



NEWSLETTER

AUGUST 2024

TOPICS FOR DISCUSSION

1. Benefit year **2023 - AGM** held on 19th June 2024
2. Changes to the **2024 Benefit Structure**
3. Post AGM Member Survey (SWOT Review)

1. ANNUAL GENERAL MEETING (AGM)

In terms of the Scheme rules and the Medical Aid Funds Act no.23 of 1995, each registered medical scheme should hold an Annual General Meeting for its members before June 30th each year. The 2024 AGM was held on Wednesday, June 19th 2024, concurrently in Oranjemund, Windhoek, and virtual on Microsoft Teams.

The main purpose of the AGM meeting was to:

- Present and obtain member approval on the previous year's (2023) financial statements before it's submitted to Namfisa.
- Ratification of the appointment of auditors for the following financial year.
- Discuss any matters or motions that were submitted by members.
- Present 2023/4 Benefit/Rule Changes
- To host an open discussion session/Forum to share additional information on the Scheme's benefits, administration and other matters.

The notice of the AGM was distributed on 29 May 2024, well within the 21-day requirement set in the Scheme's Rules. The 2023 AGM pack was made available on the Scheme website and to all members who attend the meeting in Oranjemund and Windhoek.

Member attendance:

A total of 197 members were in attendance, with 43 represented by proxies. We were also pleased to host Debmarine vessels on-line with members from the Gariep, SS Nujoma, Pacific and Atlantic. The Board of Trustees would like to extend their sincere gratitude to all members who took time out of their busy schedules to attend the meeting and to those who submitted proxies to make the AGM a success.

1.1 HIGHLIGHTS FROM THE CHAIRPERSON REPORT INCLUDED THE FOLLOWING:

1.1.2 Benefit year 2023

For the year in review, medical aid funds remained volatile and continued to experience escalating healthcare costs that outstripped inflation. This was mainly attributed to the high number of members claiming and high growth in utilisation. Most funds continued to pay claims for a large part of the past two benefit years from their accumulated reserves, which resulted in rapidly decreasing accumulated reserves of all funds, including the GEMHEALTH scheme.

1.1.3 NAMAFA benchmark tariffs adjustment for 2024:

To mitigate the escalating medical costs, NAMAFA announced a 0% increase in tariff for 2024. The announcement of no tariff increase was not well received by healthcare providers, as they use this as a benchmark to set their prices. This has led to strained relationships in the industry, but we are committed to continuing engagement with all stakeholders to ensure the sustainability of the medical aid industry.

1.1.4 Highest claiming disciplines:

The highest medical cost drivers' disciplines are ¹Hospitals, ²medication, ³specialists and ⁴general practitioners. As such, medical aid funds jointly resolved to implement some interventions for these disciplines and the following changes were implemented effective 01 January 2024:

- Further reduction of in-hospital reimbursement tariff for specialists and general practitioners from 200% to 150%.
- Reduction of the medicine markup from 50% to 40%.

Despite these joint initiatives by the industry, GEMHEALTH conducted a thorough analysis to understand the factors contributing to the increase in healthcare costs. As a result, it reviewed its benefits, offerings and management interventions. The restructuring of the benefit offerings primarily focused on optimising the allocation of benefits to better accommodate the evolving healthcare landscape and ensure equitable access for all members.

1.1.5 Scheme performance

(a) Total claims

The Scheme settled claims to the value of N\$220,602,909, in 2023, compared to N\$201,107,898 in 2022. This represents a 12.9% increase from the total claims paid in 2022.

(b) Claims ratio

The claims ratio measures the total claims divided by the total contributions for a financial year. From 2021 to 2023, the total claims paid by the scheme exceeded the total contributions. The 2023 claims ratio amounted to 102%, a slight decrease from the 2022 claims ratio of 103%.

(c) Accumulated reserves

For 2023, the scheme's accumulated reserves ended at 36%. This represents a decline of 10% from the 2022 reserves of 46%. The decline in reserves is mainly due to the increase in claims utilisation. The scheme has recorded a 10% decline in reserves yearly from 2021. If this trend continues in the future, the scheme will deplete all reserves in the next 3 years, from 2024 to 2026. Based on the scheme size and risk level, the board conducted a Risk-Based Capital Solvency requirement and resolved that the appropriate reserve level for the scheme is 45%.

