



COUNCIL FOR MEDICAL SCHEMES

**Guideline for the preparation of a business plan pursuant to an application for the registration of a new medical scheme as per Section 22 of the Medical Schemes Act 131 of 1998, as amended.**

**September 2009**

# **Guideline for the preparation of a business plan pursuant to an application for the registration of a new medical scheme**

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# **Guideline for the preparation of a business plan pursuant to an application for the registration of a new medical scheme**

## **1. Introduction**

Section 22 of the Medical Schemes Act 131 of 1998, as amended ("the Act") states:

- "(1) Any person who wishes to carry on the business of a medical scheme shall apply to the Registrar for registration under this Act.*
- (2) An application under subsection (1) shall be accompanied by such documents and particulars as may be prescribed from time to time."*

Regulation 2 of the Act furthermore sets out the information that should be included in the application for registration of a medical scheme and Regulation 2(l) specifically requires a detailed business plan.

The purpose of this document is to guide and assist applicants in preparing an application for approval of a new medical scheme, by the Registrar of Medical Schemes.

## **2. Business plan format**

### **2.1 Executive summary**

#### **2.1.1 Objective**

The applicant must supply sufficient information relating to the purpose for registering a new medical scheme. The application should include amongst other things the following:

- The need/purpose for the proposed medical scheme and its target market.
- The major differences between the proposed medical scheme and its peers (existing medical schemes).
- The mission and objectives for registering the new medical scheme.

### **2.2 Medical Scheme Summary**

#### **2.2.1 Background information in respect of the new medical scheme**

In accordance with Regulation 2, and the Office's requirements, the applicant should provide at least the following information:

- The full name under which the proposed medical scheme is to be registered.
- The date on which the proposed medical scheme is to come into operation.
- The physical and postal addresses of the registered office of the proposed medical scheme.
- The full names, physical and postal addresses of the principal officer and trustees/steering committee of the proposed medical scheme.
- In the case of a restricted membership medical scheme, the name or names of the participating employer(s).
- The name and address of the person who will administer the medical scheme; including an organogram of the administrator and its related parties.

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- The name and address of managed care provider(s) and services to be delivered to the proposed medical scheme; including an organogram of the managed care provider(s) and its related parties.
- The name and address of the auditors of the proposed medical scheme.
- Details of any possible reinsurance contracts to be entered into by the proposed medical scheme.
- Names and relationships of all related parties to the proposed medical scheme, as well as all details regarding the delivering of any services by these related parties to the proposed scheme. The provision of an organogram might be necessary.
- A description of the proposed scheme's structure and corporate governance approach, which should include inter alia:
  - All the internal functions.
  - All the outsourced functions.
  - Composition of the board of trustees.
  - Details of sub-committees (i.e. terms of reference, composition).
  - Details regarding the new scheme's conflict of interest policies and procedures.
  - Details regarding the training of trustees/steering committee members.

In addition to the above information, the applicant should also submit copies of the following:

- Two copies of the rules of the proposed medical scheme, which must comply with Regulation 4(1) of the Act, and which are duly certified by the applicant as being true copies of the rules which will come into operation on the date of registration of the proposed medical scheme or date of commencement of the medical scheme, whichever date is applicable.
- The curriculum vitae of the principal officer and trustees/steering committee of the proposed medical scheme; these curriculum vitae should substantiate the fact that they are fit and proper persons to hold the offices of the new medical scheme.
- A copy of the administration agreement, in the case where the proposed medical scheme is to be administered by an administrator.
- A copy of any other joint-administration agreement between the proposed medical scheme and any other party.
- A copy of any managed care agreements which the proposed medical scheme is planning to enter into.
- The guarantees and the guarantee deposit vouchers as the Registrar may require.
- A detailed statement of service to be undertaken, directly or indirectly, on behalf of the proposed medical scheme by an administrator, broker and/or managed care organisation.
- Proof of payment of the registration fees as prescribed by Regulation 31(a) and (b) of the Act.

