

# AGM



## Annual General Meeting 2020

CompCare Medical Scheme



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# AGENDA

1. Welcome, apologies and confirmation of quorum
2. To confirm the minutes of the 41st Annual General Meeting held on Thursday, 20 June 2020
3. To receive and consider the Report of the Board of Trustees for the year ended 31 December 2019, and the Annual Financial Statements for the year ended 31 December 2019, together with the Report of the Auditors
4. Governance
  - 4.1 Approval of the 2021 Trustee Remuneration
  - 4.2 Appointment of the Auditors
5. Motions
6. General

Notices of any motion to be placed before the Annual General Meeting must reach the Principal Officer not later than 7 days prior to the date of the meeting (Thursday, 19 November 2020).

## **BY ORDER OF THE BOARD OF TRUSTEES**

2 November 2020

## COMPCARE MEDICAL SCHEME

### DRAFT MINUTES OF THE FORTY-FIRST ANNUAL GENERAL MEETING OF COMPCARE MEDICAL SCHEME, HELD IN THE 19TH HOLE MEETING ROOM, AT THE JOHANNESBURG COUNTRY CLUB WOODMEAD - CNR WOODLANDS DRIVE AND LINCOLN STREET, WOODMEAD, ON THURSDAY, 20 JUNE 2019 AT 09H30.

#### 1. PRESENT:

|                                       |   |                     |
|---------------------------------------|---|---------------------|
| Mr H Odendaal                         | - | Chairperson- Member |
| Dr A Carlston                         | - | Member and Trustee  |
| Mr S Ireton                           | - | Member and Trustee  |
| Mr N Landman                          | - | Member and Trustee  |
| Mr B le Roux                          | - | Member and Trustee  |
| Mr K Mnisi                            | - | Member and Trustee  |
| Dr S Nkosi                            | - | Member and Trustee  |
| 37 members as per attendance register |   |                     |

**PRINCIPAL OFFICER:** - Mr Josua Joubert

#### IN ATTENDANCE:

|               |                  |                      |
|---------------|------------------|----------------------|
| Ms M Conradie | Fund Manager     | Universal Healthcare |
| Mr P Dorfling | Director         | Universal Healthcare |
| Mr T Francis  | Director         | Universal Healthcare |
| Mr M Bayley   | Director         | Universal Healthcare |
| Ms K Fisher   | Scheme Secretary | Universal Healthcare |

#### APOLOGIES:

|                      |   |                                 |
|----------------------|---|---------------------------------|
| Mr Petrus Wassermann | - | Trustee- Membership no. 6944560 |
| Ms S Dias            | - | Membership no. 3688455          |
| Mr M Hall            | - | Membership no. 5662150          |

#### OBSERVER:

Ms A Jacobs - Council for Medical Schemes

#### 2. NOTICE:

The notice dated 29 May 2019 calling the meeting was taken as read.

The Chairperson introduced himself and welcomed all those present to the Forty-First Annual General Meeting of the CompCare Medical Scheme (CompCare). In particular he extended a warm welcome to Ms Avril Jacobs of the Council for Medical Schemes who was present to observe the proceedings. He expressed a special word of welcome to Mr Trevor Harris, the Chairperson of Selfmed Medical Scheme (Selfmed). The Chairperson reminded members communication had been sent out regarding a proposed amalgamation between CompCare and Selfmed Medical Scheme.

The Chairperson advised that the meeting had been publicised as per the Rules of the Scheme and as the necessary quorum was present, he declared the meeting duly constituted.

### **3. MINUTES OF THE FORTIETH ANNUAL GENERAL MEETING HELD ON 29 JUNE 2018:**

The Minutes of the 40th Annual General Meeting held on 29 June 2018, having been circulated, with the notice of meeting, were taken as read.

There being no amendments to the Minutes, the Chairperson called for a proposer and seconder for the acceptance of the Minutes. Mr B Edwards proposed and Mr D Liebenberg seconded that the minutes be accepted as a true record of the proceedings and signed by the Chairperson.