(d) Membership

The Scheme membership increased marginally to 3,039

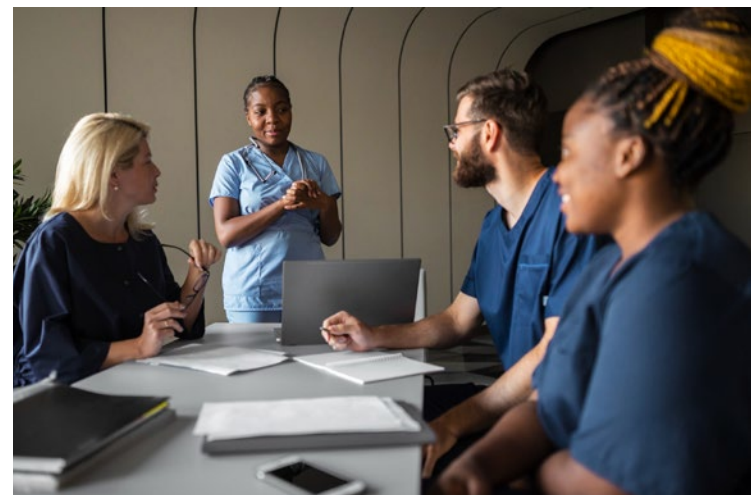
main members in (2023) from 2,845 in 2022, which represents an increase of 3.1% in membership. The membership growth is due to new appointments by participating employer groups.

GEMHEALTH MEDICAL AID SCHEME - UPDATE ON FRAUD, WASTE & ABUSE

Addressing cases that indicate possible misuse of benefits, treatment, or services that are done unnecessarily, which results in a waste of benefits and abuse within GEMHEALTH, cannot be left unattended and should be addressed as a priority. This issue has consequences for the scheme and its members. The Scheme is a mutual fund that belongs to its members, it is simply members' funds being wasted.

Fraudulent activities, wasteful practices and abusive behaviours place an enormous financial burden on the scheme as funds for members' benefit are lost. These financial losses ultimately translate into higher contributions and reduced benefits available to members for legitimate illnesses and services. Reducing these types of costs will allow the scheme to apply the "savings or recoveries" in the best interest of its members. To achieve success, we strongly appeal to members, as the only shareholders of the scheme, to cooperate by refraining from any such misconduct. If you are aware of any such activities, please report them to the scheme for immediate action.

The administrator has established a focused internal audit department to identify and address FWA-related cases. The scheme has also noted an increase in incidents. It has sent several notices to healthcare providers and members, warning them in advance that the scheme will not tolerate any wasteful behaviour.



CASES OF FRAUD, WASTE, AND ABUSE THAT WERE IDENTIFIED AND ARE BEING ADDRESSED DURING 2024 (YEAR-TO-DATE 2024):

1. Pharmaceutical claims:

- Towards end of September 2023, a member enquired about a rejection of a claim that was previously paid by the scheme.
- Upon investigation, it was found that a pharmacy claimed for medication payable under the rules of the scheme, but instead supplied other items (consumer goods) that are not covered and that should not have been paid by the scheme.
- An investigation was launched on the 2023 claims and the matter was taken up with the service provider. The fund managed to recover all the money paid for claims not covered by the medical aid from the service provider during January 2024, an amount of N\$1.05 million.
- The investigation was extended to prior years. This work is ongoing and is receiving the trustees focused attention and remain pending.

2. Dual membership & withholding of health condition of new joining dependents

- We continue to experience a number of members joining or adding their spouses to the medical aid and withholding declaring pre-existing medical conditions. This is against the rules of the fund and in such instances the fund will decline any claims for pre-existing conditions which were not declared.
- We have also experienced members adding spouses who belonged to other medical aid funds at the same time of joining GEMHEALTH

which is in contradiction of the medical aid act and scheme rules and in such instances, membership were terminated.

3. Other pharmaceutical cases identified:

- Billing for branded medication but supplying generics.
- Member's co-payment on medication billed as OTC.
- Script selling by member to pharmacies for cash.

4. Billing and claiming for services not provided.

5. Billing for extra, unnecessary services or items not supplied .

6. Non-members being admitted to hospital or accessing benefits under the false identity of a member.

7. Auxiliary healthcare facility provides substandard service to members.

8. GP and Anesthetist over-claiming for services .

9. Admission and pro-long stay in hospital for minor cases.

10. Medical practitioners charging for "traveling after hours" whilst service was provided via telephone.

11. Doctors are charging for emergencies at ER sections of the hospital whilst consultation was done telephonically.

12. Doctors charge full consultation for repeat chronic scripts, and a "follow-up consultation".

2023 FINANCIAL STATEMENTS AND INTRODUCTION TO IFRS-17 BY THE AUDITING PROFESSION

What is IFRS-17?

