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**NETCARE MEDICAL SCHEME RULES  
BENEFIT YEAR 2021**

**PREPARED BY THE BOARD OF TRUSTEES  
SEPTEMBER 2020  
REGISTRATION NUMBER 1584**


REGISTERED BY ME ON

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## 1. NAME

The name of the Scheme is the Netcare Medical Scheme, hereinafter referred to as the "Scheme". The abbreviated name is NMS.

## 2. LEGAL PERSONA

The Scheme, in its own name, is a body corporate, capable of suing and 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, No. 131 of 1998, the Regulations promulgated in terms thereof and these Rules.

## 3. REGISTERED OFFICE

The registered office of the Scheme is situated at 76 Maude Street Sandton 2196 but the Board may transfer such office to any other location in the Republic of South Africa, should circumstances so dictate.

## 4. DEFINITIONS

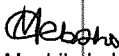
In these rules, a word or expression defined in the Medical Schemes Act (Act 131 of 1998) bears the meaning thus assigned to it and, unless inconsistent with the context:-

- i. a word or expression in the masculine gender includes the feminine;
- ii. a word in the singular number includes the plural, and *vice versa*; and
- iii. the following expressions have the following meanings:

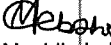
4.1 "Act", the Medical Schemes Act, 1998 (Act No. 131 of 1998), and the Regulations framed there under.

4.2 "Admission Date", shall mean:-

- 4.2.1 in respect of an Employer, the date on which the contract between the Scheme and the Employer becomes operative;
- 4.2.2 in respect of a Member, the date on which he becomes a member;

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- 4.2.3 in respect of a Dependant, the date upon which such Dependant is registered as a Dependant in terms of the Rules.
- 4.3 **"Adult Dependant"**, shall mean a person who has reached the age of 21 to whom the member is factually liable for family care and support, who is not covered under the Child Dependant definition.
- 4.4 **"Annual Limit"**, shall mean the maximum Benefit to which a Member and / or Dependant is entitled in terms of the Rules during each Financial Year.
- 4.5 **"Approval"**, prior written approval.
- 4.6 **"Auditor"**, an auditor registered as defined in Section 1 of the Auditing Professional Act, 2005.
- 4.7 **"Beneficiary"**, a member or a person admitted as a dependant of a member.
- 4.8 **"Benefits"**, shall mean the amount/s payable in terms of the Rules, whether for himself, in respect of his Dependant or to a supplier of service.
- 4.9 **"Board"**, the Board of Trustees constituted to manage the Scheme in terms of these Rules.
- 4.10 **"Calendar month"**, means a period of time consisting of thirty days in April, June, September and November, and of thirty-one days in the remainder of the months, except February, which consists of twenty-eight days, except in a leap-year, when the intercalary day is added, making the month twenty-nine days.
- 4.11 **"Child Dependant"**, a member's natural child, or a stepchild or legally adopted child or a child in the process of being legally adopted or a child for which the member is financially liable for care and support or a child who has been placed in the custody of the member or his/her spouse or partner and who is not a beneficiary of any other medical scheme and,
- 4.11.1 is under the age of 21, or
- 4.11.2 having been born into the Scheme in a handicapped condition or having become handicapped whilst he or she is a child dependant, is permitted by

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discretion to be treated under the Rules as a Child Dependant after reaching the age of 21.

4.11.3 For children over the age of 21 years that are in capacity registered as students with acceptable tertiary institutions, on receipt of proof of registration from the facility the student will be charged child rates up to the maximum age of 25 years.

4.12 "**Condition specific waiting period**", a period, not exceeding 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 a twelve-month period prior to the date on which an application for membership was made.

4.13 "**Continuation member**", a member who retains his membership of the Scheme in terms of Rule 6.2 or a dependant who becomes a member of the Scheme in terms of Rule 6.3.

4.14 "**Contracted fee**", the fee determined in terms of an agreement between the Scheme and a service provider or relevant health service providers in respect of the payment for relevant health services. This definition shall have the same meaning as "negotiated fee" and/or "agreed tariff".

4.15 "**Contribution**", in relation to a member, the amount, exclusive of interest, paid by or in respect of the member and his/her registered dependants as membership fees for the purpose of qualifying for benefits offered by the medical scheme in terms of these Rules.

4.16 "**Cost**", in relation to a benefit, the total amount payable in respect of a relevant health service charged.

4.17 "**Creditable coverage**" means any period during which a late joiner was:-

4.17.1 a member or a dependant of a medical scheme; a member or a dependant of an entity doing the business of a medical scheme which at the time of his membership of such entity was exempt from the provisions of the Act but excluding any period of coverage as a dependant under the age of 21 years.

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**4.18 "Dependant",**

- 4.18.1 a member's spouse or partner who is not a member or a registered dependant of a member of a medical scheme;
- 4.18.2 a member's dependent child;
- 4.18.3 a dependant other than the member's spouse or partner reliant on a member for family care and support who due to a mental or physical disability, is dependent upon the member; in the case of mental or physical disability the dependant may apply to be considered as a child dependant should they meet the criteria as covered in Rule 4.12.2;
- 4.18.4 the immediate family of a member or his or her spouse or life partner in respect of whom the member is liable for family care and support;
- 4.18.5 any other person who is recognised by, and at the discretion of, the Board as a dependant for purposes of these Rules.

**4.19 "Immediate family member"**

- 4.19.1 A member's spouse or life partner and any child born from their liaison;
- 4.19.2 Any other child of the member or his spouse or life partner;
- 4.19.3 A grandchild or parent of the member or his spouse or life partner;
- 4.19.4 Any other relative in respect of whom the member or his or her spouse or life partner is fully liable for family care and support.

4.20 **"Dependant qualification"**, in relation to a dependant other than the member's spouse or partner a dependant that is financially reliant on the member, the Scheme may request support in evidence of financial dependency. False information will result in membership to the Scheme being terminated.

4.21 **"Designated service provider"**, a healthcare provider or group of health care providers selected by the Scheme and formally contracted as its preferred service provider or providers to provide relevant health care services to its members.

4.22 **"Dispensing Fee"**, means the fee that a pharmacist or a person licensed to dispense medicines may charge to dispense medicines as contemplated and regulated in terms of the Medicines and Related Substances Act, 1965 (Act No. 101 of 1965) as amended.

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4.23 **"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 life of the individual or unborn child at serious risk.

4.24 **"Employee"**, a person in the employment of the Employer.

4.25 **"Employer"**, Netcare Limited and any subsidiary of the Group.

4.26 **"General waiting period"**, a period of 3 months in which a beneficiary is not entitled to claim any benefits.

