MODEL RULES FOR

MEDICAL SCHEMES REGISTERED UNDER THE

MEDICAL SCHEMES ACT 131 OF 1998

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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, 131 of 1998 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 always be the scheme's main place of business in the Republic of South Africa).*

4. DEFINITIONS

In these rules, a word or expression defined in the Medical Schemes Act (the Act) 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, 131 of 1998, including any regulations under Section 67 thereof.

4.2. "Approval"

Prior written approval of the Board of Trustees or its authorised representative.

4.3. "Auditor"

An individual or firm that is a registered auditor as defined in Section 1 of the Auditing Professional Act, 2005 and authorised by the Registrar.

4.4. "Adult dependant"

A person who has reached the age of 21 in terms of these rules.

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 dependant" (Reg 1)

A dependant who is under the age of 21 or older if he or she is permitted under the rules of a medical scheme to be a dependant.

4.8. "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.

4.9. "Continuation member"

A member who retains his/her membership of the Scheme after his/her retirement or the termination of his employment due to age, ill- health or other disability or a surviving dependant who becomes the principal member after the death of the original principal member.

4.10. "Contribution"

Amount payable by a member on a monthly basis as membership fee to the medical scheme in return for medical coverage and in accordance with a payment structure in 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.

4.11. "Council"

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

4.12. "Cost"

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

4.13. "Creditable coverage"

Any period during which a late joiner was:

4.13.1. a member or a dependant of a medical scheme;

4.13.2. 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;

4.13.3. 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

4.13.4. a member or a dependant of the Permanent Force Continuation Fund,

excluding any period of coverage as a dependant under the age of 21 years.

4.14. "Dependant"

4.14.1 the spouse or partner, dependant children or other members of the members immediate family in respect of whom the member is liable for family care and support; or

4.14.2 any other person who, under these rules is recognised as a dependant of a member.

4.15. "Designated service provider"

A healthcare provider or group of healthcare providers selected and formally contracted by a medical scheme as its preferred service provider or providers to its members' diagnosis, treatment and care in respect of one or more minimum benefit conditions.

4.16. "Dom cilium citandi et executandi"

4.17.1 the member's chosen physical address at which notices in terms of rule 11 as well as legal process or any action arising there from, may be validly delivered and served;

4.17.2 the scheme's registered office in terms of rule 3.

4.17. "Emergency medical condition"

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

4.18 "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*)

4.19 "Ex gratia"

In relation to payment of a relevant healthcare service, means a discretionary payment made on behalf of or to members in order to assist such members to meet commitments in regard to any matter specified in the definition of business of a medical scheme in section 1.

4.20 "Fit and proper"

The regulatory eligibility of a person to hold an important position of trust in a medical scheme and the regulated entities with whom it contracts, including that person's character, integrity, competence and ability to do the job.

4.21 "Immediate family member"

4.21.1 a member's spouse or life partner;

4.21.2 a member's dependent children;

4.21.3 a member's legally adopted children; or

4.21.4 in the absence of a spouse, life partner or dependent children, the member's siblings and parents in respect of whom the member is liable for family care and support.

4.22 "Income"

For the purposes of calculating contributions:

4.22.1 in respect of an individual member, his/her gross monthly earnings in the form of a salary or pension; or

4.22.2 a member who registers a spouse or partner as a dependant, the higher of the member or spouse's or partner's earnings;

4.23 "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)

4.24 "Member"

A person who has been enrolled or admitted as a member of a medical scheme, or who, in terms of the rules of a medical scheme is a member of such medical scheme.

4.25 "Pay(ment) in full"

In relation to a prescribed minimum benefit (PMB), means payment according to the service provider's invoice (i.e. cost) for relevant healthcare services rendered, subject to the use of protocols, designated service providers (DSPs), formularies, pre-authorisation or such other managed care initiatives in place and provided for in these rules.

4.26 "Prescribed minimum benefits" (Reg 7)

Benefits contemplated in Regulation 7 of the Act which are available to beneficiaries on all registered options

4.27 "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)

4.28 "(Personal) Medical Savings Account" (where applicable)

A savings account provided to a member within a benefit option, which a scheme allocates an amount not exceeding 25% of total contributions to a member at the beginning of the year where after the member repays the amount back to the scheme through a portion of his/her monthly contributions.