### **4. ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018:**

The Annual Financial Statements of the Scheme for the year ended 31 December 2018 had been circulated to members together with the notice of meeting. *{A copy of the relevant documentation is attached to the **minute book** copy of these Minutes}*

The Chairperson gave a brief overview of the performance of the Scheme and highlighted the following:

- During the 2017 AGM there was mention of a three-year strategy plan incorporating certain remedial actions which would hopefully result in a surplus position by December 2018. Unluckily however, at the end of December 2018 the Scheme incurred a deficit of R12.8m. This loss was attributable to two members in the 2018 benefit year that together caused the deficit. The one case was close to R10m with the second being around R2.8m. In the former case the member spent a full year in hospital which made it an extraordinary event. The unpredictable nature of healthcare incidents make it difficult to accurately predict future Scheme performance, but the Chairperson assured the meeting that although the Scheme is showing a R12.8m deficit, the Scheme is in a financially healthy position. At the end of April 2019, the Scheme generated a net surplus of R7.2m compared to R3.3m for the same period the previous year against a budgeted surplus of R1m for the first four months of 2019.

As there were no questions the Chairperson moved that the Annual Financial Statements as at 31 December 2018 be adopted and that all matters and actions undertaken by the Administrators on behalf of the Scheme be confirmed.

The motion was proposed by Mr N Landman, seconded by Mr B le Roux and carried unanimously.

### **5. GOVERNANCE:**

It was noted that the Trustee remuneration paid in a financial year is detailed in the Annual Financial Statements, which are available on the Scheme's website.

#### **5.1. APPROVAL OF 2020 TRUSTEE REMUNERATION**

The Chairperson advised that the Trustee remuneration for 2019 was R21 320 per meeting attended. The proposed remuneration for the year 2020 is R22 600 per meeting attended, equating to an increase of 6%.

After due consideration, there being no objection, the motion was proposed by Mr D Liebenberg, duly seconded by Mr P Dorfling and carried unanimously.

#### **5.1.1. APPROVAL OF RETAINER FEE PAID TO CHAIRPERSON**

The Chairperson explained that the retainer fee he is paid is compensation for all

ad hoc meetings and time spent on Scheme affairs.

The current retainer fee paid to the Chairperson is R22 475 per month. The retainer fee for the year 2020 is recommended at R23 825 per month, which constitutes a 6% increase.

After due consideration, there being no objection, the motion was proposed by Mr D Liebenberg, duly seconded by Mr P Dorfling and carried unanimously.

## **5.2. TO APPOINT AUDITORS FOR THE 2018 FINANCIAL YEAR**

The Chairperson advised that Deloitte & Touche is the current auditors of the Scheme and it is recommended by the Audit Committee and the Board of Trustees that they be re-appointed for the 2019 financial audit.

The motion to re-appoint Deloitte & Touche as the Scheme's Auditor for the ensuing year was proposed by Mr M Bayley, duly seconded by Mr B le Roux and was carried unanimously.

## **6. NOTICES OF MOTIONS:**

The Chairperson advised that the following notice of motions have been received to be placed before the meeting. These are not notices of motions as such but benefit related queries which are noted as follows:

- Mr M Hall, membership no. 5662150:
  1. The protocol in the case of the death of the main member for the spouse to become the main member.
  2. The funding of "z" diagnosis codes from pathologists.
  3. Specialists costs that are spiralling out of control.
  4. The 62% increase in the self-payment gap.
- Ms S Dias, membership no. 3688455: The query relates to PMB chronic medication being paid from the Annual Flexi Benefit, which impacts the member's day-to-day benefits.

The Chairperson reiterated that these are queries and this is not the forum to address queries but the Fund Manager and Personnel from the Administrator will be available to address these queries after the meeting.

## **7. GENERAL:**

### **7.1. Feedback on Name Change from CompCare Medical Scheme to Universal Medical Scheme:**

The Chairperson advised that a Special General Meeting was held on 04 May 2016 where there was a 92% vote from members to change the name from CompCare to Universal Medical Scheme. The process has run its course and there have been a number of issues to be addressed. He was pleased to say that at this stage there is an authority that has announced in the Scheme's favour and has instructed the Registrar of Medical Schemes to effect the name change. He advised that the Board of Trustees is looking forward to the new possibility that a name change will hold for all stakeholders.

## **7.2. Amalgamation with Selfmed Medical Scheme:**

The Chairperson advised that the communication campaign commenced on 12 April 2019 with a formal notification of the proposed amalgamation to members.

He reassured the meeting that this amalgamation is a business combination that will work in favour of both the CompCare members as well as the Selfmed members. There were quite a number of advantages as spelt out in the communication and exposition document, that will flow through to members of CompCare and to the members of Selfmed.