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### **2.3 Strategy and implementation**

#### **2.3.1 SWOT analysis of main competitors**

##### **2.3.1.1 Strength and opportunities**

The applicant must give a brief overview of factors considered strengths and being opportunities, as well as the reasons why the applicant considers the factors as such, and the manner in which such factors will assist the proposed new scheme to succeed.

Possible strength factors could include but are not limited to the following:

- A competitive product offering, including the reasons for the proposed scheme being competitive.
- Effective risk management (e.g. capitation arrangements with managed care networks).
- Economies of scale.
- Member involvement.
- Quick hassle free claims turn around as a result of type of systems to be utilized; thus satisfied members.
- Lower administration expenditure per member per month, compared to the current industry average.
- Stable risk pool due to younger, healthier members.
- Good investment strategy.

Possible opportunity factors could include but are not limited to the following:

- Member communication.
- Good risk profile.
- Compulsory membership.
- Advertising / branding.

The above factors merely serve as an example of some of the strengths and opportunities that the proposed scheme may face. Each scheme's circumstances will be different and applicants should not feel obliged to concentrate on or limit their analysis to only the factors mentioned above

##### **2.3.1.2 Weaknesses and threats**

Similarly, an overview of factors considered being weaknesses and threats to the proposed scheme must be provided. The applicant should indicate how the board of trustees/steering committee plans to deal with those threats and weaknesses (i.e. risk mitigation plan).

Factors that could be a threat or even a weakness could include but are not limited to the following:

- Failure to attract sufficient members to grow the new scheme and increase the risk pool.
- Poor risk pool due to higher age profile of new members (high pensioner take-up).
- Deviation in expected average claims patterns

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- Higher take-up of members in low income categories than expected, if income based contribution structures are used.
- Dissatisfied members due to late claim payments.
- Failure to attract sufficient members to increase the size of the risk pool.
- Spiralling cost of medication and private hospital costs thus threatening the solvency and viability of the proposed scheme.
- Potential or looming retrenchments in the industry where most of the prospective members of the scheme operate (i.e. economic factors).
- Statutory regulations/ amendments (i.e. PMBs being paid at cost).
- Threat of HIV/Aids and other chronic diseases.
- Fraud and corruption.
- Poor investment returns.
- Quality of management information.

The above factors merely serve as an example of what could affect the survival of a medical scheme. Each scheme's circumstances will be different and applicants should not feel obliged to concentrate on or limit their analysis to only the factors mentioned above.

### **2.4 Market analysis**

#### **2.4.1 Membership/Target market strategy**

Projections should be made in terms of the proposed membership of the new scheme, including the projections per benefit option.

The applicant should also indicate the target market (i.e. public servants, low income earners, professionals etc.) for the new medical scheme and indicate clearly where they intend obtaining such membership. The applicant should submit at least the following information per option:

- Five-year forecast in terms of membership growth, including reasonability testing.
- Average age of the beneficiaries, including the pensioner ratio. This information should be on a consolidated level as well as on a per option level.
- Geographical area of the projected members, if relevant.
- Projected average family size of the proposed members per option.
- If the proposed contribution tables differentiate between income bands, the applicant should indicate the number of members estimated per income band. If the scheme's contribution tables do not provide for income bands, an indication of the salary income bands of the proposed target market should be provided.
- A detailed marketing and communication strategy indicating how and by when the new medical scheme will achieve the minimum number of 6 000 principal members. It is important to note that Regulation 2(3) of the Act requires that a new scheme obtains the minimum number of principal members within a period of three months of registration of the medical scheme. The applicant should also indicate which channels will be used to

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communicate to its target market (i.e. employer group, trade unions, brokers etc.).

- Customer needs analysis.
- The applicant should compare the new scheme's target market to the industry and determine whether the new medical scheme will be attractive to the proposed target market, compared to its peers.
- The applicant should provide any letter(s) of intent by prospective employers, if applicable.