4.29 "Registrar"

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

4.30 "Scheme tariff"

The rate at which a scheme will reimburse the costs of benefits owing to a member as determined in these rules. *(Indicate percentage of this rate here)*

4.31 "Supplier of service"

All registered healthcare providers and institutions for the provision of relevant healthcare services.

4.32 "Waiting periods"

A period of membership during which a member is liable to pay contributions but will not be entitled to claim any benefits for either a 3 month and/or a 12 month period.

5. BUSINESS OF A MEDICAL SCHEME *(Sec 1(1))*

Means the business of undertaking liability in return for a premium or contribution –

5.1 to make provision for the obtaining of any relevant health service;

5.2 to grant assistance in defraying expenditure incurred in connection with the rendering of any relevant health service; and

5.3 where applicable, to render a relevant health service, either by the medical scheme itself, or by any supplier or group of suppliers of a relevant health service or by any person, in association with or in terms of an agreement with a medical scheme.

Registered rules are binding in terms of section 31(4)

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

6.1 MEMBERSHIP

6.1.1 Eligibility:

Membership is open to any person or group of persons.

{OR}

Membership of the Scheme is restricted to *(in the case of a restricted membership scheme)*

6.1.1.1 Persons in the employment or retired employees of the employer *(schemes to choose what is relevant)*

6.1.1.2 Former employment is relevant for continuation members who retired from the services of his/her employer or whose employment is terminated by his/her employer on account of age, ill health or other disability and his/her dependants.

6.1.2 Surviving dependants, subject to such conditions as may be prescribed, after the death of a member and who were registered as such at the time of the member's death

6.1.3 A member whose membership is terminated for any reasons other than those stipulated in rule 6.2 below, does not qualify as a continuation member on the scheme.

6.1.4 No person may be a member or a dependant of more than one medical scheme or claim benefits under the name of another beneficiary (Sec 28)

6.1.5 A minor may become a principal member with the consent of his/her parent or guardian. (Sec 30(1)(f))

6.1.6 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) & Reg 12)

6.1.7 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. (Sec 30(2) & 32)

6.2 CONTINUATION MEMBERSHIP

6.2.1 Retirees

6.2.1.1 Except where a member voluntary resigns, he/she shall retain his/her membership of the scheme with his/her registered dependants, if any, in the event of him/her retirement 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.

6.1.1.2 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.

6.2.2 Surviving dependants (Sec 29(1)(t))

6.2.2.1 The surviving dependants 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.

6.2.1.2 The scheme shall inform such dependant of his/her right to membership and of the contributions payable in respect thereof. Unless such dependant 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.

6.2.1.3 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) and Sec 1(1) - Definition of *"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.

7.1.2. If a member applies to register a new born within 30 or 60 days of the date of birth or adoption or care 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.

7.2. 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 child 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. WAITING PERIODS

8.1 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:

8.1.1 a general waiting period of up to three months; and

8.1.2 a condition-specific waiting period of up to 12 months, where applicable.

8.1.3 PMBs may also be excluded during the waiting period.

8.2 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 up to 24 months terminating less than 90 days before the date of application, a waiting period that is as follows:

8.2.1 a condition-specific waiting period of up to 12 months, except in respect of PMBs;

8.2.2 any unexpired waiting period imposed by the applicant's former medical scheme.

8.3 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.

8.4 No waiting periods may be imposed on a child-dependant born during the period of membership. If the member fails to register the child within the allowed period waiting periods may be imposed. 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:

8.4.1 the membership or admission applied for is required as a result of a change of employment.

8.5 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.

8.6 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 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. (Sec 29(1)(u)) & Sec 29A (6)(b))

9. MEMBERSHIP CARD AND CERTIFICATE OF MEMBERSHIP (Reg 3)

9.1 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.

9.2 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 fraud. The provisions of rule 11.4 will be instituted.

9.3 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.

10. 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.

11. TERMINATION AND SUSPENSION OF MEMBERSHIP

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

11.1.1 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.

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

11.2 Death

Membership of a member terminates on the last day of the month within which he/she died.

11.3 Involuntary termination

11.3.1 **Amounts due to the scheme**

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 to:

11.3.1.1 suspend all benefit payments in respect of claims which arose during the period of default; and

11.3.1.2 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))

11.3.2 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*.

11.3.3 In the event that payments are brought up to date, and provided membership has not been cancelled in accordance with rule 11.3.1.2, 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.