4.27 **"Income"**, for the purposes of calculating contributions in respect of

4.27.1 a member who is an employee - his rate of pay will apply;

4.27.2 a member who registers his spouse or partner as a dependant, the higher of his or his spouse's or partner's rate of pay will determine the contribution in the event that the member and his spouse or partner are both employees of Netcare Limited and any subsidiary;

4.27.3 a continuation member – 50% of the member's pre-retirement rate of pay and in respect of widows, widowers and orphans – 50% of the deceased principal member's rate of pay immediately prior to his death should such death occur whilst he is still employed. If the deceased principal member had already retired, then the same income band, as determined by 50% of the rate of pay immediately prior to retirement, will continue to apply. The income band that is determined at the time of becoming a continuation member will be applicable for the remaining duration of the membership. This percentage will be reviewed on an annual basis to ensure the Scheme is not adversely impacted.

4.28 **"Late joiner penalty"**, may be implemented by the Scheme. A member has 30 days from joining the Group to apply for medical aid membership, failing which late joiner penalties may be imposed as per the Medical Schemes Act. A member's dependants may also have late joiner penalties applied..

4.29 **"Member"**, any person who is registered as a member of the Scheme in terms

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4.30 "**Member family**", the member and all his registered dependants.

4.31 "**Notice**", shall mean any communication from the Scheme including but not limited to, membership statements, tax certificates, arrears, suspension and termination letters, any other general communication pertaining to the Scheme, its benefits, Rules and service providers that may be applicable.

4.32 "**Partner**", a person with whom the member has a committed and serious relationship akin to a marriage based on objective criteria of mutual dependency and/or a shared and common household, irrespective of the sex of either party.

4.33 "**Penalty band**", shall mean the applicable penalty band to be applied to a late joiner in terms of the first column of the table in terms of Scheme Rule 13.2. The following formula shall be applied:

$$A = B \text{ minus } (35 + C)$$

where:

"A" means the number of years referred to in the first column of the table for purposes of determining the appropriate penalty band;

"B" means the age of the late joiner at the time of his or her application for membership or admission as a dependant; and

"C" means the number of years of creditable coverage which can be demonstrated by the late joiner.

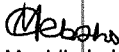
4.34 "**(Personal) Medical Savings Account (PMSA)**", means a savings facility provided to a member within a benefit option, which:

4.34.1 Is owned by the Member;

4.34.2 Is operated and managed by the Scheme;

4.34.3 Is held in trust by the Medical Scheme for the Member;

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- 4.34.4 Does not form part of the Medical Scheme's assets and liabilities; and
- 4.34.5 Is subject to the provisions of the Financial Institutions Act 28 of 2001
- 4.35 **"Prescribed minimum benefits"**, the benefits contemplated in section 29(1) (O) of the Act and consist of the provision of the diagnosis, treatment and care costs of –
- 4.35.1 the Diagnosis and Treatment Pairs listed in Annexure A of the regulations, subject to any limitations specified therein; and
- 4.35.2 any emergency medical condition
- 4.35.3 the 26 chronic conditions (defined in the Chronic Disease List).
- 4.36 **"Prescribed minimum benefit condition"**, a condition contemplated in the Diagnosis and Treatment Pairs listed in Annexure A of the Regulations, any emergency medical condition or a condition detailed in the Chronic Disease List.
- 4.37 **"Preferred Provider"**, a provider of a relevant health service nominated by the Scheme and paid for his services as determined by the Scheme.
- 4.38 **"Pre-authorisation"**, the prior authorisation by the Medical Assessor on behalf of the Scheme of the rendering of a relevant health service to a Beneficiary.
- 4.39 **"Public Healthcare System"**, means the entire system of hospitals of each provincial government of the Republic of South Africa and includes any necessary transfer to a public hospital outside the province of residence for specialist treatment not available in the province of residence.
- 4.40 **"Registrar"**, the Registrar or Deputy Registrar of Medical Schemes appointed in terms of section 18 of the Act.
- 4.41 **"Single Exit Price" or "SEP"**, means the price set by the manufacturer or importer of a medicine or scheduled substance, combined with the logistics fee and VAT, as regulated in terms of the Medicines and Related Substances Act, 1965 (Act No. 101 of 1965) as amended.
- 4.42 **"Spouse"**, the person to whom the member is married in terms of any law or custom.

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4.43 "Supplier", shall mean a person who supplies a relevant health service.

4.44 "Netcare Medical Scheme Tariff" or "NMS Tariff", is equivalent to:

4.44.1 The negotiated rate for hospitals and designated service providers and referred to in the Rules as 100% of NMS tariff at DSP; or

4.44.2 The negotiated rate for preferred providers referred to in the Rules as 100% of NMS tariff at Preferred Provider; or

4.44.3 An inflation-adjusted version of the 2006 National Health Reference Price List for health care services published by the Council for Medical Schemes as indicated below and referred to as 100% of NMS tariff:


- 2007- 4.9%
- 2008- 5.4%
- 2009- 10.7%
- 2010- 7.9%
- 2011- 7.0%
- 2012- 6.0%
- 2013- 5.0%
- 2014- 6.0%
- 2015- 6.0%
- 2016- 5.5%
- 2017- 6.0%
- 2018- 5.0%
- 2019- 5.0%
- 2020- 5.0%
- 2021- 3.3% effective 1 October 2020 (excluding hospital, radiology and pathology)

4.44.4 The dispensing fee for medicines as negotiated with the Scheme's designated or preferred service providers.

4.44.5 Single Exit Price - the price of a specific drug, the increase which is determined annually by the Department of Health.

4.44.6 The amount pre-authorised by the Scheme and referred to in the Rules as 100% of approved benefit.

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## 5. OBJECTIVES

5.1 The objectives of the Scheme are to undertake liability, in respect of its members and their dependants, in return for a contribution:–

5.1.1 To make provision for the obtaining of any relevant health service;

5.1.2 To grant assistance in defraying expenditure incurred in connection with rendering of any relevant service; and/or

5.1.3 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. MEMBERSHIP

### 6.1 Eligibility

Subject to Rule 8, membership of the Scheme is restricted to employment and/or former employment of the member by the employer or his predecessor or successor in title, as defined in these Rules, and is either voluntary or compulsory, depending on the employee's conditions of employment.

### 6.2 Retirees

6.2.1 A member who retains his membership of the Scheme in the event of his retiring from the service of his employer or his employment being terminated by his employer on account of age, ill-health or other disability.