IFRS-17, or the International Financial Reporting Standard 17, is a new global accounting standard that affects how mutual funds, including medical aid funds, report their financial information effective 1 January 2023. Although it was initially designed for insurance companies, in Namibia, this standard now also applies to mutual funds like medical aid funds.

How does IFRS-17 affect annual financial statements in Namibia?

IFRS-17, is as a new set of standards that medical aid funds in Namibia must follow when they prepare their annual financial statements. These rules affect how these funds calculate and report their income from member contributions and the costs associated with providing medical aid benefits.

Key changes you should know with IFRS-17 clearer.

Under IFRS-17, medical aid funds will provide more detailed information about their finances. This means that when you look at their financial statements, it will be easier to understand how much money they are collecting from members and how much they are spending on medical benefits and other expenses.

All medical aid funds will now use the same rules to prepare their financial statements. This makes it easier to compare the financial health of different funds.

Better risk management

IFRS-17 requires funds to show how they manage risks, such as the risk of having to pay for unexpected high medical claims. Knowing this helps you see how stable and reliable a medical aid fund is.

Impact on contributions and claims

The way medical aid funds report the contributions they receive from members and the claims they pay out for medical services will be more transparent. You will be able to see how much of the contributions are used for claims, and how much is used for other operational costs.

CHANGE OF ACCOUNTING TERMINOLOGY FROM THE PREVIOUS REPORTING TO IFRS-17

NO	OLD REPORTING	IFRS-17
1.	Contribution Income	Insurance Revenue
2.	Claims Incurred	Insurance expenses
3.	Non-Healthcare cost 1. Actuarial Cost 2. Administration cost 3. Principal Officer Costs	Part of insurance expense
4.	Health Management Cost	Part of insurance expense
5.	Net Healthcare Results	Insurance Service Results
6.	Outstanding Risk Claims and Benefit Accumulator	Insurance Contract Liabilities

SUMMARY OF 2023 FINANCIALS:

NO	ENTRY	N\$
1.	Insurance Revenue	216,072,562
2.	Less Insurance Expense Includes: 1. Claims Expenses and Health Management 2. Administration Costs 3. Actuarial cost 4. Health Management costs 5. PO Fees	222,369,806
3.	Reinsurance expenses from reinsurance contracts held	1,751,509
4.	Insurance service result	8,048,753
5.	Net Investment Income	10,317,721
6.	Net healthcare result	2,268,968

TRUSTEE APPOINTMENTS & ELECTIONS

In terms of rule 21.1, the Scheme “shall be managed, administered, and controlled according to these Rules by a Board of Trustees consisting of twelve members. (excluding the Principal Officer). The Employer and Employees will be represented by an equal number of members of the Scheme.

Debmarine Namibia	2/2
NDTC	1/1
Namdeb Diamond	2/2
Continuation Members	1/1

The term of the following Trustees’ appointed in June 2021, came to an end at the AGM held on 19 June 2024: All of the trustees were available for re-appointment /election.

- Mr. Sylvanus Nekundi**
Continuation Members Employer Representative
- Ms. Rachel Kalipi**
Debmarine, Employer Representative

As equal nominations were received for the vacancies of the below candidates – no elections will be held in these categories, and the AGM ratified their appointments. We want to take this opportunity to congratulate Ms Kalipi & Mr Nekundi on their re-appointments.

TRUSTEE CHANGES SINCE LAST AGM IN 2023



Ms. Olivia-Mae
Trustee

Ms. Olivia-Mae Oliver has served on the Board as an employer representative for NDTC since 2019. She served on the Finance and Ex-gratia Committee. Ms. Oliver took up a new position in the group of companies and resigned from the Board of Trustees. We want to take this opportunity to thank her for her valuable contributions and tireless commitment during her tenure.

WELCOME ON BOARD



Mr. Nikanor
Trustee

Mr. Nikanor, trustee effective 08 March 2024, was appointed as the new NDTC Employer representative replacing Ms. Olivia Oliver. We wish to congratulate and welcome Mr. Nikanor to the Board of Trustees.

VOTE OF APPRECIATION



Mr. C. Schäfer
Principal Officer

Mr. Callie Schäfer was appointed as the Principal Officer effective 01 May 2018. Mr. Schafer will be retiring once the new Principal Officer is appointed. We would like to express our deepest gratitude for his exemplary leadership and dedication. His vision, commitment, and tireless effort have significantly contributed to the success and sustainability of the fund during extremely challenging times. Under his guidance, we have achieved remarkable milestones, and his legacy of excellence will continue to inspire us.

We thank him for his unwavering support and for being a beacon of integrity and professionalism. We wish you all the best in your future endeavours, Callie, and we know that you will continue to make a positive impact wherever you go.