It should be noted that the recommended minimum number of members per option is 2 500 principal members.

Furthermore, the scheme is required to provide its estimated membership mix. Below is an example of how the proposed scheme's options could show its membership mix:

<b>Membership mix</b>	<b>Average members</b>	<b>Ratio</b>	<b>Average beneficiaries</b>	<b>Ratio</b>
<b>Option 1</b>				
R0 - R1 000				
R1 001 – R3 000				
R3 001 – R5 000				
R5 000 plus				
<b>Option 2 (no income bands)</b>				
<b>Total scheme</b>				

### **2.4.2 Market comparison**

The applicant should furthermore submit a detailed competitive comparison with the peers (primary competitors) of the proposed new scheme. The following information should, as a minimum be included in the analysis:

- Comparable benefits (i.e. similar offerings by competitors).
- Range of options (i.e. number of options).
- Differentiations in respect of level of benefits:
  - Broad categories (in-hospital/chronic/out of hospital).
  - Overall limit range.
  - Limit on day-to-day benefits.
  - Limit on non-PMB chronic benefits.
  - Network/capitated
- Differentiation in respect of structure of benefits:
  - Traditional.
  - New generation.
  - Network.
- Comparison of contributions

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The table below merely serves as an example and should be adjusted relevant for the new scheme's options, compared to its peers' options:

<b>Name</b>	<b>New medical scheme Option 1</b>	<b>Medical scheme – Peer A Option 1</b>	<b>Medical scheme – Peer B Option 5</b>
Type	Traditional – Fee for service	New generation – negotiated fee for service	Traditional – Fee for service
Income bands	< R1 000 R1 001 – R3 000 R3 001 – R5 000 > R5 000	No income bands	< R4 000 > R4 000
Average Contributions	<ul style="list-style-type: none"> <li>• R3 000 per member per month</li> <li>• R1 000 per beneficiary per month</li> </ul>	<ul style="list-style-type: none"> <li>• R2 500 per member per month</li> <li>• R2 200 per beneficiary per month</li> </ul>	<ul style="list-style-type: none"> <li>• R3 100 per member per month</li> <li>• R1 300 per beneficiary per month</li> </ul>
In-hospital benefits (overall limits & Rate)	Unlimited	Unlimited	R2 000 000 per family per annum
Out-hospital benefits (overall limits & Rate)	Unlimited	Limited to NRPL	Limited to 200% of NRPL
Chronic conditions	Formulary PMB	PMB	Formulary PMB plus 8 other chronic conditions limited to R10 000 per family.
Personal Medical Savings Accounts	N/A	15% of total contributions	20% of total contributions

### **2.5. Benefit design**

The applicant should provide for the following information regarding its proposed benefit options:

- The number and names of the proposed benefit options to be registered.
- The main objectives of the different benefit option(s) (i.e. illustrating the uniqueness of the proposed options).
- The benefit structure of the benefit option(s) as well as the main objective/purpose for the registration of such option(s).
- A summary of the membership profile per option. For example:
  - Average age.
  - Family size.
  - Pensioner ratio (65+ years).
  - Chronic profile.



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Below is an example of how the proposed scheme's options could be summarised:

Option 1	Option 2
Traditional option	Traditional option
Income bands: <ul style="list-style-type: none"> <li>• R0 - R1 000</li> <li>• R1 001 – R3 000</li> <li>• R3 001 – R5 000</li> <li>• R5 000 plus</li> </ul>	No income bands
Average family size: 2.7	Average family size: 2.5
Average age: 27.4 yrs	Average age: 28.6 yrs
Pensioner ratio: 2.9%	Pensioner ratio: 3.4%
No. of chronic beneficiaries: 35.1%	No. of chronic beneficiaries: 23.2%
Average contributions: <ul style="list-style-type: none"> <li>• R2 000 per member per month</li> <li>• R1 000 per beneficiary per month</li> </ul>	Average contributions: <ul style="list-style-type: none"> <li>• R2 200 per member per month</li> <li>• R1 200 per beneficiary per month</li> </ul>
<ul style="list-style-type: none"> <li>• No overall hospital limit</li> <li>• 200% of NRPL</li> <li>• sub limits applicable</li> </ul>	<ul style="list-style-type: none"> <li>• No overall hospital limit</li> <li>• 100% of NRPL</li> <li>• sub limits applicable</li> </ul>
No Threshold	Threshold: M = R5 300 AD = R3 800 CD = R1 700
Chronic conditions Formulary PMB	Chronic condition      Formulary extended limited to: <ul style="list-style-type: none"> <li>• R6 000 pb</li> <li>• R12 000 pf</li> </ul>
General practitioners - Unlimited	General practitioners – Limited to 20 visits per family
Specialist services - Unlimited	Specialist services – Limit of R50 000 per family
Surgical procedures – limit of R20 000 per family	Surgical procedures – No benefit

pf = per family

pb = per beneficiary

PMB = Prescribed Minimum Benefits

M = Member

AD = Adult Dependent

CD = Child Dependent

## 2.6 Pricing strategy

### 2.6.1 Contributions

The applicant should provide details of its proposed contribution tables per option as well as the underlying reasons for the pricing of the contributions.

This should also be included in the rules of the proposed scheme.

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### Option 1

The following table depicts an example of the contribution structure of income based option(s):

Income bands	Member	Adult dependant	Child dependant
R0 – R1 000			
R0 – R1 000 (savings)			
R1 001 – R3 000			
R1 001 – R3 000 (savings)			
R3 001 – R5 000			
R3 001 – R5 000 (savings)			
R5 001 plus			
R5 001 plus (savings)			

### Option 2

The following table depicts the contribution table for an option(s), which is not income based:

	Member	Adult dependant	Child dependant
Option 2			
Option 2 (savings)			

It is very important to note the basis for arriving at the monthly contribution rate charged. The breakdown of the monthly contribution could be on a per member per month / per beneficiary per month basis.

The following table depicts the minimum information to be disclosed:

Description	Option 1				Option 2			
	pmpm	% of GCI	pbpm	% of GCI	pmpm	% of GCI	pbpm	% of GCI
Risk portion – Health related								
Risk portion – Non-health related								
Savings portion								
Contribution to Reserves/Investment income								
<b>Total proposed premium per month</b>								

pmpm=per member per month  
pbpm=per beneficiary per month  
GCI=Gross Contribution Income

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The assumptions to the above figures should also be provided per benefit option. The following are a few examples of assumptions to be documented:

- Description of data used.
- Price inflation.
- Age adjustments.
- Benefit changes.
- Non-health expenditure.
- Investment return.
- Reserve loading.
- Demographic profile of members:
  - Average age.
  - Pensioner ratio (65+ years).
  - Average family size per option.
  - Chronic profile.
  - Income profile.
- Subsidy (if any) assumptions and the impact on the proposed contributions table.

This merely serves as a guide and is not in any way exhaustive of the assumptions that may be used. A detailed explanation of both the assumptions and the basis or impact of the assumptions on the financial position will prove useful.

### **2.6.2 Affordability of contributions**

Based on the fact that an option would be targeted at a specific income group, the scheme should further comment on the affordability of the new option in relation to the household income (e.g. 22.5% of a member's household income (monthly) will go towards medical aid contributions). The scheme must also give an indication of how many members receive employer subsidies.