6.2.2 The Scheme must inform the member of his right to continue his membership and of the contribution payable from the date of retirement or termination of his employment. Unless such member informs the Board in writing of his desire to terminate his membership, he continues to be a member.

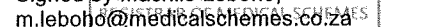
6.2.3 Rules relating to company subsidy are not under the control of the Scheme and as such all queries and disputes regarding this will have to be dealt with by the Employer and its appointed staff.

6.2.4 A Continuation member who retains his membership of the Scheme in terms of Rule 6.2 and his Dependants shall cease to be eligible for new or continued membership of the Scheme, in the

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event of the Scheme terminating membership as a result of non-payment of contributions as provided for under Rule 13.

- 6.2.5 A Continuation member who retains his membership of the Scheme in terms of Rule 6.2 who voluntarily resigns from the Scheme for any reason whatsoever shall cease to be eligible for new or continued membership of the Scheme, together with his Dependants.

### 6.3 Dependants of deceased members

- 6.3.1 The dependants of a deceased member who are registered with the Scheme as his dependants at the time of such member's death are entitled to continue with membership of the Scheme without any new restrictions, limitations or waiting periods.
- 6.3.2 The Scheme must inform the dependant of his right to membership and of the contributions payable in respect thereof. Unless such person informs the Board in writing of his intention not to become a member, he must be admitted as a member of the Scheme.
- 6.3.3 If a Member dies, his surviving spouse shall be deemed to be the Member of the Scheme and the Member's Dependants registered as at the date of the Member's death shall be deemed to be the Dependants of such a surviving spouse until such time that they would no longer have been an eligible Dependant of the deceased Member as defined in the Rules.
- 6.3.4 In the event that a Member dies and leaves no spouse or partner, the eldest of the remaining beneficiaries, which may be a Child Dependant, shall be substituted as the Member while the status of the other Dependants remains unaffected until he would no longer have been an eligible Dependant of the deceased Member as defined in the Rules.
- 6.3.5 Such a Member's membership terminates if he becomes a member or a dependant of a member of another medical scheme.
- 6.3.6 The widowed Spouse or partner of a deceased Employee who was not a Dependant prior to his or her death shall not be eligible to Membership of the Scheme.
- 6.3.7 A person who becomes the Member in terms of Rule 6.3.3 or 6.3.4 and their Dependants shall cease to be eligible for new or continued Membership of the Scheme, in the event of the Scheme terminating Membership as a result of non-payment of contributions as provided for under Rule 13.
- 6.3.8 A person who becomes the Member in terms of Rule 6.3.3 or 6.3.4 who voluntarily resigns from the Scheme for any reason whatsoever shall cease to be eligible for new or continued Membership of the Scheme, together with his Dependants.

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## 7. REGISTRATION AND DE-REGISTRATION OF DEPENDANTS

### 7.1 Registration of Dependants

7.1.1 A member may apply for the registration of his dependants at the time that he applies for membership in terms of Rule 8.

7.1.2 If a member applies to register a new born, newly adopted child, child placed in custody or in the process of being adopted within 30 (thirty) days of the date of birth or adoption, 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 of birth or adoption and benefits will accrue as from the date of birth or adoption and no waiting periods shall apply.

7.1.3 If a member who marries subsequent to joining the Scheme applies within 30 days of the date of such marriage to register his spouse as a dependant, his 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 of marriage and benefits will accrue as from the date of marriage and no waiting periods shall apply

7.1.4 If a member enters into a relationship akin to a marriage subsequent to joining the Scheme, he may apply within 30 days of such relationship to register his partner as a dependant. Increased contributions shall then be due as from the first day of the month in which the shared common household commenced and benefits will accrue as from the date the shared common household commenced and no waiting periods shall apply.

### 7.2 De-registration of Dependants

7.2.1 A member shall inform the Scheme within 30 days of the occurrence of any event which results in any one of his dependants no longer satisfying the conditions in terms of which he may be a dependant.

7.2.2 When a dependant ceases to be eligible to be a dependant, he 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.

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## 8. TERMS AND CONDITIONS APPLICABLE TO MEMBERSHIP

- 8.1 A minor may become a member with the consent of his parent or guardian and shall pay a principal member premium at the applicable rate of pay.
- 8.2 No person may be a member or a dependant of a member of more than one registered medical scheme or claim or accept benefits in respect of himself or any of his dependants from any medical scheme in relation to which he is not a member.
- 8.3 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 dependants of age, income, state of health and of any prior membership or admission as a dependant of any other medical scheme. The Scheme may require an applicant to provide the Scheme with a medical report in respect of a condition for which medical advice, diagnosis, care or treatment was recommended or received within the period of 12 months, ending on the date on which application for membership to the Scheme 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.
- 8.4 The registered dependants of a member must participate in the same benefit option as the member.
- 8.5 Every member will, on admission to membership, receive a detailed summary of these Rules which must include contributions, benefits, limitations, rights and obligations. Payment of any contribution is deemed to constitute the member's acknowledgement that he is, on behalf of himself and his dependants, bound by these Rules and by any amendment thereto.
- 8.6 A member may not cede, transfer, pledge or hypothecate or make over to any third party any claim, or part of a claim or any right to a benefit which he may have against the Scheme. The Scheme may withhold, suspend or discontinue the payment of a benefit to which a member is entitled under these Rules, or any right in respect of such benefit or payment of such benefit to such member, if a member attempts to assign or transfer, or otherwise cede or to pledge or hypothecate such benefit.

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## 8.7 Waiting periods

8.7.1 The Scheme may impose upon a person in respect of whom an application is made for membership or admission as a dependant, and who was not a beneficiary of a medical scheme for a period of at least 90 days preceding the date of application:

8.7.1.1 a general waiting period of up to three months; and

8.7.1.2 a condition-specific waiting period of up to 12 months, where applicable;

8.7.1.3 the waiting periods specified in 8.7.1.1 and 8.7.1.2 also apply in respect of any treatment or diagnostic procedures covered within the prescribed minimum benefits.

8.7.2 The Scheme may impose upon any person in respect of whom an application is made for membership or admission as a dependant, and who was previously a beneficiary of a medical scheme for less than 24 months, terminating less than 90 days immediately prior to the date of application, a waiting period that is as follows:

8.7.2.1 a condition-specific waiting period of up to 12 months, except in respect of any treatment or diagnostic procedures covered within the prescribed minimum benefits; and

8.7.2.2 where the previous medical scheme had imposed a general or condition-specific waiting period, and such waiting period had not expired at the time of termination, a general or condition-specific waiting period for the unexpired duration of such waiting period imposed by the former medical scheme.

