



MEDICAL AID SCHEME

TFGMAS ANNUAL GENERAL
MEETING

2023



Notice is hereby given that the TFG Medical Aid Scheme (TFGMAS) Annual General Meeting (AGM) will be held on the following date and the meeting will be held as follows:

Date: 20 June 2023

Time: 11:30

Venue: Virtual Meeting

Registration: To join the meeting virtually, online registration will close at 11:30 on 19 June 2023

Please note that only principal members, who are in good standing with all contributions due paid up to date, are allowed to attend the meeting. No dependants are permitted to attend the meeting.

Please register your attendance if you will be joining the meeting virtually:

1. Please register by entering <https://reg.lumiengage.com/tfg-medical-aid-scheme-agm-2023/login> in your web browser to attend the AGM
2. Members attending the AGM will be required to provide their South African identity number together with their membership number to be able to register their attendance and cast their vote.

PLEASE NOTE:

By registering your attendance virtually on the Lumi system, you give Lumi Technologies SA Pty Ltd consent to process your personal information on behalf of TFG Medical Aid Scheme (TFGMAS) for purposes of ascertaining your membership status with TFGMAS and establishing your eligibility to vote at the AGM. A guide on how to attend the Virtual meeting is available on the Scheme website by visiting www.tfgmedicalaidscheme.co.za and included with this communication.



Agenda for the meeting is as follows:

1. Welcome and quorum
2. Confirmation of the minutes of the 2022 Annual General Meeting, held 21 June 2022
3. Adoption of 2023 Chairperson's Report
4. To adopt the Annual Financial Statements for the 2022 financial year
5. Governance:
 - 5.1 Appointment of external auditors: Approval of external auditors for 2023 financial year-end
 - 5.2 Confirmation of the Board of Trustees of TFGMAS
 - 5.3 Confirmation of composition of the Audit Committee
 - 5.4 Confirmation of composition of the Disputes Committee

Please notify the Principal Officer of any motions

The Rules of the Scheme require attendees to notify the Principal Officer of any motions for discussion at least 7 days before the date of the meeting – not later than 11:30 on 13 June 2023.

You can email your motions to tfgmasagm@discovery.co.za

Annual Financial Statements, Trustees' Report and copies of the minutes of the previous Annual General Meeting

The 2022 Annual Report, including the audited Annual Financial Statements and the Trustees' Report (for the year ending December 2022) will be available on the Scheme's website by the latest 6 June 2023 at 11:30. It may also be requested from the Scheme's call centre on 0860 123 077 from this date.

2023

CHAIRPERSON'S REPORT

2022 has been the year South Africans emerged from COVID-19, as we try to gain a sense of normalcy. Domestic and global economies continue to struggle with a range of crises from rising inflation and interest rates, soaring fuel prices, and the energy crisis. Now more than ever Schemes need to do all they can to contain costs in order to ensure member contributions are kept affordable for members.

Ensuring a competitive value proposition is at the forefront of all decisions taken by the Board of Trustees. Ensuring that Scheme benefits meet the requirements of members at a contribution affordable to members in order to cover the cost of providing services, now and into the future, continues to be a top priority. The trustees conduct an independent annual review of the Scheme's value for money, and I am pleased to report that both benefit plans, TFG Health and TFG Health Plus, continue to deliver comparative value for money to all our members.

Through our continued partnership with Discovery Health, the Scheme strives to ensure that members have access to safe, efficient and effective private healthcare. Innovative care initiatives are aimed at providing members with support in managing a range of medical conditions.

Prevention is a focus for 2023. The Scheme has always encouraged members to have annual checkups, but we are now taking this one step further with the introduction of the WELLTH Fund. The WELLTH Fund provides additional screening benefits to members. These additional benefits are funded from the Scheme's reserves.

The trustees were very pleased to once again be able to provide members with a contribution holiday in January 2023, which we trust provided much needed financial relief to our members, and which was possible as a result of the Scheme's healthy financial position.

Highlights of the 2022 financial results are enclosed with this document and the detailed Annual Financial Statements (AFS) may be obtained from the Scheme's website, should more details or information be required.

IN APPRECIATION

2022 saw significant change on the Board of Trustees. In line with good governance principles, our longer standing trustees stepped down at the June 2022 AGM. We said goodbye to Annabelle Kotze, Karde Buys and Marc van Est who have served the Scheme with distinction, passion and commitment for many years. We are extremely grateful for their contribution.

