



Reference: Annual General Meeting("AGM"), Special General Meeting("SGM")
& Trustee Election notification

Contact person: Ms Neo Mminzelwa

Tel: 012 431 0568

E-mail: agm@medicalschemes.com

Date: 05 March 2019

CIRCULAR 17 OF 2019: SCHEMES NOTIFICATION FOR CONDUCTING SCHEME MEETINGS AND ELECTIONS

BACKGROUND

The Council for Medical Schemes (CMS) is enjoined to protect the interests of the beneficiaries at all times. To this end, the CMS monitors medical schemes' compliance with rules and the provisions of the Medical Schemes Act, No. 131 of 1998 (the Act) as well as other legislation relating to medical schemes.

PURPOSE OF THIS CIRCULAR

The CMS is preparing to monitor medical schemes' general meetings, against the background of incidents where meetings have previously been disrupted by members who were disgruntled with the process that schemes follow in convening general meetings; as well as meetings convened contrary to the rules of the scheme, and elections conducted in a questionable manner.

This Circular is a call upon medical schemes to notify the CMS in writing-

- a) of a date and venue on which a medical scheme intends to hold an AGM or SGM;
- b) of a date on which a medical scheme intends to hold trustee elections;
- c) information regarding the geographical area/venue in which the scheme intends to hold its AGM, SGM or trustee elections.

NOTIFICATION PROCESS FOR SUBMISSION OF INFORMATION TO THE CMS - DUE 22 MARCH 2019

1. All medical schemes are required at the beginning of every year to give written notice to the CMS pertaining to information on convening the scheme meeting in terms of the rules, of a date on which they intend to hold an AGM, SGM or trustee election meeting.

The notification shall:

- a) state the date on which the meeting will be held;
- b) state the venue or geographical area in which the scheme intends to hold its meeting; and
- c) state whether or not the scheme will be holding elections for the 2019 financial period.

Medical Schemes are required to submit the required information to the CMS by 22 March 2019. The purpose for requesting information regarding the dates prior to the schemes issuing the AGM notifications, is to allow the CMS ample time to publish such information on social media platforms as a way of encouraging medical scheme members to participate in such meetings.

2. All medical schemes are required to annually notify the CMS in writing (20 days before convening a meeting in terms of the scheme 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 or elections will be held;
- b) contain a framework that shall be followed by the medical scheme to convene and hold such meeting or elections, such framework must have a timeline illustrating adherence to the notice periods stipulated in the rules of a medical scheme;
- c) state measures that a scheme intends to put in place to protect and secure the venue on the day of the meeting or elections;
- d) contain a detailed budget estimate that a medical scheme plans to expend in the holding of such meeting; and
- e) comprehensive measures that have been put in place to ensure the scheme provides their members with timeous notifications of such meetings.

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

3. All medical schemes are, therefore, required to notify CMS in writing (20 days before commencing with a call for elections in terms of the scheme 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 period 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) contain the detailed vetting process undertaken as well as the vetting reports conducted for every elected/nominated trustee in line with section 57 of the Medical Schemes Act as well as the attached [vetting questionnaire](#);
- e) contain a detailed budget estimate that a medical scheme plans to expend in the holding of such elections; and
- f) state measures that a scheme intends to put in place to ensure that members receive cost effective notification in electronic format (e-mails and or short message services "sms").

The CMS has noted that there are several medical schemes that do not follow provisions of their rules in conducting election of trustees and that has led some medical schemes in the past to restart the election process at a great cost to the medical scheme. To ensure compliance with the rules, the CMS intends to monitor whether or not the medical schemes-

- a) Follow the rules of the scheme when calling for, and conducting elections;
- b) Take necessary steps to ensure independent, free, fair and credible elections;
- c) Take necessary steps to secure venues where trustee elections are held, thereby prevent disruptions of the trustee election;
- d) Ensure that the meeting has reached a quorum that is constituted by members in good standing that are in the meeting room at the time of the election.

SUBMISSION OF THE ATTENDANCE REGISTER POST THE SCHEME MEETING

4. The CMS has noted that there are several medical scheme meetings wherein persons that do not constitute quorum have been allowed to attend and at times participate in these meetings, example consultants, auditors, employees of administrators, managed health care organisations and brokerages.

Medical schemes should therefore put measures in place to ensure members in good standing are clearly distinguished from visitors, consultants and non-members in order to promote that only eligible members can vote at general meetings.

To ensure a fair process, schemes are requested to submit a copy of the attendance register clearly distinguishing non-members and members in good standing to the CMS within 24 hours after the meeting has been convened.

CORRESPONDENCE

All correspondence regarding AGMs, SGMs or trustee elections must be directed only to agm@medicalschemes.com.

This Circular is effective upon the date of release.



DR. SIPHO KABANE
CHIEF EXECUTIVE & REGISTRAR
COUNCIL FOR MEDICAL SCHEMES