8.7.3 The Scheme may impose upon any person in respect of whom an application is made for membership or admission as a dependant, and who was previously a beneficiary of a medical scheme for a continuous period of more than 24 months terminating less than 90 days immediately prior to the date of application a waiting period as follows:

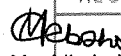
8.7.3.1, a general waiting period of up to three months, except in respect of any treatment or diagnostic procedures covered within the prescribed minimum benefits.

8.7.4 The Scheme will not impose waiting periods on a person in respect of whom application is made for membership or admission as a dependant, and who was previously a beneficiary of a medical scheme, terminating less than 90 days immediately prior to the date of application, where the transfer of membership is required as a result of:-

8.7.4.1 change of employment; and/or

8.7.4.2 a child dependant born during the period of membership and registered within 30 days of birth/adoption; and/or

8.7.4.3 addition of a spouse/partner within 30 days of marriage/proof of common household.

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REGISTRAR OF MEDICAL SCHEMES

## 9. TRANSFER OF EMPLOYER GROUPS TO AND FROM OTHER MEDICAL SCHEMES

If the members of a medical scheme, who are members of that scheme by virtue of their employment by a particular employer, terminate their membership of such scheme with the objective of obtaining membership of this Scheme, the Board will admit as a member, without a waiting period any member of such first-mentioned scheme who is a continuation member by virtue of his past employment by the particular employer and register as dependant, any person who has been a registered dependant of such employee of the particular employer provided the member is transferred within 30 days of the termination of their membership with the first-mentioned scheme.

## 10. MEMBERSHIP CARD AND CERTIFICATE OF MEMBERSHIP

- 10.1 Every member will be furnished with a membership card, containing such particulars as may be prescribed. This card must be exhibited to the supplier of a service on request. It remains the property of the Scheme and must be returned to the Scheme or destroyed on termination of membership.
- 10.2 The utilisation of a membership card by any person other than the member or his registered dependants, with the knowledge or consent of the member or his dependants, is not permitted and is construed as an abuse of the benefits of the Scheme. Rule 12.5 will be instituted.
- 10.3 On termination of membership or on de-registration of a dependant, the Scheme will, within 30 days of such termination or at any time on request, furnish such person with a certificate of membership cover, containing such particulars as may be prescribed.

## 11. CHANGE OF ADDRESS/BANKING DETAILS OF MEMBER

- 11.1 A Member's postal or residential address on his application form shall be deemed to be his domicillum citandi et executandi.
- 11.2 A notice sent by registered post to the Member at his postal or residential address shall be deemed to have been received by the Member on the seventh (7<sup>th</sup>) day after the date of posting.
- 11.3 Notices may also be sent by the Scheme to a Member's nominated cell phone number, e-mail address or where an email address has not been provided, to the dedicated e-mail address of the

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Member provided by the Employer; such notice shall be deemed to have reached the Member upon successful transmission thereof.

- 11.4 A Member must notify the Scheme in writing within thirty (30) days of any change of contact/banking details on the prescribed documentation of the Scheme. The Scheme shall not be held liable if a Member's rights are prejudiced or forfeited as a result of neglect to comply with the requirements of this Rule.

## 12. SUSPENSION AND TERMINATION OF MEMBERSHIP

### 12.1 Resignation

12.1.1 A member who, in terms of his conditions of employment is required to be a member of the Scheme, may not terminate his membership while he remains an employee without the prior written consent of his employer.

12.1.2 Subject to any provision to the contrary contained in the Rules, a member who ceases to be an employee of the participating employer shall, on the date of termination as confirmed by the employer, cease to be a member and all rights to benefits shall thereupon cease, except for claims in respect of services rendered prior thereto.

**12.3 Death** - Membership of a member terminates on his death. The Dependents of a deceased Member may remain as Beneficiaries of the Scheme, subject to Rule 6.3.

**12.4 Failure to pay amounts due to the Scheme** - If a member fails to pay amounts due to the Scheme, his membership may be suspended and / or terminated as provided in these Rules.

**12.5 Abuse of privileges, false claims, misrepresentation and non-disclosure of factual information** - The Board may suspend or terminate the membership of a member or dependant whom the Board finds guilty of abusing the benefits and privileges of the Scheme by presenting false claims or making a material misrepresentation or non-disclosure of factual information. In such event he may be required by the Board to refund to the Scheme any sum which would not have been disbursed on his behalf or the Scheme may deduct the relevant amount from any benefit payable in terms of Section 59(3). However, in the event that membership is terminated from date of admission for non-disclosure, the Scheme has the right to reverse all claims paid and refund all

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contributions collected from the member. The contract between the Scheme and the member shall therefore be considered null and void.

- 12.6 Membership previously terminated in terms of Rule 12.5, must, upon receipt of an application for membership, be readmitted and where applicable underwriting may be applied in accordance with Section 29A.

### 13. CONTRIBUTIONS

- 13.1 The total monthly contributions payable to the Scheme by or in respect of a member are as stipulated in Annexure A. It shall be the responsibility of the member to notify the Scheme of changes in income that may necessitate a change in contribution in terms of Annexure A hereto, where this is applicable. The Board may from time to time change the income bands reflected in Annexure A in any particular year in accordance with the provisions and processes contemplated by the Act.
- 13.2 In addition to the contributions in Annexure A, the scheme may impose contribution penalties in respect of persons over the age of 35 years, who are enrolled as members or adult dependants and who were without creditable coverage. The premium penalties for persons joining late in life shall not exceed the following bands for the period indicated hereunder:

<i>Penalty bands</i>	<i>Maximum penalty</i>
1 – 4 years	5% (0.05 x relevant contribution as per Annexure A)
5 – 14 years	25% (0.25 x relevant contribution as per Annexure A)
15 – 24 years	50% (0.50 x relevant contribution as per Annexure A)
25 + years	75% (0.75 x relevant contribution as per Annexure A)

- 13.3 Contributions shall be paid monthly in arrears by not later than the 3<sup>rd</sup> day of the succeeding month. The full monthly contribution shall be payable regardless of the number of days for which the Member and any Dependant participated in the Scheme during the relevant month. Where contributions have not been paid by the due date, they shall be in arrears and the Scheme shall have the right to suspend all benefit payments which have accrued to such member after date of default, and to give the member and/or employer written notice that if contributions are not

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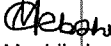


