

momentum

medical scheme



Integrated
Report

20
20



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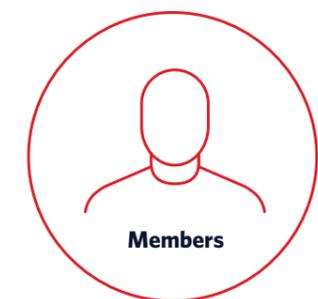
Navigation

The following icons are applied for reference purposes throughout this report:

- Coronavirus Disease (COVID-19) and its impact on Momentum Medical Scheme.
- More specific information can be found elsewhere in this report.
- Further details are available on our website.
- More information available on the linked web page.
- Reference to audited Annual Financial Statements.

Our core purpose

To provide sustainable access to appropriate cost-effective healthcare for our growing pool of Members





About this report

Reporting overview

The Board of Trustees (we/the Board), on behalf of Momentum Medical Scheme (the Scheme), are pleased to present our Integrated Report for the year ended 31 December 2020. This report is aimed primarily at current and prospective Momentum Medical Scheme Members, regulators and legislators, but it is also relevant to any other stakeholders interested in the Scheme's performance and prospects against its core purpose.

Reporting principles

Momentum Medical Scheme has applied the principles contained in the International Financial Reporting Standards (IFRS), the King Report on Corporate Governance 2016 (King IV), and the Medical Schemes Act 131 of 1998 (the Act). The report has been developed in accordance with the International Integrated Reporting (<IR>) Framework of the International Integrated Reporting Council (IIRC).

Scope, boundary and reporting cycle

Momentum Medical Scheme's 2020 Integrated Report provides material information relating to our strategy and business model, governance, operating context, material risks, stakeholder interests, performance and prospects.

The report extends beyond financial reporting and includes non-financial performance, opportunities, risks and outcomes attributable to or associated with our key stakeholders, which have a significant influence on our ability to preserve, create and sustain value.

Unless otherwise stated, all performance information is for the 12-month period ended 31 December 2020, and relates to all of the Scheme's activities. We endeavour to illustrate a comprehensive view of the business by analysing our performance against our strategic objectives and highlighting successes and challenges experienced over that period.

Materiality

This report focuses on those matters that we see as being most material to our capacity to preserve, create and sustain value for Members, and to deliver on our core purpose. Our approach to managing these material matters is reflected in our strategic objectives and risk-management processes which have been identified based on an assessment of how we create value, the impact of the external operating environment on value creation, the material interests of stakeholders, and the principal risks facing the Scheme.

Assurance

An independent audit of Momentum Medical Scheme's Annual Financial Statements was performed by Deloitte and Touche (Deloitte). Other information reported is derived from the Scheme's internal records and from information available in the public domain.

Board approval

As the Board of Trustees of Momentum Medical Scheme, we acknowledge our responsibility for ensuring the integrity of this report. While the Management Team was responsible for preparing this report, the Audit Committee and Governance and Remuneration Committee have reviewed this report and recommended approval thereof to the Board. We have reviewed the information contained herein and believe that the report is presented in accordance with the IIRC'S <IR> Framework, and that it provides a balanced and appropriate presentation of those matters that have or could have a material effect on the Scheme's ability to preserve, create and sustain value in the short, medium and long term.

This report was approved for release by the Board on 22 April 2021.

André Robberts
Chairman

Tim Jobson

Egbert Klapwijk

Teboho Mahuma

Lawson Naidoo

Gert Steyn

Francois Swanepoel

Toni van den Bergh
Principal Officer

Forward-looking statements

This report contains certain forward-looking statements with respect to Momentum Medical Scheme's financial position, results and operations. There are various factors that could cause actual results or developments to differ materially from those expressed or implied by these statements as they involve risk and uncertainty by nature of their dependency on future events and circumstances. Consequently, all forward-looking statements have not been reviewed or reported on by the Scheme's auditors.

Talk to us

We recognise that integrated reporting is a journey and we are committed to communicating effectively with our stakeholders. We therefore value any feedback on this report. Please address any queries or comments to the Scheme's Principal Officer. This Integrated Report can be found on the Scheme's website.

Organisational overview

Our purpose

Momentum Medical Scheme, Registration number 1167, is a not-for-profit open medical scheme that exists for the sole benefit of our Members. The Scheme is registered and governed in terms of the Medical Schemes Act 131 of 1998, as amended (the Act), and regulated by the Council for Medical Schemes (CMS). The Scheme was established in 1963 as a mutual entity with the core purpose of providing sustainable healthcare benefits for our growing pool of Members. It is important to note that the Scheme is obliged to balance the needs of the combined membership with those of individual Members.



Our values are what differentiate us

Vision

To be the open scheme of choice for all consumers of healthcare in South Africa.

Strategic objectives

In order to meet our core purpose, we have in place five strategic objectives, each illustrated by way of an icon applied throughout the report to illustrate strategic integration across the Scheme:



A sustainable, competitive product offering



Relevant and competent information technology (IT) software platform and support structure



Consumer-centric service excellence



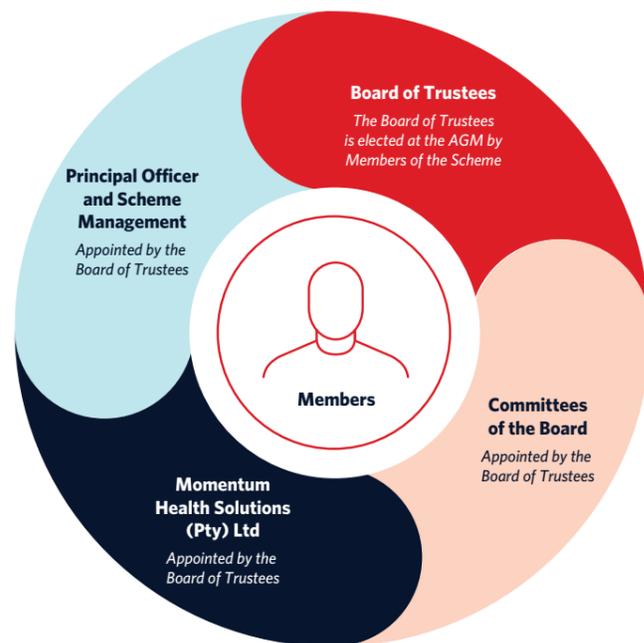
A credible consumer brand



Sustainable organic growth at an affordable price with the right mix of members creating a positive margin



Our organisation and key relationships



Our benefit options

As a registered open medical scheme, Momentum Medical Scheme undertakes liability in return for contributions to pay for Members' healthcare expenses in line with the Scheme registered Rules and each Members' chosen benefit option.

In 2020, Members had the choice of 6 primary benefit options which were subdivided into 23 registered benefit options based on provider choices. The Impact benefit option (available to Members in 2019) was replaced with the Evolve benefit option in 2020, which was named with Member's evolving needs in mind. This option aims to effectively utilise evolving digitisation for members' self-service engagement capabilities. Further details on our benefit options can be found on the Scheme's website.

As at 31 December 2020 the Scheme's membership was spread across the benefit options as follows:

Summit	0.3%
Extender	2.1%
Incentive	20.5%
Custom	46.5%
Evolve (2019: Impact)	1.7%
Ingwe	28.9%



Members

Central to our core purpose is offering a sustainable, competitive product offering with an exceptional value proposition to our Members.

Momentum Health Solutions (Pty) Ltd

As is the case with most medical schemes, Momentum Medical Scheme outsources its operational activities to service providers. The majority of services (administration, managed healthcare, actuarial services, benefit design and distribution) are outsourced to Momentum Health Solutions (Pty) Ltd (the Administrator), a wholly owned subsidiary of Momentum Metropolitan Holdings Limited (MMH). This outsourcing arrangement is part of a strategic relationship as evidenced in the Scheme's use of MMH's client facing brand name "Momentum".

Outsourcing, as a business model, was agreed for multiple strategic reasons that extend well beyond cost savings and include factors that support sustainable business growth, access to expertise and capability, and maximising flexibility.

It is therefore important that the Scheme and the Administrator, through its client-facing Momentum brand, share complementary visions and strategic objectives, and that the relationship between Momentum Medical Scheme and the various MMH divisions is mutually beneficial.

Principal Officer and Scheme Management

The Principal Officer is responsible for the management of the Scheme and is accountable to the Board. The Scheme Management Team supports the Principal Officer in the day-to-day management, oversight of delivery, and collaboration with the Administrator, Managed Healthcare and other third-party service providers.

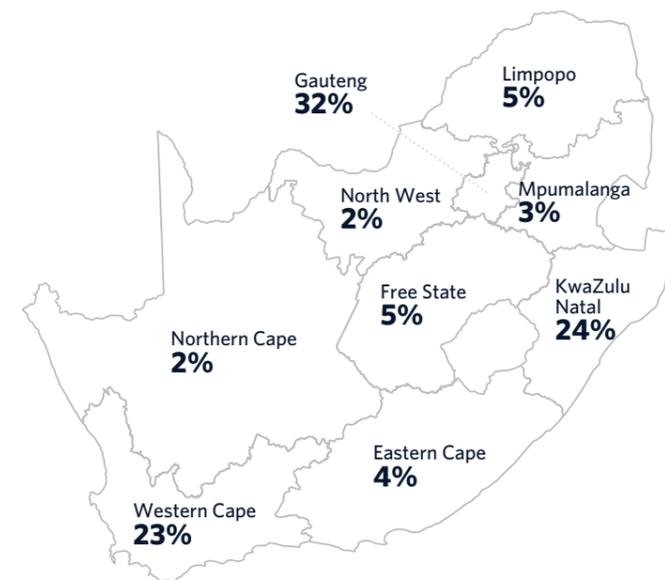
Committees of the Board

Oversight responsibilities are delegated by the Board to the following Committees:



Board of Trustees

In terms of the Act, the Board of Trustees assumes overall responsibility for managing the affairs of Momentum Medical Scheme and sets its strategy.



The distribution of the Scheme's membership across the various provinces remains in line with that of prior years.

Personal Medical Savings accounts

In order to provide a facility for Members to set aside funds to meet healthcare costs not covered by their chosen benefit option, the Scheme has made Personal Medical Savings Accounts (PMSA) available to Members belonging to the Incentive and Extender options.

Refer to Note 5 of the Annual Financial Statements for further details.

Complementary products

Members may choose to make use of additional Momentum-branded products available from MMH to enhance their medical scheme benefits. These voluntary complementary products include a wellness programme, Multiply, and the innovative HealthReturns solution.

These complementary products are not medical scheme benefits, and although Momentum branded, they are provided by a separate entity. Members of Momentum Medical Scheme are not obliged to participate in any of the complementary products that MMH offers.



Performance highlights

Key servicing metrics for the 2020 year



53.4% of applications were received electronically. **95.4%** of applications were processed within 24 hours.

