



**MODEL RULES FOR
MEDICAL SCHEMES REGISTERED UNDER THE
MEDICAL SCHEMES ACT, 1998 (ACT NO. 131 OF
1998)**

Enquiries must be forwarded to the dedicated e-mail addresses or fax number reflected below:

Contact : Mpho Sehloho
Facsimile : 012 431 0633
E-mail : m.sehloho@medicalschemes.com

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MODEL RULES

1 **NAME** {Sec 23}

The name of the Scheme is, hereinafter referred to as the "Scheme".

The abbreviated name is *(if applicable)*

2 **LEGAL PERSONA** {Sec 26}

The Scheme, in its own name, is a body corporate, capable of suing and of being sued and of doing or causing to be done all such things as may be necessary for or incidental to the exercise of its powers or the performance of its functions in terms of the Medical Schemes Act and regulations and these rules.

3 **REGISTERED OFFICE** {Sec 26(10)}

The registered office of the Scheme is situated at... *(insert physical address which must be in the Republic of South Africa)*, but the Board may transfer such office to any other location in the Republic of South Africa, should circumstances so dictate and members duly notified in terms of rule 33.

4 **DEFINITIONS**

In these rules, a word or expression defined in the Medical Schemes Act (Act 131 of 1998) bears the meaning thus assigned to it and, unless inconsistent with the context, a word in the singular number includes the plural, and vice versa; and the following expressions have the following meanings:

4.1. **"Act"**

the Medical Schemes Act (Act No 131 of 1998), including any regulations under Section 67 thereof.

4.2. **"Approval"**

prior written approval of the Board or its authorised representative.

4.3. **"Auditor"**

means an individual or firm that is a registered auditor as defined in Section 1 of the Auditing Professional Act, 2005

4.4. **"Adult dependant"**

a person who has reached the age of 21 to whom the member is liable for family care and support. *(schemes have a discretion as to this age for purposes of collection of contribution, but cannot be lower than 18)*

4.5. "Beneficiary"

a member or a person admitted as a dependant of a member.

4.6. "Board"

the Board of Trustees constituted to manage the Scheme in terms of the Act and these rules.

4.7. "Child" {Sec 1: Definition of dependant; Sec 28}

a member's natural child; or a stepchild; or legally adopted child or a child in the process of being legally adopted; a foster child or a child in the process of being placed in foster care; or any child for whom the member has a duty of support; or a child who is factually being cared for by the member including an orphaned child; or a child has been placed in the custody of the member or his/her spouse or partner and who is not a beneficiary of any other medical scheme and who is under the age of 18.

4.8. "Child dependant" {Reg 1}

means a child who is permitted under the rules of a medical scheme to be a dependant.

4.9. "Immediate family member"

4.9.1 A member's spouse or life partner and any child born from their liaison;

4.9.2 Any other child of the member or of his or her spouse or life partner;

4.9.3 A grandchild or parent of the member or of his or her spouse or life partner;

4.9.4 Any other relative of the member or of his or her spouse or life partner who is wholly or partly dependent on the person, spouse or life partner for maintenance and in fact receives maintenance from that quarter.

4.10 "Condition specific waiting period"

a period not exceeding 12 months during which a beneficiary is not entitled to claim benefits in respect of a condition for which medical advice, diagnosis, care or treatment was recommended or received within the twelve-month period ending on the date on which an application for membership was made.

4.11 "Continuation member"

a member who retains his/her membership of the Scheme in terms of rule 6.2 or a dependant who becomes a member of the Scheme in terms of rule 6.3.

4.12 "Contracted fee"

the fee determined in terms of an agreement between the scheme and a service provider or group of providers in respect of the payment of relevant health services. The definition shall have the

same meaning as “negotiated fee” and/or “agreed tariff”.

4.13 "Contribution"

means a member's recurrent payment to the medical scheme made in accordance with a contribution table complying with Annexure... *(Insert the relevant reference)* of these rules, for the purpose of qualifying for benefits offered by the medical scheme in terms of its rules.

4.14 "Council"

the Council for Medical Schemes established by Section 3 of the Medical Schemes Act.

4.15 "Cost"

in relation to a benefit, the total amount payable in respect of a relevant health service charged.

4.16 "Creditable coverage"

any period during which a late joiner was:

- 4.16.1 a member or a dependant of a medical scheme;
- 4.16.2 a member or a dependant of an entity doing the business of a medical scheme which, at the time of his/her membership of such entity, was exempt from the provisions of the Act;
- 4.16.3 a uniformed employee of the South African National Defence Force, or a dependant of such employee, who received medical benefits from the South African National Defence Force;
or
- 4.16.4 a member or a dependant of the Permanent Force Continuation Fund,
but excluding any period of coverage as a dependant under the age of 21 years.

4.17 "Dependant" {Sec 1(1); Sec 28}

In relation to a member, means:

- 4.17.1 a member's spouse or life partner who is not a member or a registered dependant of a member of a medical scheme;
- 4.17.2 a dependent child (including a dependent stepchild) and the dependent child's dependent child;
- 4.17.3 any other relative of a member in respect of whom the member –
 - 4.17.3.1 Is in law under a duty to provide for family care and maintenance or support;
or
 - 4.17.3.2 In fact provides such care and maintenance or income support;
- 4.17.4 any other person who, under the rules of a medical scheme, is recognised as a dependant of a member.

4.18 “Dependent”

in relation to a dependant other than the member’s spouse or partner, a person reliant on a member for family care and support including a child who, due to a mental or physical disability, is dependent upon the member.

4.19 “Designated service provider”

means a health care provider or group of health care providers selected and formally contracted by a medical scheme as its preferred service provider or providers to provide relevant health care services to its members.

4.20 “Domicilium citandi et executandi”

the member’s chosen physical address at which notices in terms of rules 11 and 13 as well as legal process, or any action arising there from, may be validly delivered and served.

4.21 “Emergency medical condition”

means a condition manifesting itself in the sudden and, at the time, unexpected onset of a health condition which requires immediate medical or surgical treatment, where failure to provide such medical or surgical treatment is likely:

4.21.1 to result in:

4.21.1.1 the serious impairment of the bodily functions of an individual or unborn child;
or

4.21.1.2 the serious dysfunction of a bodily organ or part of the individual or unborn child; or

4.21.2 to place the life of the individual or unborn child in jeopardy.

4.22 "Employee"

a person in the employment of an employer.

4.23 "Employer" (*name the employer and associated employers, if any, in the case of a restricted membership scheme*)

a participating employer who has contracted with the Scheme for purposes of admission of its employees as members of the Scheme (*in the case of any other scheme*)

4.24 “Ex gratia”

In relations to payment of relevant healthcare claims means, an extraordinary, discretionary payment where the beneficiary's ordinary benefit limits are exceeded and where reasonable cause and necessity is determined.

4.25 "Fit and proper"

In relation the Principal Officer and Board of Trustees so appointed or elected to direct and oversee the operation and management of the business of the medical scheme, means persons who are not affected by rules 19.17, 19.23 and 19.25 hereof.

4.26 "Former employment"

In relation to previous employees on a medical scheme, means eligibility on a restricted scheme upon termination due to ill-health or retirement from the employer.

4.27 "Income"

for the purposes of calculating contributions in respect of:

- 4.27.1 an individual member - gross monthly earnings; or
- 4.27.2 a member who registers a spouse or partner as a dependant - the higher of the member or spouse's or partner's earnings;

4.28 "Late joiner"

an applicant or the adult dependant of an applicant who, at the date of application for membership or admission as a dependant, as the case may be, is 35 years of age or older but excludes any beneficiary who enjoyed coverage with one or more medical schemes as from a date preceding 1 April 2001, without a break in coverage exceeding 3 consecutive months since 1 April 2001. {Reg 11}

4.29 "Medical scheme rate"

means the unit of value, generally corresponding to provider fees (including directly negotiated provider fees) that is used by a medical scheme to determine the extent to which it will directly or indirectly compensate a member in respect of a relevant health service received by the member or any of his dependants.

4.30 "Member"

any person who is admitted as a member of the Scheme in terms of these rules.

4.31 "Member family"

the member and all the registered dependants.

4.32 “Minor”

Any person younger than the age of 21 who is admitted as a member of the scheme with the consent of a guardian or as a dependant.

4.33 “Pay(ment) in full”

In relation to a PMB, means payment according to the service provider’s invoice (i.e. cost) for relevant healthcare services rendered.

4.34 “Partner”

a person with whom the member has a committed relationship based on objective criteria of mutual dependency, irrespective of the gender of either party.

4.35 “Prescribed minimum benefits (PMBs)” {Reg 7}.