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- paid up to date within fourteen (14) days of such notice, membership may be cancelled. Such notice may be given by personal delivery, registered post, telegram or e-mail.
- 13.4 In the event that contribution payments are brought up to date, prior to cancellation in terms of Rule 13.3, benefits shall be reinstated without any break in continuity. If contributions are not brought up to date, no benefits shall be due to the member from the date such contributions were due and any benefit paid after such date may be recovered by the Scheme.
- 13.5 A member shall be liable to pay any amount becoming due by him to the Scheme immediately on receipt of a notice from the Scheme setting out the amount due. Payment shall be made to such place and in such manner as the Scheme shall, from time to time, determine. A member shall be in arrears with his payment of amounts due if payment is not received in full by the Scheme;
- 13.5.1 In the case of a member whose payment is deducted from his remuneration by his Employer or direct payors, within 30 days of the date upon which payment was due.
- 13.6 If payment of any amount in respect of a member is in arrears, the Scheme shall have the right to suspend all benefits which may have accrued to such member after date of default, and to give the member and/or Employer notice that if the amount is not brought up to date within 14 days membership may be cancelled. Such notice may be given by any agreed electronic means, personal delivery or prepaid registered post to the member's postal or residential address on his application form deemed to be his *domicilium citandi et executandi* and shall be deemed to have been received by the member on the 7<sup>th</sup> day after the date of posting.
- 13.7 Unless specifically provided for in the Rules in respect of savings accounts, no refund of any assets of the Scheme or 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 calendar month.
- 13.8 The balance standing to the credit of a member in terms of his self-insured option or savings account, at all times remain the property of the member.

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#### 14. LIABILITIES OF EMPLOYER AND MEMBER

- 14.1 The liability of the Employer towards the Scheme is limited to any amounts payable in terms of any agreement between the Employer and the Scheme.
- 14.2 The liability of a member is limited to the amount of his unpaid contributions together with any sum disbursed by the Scheme on his behalf or on behalf of his dependants which has not been repaid to the Scheme.
- 14.3 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.

#### 15. CLAIMS PROCEDURE

- 15.1 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 prescribed.
- 15.2 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 must, 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:-
- i. The name and the membership number of the member;
  - ii. The name of the supplier of service;
  - iii. The final date of service rendered by the supplier of service on the account or statement which is covered by the payment;
  - iv. The total amount charged for the service concerned; and
  - v. The amount of the benefit awarded for such service.
- 15.3 In order to qualify for benefits, any claim must, unless otherwise arranged, be signed and certified as correct and must be submitted to the Scheme not later than the last day of the fourth month following the month in which the service was rendered.
- 15.4 Where a member has paid an account, he shall, in support of his claim, submit a receipt.
- 15.5 Accounts for treatment of injuries or expenses recoverable from third parties, must be supported by a statement, setting out particulars of the circumstances in which the injury or accident was sustained. The Scheme, however, remains liable for such claims *ab initio*, until a settlement is made where after the Scheme would be reimbursed.

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15.6 Where the Scheme is of the opinion that a claim is incorrect or unacceptable for payment, the Scheme must notify the member and the health care provider, see Regulation 6(2), accordingly within 30 days after receipt thereof. The Scheme must state the reasons why such claim is incorrect or unacceptable and afford such member and provider the opportunity to return such corrected claim to the Scheme within sixty days following the date from which it was returned for correction.


## 16. BENEFITS

- 16.1 Benefits extend through the member to his registered dependants. A member must, on admission, elect to participate in any one of the available options, detailed in Annexure B.
- 16.2 The Scheme will pay any benefit due to a member within 30 days of receipt of the claim pertaining to such benefit.
- 16.3 The benefit option offered in Annexure B covers in full the cost of the prescribed minimum benefits, in accordance with Annexure F.
- 16.4 The Scheme may exclude services from benefits as set out in Annexure C.
- 16.5 Benefits as per Annexure B may be increased in the case of Designated and Preferred Providers, subject to the approval of the Board.
- 16.6 The Scheme may recover from the Member any payment made to or on behalf of a Member whose contribution is in arrears, partly or in whole.
- 16.7 The Scheme may apply managed care protocols and clinical guidelines with due reference to evidence-based criteria to determine a Beneficiary's entitlement to benefits.

## 17. PAYMENT OF ACCOUNTS

- 17.1 Payment of accounts or reimbursement of claims is restricted to the net amount payable in respect of such benefit and maximum amount of the benefit to which the member is entitled in terms of the applicable benefit.
- 17.2 Any discount whether on an individual basis or bulk discount received in respect of a relevant health service shall be for the benefit of the member in determining the net amount payable for the service and appropriate deduction from the applicable benefit limit, or medical savings account, as the case may be.

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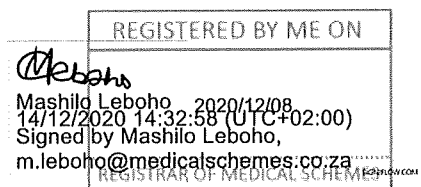
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- 17.3 The Scheme shall, where an account has been rendered, pay any benefit due to a member, either to that member or to the supplier of the relevant health service who rendered the account, within 30 days of receipt of the claim pertaining to such benefit.
- 17.4 Where the Scheme has paid an account or portion of an account or any benefit to which a member is not entitled, whether payment is made to the member or to the supplier of service, the amount of any such overpayment is recoverable by the Scheme.
- 17.5 Notwithstanding the provisions of this Rule, the Scheme has the right to pay any benefit to the member concerned.
- 17.6 The Scheme may make ex-eratia payments to or for the benefit of a Beneficiary at its discretion in respect of any healthcare services which do not form part of a Beneficiary's entitlement in terms of his benefits and is subject to the processes and limitations agreed to from time to time by its Board. An ex-gratia payment is a concession exercised at the discretion of the Board and not a right to which Members are entitled.

## 18. GOVERNANCE

- 18.1 The affairs of the Scheme must be managed according to these Rules by a Board of Trustees comprising 12 trustees. At least half of such trustees must be elected by members from amongst members (Member Representative Trustees) and the other half will be appointed by the Employer of the Group. An Employer Trustee need not be a Member to qualify to serve as an Employer Trustee.
- 18.2 The following persons are not eligible to serve as members of the Board:
- 18.2.1 a person under the age of 21 years;
- 18.2.2 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; (sec 57(3))
- 18.2.3 a broker;
- 18.2.4 any employee of the Scheme;
- 18.2.5 the auditor of the Scheme;
- 18.2.6 the principal officer of the Scheme.
- 18.3 All trustees will be permitted to serve two consecutive terms of five years each. A person who has served two consecutive terms as a Trustee may be re-elected or reappointed to the Board for a further term on the Board. No person shall serve more than two consecutive terms and when there is a break between terms, of no less than 12 months, then no more than three terms all together.