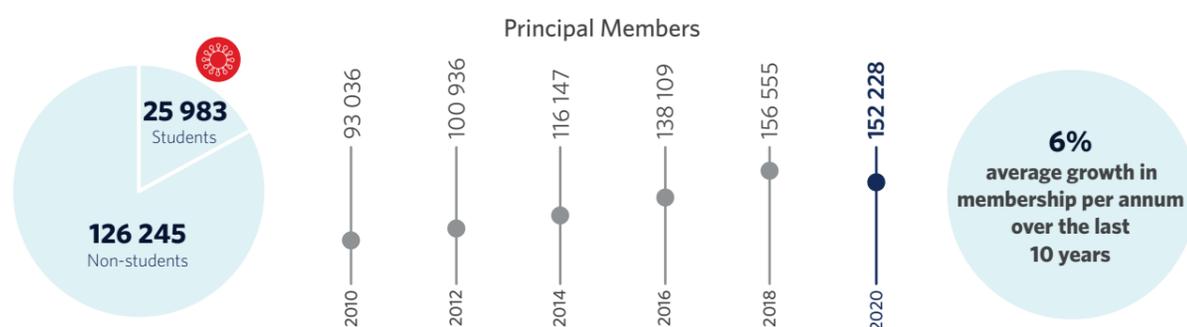
90% of claims were received and processed electronically.

95.4% of calls were answered within 30 seconds. Member satisfaction regarding call-centre service levels averaged at 8.3 out of 10.

NEW Digital self-service

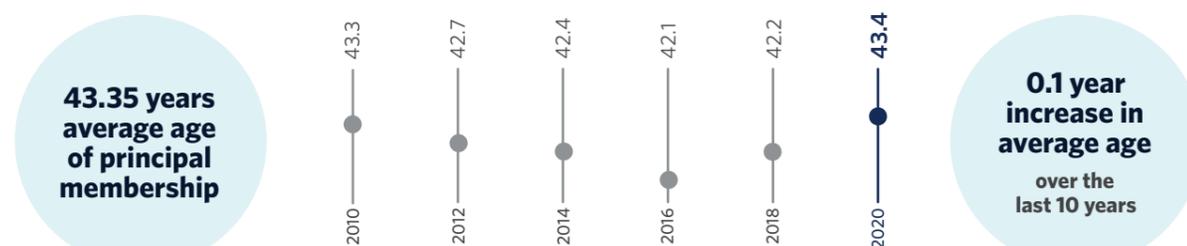
24 602 WhatsApp chats
20 631 Webchats

Membership



Decrease in membership restricted to the student market due to COVID-19 lockdown restrictions
Increase in non-student membership despite the impact of COVID-19

Principal Member average age



Increase in average age impacted by the loss of student membership with a younger average age

Income

R5.4 billion contribution income

The gross contribution income for the year ending December 2020 was **R5.4 billion**, which equates to an average contribution of R2 958 per member per month.

R92.2 million investment income

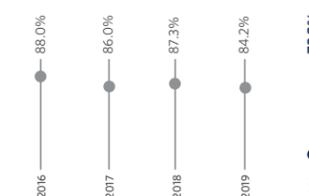
The Scheme achieved a positive investment return of **R92.2 million**, net of asset management fees, in the 2020 year. This return included R12 million unrealised gains as at the end of the year.

Claims (healthcare costs)

R3.7 billion paid in claims

The COVID-19 pandemic and resultant lockdown had a significant impact on Momentum Medical Scheme's claims costs for 2020, primarily as a result of fewer elective surgeries and hospital admissions. Total claims costs for the year amounted to **R3.7 billion** representing a 9.79% reduction in cost from the prior year. This in turn decreased the Scheme's claims as a percentage of risk contributions from 84.2% in 2019 to 72.3% in 2020.

Claims ratio



Claims spend by category



Non-healthcare costs

The Scheme's non-healthcare costs have remained relatively constant over the past five years. When comparing the absolute rand value per member per month, the Scheme has lower costs than its competitors for similar services. As a percentage of gross contribution income, non-healthcare costs were 14% in 2020.

Members' funds (Reserves)

Solvency of 39.6% excluding unrealised gains

The Scheme's Statutory Solvency Ratio increased from 25.9% to 39.6% in 2020. The Scheme is in a sound financial position. The solvency ratio is well above the statutory requirement as well as the capital-based adequacy level.

R2.1 billion Members' funds

Members' funds increased to R2.1 billion from R1.4 billion at the end of 2019. This equates to R14 154 per Member and 7.0 claims months.



Non-financial information

Financial information



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Five-year review

Non-financial information

		2020	2019	2018	2017	2016
Membership (as at 31 December)						
Members	No.	152 228	156 723	156 555	154 181	138 109
Dependants	No.	141 229	142 129	142 611	139 606	128 097
Beneficiaries	No.	293 457	298 852	299 166	293 787	266 206
Average Dependants per Member	No.	0.93	0.91	0.91	0.91	0.93
Average Beneficiaries per Member	No.	1.93	1.91	1.91	1.91	1.93
Average age (Principal Members)	Years	43.4	42.5	42.2	41.9	42.1
Average age (Beneficiaries)	Years	33.7	33.2	32.9	32.8	32.7

Financial information

Gross contributions	R'000	5 404 110	5 163 835	4 776 389	4 337 636	3 693 625
- Per Member	Rand	35 500	32 949	30 509	28 133	26 744
- Per Beneficiary	Rand	18 415	17 279	15 966	14 765	13 875
Risk contribution income	R'000	5 132 395	4 882 247	4 496 199	4 060 472	3 431 285
- Per Member	Rand	33 715	31 152	28 720	26 336	24 845
- Per Beneficiary	Rand	17 489	16 337	15 029	13 821	12 890
Relevant healthcare expenditure	R'000	3 709 576	4 112 384	3 926 224	3 492 189	3 024 387
- Per Member	Rand	24 369	26 240	25 079	22 650	21 899
- Per Beneficiary	Rand	12 641	13 761	13 124	11 887	11 361
- as a % of risk contributions	%	72.3%	84.2%	87.3%	86.0%	88.1%
Administration fees and other operating expenses (A)	R'000	629 288	597 101	550 412	487 785	411 151
- Per Member	Rand	4 134	3 810	3 516	3 164	2 977
- Per Beneficiary	Rand	2 144	1 998	1 840	1 660	1 544
- as a % of gross contributions	%	11.6%	11.6%	11.5%	11.2%	11.1%
- as a % of risk contributions	%	12.3%	12.2%	12.2%	12.0%	12.0%
Broker service fees (B)	R'000	125 995	118 652	109 541	97 182	81 320
- Per Member	Rand	828	757	700	630	589
- Per Beneficiary	Rand	429	397	366	331	305
- as a % of gross contributions	%	2.3%	2.3%	2.3%	2.2%	2.2%
- as a % of risk contributions	%	2.5%	2.4%	2.4%	2.4%	2.4%
Net impairment losses on healthcare receivables (C)	R'000	1 959	914	2 089	1 770	1 954
- Per Member	Rand	13	6	13	11	14
- Per Beneficiary	Rand	7	3	7	6	7
- as a % of gross contributions	%	0.04%	0.02%	0.04%	0.04%	0.05%
- as a % of risk contributions	%	0.04%	0.02%	0.05%	0.04%	0.06%
Total non-healthcare costs (A + B + C)	R'000	757 242	716 667	662 042	586 737	494 425
- Per Member	Rand	4 974	4 573	4 229	3 806	3 580
- Per Beneficiary	Rand	2 580	2 398	2 213	1 997	1 857
- as a % of gross contributions	%	14.0%	13.9%	13.9%	13.5%	13.4%
- as a % of risk contributions	%	14.8%	14.7%	14.7%	14.4%	14.4%
Investment income (net of asset management fees)	R'000	92 198	157 794	55 493	170 393	113 140
Net surplus/(deficit) for the year	R'000	751 123	206 596	(41 460)	145 938	19 300
Total Members' funds	R'000	2 154 644	1 403 521	1 196 925	1 238 385	992 012
- Per Member	Rand	14 154	8 955	7 645	8 032	7 183
- Per Beneficiary	Rand	7 342	4 696	4 001	4 215	3 726
- as a % of gross contributions (#)	%	39.6%	25.9%	23.9%	25.7%	25.6%
- as a % of risk contributions (#)	%	41.7%	27.4%	25.4%	27.5%	27.5%
Claims cover (Members' funds / claims per month)		7.0	4.1	3.7	4.3	3.9



Business model

The business model below focuses on four out of the six capitals, as defined in the <IR> Framework, representing those capitals that the Scheme depends on most to preserve, create and sustain value, and the process through which key inputs related to each capital are transformed into outputs and outcomes. The value-transformation activities described below are those performed by the Scheme's Management Team, as distinct from those performed by the Scheme's Administrator. (See Organisational Overview )

Given the nature of our business, our use of, and impact on the remaining two capitals (manufactured and natural capital) is not considered material and has therefore been excluded from the business model, although both are considered by the Board and Management when appropriate.

Capitals and key inputs

Value transformation activities

Outputs

Outcomes

[Link to strategy](#)

Strong governance oversight 

Financial Capital

Our Members' Funds

The pool of funds the Scheme relies on

- Member contributions: R5.4b
- Investments: R2.6b

Social and Relationship Capital

Our society and the strength of our relationships

Trusted relationships with internal, connected and external stakeholders are essential in securing our reputation and licence to operate, and enable us to deliver on our strategy

Intellectual Capital

Our IT software platform and intellectual property (IP)

Operational computer application software owned by Momentum Medical Scheme that supports, and is critical to, the Scheme's operations

IT Governance and Information Technology policy and procedures

IP of the Administrator and Scheme Management

Human Capital

Our strong ethical and values-based culture

Ethical leadership

Independent and experienced Trustees and Committee members

Scheme's Management Team:

- Combined years of experience: 82
- Combined years of service with the Scheme: 36

Fit and Proper policy, Code of Conduct and Board and Committee Charters



The Scheme's Principal Officer, supported by the Management Team, is responsible for the day-to-day management and oversight of delivery and collaboration with the Administrator and managed healthcare providers.

Financial Capital

- 10.6m claims lines processed
- R3.7b paid in claims
- R92.2m in investment returns (net of fees)
- Robust controls in the administration systems and processes prevented invalid claims identified as potential FWA of R440m from being paid

Social and Relationship Capital

- 1% increase in the non-student membership (Non-student membership = 126 245 members)
- 18% decrease in student membership (Student membership = 25 983 student members)
- CMS complaints received and responded to: 73
- SA Customer Satisfaction Index (SA-csi): 71.1

Intellectual Capital

- Digital enhancements, fast-tracked by the COVID-19 pandemic and resultant lockdown restrictions

Human Capital

- Election of Trustees at the 2020 AGM resulted in no change to the Board of Trustees
- No change in the Scheme's Management Team
- Virtual meetings successfully held for all Board, Committee and Scheme Management meetings

- + Global Credit Rating of AA denoting very high claims-paying ability, strong protection factors and modest risk. Rating unchanged since 2017, affirming the Scheme's continued sustainability
- + Net surplus of R751m increased Members' funds from R1.4b in 2019 to R2.1b in 2020, equating to a solvency level of 39.6% (2019: 25.9%), well above the statutory requirement of 25% 
- Investment returns were negatively impacted by the effects of the COVID-19 pandemic on global markets 

- + Membership remained relatively stable despite the impact of COVID-19 on the economy and affordability. Loss of membership was restricted to the student market 
- + Improvement in the number of formal CMS complaints, decreasing from 91 in 2019
- + Improvement in the SA-csi, increasing from 70.7 in 2019
- + Overall improved relationships and engagement mechanisms with key stakeholders creating mutually beneficial value and enhancing access to quality affordable healthcare

