



taking care of our own



2024

# ANNUAL GENERAL MEETING NOTICE

*Taking care of our own at every stage of their health journey*



12 August 2024

**Dear Moto Health Care Member**

Attached for your attention kindly find the Notice of the 2024 Annual General Meeting (AGM), to be held virtually on 12 September 2024 at 11h00.

A set of documents, including the audited 2023 Annual Financial Statements, can be obtained by the following methods:

- Call us on 0861 000 300
- Send an email to [Terry@mhcmf.co.za](mailto:Terry@mhcmf.co.za)
- Download a copy from our website at [www.mhcmf.co.za](http://www.mhcmf.co.za)

We look forward to interacting with you at our Annual General Meeting.

Kind regards

**Danie van Tonder**

Principal Officer

# ANNUAL GENERAL MEETING *2024 Notice*

Notice is hereby given that the Annual General Meeting of Members of the Moto Health Care Medical Fund (MHC) will be held virtually on 12 September 2024 at 11h00.

Members who have registered to attend will have to login via the link sent to them prior to the meeting. Only active Principal members in good standing and in attendance at the meeting can vote. We have attached a Proxy Form for those members who are unable to attend this meeting, but wish to appoint another Principal member as proxy to act on their behalf at the meeting.

## Agenda

1. Opening and apologies
2. Confirmation of proper notice and quorum present
3. Approval of the previous AGM Minutes of 13 September 2023
4. Address by Chairperson
5. Financial Statements and Auditors' Report for the period ending 31 December 2023
6. Approval of Remuneration of Board of Trustees and sub-committee Fees
7. Trustee Elections
8. Appointment of External Auditors
9. Motions or Resolutions in terms of Rule 31.1.5
10. Closure

Members who wish to place notices of motion before the AGM are advised that the provisions of the Moto Health Care Rules as set out below apply, and that the motions must be clear and fully motivated:

- 31.1.5 *Any member wishing to place matters to be discussed and resolved at the general meeting may do so provided that:*
- 31.1.5.1 *Such proposed resolution must reach the Principal Officer no later than 5(five) working days prior to the date of the annual general meeting;*
  - 31.1.5.2 *Notices of motion to be placed before the annual general meeting must reach the Principal Officer no later than 5 (five) working days prior to the date of the meeting.*

## MINUTES OF THE ANNUAL GENERAL MEETING OF MOTO HEALTH CARE (MHC) HELD VIRTUALLY ON WEDNESDAY, 13 SEPTEMBER 2023, AT 11h00

### 1. Opening & Apologies

The Chairperson, Mr B Canning, welcomed everyone present at the Annual General Meeting (AGM) of the Moto Health Care Medical Fund (the Scheme) and thanked everyone for making the effort to attend. He noted that this would be the fourth such virtual AGM, noting that virtual meetings were now the reality.

The Chairperson extended a special welcome to Mr. A. Mavuso from the Council for Medical Schemes (CMS), who was attending as an observer. He then advised that the following people would be sharing the platform with him:

**Danie van Tonder** – Principal Officer;

**Avashnie Ramdhani** – Chairperson of the Scheme’s Audit and Risk Committee;

**Eugene Eakduth** – the Scheme Executive from the Scheme’s administrator Momentum Health Solutions (MHS);

**Seemita Ramnarain** – Financial Manager from the Scheme’s administrator MHS; and

The Scheme’s auditors, **Ernst & Young (E&Y)** as represented by **Alicia Naidoo; Khanyisa Mbekile; Kalwyn Pillay** and **Nazrana Osman**.

The Chairperson advised that LUMI were, once again, providing the platform for the virtual AGM with their representatives Andrej Vadar and Sabrina Paxton in the wings to guide the Scheme through the technical aspects of this AGM. They would also confirm that there was a quorum and guide the Scheme through the voting processes.

The Chairperson appealed to the participants not to raise any issues that were not related to any agenda item. Should there be any issues relating to an individual and not the whole membership or part thereof, to kindly rather contact the MHC team via e-mail after the meeting for assistance. Should a member have a question or comment relating to any agenda item to use the chat facility to post their messages and the Chairperson would respond to them.



