

17 March 2020

Mr Paresh Prema
General Manager of BMU
Council for Medical Schemes

Dear Mr Prema

PROPOSED AMALGAMATION BETWEEN BESTMED MEDICAL SCHEME AND GRINTEK ELECTRONICS MEDICAL AID SCHEME (GEMAS)

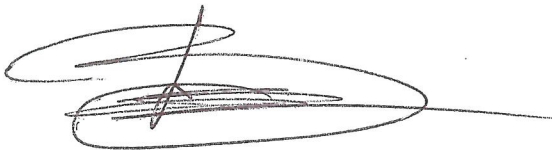
Please find attached the exposition document detailing the proposed amalgamation between Bestmed Medical Scheme and GEMAS as per Section 63 of the Medical Schemes Act 131 of 1998, as amended.

During a meeting at the CMS offices on Monday, 4 November 2019, the Boards and Principal Officers of both schemes communicated their desire to amalgamate and requested guidance on certain aspects of the amalgamation. Since our meeting, the schemes have worked together to finalise the terms of the proposed transaction. These terms are described in our proposed exposition document, which you will find attached to this correspondence.

Both Boards of Trustees have approved the attached exposition document, and we now submit this document to the office of the Registrar for consideration and potential approval as contemplated in section 63(2) of the Act.

Should you have any enquiries or require any additional information in order to consider proposed transaction, please do not hesitate to contact me.

Yours sincerely



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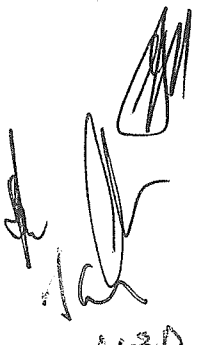
**Exposition of the transaction involving the transfer of
Grintek Electronics Medical Aid Scheme
(Registration no 1523)**

To

**BESTMED MEDICAL SCHEME
(Registration no 1252)**

In terms of Section 63 of the Medical Schemes Act, Act No. 131 of 1998

January 2020



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1 Introduction

The Boards of Trustees of Bestmed Medical Scheme ("Bestmed") and Grintek Electronics Medical Aid Scheme ("GEMAS") have concluded that a transfer of GEMAS to Bestmed will best serve the interests of both schemes' members. Subject to the approval of this transaction by the Registrar of Medical Schemes, the effective date for the transfer is intended to be 1 July 2020.

This document serves to inform members and other interested stakeholders of information relevant to the proposed transaction.

2 Background

2.1 Bestmed Medical Scheme

Bestmed is a large self-administered open medical scheme with approximately 95 000 principal members. Bestmed has built up substantial reserves over the past few years. In 2018, the Scheme reported a surplus of R188 million with a solvency level of 31.94% and is currently projected to report a healthy surplus for the 2019 financial year as well.

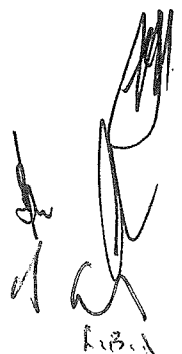
2.2 Grintek Electronics Medical Aid Scheme

GEMAS is a small restricted medical scheme administered by Universal Healthcare Administrators. The Scheme has recently seen a reduction in membership, from approximately 775 principal members in January 2018 to principal 550 members at the end of September 2019.

GEMAS's Audited Annual Financial Statements for the year ended December 2018 reflected a surplus of R1.8 million on gross contribution income of R42.6 million. Their 2018 year-end reserves amounted to R18.7 million, translating to a solvency margin of 43.9%. GEMAS is projected to make a marginal surplus of R0.9 million (which amounts to 2.3% of gross contribution income) in 2019.

During 2019, GEMAS approached several medical schemes to explore the possibility of amalgamation, and after careful consideration of their various proposals, a decision was taken to pursue an amalgamation with Bestmed.

The Boards of Trustees of Bestmed and GEMAS entered into transfer discussions during October 2019. Subject to approval of this transaction, GEMAS is intended to be transferred to Bestmed on 1 July 2020.



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3 Reasons for the transfer

The main reasons for the proposed transfer are outlined below:

GEMAS is one of the smallest medical schemes in South Africa with a membership of approximately 550 principal members and their membership gradually decreased in 2019. The resulting changes in the demographic profile and volatility of the claims experience will have a direct impact on their financial performance, solvency and future sustainability.

The GEMAS Board of Trustees has considered the impact of the above as well as potential future corporate transactions in the context of GEMAS's characteristics and resolved that an amalgamation with an open scheme would be in the best interest of the GEMAS members.

GEMAS reserves were approximately R19 million as at June 2019, resulting in a solvency ratio of 44%. It should be noted that small schemes such as GEMAS require higher reserves than strictly required by legislation. Therefore, the Scheme holds sufficient and not excessive reserves.

Bestmed's absolute reserves are amongst the highest in the industry compared to other open schemes. Bestmed's reserves are sufficient to absorb the GEMAS membership base without falling below the statutory minimum required level. The projected solvency of the amalgamated scheme amounts to approximately 33%.