11.3.4 Any amount due and owing to the medical scheme in respect of a member or a dependant of the member after reasonable demands for payment have been issued, becomes a debt due to the scheme and is recoverable by it. (Sec 29(2)(b))

11.4 Submission of fraudulent claims; committing of any fraudulent act and/or non-disclosure of material information (Sec 29(2))

11.4.1 The Board may suspend or terminate the membership of a beneficiary who submitted fraudulent claims, committed any fraudulent act or failed to disclose material information when applying for membership.

11.4.2 An applicant is obliged to disclose all 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 must refund the scheme any claims paid out by the scheme and the scheme must refund all the contributions paid to the member.

12. CONTRIBUTIONS (*It is important that an Annexure, to be attached by each medical scheme, clearly determines the basis as contemplated in Sec29 (1)(n))*

12.1 Contributions stipulated in Annexure... (*insert relevant reference*) shall be due monthly in advance or arrears as may be determined and are payable by not later than 3 days of them becoming due. It shall be the responsibility of the member to notify the scheme of changes in income that may necessitate a change in contribution hereto, where this is applicable.

12.2 The provisions of rule 11.3 apply where these amounts are due.

13. LIABILITIES OF EMPLOYER AND MEMBER

13.1 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.

13.2 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.

13.3 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.

14. CLAIMS PROCEDURE (Reg 5 & 6)

14.1 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 in Regulation 5.

14.2 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:

(a) The name and the membership number of the member;
(b) The name of the supplier of service;
(c) The name of the beneficiary to whom the service was provided
(d) The final date of service rendered by the supplier of service on the account or statement which is covered by the payment;
(e) The total amount charged for the service concerned; and
(f) The amount of the benefit awarded for such service.

The scheme must inform the member of erroneous or unacceptable accounts within 30 days, where after the member must resubmit the corrected accounts to the scheme within 60 days.

14.3 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. It is the member's responsibility to ensure that the account is submitted by the healthcare provider.

14.4 Where a member has paid an account, he shall, in support of his/her claim, submit a receipt.

14.5 If a member becomes eligible for a third party claim, the member undertakes to submit same and refund the scheme.

14.6 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) & (3))

14.7 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)

15. BENEFITS (Sec29 (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.)* The benefit entitlements per benefit option is set out in the benefit schedules which are attached to these rules.

15.1 Unless suspended in terms of rule 13 or placed on a waiting period in terms of rule 8, 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)*

15.2 A member is entitled to change from one to another benefit option subject to the following conditions:

15.2.1 The change may be made only with effect from 1 January of any financial year. The Board may, in its absolute discretion and according to pre-determined criteria, 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.

15.2.2 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. (Reg 4(3))

15.2.3 The registered dependants of a member must participate in the same benefit option as the member.

15.3 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))

15.4 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)*

15.5 No limitations or exclusions, other than those prescribed, will be applied to the prescribed minimum benefits.

15.6 Pre-authorisation is a clinical decision based on the information provided and not a guarantee of payment of relevant healthcare services to be rendered.

16. PAYMENT OF ACCOUNTS

16.1 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 as follows:

16.1.1 self-insured up to the relevant benefit limit payable at scheme tariff; and

16.1.2 in full for prescribed minimum benefits

16.2 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.

16.3 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 within 3 years by the scheme.

16.4 The scheme may deduct any amounts from any benefit payable to a member or supplier of services, which a member or supplier of services is not entitled to or where the medical scheme has suffered loss due to theft, fraud, negligence or any misconduct which the scheme became aware of

17. GOVERNANCE (Sec 29(1)(a) & Sec57)

17.1 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)

17.2 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.

17.3 All contracts entered into and actions performed by the steering committee of the scheme are subject to subsequent ratification by the Board.

17.4 At least 50% of the trustees shall be members of the scheme and be elected by members of the scheme.

17.5 … *(insert a number)* trustees shall be appointed by participating employer(s)/elected trustees.

17.6 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*)

17.7 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 consecutive terms and no more than 3 terms all together.

17.8 The following persons are not eligible to serve as members of the Board:

17.8.1 A person under the age of 21 years;

17.8.2 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))

17.8.3 a broker; (Sec 57(3))

17.8.4 any employee of the scheme;

17.8.5 the principal officer of the scheme; and

17.8.6 the authorised auditor of the scheme: or

17.8.7 any person that is already serving as a trustee of any other registered medical scheme.

17.9 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.

17.10 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.