- + Enhanced IT security and capacity
- + Business continuity unaffected by COVID-19 lockdown restrictions. As a COVID-19 essential services provider, certain administration services continued on-site, with the majority of administration successfully conducted remotely 

- + Strength of leadership capacity and continuity, and long-term succession planning
- + Remote working increased productivity and reduced travel and meeting expense costs 





Principal Officer's report



Review of Scheme activities

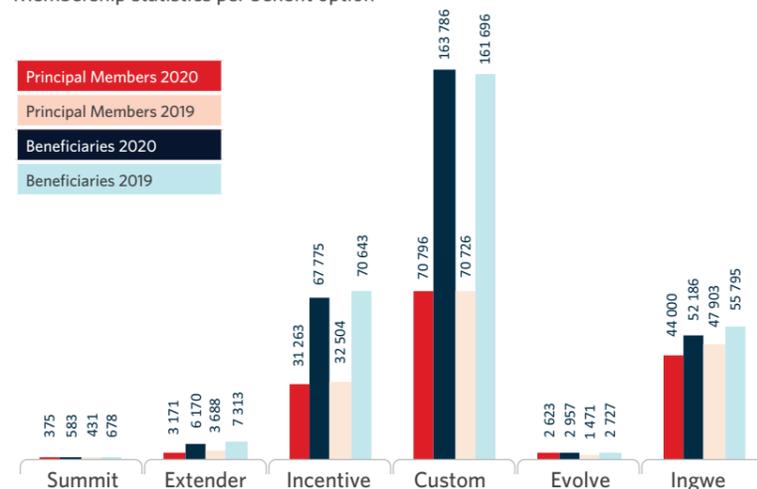
Membership

During a year that was dominated by economic uncertainty and affordability constraints, it is positive to note that the Scheme's non-student membership increased, albeit by a small percentage, a testament to the stability of the Scheme's membership profile and benefit design. The Scheme's student membership reduced as a result of academic institutions closing and many international students being forced to return to their countries of origin during the COVID-19 lockdown, which led to an overall reduction in the Scheme's total membership of 2.9% for the year under review. This is the first time, in more than ten years, that the Scheme experienced a reduction in membership.

The Scheme ended the 2020 year with 152 228 Members (2019: 156 723). This comprised a student membership of 25 983 (2019: 31 643), and non-student membership of 126 245 (2019: 125 080).

All benefit options, with exception of the Evolve and Custom options, experienced decreases in membership. In prior years, increases were also experienced on the Ingwe option, which was not the case in 2020 due to the majority of the students leaving the Scheme being covered on this option. The Custom option remained the Scheme's largest option, accounting for 46.5% of the Scheme's total membership. More detailed information on the membership can be found in the Performance highlights.

Membership statistics per benefit option



The average age of Principal Members increased from 42.47 years in 2019 to 43.35 years in 2020, largely as a result of the loss of the younger student Members. Despite this increase in average age year on year, it is worth noting that in the last 10 years the Scheme has aged by an insignificant 1.2 months.

The Board, in conjunction with the Principal Officer and Administrator, continues to focus on the holistic product offering provided to Members in order to ensure the continued and sustainable growth of the Scheme's membership.

Financial performance

Contribution income

The gross contribution income for the year ending December 2020 was R5.4 billion compared to R5.1 billion in 2019.

Relevant healthcare expenditure

The claims incurred in 2020 were R3.7 billion, a reduction from R4.1 billion in the prior year. This experience was significantly better than budgeted for, primarily due to the lower claims experience between April and December 2020 as a result of a reduction in elective surgeries and hospitalised medical cases during the national COVID-19 lockdown period.

The claims ratio as a percentage of risk contributions for 2020 was 72.3% compared to 2019 at 84.2%.

It is important to point out that COVID-19 has added an extraordinary level of uncertainty in predicting claims experience. While our claims experience in 2020 was significantly lower than anticipated before the pandemic, there is a high likelihood that these savings will be eroded in 2021 and beyond by the uptake of treatment delayed during 2020, and the funding of ongoing COVID-19 benefits, including vaccinations.

Non-healthcare costs

Non-healthcare costs include administration fees and other operating expenses, broker service fees, and net impairment losses on healthcare receivables.

As a percentage of gross contributions, administration fees and other operating expenses, and broker service fees remained unchanged from the prior year at 11.6% and 2.3% respectively. There was a marginal increase in the net impairment losses on healthcare receivables as a percentage of gross contributions from 0.02% in 2019 to 0.04% in 2020, indicative of the financial strain brought about by the effects of the COVID-19 pandemic on the economy.

Investment income

The Scheme's investments yielded a return of R92.2 million for the year, marginally worse than budgeted, largely attributable to the effects of the COVID-19 pandemic on global markets. The investments yielded negative returns in the first quarter of 2020 but achieved a recovery, particularly in November and December 2020.

Following the impact of the COVID-19 pandemic on investment markets and returns, the Scheme's Investment Committee was prompted to critically evaluate the continued suitability of the existing approach to investing its strategic long-term assets in Absolute Return funds. A key finding was that the historical assumption that the Absolute Return funds would out-perform inflation by 4% per annum, while limiting substantial losses in the shorter term, no longer seemed achievable. Therefore, the Committee elected to investigate an approach that relied more extensively on long-term quantitative modelling through various economic cycles to determine the most optimal allocation of funds to the various investment classes allowed under Regulation 30 of the Act.

Once this Strategic Asset Allocation Framework was determined, a decision to consider the cheapest possible way to replicate these various asset class building blocks was used in the quantitative modelling process. The result of this exercise was the termination of the existing Absolute Return mandates with Sanlam Life Insurance Limited (SIM) and Prudential Investment Managers (South Africa) (Pty) Ltd (Prudential) in September 2020, and the simultaneous establishment of a new long-term, passive strategy with Alusi Asset Management (Pty) Ltd. While the disinvestment from SIM and Prudential resulted in a realised loss of R47 million at the time, since implementing the new approach to investing its long-term funds, the Scheme has recouped these losses and for the period that the new approach has been in operation, the portfolio has exceeded the inflation plus 4% target.

Net surplus for the year

The Scheme achieved a surplus, after investment returns, of R751.1 million (2019: Net surplus R206.6 million). Factors contributing to the favourable surplus position included a substantially lower claims ratio compared to prior years, as well as positive investment returns.

Accumulated reserves

Members' funds increased by 53.5%, from R1.404 billion at the end of December 2019 to R2.155 billion at the end of December 2020 as a result of the surplus achieved for the 2020 year. The significant increase in Members' funds during the 2020 year needs to be viewed in context of the likely uptake of treatment delayed during 2020, explained under Relevant healthcare expenditure above, which would impact the Members' funds in 2021 and beyond.

Statutory Solvency Ratio

The Scheme ended 2020 with a Statutory Solvency Ratio of 39.6%, excluding cumulative unrealised gains (41.7% including cumulative unrealised gains of R12 million). This was an improvement of 52.9% on the Statutory Solvency Ratio at December 2019 of 25.9%.

The operational statistics for each benefit option are provided in Note 28 of the Annual Financial Statements.

Sustainability

Although the Scheme's accumulated funds ratio was 39.6%, the Board continues to consider the Scheme's future risk-based capital requirements, and the Scheme's actuaries have assessed the Scheme's capital adequacy requirement in order to provide the Board with comfort that the Scheme remains sustainable. The result of the 31 December 2020 assessment has again confirmed the Scheme's strong capital position.

External environment

Momentum Medical Scheme continually monitors the external and regulatory environment in which we operate to ensure that we preserve, create and sustain value for our Members. The following sections provide some important developments in this regard.

National Health Insurance Bill

The National Health Insurance Bill (Bill) was introduced in Parliament in August 2019. Parliament held "town hall" type meetings in each of the provinces but the remainder of the processing of the Bill by the National Assembly's Portfolio Committee on Health (NAPCH) was interrupted and delayed by COVID-19. The NAPCH remains occupied by managing the National Department of Health's (NDoH) response to COVID-19, which includes oversight of the COVID-19 vaccination programme.

Parliament must still consider a significant number of written submissions on the Bill. The NAPCH support staff has indicated that it would integrate all of the submissions into a final report to the NAPCH by December 2021. The NAPCH has not yet engaged in a substantive debate on any elements of the Bill. The legislative processes have been significantly hampered by COVID-19 and there has been increased fiscal pressure. This is reflected in the real reduction in healthcare expenditure in the 2021 Budget as well as a substantially reduced allocation to the National Health Insurance initiative.

Health Market Inquiry into the private healthcare sector

With COVID-19 overshadowing all health system reform activities, there has been very little progress on the implementation of the Health Market Inquiry (HMI) recommendations, and Parliament has not yet engaged on the report. However, in the CMS' most recent Annual report, the implementation of the HMI recommendations is included under "Outlook and future plans".



Low Cost Benefit Options

Since the surprise announcement at the end of 2019, that the CMS would no longer grant exemption to Low Cost Benefit Options (LCBOs) and insurance products, the CMS has established advisory committees to advise on the development of a framework for LCBOs. During the year CMS held meetings with the industry but there has been little progress. There has not yet been any substantial debate on any of the principles underlying the provision of care to low-income earners. More certainty will develop in 2021 through participation in the CMS' advisory committees on LCBOs.

CMS Section 59 Investigation

The interim report of the Section 59 Investigation Panel (the Panel) into allegations by a group of providers that they were being treated unfairly by medical schemes based on race and ethnicity was released in January 2021. It is important to note that the investigation is a 'fact finding' exercise and not a judicial investigation. The Panel made findings in respect of the evidence with reference to structural and systemic problems with the management of fraud, waste and abuse (FWA) systems. The Panel can make recommendations to the CMS, but these recommendations are not binding, and the CMS may suggest amendments to the Medical Schemes Act to the Department of Health.

The report found no explicit evidence of racial bias in any of the systems applied to identify FWA, but indicated that these systems resulted in unfair discrimination. Commentators have raised many technical issues around the methodology that the Panel has applied, including the methodology behind the racial classification of healthcare practitioners, the frequency of interactions, and corporate and state practices. Submissions on the interim report were invited, and these could include highlighting possible technical and legal shortcomings.

Momentum Medical Scheme confirms that it is strongly opposed to any form of racial discrimination and has verified that there is no explicit or intentional racial bias in the algorithms and the methods we use to identify FWA. The Scheme notes that an analytical process cannot alone determine fraud but only draw attention to potential fraud. An investigation is still required, and evidence of fraud needs to be found. Although the Scheme was not cited in the Panel's finding, it is concerned that there may be some technical weaknesses in the Panel's approach, including not taking into account various confounding factors. Furthermore, at this stage, we are unable to ascertain how the Panel reached its conclusion that racial bias exists, when it found that there was no indication of explicit racial bias in the identification of potential fraudulent behaviour by providers.

Protection of Personal Information Act

The Protection of Personal Information Act (POPIA) was implemented in July 2020 with a 12-month grace period for compliance. POPIA has a significant impact on medical schemes as the information that we hold is considered sensitive in terms of POPIA. POPIA applies to individuals and organisations and Momentum Medical Scheme will ensure its compliance when it takes effect.

Other industry issues for noting

The outcome of the CMS Prescribed Minimum Benefits (PMB) review is central to affordability challenges in the current economic environment. There remains uncertainty around whether the CMS intends to include primary care in addition to the existing PMBs (as opposed to replacing some existing PMBs with primary care)

and thereby expand the cover and compromise affordability. The process has been under way for four years and the fundamentals are yet to be addressed.