<b>Apologies:</b>	No apologies had been received
<b>Present:</b>	
<b>Board of Trustees:</b>	Barry Canning: Chairperson Jan Schoeman Renee Coetsee Henry Lombard Marwaan Davids Pieter Niemand
<b>Moto Health Care (the Scheme):</b>	Danie van Tonder – Principal Officer (PO) Terry Gucher-Greeff – Scheme Operations Manager Salome Botha – Member Liaison Officer
<b>Scheme Administrators – Momentum Health Solutions (MHS)</b>	Eugene Eakduth – Scheme Executive Seemita Ramnarain – Financial Manager Simon Sibeko – Regional Manager
<b>Scheme external auditors - Ernst &amp; Young Inc.:</b>	Alicia Naidoo Khanyisa Mbekile Kalwyn Pillay Nazrana Osman

## 2. Confirmation Of Proper Notice And Quorum Present

The PO confirmed that the first Notice was circulated on the 18th of August 2023, which is more than the 14 days required in terms of the Scheme Rule 31.1.2. Andrej from LUMI confirmed that members in attendance as per the virtual platform formed a quorum: 37 members inclusive of Board members who are members of the Scheme.

## 3. Approval Of Minutes Of The AGM On 14 October 2021

The minutes of the AGM held on 2 December 2022, having been included in the notice circulated to all members, were taken as read. The minutes were approved as a true reflection of proceedings.

LUMI confirmed that the Minutes were proposed and seconded.

## 4. Address By The Chairperson

The Chairperson noted that the Notice of the AGM contained his Review of the Scheme's performance for the year 2022, as well as the Principal Officer's report. He noted that, as most members had read the documents, he would only highlight some salient points:

- The Scheme had faced challenges as a consequence of holding last year's AGM after 31 October 2022, the date by which it should have been held in terms of the Scheme Rules. At the postponed AGM, which was held on 2 December 2022, reasons for having to postpone the AGM were outlined. These centered around irregularities in the harvesting of proxies that could have led to an undesirable business practice being perpetrated. Once the Board of Trustees took the decision to postpone the AGM, the Scheme immediately notified the Council for Medical Schemes of this and simultaneously launched an investigation and also applied for exemption from the Scheme Rule 31.1.1, which requires the Scheme to hold its AGM by latest 31 October of each year.

At the postponed AGM, held on 2 December 2022, four Trustees were elected. Members who attended were requested to condone the postponement of the AGM by voting in favor thereof. The vote was overwhelmingly in favor of the postponement, with 188 votes in favor, 9 against, with 1 abstention.

It was only after the AGM that the CMS advised the Scheme that its application to be exempted from its Rule 31.1.1, had been declined. In response, the Scheme advised the Council that it intended appealing the decision, and the process for this was initiated. The Appeal Hearing was scheduled for 31 March 2023, but on the day, it was postponed to allow the parties to attempt to reach some sort of a settlement. As no settlement could be reached, the Appeal was rescheduled for 29 May 2023, but for reasons beyond the Scheme's control, it was postponed again to 22 June 2023. Frustratingly, the Appeal was postponed yet again, but without a date being set. The Scheme anxiously awaits the new date for the hearing.

- The National State of Disaster was lifted at midnight on 4 April 2022, which enabled life to return to some degree of normality. This no doubly had a significant impact on the Scheme's claiming patterns, which returned to those of years prior to the Covid-19 pandemic. In addition, elective procedures that had been postponed during the pandemic caused a surge in claims. This resulted in the Scheme posting a comprehensive deficit of R24.2 million. A further factor that contributed to this was that the contribution increase for 2022 was pegged at a weighted average of only 4.4%

- The Scheme's financial performance during the Covid years, in which claiming patterns were somewhat skewed, was extremely positive. Surpluses of R18.7 million in 2020, and R57.5 million in 2021 were posted. In fact, had it not been for the contribution relief granted in the form of a 50% discount from April to June in 2020 amounting to R99 million, the surplus would have been that much higher. So, over the three years of 2020, 2021, and 2022 the Scheme is still R52 million to the good.
- Notwithstanding the deficit for the year, the Scheme's solvency ratio improved to 64,7%. Regretfully this was as a result of the attrition of members as a net loss of 1 008 members was experienced in 2022. MHC is a restricted Scheme servicing only employees and their employers engaged in the retail motor industry, the vast majority of which are small businesses. Affordability was cited as the main reason where there was a muted response to the Scheme's recruiting efforts. This trend was not confined to MHC, as scrutiny of the CMS's Annual Report indicated that other restricted schemes were experiencing similar trends. A further challenge was the fact that a number of insurance companies offer health insurance products that provide cover at considerably lower premiums. They are able to do so because they are not regulated by the CMS in terms of the Medical Schemes Act. For example, they are not compelled to provide for prescribed minimum benefits, which have to be paid in full, as in the case of medical schemes.
- The impact of inflation and consequent rise in interest rates, to the extent that households were struggling to make ends meet, was outlined. Many reluctantly had to resign their membership of medical schemes. The rise in interest rates have resulted in the monthly repayments on a R2 million mortgage rising by R6 000.00, which is a huge dent in household budgets.
- Members were assured that the Board of Trustees continued to meet their fiduciary responsibilities in an exemplary fashion. They are backed by the various support structures, which are acknowledged in the Chairperson's report. They are the Audit and Risk Committee, the Scheme's management team led by Danie, auditors Ernst and Young, Momentum Health Solutions - the Scheme's administrators, and managed care service providers such as Mediscor, DRC, and PPN. Sincere thanks were extended to them all on behalf of the membership at large for their efforts in assuring delivery of service at the highest level.