Means the benefits contemplated in Section 32H of the Act which are available to beneficiaries on all registered options

4.36 “Prescribed minimum benefit condition”

a condition contemplated in the Diagnosis and Treatment Pairs listed in Annexure A of the Regulations or any emergency medical condition. {Reg 7}

4.37 “(Personal) Medical Savings Account (PMSA)” (where applicable)

means a savings facility provided to a member within a benefit option, which:

- 4.37.1 Is owned by the member;
- 4.37.2 Is operated and managed by the scheme;
- 4.37.3 Is held in trust by the medical scheme for the member;
- 4.37.4 Does not form part of the medical scheme’s assets and liabilities; and
- 4.37.5 Is subject to the provisions of the Financial Institutions Act 28 of 2001

4.38 “Registrar”

the Registrar or Deputy Registrar/s of Medical Schemes appointed in terms of Section 18 of the Act.

4.39 "Spouse"

the person to whom the member is married in terms of any law or custom.

5 OBJECTS *{Definition: “business of a medical scheme” Sec 1(1)}*

In return for payments directly or indirectly made, encompasses:

- 5.1. the management and co-ordination of preventive, promotive, curative and rehabilitative health care;

5.2. granting financial protection to natural persons by undertaking principal liability for health care expenses incurred in respect of its members and their dependants either directly or indirectly, which includes any of the following:

- 5.2.1. providing any such person with free or subsidised access to any relevant health service that is either free of charge or subsidised at the point of service, irrespective of whether the relevant health service is owned by or contracted to the medical scheme;
- 5.2.2. either fully or partly defraying a medical expense any such person has incurred by having received treatment through any relevant health service;
- 5.2.3. contracting with a supplier or any number of suppliers of any relevant health service or services with a view to achieving the purpose of subparagraph 5.2.1 or 5.2.2;
- 5.2.4. providing the administrative platform, infrastructure and services required to give effect to the system of financial protection contemplated in subparagraphs 5.2.1 to 5.2.3;.

6 MEMBERSHIP

6.1. Eligibility

Subject to rule 8, membership is open to any person or group of persons.

{OR In the case of a restricted membership scheme, use the following wording}:

Subject to rule 8, membership of the Scheme is restricted to:

employment or former employment of the member by the employer or his/her predecessor or successor in title as defined in these rules, and is either voluntary or compulsory, depending on the employee's conditions of employment.

6.2. Retirees {Sec 29(1)(s)}

6.2.1. Except where a member voluntarily resigns, he/she shall retain his/her membership of the Scheme with his/her registered dependants, if any, in the event of his/her retiring from the service of his/her employer or his/her employment being terminated by his/her employer on account of age, ill-health or other disability.

6.2.2. The Scheme shall inform the member of his/her right to continue his/her membership and of the contribution payable from the date of retirement or termination of his/her employment. Unless such member informs the Scheme in writing of his/her desire to terminate his/her membership, he/she shall continue to be a member.

6.3. Dependants of deceased members {Sec 29(1)(t)}

- 6.3.1. The dependants of a deceased member who are registered with the Scheme as his/her dependants at the time of such member's death, shall be entitled to continued membership of the Scheme without any new restrictions, limitations or waiting periods.
- 6.3.2. The Scheme shall inform the dependant of his/her right to membership and of the contributions payable in respect thereof. Unless such person informs the Board in writing of his/her intention not to become a member, he/she shall be admitted as a member of the Scheme.
- 6.3.3. Such a member's membership terminates if he/she becomes a member or a dependant of a member of another medical scheme.

7 REGISTRATION AND DE-REGISTRATION OF DEPENDANTS

{Sec 28; Sec 1(1) Sec 1(1)Def. "dependant"}

7.1. Registration of dependants

- 7.1.1. A member may apply for the registration of his/her dependants at the time that he/she applies for membership in terms of Rule 8.
- 7.1.2. If a member applies to register a new born or newly adopted child as a dependant, within 30 days of the date of birth or adoption of the child, increased contributions shall then be due as from the first day of the month following the month of birth or adoption and benefits will accrue as from the date of birth or adoption.
- 7.1.3. If a spouse of a deceased member becomes a continuing member and wishes to register his/her dependants which did not exist at the time of the member's death, such dependants shall be eligible for registration as dependants under these rules.

7.2. De-registration of dependants

- 7.2.1. A member shall inform the Scheme within 30 days of the occurrence of any event which results in any one of his/her dependants no longer satisfying the conditions in terms of which he/she may be a dependant.
- 7.2.2. When a dependant ceases to be eligible to be a dependant, he/she shall no longer be deemed to be registered as such for the purpose of these Rules or entitled to receive any benefits, regardless of whether notice has been given in terms of these Rules or otherwise.

8 TERMS AND CONDITIONS APPLICABLE TO MEMBERSHIP {Sec 29(1)(n)}

- 8.1. A minor may become a member with the consent of his/her parent or guardian. {Sec 30(1)(f)}
- 8.2. No person may be a member of more than one medical scheme or a dependant: {Sec 28}
- 8.2.1. of more than one member of a particular medical scheme; or
 - 8.2.2. of members of different medical schemes; or
 - 8.2.3. claim or accept benefits in respect of himself or any of his/her dependants from any medical scheme in relation to which he/she is not a member.
- 8.3. Prospective members shall, prior to admission, complete and submit the application forms required by the Scheme, together with satisfactory evidence in respect of himself and his/her dependants, of age, income (*for income based benefit options*), state of health and of any prior membership or admission as dependant of any other medical scheme. The Scheme may require an applicant to provide the Scheme with a medical report in relation to any proposed beneficiary in respect of a condition for which medical advice, diagnosis, care or treatment was recommended or received within the twelve-month period ending on the date on which an application for membership was made. The costs of any medical tests or examinations required to provide such medical report will be paid for in full by the Scheme. The Scheme may however designate a provider to conduct such tests or examinations. {Sec 29A(7) and Reg 12}

Every member will, on admission to membership, receive a detailed summary of these rules which shall include contributions, benefits, limitations and exclusions, the member's rights and obligations. Members and any person who claims any benefit under these Rules or whose claim is derived from a person so claiming are bound by these Rules as amended from time to time. {Sec 30(2) and 32}

9 WAITING PERIODS

- 9.1. A medical scheme may impose on a person in respect of whom application is made for membership or for admission as a dependant, and who has not been a beneficiary of a medical scheme for a period of at least 90 days preceding the date of the application:
- 9.1.1. a general waiting period of up to three months; and
 - 9.1.2. a condition-specific waiting period of up to 12 months, where applicable.
- 9.2. A medical scheme may impose on a person in respect of whom application is made for membership or for admission as a dependant in a benefit option, and who previously was a beneficiary of a medical scheme for a continuous period of more than 24 months terminating less than 90 days before the date of application, a waiting period that is as follows:
- 9.2.1. A condition-specific waiting period of up to 12 months, but not —

- 9.2.2. in respect of any treatment or diagnostic procedures covered by the prescribed minimum benefits; or
 - 9.2.3. in respect of any benefits that were also covered in the benefit option in which a person was a beneficiary immediately before the termination of that continuous period.
- 9.3.** Where the benefit option contemplated in paragraph 9.2.3 had imposed a general or condition-specific waiting period, and that waiting period has not yet expired at the time of such termination, a general or condition-specific waiting period equal to the unexpired portion of the waiting period that had been imposed by that benefit option may continue to be applied.
- 9.4.** A medical scheme may not impose a general or a condition-specific waiting period on a beneficiary who changes from one benefit option to another within the same medical scheme, except in accordance with this section.
- 9.5.** A child born to any beneficiary, whether as a member or a dependant, is automatically regarded as a child dependent of the member concerned and is entitled to immediate coverage without application of a general or any condition-specific waiting period subject to rule 7.1.2 above.
- 9.6.** A medical scheme may not impose a general or condition-specific waiting period on a person in respect of whom application is made for membership or for admission as a dependant, and who previously was a beneficiary of a medical scheme, if:
- 9.6.1. the applicant or dependant's status is terminated less than 90 days before the date of the application; and
 - 9.6.2. the membership or admission applied for is required as a result of:
 - 9.6.2.1. a change of employment;
 - 9.6.2.2. a change in marital status or due to separation from a life partner;
 - 9.6.2.3. the liquidation of a medical scheme ;
 - 9.6.2.4. the applicant having ceased to be a registered child dependent;
 - 9.6.2.5. a change of the applicant's conditions of employment; or
 - 9.6.2.6. any factors or circumstances beyond the control of the applicant, provided that those factors or circumstances are verifiable.
- 9.7.** A medical scheme may not require such an applicant to provide it with a medical report or other information on any condition of any prospective beneficiary in respect of whom application is made unless the condition is one in respect of which medical advice, diagnosis, care or treatment had been recommended or received in the twelve month period ending on the date on which the application is made.
- 9.8.** Where, in the case of a person who changes from one medical scheme to another, the former medical scheme had imposed a general or condition-specific waiting period in respect of that person and the relevant waiting period has not expired as at the date when that person's status as a beneficiary of that former scheme terminated, the medical scheme to which application is made for the person's admission

as a member or dependant may impose a general or condition-specific waiting period for the unexpired portion of the waiting period that had been imposed by the former medical scheme.