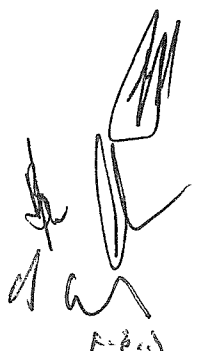
Bestmed, through its position as a self-administered scheme, can pass efficiencies generated through economies of scale directly on to members. The non-healthcare expenditure per member of the amalgamated scheme is therefore projected to be lower than the non-healthcare expenditure per member of either scheme considered in isolation in its current form.

In an environment of consolidation, competition between open schemes is becoming fiercer in a smaller market. Membership growth in Bestmed translates to greater bargaining power when negotiating with healthcare providers and service providers.

4 Governance

The Composition of Board of Trustees will be governed by Rule 18.1 of the registered Bestmed Rules ("Scheme Rules"). The term of office of Board members, as detailed in Rules 18.3.7 for elected members and 18.4.2 for appointed members of the Scheme Rules, will be a maximum of two terms of four years each.

The amalgamated Bestmed Medical Scheme Board of Trustees will not include members of the current GEMAS Board. The governance structure and supporting committees of Bestmed will remain unchanged.



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Exposition of the proposed amalgamation of Bestmed and GEMAS

The Committees which support the Board of Trustees are shown below.

- Audit Committee
- Risk Management Committee
- Investment Committee
- Remuneration and Human Resources Committee
- Social and Ethics Committee
- Disputes Committee (ad hoc committee)

5 Ballot of members

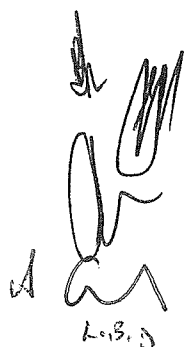
A ballot by GEMAS members is required, while a ballot is not required by the Bestmed Rules for amalgamations with schemes with less than 15 000 members. However, a notification letter will be sent to each member. The GEMAS ballot will be concluded electronically.

Once the Registrar has approved the exposition, advertisements will be placed for any interested parties to take note as prescribed by the Council for Medical Schemes (CMS), including but not limited to newspaper advertisements, emails to members and the employer's intranet platform.

6 GEMAS contractual engagements

GEMAS currently has the following contracts with third parties in place, which will be terminated on the amalgamation date. Sufficient notice will be/has been given to these service providers such that no penalties are attracted as a result of early termination. Where applicable, service providers have already been informed of the potential amalgamation.

<u>Contracted party</u>	<u>Notice period</u>
Universal Healthcare Administrators (Pty) Ltd	6 months
Universal Care (Pty) Ltd	6 months
ER24	30 days



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7 Key demographic indicators

The demographic profiles of both schemes and the amalgamated scheme (as at the end of September 2019) are summarised in the table below.

Table 7-1 – Key demographic indicators

Key indicators	Bestmed	GEMAS	Amalgamated scheme
Average members	95 027	550	95 577
Average beneficiaries	198 849	1 233	200 082
Average family size	2.1	2.2	2.1
Average member age	49.9	50.6	49.9
Average beneficiary age	37.7	39.2	37.7
Chronic prevalence	25.8%	27.9%	25.8%
Pensioner ratio (65+ years)	13.5%	10.7%	13.5%

Figure 7-1 illustrates the age distribution of each scheme as at September 2019. GEMAS has a higher proportion of beneficiaries between 40 and 65 years, compared to Bestmed, but this coupled with a higher proportion of beneficiaries between 10 and 30 years.

