



CIRCULAR

FOR RELEASE ON
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Reference : Savings/trust accounts
Contact : P. Bosch
Telephone : 012 434 0571
Facsimile : 012 431 0671
E-mail : p.bosch@medicalschemes.com
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PERSONAL MEDICAL SAVINGS ACCOUNTS

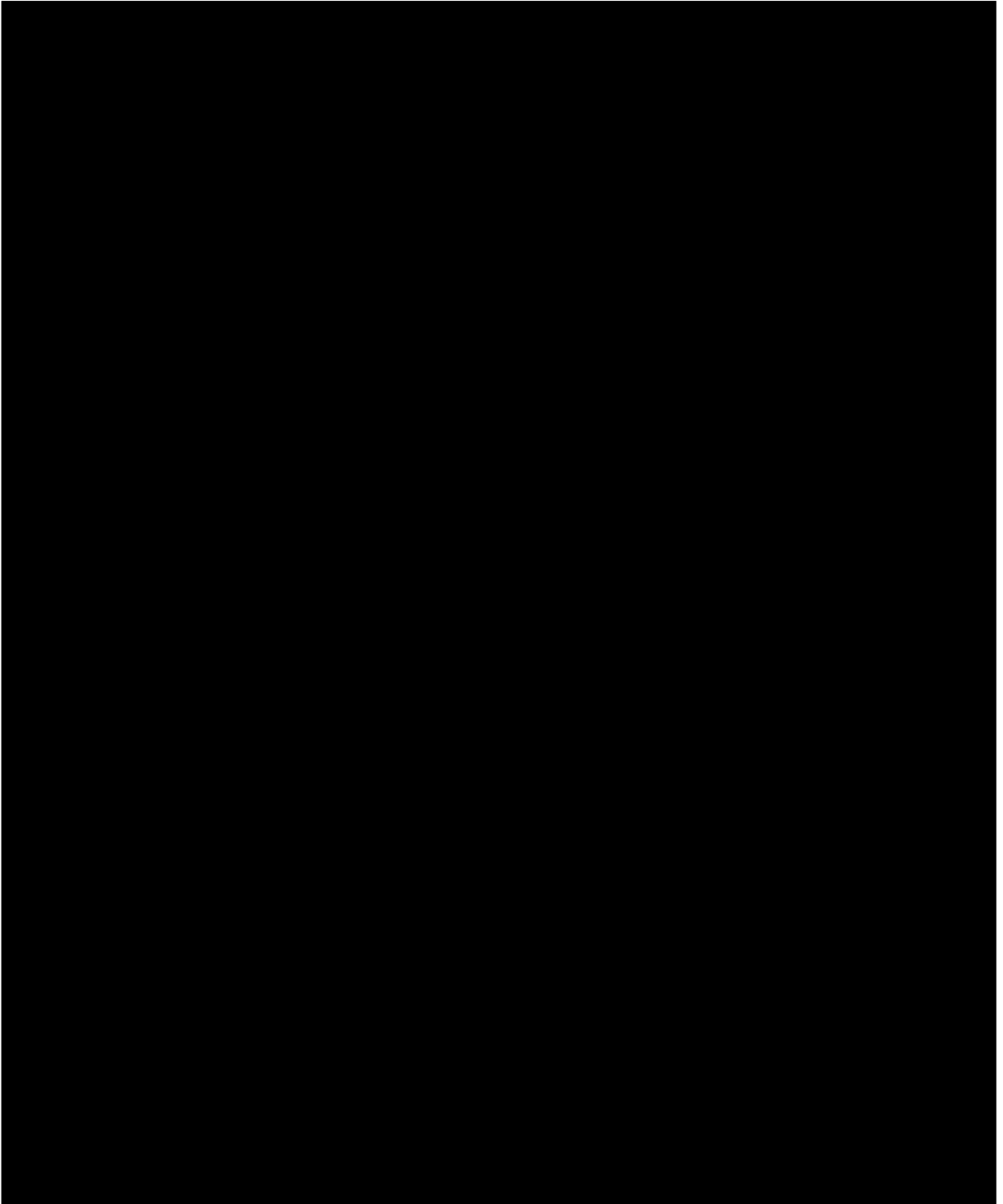
Section 30(1)(e) of the Medical Schemes Act 131 of 1998 (the Act) states that the rules of the scheme may make provision for the allocation to a member of a personal medical savings account (PMSA).

Regulation 10(3) states that funds deposited in a member's personal medical savings account shall be available for the exclusive benefit of the member and his or her dependants.