(The waiting periods above are maxima and not peremptory. Each case must be treated on its own merits when considering the length of the waiting period to be imposed)

10 TRANSFER OF EMPLOYER GROUPS FROM ANOTHER MEDICAL SCHEME

{Sec 29(1)(u) } & {Sec 29A (6)(b)}

A medical scheme may not impose a general or condition-specific waiting period on a person in respect of whom application is made for membership or admission as a dependant, and who was previously a beneficiary of a medical scheme, terminating less than 90 days immediately prior to the date of application, where the transfer of membership is required as a result of an employer changing or terminating the medical scheme of its employees, in which case such transfer shall occur at the beginning of the financial year, or reasonable notice must have been furnished to the medical scheme to which an application for such transfer to occur at the beginning of the financial year.

11 MEMBERSHIP CARD AND CERTIFICATE OF MEMBERSHIP {Reg 3}

11.1 Every member shall be furnished with a membership card, containing such particulars as may be prescribed. This card must be exhibited to the supplier of a service on request. It remains the property of the Scheme and must be returned to the Scheme or destroyed on termination of membership.

11.2 The utilisation of a membership card by any person other than the member or his/her registered dependants, with the knowledge or consent of the member or his/her dependants, is not permitted and is construed as an abuse of the privileges of membership of the Scheme. Rule 13.5 will be instituted.

11.3 On termination of membership or on de-registration of a dependant, the Scheme must, within 30 days of such termination, furnish such person with a certificate of membership and cover, containing such particulars as may be prescribed.

12 CHANGE OF ADDRESS OF MEMBER

A member must notify the Scheme within 30 days of any change of address including his/her *domicilium citandi et executandi*. The Scheme shall not be held liable if a member's rights are prejudiced or forfeited as a result of the member's neglecting to comply with the requirements of this rule.

13 TERMINATION OF MEMBERSHIP

13.1 Resignation

13.1.1 A member of a scheme (other than a restricted membership scheme) who resigns from the service of his/her employer shall, on the date of such termination, be eligible to continue as an individual member without re-applying or the imposition of any new restrictions that did not exist at the time of his/her resignation.

13.1.2 A member whose employment is terminated for reasons related to the operational requirements of the employer may, in the discretion of the Board, be allowed continued membership for a period of up to six months after termination of employment, provided that if such member should obtain alternative employment, his/her membership shall terminate with immediate effect. (Concessionary rule in respect of restricted membership schemes)

13.2 Voluntary termination of membership *(Voluntary membership – The scheme may stipulate a notice period which may not exceed 3 months)*

13.2.1 A member may terminate his/her membership of the Scheme on giving(insert number) month(s) written notice. All rights to benefits cease after the last day of membership.

13.2.2 Such notice period shall be waived in substantiated cases where membership of another medical scheme is compulsory as a result of a condition of employment.

13.2.3 A participating employer may terminate its participation with the Scheme on giving*(insert number)* month(s) written notice.

13.3 Death

Membership of a member terminates on his/her death.

13.4 Failure to pay amounts due to the Scheme

13.4.1 Failure to pay contributions or premiums due in terms of the medical scheme's rules, after having been afforded a reasonable opportunity to pay the outstanding contributions or premiums;

13.4.2 Failure to repay any amount due and owing to the medical scheme in respect of the member or a dependant of the member after reasonable demands for payment have been issued. *{Sec 29(2)(b)}*

13.5 Abuse of privileges, False claims, Misrepresentation and Non-disclosure of Factual information
 {Sec 29(2)}

13.5.1 The Board may suspend or terminate the membership of a beneficiary whom the board finds guilty of non-disclosure of material information to the medical scheme with regard to any matter concerning the state of health or medical history of the member concerned or that of any of his or her dependants, which arose or occurred during the period of 12 months preceding the date of application for membership. In such event, the member may be required to refund to the scheme any sum which would not have been disbursed on his/her behalf or the scheme may deduct the relevant amount from any benefit payable in terms of Section 59(3). However, in the event that membership is terminated from date of admission for non-disclosure, the scheme has the right to reverse all claims paid and refund all contributions collected from the member. The contract between the scheme and the member shall therefore be considered null and void.

13.5.2 Membership previously terminated in terms of rule 13.5.1, must, upon receipt of an application for membership, be readmitted and where applicable underwriting may be applied in accordance with Section 29A. {Section 29(3)}

14 CONTRIBUTIONS *(It is important that an Annexure, to be attached by each medical scheme, clearly determines the basis as contemplated in Sec 29(1)(n))*

14.1 The total monthly contributions payable to the Scheme by or in respect of a member are as stipulated in Annexure... *(insert relevant reference)*. It shall be the responsibility of the member to notify the Scheme of changes in income that may necessitate a change in contribution in terms of Annexure ... *(insert relevant reference)* hereto, where this is applicable.

14.2 Contributions shall be due monthly in advance or in arrears as may be determined and be payable by not later than the seventh day of each month. Where contributions or any other debt owing to the scheme, have not been paid within thirty (30) days of the due date, the Scheme shall have the right:

14.2.1 to suspend all benefit payments in respect of claims which arose during the period of default;

14.2.2 to give the member written notice at his/her *domicilium citandi et executandi* or by means of an electronic means agreed upon, that if contributions or such other debts are not paid within twenty one (21) days of posting of such notice, membership may be cancelled. {Sec 26(7)}

A notice sent by prepaid registered post to the member at *his/her domicilium citandi et executandi* or by any agreed electronic means shall be deemed to have been received by the member on the 7th day after the date of posting. In the event that the member fails to nominate a *domicilium citandi et executandi*, or provide an electronic mail address or facsimile, the member's postal or residential address on his/her application form shall be deemed to be his/her *domicilium citandi et executandi*.

14.3 In the event that payments are brought up to date, and provided membership has not been cancelled in accordance with rule 14.2.2, benefits shall be reinstated without any break in continuity. If such payments are not brought up to date, no benefits shall be due to the member from the date of default and any such benefit paid will be recovered by the Scheme.

14.4 Unless specifically provided for in the rules in respect of savings accounts, no refund of any assets of the Scheme or any portion of a contribution shall be paid to any person where such member's membership or cover in respect of any dependant terminates during the course of a month. {Sec 26(2) & (9)}

15 LIABILITIES OF EMPLOYER AND MEMBER

15.1 The liability of the employer towards the Scheme is limited to any amounts payable in terms of any agreement between the employer and the Scheme.

15.2 The liability of a member to the scheme is limited to the amount of his/her unpaid contributions together with any sum disbursed by the Scheme on his/her behalf or on behalf of his/her dependants which has not been repaid to the Scheme.

15.3 In the event of a member ceasing to be a member, any amount still owing by such member is a debt due to the Scheme and recoverable by it.

16 CLAIMS PROCEDURE {Reg 5 and 6}

16.1 Every claim submitted to the Scheme in respect of the rendering of a relevant health service as contemplated in these Rules, must be accompanied by an account or statement as prescribed.

16.2 If an account, statement or claim is correct or where a corrected account, statement or claim is received, as the case may be, the Scheme must, in addition to the payment contemplated in

Section 59 (2) of the Act, dispatch to the member a statement containing at least the following particulars:

- 16.2.1 The name and the membership number of the member;
 - 16.2.2 The name of the supplier of service;
 - 16.2.3 The name of the beneficiary to whom the service was provided
 - 16.2.4 The final date of service rendered by the supplier of service on the account or statement which is covered by the payment;
 - 16.2.5 The total amount charged for the service concerned; and
 - 16.2.6 The amount of the benefit awarded for such service.
- 16.3** Any claim sent directly to a beneficiary, must be submitted to the Scheme not later than the last day of the fourth month following the month in which the service was rendered.
- 16.4** Where a member has paid an account, he shall, in support of his/her claim, submit a receipt.
- 16.5** Accounts for treatment of injuries or expenses recoverable from third parties, must be supported by a statement, setting out particulars of the circumstances in which the injury or accident was sustained. The scheme, however, remains liable for such claims *ab initio*, until a settlement is made where after the scheme would be reimbursed.
- 16.6** If the Scheme is of the opinion that an account, statement or claim is erroneous or unacceptable for payment, the Scheme shall notify the member and the relevant health care provider, within 30 days after receipt thereof and state the reasons for such an opinion. The Scheme shall afford such member and the provider the opportunity to resubmit such corrected account or statement to the Scheme within sixty days following the date from which it was returned for correction. {Reg 6 (2) and (3)}
- 16.7** A member may not cede, transfer, pledge or hypothecate or make over to any third party any claim, or part of a claim or any right to a benefit which he/she may have against the Scheme. The Scheme may withhold, suspend or discontinue the payment of any benefit, or any right in respect of such benefit under these rules, if a member assigns, transfers, cedes, pledges or hypothecates such benefit. {Sec 34}