- The Principal Officer's report provided good insight on the Scheme's view on the core challenges facing it. This began with setting out the Scheme's strategic objectives and Mission Statement. It also covered MHC's mission success factors, namely Regulatory and stakeholder support, improved service levels, continued balanced financial performance, and sound corporate governance. He concluded by touching on the Contracts and Operations, Communication and Product Design, and commented on MHC Rules insofar as they related to last year's AGM. The Chairperson had provided the Scheme's net financial result for 2022 in his report, the Principal Officer provided more detail relating to this.

The members were requested to vote on adopting the Chairperson's report.

LUMI confirmed that the Chairperson's Report has been proposed and seconded, thus adopted.

## **5. Financial Statements and Auditor's Report For The Period Ending 31 December 2022**

The Chairperson advised that the Scheme's Audit and Risk Committee, chaired by Ms. Avashnie Ramdhani, had engaged with the Scheme's auditors, Ernest & Young, and thoroughly interrogated the financial statements and the report. The Committee was thus able to recommend that these be approved and adopted.

Ms. S Ramnarain advised that MHC's 2022 audited financial statements were signed off by E&Y and approved by the Scheme's Board of Trustees in April 2023.

The following salient summary of the results were highlighted:

- The Scheme's Risk Contribution Income decreased from R740.5 million in 2021 to R716.9 million in 2022. This was mainly due to the Scheme's decline in membership.
- The Relevant Healthcare Expenditure (which is claims and capitation fees incurred) increased from R676.7 million in 2021 to R714.1 million in 2022. This was due to claims returning to pre-COVID-19 levels and as a result of members getting elective surgeries which they had delayed during the pandemic.
- This resulted in the Gross Healthcare Result of R2.5 million which was a significant decline from the R63.8 million in 2021.
- The Scheme's Net Healthcare Result was a deficit of R55.5 million which was in stark contrast to the R4.23 million positive result of the prior year.
- The Scheme's investments decreased from R55.4 million in 2021 to R34.4 million due to some months not performing well in 2022.
- This resulted in the Scheme having a net deficit of R24.2 million in contrast to the R57.6 million surplus that was achieved in 2021.
- The solvency ratio improved from 63.9% to 64.7% due to the Scheme's membership declining.
- The R24.2 million deficit resulted in the Scheme's reserves declining from R535.3 million in 2021 to R511.1 million in 2022.
- The Scheme still has a healthy financial position as it ended the 2022 year with total assets of R634.8 million.





The members were asked to raise any questions via the chat facility. No comments or questions were raised. The members were requested to vote on the resolution to approve the 2022 AFS. It was announced by LUMI that 77 votes were in favour of approving the 2022 AFS. 1 vote against, and no members abstained.

## **6. Approval Of Remuneration Of Board Of Trustees And Sub-Committee Fees**

The PO advised that the Scheme was overseen by a Board of Trustees who were not full-time officials of the Scheme and were therefore paid by the Scheme for the significant work and responsibility they carried as part of their duties. He noted that the methodology used to determine the fees paid to the Trustees had been outlined in the AGM Notice. The Department of Public Service and Administration's guidelines were utilised, and they had an hourly rate for their consultants which he had used to multiply by the number of hours a Trustee spent at a board meeting as well as time spent reviewing the documents prior to the meeting.

The PO said that, as the fees had not been updated by the Department, the Scheme was proposing increasing the approved 2022 fees by 6.5% for 2023, which was in line with the Scheme's budget for non-healthcare expenses. He noted that the fee was still based on the Department's hourly rates that were multiplied by 9 hours per month and then split into two 50% payments, one being a retainer and the other being a payment per meeting. This worked out to a retainer fee of R8 057 per month for the Chairperson as well as per meeting and the Trustees getting R5 640 per month. The Audit Committee and other Committee fees were paid in line with the Board of Trustee fees.