	<b>Option 1</b>		<b>Option 2</b>	
		<b>% of salary</b>		<b>% of salary</b>
Contribution per member per month	<b>R400</b>		<b>R800</b>	
Salary bands	R1 000	40.0%	R 8 000	10.0%
	R3 000	13.3%	R10 000	8.0%
	R5 000 +	8.0%	R12 000 +	6.6%
Contribution per beneficiary per month	<b>R300</b>		<b>R600</b>	
Salary bands	R1 000	30.0%	R 8 000	7.5%
	R3 000	10.0%	R10 000	6.0%
	R5 000 +	6.0%	R12 000 +	5.0%

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### 2.6.3 Benefits

The projected claims costs for each benefit option should be listed in the business plan on a per member / beneficiary per month basis. The following is an example of the minimum information to be disclosed:

Pricing of contribution	Option 1				Option 2			
Year Start	pmpm	% of GCI	pbpm	% of GCI	pmpm	% of GCI	pbpm	% of GCI
In-hospital benefits								
Chronic benefits								
MRI & CT scans								
Oncology								
Internal Prosthesis								
Dialysis								
Optical								
Dentistry								
Radiology								
Pathology								
GP's & Specialists								
ATB								
Threshold benefits								
Capitated benefits								
- PMB								
- Non-PMB								
<b>Total benefit</b>								

The level of any co-payments should also be disclosed.

Where a scheme enters into any capitation arrangements, the scheme should submit a copy of the proposed contract, as well as a detailed list of all services covered in the proposed agreement. The capitation fee paid should also be justified.

### 2.6.4 Non-health expenditure

The applicant should perform a detailed analysis of the non-health expenditure per benefit option, expressed as a percentage of gross contribution and on a member / beneficiary per month basis. For example:

Total non-health costs	Option 1				Option 2			
	pmpm	% of GCI	pbpm	% of GCI	pmpm	% of GCI	pbpm	% of GCI
Administration expenditure								
-Administration fees								
-Other administration expenditure								
Managed care: management services								
Broker fees								
Commercial Reinsurance								
Impairment losses								
<b>Total</b>								

pmpm – per member per month  
pbpm – per beneficiary per month  
GCI – Gross Contribution Income

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Details of the other administration costs should also be provided. If administration costs exceed 10% of contributions, an explanation should be provided.

The scheme should also provide a list of managed care providers it has contracts with, a description of the service to be provided together with copies of the contracts.

### **2.6.5 Reserve building**

The applicant should indicate the extent to which the net operations will contribute to reserve building and clearly state how the new medical scheme will meet the following solvency requirements as per Regulation 29(3A) of the Act:

- 10.0% - during the first year after the scheme was registered
- 13.5% - during the second year
- 17.5% - during the third year
- 22.0% - during the fourth year
- 25.0% - from the fifth year onwards

Details of the scheme's reserve pooling should also be provided.

It is also useful to analyse the impact on the proposed scheme's reserves (sensitivity analysis) using different scenarios for example:

- The impact of different utilisation patterns on the projected solvency levels.
- The impact of different risk profiles of projected members on the projected solvency levels.
- Increase in the proportion of lower income members joining the option.
- The impact of different membership targets on the projected solvency levels.

The above-mentioned analysis could be summarised as follow:

<b>Scenario</b>	<b>% change in contributions required to sustain reserves</b>	<b>% change in the end-period reserves if contributions are unchanged</b>
A		
B		
C		
D		

A break-even analysis illustrating the minimum required income to cover all claims and non-health costs, and all assumptions used for the year on year increases should be included.

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### **2.7 Risk management**

Risk management is a key component of scheme management. A clear policy on how the new scheme plans to minimize its exposure to risk can take countless forms that could include any of the following:

- Risk transfer arrangements with managed health care providers where an element of risk is transferred to the provider or is shared between the new scheme and the provider.
- Capping of claims payable to contracted providers in return for unlimited services to members, thus reducing exposure to high inherent claims risk.
- For schemes that do not have large membership, reinsurance can afford them an effective vehicle to manage and contain risk. It should be noted that it is the responsibility of the Board of Trustees to consider the need for such reinsurance and to comply with Section 20(3) of the Act, in this regard.

The applicant should provide full details of possible risk management tools to be implemented. Any proposed risk sharing arrangements should be supported by appropriate reasons for implementation thereof (i.e. need analysis).