At the 2023 AGM we say goodbye to the Scheme's longest serving Chairman, Mr. Michael Wilson. Mike has served the Scheme with unwavering dedication, passion and commitment, and leaves the Scheme in a very healthy financial position, as he retires from the TFG Medical Aid Scheme Board of Trustees.

Mike's contribution has been invaluable and words cannot express the gratitude the Board of Trustees feel for his leadership and guidance.

Your trustees furthermore thank you, our members, for the support and trust that you have placed in us.

I would like to express my sincere gratitude to the Principal Officer, the Board of Trustees, and committee members who serve without remuneration in addition to their other responsibilities as employees of TFG. I am also sincerely grateful to our many professional service providers for their support.

Regards

Mr Paul Barnard
CHAIRPERSON
April 2023

TFGMAS HIGHLIGHTS FROM THE ANNUAL FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

	2022 R	2021 R
ASSETS		
Non-current assets	227 330 304	193 332 601
Fair value through profit or loss investment	227 330 304	193 332 601
<i>Current assets</i>	53 995 816	59 114 588
Fair value through profit or loss investment	10 061 612	-
Trade and other receivables	773 364	800 467
Cash and cash equivalents	43 160 840	58 314 121
Total assets	281 326 120	252 447 189
FUNDS AND LIABILITIES		
<i>Members' funds</i>	271 521 639	243 955 740
Accumulated funds	271 521 639	243 955 740
<i>Current liabilities</i>	9 804 481	8 491 449
Outstanding risk claims provision	5 297 403	5 900 000
Trade and other payables	4 507 078	2 591 449
Total funds and liabilities	281 326 120	252 447 189

TFGMAS HIGHLIGHTS FROM THE ANNUAL FINANCIAL STATEMENTS

Statement of Comprehensive Income

	2022 R	2021 R
RISK CONTRIBUTION INCOME	175 086 735	164 867 875
RELEVANT HEALTHCARE EXPENDITURE	(151 726 005)	(144 384 644)
Net risk claims incurred	(147 881 342)	(140 715 269)
Risk claims incurred	(147 934 892)	(140 973 755)
Third party claims recoveries	53 550	258 486
Managed care: management services fees	(4 325 167)	(4 153 793)
Net income from risk transfer arrangement	480 504	484 418
Risk transfer fees	(2 160 298)	(2 006 971)
Recoveries from risk transfer arrangement	2 640 802	2 491 389
GROSS HEALTHCARE RESULTS	23 360 730	20 483 231
Administration expenses	(10 086 817)	(9 690 917)
Other operating expenses	(2 417 944)	(1 687 246)
Net impairment losses on healthcare receivables	(218 240)	(177 042)
NET HEALTHCARE RESULTS	10 637 729	8 928 026
OTHER INCOME	16 928 170	33 632 540
Investment income	16 924 208	33 631 555
Sundry income	3 962	985
NET SURPLUS FOR THE YEAR	27 565 899	42 560 566
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	27 565 899	42 560 566

TFGMAS HIGHLIGHTS FROM THE ANNUAL FINANCIAL STATEMENTS

Statement of Changes in Members' Funds and Reserves

	ACCUMULATED FUNDS R	MEMBERS' FUNDS R
BALANCE AT 1 JANUARY 2021	201 395 174	201 395 174
Total comprehensive income for the year	42 560 566	42 560 566
BALANCE AT 31 DECEMBER 2021	243 955 740	243 955 740
Total comprehensive income for the year	27 565 899	27 565 899
BALANCE AT 31 DECEMBER 2022	271 521 639	271 521 639



TFGMAS HIGHLIGHTS FROM THE ANNUAL FINANCIAL STATEMENTS

Statement of cash flows

	2022 R	2021 R
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from members and providers	175 020 783	165 564 735
Cash receipts from members – contributions	174 913 527	165 179 449
Cash receipts from members and providers – other	107 256	385 286
Cash paid to providers, employees and members	(163 664 261)	(154 899 258)
Cash paid to providers and members – claims	(151 434 244)	(142 972 984)
Cash paid to providers and employees – non-healthcare expenditure	(12 230 017)	(11 926 274)
CASH GENERATED FROM OPERATIONS	11 356 522	10 665 477
Interest income	4 570 344	3 732 175
Dividends	4 272 255	2 341 798
NET CASH FLOWS FROM OPERATING ACTIVITIES	20 199 121	16 739 450
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of investments	(36 040 326)	(52 056 140)
Proceeds on disposals of investments	687 924	20 613 269
NET CASH FLOWS FROM INVESTING ACTIVITIES	(35 352 402)	(31 442 871)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(15 153 281)	(14 703 421)
Cash and cash equivalents at the beginning of the year	58 314 121	73 017 543
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	43 160 840	58 314 121

TFGMAS HIGHLIGHTS FROM THE ANNUAL FINANCIAL STATEMENTS

Matters of non-compliance

During 2022 the Scheme did not comply with the following sections and regulations of the Medical Schemes Act:

01 | Contributions not received within three days of it becoming due

In terms of Section 26(7) of the Act, all contributions shall be paid directly to a medical scheme not later than three days after payment there of becoming due.