- 17. BENEFITS** {Section 29(1)(q) of the Act} (A(n) Annexure(s) (to be marked), which sets out the benefits offered by the scheme must be attached. Benefits offered in terms of different benefit options must be contained in such Annexures e.g. Annexures B1, B2, B3 etc)
- 17.1** Members are entitled to benefits during a financial year, as per Annexure ... (insert relevant reference), and such benefits extend through the member to his/her registered dependants. A member must, on admission, elect to participate in any one of the available options, detailed in Annexure (insert relevant reference)
- 17.2** A member is entitled to change from one to another benefit option subject to the following conditions:
- 17.2.1** The change may be made only with effect from 1 January of any financial year. The Board may, in its absolute discretion, permit a member to change from one to another benefit option on any other date provided that the member may change to another option in the case of midyear contribution increases or benefit changes.
- 17.2.2** Application to change from one benefit option to another must be in writing and lodged with the Scheme within the notice period stipulated by the Scheme provided that the member has had at least 30 days prior notification of any intended changes in benefits or contributions for the next year. {Regulation 4(3)}
- 17.2.3** The registered dependants of a member must participate in the same benefit option as the member.
- 17.3** The Scheme shall, where an account has been rendered, pay any benefit due to a member, either to that member or to the supplier of the relevant health service who rendered the account, within 30 days of receipt of the claim pertaining to such benefit. {Sec 59(2)}
- 17.4** Any benefit option in Annexure..... (insert relevant reference) covers the cost of services rendered in respect of the prescribed minimum benefits, in accordance with appendix .../Annexure (insert relevant reference)
- 17.5** No limitations or exclusions, other than those prescribed, will be applied to the prescribed minimum benefits.

18. PAYMENT OF ACCOUNTS

- 18.1 Payment of accounts or reimbursement of claims is restricted to the net amount payable in respect of such benefit and maximum amount of the benefit to which the member is entitled in terms of the applicable benefit.
- 18.2 Any discount whether on an individual basis or bulk discount received in respect of a relevant health service shall be for the benefit of the member in determining the net amount payable for the service and appropriate deduction from the applicable benefit limit, or medical savings account, as the case may be.
- 18.3 The Scheme may, whether by agreement or not, pay the benefit to which the member is entitled, directly to the member or the supplier (or group of suppliers) who rendered the service.–
- 18.4 Where the Scheme has paid an account or portion of an account or any benefit to which a member is not entitled, whether payment is made to the member or to the supplier of service, the amount of any such overpayment is recoverable by the Scheme.
- 18.5 Notwithstanding the provisions of this rule, the Scheme has the right to pay any benefit directly to the member concerned.

19. GOVERNANCE {Sec 29(1)(a); Sec 57}

- 19.1 The affairs of the Scheme must be managed according to these Rules by a Board consisting of *(insert a number)* persons who are fit and proper to be trustees.

(The following 2 clauses must be used when registering a new scheme)

- 19.2 A steering committee of*(insert a number)* persons, duly appointed by *(insert name(s) of the applicant(s))*, must deal with all matters relating to the registration of the Scheme. For that purpose, they are authorised to sign and execute all documents and to perform the duties of the Board in accordance with these rules until the election of the Board at the first general meeting of members.
- 19.3 All contracts entered into and actions performed by the steering committee of the Scheme are subject to subsequent ratification by the Board.

- 19.4** At least 50% of the trustees shall be elected from amongst members by the members of the scheme provided that such elected trustees are members of the scheme.
- 19.5** ...*(insert a number)* trustees shall be appointed by participating employer(s)/elected trustees.
- 19.6** Persons so elected/appointed shall disclose annually all interests they have in relation to the scheme / related entities *(Include this rule where schemes provide for appointed trustees who are not members of the scheme)*
- 19.7** Trustees shall serve a term of office of... *(insert a number)* years. Retiring members of the Board are eligible for re-election provided no person shall serve more than two terms without taking a break (equivalent to one term of office) from the affairs of the scheme.
- 19.8** The following persons are not eligible to serve as members of the Board:
- 19.8.1 A person under the age of 21 years;
 - 19.8.2 An employee, director, officer, consultant, or contractor of the administrator of the Scheme or of the holding company, subsidiary, joint venture or associate of that administrator; {Sec 57(3)}
 - 19.8.3 A broker; {Sec 57(3)}
 - 19.8.4 Any employee of the scheme;
 - 19.8.5 the principal officer of the Scheme;
 - 19.8.6 the auditor of the Scheme;
 - 19.8.7 Any person that is already serving as a trustee of any other registered medical scheme; and
 - 19.8.8 Retiring members of the board that have served two consecutive terms or a total of 3 terms.
- 19.9** The Board may fill by appointment, any vacancy arising during the term of office of a member of the Board due to such member resigning in terms of rule 19.16 or ceasing to hold office in terms of rule 19.17 and/or 19.25. A person so appointed must retire at the first ensuing annual general meeting and that meeting may fill the vacancy for the unexpired period of office of the vacating member of the Board.
- 19.10** Nominations to fill vacancies, signed by a proposer and seconder in good standing with the Scheme, must be signed by the candidate signifying his/her consent to stand for election and must be submitted to the Scheme together with a current curriculum vitae by ...*(indicate a date)* of the year concerned

and the election must be carried out by the members present at the annual general meeting of the Scheme.

- 19.11** The Board may co-opt a knowledgeable person to assist it in its deliberations provided that such person shall not have a vote.
- 19.12** A quorum is constituted by a number of members of the Board physically present at a meeting of that Board, which number shall be not less than half of the members of the Board plus one. Members of the Board will, for the purposes of constituting a quorum, not include suspended Board members.
- 19.13** The Board must elect from among itself the chairperson and vice-chairperson.
- 19.14** In the absence of the chairperson and vice-chairperson, the Board members present must elect one board member to preside.
- 19.15** Matters serving before the Board must be decided by a majority vote and in the event of an equality of votes, the chairperson has a casting vote in addition to his/her deliberative vote.
- 19.16** A member of the Board may resign at any time by giving written notice to the Board.
- 19.17** A prospective nominee cannot hold office or a current member of the Board ceases to hold office if:
- 19.17.1 he is in terms of any other legislation, declared mentally ill or incapable of managing his/her affairs;
 - 19.17.2 he/she is declared insolvent or has surrendered his/her estate for the benefit of his/her creditors;
 - 19.17.3 he/she is convicted, whether in the Republic or elsewhere, of theft, fraud, forgery or uttering of a forged document or perjury;
 - 19.17.4 he/she is removed by the court from any office of trust on account of misconduct;
 - 19.17.5 he/she is disqualified under any law from carrying on his/her profession;
 - 19.17.6 he/she ceases to be an appointee by a participating employer, or being a Board member elected by members of the Scheme, he/she ceases to be a member of the Scheme;
 - 19.17.7 he/she absents himself from three consecutive meetings of the Board without the permission of the Chairperson;
 - 19.17.8 he/she is removed from office by the Council in terms of Section 46 of the Act or any other legislation; or
 - 19.17.9 he/she is removed from office in terms of rule 19.23 or 19.25.

- 19.18** The Board must meet... *(insert a number which should not be less than 4)* times per year
- 19.19** The chairperson may convene a special meeting should the necessity arise. Any ... (insert a number, which should not be less than 2) members of the Board may request the chairperson to convene a special meeting of the Board, stating the matters to be discussed at such meeting.
- 19.20** The Board may, subject to participation by sufficient members to form a quorum, discuss and resolve matters by telephone or electronic conferencing means and may adopt resolutions on that basis.
- 19.21** Members of the Board may be reimbursed for all reasonable expenses incurred by them in the performance of their duties as trustees. Such costs related to trustees must be disclosed to the members in the Annual General Meeting and included in the annual financial statements. {Reg 6A}
- 19.22** The costs related to trustees fees (i.e remuneration for holding a particular office on the board or subcommittee and/or remuneration for attending meetings of the board of subcommittees) and/or allowances (i.e training, business travelling, accommodation and telephone costs for business purposes) be approved by the members of the scheme annually at the annual meeting. {Sec 29(1)(c)}
[alternatively]
- Members of the Board are not entitled to any remuneration, honorarium or any other fee in respect of services rendered in their capacity as members of the Board.
- 19.23** If the Board of Trustees suspends or removes from office the Principal Officer or a Trustee and that Principal Officer or Trustee believes that the suspension or removal from office is as a result of him or her duly performing his or her functions in terms of the Act, or exposing inappropriate or unlawful conduct on the part of any officer of the scheme or any third party contracted to provide services to the scheme, the Principal Officer or Trustee concerned must lodge a complaint in writing to the Registrar.
- 19.24** On receipt of a written complaint mentioned in 19.23 above:
- 19.24.1 The Registrar shall investigate the basis of the complaint; and
- 19.24.2 If he/she finds that the complaint has merit, the Registrar or the Council shall take such steps as may be necessary in terms of the powers provided for by the Act to address the concerns raised in the complaint.