Figure 7-1 – Age distribution by scheme

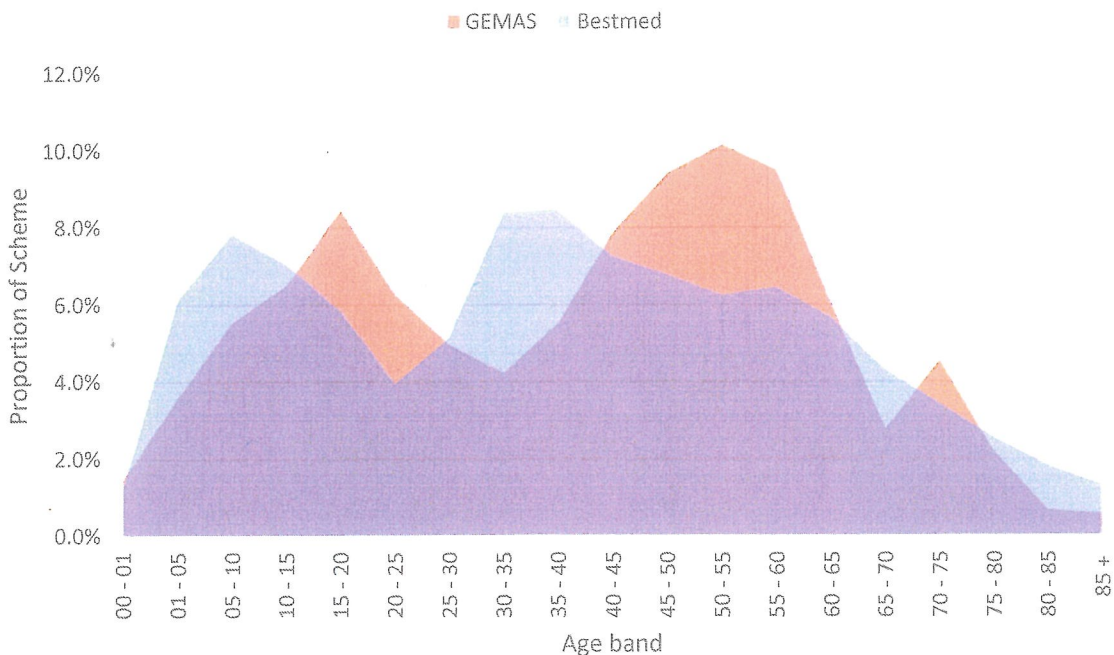
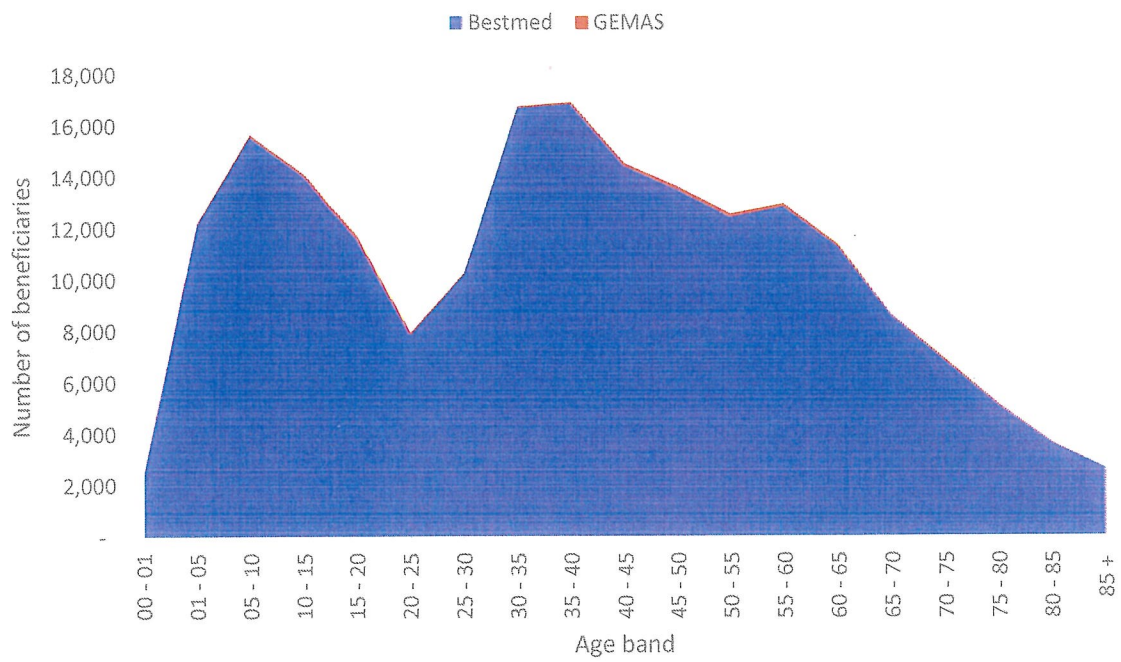


Figure 7-2 illustrates the age distribution of the amalgamated scheme. Due to the small size of GEMAS, the amalgamated scheme reflects the age distribution of Bestmed.

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Exposition of the proposed amalgamation of Bestmed and GEMAS

Figure 7-2 – Age distribution of amalgamated scheme



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A.B.S.

8 Product offering

No changes to Bestmed options will be made on the transfer date. GEMAS members will be afforded the opportunity to choose to join any existing Bestmed option based on their healthcare needs with effect from the amalgamation date. In the event that a member does not exercise his/her right to choose a benefit option at the date of the transfer, they will be defaulted to certain Bestmed options based on their income band. In line with the general Scheme Rules, members will be able to revisit their option choice annually thereafter, with effect from 1 January of each year.

Bestmed and GEMAS will provide on-site support for members at their place of work to ensure they are informed about the details of the various options. Qualified Bestmed consultants will meet with GEMAS members on a one-on-one basis to explain the various options based on their individual needs, chronic medicine needs and affordability. Furthermore, members are free to consult their own independent financial advisors, however, they would have to bear the cost of any fees charged by those advisors.

GEMAS members will be informed that their benefits in Bestmed will be pro-rated as transfer is expected to occur during the 2020 benefit year on 1 July 2020.

8.1 Benefit options

Bestmed has ten benefit options, with three efficiency discounted options, while GEMAS has one option. The GEMAS contribution table is income rated whereas all Bestmed options, except Pulse 1, are not income rated. The 2020 contribution tables of the two schemes are summarised below.