There have been no further developments in respect of a risk-based statutory solvency framework or the implementation of a beneficiary registry.

The global COVID-19 pandemic

On 31 December 2019, the World Health Organisation (WHO) reported a cluster outbreak of pneumonia cases in Wuhan, China. Shortly thereafter it confirmed that the outbreak was caused by a new coronavirus strain, SARS-CoV-2, and on 20 January 2020, it declared the Coronavirus Disease (COVID-19) outbreak a public health emergency of international concern, the WHO's highest level of alarm. At that time there were 98 confirmed cases and no deaths in 18 countries outside of China. This figure has since grown to an alarming rate with 83.96 million cases and 1.82 million deaths reported by the end of 2020.

The rapid spread of the virus resulted in the WHO warning that "much of the global community is not yet ready, in mindset and materially, to implement the measures that have been employed to contain COVID-19 in China" and stressed that "to reduce COVID-19 illness and death, near-term readiness planning must embrace the large-scale implementation of high-quality, non-pharmaceutical public health measures, such as case detection and isolation, contact tracing and monitoring/quarantining and community engagement".

South Africa reported its first positive case of COVID-19 on 5 March 2020. On 23 March 2020, President Ramaphosa reported that the number of positive cases in South Africa had increased six-fold in just eight days, from 61 to 402, and without decisive action, the number of infected people would continue to increase exponentially, which led to the announcement by the South African Government that it had declared a National State of Disaster, and a nationwide lockdown. The Government must be lauded for its swift action in implementing the lockdown to contain the further spread of the virus in South Africa, while the healthcare system prepared itself to effectively deal with the pandemic. We appreciate that this would have been a difficult decision to make, with the impact on our economy and the safety of the people of South Africa being at the core of the decision-making process.

Although this swift action was taken, our country and its people have still been severely impacted by the pandemic itself, with a devastating effect on our economy.

Regulatory interventions made in response to COVID-19 that directly affect medical schemes

The Council for Medical Schemes (CMS) has frequently published updated benefit definitions for the funding of COVID-19 related conditions. These benefit definitions are evidence based and assist medical schemes with the funding of the costs of the disease in a rational and consistent manner.

Soon after COVID-19 was recognised as a pandemic, the Minister of Health amended the PMB regulations and included the diagnosis and treatment of COVID-19 as a PMB condition and at the end of 2020 the vaccination against SARS-CoV-2 was included as a PMB.

Momentum Medical Scheme's response to COVID-19

We care about our Members and their livelihoods

Momentum Medical Scheme's priorities and focus during the COVID-19 global pandemic:

- Ensuring that our Members have access to appropriate COVID-19 benefits and information
- Ensuring that we are available to our Members, providers and all key stakeholders with the least amount of disruption
- Ensuring sustainability of the Scheme in the best interest of all of our Members
- Ensuring our employees are safe

Ensuring that our Members have access to appropriate COVID-19 benefits and information

Immediately implemented a COVID-19 benefit for those testing positive for COVID-19 treatment costs, including pathology tests, medication, x-rays and other related treatment in line with the WHO guidelines. We also provided our Members with 24/7 access to telephonic consultations through Hello Doctor.

We cautioned Members about misinformation and provided website links to access reliable information.

To ensure that those Members financially impacted by the COVID-19 pandemic were able to fund their medical scheme contributions, and maintain their medical scheme coverage, we made application for exemption from the Act, in order for Members to use their positive Personal Medical Savings Accounts to fund their contributions. We also arranged with Momentum Health Solutions to allow Members to utilise positive balances in their HealthSaver account, a savings account that sits outside the medical scheme, to pay for their Scheme contributions.

Application for exemption from the Act was also made for our SMME Employer groups who were negatively impacted by COVID-19 and seeking financial relief to protect their employees' medical scheme membership. This exemption permitted certain SMME Employer groups to defer payment of their contributions over a maximum period of 12 months.

Momentum Medical Scheme also approved a COVID-19 Vaccination Benefit. More information on COVID-19 vaccinations can be found on page 18.

Ensuring sustainability of the Scheme in the best interest of all of our Members

Although there is considerable uncertainty in predicting the financial impact of COVID-19 on the Scheme, we have worked tirelessly to understand the impact of the various COVID-19 risks on the sustainability of Momentum Medical Scheme, including:

- Costs associated with COVID-19 claims, including the costs for the COVID-19 vaccination and the costs to administer the vaccine
- Costs associated with our Members' not having accessed medical and surgical treatment during 2020, and the potential impact of delayed treatment
- The impact of an economy in recession on our Members' ability to fund medical scheme contributions resulting in benefit option downgrades and membership losses
- The impact of underperforming investment markets on the Scheme's ability to generate investment returns that outperform inflation.

The Scheme's actuaries have considered the above risks and modelled various possible scenarios to assess the continued potential impact of COVID-19. This, together with the other assumptions utilised at the time of setting the contribution increase for 2021, resulted in a minimal contribution increase and the combined outcome, indicates that the Scheme's strong financial position and reserve levels allow the Scheme to absorb the potential negative impact, with little or no impact on the Scheme's sustainability.

Ensuring that we are available to our Members, providers and all key stakeholders with the least amount of disruption

As would be expected, medical schemes were classified as essential services and as such, our Call Centre and all other critical-service support teams including pre-authorisation, chronic authorisation, billing, finance and claims assessing, were enabled to work remotely during this lockdown period. Our Administrator must be commended for effectively balancing the health and wellbeing of their employees while meeting the need to continue servicing our Members by activating hundreds of staff members to work remotely within three days of the lockdown announcement, thereby ensuring that our Members did not experience any downtime from a service perspective. This meant that Members were able to contact us through our normal communication channels, with the exception of the walk-in areas which were closed.

To ensure that existing operational controls are effective in this new operational environment, internal audit was tasked with a thorough analysis of internal controls to ensure that existing controls can still be relied upon, which controls were found to be effective.

Over the course of 2020 we identified several opportunities to enhance our Members' experience: developments were made to our website, self-service digital platforms and a video chat/meeting facility implemented for those Members who still require face-to-face consultations.

As a result of the COVID-19 lockdown restrictions related to events and gatherings, and in the best interest of our Members, the Scheme agreed to hold a virtual AGM in 2020, and successfully concluded its first virtual AGM entirely using an online platform and electronic participation. This provided our Members the opportunity to attend the AGM from anywhere in the country.

Ensuring that our employees are safe

In early March 2020 it was agreed that, in addition to the desire to protect the Scheme's employees against contracting COVID-19, as the Scheme has a small number of employees, we needed to mitigate the risk of one or more of our employees coming into contact, contracting and spreading the virus. For this reason, a decision was taken that all of Scheme's employees work remotely. To this end, all were adequately equipped to do so, and a virtual meeting facility implemented to meet when required. This arrangement has been hugely successful, with all deliverables having been met, and remains in place for the immediate future.



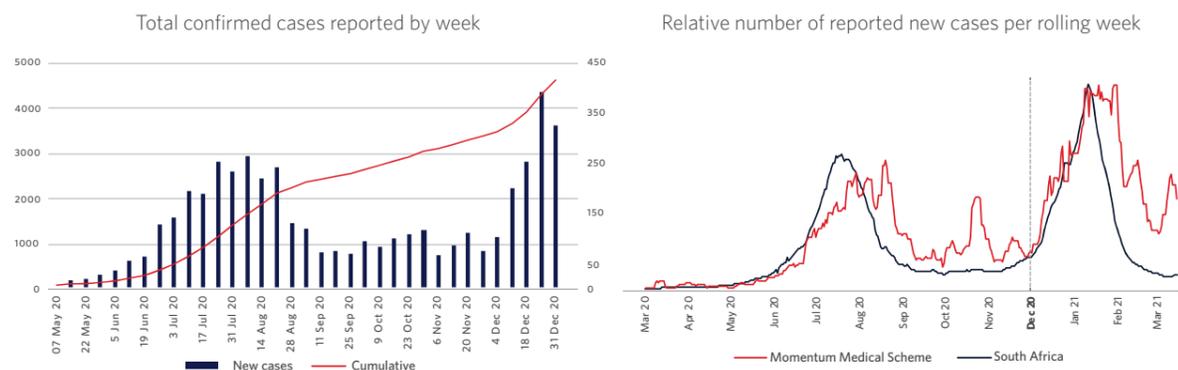
Impact of COVID-19 on Momentum Medical Scheme

The following provides an overview of Momentum Medical Scheme's COVID-19 experience.

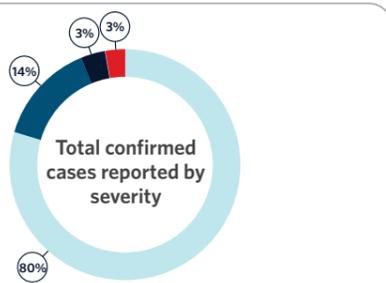
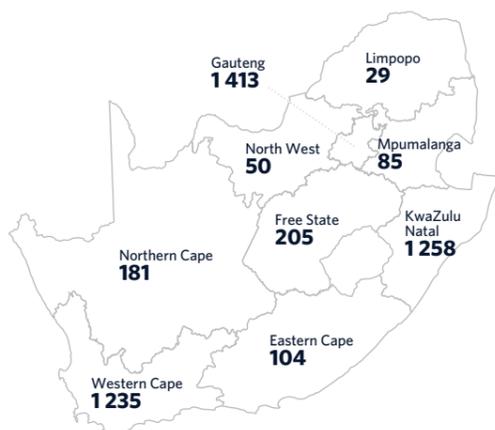
COVID-19 overview at 31 December 2020



Claims paid for COVID-19 services in 2020: **R146.8 million** representing **3.9%** of total claims



Total confirmed cases reported by province



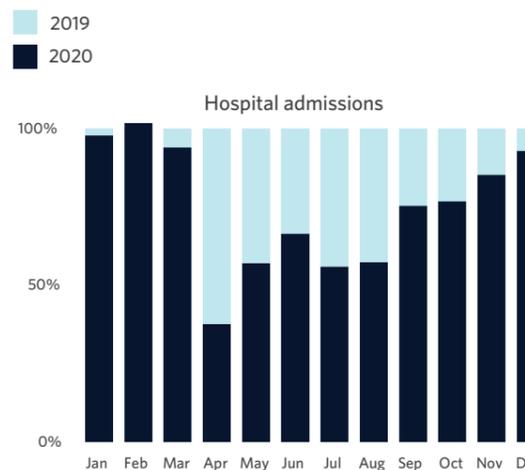
- Mild** Home or isolation facility
- Moderate** Hospital general ward
- Severe** High care: Low saturation with medium-flow oxygen
- Critical** ICU: High-flow oxygen to ventilation

Total confirmed cases reported by risk factors and number of risk factors*



*Risk factors as circulated by the CMS

Impact of COVID-19 on the Scheme's overall claims experience - 2020 versus 2019



As a result of the lockdown and other restrictions, the Scheme experienced a reduction in hospital admissions for elective medical and surgical treatment, which resulted in a lower than anticipated claims experience during 2020. The first part of 2020 was not inconsistent with 2019 but from mid-March a unique change in claiming patterns was identified. There was a significant decrease in the hospital admission rate but not directly proportionate to the reduction in occupancy or cost because the more severe COVID-19 cases are more expensive, have a higher level of care, and longer average lengths of stay. There was a normalisation in claims as the year progressed, although still ending the year below the 2019 levels.