The PO said that the Scheme used the Department's guidelines as this was in line with CMS's recommendations for schemes to use the Department's guidelines.

The Chairperson requested members present to raise any concerns or comments. As none were raised, he moved for the Trustee's remuneration for 2023 to be increased as per the PO's recommendation.

The Chairperson requested members present to vote on the resolution pertaining to the Trustee remuneration for 2023.

It was announced via LUMI that there were 76 votes for the resolution, 2 votes against and 0 abstention.

## 7. Appointment Of External Auditors

The Chairman advised that the Scheme's Audit & Risk Committee had recommended that E&Y be re-appointed to conduct the audit for the 2023 financial year, and the Board had adopted that recommendation.

The Chairman requested members present to vote on the resolution to approve the re-appointment of EY as the external auditors of the Scheme.

It was announced by the Chairperson that there were 80 votes in favour; 0 votes against and 0 abstention. So, the appointment of the external auditors had been carried.

## 8. Motions Or Resolutions In Terms Of Rule 31.1.5

The Chairperson noted that in accordance with the Scheme Rules 31.1.5, notices of motions or resolutions will be considered. He requested the PO to raise the motions. The PO advised that no motions had been received by the Scheme's office.

## 9. Closure

The Chairperson thanked the members for attending the meeting and hoped that they had gained better insight into the operations of the Scheme and the challenges it faced as a medical scheme. He assured the members that the Trustees were still committed to providing them with the best health care available.

The Chairperson declared the meeting closed.

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Chairperson

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Date



# CHAIRMAN'S REPORT

## *for the year ended 31 December 2023*

I began my report for the 2022 year that was tabled at the Scheme's 2023 AGM, by outlining the challenges that faced MHC as a consequence of the Council for Medical Schemes not granting it an exemption from holding its 2022 AGM by 31 October 2022. It had been necessary to postpone the AGM beyond that date when it emerged that an undesirable business practice appeared to be perpetrated which was confirmed by a subsequent investigation.

I went on to report that MHC appealed the decision of Council, and that the Appeal Hearing was scheduled for 31 March 2023, but that the Hearing was postponed to 29 May 2023, and then again to 22 June 2023.

Yet again, the Appeal Hearing was postponed, and it was finally heard on 5 December 2023. It was held virtually, and I had the privilege of joining the Hearing from my study. I have to say that I witnessed a masterclass from Adv du Preez in presenting the Scheme's case. This he was able to do based on the huge effort that our PO, Danie van Tonder, and our legal team put in in providing Adv du Preez with the ammunition he needed to build a solid case.

I had no doubt in my mind that the Appeal would succeed, and this was confirmed when the decision of the Appeal Board, that was chaired by Judge Thokozile Masipa, was circulated shortly after 11 March 2024.

This meant that for the management and the Board of MHC life in overseeing the affairs of it could return to normal, and that all of decisions and resolutions passed by the BoT remained valid.

I am pleased to report that in 2023 the positives outweighed the negatives for the Scheme. Having posted a disappointing restated deficit of R18.1 million in 2022, MHC experienced a significant improvement in its financial performance by the end of 2023. A net surplus of R5.7 million was achieved. However, when scrutinizing the summarised statement of comprehensive income set out on page 16 of the Scheme's Summarised Financial Statements, one will note that the total comprehensive income for the year is reflected as zero (0). This apparent anomaly is a consequence of the Scheme adopting the International Financial Reporting Standard 17 (IFRS 17) as required by the Council for Medical Schemes (CMS). In adopting IFRS 17 MHC met the definition of a mutual entity, so the surplus is now disclosed as amounts attributable to future members. Note 1.3 of the Principal Accounting Policies and Definitions on pages 21 and 22 provides a detailed explanation of how this is dealt with.

A significant contribution to this pleasing result was the total of high-cost cases in 2023 of R69, 7 million being R19 million less than in 2022. The monetary benchmark criteria for reporting high-cost cases per option are:

- Optimum, Classic, and Hospicare: Equal to and above R400,000
- Custom: Equal to and above R140,000
- Essential: All cases admitted to a private facility



Some of the high-cost cases exceeded R2 million, so one cannot over emphasise the importance and value of maintaining one's membership of a medical aid Scheme. It is also essential that a medical aid scheme maintains healthy reserves in order to withstand the shocks of high-cost claims, and I am pleased to report that MHC ended the year with a solvency ratio of 64.9%, which is more than double the regulated requirement of 25%.