### **2.8 Financial plan**

The applicant should provide details of the financial projections of the overall scheme and per option. The projections should cover a period of at least five full calendar years.

Projections shall comprise of at least the following information (this should also be submitted electronically):

- a) A detailed consolidated statement of comprehensive income per month. Please refer to Annexure A.
- b) A detailed statement of comprehensive income per benefit option per month for the first year operation. Please refer to Annexure A.
- c) A detailed consolidated year to date statement of comprehensive income for 5 years or up to whenever the scheme expects to reach the required solvency margin. Please refer to Annexure B.
- d) Projected reserve level and solvency ratio. Please refer to Annexure C.
- e) Projected consolidated cash flow statement.
- f) Projected cash flow statement per month for the first year of operations. Please refer to Annexure D.

It should be noted that until such time that the Risk Equalisation Fund (REF) legislation has been passed; no reference to it can/should be made by schemes in their business plan submission i.e. projections should not incorporate monies received / paid into REF.

### **2.9 Independent review**

The applicant may wish to seek the services of an expert to evaluate some aspects, especially with regards to the proposed benefit design of the new medical scheme. The evaluation sought must be addressed to the Board of Trustees/steering committee of the proposed scheme.

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The person to perform an evaluation is not limited to an actuary and an evaluation can be performed by any person with the appropriate skills in statistics, health economics and actuarial science etc.

The evaluation shall at minimum report on the appropriateness and adequacy of the following:

- a) Contributions, taking into account the level of benefits offered by the proposed scheme.
- b) The level of contribution to be utilised towards reserve building.
- c) The level of non health expenditure.
- d) Brokerage commission.
- e) Overall risks faced by the proposed scheme and the extent to which the proposed scheme is vulnerable or covered against these risks.
- f) Sensitivity analysis.

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## 3. Annexures to the business plan

### 3.1 Annexure A – specimen monthly statement of comprehensive income (consolidated and per option)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
<b>Net contribution income</b>													
<b>Relevant healthcare expenditure</b>													
Net claims incurred													
Claims incurred													
Third party claims recoveries													
Net income / (expense) on risk transfer arrangements													
Risk transfer arrangement fees / premiums paid													
Recoveries from risk transfer arrangements													
Profit / (loss) share arising from risk transfer arrangements													
<b>Gross healthcare result</b>													
Net income/(expense) on commercial reinsurance													
Commercial reinsurance premiums paid													
Recoveries from commercial reinsurance													
Profit / (loss) share arising from commercial reinsurance													
Managed care: management services													
Broker service fees													
Administration expenses													
Net impairment losses on healthcare receivables													
<b>Net healthcare result</b>													
<b>Other income</b>													
Investment income													
Income from use of own facilities by external parties													
Grants													
Sundry income													



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### Other expenditure

Asset management fees  
Cost incurred in provision of own facilities  
to external parties  
Interest paid on savings accounts  
Sundry expenses

### Net surplus/(Deficit) for the year

### Other comprehensive income

Fair value adjustment on available for sale investments  
Reclassification adjustment\*  
Land and buildings revaluation

### 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 statement within "investment income".

Projected accumulated funds  
Projected solvency ratio

Number of principal members  
Number of beneficiaries  
Pensioner ratio (65+ years)  
Average age per beneficiary

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### 3.2. Annexure B – specimen year-to-date statement of comprehensive income

(Please note that the scheme should provide forecasts until they reach the minimum solvency level of 25%)