In terms of the voting, 94% of the members from both Schemes that voted were in favour of the amalgamation.

There were one or two specific requests from the Council for Medical Schemes that have been addressed so the Boards of Trustees are quite confident that from 1 July 2019 there will be an Amalgamated Scheme with Selfmed coming in under the CompCare banner.

## **7.3. The Chairperson invited those present to raise any general matters:**

7.3.1. The Chairperson conveyed a compliment received from Ms E Karlsson, membership no. 2730300, for all the assistance she had received over a difficult period health-wise.

7.3.2. Mr B Tsae, membership no. ECE 0308 02763, expressed concern that he had paid claims upfront and had submitted them for refunds but after four months he was advised that the accounts were stale and could not be paid. He has been a member of the Scheme for 30 years where he was very happy but over the past three years he had experienced a number of problems.

7.3.3. As mentioned earlier in the meeting, the Chairperson reiterated that these matters were not for discussion at the Annual General Meeting and suggested that these be passed onto the Fund Manager for attention where should could look at the history. If this issue was not resolved satisfactorily by Friday, 28 June, the Chairperson invited Mr Tsae to contact him directly and he would be happy to intervene.

Mr R E van der Merwe, membership no. 6944736, drew attention to the fact that the administration expenses are more than 10% of income. He would assume with the amalgamation that there would be improved ratios. He asked the Chairperson to elaborate on the benefits of the amalgamation as suggested earlier in the meeting.

The Chairperson advised that the Non-Healthcare Expenditure (NHE) is closer to 13% but with the amalgamation a 1% reduction is anticipated in NHE in 2019.

The Amalgamated Scheme will have a projected solvency level which is significantly higher than the regulatory requirement of 25%.

In terms of size, currently the Scheme is sitting in the 14th position in the medical aid market, but with the membership growth, the Amalgamated Scheme has the ability to enter the top 10 open medical schemes based on size. With the

combining of a few of the benefit options, on average the Amalgamated Scheme will offer better value for money.

A further problem experienced by Mr van der Merwe was the Scheme’s mobile app, particularly with regard to the submitting of claims.

The Chairperson explained that the Board is aware of the problem and it is high on the agenda. From Universal’s perspective, a specific person has been employed with the necessary skill and expertise to re-engineer the mobile app to make it more user-friendly.

- 7.3.4. Mr R Buidundacht, ECS 0449 00025, raised a concern in that he had experienced a number of problems with the administration and although he had the contact details of the call centre agents, it appeared that the system was now automated and thus more difficult to make contact with a specific agent to resolve certain issues. In many instances there was no response at all which was frustrating to a member.

Ms Conradie, the Scheme’s Fund Manager, addressed the meeting and confirmed that new processes have been implemented into the call centre whereby CompCare has a dedicated email box for the submission of all queries, claims etc. This is attended to on a daily basis and there is a 24 hour turn-around time on that mail box which is monitored and measured on a daily basis.

She advised that in the event where members present have submitted their queries to the mail box and do not receive a response, they are more than welcome to escalate these to her directly at michelle.conradie@universal.co.za and she will endeavour to address these problems.

With regard to the concerns expressed by Mr Tsae, the Chairperson suggested that the best option would be for him to make an appointment to see Ms Conradie as she was better equipped to deal with such matters.

There being no further business the Chairperson expressed sincere thanks and appreciation to members for their attendance and declared the meeting closed at 10h45.

Confirmed this .....day of .....2020

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DATE

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CHAIRMAN

**COMPCARE MEDICAL SCHEME**  
**EXTRACT FROM THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**31 DECEMBER 2019**

**OPERATIONAL STATISTICS AS AT 31 DECEMBER 2019**

|   | 2019   | 2018   |
|---|--------|--------|
| Average number of members   | 21 524 | 13 906 |
| Average number of beneficiaries                                       | 34 281 | 21 932 |
| Net contributions per average beneficiary per month (R)               | 1 410  | 1 693  |
| Relevant healthcare expenditure per average beneficiary per month (R) | 1 239  | 1 577  |
| Average age of beneficiaries  | 41     | 41     |
| Pensioner ratio (%)   | 20.0%  | 15.4%  |
| Average accumulated funds per member at year end (R)                  | 17 370 | 9 001  |
| Solvency Ratio (%)  | 58.3%  | 25.1%  |