We saw an increase in pharmacy claims in March and December 2020, which was likely as a result of patients preparing for lockdown. Modest reductions were seen from April to June, which is positive given that the majority of these claims are for life-threatening chronic conditions which require ongoing medication.

We experienced a substantial reduction in hospital and non-COVID-19 pathology activity from the start of the lockdown towards the end of March 2020 to the end of the full lockdown period, with activity increasing through the various levels of lockdown, but still not at 2019 levels until December when the second wave presented itself, which resulted in a higher rate of COVID-19 testing.

The same trends are noted for healthcare professionals and other health-seeking testing like mammograms and prostate testing.





COVID-19 vaccinations

In order to mitigate the public health and economic impact of the COVID-19 pandemic it is essential that population immunity is established. To this end, the South African Government has embarked on a national vaccination rollout plan, which aims to vaccinate 40 million South Africans.

There is indisputable scientific evidence that vaccines provide the greatest protection against infectious diseases. In the case of the COVID-19 vaccine, the virus is not administered and does not modify human cells, but rather, provides the instructions to build immunity to fight the infection. Vaccines have reduced the morbidity and mortality of infectious diseases such as smallpox, poliomyelitis, hepatitis B, measles, tetanus, whooping cough and pneumococcal conjugate across the world. By vaccinating a large enough group of people, population immunity should be achieved, and the disease brought under control.

Through its membership of the Health Funders Association (HFA), Momentum Medical Scheme has participated in various working group discussions with the Council for Medical Schemes (CMS), the Department of Health, Business Unity South Africa (BUSA) and Business for South Africa (B4SA). Through these discussions it was agreed that the implementation of interventions for combating the COVID-19 crisis could not be fragmented but needed to be dealt with holistically on a national level with all stakeholders playing their role. This required an approach premised on the principles of social solidarity, universal coverage, and the balancing of lives and livelihoods. The national goal is the administration of the vaccine to at least 65-67% of the population in order to achieve population immunity as soon as practically possible.

Following early discussions, the CMS declared the COVID-19 vaccination a PMB, meaning that medical schemes are legally obliged to fund COVID-19 vaccinations within certain guidelines.

The view of the Momentum Medical Scheme Board is that:

1. South Africa, and the medical scheme's industry, do not have the luxury of time.
2. There is an immeasurable economic benefit to achieving population immunity as soon as possible.
3. Our aim should be to contribute to a solution which will make the greatest impact in achieving population immunity in the best interest of our Members.

Given that this is a global pandemic, all governments are required to coordinate and manage the response to the disease in the best way they can. As is the case in other countries, the South African Government decided that it will source, distribute and oversee the rollout of the vaccination programme and will therefore be the sole purchaser and distribute the COVID-19 vaccines to provincial governments and the private sector. A national rollout committee will oversee the vaccinations in both the public and private sectors. A national register for COVID-19 vaccinations will be established and those vaccinated will be listed on the register. Our role as private sector healthcare funders is to support Government in its efforts.

At the time of writing this report, the pricing structure for the private sector has not been finalised but is expected soon.

Government's plan for the rollout of the vaccine is made up of three phases:

Phase 1 focuses on frontline healthcare workers.

Phase 2 includes:

- Essential workers
- Persons in congregate settings
- Persons >60 years
- Persons >18 years with co-morbidities.

Phase 3 will focus on all other persons older than 18 years.

More information on Government's COVID-19 vaccination rollout plan can be accessed at [\[link\]](#).

The logistics of a vaccination programme of global scale is not as simple as one might think. Never in the history of South Africa has a mass vaccination programme been undertaken or executed, and considering the mutation of the virus, and the complex logistics needed to ensure deep cold chain storage, challenges are not unexpected. While unfortunate, the challenges already experienced have taught some valuable lessons that will contribute to improving processes as we move forward.

We remain committed to supporting the NDoH with Government's vaccination rollout plan to ensure that our Members receive the vaccine as soon, and as effectively, as possible and we will continue to proactively engage in robust conversations with all stakeholders on the procurement of vaccines to ensure that the ultimate goal of population immunity is achieved in South Africa.

Conclusion

As the global community continues to deal with the challenges and uncertainties of the pandemic, it is important to acknowledge that we, as the people of South Africa, have stood together to fight the spread and impacts of this devastating pandemic, and if we are to overcome it, we will need to continue to do so. We also recognise, with gratitude, the efforts of all our healthcare workers who have worked tirelessly to care for those infected with the disease.

Driven by our values of fairness, integrity, compassion, innovation and service we will continue to ensure that the well-being of our Members, together with the sustainability of the Scheme, remains our primary focus.

Toni van den Bergh
Principal Officer

22 April 2021

Principal Officer's Management Team



Cathryn Kennedy
Scheme Executive:
Finance (Audit and Risk)



Lenny Mariemuthu
Scheme Executive:
Operations



Chairman's report



Globally, the year 2020 will forever be remembered with the SARS-CoV-2 virus, and the resultant Coronavirus Disease (COVID-19), at its centre. On 5 March 2020, South Africa recorded its first COVID-19 case, with more than a million cases to follow during the course of 2020. Not only did our country record more than 28 000 deaths (as at 31 December 2020) due to the complications of COVID-19, but many of our people experienced the long-lasting impacts of being critically ill. The national impact of the 2020 COVID-19 pandemic restrictions, on top of an already recessive economy, caused a further sharp contraction in the South African economy, and while Government interventions provided some relief to workers, businesses and the indigent, the impact has been devastating to many families throughout our country. The Trustees are fully aware of the situation, and it therefore remains a priority to keep Members' contributions at affordable levels.

There has been slow membership growth in the industry with many medical schemes experiencing membership losses due to the economic hardship. We continued, for the second year in a row, to budget conservatively for short-term growth.

Reference is made throughout our Integrated Report, highlighting the impact that the COVID-19 pandemic has had on the Scheme, with more detailed information available in the Principal Officer's report.

Amidst the severe social and economic impacts of COVID-19, our President has steadfastly dealt with the unenviable task of protecting the health of South Africans, with the least possible effect on the country's economy. During this time, it has been evident that an unprecedented level of collaboration has taken place between our Government and multisectoral stakeholders, working together to achieve the common goal of protecting the lives of all South Africans.

Of paramount importance is the successful execution of an effective vaccination programme, and many of the larger medical schemes, including Momentum Medical Scheme, are actively participating in industry initiatives established to ensure that South Africa secures access to sufficient volumes of vaccines and that there is a sensible approach to the rollout and funding of the vaccination efforts.

In line with Momentum Medical Scheme's sole purpose to provide sustainable healthcare benefits for its growing pool of Members, and in meeting this purpose, preserve, create and sustain value for our Members, Momentum Medical Scheme and our Administrator, Momentum Health Solutions, are doing all we can to provide solutions that will enable funding of the vaccine and reasonable access for Members, and believe it's vitally important to support Government's equitable rollout strategy. Our aim is to ensure that every adult Momentum Medical Scheme Beneficiary has access to and is vaccinated as soon as possible.

On reflecting on the Scheme's positive performance in 2020, it is clear that the impact of COVID-19 on our healthcare expenditure is anything but predictable. The additional and unbudgeted costs of treating COVID-19 Members could have had dire consequences to our financial situation, had it not been for the reduction in elective medical and surgical admissions during the course of 2020. This resulted in much lower than anticipated claims in 2020. Unfortunately, the long-term impact of our Members not having received this treatment in 2020 is largely unknown and there will likely be recoupment thereof in the months and years to come. This, combined with the related costs to cover the COVID-19 vaccination programme and the unpredictability of future COVID-19 claims resulting from subsequent waves, makes it of the utmost importance that the Scheme's accumulated funds be preserved. The Trustees are indeed aware of this challenge and are prioritising this task in an economic environment where there is extreme pressure in investment markets which are unlikely to produce the investment returns previously relied upon.

I want to recognise the invaluable input of the Principal Officer and her team, all Trustees and Committee members, as well as our Administrator, in enabling the Scheme to operate effectively during this unprecedented year. Despite the uncertainties and challenges that remain, the current favourable financial position of the Scheme combined with their continued dedication gives me confidence that we are in an exemplary position to address the healthcare needs of our Members into the future, as we continue to adapt to these changing needs.

André Robberts
Chairman

22 April 2021

Strategy and resource allocation

Strategic imperative

Medical schemes have a simple strategic imperative: to offer long-term value to their members, effectively in perpetuity. This extends beyond our core purpose of providing healthcare benefits to our Members. The only way to achieve either our purpose or strategic imperative is to ensure the long-term sustainability of the Scheme. This consideration informs all strategic objectives, planning and review, and has done so since Momentum Medical Scheme's establishment in 1963.

Our strategic imperative is to offer long-term value to our Members

Our strategic objectives, in support of our strategic imperative

Description	Progress made	Future focus
 <p>A sustainable, competitive product offering</p>	<p>Maintaining stable reserves at a minimum of the statutory requirement of 25%, and a positive operating margin.</p> <p>Maintaining a sustainable and affordable delivery system ensuring that Members have a positive experience while costs are managed.</p>	<p>Scheme reserves in excess of statutory requirement and positive operating margin achieved.</p> <p>Marginal increase in non-healthcare costs by 0.1% of gross contribution income.</p> <p>Member affordability.</p>
 <p>Consumer-centric service excellence</p>	<p>Brand supporting and best service levels for benefit experience.</p> <p>Patient-centric management of Members.</p>	<p>Improvement in the Client Satisfaction Index score increasing by 0.4 index points to 71.1.</p> <p>Continued education and support to Members on the COVID-19 pandemic and vaccine rollout.</p> <p>Continued decline in the number of CMS formal complaints.</p> <p>Management of COVID-19 positive beneficiaries by dedicated Wellness Coaches.</p>
 <p>Sustainable organic growth at an affordable price with the right mix of Members creating a positive margin</p>	<p>Affordable, effective distribution. An appropriate benefit design that attracts an appropriate mix of Members that enables Scheme sustainability.</p>	<p>Growth constraints continued in 2020, although this is currently an industry-wide issue across the open scheme market. This has been compounded by the effects of the COVID-19 pandemic on the economy and Member affordability.</p> <p>The Scheme continues to ensure that the benefit design is flexible offering Members a wide range of benefit options to cater for their individual healthcare needs and financial affordability.</p> <p>The Scheme achieved a positive operating margin.</p> <p>Marginal increase in average age from 2019 largely impacted by the loss of student membership which is younger than the Scheme's average age.</p>
 <p>Relevant and competent IT software platform and support</p>	<p>Single enhanced, updated and relevant system for seamless engagement and data protection.</p>	<p>Ongoing system maintenance and development ensuring that the IT software platform remains relevant and scalable.</p> <p>Ongoing system maintenance and development.</p> <p>Implementation of digitised capabilities, including a pre-authorisation capability for Scheme benefits.</p>
 <p>A credible consumer brand</p>	<p>To be recognised in the market as a leader in the healthcare funding industry.</p> <p>Providing consumer-driven real-time interfaces and system support to ensure positive client-centric Member experiences.</p>	<p>Enhancements made to mobile app.</p> <p>Introduced WhatsApp and Webchat capabilities as an additional means of engagement with the Scheme.</p> <p>Advertising campaigns on Facebook.</p> <p>Enhancements to the Scheme's website.</p>



How strategy is determined

In terms of the Regulations to the Medical Schemes Act, the Board of Trustees is required to show evidence of a clear strategic plan that ensures the financial health of the Scheme and is being implemented. Momentum Medical Scheme's plan is developed according to a Strategic Framework, which is reviewed annually as part of the planning process.