Table 8-1 – 2020 Contribution tables

Scheme	Option		Principal	Adult	Child
Bestmed	Pace 4		7 982	7 982	1 869
	Pulse 2		5 770	5 770	1 371
	Pace 3		6 390	5 144	1 099
	Pace 2		5 565	5 458	1 227
	Beat 4		4 685	3 870	1 159
	Pace 1		3 930	2 760	992
	Beat 3		2 997	2 130	1 158
	Beat 3 EDO		2 698	1 917	1 042
	Beat 2		1 976	1 535	832
	Beat 2 EDO		1 779	1 381	748
	Beat 1		1 617	1 255	680
	Beat 1 EDO		1 454	1 130	612
	Pulse 1	R0 - R5 500	1 626	1 545	978
		R5 500 - R8 500	1 953	1 856	1 172
		R8 500 +	2 344	2 109	1 172

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Exposition of the proposed amalgamation of Bestmed and GEMAS

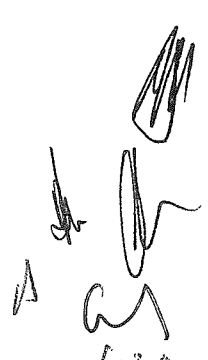
Scheme	Option	Principal	Adult	Child
GEMAS	R0 - R4 724	1 929	1 440	474
	R4 725 - R6 299	2 593	1 922	633
	R6 300 - R8 399	3 004	2 245	727
	R8 400 - R10 499	3 416	2 562	807
	R10 500 - R15 749	3 526	2 640	855
	R15 750 - R19 999	3 704	2 786	886
	R20 000 - R29 999	3 905	2 939	934
	R30 000 +	3 923	2 951	938

9 Option defaulting strategy

While each member will have the choice to select an option, the proposed defaulting strategy is summarised in the following table.

Table 9-1 – Proposed defaulting strategy

Income band	Number of members	Number of beneficiaries	Default option	Impact on contributions	Percentage of members impacted
R0 - R4 724	21	31	Beat 2	4.1%	3.8%
R4 725 - R6 299	4	7	Beat 3 EDO	2.5%	0.7%
R6 300 - R8 399	13	21	Beat 3	-1.8%	2.4%
R8 400 - R10 499	3	6	Beat 3	-6.8%	0.5%
R10 500 - R15 749	40	62	Pace 1	10.6%	7.3%
R15 750 - R19 999	46	79	Pace 1	5.8%	8.4%
R20 000 - R29 999	105	208	Pace 1	-0.1%	19.1%
R30 000 +	318	819	Pace 1	-1.1%	57.8%



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9.1 Impact based on family structure

The table below shows the contribution change impact on different family structures based on the default strategy explained above.

Table 9-2 – Impact on different family structures

Family structure	Salary band								Total
	R0 – R4 724	R4 725 – R6 299	R6 300 – R8 399	R8 400 – R10 499	R10 500 – R15 749	R15 750 – R19 999	R20 000 – R29 999	R30 000 +	
P1A0C0	2.4%	4.0%	-0.2%	-12.3%	11.5%	6.1%	0.6%	0.2%	2.4%
P1A0C1				-1.6%	12.3%	7.2%	1.7%	1.3%	3.4%
P1A0C2					12.9%	8.0%	2.4%	2.0%	4.1%
P1A0C3								2.5%	2.5%
P1A1C0	4.2%	2.2%	-2.3%		8.5%	3.1%	-2.3%	-2.7%	-1.3%
P1A1C1	13.0%			-7.4%	9.4%	4.1%	-1.2%	-1.7%	-1.2%
P1A1C2						5.0%	-0.4%	-0.9%	-0.7%
P1A1C3					10.7%	5.7%	0.2%	-0.2%	0.5%
P1A1C4							0.7%	0.3%	0.4%
P1A1C5								0.7%	0.7%
P1A2C1								-3.0%	-3.0%
Total	4.1%	2.5%	-1.8%	-6.8%	10.6%	5.8%	-0.1%	-1.1%	0.2%

Small families in the upper middle-income bands will be impacted more severely than larger families in higher income bands. The large impact on the P1A1C1 family on the lowest income band is mainly due to the difference between the child contribution on GEMAS compared to the Beat 2 default option. There is only one family that is negatively affected by this. The table below shows the number of families in each family structure.

Table 9-3 – Number of families in each structure

Family structure	Salary band								Total
	R0 – R4 724	R4 725 – R6 299	R6 300 – R8 399	R8 400 – R10 499	R10 500 – R15 749	R15 750 – R19 999	R20 000 – R29 999	R30 000 +	
P1A0C0	12	1	5	1	23	26	47	80	195
P1A0C1				1	5	7	14	17	44
P1A0C2					1	3	6	4	14
P1A0C3								2	2
P1A1C0	8	3	8		9	4	15	77	124
P1A1C1	1			1	1	3	11	51	68
P1A1C2						2	9	63	74
P1A1C3					1	1	2	18	22
P1A1C4							1	3	4
P1A1C5								2	2
P1A2C1								1	1
Total	21	4	13	3	40	46	105	318	550

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R. B. D.

Exposition of the proposed amalgamation of Bestmed and GEMAS

It is important to note that every member will be afforded the opportunity to choose to join any existing Bestmed options. In the event that they do not exercise this choice, then only will they be allocated to the default option as shown in Table 9-1.

Bestmed will provide on-site advice and support to members who are impacted most severely to ensure that they choose an option that best meets the needs of their family.