There were a small number of instances, during the year, where the Scheme received contributions after three days of becoming due, however, there are no contracts in place agreeing to this arrangement.

Procedures are in place regarding the collection of these contributions.

02 | Investment in participating employer and medical administrators

In terms of Section 35(8) of the Act, a medical scheme is prohibited from investing any of its assets in an employer who participates in that scheme or any medical scheme administrators.

At 31 December 2022 the Scheme held shares through linked life policies in The Foschini Group Ltd to the value of R644 845 (2021:R338 941), in Momentum Metropolitan Holdings to the value of R988 041 (2021:R457 092), in Discovery Ltd to the value of R694 280 (2021:R410 997) and in Sanlam Limited to the value of R1 060 140 (2021:R879 891).

Funds in this specific portfolio are structured at the sole discretion of the asset manager in a manner that maximizes returns. Therefore the Scheme does not make inputs into the structuring of the portfolio. The Scheme received exemption from this section of the Act until 30 November 2025 at which stage the Scheme will apply for a further exemption.

03 | Claims not settled within 30 days

In terms of Section 59(2) and Regulation 6(2) of the Act a medical scheme shall pay a member or supplier of services any benefit owing to that member or supplier within 30 days of receipt of the medical claim.

A limited number of exceptions were noted where settlement took longer than 30 days from receipt. These were limited to more complex claims and management is committed to resolve these matters in a responsible manner and in the best interest of the member and the Scheme.

04 | Investment in local equities

In terms of Regulation 30 and Annexure B a medical scheme is only allowed to invest up to 40% of investable assets in local equities. As 31 December 2022 the Scheme's equity holding exceeded this limit.

Regulation 30(3A) provides that assets in excess of the minimum specified in Regulation 30 may be allocated according to different percentages if a medical scheme provides the Registrar of Medical Schemes with a certified statement from a suitably qualified person. The Scheme provided such statement to the Registrar of Medical Schemes, and the Scheme is investing within the suggested percentages.

TFGMAS HIGHLIGHTS FROM THE ANNUAL FINANCIAL STATEMENTS

Key financial metrics

KEY FINANCIAL AND SERVICE METRICS	2022 R	2021 R
Members' funds	271 521 639	243 955 740
Solvency ratio	124.12%	122.30%
Membership (principals)	3 069	3 212
Gross risk contribution income	175 086 735	164 867 875
Accumulated funds per member	88 472	75 951

	2021 TFG HEALTH	2021 TFG HEALTH PLUS	2021 TOTAL
Number of members at year-end	1 663	1 549	3 212
Average number of beneficiaries for the accounting period	3 372	3 624	6 996
Average age per beneficiary	29	37	33
Pensioner ratio (beneficiaries >65 years old)	3,7%	11,2%	7,5%
Average risk contributions per member per month	2 351	6 362	4 335
Average relevant healthcare expenditure per member per month	2 442	5 180	3 797
Relevant healthcare expenditure as a percentage of gross contributions	103,9%	81,4%	87,6%
Non-healthcare expenditure as a percentage of gross contributions	12,9%	4,8%	7,0%

	2022 TFG HEALTH	2022 TFG HEALTH PLUS	2022 TOTAL
Number of members at year-end	1 671	1 398	3 069
Average number of beneficiaries for the accounting period	3 539	3 324	6 863
Average age per beneficiary	29	38	33
Pensioner ratio (beneficiaries >65 years old)	3,7%	12,7%	8,0%
Average risk contribution per member per month	2 662	6 929	4 644
Average relevant healthcare expenditure per member per month	2 268	6 050	4 024
Relevant healthcare expenditure as a percentage of contributions	85,2%	87,3%	86,7%
Non-healthcare expenditure as a percentage of contributions	12,7%	4,9%	7,3%



MEDICAL AID SCHEME



TFG Medical Aid Scheme. Registration number 1578 is administered by Discovery Health (Pty) Ltd, registration number 1997/013480/07. Discovery Health (Pty) Ltd is an authorised financial services provider.