The Scheme conducts annual strategic planning sessions, at which the existing strategic objectives are reviewed and their applicability confirmed, and progress on each objective is considered quarterly.

For the purposes of strategic planning and risk management, the following timeframes apply:

- Short term: six months
 - Medium term: one year
 - Long term: three to five years, and beyond
- Risk management reviews take place biannually.

These steps are followed at each annual strategy-planning session:

- Engage with stakeholders**

The Board gathers relevant information and views from the Council for Medical Schemes, appropriate industry experts on the South African healthcare sector, the South African private healthcare funding industry and any other matter on which the Board requires information.

The Board also gathers relevant information and views from the Administrator on its assessment of the private healthcare funding industry, strategic execution plan to ensure sustainability and competitive advantage. This includes identified strategic opportunities, risk and related objectives with key focus areas to implement during a fixed period.

Members communicate extensively with the Scheme, directly, through brokers, and through the Council for Medical Schemes, and this information is compiled and considered.
- Ask "Where are we now?"**

The Board considers the Scheme's SWOT (strengths, weaknesses, opportunities and threats) and PEST (political, economic, social and technological) analyses, which are reviewed annually. Any potential opportunities in the identified risks arising through the Enterprise Risk Management Framework (see) are incorporated.
- Ask "Where are we going?"**

The Board agrees on strategic direction by defining the Scheme's Core purpose, Vision, Values and Strategic Objectives.
- Agree on strategic objectives**

The Board agrees on a list of up to ten key priorities required to be met in order to meet the Scheme's strategic objectives.
- Ask "How will we execute strategy?"**

The Board considers research and innovative solutions provided by the Administrator and other experts.

The Board, having challenged and interrogated the appropriateness and reasonableness of such proposals, approves and mandates the execution thereof, i.e. they become directives.

Based on those directives, resources are allocated for the strategy to be executed. The responsibility for achieving the desired outcomes is assigned to relevant parties.

The Board agrees on monitoring metrics to measure performance and determine whether outcomes are being met and aligned to strategy.

Service providers must execute those directives in line with agreed parameters.

The Board considers whether the Scheme's business model can continue to deliver on the agreed strategic objectives.
- Ask "How will we manage the plan?"**

The Scheme's agreed strategy is communicated to the Administrator for comment, and the Administrator's strategy is similarly reviewed for alignment with the roles and responsibilities mandated through the Medical Schemes Act.

The processes and performance of the Administrator and other service providers are continuously reviewed for effectiveness and alignment with their mandates through monthly reporting, enterprise risk management and combined assurance.

Regular feedback to the Board allows it to monitor the progress and performance in the execution of the directives, and to reassess the strategic imperatives and/or directives if necessary.

Stakeholders

Introduction

Stakeholders are those individuals, groups or organisations that affect or could be affected by Momentum Medical Scheme's activities, benefits or services and associated performance, and which impact the Scheme's ability to preserve, create and sustain value over time.

The Scheme's performance and sustainability rely on its stakeholders' continued support. This requires developing and sustaining quality, enduring relationships that enable us to understand and respond to our key stakeholders' concerns.

Engagement framework

Momentum Medical Scheme has many stakeholders with diverse and sometimes conflicting interests and concerns. Fundamentally though, all engagement is carried out in service of the Scheme's strategic imperative: to preserve, create and sustain value for its Members. As such, all relationships are evaluated on this basis.

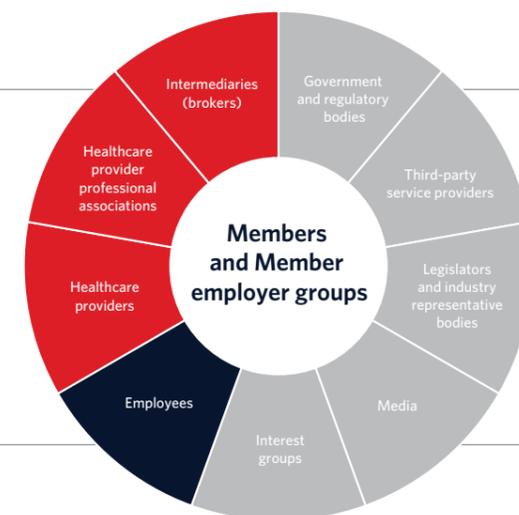
We are committed to engaging with all our stakeholders in an open and transparent manner, informed by our values. The Scheme's Stakeholder Engagement Policy outlines the Scheme's approach and principles to be applied when engaging with its stakeholders as follows:

Member value	Collaboration	Confidentiality	Integrity	Accountability
All engagement shall be based on the guiding principle that the Scheme is established for the sole purpose of providing healthcare funding for its Members.	The Scheme seeks to establish meaningful vested relationships with stakeholders that have aligned values and objectives.	Respecting stakeholder confidentiality and the protection of personal information is paramount in all engagements.	The Scheme's values shall govern all engagement, which shall always be conducted in a transparent and honest manner.	The Scheme's stakeholder engagement is not limited to a single group, and the management of relationships is spread between Scheme employees and various divisions within its Administrator and managed healthcare providers, who are all held to the same level of accountability through contractual arrangements.
Responsiveness	Diversity	Compassion	Respect	
Whether reactive or proactive, all engagement shall be timeous and effective.	The Scheme appreciates the diversity of the South African population and is committed to honouring this diversity in all engagements.	Recognising that the Scheme's stakeholders' needs and desires may differ from those of one another, as well as its own, stakeholders shall always be treated with compassion and empathy.	All stakeholder engagement shall be conducted in a respectful manner with due regard for the stakeholder's dignity.	

Key stakeholders

Momentum Medical Scheme has identified the following individuals and groups as being its key stakeholders:

- Relationship to the Scheme:
- Internal
 - Connected
 - External





Key stakeholders

In the tables below we briefly outline those stakeholders who have the most material impact on the Scheme's ability to preserve, create and sustain value over time, including their contribution to value creation (see [10](#)), our means of engaging with them, their primary interests and concerns and our response thereto.

Strong relationship of mutual benefit	
Good-quality, mutually beneficial relationship, with some room for improvement	
Relationship established and value-producing, but room for improvement	
Relationship established, but work needs to be done to make it meaningful	
No meaningful existing relationship	

Members and Member employer groups



Provide the financial capital for long-term sustainability

How we engage	Stakeholder interests and concerns
<ul style="list-style-type: none"> Regular proactive communication via email, post, website, app, WhatsApp, Webchat and SMS Call centres Quarterly Scheme magazine AGM Claims and billing statements Patient advocacy communication For employer groups and intermediaries: year-end launch, financial roadshow, corporate wellness days, presentations, onboarding for new groups, and face-to-face visits (physically and/or remotely using online platforms) 	<ul style="list-style-type: none"> COVID-19 and the vaccine rollout Increase in healthcare costs and impact to Members in terms of shortfalls/out-of-pocket expenses Medical inflation and impact on contributions Service quality and consistency <p>Annual General Meeting</p> <p>The Scheme encourages Member attendance of the Annual General Meeting (AGM) through an extensive communications process including advertising in three Sunday newspapers, sending notices to every Member and circulating AGM reminders via SMS and on Members' statements. The 2020 AGM was held remotely, entirely using an online platform and electronic communication due to COVID-19 lockdown restrictions, and the convenience of electronic participation was evidenced by the higher number of attendees. Further details regarding the Scheme's AGM can be found on the Scheme's website. 10</p>

Our response: The Scheme negotiates with providers and contracts with network providers to minimise the impact of shortfalls on Members. Medical inflation is an industry challenge, but negotiations and networks are in place to minimise impact. Service quality and consistency is measured through surveys, CMS feedback, brand-recognition surveys as well as the Client Satisfaction Index.

Healthcare providers



Impact our ability to provide access to quality affordable healthcare

How we engage	Stakeholder interests and concerns
<ul style="list-style-type: none"> Direct engagement Administrator tasked with provider network management engagement Call-centre engagement Indirect engagement via healthcare provider professional bodies Quarterly forums Statements, SMS, email, provider website, face-to-face, conferences and call centre 	<ul style="list-style-type: none"> High professional-indemnity cover contributions Loss of qualified medical/clinical professionals to emigration, resulting in higher remuneration to retain staff Economic strain

Our response: The Scheme acknowledges the economic strain faced by healthcare providers, however care should be taken to ensure that not all financial impact is absorbed by medical schemes to prevent the industry becoming unsustainable.

Intermediaries (Brokers)



Brokers are licensed and regulated agents who assist members to enrol for the appropriate medical cover

How we engage	Stakeholder interests and concerns
<ul style="list-style-type: none"> Annual year-end contributions and benefits launch Annual financial roadshow Ongoing broker training and accreditation Quarterly regional meetings to discuss operational matters Health Alerts are used to communicate ad hoc pertinent information 	<ul style="list-style-type: none"> State of the economy and impact on growth in the industry Uncertainty of regulatory changes faced by the industry

Our response: Our products are designed to be flexible, catering to both healthcare needs and affordability. This is achieved through benefit design, provider networks and managed healthcare initiatives. There is also ongoing interaction with the regulator and collaborative engagement with the legislator.

Third-party service providers



(particularly the Administrator and Managed Healthcare provider)

A key interface with our Members and custodian of our brand and reputation

How we engage	Stakeholder interests and concerns
<ul style="list-style-type: none"> Board meetings, sub-committee meetings Regular and ongoing engagement with the Scheme's Management Team Engagement via video, telephone, face-to-face, email 	<ul style="list-style-type: none"> Wellness of Members Increasing cost of healthcare and impact on affordability and sustainability Membership growth

Our response: The focus on wellness is entrenched into overall benefit design and health-risk management strategy. Negotiations and provider networks are key to minimise costs. Specific focus and ongoing monitoring of membership growth. The quality of the relationship is measured through delivery of service level agreement commitments which are closely monitored by the Scheme Management.