10 High level impact of the transfer

10.1 Projected financial results of amalgamated scheme

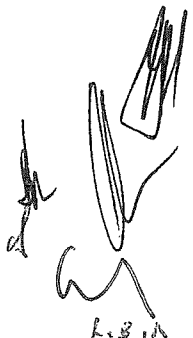
Based on the option default strategy explained in Section 9, the projected results for GEMAS members in Bestmed have been combined with the original Bestmed 2020 budget to give an illustration of the amalgamated scheme's projected performance. This is shown in table below.

Table 10-1 – Amalgamated scheme projected results for 2020

	Bestmed	GEMAS in Bestmed	Amalgamated scheme
Number of members	94 387	550	94 937
Number of beneficiaries	197 476	1 233	198 709
Gross contributions	6 169 962 291	39 330 507	6 209 292 797
Risk contributions	5 248 257 773	31 908 599	5 280 166 372
Claims incurred	4 722 260 760	30 184 804	4 752 445 564
Gross underwriting result	525 997 013	1 723 795	527 720 808
Management expenses	476 806 811	978 184	477 784 995
Net underwriting result	49 190 203	745 611	49 935 813
Investment income			114 068 074
Surplus for the year			164 003 887
Accumulated funds			2 040 170 543
Solvency margin			32.9%

10.2 Longer term projection

The amalgamated scheme's solvency margin is projected to remain stable at approximately 32% during the five years after the transfer date.



11 Advantages and disadvantages

11.1 Advantages

GEMAS members will belong to a larger risk pool, which can be expected to yield more stable and predictable financial results. This should result in more stable contribution increases year-on-year.

GEMAS members will have access to a much wider selection of options and therefore have more flexibility in terms of choice.

The general Bestmed product structure offers individual Medical Savings Accounts, which offers more flexibility to members than the traditional product structure of the GEMAS option.

Greater economies of scale are achieved in the amalgamated scheme. The self-administration model allows for these efficiencies to be passed directly to members, leading to reductions in non-healthcare expenditure for all members.

The amalgamated scheme is expected to have marginally greater bargaining power when negotiating with healthcare providers and service providers.

The amalgamated scheme will benefit from membership growth combined with an improvement in the absolute level of reserves.

GEMAS members will be enrolled, via their employer Grintek, as a participating employer group of Bestmed. Thereby they will have access to the Corporate Service Offering that Bestmed offers to all their corporate clients. One of these benefits is, for example, that newly appointed employees, if registered within 60 days with Bestmed, will not be underwritten. If these members were to join as individuals (not via Grintek), they would have had a 12-month waiting period on pre-existing medical conditions at GEMAS.

GEMAS members will have access to additional benefits such as International Travel Insurance that their scheme does not offer currently as well as extensive Preventative Care benefits.

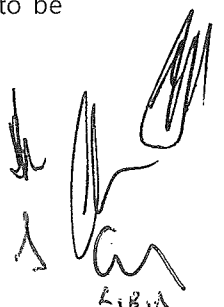
Bestmed offers personalised care and assistance via its Disease Management Programmes such as the Diabetes and Oncology programmes, which GEMAS members do not have access to currently.

GEMAS members are currently subject to a number of co-payments (out of hospital expenses) and internal rules such as required referrals prior to consulting specialists. At Bestmed they will not be bounded by these rules.

11.2 Disadvantages

Any uncertainty created through the transfer may lead to potential membership losses.

GEMAS members are not used to the concept of an annual medical savings account that forms a key part of the Bestmed product structure. Significant member training and education will have to be offered to the members in order to assist them during the transition period and thereafter.



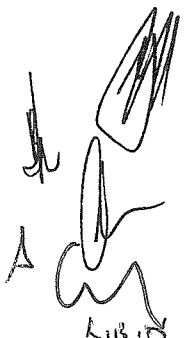
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Exposition of the proposed amalgamation of Bestmed and GEMAS

The GEMAS option offers unlimited benefits for conservative and restorative dentistry treatment out of hospital, which are not offered to the same extent via the Bestmed products.

The GEMAS option covers hospitalisation and related expenses at 250% of the Agreed Tariff (Scheme tariff) to avoid shortfalls for the member's account. Bestmed covers hospitalisation at 100%. However, the Scheme has an extensive network of designated service providers (DSPs) who contractually agree to claim at the Bestmed tariffs. GEMAS members will be required to consult service providers within the Bestmed DSP network to avoid any shortfalls.

The co-payments on non-formulary chronic medicines on Bestmed ranges from 20% to 35%, depending on the specific option choice. The GEMAS co-payment for these items is limited to 20%.