In order to set contributions, the Benefit Design Team begins its work fairly early in any given year and meets regularly to find ways to improve benefits without the need to substantially increase contributions. Momentum Health Solutions' Clinical and Actuarial teams provide detailed information and budgets for different scenarios based on percentage increases in contributions. These are finally presented to the Board of Trustees who take the final decision to implement a specific increase. While it is acknowledged that medical inflation tends to outstrip CPI by 2% to 3% per annum, the BoT took the bold decision to limit contribution increases for 2023 to a weighted average of 5.9% in an effort to keep membership losses to a minimum and be affordable to members. This number compared favorably to the average CPI for 2023 of 6%, but this decision posed a risk that the Scheme could have faced a deficit by the end of 2023. So, the fact that in the final event a surplus was realized is a huge plus for the Scheme.

I have made the point on many occasions that MHC is regarded as a restricted scheme serving only employers and employees engaged in the retail motor industry, and as such is unable to promote the Scheme in the open market. Nevertheless, this does not deter the Scheme's marketing team from pulling out all the stops in its efforts to recruit new members, and had it not been for those efforts the net loss of members would have been considerably higher. Some of the key risks facing the Scheme were identified as:

- The continued challenging economic environment which puts immense pressure on employers to stay in business and to subsidise medical aid contributions.
- The buying out of independent employers by the larger corporates who have their own schemes they impose on the acquired companies.
- The threat of primary care insurance products which are not regulated in terms of the Medical Schemes Act, and as such are able to be offered at somewhat lower premiums in line with their restricted benefits.

- A shrinking pool of potential members. This is borne out by a statistic that appeared in the Retail Motor Industry Organisation's (RMI) 2023 Annual report, that the number of qualified Artisans registered with the Motor Industry Bargaining Council (MIBCO) declined from a total of 11,745 in 2019 to 10,912 in 2023, while the number of registered Apprentices declined from 4,4704 to 3,889. In an article captioned "A dire economy is killing the retail motor industry" that appeared in the 6 October 2023 edition of Autoforum, a business-to-business publication, it was reported that the Motor Industry Staff association (MISA) was given notice of the proposed closure of eleven retail stores of an international tyre producer. Martle Keyter, MISA's CEO: Operations, said this notice came after 53 MISA members were retrenched the week before, due to the closure of three dealerships in Gauteng. "A third large dealership group also gave notice of restructuring at eleven dealerships nationwide. It is unsure at this stage how many employees will be affected," said Ms Keyter.
- The National Health Insurance (NHI) and the resulting misunderstanding around the mechanics and implementation was raised by some employers who assumed that medical schemes would become obsolete in the near future.

Speaking of it, the NHI Bill was passed by the National Assembly (NA) on 12 June 2023 and sent to the National Council of Provinces (NCOP) for concurrence. The NCOP passed the Bill on 6 December 2023, after which it found its way onto President Ramaphosa's desk for signing into law. In his State of the Nation Address he delivered on 8 February 2024, he stated that he was "searching for a pen" to sign the Bill. He finally found a pen, and on Wednesday, 15 May 2024, President Ramaphosa signed the Bill in a public spectacle that many sceptics felt was an electioneering stunt to garner votes for the ANC. While the jury is out on that, experts have called the financing of the NHI as unrealistic, requiring an additional R200 billion per year, achievable only through significant tax increases deemed infeasible. The Bill has also been deemed unsustainable in its current form, with fears that it could face numerous legal challenges due to constitutional concerns and a lack of inclusive planning. Experts have also warned medical aid members not to cancel their memberships, as the implementation of the NHI could take a decade or more, if at all. In fact, shortly after the NHI Bill was signed into law, Health Minister Joe Phaahla stated "NHI will only be freely available in four years". He stated that the NHI implementation would occur in phases, with the first phase (2023-2026) focused on establishing the NHI Fund and strengthening the healthcare platform. During this phase, those with medical aid would need to keep their coverage.

So, for MHC, it is business as usual, which brings me to those that make it happen

I begin with the Board of Trustees, and I can safely repeat what I stated in my previous report. Governance of the Scheme by the Board continues at the highest of levels. The Trustees bring a mix of skills and institutional know-how to the table, to the extent I would say that the Board is greater than the sum of its parts. The Board met as often as required by the Scheme Rules, and in so doing ensured that delivery to its members remained at superior levels. A permanent agenda item is the continuing evaluation of the Scheme's strategic vision, not only in the short term, but also in the medium to long term. Important decisions taken are informed by this. My fellow trustees are:

- **Jan Schoeman (Vice-Chairman)**
- **Renee Coetsee**
- **Henry Lombard**
- **Marwaan Davids**
- **Pieter Niemand**

Their unstinting support throughout the year made my task as Chairman considerably lighter. To each of them I extend my heartfelt thanks.