	Year 1	Year 2	Year 3
<b>Net contribution income</b>			
<b>Relevant healthcare expenditure</b>			
Net claims incurred			
Claims incurred			
Third party claims recoveries			
Net income / (expenses) on risk transfer arrangements			
Risk transfer arrangement fees / premium paid			
Recoveries from risk transfer arrangements			
Profit / (loss) share arising from risk transfer arrangements			
<b>Gross healthcare result</b>			
Net income / (expenses) on commercial reinsurance			
Commercial reinsurance paid			
Recoveries from commercial reinsurance			
Profit / (loss) share arising from commercial reinsurance			
Managed care: management services			
Broker service fee			
Administration expenses			
Net impairment losses on healthcare receivables			
<b>Net healthcare result</b>			
<b>Other income</b>			
Investment income			
Income from use of own facilities by external parties			
Grants			
Sundry income			
<b>Other expenditure</b>			
Asset management fees			
Cost incurred in provision of own facilities to external parties			
Interest paid on savings accounts			
Sundry expenses			
<b>Net surplus/(deficit) for the year</b>			

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	Year 1	Year 2	Year 3
<b>Net surplus/(deficit) for the year continued</b>			
<b>Other comprehensive income</b>			
Fair value adjustment on available for sale investments			
Reclassification adjustment*			
Land and buildings revaluation			
<b>Total comprehensive income for the year</b>			

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

Projected accumulated funds  
Projected solvency ratio

Number of principal members  
Number of beneficiaries  
Pensioner ratio (65+ years)  
Average age per beneficiary

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**3.3. Annexure C – specimen for year to date cash flow statement**

	<b>Year 1</b>	<b>Year 2</b>
<b>Cash flow from operating activities</b>		
Revenues excluding investment income		
Operating expenses excluding depreciation and non cash items		
Cash flow from operations before working capital		
Working capital changes		
- (Increase)/decrease in inventories		
- (Increase)/decrease in trade and other receivables		
- (Decrease)/increase in trade and other payables		
- (Decrease)/increase in outstanding claims provision		
- (Decrease)/increase in savings plan liability		
Cash generated from operations		
Interest paid		
Other (specify)		
<b>Net cash inflow/(outflow) in operating activities</b>		
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment		
Proceeds from disposal of property, plant and equipment		
Purchase of investment property		
Proceeds on disposal of investment property		
Purchase of investments		
Proceeds on disposal of investments		
Interest received		
Dividend received		
Rentals received		
Other (specify)		
<b>Net cash inflow/(outflow) in investing activities</b>		
<b>Cash flows from financing activities</b>		
(Repayments)/increase in borrowings		
Other (specify)		
<b>Net cash inflow/(outflow) in financing activities</b>		
<b>Net increase in cash and cash equivalents</b>		
Cash and cash equivalents at the beginning of the year		
<b>Cash and cash equivalents at the end of the year</b>		

## Guideline for the preparation of a business plan pursuant to an application for the registration of a new medical scheme

### 3.4. Annexure D – specimen monthly cash flow statement

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
<b>Cash flows from operating activities</b>													
Revenues excluding investment income													
Operating expenses excluding depreciation and non cash items													
Cash flow from operations before working capital changes													
Working capital changes													
Cash flow from operations before working capital changes													
- (Increase)/decrease in inventories													
- (Increase)/decrease in trade and other receivables													
- (Decrease)/increase in trade and other payables													
- (Decrease)/increase in outstanding claims provision													
- (Decrease)/increase in savings plan liability													
Cash generated from operations													
Interest paid													
Other (specify)													
Net cash inflow/(outflow) in operating activities													
<b>Cash flows from investing activities</b>													
Purchase of property, plant and equipment													
Proceeds from disposal of property, plant and equipment													
Purchase of investment property													
Proceeds on disposal of investment property													
Purchase of investments													
Proceeds on disposal of investments													
Interest received													
Dividend received													
Rentals received													

## **Guideline for the preparation of a business plan pursuant to an application for the registration of a new medical scheme**

Other (specify)

Net cash inflow/(outflow) in investing activities

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### **Cash flows from financing activities**

(Repayments)/increase in borrowings

Other (specify)

Net cash inflow/(outflow) in financing activities

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### **Net increase in cash and cash equivalents**

Cash and cash equivalents at the beginning of the year

**Cash and cash equivalents at the end of the period**

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