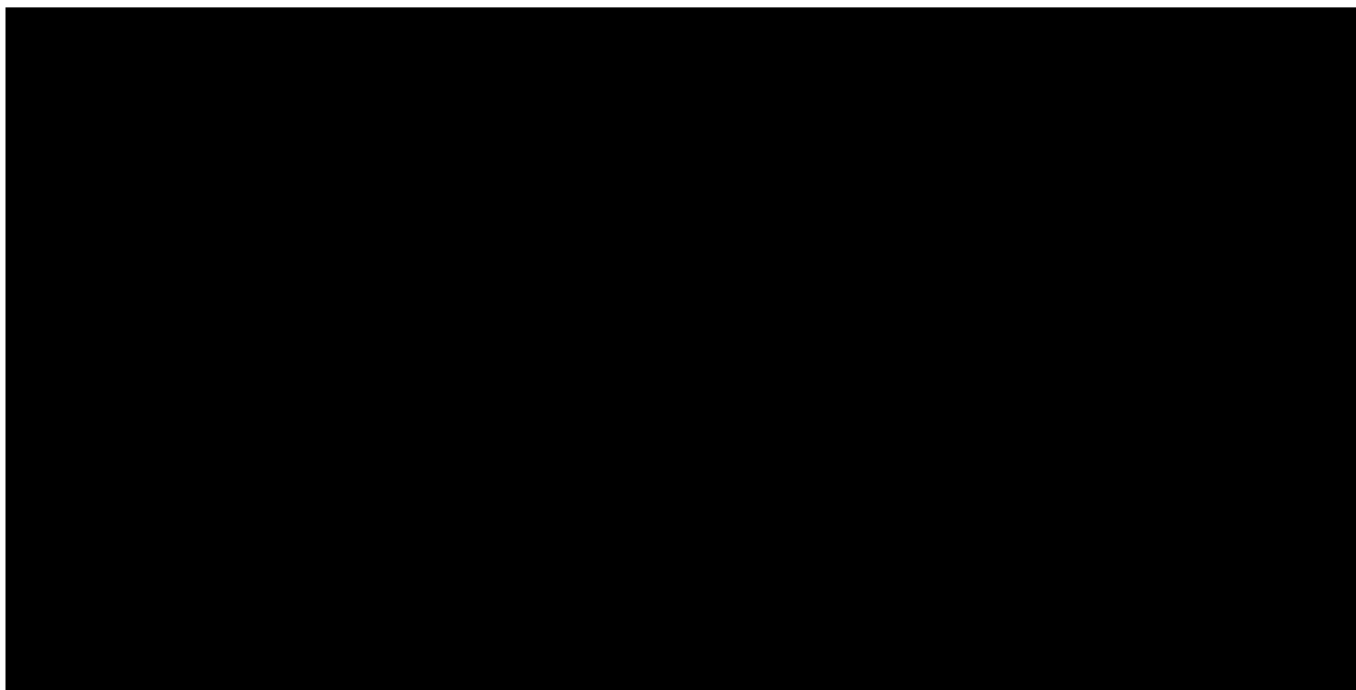
In January 2007 the High Court of South Africa, in the case of Registrar of Medical Schemes vs. The liquidators of Omnihealth and others (case no 18545/06) (the Omnihealth case), ruled that funds standing to the credit of the personal medical savings accounts of the members constitute trust money as defined in section 1 of the Financial Institutions (Protection of Funds) Act 28 of 2001. It also ordered that interest accrued on these amounts must be paid to the members and if any members cannot be located, the balance pertaining to such members must be paid into the Guardians Fund to be administered there under.

Medical schemes were advised of the outcome of this case in May 2007, Press release 4/2007.

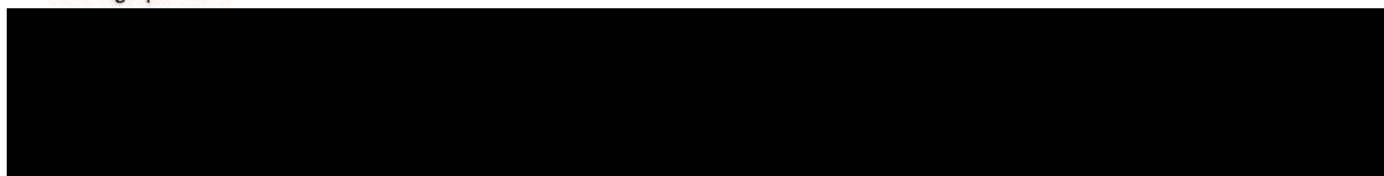
1. Implementation



2. Disclosure in financial statements



The solvency ratio calculation will not change and will continue to be based on gross contributions, inclusive of the savings portion.



A handwritten signature in black ink, appearing to read 'Maziya'.

Tebogo Maziya
Head: Financial Supervision

Council for Medical Schemes

Illustration of financial disclosures relating to Personal Medical Savings accounts.

Savings account monies managed by the scheme on behalf of members

20xx
R'00020yy
R'000

Balance on savings account balances at beginning of the year

Add: savings account contributions received

Interest and other income earned

Transfer from other schemes

Less: Claims paid out of savings

Transfers to other schemes

Refunds on death or resignation

Balance held at the end of the year

Gross contributions

Net contributions per income statement

Savings contributions received

Gross contributions

	20XX R'000	20YY R'000
Relevant Healthcare Expenditure		
Claims incurred excluding claims incurred in respect of risk transfer arrangements		
Current-year claims		
Services provided to members in own facilities		
Movement in outstanding claims provision		
Over/ under provision in prior year		
Adjustment for current year		
Movement in provision arising from liability adequacy test		
Over/ under provision in prior year		
Adjustment for current year		
Claims paid/ charged to savings accounts		
Managed care: healthcare services		