2. 2024 BENEFIT CHANGES

2.1 Benefit Offering

The 2024 benefit structure main aim, is to address high claims utilization while building the scheme reserves to acceptable levels in line with the Scheme's Risk-Based Policy. The 2024 benefits were designed to balance the needs of our members while ensuring continued access to essential healthcare services.

- A summary of the 2024 Benefit Structure is attached as Annexure A.

2.2 What is a Co-Payment?

A co-payment is the difference between what your medical aid covers and what the healthcare provider charges. It is the out-pocket amount that needs to be paid by the member. As medical aid members, we are often embarrassed to discuss money with our healthcare provider. When you make an appointment, you're entitled to ask what rates your doctor charges and whether or not you will be liable for any co-payments. Doing so means you can make informed decisions.

2.3 Why did the Scheme introduce co-payments

The Scheme introduced co-payments on certain benefits to manage the high utilisation in claims it has experienced since 2021, and to ensure the ongoing sustainability of the Scheme. Medical aid funds operate on a principle of mutual solidarity and cross-subsidy, meaning that all contributions from members go into a combined pool of funds. These funds are used to pay all member claims towards treatments and procedures. These funds must be managed to ensure that the Scheme remains in a good financial position to ensure long-term sustainability.

Co-payments are not only imposed to encourage members to consider the necessity of benefits before using them but also to control the overall utilisation, which in turn would result in lower annual premium increases.

2.4 Benefit Accumulator

Co-payments on medication, scans, radiology, and pathology are paid directly from the benefit accumulator, which means that members are not required to complete claim forms. Payment for other accounts, such as co-payments at dentists or doctors, can still be paid from the accumulator; however, the member will be required to complete a benefit accumulator form.

2.5 How can I avoid or reduce co-payments?

(a) Request a quotation on planned treatment

Ask for a quote before undergoing any procedure and check with the medical aid how much will be paid out to the healthcare provider and how much will be for your own pocket.

Always remember, there is absolutely no harm in asking a service provider for a reduction in cost.

(b) Medication

Ask for generic medicine whenever possible. Generic medication is usually less expensive than brand-name medicine. Generic medication contains the same active ingredients as the brand-name medicine.

(c) General

Use the screening tests and vaccines offered as part of your Preventative Care Benefits to detect and manage potential health problems early. Effective 01 January 2024, the Scheme introduced wellness rewards, and members need to undergo the tests in 2024 to qualify for the rewards. The rewards will be allocated to the members benefit accumulators account in 2025.

WELLNESS REWARDS:

BMI/Blood pressure test/Cholesterol/ Test Blood Sugar (Finger Prick Test)	N\$ 100
Mammogram/Dexa Scan	N\$ 150
Pap Smear	N\$ 100
HIV Test	N\$ 100
Prostate Screening	N\$ 150
Chronic Disease Wellness Management	N\$ 150

3. POST AGM MEMBER SURVEY (SWOT REVIEW)

To ensure we learn from our experience and continuously improve future AGMs and member engagements, the organizing work group, on behalf of the Board of Trustees launched a member survey. The survey was conducted across the entire membership of the Scheme. A high-level extract of the survey indicated that:

No	STRENGTHS	RECOMMENDATION
1.	Post AGM survey conducted & Outcome:	Total 121 members participated in the survey: 1. Attendance: Member preference - 43% Online - 22% In person - 34% Both options 2. Meeting Organization: - 86% - indicated that the meeting was well organized 3. Minutes: - Requested that the minutes should be distributed prior to the meeting. 4. Financials - Proposal to have the financial statements in a layman format.
2.	Information packs to members i.e. financial statements etc. was send out on time. <ul style="list-style-type: none"> It was based on the latest auditors reporting standard namely IFRS 17 and that reclassified certain costs descriptors. 	i) Members indicated in the survey that financial information in the AGM packs should be more descriptive and understandable for the "layman" interpretation. ii) That the financial report for 2025, should include a comparative schedule of financials/ figures for both the "old/IFRS4" and the "new IFRS17" format. iii) That a breakdown of actual expenditure for the reporting year be included. iv) That the reserves be reported in monetary value and the percentage as required by Namfisa.
	Namfisa and members also indicated that the reporting structure is new, and members still have to be educated on the new international reporting standard. <ul style="list-style-type: none"> The Scheme reserves was previously reported as an "asset" and now under IFRS 17 it is reflected as a "liability"; 	
	Proposal for Future AGM meetings - 2024 AGM was well organized and duly constituted within all legal requirements and timelines;	None received other than to ensure we always follow the provisions of the Scheme rules.
	Vessels joined the meeting Attendance was encouraging with members from SS Nujoma, Mafuta, Gariep, and Atlantic that joined the meeting on-line;	Continue current arrangement for future AGMs to allow members from the vessels and those unable to attend in-person to participate on-line. AGMS's will be hosted in person on a rotational basis in Oranjemund and Windhoek with an extended link to all vessels and virtual via Microsoft teams.
	Governance: Meetings was orderly hosted in an orderly manner and responders of the survey indicated the punctuality and good time management.	Members indicated in the survey that: 1. AGM be held for no longer than 1 hour and to start at least at 18H00. 2. Less topics under the open Forum may make it shorter. 3. Alternatively, the Member Education/Open Forum should be held as a separate event at a different date.