This is effective for terms of office commencing on or after 30 May 2019. Nominations will be called for from the membership base at the end of the term of office of a trustee. Each candidate will have to be nominated by one member and will have to provide abbreviated Curriculum Vitae to introduce them to the members of the Scheme. Proxy vote forms will be circulated to all members to vote. Voting will remain open for a period of a minimum of 30 days and will close 72 hours prior to the Annual General Meeting taking place. Any votes received after the deadline shall be considered as spoilt ballots. In the event that more than one candidate receives the same number of votes and there are insufficient seats on the Board available, the current Board shall be asked to cast their votes in a closed ballot in respect of such candidates. The final results will be reviewed and certified by Auditors and the results presented at the Annual General Meeting.

- 18.4 One member and one employer alternate trustee may be appointed who shall also be a member of the scheme, subject to approval of the Board, to act only in the absence of a quorum. An alternate trustee term of office is the same as that of a trustee.
- 18.5 The Board may fill any casual vacancy, which occurs during its term of office. A vacant Member elected position may be filled by a runner up person from the previous election and may be re-elected through the normal election process and ratified at the next annual general meeting. The Board may co-opt a knowledgeable person to assist it in its deliberations, provided that such person shall not have a vote.
- 18.6 Half of the members of the Board plus one present at a meeting is a quorum at meetings of the Board.
- 18.7 The Board must elect from among itself the chairperson. In the absence of the chairperson, the Board members present must elect one of their numbers to preside.
- 18.8 Matters serving before the Board must be decided by a majority vote and in the event of an equality of votes, the chairperson has a casting vote in addition to his deliberative vote.
- 18.9 A member of the Board may resign at any time by giving 30 days written notice to the Board.
- 18.10A prospective nominee cannot hold office or a current member of the Board ceases to hold office if:
- 18.10.1 he becomes mentally ill or incapable of managing his affairs;
- 18.10.2 he is declared insolvent or has surrendered his estate for the benefit of his creditors;
- 18.10.3 he is convicted, whether in the Republic or elsewhere, of theft, fraud, forgery or uttering of a forged document or perjury;
- 18.10.4 he is removed by the court from any office of trust on account of misconduct;
- 18.10.5 he is disqualified under any law from carrying on his profession;
- 18.10.6 he ceases to be an appointee by a participating employer, or being a Board member elected by members of the Scheme, he ceases to be a member of the Scheme; or

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MEDICAL SCHEMES

- 18.10.7 he absents himself from three consecutive meetings of the Board without the permission of the Chairman;
- 18.10.8 he is removed from office by the Council in terms of Section 46 of the Act or any other legislation; or;
- 18.10.9 he is removed in terms of Rule 18.14.
- 18.11 The Board must meet at least once every three months or as it deems fit.
- 18.12 The chairperson may convene a special meeting should the necessity arise. Any 3 members of the Board may request the chairperson to convene a special meeting of the Board, stating the matters to be discussed at such meeting.
- 18.13 Nominations to fill vacancies for Member Representative Trustees, signed by a proposer and seconder in good standing with the Scheme, must be signed by the candidate signifying his/her consent to stand for election and must be submitted to the Scheme together with a current curriculum vitae.
- 18.13.1 Nominations may not be received from an employee, director, officer, consultant, associate of a person who renders contractual, administrative or intermediary services to a medical scheme including an administrator, or managed healthcare organisation of the medical scheme concerned, or of the holding company, subsidiary, joint venture or associate of any of those service providers and the aforementioned parties may not:-
- 18.13.1.1 Approach any person to persuade them to stand as a candidate for election to be a member of the Board of Trustees of the medical scheme.
- 18.13.1.2 Canvass for or obtain proxies for the appointment of any particular person to stand as a candidate for election to be a member of the Board of Trustees of the relevant medical scheme.
- 18.13.1.3 Use -for the purposes of bringing about the election or the appointment of any particular person into becoming a member of the Board of Trustees of the medical scheme- of personal information of members in the possession of a service provider.
- 18.13.1.4 Fund or organise the election of candidates for membership of the Board of Trustees of a medical scheme or campaign for the appointment of any particular members' representative to the Board of Trustees of the relevant medical scheme.
- 18.14 Members of the Board are not entitled to any remuneration, honorarium or consulting fees incurred in the performance of their duties as trustees or any other fee in respect of services rendered in their capacity as members of the Board. Members of the Board may be reimbursed for all reasonable travel expenses incurred by them in the performance of their duties. Such costs

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REGISTRAR OF MEDICAL SCHEMES

related to trustees must be disclosed to the members in the Annual General Meeting and included in the annual financial statements.

- 18.15 A member of the Board who acts in a manner which is seriously prejudicial to the interests of beneficiaries of the medical scheme may be removed by the Board, provided that: –
- 18.15.1 before the decision is taken to remove the member of the Board, the Board shall furnish that member with full details of the evidence which the Board has at its disposal regarding the conduct complained of, and allow such member a period of not less than 30 days in which to respond to the allegations;
- 18.15.2 the resolution to remove that member is taken by at least two thirds of the members of the Board;
- 18.15.3 the member shall have recourse to disputes procedures of the Scheme or complaints and appeal procedures provided for in the Act.
- 18.15.4 a Trustee removed in terms of the Rules shall not be eligible to be re-appointed or re-elected as a Trustee.
- 18.16 If the Board of Trustees suspends or removes from office the Principal Officer or a Trustee and that Principal Officer or Trustee believes that the suspension or removal from office is as a result of him duly performing his functions in terms of the Act, or exposing inappropriate or unlawful conduct on the part of any officer of the scheme or any third party contracted to provide services to the scheme, the Principal Officer or Trustee concerned must lodge a complaint in writing to the Registrar.
- 18.17 The Board shall cause to be done a "Board effectiveness self-assessment" on an annual basis and an independent assessment every three years with due regard to normal practice and recommended guidelines pertaining to improving the Board's effectiveness.

## 19. FIDUCIARY DUTIES OF BOARD OF TRUSTEES

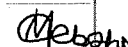
- 19.1 The Board is responsible for the proper and sound management of the Scheme, at arm's length and in terms of these Rules.
- 19.2 The Board must act with due care, diligence, skill and in good faith.
- 19.3 The Board must ensure that the interests of members are protected at all times including the provision of appropriate and adequate systems to accommodate timeous settlement of claims and the prompt response to inquiries, complaints and disputes.
- 19.4 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.