19.25 A member of the Board who acts in a manner which is seriously prejudicial to the interests of the beneficiaries of the medical scheme may be removed by members by way of a special resolution taken at a special general meeting, provided that:

- 19.25.1 The provisions of rules 27.1.4, shall apply mutatis mutandis.
- 19.25.2 Special notice shall be lodged with the Board accompanying the requisition at date of lodgement, and on receipt of notice of such a proposed resolution , the Board shall forthwith deliver a copy thereof to the trustee concerned, who shall, be entitled to be heard on the proposed resolution at the meeting.
- 19.25.3 The notice convening the special general meeting containing the agenda and proposed special resolution must be furnished to members at least 14 days before the date of the meeting. The non-receipt of such notice by a member does not invalidate the proceedings at such a meeting, provided that the notice procedure followed by the board was reasonable.
- 19.25.4 Where the trustee concerned makes representation in writing which is of a reasonable length and requests dissemination to members, the Board shall, unless the representations are received by it too late for it to do so, state that such representations have been made in its notice to members in terms of rule 19.25.3 and send a copy of the representations to all members, whether such notice was sent before or after the receipt of representations by the Board.
- 19.25.5 Where the representation was not sent due to late receipt, the trustee concerned may require that the representations be read at the meeting.
- 19.25.6 50% + one of members of the board of trustees present in person constitute a quorum.
- 19.25.7 The resolution to remove the trustee/s must be passed by at least 2/3 of members present in person or by proxy entitled to vote.
- 19.25.8 Rule 19.17 applies mutatis mutandis

20 FIDUCIARY DUTIES OF BOARD OF TRUSTEES {Sec 57(4)}

20.1 The Board is responsible for the proper and sound management of the Scheme, in terms of these rules.

- 20.2** The Board must act with due care, diligence, and skill and in good faith. {Sec 57(6)(b)}
- 20.3** Members of the Board must avoid conflicts of interests, and must declare any interest they may have in any particular matter serving before the Board. {Sec 57 (6)(c)}
- 20.4** The Board must apply sound business principles and ensure the financial soundness of the Scheme.
- 20.5** The Board shall appoint a Principal Officer who is fit and proper person, as defined in Section 57, to hold such office and within 30 days of such appointment, give notice thereof in writing to the Registrar. The Board must determine the terms and conditions of employment of the person so appointed. {Sec 57(4)(a)}
- 20.6** The Board may appoint any staff which in its opinion are required for the proper execution of the business of the Scheme and must determine the terms and conditions of service of any person employed by the Scheme
- 20.7** The chairperson must preside over meetings of the Board and ensure due and proper conduct at meetings.
- 20.8** The Board must cause to be kept such minutes of all resolutions passed, accounts, entries, registers and records as are essential for the proper functioning of the Scheme. {Sec 26(9) & 57(4)(b)}
- 20.9** The Board must ensure that proper control systems are employed by and on behalf of the scheme. {Sec 57(4)(c)}.
- 20.10** The Board must ensure that adequate and appropriate information is communicated to the members regarding their rights, benefits, contributions and duties in terms of the Rules. {Sec 57(4)(d)}
- 20.11** The Board must take all reasonable steps to ensure that contributions are paid timeously to the scheme in accordance with the Act and the Rules. {Sec 57(4)(e) & Sec 26(7)}
- 20.12** The Board must take out and maintain an appropriate level of professional indemnity insurance and fidelity guarantee insurance. {Sec 57(4)(f)}.
- 20.13** The Board must obtain expert advice on legal, accounting, clinical and business matters as required, or on any other matter of which the members of the Board may lack sufficient expertise. {Sec 57(4)(g)}.
- 20.14** The Board must ensure that the Rules and the operation and administration of the scheme comply with the provisions of the Act and all other applicable laws. {Sec 57(4)(h)}

- 20.15** The board must take steps to ensure the integrity of all documents, data and information transferred to the new administrator and managed care organisation. The change in administrator must comply with the Board Notice (BN) 73 of 2004. {Reg 19(3)}
- 20.16** The Board must take all reasonable steps to protect the confidentiality of medical records concerning any beneficiary's state of health. {Sec 57(4)(l)}
- 20.17** The Board must approve all disbursements.
- 20.18** The Board shall prepare annual financial statements and shall ensure compliance with all statutory requirements pertaining thereto.
- 20.19** The Board must cause to be kept in safe custody, in a safe or strong room at the registered office of the Scheme or with any financial institution approved by the Board, any mortgage bond, title deed or other security belonging to or held by the Scheme, except when in the temporary custody of another person for the purposes of the Scheme. {Sec 29(1)(e)}
- 20.20** The Board must make such provision as it deems desirable, and with due regard to normal practice and recommended guidelines pertaining to retention of documents, for the safe custody of the books, records, documents and other effects of the Scheme.
- 20.21** The Board must disclose annually in writing to the Registrar, any payment or considerations made to them in that particular year by the Scheme as prescribed. {Sec 57(8) and Reg 6A}
- 20.22** The Board of trustees' total remuneration, including a travel policy, must be established through an independent process and be approved by the members at the Annual General Meeting.
- 20.23** The Board shall cause to be done a "Board effectiveness self-assessment" on an annual basis and an independent assessment every three (3) years with due regard to normal practice and recommended guidelines pertaining to improving the Board's effectiveness
- 20.24** The board must appoint the auditor and the audit committee annually.

21 POWERS OF BOARD {Sec 29(1)(b) & (c)}

The Board has the power:

- 21.1** to cause the termination of the services of any employee of the Scheme;
- 21.2** to suspend or remove the Principal Officer or a Trustee from office on good cause shown;

- 21.3 to take all necessary steps and to sign and execute all necessary documents to ensure and secure the due fulfilment of the Scheme's obligations under such appointments;
- 21.4 to appoint a committee consisting of such Board members and other experts as it may deem appropriate;
- 21.5 to appoint a duly accredited administrator on such terms and conditions as it may determine, for the proper execution of the business of the Scheme. The terms and conditions of such appointment must be contained in a written contract, which complies with the requirements of the Act and the regulations; {Sec 58 & 67 (1)(j); Chapter 6 of Regulations}
- 21.6 to appoint, contract with and compensate any accredited broker for the introduction or admission of a member to the Scheme and for ongoing broker services subject to the provisions of the Act and the Regulations thereto provided that a broker contract with an accredited broker will not be unreasonable withheld; {Sec 65 (1); Chapter 7 of the Regulations}
- 21.7 to appoint, contract with and compensate any accredited managed health care organisation in the prescribed manner;
- 21.8 to purchase movable and immovable property for the use of the Scheme {Sec 26(1)(a)};
- 21.9 to let or hire movable or immovable property;
- 21.10 subject to Section 63 to sell movable and immovable property of the Scheme subject to sound business practice and fair value principles ;
- 21.11 in respect of any monies not immediately required to meet current charges upon the Scheme and subject to the provisions of the Act, and in the manner determined by the Board, to invest or otherwise deal with such moneys upon security and to realise, re-invest or otherwise deal with such monies and investments; {Sec 29(1)(g) ; Annexure B of the Regulations}
- 21.12 with the prior approval of the Council, to borrow money for the Scheme from the Scheme's bankers against the security of the Scheme's assets for the purpose of bridging a temporary shortage; {Sec 35 (6)}

- 21.13** subject to the provisions of any law, to cause the Scheme, whether on its own or in association with any person, to establish or operate any pharmacy, hospital, clinic, maternity home, nursing home, infirmary, home for aged persons or any similar institution, in the interests of the members of the Scheme;
- 21.14** to donate to any hospital, clinic, nursing home, maternity home, infirmary or home for aged persons in the interests of all or any of the beneficiaries; {Sec 30(1)(a)}
- 21.15** to make *ex gratia* payments on behalf of or to members in order to assist them in meeting commitments in regard to any matter specified in the definition of 'business of a medical scheme' in section; {Sec 30(1)(b)}
- 21.16** to contribute to any fund conducted for the benefit of employees of the Scheme; {Sec 30(1)(d)}
- 21.17** to reinsure obligations in terms of the benefits provided for in these rules in the prescribed manner; {Sec 20(2)-(7)}
- 21.18** to authorise the principal officer and /or such members of the Board as it may determine from time to time, and upon such terms and conditions as the Board may determine, to sign any contract or other document binding or relating to the Scheme or any document authorising the performance of any act on behalf of the Scheme; {Sec 26(1)(a) and 29 (1)(d) & 57(4)(a)}
- 21.19** to contribute to any association instituted for the furtherance, encouragement and co-ordination of medical schemes; {Sec 30(1)(c)}
- 21.20** in general, do anything, which it deems necessary or expedient to perform its functions in accordance with the provisions of the Act and these rules.