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Exposition of the proposed amalgamation of Bestmed and GEMAS

12 Transfer Project Plan

GEMAS & BESTMED AMALGAMATION 2019 - 2020	175 days	Thu Oct 31, '19	Wed Jul 1, '20
BOARD APPROVAL OF PROPOSED AMALGAMATION PARTNER	1 day	Thu Oct 31, '19	Thu Oct 31, '19
Consideration to be given to and presented to the Boards (GEMAS & Bestmed)	1 day	Thu Oct 31, '19	Thu Oct 31, '19
Terms and Conditions imposed by the acquiring scheme in terms of reserve transfer, default benefit options, underwriting conditions for new employees post the amalgamation	1 day	Thu Oct 31, '19	Thu Oct 31, '19
Financial and member demographic profile	1 day	Thu Oct 31, '19	Thu Oct 31, '19
Product range and suitability of default benefit options	1 day	Thu Oct 31, '19	Thu Oct 31, '19
Cost impact to the members and participating employer in terms of default benefit options	1 day	Thu Oct 31, '19	Thu Oct 31, '19
DRAFTING & APPROVAL OF EXPOSITION DOCUMENT/BUSINESS PLAN	84 days	Tue Nov 5, '19	Fri Feb 28, '20
To be drafted in line with the guidelines issued by the CMS in terms of Section 63 of the Medical Schemes Act:	84 days	Tue Nov 5, '19	Fri Feb 28, '20
SWOT analysis to identify the strengths and weaknesses of the proposed transaction, including any mitigation strategies in terms of the risks arising from the proposed transaction	18 days	Tue Nov 5, '19	Thu Nov 28, '19
Medical Scheme summary which includes:	18 days	Tue Nov 5, '19	Thu Nov 28, '19
A brief history and background information on both schemes	18 days	Tue Nov 5, '19	Thu Nov 28, '19
Operational comparison	18 days	Tue Nov 5, '19	Thu Nov 28, '19
Details pertaining to the amalgamated scheme once the transfer of membership has taken place	18 days	Tue Nov 5, '19	Thu Nov 28, '19
Analyses and comparisons detailing:	18 days	Tue Nov 5, '19	Thu Nov 28, '19
Market - Membership movements and mapping of options of the transferring scheme to the amalgamated scheme	18 days	Tue Nov 5, '19	Thu Nov 28, '19
the transferring scheme contribution tables for each option to that of the amalgamated scheme options, and also to determine whether the contributions for the members transferring to the amalgamated scheme would remain affordable	18 days	Tue Nov 5, '19	Thu Nov 28, '19
Benefit structure of the transferring scheme for each option to the benefit structure of the options on the amalgamated scheme	18 days	Tue Nov 5, '19	Thu Nov 28, '19
Benefits that would become available to the members from the transferring scheme compared to those they were entitled to prior to the transfer transaction	18 days	Tue Nov 5, '19	Thu Nov 28, '19
Non-healthcare expenditure prior to and after the transfer transaction in each scheme	18 days	Tue Nov 5, '19	Thu Nov 28, '19
Submit 1st draft Exposition Document to both schemes	1 day	Fri Nov 15, '19	Fri Nov 15, '19
Documents & Reports	84 days	Tue Nov 5, '19	Fri Feb 28, '20
A detailed communication strategy to assist members	84 days	Tue Nov 5, '19	Fri Feb 28, '20
A financial plan after the transfer transaction has been implemented	84 days	Tue Nov 5, '19	Fri Feb 28, '20
Appoint and contract with independent Review Consultant	9 days	Mon Jan 13, '20	Thu Jan 23, '20
Independent review report if required by the Registrar of Medical Schemes	5 days	Mon Jan 27, '20	Fri Jan 31, '20
SUBMISSION & APPROVAL OF EXPOSITION DOCUMENT TO THE BOT'S & CMS	65 days	Mon Dec 2, '19	Fri Feb 28, '20
Amalgamation committee to give comments on 1st draft Expo Doc	1 day	Mon Dec 2, '19	Mon Dec 2, '19
Insight to amend accordingly and send back to Schemes	5 days	Mon Dec 2, '19	Fri Dec 6, '19
Schemes to respond to comments/suggestions from Insight on 2nd Draft of Expo Doc	2 days	Fri Dec 6, '19	Mon Dec 9, '19
Distribute final draft to Board of Trustees - both schemes	1 day	Fri Feb 14, '20	Fri Feb 14, '20
Approve draft - GEMAS BOT	3 days	Fri Feb 14, '20	Tue Feb 18, '20
Approve draft - BESTMED BOT	3 days	Fri Feb 14, '20	Tue Feb 18, '20
Submit DRAFT Exposition Document to CMS	1 day	Wed Feb 19, '20	Wed Feb 19, '20
Make suggested changes as received from CMS	6 days	Thu Feb 20, '20	Thu Feb 27, '20
Submit FINAL DRAFT Exposition Document to CMS	1 day	Fri Feb 28, '20	Fri Feb 28, '20
MEMBERS VOTING ON PROPOSED TRANSACTION (GEMAS &)	67 days	Mon Jan 27, '20	Tue Apr 28, '20
Extract condense version of Exposition document and translate to Afrikaans	20 days	Mon Feb 3, '20	Fri Feb 28, '20
Draft voting process into document, approve and send to members of GEMAS	20 days	Mon Feb 3, '20	Fri Feb 28, '20
Publish proposed amalgamation transaction in the Government Gazette and relevant media as instructed by the CMS	20 days	Mon Feb 3, '20	Fri Feb 28, '20
Appoint and contract with independent Review Consultant	20 days	Mon Feb 3, '20	Fri Feb 28, '20
Registrar to request changes to be made or Confirm/Decline Exposition	20 days	Mon Feb 3, '20	Fri Feb 28, '20
Allow 21 days for the Exposition to be made available for inspection by any interested party	21 days	Mon Mar 2, '20	Mon Mar 30, '20
Allow 21 days for interested parties to submit representations to the Registrar concerning the transaction	22 days	Mon Mar 30, '20	Tue Apr 28, '20
GEMAS Special General Meeting - Voting on the day & day after	5 days	Mon Jan 27, '20	Fri Jan 31, '20
Close voting, receive ballots and submit for auditing	5 days	Mon Jan 27, '20	Fri Jan 31, '20
Independent review of voting results	5 days	Mon Jan 27, '20	Fri Jan 31, '20
Include audited voting results in Exposition and submit for sign-off by GEMAS BOT & Bestmed BOT	1 day	Mon Feb 3, '20	Mon Feb 3, '20
Submit 2ND & FINAL Exposition with supporting actuarial and other reports (as directed by the Registrar) to the CMS for approval	1 day	Fri Feb 7, '20	Fri Feb 7, '20
AFTER CONFIRMATION OF EXPOSITION BY REGISTRAR	1 day	Fri Apr 3, '20	Fri Apr 3, '20
Deposit a signed declaration in accordance with Section 39 of the MSA proving all conditions to the transaction have been complied with	1 day	Fri Apr 3, '20	Fri Apr 3, '20
NOTICE OF TERMINATION OF THIRD PARTY PROVIDERS (GEMAS)	44 days	Mon Mar 2, '20	Thu Apr 30, '20
Draft notice and get it approved	44 days	Mon Mar 2, '20	Thu Apr 30, '20
Submit notice to 3rd party providers - administrator, managed care providers, consultants, actuaries etc.	44 days	Mon Mar 2, '20	Thu Apr 30, '20
COMPETITION COMMISSION APPROVAL	42 days	Mon Mar 2, '20	Thu Apr 30, '20
Draft submission	42 days	Mon Mar 2, '20	Thu Apr 30, '20
Review and Finalize and submit submission	42 days	Mon Mar 2, '20	Thu Apr 30, '20
Monitor and follow-up with Competition Commission	42 days	Mon Mar 2, '20	Thu Apr 30, '20
Approval of merge by Competition Commission	42 days	Mon Mar 2, '20	Thu Apr 30, '20
COMMUNICATION TO MEMBERS ON THE AMALGAMATION	64 days	Mon Feb 3, '20	Thu Apr 30, '20
Create member presentations	64 days	Mon Feb 3, '20	Thu Apr 30, '20
Conduct member advice sessions	64 days	Mon Feb 3, '20	Thu Apr 30, '20
Conduct benefit option selection by the cut-off date	64 days	Mon Feb 3, '20	Thu Apr 30, '20
Create Welcome Packs and new membership cards to be issued prior to the amalgamation date	64 days	Mon Feb 3, '20	Thu Apr 30, '20
TRANSFER OF GEMAS MEMBERS TO BESTMED	44 days	Fri May 1, '20	Wed Jul 1, '20
Conduct closing audit on GEMAS	44 days	Fri May 1, '20	Wed Jul 1, '20
Resolution on who will sign-off final GEMAS audit	44 days	Fri May 1, '20	Wed Jul 1, '20
Transfer all asset and liabilities of GEMAS over to Bestmed	44 days	Fri May 1, '20	Wed Jul 1, '20