No	STRENGTHS	RECOMMENDATION
1.	<p>Registration at AGM: Worked well and the Attendance Registers and other control documents were well prepared; bind in booklet and numbered as reference document for reference and or Namfisa auditing.</p> <p>Attendance: All Trustees/PO attended</p> <p>The GM: Insurance & Medical Aids, Mr Erich Gariseb attended and took part in meeting proceedings.</p> <p>Namaf attendance: A representative of Namaf also attended the meeting.</p> <p>Prosperity Staff Attendance: Prosperity staff attended.</p> <p>Organizing Work Group: AGM was well organized and good overall team was achieved.</p>	No issues observed.
2.	<p>Logistical arrangements were done well without any major hick-ups in arranging the virtual meeting</p> <p>i) Only that the MTC connectivity for the day was interrupted, but outside control of BoT or organizers.</p>	Members accepted that the connectivity was a national and MTC problem beyond the control of the Scheme. The Debmarine HR Manager, Lucille Otto and the IT support in Windhoek and Oranjemund did a great job! The Organizing team to consider a possible back-up plan for organizing the 2025 AGM
WEAKNESSES		RECOMMENDATION
3.	<p><u>Disappointing number of members attended</u></p> <ul style="list-style-type: none"> • Despite members being afforded the option to join the meeting in -person or on-line a low attendance was still observed. • From the post AGM survey members indicated their reason • Poor member attendance, for no obvious reason and in spite of pro-active attempts from organizers and member communication. 	<p>Feedback from Survey</p> <ul style="list-style-type: none"> • Aim at making the AGM easily accessible • To hold the meeting in different venue/towns. • Continue with the combination of an in person and on line meeting as it works well and allows more members the opportunity to attend. • Fund should implement measures to encourage more members to attend 2025. • Encourage members cannot attend to appoint a proxy representative.
OPPORTUNITIES		RECOMMENDATION
4.	<p><u>Member Attendance:</u></p> <ul style="list-style-type: none"> • Objective to increase attendance in Windhoek and Oranjemund • To ensure that all vessels again join the meeting via virtual link • That pensioners, ordinary members and members residing in South Africa also attend the meeting on line. 	<p>Coordinate efforts with company HR departments and trustee support to secure bigger attendance.</p> <p>Relationship building during the year is important to motivate members to attend.</p> <p>Debmarine to assist in promoting all vessels to join the meeting</p> <p>Option to host the AGM during working hours to be investigated.</p>

NO	OPPORTUNITIES	RECOMMENDATION
5.	<p><u>Member Detail Updates:</u> Implement a project during the time remaining towards 2025 AGM.</p>	At 2025 AGM make members aware at registration to update member details;
6.	<p><u>Member Booklet:</u> Improve member booklet to be member friendly, but still to adhere to principles of corporate governance as per statutory requirements; Booklet also serves as information and educational document for members</p>	Member Booklet for 2025 to include more graphs / pictures as requested by members
THREATS		RECOMMENDATION
7.	<p>MAINTAIN STANDARD ORGANISING THE AGMS</p> <ul style="list-style-type: none"> • Ensure good AGM attendance and professional meeting procedures 	Plan well in advance and focus on detail; Review SWOT report and consider recommendations for 2025; Retain good team effort
GENERAL COMMENTS		
8.	<ol style="list-style-type: none"> 1. Hold a session before the AGM MEETING where members can email or sms their questions to you to be better prepared for the presentation and save time. Those questions can help you form a baseline as to what information members want to find out. 2. Meeting should also be streamed on line. 3. Proposals for future open forum topics <ul style="list-style-type: none"> * Sustainability of Scheme. Update on fraud, waste and abuse * Benefits being less/ increase in levies * The amount paid by the Scheme, must be more descriptive * Easier access for operations in South Africa * Continuation of medical aid after retirement 	