The Trustees are not involved in the day-to-day operations of the Scheme but depend heavily on the support structures in place to ensure delivery to the members. The most notable structure is the management team led by the Scheme's Principal Officer, Danie van Tonder. The team is small, but it is highly effective and their contribution to the success of MHC is huge. As a consequence of the Appeal I referred to in my opening paragraphs being delayed for almost the entire year, they faced challenges that one would not normally encounter in managing a medical aid. However, they met the challenges head-on and in so doing ensured that the Scheme was not compromised in any way. Members of the team are:

- **Terry Greeff** – Operations Manager,
- **Salome Botha** – Member Liaison Officer, and
- **Drini Emeric** – Scheme's Secretary and PA to the PO.

Please join me in expressing heartfelt thanks to them for their unstinting efforts.

The Scheme's Audit and Risk Committee plays a significant role in supporting the Board to meet its fiduciary responsibilities. It assists the Board in evaluating the adequacy and efficiency of the internal control systems, accounting practices, information systems, and auditing processes applied to the Scheme, or its administrator in the day-to-day management of the business. I am pleased to report that the Committee not only met but exceeded the Board's expectations. The A&R Committee has Avashnie Ramdhani, Ian Catt, and Miles Mafojane serving on it as independent members, while Renee Coetsee and I represent the Board on the Committee. Avashnie is the Committee's Chairperson. With the adoption of the IFRS 17, the audit of the 2023 financial year was somewhat more complicated. My fellow Trustees and I are most grateful to them for their expertise in assisting us to understand the impact of IFRS 17 on the financials, and for their recommendation to us and the AGM to adopt the audited Annual Financial Statements for the 2023 year, this in addition to their all-round support during the year.

Momentum Health Solutions (MHS) continued to administer the Scheme in 2023. I am pleased to report that they met and exceeded their service levels throughout the year. While they have highly sophisticated systems to ensure that claims are dealt with correctly and expeditiously, as well as filter out any suspect or fraudulent claims, it is their team of experts that delivers the service to which we have become accustomed. Members of the team responsible for MHC are:

- **Eugene Eakduth** – Scheme Executive
- **Anusha Radhakrishna** – Fund Manager
- **Gisella Fourie** – Clinical Executive,
- **Elsje Steyn** – Actuarial Analyst,
- **Pateka Bunyonyo** – Senior Actuarial Analyst,
- **Seemita Ramnarain** – Financial Manager,
- **Chris Sauer** – Forensic Services,
- **Sivuyile Tshelu** – Chief Risk Officer, and
- **Ayanda Nxumalo** – Scheme Secretary.

On behalf of all at MHC I extend to them sincere thanks for continued dedicated efforts, as well as to the Scheme's service providers who provide support to MHS. They are:

- **Mediscor** – Pharmaceutical Benefit Management,
- **DRC** – Dental claims oversight, and
- **PPN** – Optical claims oversight.

The audit of the 2023 financial year was particularly challenging as a result of IFRS 17 being adopted, but the Scheme's external auditors, Ernst & Young, acquitted themselves with aplomb to finally produce the Annual Financial Statements for tabling and approval at this year's AGM. Regrettably they are precluded from accepting further appointments as the Scheme's external auditors, so a tender process will be conducted to identify and appoint a new audit firm. On behalf of MHC, I extend to Ernst & Young the Scheme's sincere appreciation for their excellent service over the many years since being appointed, and to Deon van der Walt and Alicia Naidoo who represented E&Y over the past few years. Equally important as the external audit is the Scheme's internal audit. KPMG continued to provide this service, and to Zia Williams, who represents them, I convey the Scheme's gratitude. Finally, all that remains for me is to thank you, our members, for your continued support, without which MHC would not exist.

## **Barrymore Canning**



# PRINCIPAL OFFICER SCHEME REPORT

## *2023 Financial Year (Jan – Dec 2023)*

The Medical Scheme industry is complex and unique. We will try to share with you our view of the core issues by addressing and explaining, Scheme operations, financial indicators and the macro environment.