**COMPCARE MEDICAL SCHEME**  
**STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019**

|   | 2019<br>R          | 2018<br>R          |
|---|--------------------|--------------------|
| <b>ASSETS</b>   |                    |                    |
| <b>Non-current assets</b>                             | <b>763 682</b>     | <b>15 331</b>      |
| Property, plant and equipment                         | 214 664            | 15 331             |
| Right-of-use asset                                    | 549 018            | -                  |
| <b>Current assets</b>                                 | <b>545 700 453</b> | <b>196 639 196</b> |
| Trade and other receivables                           | 43 784 489         | 32 389 396         |
| Investments held at fair value through profit or loss | 322 393 445        | 25 400 058         |
| Cash and cash equivalents                             | 179 522 519        | 138 849 742        |
| Scheme  | 179 522 519        | 100 311 809        |
| Savings account monies                                | -                  | 38 537 933         |
| <b>Total assets</b>                                   | <b>546 464 135</b> | <b>196 654 527</b> |
| <b>FUNDS AND LIABILITIES</b>                          |                    |                    |
| <b>Members' funds</b>                                 | <b>389 489 141</b> | <b>124 580 319</b> |
| Accumulated funds                                     | 135 255 579        | 124 580 319        |
| Amalgamation reserve                                  | 254 233 562        | -                  |
| <b>Non-current liabilities</b>                        | <b>282 868</b>     | <b>-</b>           |
| Lease liabilities                                     | 282 868            | -                  |
| <b>Current liabilities</b>                            | <b>156 692 126</b> | <b>72 074 208</b>  |
| Lease liabilities                                     | 265 782            | -                  |
| Outstanding claims provision                          | 44 585 880         | 10 097 573         |
| Savings plan liability                                | 43 932 534         | 38 286 342         |
| Trade and other payables                              | 67 907 930         | 23 690 293         |
| <b>Total funds and liabilities</b>                    | <b>546 464 135</b> | <b>196 654 527</b> |



**COMPCARE MEDICAL SCHEME**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

|   | <b>2019</b><br><b>R</b> | <b>2018</b><br><b>R</b> |
|---|-------------------------|-------------------------|
| <b>Risk contribution income</b>                       | 579 849 472             | 445 504 221             |
| <b>Relevant healthcare expenditure</b>                | <b>(509 720 283)</b>    | <b>(415 009 631)</b>    |
| Net claims incurred                                   | (492 883 004)           | (402 443 744)           |
| Claims incurred                                       | (495 744 741)           | (405 556 687)           |
| Third party claims recoveries                         | 2 861 737               | 3 112 943               |
| Managed healthcare services (no risk transfer)        | (16 237 869)            | (11 928 909)            |
| Net income on risk transfer arrangements              | (599 410)               | (636 978)               |
| Risk transfer arrangement fees                        | (3 411 493)             | (3 095 434)             |
| Recoveries from risk transfer arrangements            | 2 812 083               | 2 458 456               |
| <b>Gross healthcare result</b>                        | <b>70 129 189</b>       | <b>30 494 590</b>       |
| Broker service fees                                   | (8 592 282)             | (7 651 719)             |
| Administration expenditure                            | (73 625 696)            | (46 215 883)            |
| Net impairment losses on healthcare receivables       | 1 544 211               | 612 439                 |
| <b>Net healthcare result</b>                          | <b>(10 544 578)</b>     | <b>(22 760 573)</b>     |
| <b>Other income</b>                                   | <b>21 942 953</b>       | <b>10 270 102</b>       |
| Investment income                                     | 21 481 947              | 9 411 453               |
| Savings account monies                                | -                       | 237 156                 |
| Sundry income   | 461 006                 | 621 493                 |
| <b>Other expenditure</b>                              |                         |                         |
| Asset management fees                                 | (708 656)               | (116 313)               |
| Interest paid on savings account monies               | -                       | (237 156)               |
| Interest expense                                      | (14 459)                | -                       |
| <b>Net surplus/(deficit) for the year</b>             | <b>10 675 260</b>       | <b>(12 843 940)</b>     |
| <b>Total comprehensive profit/(loss) for the year</b> | <b>10 675 260</b>       | <b>(12 843 940)</b>     |