Government and regulatory bodies



Government implements healthcare policy and legislation which provides the framework within which we operate. Regulators are organisations that monitor and regulate our environment

How we engage	Stakeholder interests and concerns
<ul style="list-style-type: none"> Direct engagement with various units at the Council for Medical Schemes (CMS) CMS educational sessions Health Market Inquiry submissions Engagement with Department of Health in relation to state contracting Online meetings, email, telephonic Ongoing CMS circular updates Rules submissions Statutory reporting CMS complaints responded to via email Participation in industry bodies' interaction with regulatory bodies 	<ul style="list-style-type: none"> Government: <ul style="list-style-type: none"> Distortion or restriction of competition Regulator: <ul style="list-style-type: none"> Regulatory compliance Fraud, waste and abuse Consolidation of medical schemes and benefit options Growing burden of disease Prescribed Minimum Benefits Financial soundness of medical schemes Management of cost escalation and supplier-induced demand

Our response: Refer to commentary in Principal Officer's report. [12](#)



Responsibility

The Board is responsible for:	<ul style="list-style-type: none"> Approving the Stakeholder Engagement Policy Ultimate responsibility for stakeholder engagement Approving the annual disclosures.
The Scheme's Administrator and managed healthcare providers are responsible for:	<ul style="list-style-type: none"> The majority of planning, preparation, implementation, review and communication with stakeholders on behalf of the Scheme Bi-monthly reporting to the Principal Officer on stakeholder engagement and compliance with this policy Annual briefs to the Board of Trustees on stakeholder relationships, needs, interests and expectations.
The Governance and Remuneration Committee is responsible for:	<ul style="list-style-type: none"> Developing and reviewing the policy for stakeholder engagement The quarterly consideration of compliance with the Stakeholder Engagement Policy Ensuring that the relevant disclosures are included in the Scheme's Integrated Report Considering complaints in terms of the Policy for Complaints and Disputes.
The Clinical Risk and Governance Committee is responsible for:	<ul style="list-style-type: none"> Considering complaints in terms of the Policy for Complaints and Disputes.
The Risk Management Committee is responsible for:	<ul style="list-style-type: none"> Ensuring that the Scheme's risk management process includes continual identification, profiling, classification, assessment, evaluation and treatment of stakeholder risks.
The Principal Officer is:	<ul style="list-style-type: none"> Mandated by the Board with the responsibility for oversight of stakeholder engagement Responsible for reporting to the Governance and Remuneration Committee on stakeholder engagement.

Complaints procedure

Momentum Medical Scheme is committed to ensuring that the interests of Members are protected at all times including the provision of appropriate and adequate systems to accommodate timeous settlement of claims and the prompt response to queries, complaints and disputes.

Should any Member believe that a complaint or dispute has not adequately been dealt with through the normal query process, through the Schemes Contact Centre, the following process may be followed to have the complaint or dispute reviewed:

- Write to the Principal Officer providing details of the complaint or dispute, or formally request the Scheme's Administrator provide the Principal Officer with details of the complaint or dispute.
- Should a Member not be satisfied with the decision taken by the Principal Officer, the Member may request that the appropriate Committee of the Board review the decision taken by the Principal Officer.
- Should the Member not be satisfied with the decision taken by the Committee of the Board, the Principal Officer may be requested to convene a meeting of the Scheme's Disputes Committee, set up in terms of the Medical Schemes Act.

The Scheme urges Members to follow the above process but an aggrieved person has the right to appeal to the Council for Medical Schemes against the decision of the Principal Officer or the Committee of the Board at any time prior to a request to convene a meeting of the Disputes Committee.

The Complaints procedure is available on the Scheme's website.

Materiality, risks and opportunities

Introduction

Momentum Medical Scheme's ability to preserve, create and sustain value and achieve its strategic objectives is influenced by its external environment, stakeholder engagement, risks and opportunities. We determine material matters by assessing these factors, linking them to legitimate stakeholder interests and concerns, and aligning these to the strategic objectives as depicted in our risk table. (See [29](#))

Determination of material matters

Stakeholder engagement

Effective stakeholder engagement is a key component of our ability to preserve, create and sustain value. It enables the Scheme to identify risks and opportunities and also informs our strategy.

External environment

The operating environment is dynamic and challenging. Our ability to monitor, assess and respond to the external environment, stakeholder engagement, risks and opportunities determines the Scheme's sustainability.

Risks and opportunities

The risk-management processes aim to ensure that all risks that have an impact on the Scheme's ability to preserve, create and sustain value for its Members are identified and assessed; that precautionary steps to manage and curb those risks are taken; and that when there is an opportunity in a risk, that such an opportunity is identified. The Scheme conducts an extensive identification and assessment exercise twice a year. The identified risks and opportunities are stratified and appropriate action plans are developed accordingly.

Strategy

A robust understanding of our material matters to ensure that our strategy remains relevant and provides the ability to preserve, create and sustain value.

The Enterprise Risk Management Framework

The Enterprise Risk Management (ERM) Framework is aligned with the King IV principles and the International Organization for Standardization (ISO) 31000 Risk Management Framework. The ERM Framework provides the structure of the risk-management process as follows:

Identification	Assessment	Evaluation	Treatment
Risks are identified, categorised and the likelihood of such risk arising, without any control activities being in place, determined.	The impact or potential consequences of risk events arising is established. The inherent risk is then determined by combining the likelihood and impact scores.	The adequacy of the control activities in place to address the risk are evaluated and the residual risk, based on the impact of the control activity, is determined.	The Scheme's response to the residual risk is allocated.

Monitoring and Reporting

Any potential opportunities in the identified risks are determined. These are fed back to the Management Committee (see [49](#)) and are considered when setting the Scheme's strategy.



Management of risk

Momentum Medical Scheme aims to have a fully integrated approach to risk management. Risk management is not designed to eliminate risk-taking by the Scheme. Instead, the risk-management process ensures that risks are identified, analysed, evaluated, treated, monitored and reported appropriately, and managed within the Scheme's low risk appetite.

Responsibility for the management of risk is as follows:

The Board is ultimately responsible for the Scheme's total risk-management system and internal controls. It decides on the Scheme's appetite and tolerance for risk and ensures that the Scheme has implemented an effective ongoing risk management process.

The Risk Management Committee and Principal Officer are accountable to the Board for designing, implementing and monitoring the process of risk management and internal controls, and for integrating it into the day-to-day activities of the Scheme, with continuous report back to the Board.



The Audit Committee is responsible for reviewing the risk-management process and overseeing the implementation of the Combined Assurance Model.

Risks are monitored by the Management Team on an ongoing basis and reported quarterly to the Board and relevant Committees. Scheme Management oversees the Combined Assurance Model and continually aims to identify any new risks.

Material risks identified during the year under review

During the year under review, no undue, unexpected or unusual risks were taken or transpired, other than the uncertainty of the impact that the COVID-19 pandemic could have on the Scheme. No risks were taken outside of risk-tolerance levels.

Refer to Subsequent event disclosure and the Principal Officer's report for further details on the impacts of COVID-19.

The following table describes identified risks of high importance – those that have a material impact on our ability to preserve, create and sustain value should they materialise, and with a non-nominal chance of occurring – per risk category.

	Context	Control activities and mitigating actions	Key stakeholders with aligned concerns	Strategic objectives
Financial management risks				
Those risks associated with finances, including the effect of changes in the markets, foreign-currency exchange rates and interest rates that can have a negative impact on financial wellbeing and the solvency position of the Scheme.				
1 Medical insurance (Claims)	The risk of the uncertainty surrounding the timing and severity of claims. This risk also includes the risk of having inappropriate product prices/fee structures, as contributions are set in advance of actual experience, and the risk of costs continuing to increase faster than inflation due to the increased demand of an ageing population and supply-induced demand.	The Scheme manages its claims through risk-management policies and procedures such as pricing guidelines, pre-authorisation, case management, benefit limits and sub-limits, service provider profiling, centralised management of risk-transfer arrangements and the monitoring of issues that may impact on risk.	Government and regulatory bodies (particularly the CMS), Third-party service providers (particularly the Administrator), Members and Member employer groups	
2 Economic	The risk of the negative impact of poor economic conditions resulting in Members' inability to afford contributions and/or selecting inappropriate benefit options based on affordability.	The Scheme endeavours to offer products that are designed to be flexible, catering to both healthcare needs and affordability. This is achieved through benefit design, provider networks and managed healthcare initiatives.	All stakeholders	
3 Capital adequacy	The risk that there are insufficient reserves to provide for adverse variations on future investment values and claims experience.	The Scheme manages its capital with a view to ensure that it will be able to continue as a going concern as well as meet the Statutory Solvency Ratio of 25%. We constantly monitor experience against the sustainability strategy and business plan, and have put into place a number of initiatives to ensure that the Scheme remains sustainable into the future. The Board accepts the need to comply with the statutory accumulated funds ratio requirement, but takes into consideration that the basis of calculating the required ratio is prudent. The Scheme's actuarial team therefore continues to assess its future risk-based capital requirement in order to provide the Board with comfort that Momentum Medical Scheme remains sustainable.	Government and regulatory bodies (particularly the CMS), Third-party service providers (particularly the Administrator), Intermediaries (Brokers), Members and Member employer groups	
4 Investment	The risk that relates to the unpredictability of financial markets and seeks to minimise potentially adverse effects on the financial performance of the investments that the Scheme holds to meet its obligations to its Members. The impact of investment performance relative to benchmarks on assets is also included in this category.	The Scheme has adopted an Investment Policy aimed at meeting its fiduciary duties and responsibilities when managing and investing the Scheme's assets. The Investment Committee is tasked with ongoing monitoring of the investments and continuous assessment of its asset allocation modelling, taking into account specific unique circumstances of the Scheme, such as size, liquidity needs, general economic conditions and demographic trends and patterns.	Third-party service providers (particularly the Administrator), Members and Member employer groups	



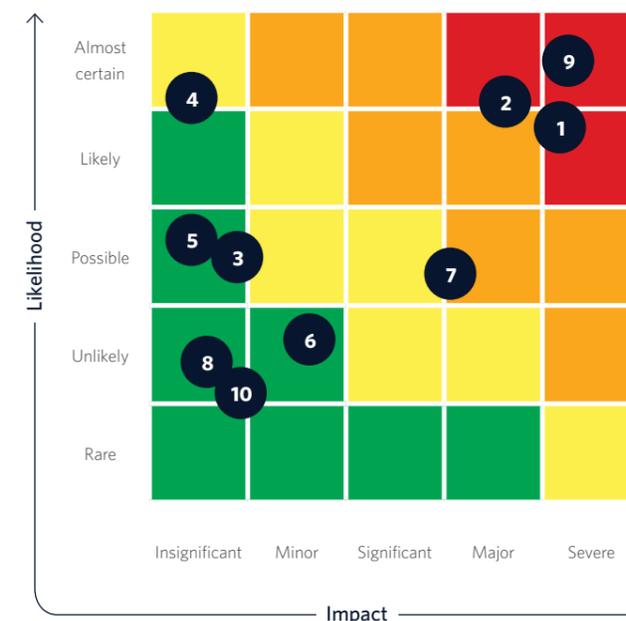
	Context	Control activities and mitigating actions	Key stakeholders with aligned concerns	Strategic objectives
Operations risks Those risks associated with potential losses arising from inadequate or failed internal processes, people, and/or systems.				
5 Fraud	The risk of paying claims to which the member or provider is not entitled. This encompasses fraud, waste and abuse (FWA).	The Administrator's Fraud Risk Management team performs ad hoc trawling to identify any potential FWA. Where analysis is found to be beneficial, Key Risk Indicator System reports and other forensic processes are implemented, and continuously run, to identify any potential FWA. The Fraud Risk Management team also collaborates and shares information with other industry parties to assist in identifying potential FWA. Momentum Medical Scheme also has a fraud hotline through Deloitte (0800 000 438 and email address MomentumMedicalScheme@tip-offs.com) for any stakeholder to report FWA.	Government and regulatory bodies (particularly the CMS), Third-party service providers (particularly the Administrator)	
6 Information Security	The risk of data leakage, or loss, as a result of a breach of information security and the preservation and protection of information from events such as cyber-attacks/crimes.	Momentum Medical Scheme prioritises the protection of its Members' personal information, and monitors information security through ongoing control testing and planning by the combined Administrator and Scheme IT Forum.	Third-party service providers (particularly the Administrator), Members and Member employer groups	