17.11 The Board may co-opt a knowledgeable person to assist it in its deliberations provided that such person shall not have a vote.

17.12 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.

17.13 The Board must elect from among itself the chairperson and vice-chairperson.

17.14 In the absence of the chairperson and vice-chairperson, the Board members present must elect one board member to preside.

17.15 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.

17.16 A member of the Board may resign at any time by giving written notice to the Board.

17.17 A prospective nominee cannot hold office or a current member of the Board ceases to hold office if:

17.17.1 he/she is in terms of any other legislation, declared mentally ill or incapable of managing his/her affairs;

17.17.2 he/she is declared insolvent or has surrendered his/her estate for the benefit of his/her creditors;

17.17.3 he/she is convicted, whether in the Republic or elsewhere, of theft, fraud, forgery or uttering of a forged document or perjury;

17.17.4 he/she is removed by the court from any office of trust on account of misconduct;

17.17.5 he/she is disqualified under any law from carrying on his/her profession;

17.17.6 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;

17.17.7 he/she absents himself from three consecutive meetings of the Board without the permission of the Chairperson;

17.17.8 he/she is removed from office by the Council in terms of section 46 of the Act or any other legislation; or

17.17.9 he/she is removed from office in terms of rule 17.23 or 17.25.

17.18 The Board must meet... *(insert a number which should not be less than 4)* times per year

17.19 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.

17.20 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.

17.21 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 (AGM) and included in the annual financial statements. (Reg 6A)

17.22 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 or subcommittees) and/or allowances (i.e. training, business travelling, accommodation and telephone costs for business purposes) must be approved by the members of the scheme annually at the AGM. (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.

17.23 If the Board of Trustees suspends or removes the Principal Officer or a trustee from office in terms of rule 17.25 and that person(s) is aggrieved by the decision he/she may lodge a complaint in writing to the Registrar.

17.24 On receipt of a written complaint mentioned in 17.23 above:

17.24.1 The Registrar shall investigate the basis of the complaint; and

17.24.2 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

17.25 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 of the Board after following a due process that is consistent with provisions of section 46 of the Medical Schemes Act or of the provisions of just administrative action; by way of a special resolution taken at a special general meeting, provided that:

17.25.1 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.

17.25.2 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.

17.25.3 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.

17.25.4 Where the representation was not sent due to late receipt, the trustee concerned may require that the representations be read at the meeting.

17.25.5 50% + 1 of members of the board of trustees present in person constitute a quorum.

17.25.6 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.

17.25.7 Rule 17.17 applies mutatis mutandis.

18. FIDUCIARY DUTIES OF BOARD OF TRUSTEES (Sec 57(4))

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

18.2 The Board must act with due care, diligence, and skill and in good faith. (Sec 57(6)(b))

18.3 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))

18.4 The Board must apply sound business principles and ensure the financial soundness of the scheme.

18.5 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))

18.6 The Board may authorise the appointment of any staff by the Principal Officer, 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.

18.7 The chairperson must preside over meetings of the Board and ensure due and proper conduct at meetings.

18.8 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))

18.9 The Board must ensure that proper control systems are employed by and on behalf of the scheme. (Sec 57(4)(c))

18.10 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))

18.11 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) & Sec26(7))

18.12 The Board must take out and maintain an appropriate level of professional indemnity insurance and fidelity guarantee insurance. (Sec 57(4)(f))

18.13 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))

18.14 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))

18.15 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))

18.16 The Board must take all reasonable steps to protect the confidentiality of medical records concerning any beneficiary's state of health in terms of the Protection of Personal Information Act. (Sec 57(4)(l))

18.17 The Board must approve all disbursements.

18.18 The Board shall prepare annual financial statements and shall ensure compliance with all statutory requirements pertaining thereto.

18.19 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))

18.20 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.

18.21 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) & Reg 6A)

18.22 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 AGM.

18.23 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.

18.24 The Board must appoint the authorised auditor and the audit committee annually.

18.25 The Board shall ensure that every existing and newly appointed/elected Board member undergoes trustee training in the form of induction training and attendance of the accredited skills programme provided by the Council.