**COMPCARE MEDICAL SCHEME**  
**STATEMENT OF CHANGES IN FUNDS AND RESERVES**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

|   | Accumulated funds  | Amalgamation reserve | Available-for-sale reserve | Total members' funds |
|---|--------------------|----------------------|----------------------------|----------------------|
|   | R                  | R                    | R                          | R                    |
| <b>Balance at 1 January 2018</b>                        | <b>134 077 505</b> | <b>-</b>             | <b>3 136 135</b>           | <b>136 769 081</b>   |
| <b>Total comprehensive loss for the year</b>            | <b>(9 497 186)</b> | <b>-</b>             | <b>(3 136 135)</b>         | <b>(12 633 321)</b>  |
| Deficit for the year                                    | (12 843 940)       | -                    | -                          | (12 843 940)         |
| Prior year adjustment- IFRS 9 Equity Instruments        | 3 136 135          | -                    | (3 136 135)                | -                    |
| Prior year adjustment- IFRS 9 Trade & other Receivables | 210 619            | -                    | -                          | 210 619              |
| <b>Balance at 31 December 2018</b>                      | <b>124 580 319</b> | <b>-</b>             | <b>-</b>                   | <b>124 580 319</b>   |
| <b>Total comprehensive surplus for the year</b>         | <b>10 675 260</b>  | <b>254 233 562</b>   | <b>-</b>                   | <b>264 908 822</b>   |
| Surplus for the year                                    | 10 675 260         | -                    | -                          | 10 675 260           |
| Amalgamation transfer of reserves                       | -                  | 254 233 562          | -                          | 254 233 562          |
| <b>Balance at 31 December 2019</b>                      | <b>135 255 579</b> | <b>254 233 562</b>   | <b>-</b>                   | <b>389 489 141</b>   |

**COMPCARE MEDICAL SCHEME  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

|   | <b>2019<br/>R</b>  | <b>2018<br/>R</b>   |
|---|--------------------|---------------------|
| <b>Cash flows from operating activities</b>                   |                    |                     |
| Cash flows from operations before working capital changes     | (10 405 198)       | (22 037 108)        |
| Working capital changes:                                      |                    |                     |
| - Increase in trade and other receivables                     | (9 542 071)        | (5 636 305)         |
| - Increase/(Decrease) in trade and other payables             | 17 098 611         | (1 440 626)         |
| - Increase in outstanding claims provision                    | 13 260 301         | 1 090 743           |
| - Increase/(Decrease) in savings plan liability               | 5 646 191          | (2 021 726)         |
| <i>Cash utilised from operating activities</i>                | <b>16 057 834</b>  | <b>(30 045 022)</b> |
| <b>Cash flows from investing activities</b>                   |                    |                     |
| Interest and dividend income: Scheme                          | 15 163 634         | 12 701 670          |
| Interest expense  | (14 459)           | -                   |
| Interest income: savings account monies                       | -                  | 237 156             |
| Interest paid on savings account monies                       | -                  | (237 156)           |
| Purchase of property, plant and equipment                     | -                  | (22 997)            |
| Purchase of investments                                       | (11 520 526)       | (30 278 716)        |
| Proceeds on disposal of investments                           | 8 693 514          | 4 751 777           |
| <i>Cash (utilised)/generated from investing activities</i>    | <b>12 322 163</b>  | <b>(12 848 266)</b> |
| <b>Cash flows from financing activities</b>                   |                    |                     |
| Repayment of the lease liabilities                            | (78 041)           | -                   |
| <i>Cash generated from/(utilised in) financing activities</i> | <b>(78 041)</b>    | <b>(12 848 266)</b> |
| <b>Net decrease in cash and cash equivalents</b>              | <b>28 301 956</b>  | <b>(42 893 288)</b> |
| Transfer of cash and cash equivalents due to Amalgamation     | 12 370 821         | -                   |
| Cash and cash equivalents at beginning of year                | 138 849 742        | 181 743 029         |
| <b>Cash and cash equivalents at end of year</b>               | <b>179 522 519</b> | <b>138 849 742</b>  |
| Scheme  | <b>179 522 519</b> | <b>100 311 809</b>  |
| Savings account monies  | <b>-</b>           | <b>38 537 933</b>   |

**NB: Please note that a full set of the audited Annual Financial Statements is available on our website at [www.compcare.co.za](http://www.compcare.co.za). A copy will be available at the Annual General Meeting.**



**CompCare**  
Medical Scheme



**Universal**<sup>TM</sup>