as stated in Section 57(4) of the Act;

20.2.5 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;

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

20.3 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.

20.4 The Principal Officer shall ensure the carrying out of all of his/her duties as are necessary for the proper execution of the business of the Scheme. He/She shall attend all meetings of the Board, and any other duly appointed committee where his/her attendance may be required, and ensure proper recording of the proceedings of all meetings, but shall have no vote.

20.5 The Principal Officer shall be responsible for the supervision of the staff employed by the Scheme unless the Board decides otherwise.

20.6 The Principal Officer shall, with the concurrence of the Board, cause the termination of the services of any employee of the Scheme.

20.7 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.

20.8 The Principal Officer shall prepare annual financial statements and shall ensure compliance with all statutory requirements pertaining thereto.

21. INDEMNIFICATION & FIDELITY GUARANTEE

21.1 The Board and any officer of the Scheme shall 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.

21.2 The Board must ensure that the Scheme is insured against loss resulting from the dishonesty or fraud of any of its officers.

22. FINANCIAL YEAR OF THE SCHEME

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

23. BANKING ACCOUNT

The Scheme shall maintain a banking account with a registered commercial bank. All moneys received shall be deposited to the credit of such account and all payments shall 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.

24. AUDITOR & AUDIT COMMITTEE

24.1 The Board shall in compliance with Section 36 of the Act, appoint an auditor for the duration determined by the Board from time to time.

24.2 The following persons are not eligible to serve as auditor of the Scheme—

24.2.1 a member of the Board;

24.2.2 an employee, officer or contractor of the Scheme;

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

24.2.4 a person not engaged in public practice as an auditor;

24.4.5 a person who is disqualified from acting as an auditor in terms of the Companies Act, 1973.

24.3 Whenever for any reason an auditor vacates his/her office prior to the expiration of the period for which he has been appointed, the Board must within thirty (30) days appoint another auditor to fill the vacancy for the un-expired period.

24.4 If the Board fails to appoint an auditor in terms of this rule, the Registrar may at any time make such appointment.

24.5 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/her duties.

24.6 The auditor must report to the audit committee of the Scheme on the accounts examined by him and on the financial statements to be laid before the Scheme in general meeting.

24.7 The Board shall appoint an audit committee of at least five (5) members of whom two must be members of the Board. The Chairperson of the Audit Committee may not be a member of the Board.

25 GENERAL MEETINGS

25.1 Annual General Meeting

25.1.1 The annual general meeting of members shall be held not later than 31 August of each year, either physically or virtually.

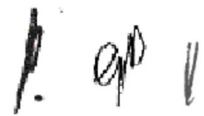
25.1.2 The notice convening the annual general meeting containing the agenda and advising how the annual financial statements, auditor's report and annual report may be obtained, shall be furnished to members at least twenty-one (21) days before the date of the meeting. The non-receipt of such notice by a member shall not invalidate the proceedings at such a meeting.

25.1.3 Thirty (30) members of the Scheme shall constitute a quorum. If a quorum is not present after the lapse of thirty (30) minutes from the time fixed for the commencement of the meeting, the meeting shall be postponed for a further thirty (30) minutes and members then present, constitute a quorum.

25.1.4 The financial statements and reports specified in Rule 20.8 must be laid before the meeting.

25.1.5 Every notice of motion to be placed before the annual general meeting shall reach the Principal Officer not later than seven (7) days prior to the date of the meeting, failing which such notice shall be invalid.

Mpho Sehloho
13/09/2021 08:22:45(UTC+02:00)
Signed by Mpho Sehloho, m.sehloho@medicalschemes.co.za
SIGNIFLOW.COM



25.2 **Special General Meeting**

25.2.1 A special general meeting of members may be called at any time by the Board whenever it deems it necessary.

25.2.2 On the written requisition of at least fifty (50) members of the Scheme the Board shall cause a special general meeting to be called within thirty (30) days after the deposit of the requisition, at the Scheme's registered office. The requisition shall state the motions to be proposed at such meeting and shall be signed by the members and only those matters specified therein shall be discussed at such meeting.

25.2.3 The notice convening a special general meeting shall be furnished to members at least fourteen (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.

25.2.4 Fifty (50) members present shall constitute a quorum. If a quorum is not present at a special general meeting after the lapse of thirty (30) minutes from the time fixed for the commencement of the meeting, the meeting is regarded as cancelled.

26 VOTING

26.1 Every member in good standing, who is present at a general meeting of the Scheme has the right to vote at such meeting.

26.2 The Chairperson shall determine whether voting shall be by secret ballot or by a show of hands. In the event of the votes being equal the Chairperson, if he/she is a member of the Scheme, has a casting vote in addition to his/her deliberative vote.

26.3 A member may appoint another member of the Scheme, who is in good standing and has not been appointed as a proxy (holder) for another member of the Scheme, as a proxy to attend, speak and vote in his/her stead.

26.4 The instrument appointing the proxy must be in writing, in a form determined by the Board and must be signed by the member and the person appointed as the proxy.