19. POWERS OF BOARD (Sec 29(1)(b) & (c))

The Board has the power:

19.1 to suspend or remove the Principal Officer or a Trustee from office on good cause shown;

19.2 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;

19.3 to appoint a committee consisting of such Board members and other experts as it may deem appropriate;

19.4 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)

19.5 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)

19.6 to appoint, contract with and compensate any accredited managed healthcare organisation in the prescribed manner;

19.7 to purchase movable and immovable property for the use of the scheme (Sec 26(1)(a));

19.8 to let or hire movable or immovable property;

19.9 subject to section 63 to sell movable and immovable property of the scheme subject to sound business practice and fair value principles;

19.10 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)

19.11 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))

19.12 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;

19.13 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))

19.14 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 rule 5; (Sec 30(1)(b))

19.15 to contribute to any fund conducted for the benefit of employees of the scheme; (Sec 30(1)(d))

19.16 to reinsure obligations in terms of the benefits provided for in these rules in the prescribed manner; (Sec 20(2)-(7))

19.17 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) & 29 (1)(d) & 57(4)(a))

19.18 to contribute to any association instituted for the furtherance, encouragement and co-ordination of medical schemes; (Sec 30(1)(c))

19.19 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.

20. DUTIES OF PRINCIPAL OFFICER AND STAFF (Sec 29(1)(b))

20.1 The staff of the scheme must, in terms of the Protection of Personal Information Act, ensure the confidentiality of all information regarding its members.

20.2 The principal officer is the executive officer of the scheme and as such must ensure that:

20.2.1 he/she acts in the best interests of the members of the scheme at all times;

20.2.2 the decisions and instructions of the Board are executed without unnecessary delay;

20.2.3 where necessary, there is proper and appropriate communication between the scheme and those parties affected by the decisions and instructions of the Board;

20.2.4 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;

20.2.5 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;

20.2.6 he/she 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.

20.3 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.

20.4 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.

20.5 The principal officer shall be responsible for the supervision of the staff employed by the scheme, unless the Board decides otherwise.

20.6 The principal officer shall, with the concurrence of the Board, cause the termination of the services of any employee of the scheme;

20.7 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.

20.8 The following persons are not eligible to be a principal officer: (Sec 57(7))

20.8.1 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;

20.8.2 A broker or an employee, director, officer, consultant or contractor of any person contracted by the scheme to provide broker services;

20.8.3 A Principal Officer or office bearer of another medical scheme; or

20.8.4 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.

20.9 The provisions of rules 17.17.1 – 17.17.5 apply *mutatis mutandis* to the principal officer.

21. INDEMNIFICATION & FIDELITY GUARANTEE (Sec 57(4)(f))

21.1 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.

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

22. 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.

23. BANK ACCOUNT (Sec 26 (1)(c)} & 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)*

24. AUDITOR & AUDIT COMMITTEE (Sec 29(1)(f) & Sec36)

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

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

24.3 An auditor (who must be authorised and approved by the Registrar in terms of section 36 of the Act) who is a registered auditor as defined in the Auditing Profession Act, 2005, must be recommended by the board resolution and appointed by members at every Annual General Meeting, to hold office from the conclusion of that meeting.

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24.4 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.

24.5 If the members of the scheme at a general meeting fail to appoint an auditor required to be appointed in terms of section 36(1) of the Medical Schemes Act, the Board must within 30 days recommend to the Registrar for an appointment in terms of section 36(9) of the Act. (Sec 36(9))

24.6 The following persons are not eligible to serve as auditor of the scheme:

24.6.1 officers of the scheme;

24.6.2 contractor of the scheme;

24.6.3 an employee, director, officer or contractor of the scheme's administrator, or of the holding company, subsidiary, joint venture or associate of the administrator;

24.6.4 a person not registered and engaged in public practice as an auditor;

24.6.5 a person who is disqualified from acting as an auditor in terms section 90 of the Companies Act, 2008. (Sec 36(3))

24.6.6 any person who has a material relationship with the medical scheme or any of its contractors.

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24.7 The authorised 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 deems necessary for the performance of his/her duties.

24.8 The authorised 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.

25. GENERAL MEETINGS (Sec 29(1)(m)) (*Only members of the scheme must constitute a quorum and vote at such meetings)*

25.1 Annual General Meeting

25.1.1 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.

25.1.2 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.

25.1.3 The financial information mentioned in 25.1.2 above consists of *(scheme to choose whichever is applicable*)

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

25.1.3.2 Summarised set of Annual Financial Statements; or

25.1.3.3 Highlights document

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

25.1.5 At least... *(insert fixed 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, but such date is to be no later than 14 days after the date of the failed meeting. The notice of such postponed meeting shall be reissued in terms of rule 25.1.2, and members then present constitute a quorum.