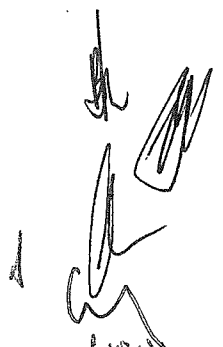
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13 INVITATION: Comments and Objections

The notice of the proposed transfer will be made available for inspection by all interested parties for a period of 21 days from 12 March 2020 to 9 April 2020 in line with the requirements of section 63(4) of the Medical Schemes Act, 1998. Documents will be available at the registered offices of the respective schemes as well as the Office of the Registrar of Medical Schemes at 1267 Pretorius Street, Block E, Hadebelds Office Park, Hatfield, Pretoria. Suitable notices will also be published in national newspapers.

Any representation concerning the transaction by persons whose interests may be affected may be submitted within 21 days after the above-mentioned period, from 10 April 2020 (CMS to advise), to 8 May 2020 as stipulated in section 63(5) of the Medical Schemes Act, 1998. These must be submitted in writing to one of the following:

- The Registrar of Medical Schemes at Private Bag X34, Hatfield, 0028.
- The Principal Officer of Bestmed at P.O. Box 2297, Pretoria, 0001.
- The Principal Officer of GEMAS at Tambach Road, Sunninghill, Sandton, 2128.