### Strategic Objectives

Management of the Fund focused on implementing the strategic objectives approved by the Trustees for the period under review, namely:

- Growing the Fund and retaining existing members.
- Developing affordable, competitive and holistic health care solutions for the motor industry.
- Effective education and communication to members and stakeholders operating in the motor industry.
- Branding Moto Health Care as the medical aid fund of choice in the motor industry.
- Maintaining the financial sustainability of MHC.
- Constantly monitoring the strategic future of the Scheme

The Scheme's Mission statement is as follows:

- "To be the scheme of choice for all the employees of employers participating in the Motor Industry Bargaining Council."
- The main factor identified which will determine MHC's success in achieving its Mission, is by sufficiently differentiating the scheme from its competitors through:
- **Maximising its value proposition** as offered within the framework of a dynamic business model capable of delivering:
  - The best priced benefits (affordability);
  - The most appropriate selection of benefits for employees at all levels in the Motor industry;
  - The most compelling set of complementary benefits to reward loyalty to MHC by:
    - » Members;
    - » Brokers;
    - » Healthcare Service Providers.

The other Mission success factors are Regulatory and stakeholder support, improved service levels and continued balanced financial performance and sound corporate governance.



## Contracts and Operations

All the Fund's major service contracts were renewed for 2023 after due consideration was given to the operational performance of the service providers. Their performance was managed consistently. Tools used to manage included SLAs, regular meetings and the review of periodic management and operational reports by service providers.

## Communication and Product Design

Management implemented a number of initiatives to grow the Fund. This included distributing marketing emails to employers operating in the industry and the servicing of health care brokers.

In addition, regular advertorials were placed in industry related magazines and the Fund also issued quarterly newsletters to members and employers to keep them updated with current healthcare topics and helpful hints on benefit utilisation.

Between April and September of each year, management undertakes an extensive process to critically examine the benefits provided to members. The exercise which involved stakeholders, allowed the scheme to design a range of benefits suited to all who operate in the motor industry. This included the re-confirmation of the two new efficiency discount options at a lower contribution to attract young and new members who are willing to be limited to network providers for hospitals and chronic medicines.

## Moto Health Care Rules

The rules of MHC were duly registered by the Council for Medical Schemes.

The Fund's virtual Annual General Meeting (AGM) took place on 13th September 2023. There were no issues raised at the meeting.

## Financial Management

The financial statements for the year ended 31st December 2023 are included in the AGM pack. I will only highlight the main indicators as follows:

- The total contributions were R776m and the total risk contributions were R706.5m. The Scheme ended with a gross healthcare deficit of R27.7m after claims and capitation fees were paid. Administration costs compares favorably to the industry, especially if one considers the low average contribution of the Fund and the cost of outsourcing the marketing function. After managed healthcare and other costs and investment income, the Scheme ended with a net surplus of R5.7m.
- The continuing positive reserve position of the Fund supports the 5th and final strategic objective which is that the fund remains viable into the future.
- The average age of our beneficiaries increased slightly to 37.63 years with a dependent ratio of only 1.05. The average family size is 2.06 people. The pensioner ratio (>65 years) increased from 13.9% to 14.3%.
- There were 14932 members on average in 2023. The average net contribution per beneficiary per month was R1910. The solvency level increased slightly from 64.7% to 64.9%.
- The accumulated reserves belong to the members of the scheme. The figure at the end of December 2023 was R510m. This is well above the required value of R194 million, based on 25% of the total contribution (R776 million) for 2023.

## Macro Environment

Global Healthcare Costs are in constant increase. Healthcare inflation worldwide is then also higher than general inflation and South Africa and Moto Health Care are not different. Unlike other types of insurance, medical schemes derive no benefit from higher contributions, because there are no shareholders, dividends or bonuses to be paid out. The cost pressures on schemes are the result of the following factors:



There is a downward trend in the number of medical schemes. This drop is the result of continued amalgamations and liquidations driven by the difficulty in maintaining the sustainability in some schemes.

## Conclusion

In closing, my thanks to our valued Board of Trustees and Audit Committee members and especially Mr. Barry Canning and Ms. Avashnie Ramdhani, the respective Chairpersons for providing unrestricted guidance to the Fund office. I also want to thank the MHC staff and service providers for their continued commitment to MHC.

Finally, I must thank the members and employers who continue to place their confidence in us by choosing to belong to Moto Health Care. We remain committed to managing the Scheme wisely, thereby achieving positive returns for the benefit of the members. The Trustees and management of Moto Health Care all agree that we have a fantastic opportunity to provide the best health care to all our members. To this end we will constantly pursue our mission of being the Fund of choice in the motor industry and to take care of our own.