25.1.6 The financial statements and reports specified in rule 25.1.2 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.

25.1.7 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.

25.2 Special General Meeting (Sec 29(1)(m))

25.2.1 The Board may call a special general meeting of members if it is deemed necessary.

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

25.2.3 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 members requesting the special general meeting and deposited at the registered office of the scheme. Only those matters forming the objects of the meeting may be discussed.

25.2.4 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.

25.2.5 At least... *(insert fixed 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.

26. VOTING AT MEETINGS (Sec 29(1)(m))

26.1 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.

26.2 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.

26.3 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.

27. COMPLAINTS AND DISPUTES (Sec 29(1)(j) & Sec48)

27.1 Members must first 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.

27.2 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.

27.3 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, shall be selected from a panel appointed by the Board to settle any complaints or disputes. At least one of such persons shall be a person with legal expertise.

27.4 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.

27.5 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 days' 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.

27.6 The disputes committee may determine the procedure to be followed.

27.7 The parties to any dispute have the right to be heard at the proceedings, either in person or through a representative.

27.8 The decision taken in terms of rule 27.2 or that of the dispute committee must be communicated to all parties in writing and where a dispute arises, this must be lodged in writing with the Registrar, indicating their right to appeal in terms of section 47.

27.9 The operation of any decision which is the subject of an appeal under rule 27.8 shall be suspended pending the decision of the Registrar/Council.

28. DISSOLUTION (Sec 53 & Sec 29(1)(h))

28.1 The scheme may be dissolved by order of a competent court or by voluntary dissolution. (Sec 64 & Sec 29(1)(i))

28.2 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)

28.3 Pursuant to a decision by members taken in terms of rule 28.2 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.

28.4 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.

28.5 The Registrar may, on good cause shown, ratify a lower percentage.

29. AMALGAMATION AND TRANSFER OF BUSINESS (Sec 63)

29.1 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.

29.2 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.

29.3 The Registrar may, on good cause shown, ratify a lower percentage.

29.4 The amalgamating Board must submit signed copies of a final audited set of financial statements and annual statutory return to the CMS.

30. RIGHT TO OBTAIN DOCUMENTS AND INSPECTION OF DOCUMENTS (Sec 41)

30.1 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:

30.1.1 The rules of the scheme including any network/preferred providers and DSPs;

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

30.1.3 protocols and formularies documents. (Reg 15(H) & (I)(b))

30.2 A beneficiary is entitled to inspect free of charge at the registered office of the scheme any document referred to in rule 30.1 and to make extracts therefrom.

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

31. AMENDMENT OF RULES (Sec 31 & Sec 20(1)(k) & (l))

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

31.2 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:

31.2.1 The objects of the scheme.

31.2.2 The constitution of the Board.

31.2.3 The period of office of the trustees.

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

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

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

31.5 Notwithstanding the provisions of rule 31.1 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. (Sec 57(4)(h))

31.6 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 12 must be indicated). (Sec 29(1)(n))

1. Contributions

Example:

Member	Rx
Adult dependant	Rx
Child dependant	Rx

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

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 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 (Reg 10) (Circular 38 of 2011)

1. On admission to the scheme, a personal medical savings account (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 .. *(mention 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 and options must be indicated in terms of Rule 15) *(Sec 29(1)(q))*

PRESCRIBED MINIMUM BENEFITS (PMBs) *(Sec 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 —

(a) the Diagnosis and Treatment Pairs listed in Annexure A of the regulations, subject to any limitations specified therein; and

(b) 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]

(a).....

(b).....

(c).....

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

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.

[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.

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:

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

[alternatively]

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]

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 voluntary 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.

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 the Regulations)*

9. Co-payments

Co- payments in respect of the costs for PMBs 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.

[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.

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)*

The scheme will pay in full, without co-payment or use of deductibles, the diagnosis, treatment and care costs of the prescribed minimum benefits as per Regulation 8 of the Act. Furthermore, where a protocol or a formulary drug preferred by the scheme has been ineffective or would cause harm to a beneficiary, the scheme will fund the cost of the appropriate substitution treatment without a penalty to the beneficiary as required by Regulation 15H and 15I of the Act. Unless otherwise provided for or decided by the Board, expenses incurred in connection with any of the following will not be paid for 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.