27. COMPLAINTS AND DISPUTES

27.1 Members may lodge their complaints, indicating the nature of the complaint in writing, addressed to the Principal Officer. The Scheme shall also provide, a dedicated telephone number, which appears on claim statements, and which may be used for dealing with complaints telephonically.

27.2 All complaints received in writing shall be responded to by the Scheme in writing within thirty (30) days of receipt thereof.

27.3 Two (2) persons, who shall not be members of the Board or officers or employees of the Scheme or of the administrator of the Scheme, shall be appointed by the Board to be the Scheme's disputes committee, to adjudicate upon any dispute declared by a member, prospective member or former member arising from the administration, control or management of the Scheme and existing between the Scheme and such member, prospective member or former member or any person deriving his/her claim from any such member.

27.4 The disputes committee may, before any evidence has been led and with the consent of the Principal Officer, summon not more than two (2) persons who are not members of the Board or officers or employees of the Scheme or of its administrator and who have particular skills or experience in those matters which may have to be considered at the adjudication contemplated by Rule 27.3, to sit with the disputes committee as assessors.

27.5 The disputes committee shall determine the procedures to be followed and applied in settling any dispute.

27.6 The disputes committee shall in addition to any powers vested in it by or under any law, have power to hear such relevant evidence as may be adduced by either party to the dispute and thereafter to arrive at a settlement of the dispute which settlement shall, subject to an appeal to the Council for Medical Schemes be binding on the parties to the dispute.

27.7 Any party to a dispute shall be entitled either personally or through the offices of counsel or an attorney or counsel and an attorney, to appear and to adduce or cause to be adduced evidence before the disputes committee, to examine and cross-examine witnesses and to address the disputes committee at any of its sittings on any matter which, in the opinion of the Chairperson of the disputes committee, is relevant to the dispute.

27.8 The remuneration of the persons serving on the disputes committee shall be as determined by the Board appointing such disputes committee. Any other expenditure which may be deemed to have been necessarily incurred in the proper performance by the disputes committee of its functions, shall be determined by the Principal Officer in consultation with the Chairperson of the disputes committee.

28. DISSOLUTION OF THE SCHEME

28.1 The Scheme shall be dissolved only by order of a competent court or by a decision of members as provided for in Rule 28.3.

28.2 In the event of the dissolution of the Scheme pursuant to an order of court the winding up of the Scheme shall be in accordance with the provisions of the Act, and with the conditions contained in the court order.

28.3 If seventy-five percent (75%) of the members of the Board should decide that the Scheme should be dissolved, the Principal Officer, by direction of the Board shall despatch to every member of the Scheme 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; provided that the memorandum and the ballot paper shall before dispatch, be forwarded to the Registrar for comment. Every member shall be requested to return his/her ballot paper duly completed before a date stipulated in the said memorandum. If at least fifty percent (50%) of members return their duly completed ballot papers and if the majority thereof are in favour of the proposed dissolution, the Board shall take a formal decision that the Scheme shall be dissolved with effect from a particular date, from which date no further contributions shall be payable to the Scheme. If two successive attempts fail to obtain fifty percent (50%) of the ballot papers, the Registrar may be requested to determine a lower percentage.

28.4 If a decision to dissolve the Scheme has been taken in terms of Rule 28.3, the dissolution shall be effected in accordance with the memorandum and as provided for in the Act. For the purpose of such dissolution the Board shall appoint a professional liquidator in consultation with the Registrar.

29. AMALGAMATION AND TRANSFER OF BUSINESS

29.1 The Board may propose that the Scheme should, 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. Before such event the Board shall arrange for members to decide by ballot whether the proposed amalgamation should be proceeded with or not.

29.2 If at least fifty percent (50%) 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.

29.3 The Registrar may, on good cause shown, ratify a lower percentage.

30. RIGHT TO OBTAIN DOCUMENTS AND INSPECTION OF DOCUMENTS

30.1 Any beneficiary must on request and on payment of a fee of R50.00 per copy, be supplied by the Scheme with a copy of the following documents -

30.1.1 The rules of the Scheme including any network/preferred providers and DSP's;

30.1.2 the latest audited annual financial statements, returns, Trustees' reports and auditor's report; and

30.1.3 the accompanying management accounts in respect of all of its benefit options.

30.2 A beneficiary is entitled to inspect free of charge at the registered office of the Scheme any document referred to in Rule 30.1 and to make extracts therefrom.

30.3 Any person who is entitled to access information, shall apply to the Scheme and obtain such information in compliance with the Promotion of Access to Information Act, No 2 of 2000.

31. AMENDMENT OF RULES

31.1 The Board is entitled to alter or rescind any rule or annexure or to make any additional rule or annexure and to determine the implementation date thereof.

31.2 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 (25%) during any financial year, is valid unless it has been approved by a majority of members present at an annual general meeting or a special general meeting or by ballot.

31.3 No alteration, rescission or addition to these rules shall be valid unless approved and registered by the Registrar in terms of the act.

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

31.5 Notwithstanding the provisions of Rule 31.1 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.

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