The diagnosis for Moto Health Care is positive. It is one of the biggest schemes with restricted membership and is focused on the needs of people in the motor industry. It also offers the full range of products available in the market. The accumulated reserve percentage (solvency ratio) is more than double the required level, which gives Moto Health Care a clean bill of health for the future and peace of mind to its members.

Yours in good health!

### **Danie van Tonder**

Principal Officer

Aug 2024



# PROXY & *Voting Process*

## Use Of Proxy Form

Principal Members in good standing who attend the virtual AGM have the right to vote. Principal Members who, for whatever reasons, cannot attend the AGM, have the right to appoint a proxy in their place to attend, participate and vote at the AGM. Such proxy must be a Principal Member who is in good standing with the Scheme.

Principal Members must only use the proxy form issued herewith or one obtained on request from Ernst and Young (EY) or the Scheme's office. The use of proxy forms other than those formally issued by the proper means will result in the nullification of the votes.

Only Principal Members or their duly appointed proxies, who are in good standing and in attendance, are entitled to vote at the Annual General Meeting. Spouses, children and any other dependants are not allowed to vote.

A proxy form not completed in full will be deemed to be spoilt and disregarded in the determination of a matter where voting is needed.

Remember to date and sign the form in the space provided at the bottom of the form.

### Return the proxy form to:

Email: [Alicia.Naidoo@za.ey.com](mailto:Alicia.Naidoo@za.ey.com)

These measures are intended to secure the process against fraud.

## Closing Date

Completed forms must be received by 17h00 on 27 August 2024. Forms returned other than in the manner described herein will not be considered.

## Counting Of Votes And Results Declaration

Votes including authorised proxy votes will be counted by EY after voting at the Annual General Meeting has ended. On completion of the process, EY will submit a report to the Board of Trustees in accordance with the Rules of the Scheme.

## Contact Details

The AGM process is independently managed by EY. Enquiries pertaining to the process should be directed to Alicia Naidoo by e-mail [Alicia.Naidoo@za.ey.com](mailto:Alicia.Naidoo@za.ey.com).

# PROCEDURE FOR THE *Moto Health Care 2024 Virtual AGM*

## Procedure

### Registering for the AGM

- You need to register to attend the AGM by clicking on the register here link in the email that you received from the Scheme
- Once you are registered you will receive a confirmation of your registration and prior to the AGM a link to join the AGM will be provided
- You will be able to view this on any device with an internet connection ( desktop PC; laptop or mobile phone)
- On the day of the AGM you will need to click on the link provided in order to join the AGM

### Prior to the AGM

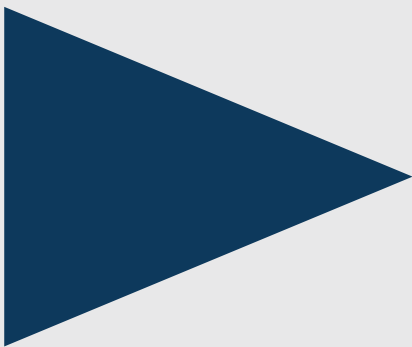
- Read all the documentation sent to you
- Remember to register to attend the AGM
- Submit any questions you may have to [agm@mhcmf.co.za](mailto:agm@mhcmf.co.za)

### On the day of the AGM

- Make sure you have your membership number
- Have the documents for the AGM
- Be in a place where you will not be interrupted for the duration of the AGM
- Try to join the meeting by 10h45
- Click on the link that you were provided
- Before joining the AGM, you will be asked to confirm your details
- Fill in the necessary details
- Check that your audio is working
- Enjoy the AGM

## During the AGM

- The Chairperson of the Board of Trustees will be the host of the meeting
- Should you have a question, the question can be submitted by clicking on the icon and typing out your question
- All questions sent will be moderated before being sent to the Chairperson to avoid repetition.
- At relevant times in the meeting, the Chairperson will request that you vote on a proposal
- The proposal that you need to vote on will appear on your screen and you will be presented with three options, being: for, against or withheld, for your vote as well as for possible proxies you have
- Select the answer that you want to provide
- Once you have logged in your vote it cannot be altered
- The Chairperson will declare the voting period closed and there will be a small break while the votes are provisionally tallied
- The results of the vote will be displayed on your screen
- At the end of the meeting, the Chairman will address any questions that need to be answered.





taking care of our own

# ANNUAL GENERAL MEETING NOTICE

*Taking care of our own at every stage of their health journey*