CIRCULAR

FOR RELEASE ON
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Reference	:	Notification by schemes of dates for the holding of medical scheme meetings and elections.
Contact	:	Compliance and Investigations Unit
Telephone	:	012 431 0568
Facsimile	:	012 431 0668
E-mail	:	s.mmatli@medicalschemes.com
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CIRCULAR 18 OF 2011: SCHEMES NOTIFICATION OF DATES FOR THE HOLDING OF SCHEME MEETINGS AND ELECTIONS.

BACKGROUND

One of the functions of the Council for Medical Schemes (CMS) is to protect the interests of the beneficiaries at all times. To this end CMS is enjoined to monitor whether or not medical schemes comply with their rules and/ or the provisions of the Medical Schemes Act, 131 of 1998 (MSA) and/ or other legislation relating to medical schemes.

PURPOSE OF THE CIRCULAR

This circular is a call upon all medical schemes to notify CMS in writing-

a) Of a date on which a medical scheme intends to hold an annual general meeting (AGM) or special general meeting (SGM); and
b) Of a date on which a medical scheme intends to hold trustee elections.

NOTIFICATION OF DATES ON WHICH A MEDICAL SCHEME INTENDS TO HOLD AN AGM OR SGM

1. CMS has noted that there is an increase in the number of unsuccessful/ disrupted/ not properly constituted medical schemes' AGMs, at a great cost to the medical schemes. The failure of medical schemes to successfully hold AGMs is often attributed to unruly behaviour by members of medical schemes that are disgruntled with the process that the schemes follow in convening such meetings.

2. CMS intends to monitor whether or not the medical schemes-
    a. Follow the rules of the scheme when convening and conducting AGMs and SGMs.
    b. Take necessary steps to secure the venues where AGMs and SGMs are held, thereby prevent disruption of the AGMs and SGMs.

3. All medical schemes are, therefore, required to annually notify CMS in writing (20 days before convening a meeting in terms of rules) of a date on which they intend to hold an SGM or AGM. The notification shall-
    a. state the date on which the meeting is to be held;
    b. contain a framework, with a timeline illustrating adherence to the notice periods stipulated in rules of a medical scheme, that the medical scheme shall follow to convene and hold a meeting;
    c. state measures that a scheme intends to put in place to protect and secure the venue on the day of the meeting; and
    d. Contain a budget estimate that a medical scheme plans to expend in the holding of the meeting.

4. All medical schemes shall provide CMS with a copy of the notification as well as a meeting pack for such AGM or SGM that each medical scheme sends to its members.

NOTIFICATION OF DATES ON WHICH A MEDICAL SCHEME INTENDS TO HOLD TRUSTEE ELECTIONS

1. CMS has noted that there are several medical schemes that are managed by boards of trustees consisting of persons that do not constitute a quorum as stipulated in terms of each medical scheme's rules.
2. CMS has also noted that a number of medical schemes do not follow the provisions of their rules in conducting elections of trustees. This has in the past caused medical schemes to restart the election process at a great cost to the medical schemes.

3. CMS intends to monitor whether or not the medical schemes-
    a. Follow the rules of the scheme when calling for, and conducting trustee elections.
    b. Take necessary steps to ensure independent, free, fair and credible elections.
    c. Take necessary steps to secure the venues where trustee elections are held, thereby prevent disruption of the trustee elections.

4. All medical schemes are, therefore, required to notify CMS in writing (20 days before commencing with a call for elections in terms of rules) of a date on which they intend to hold trustee elections. The notification shall-
    a. state the date on which the trustee elections are to be held;
    b. contain a framework, with a timeline that illustrates conformance with time periods in rules of a medical scheme, that the medical scheme will follow to convene and hold a meeting;
    c. state measures that a scheme intends to put in place to ensure independent, free, fair and credible elections. This includes measures taken to protect and secure the venue on the day of the meeting.
    d. The notification shall also contain a budget estimate that a medical scheme plans to expend in the conducting and holding of the trustee elections.

EFFECTIVE DATE

This circular is effective immediately upon release. In regard to medical schemes that have already held their AGMs and or elections for 2011, they shall be not be required to comply with this circular for the

current year-2011. The medical schemes that have commenced convening their AGMs or SGMs or calling for elections, but have not yet held the meetings or elections are required to comply with this circular.

Stephen Mmatli
Head: Compliance and Investigations
Council for Medical Schemes