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- 19.5 The Board must apply sound business principles and ensure the financial soundness of the Scheme.
- 19.6 The Board must appoint a principal officer who is fit and proper person, as defined in Section 57, to hold such office and within 30 days of such appointment, give notice thereof in writing to the Registrar. The Board must determine the terms and conditions of the person so appointed.
- 19.7 The Chairperson must preside and preserve due and proper conduct at meetings.
- 19.8 The Board must cause to be kept such minutes, accounts, entries, registers and records as are essential for the proper functioning of the Scheme.
- 19.8 The Board must approve all disbursements.
- 19.9 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.
- 19.10 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.
- 19.11 The Board must ensure that adequate and appropriate information is communicated to the members regarding their rights, benefits, contributions and duties in terms of the Rules.
- 19.12 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.
- 19.13 The Board must take out and maintain an appropriate level of professional indemnity insurance and fidelity guarantee insurance.
- 19.14 The Board must obtain expert advice on legal, accounting, clinical and business matters as required, or on any other matter of which the members of the Board may lack sufficient expertise.
- 19.15 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.
- 19.16 The Board must take all reasonable steps to protect the confidentiality of medical records concerning any member or dependant's state of health.
- 19.17 The Board shall disclose annually in writing to the Registrar, any payment or considerations made to them in that particular year by the Scheme.
- 19.18 The Board must take steps to ensure the integrity of all documents, data and information transferred to the new administrator and managed care organisation. The change in administrator must comply with the Board Notice (BN) 73 of 2004.

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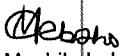
19.19 The Board shall prepare annual financial statements and must ensure compliance with all statutory requirements pertaining thereto.

## 20. POWERS OF BOARD

The Board has the power: –

- 20.1 to cause the termination of the services of any employee of the Scheme;
- 20.2 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;
- 20.3 to appoint a committee consisting of such Board members and other experts as it may deem appropriate;
- 20.4 to appoint a professional 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 regulations;
- 20.5 to appoint, compensate and contract with any accredited broker for the introduction or admission of a member to the Scheme.
- 20.6 to appoint advisors or consultants to assist it in the performance of its duties;
- 20.7 to purchase movable and immovable property for the use of the Scheme or otherwise, and to sell it or any of it;
- 20.8 to let or hire movable or immovable property;
- 20.9 in respect of any moneys 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, invest or otherwise deal with such moneys upon security and to realise, re-invest or otherwise deal with such moneys and investments;
- 20.10 with the prior approval of the Council, 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;
- 20.11 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 members of the Scheme;
- 20.12 to donate to any hospital, clinic, nursing home, maternity home, infirmary or home for aged persons in the interests of all or any of the beneficiaries;

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- 20.13 to authorise ex gratia awards on behalf of members in order to assist such members to meet commitments in regard to the obtaining of a health care service;
- 20.14 to contribute to any fund conducted for the benefit of the employees of the Scheme;
- 20.15 to reinsure obligations in terms of the benefits provided for in these Rules subject to section 20 of the Act.
- 20.16 to authorise the principal officer and such other 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;
- 20.17 to contribute to any association instituted for the furtherance, encouragement and co-ordination of medical schemes; and
- 20.18 in general, do anything, which it deems necessary or expedient to perform its functions in accordance with the provisions of the Act and these Rules.

## 21. DUTIES OF PRINCIPAL OFFICER AND STAFF

- 21.1 The staff of the Scheme must ensure the confidentiality of all information regarding its members.
- 21.2 The principal officer is the executive officer of the Scheme and as such shall ensure that:-
- 21.2.1 the decisions and instructions of the Board are executed without unnecessary delay
- 21.2.2 where necessary, there is proper and appropriate communication between the Scheme and those parties affected by the decisions and instructions of the Board;
- 21.2.3 he keeps the Board sufficiently and timeously informed of the affairs of the Scheme which relate to the duties of the Board as stated in section 57(4) of the Act;
- 21.2.4 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;
- 21.2.5 he does not take any decisions concerning the affairs of the Scheme without prior authorisation by the Board and that he at all times observes the authority of the Board in its governance of the Scheme.
- 21.3 The principal officer is 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.
- 21.4 The principal officer is responsible for the statutory and administrative functions of the Scheme and must ensure the carrying out of all duties as are necessary for the proper execution of the business



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of the Scheme. He must attend all meetings of the Board and any other duly appointed committee where his attendance may be required, and ensure proper recording of the proceedings of all meetings;

21.5 The principal officer is responsible for the supervision of the staff employed by the Scheme.

21.6 He must keep full and proper records of all moneys received and expenses incurred by, and of all assets, liabilities and financial transactions of the Scheme.

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

21.7.1 an employee, director or officer of the administrator of the scheme, its holding company, subsidiary, joint venture or associate of the administrator;

21.7.2 a broker or an employee, director, officer, consultant or contractor of any person contracted by the Scheme to provide broker services;

21.7.3 a Principal Officer or office bearer of another medical scheme; or

21.7.4 any person who otherwise has a material relationship with any person contracted by the scheme to provide administrative, marketing, broker, managed healthcare or other services or with its holding company subsidiary, joint venture or associate.

## 22. INDEMNIFICATION & FIDELITY GUARANTEE


The Board and any officer of the Scheme must 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.

The Board must ensure that the Scheme is insured against loss resulting from the dishonesty or fraud of any of its officers (including members of the Board) having the receipt or charge of moneys or securities belonging to the Scheme.

## 23. FINANCIAL YEAR OF THE SCHEME

The financial year of the Scheme extends from the first day of January to the 31st day of December of that year.

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## 24. BANKING ACCOUNT

The Scheme must maintain a banking account in the name of the Scheme and under its direct control with a registered commercial bank. All moneys received must be deposited to the credit of such account and all payments must 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.

## 25. AUDITOR & AUDIT COMMITTEE

25.1 Subject to section 36 of the Act, an auditor must be appointed by resolution at each annual general meeting, to hold office from the conclusion of that meeting to the conclusion of the next annual general meeting.

25.2 The following persons are not eligible to serve as auditor of the Scheme:-

25.2.1 a member of the Board;

25.2.2 an employee, officer or contractor of the Scheme;

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

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

25.2.5 a person who is disqualified from acting as an auditor in terms of the Company Act, 71 of 2008

25.3 Whenever for any reason an auditor vacates his office prior to the expiration of the period for which he has been appointed, the Board must within 30 days appoint another auditor to fill the vacancy for the unexpired period.


25.4 If the members of the Scheme at a general meeting fail to appoint an auditor required to be appointed in terms of this Rule, the Board must within 30 days make such appointment, and if it fails to do so, the Registrar may at any time do so.

25.5 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 other officers of the Scheme such information and explanations as he deems necessary for the performance of his duties.