22 DUTIES OF PRINCIPAL OFFICER AND STAFF {Sec 29(1)(b)}

- 22.1** The staff of the Scheme must ensure the confidentiality of all information regarding its members.
- 22.2** The principal officer is the executive officer of the scheme and as such must ensure that:
- 22.1.1 he/she acts in the best interests of the members of the scheme at all times;

- 22.1.2 the decisions and instructions of the Board are executed without unnecessary delay;
 - 22.1.3 where necessary, there is proper and appropriate communication between the Scheme and those parties affected by the decisions and instructions of the Board;
 - 22.1.4 he/she keeps the Board sufficiently and timeously informed of the affairs of the Scheme concerning any matter relating to the duties of the Board as stated in Section 57(4) of the Act;
 - 22.1.5 he/she keeps the Board sufficiently and timeously informed concerning the affairs of the Scheme so as to enable the Board to comply with the provisions of Section 57(6) of the Act;
 - 22.1.6 he does not take any decisions concerning the affairs of the Scheme without prior authorisation by the Board and that he/she at all times observes the authority of the Board in its governance of the Scheme.
- 22.3** The principal officer shall be the accounting officer of the Scheme charged with the collection of and accounting for all moneys received and payments authorised by and made on behalf of the Scheme.
- 22.4** The Principal Officer shall ensure the carrying out of all of his/her duties as are necessary for the proper execution of the business of the Scheme. He/She shall participate in all meetings of the Board and any other duly appointed committee where his/her attendance may be required, ensure proper recording of the proceedings of all meetings, but shall have no vote.
- 22.5** The Principal Officer shall be responsible for the supervision of the staff employed by the Scheme unless the Board decides otherwise.
- 22.6** The Principal Officer shall keep full and proper records of all moneys received and expenses incurred by, and of all assets, liabilities and financial transactions of the Scheme.
- 22.7** The following persons are not eligible to be a principal officer: **{Sec 57(7)}**
- 22.7.1 An employee, director, officer, consultant or contractor of any person contracted by the Scheme to provide administrative, marketing or managed healthcare services, or of the holding company, subsidiary, joint venture or associate of such person;
 - 22.7.2 A broker or an employee, director, officer, consultant or contractor of any person contracted by the scheme to provide broker services;
 - 22.7.3 A Principal Officer or office bearer of another medical scheme; or

Otherwise has a material relationship with any person contracted by the scheme to provide administrative, marketing, broker, managed healthcare or other services or with its holding company, subsidiary, joint venture or associate.

22.8 The provisions of rules 19.17.1 – 19.17.5 apply *mutatis mutandis* to the Principal Officer.

23 INDEMNIFICATION AND FIDELITY GUARANTEE {Sec 57(4)(f)}

23.1 The Board and any officer of the Scheme is indemnified by the Scheme against all proceedings, costs and expenses incurred by reason of any claim against/by the Scheme, not arising from their negligence, dishonesty or fraud.

23.2 The Board must ensure that the Scheme is insured against loss resulting from the dishonesty or fraud of any of its officers.

24 FINANCIAL YEAR OF THE SCHEME {Sec 1(1) Definition: "Financial Year"}

The financial year of the Scheme extends from the 1st day of January to the 31st day of December of that year.

25 BANK ACCOUNT {Sec 26 (1)(c) and (Reg 23(3))}

The Scheme must establish and maintain a bank account in the name of the Scheme and under its direct control with a registered commercial bank. All moneys received must be deposited directly to the credit of such account. All payments must be made either by electronic transfer, tape exchange or by cheque under the joint signature of not less than two persons duly authorised by the Board.

(Where a scheme provides for a savings account, this account must be separate and accounted for separately from this account – circular 38 of 2011)

26 AUDITOR & AUDIT COMMITTEE {Sec 29(1)(f); Sec 36}

26.1 The Board must appoint an audit committee in the prescribed manner. {Sec 36(10)(11)(12)(14)}

26.2 The audit committee shall be responsible for recommending the appointment of the external auditor to the board of trustees as well as overseeing the external audit process.

- 26.3** An auditor (who must be approved by the Registrar in terms of Section 36 of the Act) who is a registered auditor as defined in the Audit Profession Act, 2005; must be appointed by the board resolution and approved by members at every Annual General Meeting, to hold office from the conclusion of that meeting.
- 26.4** Whenever for any reason an auditor vacates his/her office prior to the expiration of the period for which he/she has been appointed, the Board must within 30 days appoint another auditor to fill the vacancy for the unexpired period.
- 26.5** If the members of the Scheme at a general meeting fail to appoint an auditor required to be appointed in terms of this rule, the Board must within 30 days make such appointment, and if it fails to do so, the Registrar may at any time do so. {Sec 36(9)}
- 26.6** The following persons are not eligible to serve as auditor of the Scheme:
- 26.6.1 Officers of the scheme;
 - 26.6.2 contractor of the Scheme;
 - 26.6.3 an employee, director, officer or contractor of the Scheme's administrator, or of the holding company, subsidiary, joint venture or associate of the administrator;
 - 26.6.4 a person not registered and engaged in public practice as an auditor;
 - 26.6.5 a person who is disqualified from acting as an auditor in terms Section 90 of the Companies Act, 2008. {Sec 36(3)}
 - 26.6.6 any person who has a material relationship with the medical scheme or any of its contractors.
- 26.7** The auditor of the Scheme has a right of access to the books, records, accounts, documents and other effects of the Scheme at all times and is entitled to require from the Board and the officers of the Scheme such information and explanations as he/she deems necessary for the performance of his/her duties.
- 26.8** The auditor must report to the audit committee of the Scheme on the accounts examined by him and on the financial statements laid before the Scheme in general meeting

27 GENERAL MEETINGS {Sec 29(1)(m)} *(Only members of the Scheme must constitute a quorum and vote at such meetings)*

27.1 Annual General Meeting

27.1.1 The annual general meeting of members must be held not later than... *(insert date)* of each year on a date which may be shown to permit reasonable attendance by members.

27.1.2 The notice convening the annual general meeting, containing the agenda, all the information pertaining to the proposed trustees' remuneration for the ensuing year *(only required if the scheme remunerates trustees)* and financial information, must be furnished to members and the Registrar at least 21 days before the date of the meeting. The non-receipt of such notice by a member and/or the Registrar does not invalidate the proceedings at such meeting provided that the notice procedure followed by the Board was reasonable.

27.1.3 The financial information mentioned in 27.1.2 above consists of: *(scheme to choose whichever is applicable)*

27.1.3.1 Full set of Annual Financial Statements, comprising the Trustees' report and audited annual financial statements; or

27.1.3.2 Summarised set of Annual Financial Statements; or

27.1.3.3 Highlights document.

27.1.4 Only members in good standing will be permitted to attend the meeting on presenting proof of membership and identity.

27.1.5 At least... *(insert fix number which is at least 1 per 10 000 members or a minimum of 30 whichever is the highest)* of members of the Scheme present in person constitutes a quorum. If a quorum is not present after a lapse of 30 minutes from the time fixed for the commencement of the meeting, the meeting must be postponed to a date determined by the Board, with notice of such postponed meeting being reissued in terms of rule 27.1.2, and members then present constitute a quorum.

27.1.6 The financial statements and reports specified in rule 27.1.2 must be laid before the meeting. A full set of Annual Financial Statements (comprising the Trustees' report, auditor's report and AFS) will be made available to the meeting.

27.1.7 Notices of motions to be placed before the annual general meeting must reach the principal officer not later than seven days prior to the date of the meeting.

27.2 Special General Meeting {Sec 29 (1)(m) }

- 27.2.1 The Board may call a special general meeting of members if it is deemed necessary.
- 27.2.2 Only members in good standing will be permitted to attend the meeting on presenting proof of membership and identity.
- 27.2.3 On the requisition of at least... (insert a number) members of the Scheme in good standing, the Board must cause a special general meeting to be called and held within 30 days of the deposit of the requisition. The requisition must state the objects of the meeting and must be signed by all the requisitionists and deposited at the registered office of the Scheme. Only those matters forming the objects of the meeting may be discussed.
- 27.2.4 The notice convening the special general meeting, containing the agenda, must be furnished to members at least 14 days before the date of the meeting. The non-receipt of such notice by a member does not invalidate the proceedings at such a meeting provided that the notice procedure followed by the Board was reasonable.
- 27.2.5 At least... *(insert fix number which is at least 1 per 10 000 members or a minimum of 50 whichever is the highest)* members present in person constitute a quorum. If a quorum is not present at a special general meeting after a lapse of 30 minutes from the time fixed for the commencement of the meeting, the meeting is regarded as cancelled.