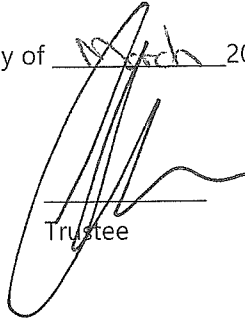
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14 Signatories

Signed on behalf of **BESTMED MEDICAL SCHEME**

At Pretoria on this 5th day of March 2020


Chairperson



Trustee

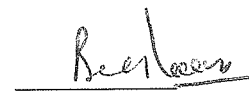

Principal Officer

Signed on behalf of **GRINTEK ELECTRONICS MEDICAL AID SCHEME**

At CENTURION on this 9th day of MARCH 2020


Chairperson

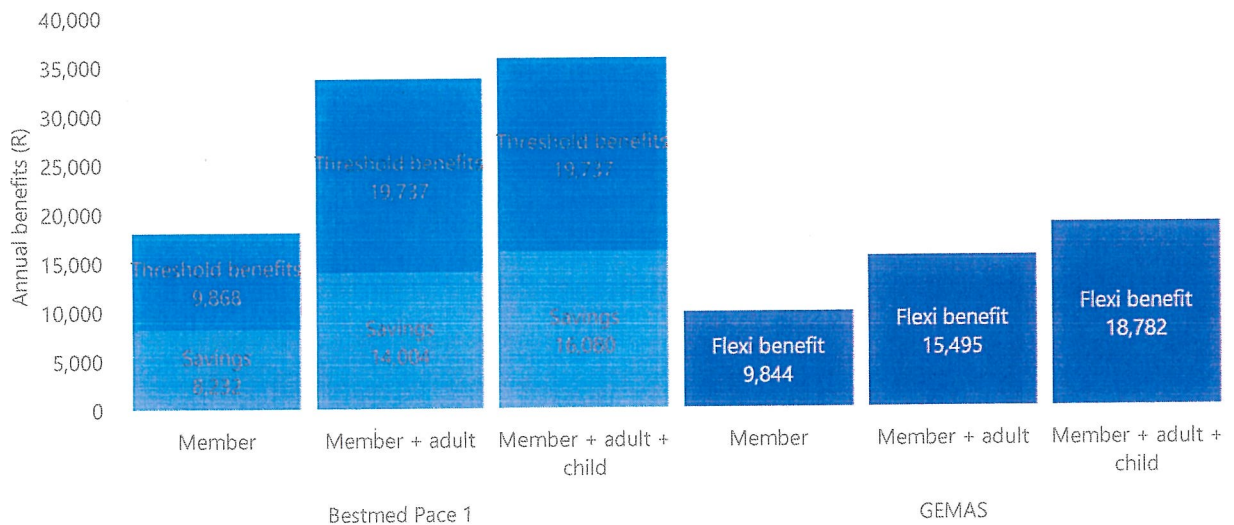

Trustee


Principal Officer

Appendix A Product comparison

The majority of the GEMAS members were defaulted to the Pace 1 option. The graph below shows the difference in annual benefits offered by Bestmed Pace 1 compared to GEMAS. In addition to the below Flexi benefit, GEMAS offers unlimited GP and basic dentistry benefits, with a 10% co-payment on these benefits. This is shown in more detail in the table that follows.

Figure A-1 – Annual day-to-day benefits: GEMAS vs. Bestmed Pace 1



The table below compares the GEMAS and Bestmed offering in terms of out-of-hospital (OOH) benefits.

Table A-1 – Out-of-hospital benefits: GEMAS vs. Bestmed Pace 1

Out of Hospital	GEMAS		Pace 1	
	10% co-payment on all OOH benefits			
Annual Flexi Benefit (AFB) (GEMAS)	M	R9 844	Savings + Threshold benefit:	
	M+1	R15 495	M	R18 100
	M+2	R18 782	M+A	R33 741
Overall day-to-day benefits (Pace1)	M+3	R21 322	M+A+C	R35 817
	M+4+	R22 804		
GP	10% co-payment Unlimited		Savings first. Then limit of:	
Specialists	M	R2 862	M	R2 032
	M+1	R5 836	M+1+	R4 085
	M+2	R8 956		
	M+3	R9 748		
	M+4+	R9 992		
Pathology	10% co-payment		Savings first. Then limit of:	
	M	R11 185	M	R2 956
Basic Radiology	M+1+	R14 996	M+1+	R6 020

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Exposition of the proposed amalgamation of Bestmed and GEMAS

Specialised Radiology	10% co-payment MRI and CAT scans: 100% Scheme rate CT scans: 80% Scheme rate	R13 223 per family
Basic Dentistry	10% co-payment Unlimited	Savings first Then limit of:
Specialised Dentistry	10% co-payment M R2 862 M+1 R5 836 M+2 R8 956 M+3 R9 748 M+4+ R9 992	M R7 590 M+1+ R3 740
Optical	10% co-payment 1 eye test per annum Frames R1 460 Lenses R2 562 Contact lenses	PPN 1 eye test per annum Frames R825 Lenses 100% scheme rate Contact lenses R1 435

		GEMAS	Pace 1
Medicine	Acute	10% co-payment Subject to AFB	Savings first Then limit of: M R2 129 M+1+ R4 408
Chronic conditions	PMB	27 conditions	27 conditions
	Non-PMB	Subject to AFB	7 conditions
	Chronic medication limits	100% Scheme rate Subject to pre-authorisation Subject to AFB Co-payment 20% Non-formulary	CDL: 100% Scheme rate Non-CDL: 85% Scheme rate M R 6 020 M+1+ R 12 040 Co-payment 30% Non-formulary



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