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

25.7 The Board must appoint an audit committee of at least five members of whom at least two must be members of the Board.

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## 26. GENERAL MEETINGS

### 26.1 Annual general meeting

- 26.1.1 The annual general meeting of members must be held not later than 30th June of each year.
- 26.1.2 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, must be dispatched to members and the Registrar at least 21 days before the date of the meeting. The non-receipt of such notice by a member and/or the Registrar does not invalidate the proceedings at such meeting provided that the notice procedure followed by the Board was reasonable.
- 26.1.3 Thirty members of the Scheme present in person constitute a quorum. If a quorum is not present after the lapse of 30 minutes from the time fixed for the commencement of the meeting, the meeting must be postponed to a date determined by the Board with notice of such postponed meeting being re-issued in terms of rule 26.1.2, and those members then present will constitute a quorum.
- 26.1.4 The financial statements and reports specified in rule 26.1.2 must be laid before the meeting.
- 26.1.5 Notices of motions to be placed before the annual general meeting must reach the principal officer not later than seven days prior to the date of the meeting.

### 26.2 Special general meeting

- 26.2.1 The Board may call a special general meeting of members if it is deemed necessary.
- 26.2.2 On the requisition of at least thirty members of the Scheme, the Board must cause a special general meeting to be called within 30 days of the deposit of the requisition. The requisition must state the objects of the meeting and must be signed by all the requisitionists and deposited at the registered office of the Scheme. Only those matters forming the objects of the meeting may be discussed.
- 26.2.3 The notice convening the special general meeting, containing the agenda, must be dispatched to members at least 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.
- 26.2.4 Fifty members present in person constitute a quorum. If a quorum is not present at a special general meeting after the lapse of 30 minutes from the time fixed for the commencement of the meeting, the meeting is regarded as cancelled.

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## 27. VOTING AT MEETINGS

- 27.1 Every member who is present at a general or special meeting of the Scheme and whose contributions are not in arrears, has the right to vote.
- 27.3 The chairperson must determine whether the voting must be by ballot or by a show of hands. In the event of the votes being equal, the chairperson has a casting vote in addition to his deliberative vote.

## 28. COMPLAINTS AND DISPUTES

- 28.1 Members may lodge their complaints, in writing, to the Scheme. The Scheme shall also communicate a dedicated telephone number which may be used for dealing with telephonic complaints and enquires.
- 28.2 All complaints received in writing will be responded to by the Scheme in writing within 30 days of receipt thereof.
- 28.3 A disputes committee of three members, who may not be members of the Board, employees of the administrator of the Scheme or officers of the Scheme, must be appointed by the Board annually. At least one of such members shall be a person with legal expertise.
- 28.4 Any dispute, which may arise between a member, prospective member, former member or a person claiming by virtue of such member and the Scheme or an officer of the Scheme, must be referred by the principal officer to the disputes committee for adjudication.
- 28.5 On receipt of a request in terms of this Rule, the Principal officer must convene a meeting of the disputes committee by giving not less than 21 days' notice in writing to the complainant and all the members of the disputes committee, stating the date, time, and venue of the meeting and particulars of the dispute.
- 28.6 The disputes committee may determine the procedure to be followed.
- 28.7 The parties to any dispute have the right to be heard at the proceedings, either in person or through a representative.
- 28.8 An aggrieved person has the right to appeal to the Council for Medical Schemes against the decision of the disputes committee. Such appeal is in the form of an affidavit directed to Council and must reach the Registrar not later than three months after the date on which the decision concerned was made.

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28.9 The operation of any decision which is the subject of an appeal under Rule 28.8 shall be suspended pending the decision of the Council on such appeal.

## 29. TERMINATION OR DISSOLUTION

29.1 The Scheme may be dissolved by order of a competent court or by voluntary dissolution.

29.2 Members in general meeting may decide that the Scheme must be dissolved, in which event the Board must arrange for members to decide by ballot whether the Scheme must be liquidated.

29.3 Pursuant to a decision by members taken in terms of Rule 29.2 the principal officer must, in consultation with the Registrar, dispatch to every member 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. Every member must be requested to return his ballot paper duly completed before a set date. If at least 50 per cent of the members return their ballot papers duly completed and if the majority thereof is in favour of the dissolution of the Scheme, the Board must ensure compliance therewith and appoint, in consultation with the Registrar, a competent person as liquidator.

## 30. AMALGAMATION AND TRANSFER OF BUSINESS

30.1 The Scheme may, 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 must arrange for members to be furnished with an exposition of the proposed transaction for consideration and to decide by ballot whether the proposed amalgamation should be proceeded with or not.

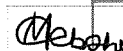
30.2 If at least 50 per cent of the members return their ballot papers duly completed and if the majority thereof is in favour of the amalgamation or transfer then, subject to section 63 of the Act, the amalgamation or transfer may be concluded.

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

30.4 The amalgamating Board must submit signed copies of a final audited set of financial statements and annual statutory return to the Office of the Registrar.

## 31. RIGHT TO OBTAIN DOCUMENTS AND INSPECTION OF DOCUMENTS

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- 31.1 Any beneficiary must on request and on payment of a fee of R20.00 per copy, be supplied by the Scheme with a copy of the following documents:
- 31.1.1 The Rules of the Scheme;
  - 31.1.2 The latest audited annual financial statements, returns, auditors report and annual report of the Scheme; and accompanying
  - 31.1.3 Management accounts in respect of its benefit options;
  - 31.1.4 Protocols and formularies documents
- 31.2 A beneficiary is entitled to inspect free of charge at the registered office of the Scheme any document referred to in rule 31.1 and to make extracts therefrom.
- 31.3 This rule shall not be construed to restrict a person's rights in terms of the Promotion of Access to Information Act, Act No 2 of 2000.

## 32. AMENDMENT OF RULES

- 32.1 The Board is entitled to alter or rescind any rule or annexure or to make any additional rule or annexure.
- 32.2 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 collectively by more than twenty five percent during any financial year, is valid unless it has been approved by a majority of members present in a general meeting or by ballot.
- 32.3 No alteration, rescission or addition is valid unless it has been approved and registered by the Registrar in terms of the Act.
- 32.4 Members must be furnished with an erratum of such amendment within 14 days after registration thereof. Should a member's rights, obligations, contributions or benefits be amended, he/she shall be given 30 days advance notice of such change.
- 32.5 Notwithstanding the provisions of Rule 32.1 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.
- 32.6 If there is any conflict between these Rules and any brochure, pamphlet, explanatory document or marketing material in respect of the Scheme, the provisions of these Rules shall apply.

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