28. VOTING AT MEETINGS {Sec 29(1)(m)}

- 28.1 Every member who is present at a general meeting of the Scheme has the right to vote, or may, subject to this rule, appoint another member of the Scheme as proxy, who are in good standing, to attend, speak and vote in his/her stead.
- 28.2 The instrument appointing the proxy must be in writing, in a form determined by the Board and must be signed by the member and the person appointed as the proxy.
- 28.3 The chairperson must determine whether the voting must be by ballot or by a show of hands. In the event of the votes being equal, the chairperson, if he is a member, has a casting vote in addition to his/her deliberative vote.

29 COMPLAINTS AND DISPUTES {Sec 29(1)(j); Sec 48}

- 29.1** Members may lodge their complaints, in writing, to the Scheme. The Scheme or its administrators shall also provide a dedicated telephone number to be used for dealing with telephonic enquiries and complaints.
- 29.2** All complaints received in writing will be responded to and decided upon by the Principal Officer/executive committee in writing within 30 days of receipt thereof.
- 29.3** A disputes committee comprising at least three persons, who may not be members of the Board, employees or officers of the Scheme, the administrator or the managed care organisation, be selected from a panel appointed by the Board. At least one of such persons shall be a person with legal expertise
- 29.4** Any dispute, which may arise between a member, prospective member, former member or a person claiming by virtue of such member and the Scheme or an officer of the Scheme, must be referred by the principal officer to the disputes committee for adjudication.
- 29.5** On receipt of a request in terms of this rule, the principal officer must convene a meeting of the disputes committee by giving not less than 21 day's notice in writing to the complainant and all the members of the disputes committee, stating the date, time, and venue of the meeting and particulars of the dispute.
- 29.6** The disputes committee may determine the procedure to be followed.
- 29.7** The parties to any dispute have the right to be heard at the proceedings, either in person or through a representative.
- 29.8** The decision in terms of rule 29.2 or that of the dispute committee must be communicated to all parties in writing and indicating their right to appeal in terms of Section 48. Such appeal must be in the form of an affidavit directed to Council and shall be furnished to the Registrar not later than three months after the date on which the decision concerned was made or such further period as the Council may for good cause shown allow, after the date on which the decision concerned was made.
- 29.9** The operation of any decision which is the subject of an appeal under rule 29.8 shall be suspended pending the decision of the Council on such appeal. {Sec 48 (2)}

30. DISSOLUTION {Sec 53; Sec 29(1)(h)}

- 30.1** The Scheme may be dissolved by order of a competent court or by voluntary dissolution. {Sec 64; Sec 29 (1)(i)}
- 30.2** Members in general meeting may decide that the Scheme must be dissolved, in which event the Board must arrange for members to decide by ballot whether the Scheme must be liquidated. {Sec 64}
- 30.3** Pursuant to a decision by members taken in terms of rule 30.2 the Principal Officer must, in consultation with the Registrar, furnish to every member a memorandum containing the reasons for the proposed dissolution and setting forth the proposed basis of distribution of the assets in the event of winding up, together with a ballot paper.
- 30.4** Every member must be requested to return his/her ballot paper duly completed before a set date. If the majority of the returned ballots is in favour of the dissolution of the Scheme, the Board must ensure compliance therewith and appoint, subject to the approval of the Registrar, a competent person as liquidator.
- 30.5** The Registrar may, on good cause shown, ratify a lower percentage.

31. AMALGAMATION AND TRANSFER OF BUSINESS {Sec 63}

- 31.1** The Scheme may, subject to the provisions of section 63 of the Act, amalgamate with, transfer its assets and liabilities to, or take transfer of assets and liabilities of any other medical scheme or person. The Board must arrange for members to be furnished with an exposition of the proposed transaction for consideration and to decide by ballot whether the proposed transaction should be proceeded with or not.
- 31.2** If the majority of the returned ballots are in favour of the amalgamation or the transfer, the transaction may be concluded in the prescribed manner.
- 31.3** The Registrar may, on good cause shown, ratify a lower percentage.
- 31.4** The amalgamating Board must submit signed copies of a final audited set of financial statements and annual statutory return to the Office of the Registrar.

32. RIGHT TO OBTAIN DOCUMENTS AND INSPECTION OF DOCUMENTS {Sec 41}

32.1 Any beneficiary must on request and on payment of a fee of **RX** per copy, be supplied by the Scheme with a copy of the following documents:

32.1.1 The rules of the Scheme including any network/preferred providers and DSPs;

32.1.2 the latest audited annual financial statements, returns, Trustees' and auditor's report' of the Scheme;

32.1.3 protocols and formularies documents. **{Reg 15(H) & (I)(b)}**

32.2 A beneficiary is entitled to inspect free of charge at the registered office of the Scheme any document referred to in rule 32.1 and to make extracts therefrom.

32.3 This rule shall not be construed to restrict any other person's rights in terms of the Promotion of Access to Information Act, Act No 2 of 2000.

33. AMENDMENT OF RULES {Sec 31; Sec 20(1)(k) and (l) }

33.1 The Board is entitled to alter or rescind any rule or annexure or to make any additional rule or annexure.

33.2 No amendment, rescission or addition which affects the following matters is valid unless it has been approved by a majority of members present in a general meeting or by ballot:

33.2.1 The objects of the Scheme.

33.2.2 The constitution of the Board.

33.2.3 The period of office of the trustees.

33.2.4 The percentage of members voting in the case of dissolution of the scheme and amalgamation or transfer of business.

33.3 Should a member's rights, obligations, contributions or benefits be amended, he/she shall be given 30 days advance notice of such change.

33.4 Members must be furnished with an erratum of such amendment within 14 days after registration thereof.

33.5 Notwithstanding the provisions of rule 33.1 above, the Board must, on the request and to the satisfaction of the Registrar, amend any rule that is, in his/her opinion, inconsistent with the provisions of the Act and all other applicable laws. **{Section 57(4)(h)}**

33.6 No amendment, rescission or addition of any rule shall be valid unless it has been approved and registered by the Registrar.

ANNEXURE ...

CONTRIBUTIONS AND LATE JOINER PENALTIES

(Contributions in terms of Rule 14 must be indicated. Section 29(1)(n))

1. Contributions

Example:

Member	Rx
Adult dependant	Rx
Child dependant	Rx

(An income grid plus number of dependants may also be utilised.)

2. Premium penalties for persons joining late in life. {Reg 13}

2.1 Premium penalties may be applied to a late joiner. Such penalties shall be applied only to that portion of the contribution relative to the late joiner and shall not exceed the following bands:

Penalty Bands	Maximum penalty
1 – 4 years	0.05 x contribution
5 -14 years	0.25 x contribution
15 – 24 years	0.5 x contribution
25 + years	0.75 x contribution

The following formula shall be applied to determine the applicable penalty band:

$A = B \text{ minus } (35 + C)$ where:

A = number of years to determine appropriate penalty band

B = age of the late joiner at time of application

C = number of years of creditable coverage which can be demonstrated

2.2 Should a late joiner penalty already have been imposed and evidence of creditable coverage is produced thereafter, the penalty shall be recalculated and such revised penalty shall be applied from the time that such evidence was provided. {Reg 13 (4)}

2.3 If an applicant is unable to obtain documentary proof to substantiate periods of creditable coverage, he/she shall be entitled to produce a sworn affidavit declaring such detailed information and that reasonable efforts to obtain documentary evidence of such periods of creditable coverage were unsuccessful. {Reg 13 (6)}

ANNEXURE ...**PERSONAL MEDICAL SAVINGS ACCOUNT (PMSA) (Reg 10) (Circular 38 of 2011)**

1. On admission to the Scheme, a PMSA, held for members in the name of the Scheme into which the contributions allocated by the Scheme in respect of the PMSA shall be credited and relevant healthcare benefits in respect thereof, shall be debited. These funds shall be invested in *(name the investment type here. (Circular 5 of 2012))*
2. The amount allocated to the PMSA by the Scheme for the benefit of the member may not exceed 25% of the total gross contributions in respect of the member during the financial year concerned.
3. The scheme shall allocate actual investment income earned on the member's PMSA on a pro rata basis at the beginning of the month/month end or on a day-by-day basis.
4. The scheme shall levy interest on advances to the member directly (such interest may not be charged to the savings plan account)
5. Subject to sufficient funds being available at the date on which a claim is processed, members shall be entitled to claim for all health care services indicated under PMSA in Annexure B, at 100% of the cost.
6. Funds allocated to the members PMSA shall be available for the exclusive benefit of the member and his/her dependants. Any credit balance, which shall include interest in the PMSA at the end of a financial year, accumulates for the benefit of the member.
7. Upon the death of the member, the balance inclusive of interest, due to the member will be transferred to his/her dependants who continue membership of the Scheme or paid into his/her estate in the absence of such dependants.
8. On transfer to another benefit option of the Scheme, which does not provide for such an account, any balance, including interest, standing to the credit of the member in the PMSA will be refunded to the member, not later than 4 months after such transfer and subject to applicable taxation laws.
9. Should a member terminate membership of the Scheme and not be admitted as a member of another medical scheme or be admitted to membership of another medical scheme or option which does not provide for a PMSA, the balance inclusive of interest, due to the member must be refunded to the

member not later than 4 months after termination of membership, and subject to applicable taxation laws.

