



CIRCULAR

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Reference : Prescribed statement of comprehensive income & PMSA disclosures
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Circular 41 of 2012: Prescribed format for the Statement of Comprehensive Income and disclosure required in respect of Personal Medical Savings Accounts

The income statement format, which adhered to the requirements of International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS), was prescribed by the Registrar of Medical Schemes in Circular 39 of 2007. Changes in IAS necessitated the issuing of a prescribed format for the statement of comprehensive income in Circular 18 of 2009.

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 judgment), ruled that funds standing to the credit of the Personal Medical Savings Accounts (PMSA) of the members constitute trust money as defined in section 1 of the Financial Institutions (Protection of Funds) Act 28 of 2001. Medical schemes were advised of the outcome of this case in May 2007, Press release 4/2007.

The Omnihealth judgement emphasised the need to better describe the various components of a medical scheme contract; to clearly indicate which income and expenditure represents scheme income and expenditure and which represents cash flows that are managed on behalf of the members. This clear distinction is necessary in both the statement of comprehensive income as well as in the disclosure notes to the annual financial statements.

Annexure A to this Circular contains the updated prescribed format of the statement of comprehensive income. Any other material line items than those in the prescribed format are to be disclosed separately on the face of the statement of comprehensive income, following the same "by function" classification. When a specific line item in the prescribed format is not relevant to a scheme, that specific line item may be omitted.

Annexure B to this Circular contains the required disclosure necessary to provide members with sufficient information on how the PMSA monies are managed on their behalf. These disclosures are also included in the SAICA Medical Schemes Accounting Guide for the year ending 31 December 2012. When a specific line item in the prescribed disclosure is not relevant to a scheme, that specific line item may be omitted. Where additional information is necessary, either due to materiality or in terms of IFRS, such additional disclosure should be provided.

Medical schemes shall apply the prescribed format of the statement of comprehensive income and the required disclosure in terms of PMSA monies for annual periods beginning on or after 1 January 2012.



Dr. Monwabisi Gantsho
Registrar of Medical Schemes

Annexure A

Prescribed format of the statement of comprehensive income

Statement of comprehensive income
for the year ended 31 December year y

	Notes	year y R'000	year z R'000
Risk contribution income	3		
Relevant healthcare expenditure			
<i>Net claims incurred</i>			
Risk claims incurred	4		
Third party claim recoveries	x		
<i>Net income/ (expense) on risk transfer arrangement</i>			
Risk transfer arrangement fees/premiums paid	x		
Recoveries from risk transfer arrangement	x		
Profit/ (loss) share arising from risk transfer arrangements	x		
Gross healthcare result			
<i>Net income/ (expense) on commercial reinsurance</i>	x		
Commercial reinsurance premiums paid			
Recoveries from commercial reinsurance			
Profit/ (loss) share arising from commercial reinsurance			
Managed care: management services	x		
Broker service fees	x		
Administration expenditure	x		
Net impairment losses on healthcare receivables	x		
Net healthcare result			
Other income			
Investment income	x		
Income from use of own facilities by external parties	x		
Grants	x		
Sundry income	x		
Other expenditure			
Asset management fees	x		
Cost incurred in provision of own facilities to external parties	x		
Interest paid on savings accounts	x		
Sundry expenses	x		
Net surplus/(deficit) for the year			

Annexure A

Prescribed format of the statement of comprehensive income (continues)

Statement of comprehensive income (continues)
for the year ended 31 December year y

	Notes	year y R'000	year z R'000
Net surplus/(deficit) for the year (continues)			
Other comprehensive income			
Fair value adjustment on available-for-sale investments	x		
Reclassification adjustment*			
Land and buildings revaluation	x		
Total comprehensive income for the year			

* The reclassification adjustment relates to gain/ loss on sale of available-for sale investments which is taken to the income statements within "Investment income".

Annexure B

Required financial statement disclosures relating to Personal Medical Savings Accounts (PMSA)

(only applicable to medical schemes which have PMSA)

	Notes	year y R'000	year z R'000
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1. Personal medical savings account trust monies managed by the scheme on behalf of its members

Balance of personal medical savings account trust liability at the beginning of the year			
Add: Savings account contributions received	3		
Interest and other income earned [redacted]sted			
Transfers from other schemes in terms of Regulation 10(4)			
Less: Claims paid on behalf of members	4		
Transfers to other schemes in terms of Regulation 10(4)			
Refunds on death or resignation in terms of Regulation 10(5)			
Bank charges and investment management fees incurred			
Balances due to members on personal medical savings accounts held in trust at the end of the year			

[redacted]

[redacted]

[redacted]			
[redacted]			
[redacted]			
[redacted]			

3. Risk contribution income

Gross contributions per registered rules			
Less: Savings contributions received*	1		
Risk contribution income per statement of comprehensive income			

* The savings contributions are received by the scheme in terms of Regulation 10(1) and the scheme's registered Rules and held in trust on behalf of its members. Refer to note 1 to the financial statements for more detail on how these monies were utilised.

Annexure B

Required financial statement disclosures relating to Personal Medical Savings Accounts (PMSA) (continues)

(only applicable to medical schemes which have PMSA)

	Notes	year y R'000	year z R'000
4. Risk claims incurred			
Claims incurred excluding claims incurred in respect of risk transfer arrangements			
Current year claims per registered rules			
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 from personal medical savings accounts*	1		
Managed care: healthcare services benefits			
Claims incurred in respect of risk transfer arrangements			
Current year claims incurred in respect of risk transfer arrangements			
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			
Risk claims incurred			
* Claims are paid on behalf of the members from their personal medical savings accounts in terms of Regulation 10(3) and the scheme's registered benefits. Refer to note 1 to the financial statements for a breakdown of the movement in these balances.			