10. Should a member transfer to another benefit option or be admitted to membership of another medical scheme, which provides for a similar account, the balance plus interest due to the member must be transferred to such benefit option or scheme not later than 4 months after transfer to benefit option or termination of membership, as the case may be.
11. The funds in the member's medical savings account may not be used to pay for the costs of a prescribed minimum benefit or to offset contributions.
12. On termination of membership, funds in the member's PMSA may be used to offset any debt owed by the member including outstanding contributions.
13. The scheme shall in January of every year publish a notice in the Government Gazette details of amounts held in the PMS Account, which amounts remain unclaimed for a period of five years or more as at the 31 December of the previous year.
14. In the event that and upon reasonable efforts by the scheme to locate erstwhile members have not been successful three months after the publication the notice mentioned above, the scheme shall after five years, pay over such funds, together with investment income earned, into the Guardians Funds.

ANNEXURE ...

BENEFIT SCHEDULES & OPTIONS

(Benefit schedules and options must be indicated in terms of Rule 17. Section 29(1)(g))

ANNEXURE...

PRESCRIBED MINIMUM BENEFITS (PMBs) *(Section 29(1)(o); Reg 7 & 8; Explanatory notes in Annexure A of the Regulations)*

1. Definitions

1.1 “Prescribed minimum benefits”

the benefits contemplated in section 29(1)(o) of the Act and consist of the provision of the diagnosis, treatment and care costs of —

- 1.1.1 the Diagnosis and Treatment Pairs listed in Annexure A of the regulations, subject to any limitations specified therein; and
- 1.1.2 any emergency medical condition. *(Reg 7)*.

1.2 “Prescribed minimum benefit condition”

a condition contemplated in the Diagnosis and Treatment Pairs listed in Annexure A of the Regulations or any emergency medical condition. *(Reg 7)*

1.3 “Any emergency medical condition”

Means the sudden and, at the time, unexpected onset of health condition that requires immediate medical or surgical treatment, where failure to provide medical or surgical treatment would result in serious impairment to bodily functions or serious dysfunction of a bodily organ or part, or would place the person’s life in serious jeopardy.

2. Designation of service providers (DSPs)

The medical scheme designates the following service provider(s) for the delivery of prescribed minimum benefits to its beneficiaries:¹

- 2.1.....
- 2.2.....
- 2.3.....

The above service provider(s) shall for the purposes of this Annexure be referred to as “designated service providers”.

¹ This may include public sector facilities, specific private providers or networks of private providers. Specific providers may be designated for specific types of service.

3. Prescribed minimum benefits obtained from designated service providers

The scheme will pay 100% of the cost in respect of diagnosis, treatment and care costs of prescribed minimum benefit conditions if those services are obtained from a designated service provider.

4. Prescribed minimum benefits voluntarily obtained from other providers

If a beneficiary voluntarily obtains diagnosis, treatment and care in respect of a prescribed minimum benefit condition from a provider other than a designated service provider, the benefit payable in respect of such service is subject to:

4.1 Such benefit limitations as are normally applicable in terms of the relevant option chosen by the member.

[Alternatively]

4.2 A co-payment equal to the difference between the actual cost incurred and the cost that would have been incurred had the designated service provider been used.

[Alternatively]

4.3 A *(insert %)* co-payment of the cost

5 Prescribed minimum benefits involuntarily obtained from other providers

5.1 If a beneficiary involuntarily obtains diagnosis, treatment and care in respect of a prescribed minimum benefit condition from a provider other than a designated service provider, the medical scheme will pay 100% of the cost in relation to those prescribed minimum benefit conditions.

5.2 For the purposes of paragraph (a) below, a beneficiary will be deemed to have involuntarily obtained a service from a provider other than a designated service provider, if:

- (a) the service was not available from the designated service provider or would not be provided without unreasonable delay;
- (b) immediate medical or surgical treatment for a prescribed minimum benefit condition was required under circumstances or at locations which reasonably precluded the beneficiary from obtaining such treatment from a designated service provider; or
- (c) there was no designated service provider within reasonable proximity to the beneficiary's ordinary place of business or personal residence.

5.3 Except in the case of an emergency medical condition, preauthorisation shall be obtained by a member prior to involuntarily obtaining a service from a provider other than a designated service provider in terms of this paragraph, to enable the Scheme to confirm that the circumstances contemplated in paragraph b are applicable.

6 Medication

6.1 Where a prescribed minimum benefit includes medication, the Scheme will pay 100% of the cost of that medication if that medication is obtained from a designated service provider or is involuntarily obtained from a provider other than a designated service provider, and:

- i. the medication is included on the applicable formulary in use by the Scheme; or
- ii. the formulary does not include a drug that is clinically appropriate and effective for the treatment of that prescribed minimum benefit condition.²

6.2 Where a prescribed minimum benefit includes medication, benefit limitations normally applicable in terms of the benefit option chosen by the member will apply if:

- i. that medication is voluntarily obtained from a provider other than a designated service provider; or
- ii. the formulary includes a drug that is clinically appropriate and effective for the treatment of a prescribed minimum benefit condition suffered by a beneficiary, and that beneficiary knowingly declines the formulary drug and opts to use another drug instead.

[Alternatively]

Where a prescribed minimum benefit includes medication and that medication is voluntarily obtained from a provider other than a designated service provider, a co-payment equal to the difference between the cost of the drug and the reference price of the formulary drug will apply.

7 Prescribed minimum benefits obtained from a public hospital

Notwithstanding anything to the contrary contained in these rules, the Scheme shall pay 100% of the costs of prescribed minimum benefits obtained in a public hospital, without limitation.

² This presumes the use of a formulary by the medical scheme. In the absence of a formulary, items (i) and (ii) would not be applicable.

8 Diagnostic tests for an unconfirmed PMB diagnosis

Where diagnostic tests and examinations are performed but do not result in confirmation of a PMB diagnosis, except for an emergency medical condition, such diagnostic tests or examinations are not considered to be a PMB. *(Explanatory Note 7 in Annexure A of the Regulations)*

9 Co-payments

Co- payments in respect of the costs for PMB's may not be paid out of medical savings accounts.

10 Chronic conditions or as otherwise specified under Diagnosis and Treatment Pairs

Any benefit option covers the full cost for services rendered in respect of the prescribed minimum benefits which includes the diagnosis, medical management, medication and care to the extent that it is provided for in terms of a therapeutic algorithm as prescribed for the specified chronic conditions.

11 Chronic conditions included in the Chronic Disease List

DIAGNOSIS	
Addison's disease	Asthma
Bipolar mood disorder	Bronchiectasis
Cardiac failure	Cardiomyopathy disease
Chronic renal disease	Coronary artery disease
Chronic obstructive pulmonary disorder	Crohn's disease
Diabetes insipidus	Diabetes mellitus type 1 & 2
Dysrhythmias	Epilepsy
Glaucoma	Haemophilia
Hyperlipidaemia	Hypertension
Hypothyroidism	Multiple sclerosis
Parkinson's disease	Rheumatoid arthritis
Schizophrenia	Systemic lupus erythematosus
Ulcerative colitis	

ANNEXURE ...**EXCLUSIONS AND LIMITATIONS TO BENEFITS** *(this list is not exhaustive and may be extended)*

With due regard to the Prescribed Minimum Benefits and unless otherwise provided for or decided by the Board, expenses incurred in connection with any of the following will not be paid by the Scheme:

1. All costs for operations, medicines, treatment and procedures for cosmetic purposes.
2. Holidays for recuperative purposes.
3. Purchase of the following unless prescribed by a person registered with a recognised professional body constituted in terms of an Act of Parliament, any institution, nursing home or similar institution:
 - Medicines not registered with the Medicines Control Council;
 - Toiletries and beauty preparations;
 - Slimming products;
 - Homemade remedies; and
 - Alternative medicines.
4. All costs that are more than the annual maximum benefit to which a beneficiary is entitled in terms of the rules of the Scheme.
5. Charges for appointments which a beneficiary fails to keep.
6. Costs for services rendered by:
 - persons not registered with a recognised professional body constituted in terms of an Act of Parliament; or
 - any institution, nursing home or similar institution not registered in terms of any law except a state or provincial hospital.
7. Beneficiaries admitted during the course of a financial year are entitled to the benefits set out in the relevant benefit option chosen, with the maximum benefits being adjusted in proportion to the period of membership calculated from the date of admission to the end of the particular financial year.
8. Unless otherwise decided by the Board, benefits in respect of medicines obtained on a prescription by persons listed in 3 above are limited to one month's supply for every such prescription or repeat thereof.