	Context	Control activities and mitigating actions	Key stakeholders with aligned concerns	Strategic objectives
Strategic risks The risks of impact on earnings or capital arising from an inability to implement appropriate business plans, strategies, decisions, improper implementation of decisions, or lack of responsiveness to industry changes.				
7 Reputational	The risk of losses resulting from damages to the Scheme's reputation arising from adverse perception of the image of the Scheme on the part of Members or regulators.	Many consumers are turning to social media to voice their grievances regarding products and services. The Scheme's priority is to ensure that its Members are treated fairly in the first instance, and to equip our social media team to timeously and effectively deal with queries. Furthermore, we continue to educate our Members on social media regulations so as to ensure that they conduct themselves within the ambit of the law.	Third-party service providers (particularly the Administrator), Intermediaries (Brokers)	
8 New business	The risk of the impact on healthcare costs of not achieving new business targets.	The Scheme requires adequate growth of a younger, healthier member profile to counter the impact of the natural ageing of the existing membership. Momentum Medical Scheme endeavours to offer products that are designed to be flexible, catering for the healthcare needs of all possible consumers. Many of the complementary products offered by the Scheme's Administrator are attractive to the desired population, and Momentum Medical Scheme has benefited from its Members and potential Members utilising these products.	Third-party service providers (particularly the Administrator)	

	Context	Control activities and mitigating actions	Key stakeholders with aligned concerns	Strategic objectives
Compliance and legal risks The risks of legal or regulatory sanctions, material financial loss or loss of reputation that the Scheme may suffer as a result of its failure to comply with the applicable legislation, regulations, rules, related self-regulatory standards or codes of conduct applicable to the activities of the Scheme.				
9 Regulatory	The risk of new regulation or regulatory changes that have a negative impact on Momentum Medical Scheme's ability to provide a sustainable benefit offering to Members, including the implementation of a National Health Insurance (NHI) system that is not sustainable.	Ongoing interaction with the regulator and collaborative engagement with the legislator. Participation in the industry representative body, the Health Funders Association.	All stakeholders	
10 Compliance	The risk of legal or regulatory sanctions, material financial loss or loss of reputation that the Scheme may suffer as a result of its failure to comply with applicable legislation, regulations, rules, related self-regulatory organisation standards or codes of conduct applicable to the activities of the Scheme.	We operate within a governance framework which enforces strict controls, policies and codes to ensure compliance with legislation and general sound governance. Such activities fall within the responsibilities of the Audit and Governance and Remuneration Committees.	Government and regulatory bodies (particularly the CMS)	

Outlined in the heat map alongside is the residual rating for each material risk detailed above based on its likelihood and impact. Residual risk is the exposure to loss remaining after the identified control activities have been assessed and have been factored into the inherent risk rating. The external factors beyond the Scheme's control contribute to some risks reflecting high residual ratings.

Risk level:
■ High
■ Medium high
■ Medium low
■ Low





Combined assurance

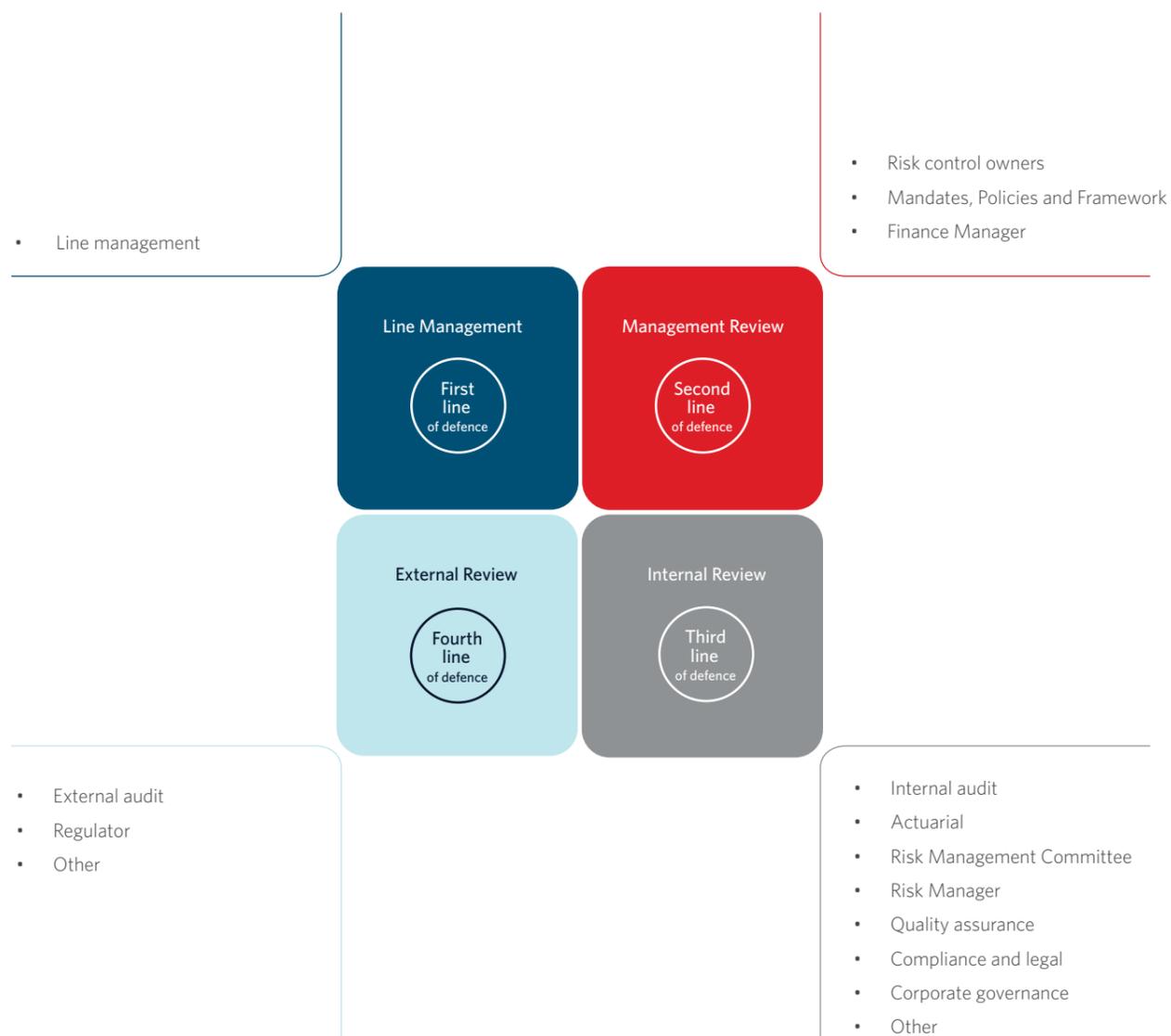
In terms of King IV, "a Combined Assurance Model (CAM) incorporates and optimises all assurance services and functions so that, taken as a whole, these enable an effective control environment; support the integrity of information used for internal decision-making by management, the governing body and its committees; and support the integrity of the organisation's external reports".

The Scheme's CAM is applied in terms of King IV and aims to inform on the effectiveness and adequacy of the assurances obtained on the Scheme's material risk areas from the assurance providers in order to:



The Scheme's CAM is supported by four lines of defence that specify and delegate accountability for managing, overseeing and independently assuring risks across the Scheme. The Scheme's Combined Assurance Framework provides principles and guidelines used in implementing combined assurance, and continues to evolve as this process is embedded and matures.

The four lines of defence are as follows:



Governance

Momentum Medical Scheme is committed to effective corporate governance, and the Board remains committed to practising the highest ethical standards in all of its activities.

Governance activities

Application of the Principles of King IV

The Governance Instrument (GI) software platform is used in the assessment of the application of the principles of King IV. Based on this assessment each practice is categorised according to satisfactorily applied, not applied or not applicable. The outcomes of the most recent assessment are as follows:

- Satisfactorily applied: 356
- Not applied: 1
- Not applicable: 48

The Board is comfortable with the outcomes of this assessment.

Remuneration

All Trustees and Committee members are entitled to remuneration for their attendance at meetings and reimbursement for any reasonable expense incurred in attending such meetings.

The Board annually considers the Trustees' and Committee members' remuneration in terms of the Scheme's Remuneration Policy, and submits a proposal to the Members at the Annual General Meeting (AGM) for consideration and approval. The Remuneration Policy for Trustees and Committee Members was updated in 2020 and approved by Members at the AGM held on 23 September 2020.

Trustee induction

All newly elected Trustees are provided with an induction pack which incorporates material that aims to give the new Trustees an in-depth understanding of the regulatory, statutory and governance frameworks, and their fiduciary responsibilities. Induction includes meetings with Scheme Management, visits to the Administrator's operation centres and access to training conducted by various industry bodies including the Council for Medical Schemes.

Conflicts of interest

The Board is mindful of the potential impact of any conflicts of interest on the Scheme's governance. Trustees and Committee members are required to complete a Declaration of Interest Questionnaire annually. Furthermore, each Board and Committee meeting agenda has a standing agenda item that calls for any new interests, or interests relative to a specific agenda item, to be declared.

Governance evaluation

In line with the recommendations of King IV, directors should evaluate their performance on a regular basis, and as part of the Board's commitment to rigorous governance, the Principal Officer facilitates a detailed formal evaluation of the effectiveness of the Board of Trustees' and Committees' processes and procedures on an annual basis.

The evaluations conducted during 2020 included a focused evaluation of the Fit and Proper status of Trustees and Committee members.

The Board was satisfied with its performance and that of its Committees, the overall outcome of the evaluations and that the evaluation process advances its performance and effectiveness.

Skills evaluation

The Board annually assesses its skills to review its composition and balance thereof. A Trustee Skills Evaluation has been formulated based on guidance from the Council for Medical Schemes. Immediately after the AGM each year, the Principal Officer facilitates this skills evaluation of all Trustees for consideration by the Board in order for it to determine the necessity to appoint additional skills required by the Board, in the form of appointed Trustees or external consultants.

The outcomes of the most recent skills evaluation revealed no areas in which there was a need to strengthen the Board's skill set. However, improvement in demographic representation on the Board was, again, highlighted. This remains a priority of the Board.



Compliance with legislation

In line with its commitment to uphold the principles of good corporate governance, and recognising its responsibility to its stakeholders in this regard, Momentum Medical Scheme continually tracks and monitors its compliance with its Rules and applicable legislation.

It is the role of the Principal Officer to ensure that at all times the Scheme remains compliant with all applicable statutory requirements. The Principal Officer will advise the Board if, in her view, the Board is not compliant with its own policies, legal and/or regulatory requirements.

The Governance and Remuneration Committee is responsible for the oversight of compliance with the Scheme's Codes of Conduct, and any rules, regulations or guidelines promulgated by regulatory authorities relating to corporate governance.

The internal auditors, external auditors (within the context of what is required from a statutory audit perspective) and the Council for Medical Schemes serve as external assurance providers, confirming the level of assurance that has been achieved, and whether appropriate.

Through its various Committees, the Principal Officer, experts and advisors, the Board continues to keep abreast of changes and developments in the regulatory environment to ensure the continuous monitoring thereof, and where necessary appropriate associated responses.

Accumulated funds

Movements in the Accumulated Funds are set out in the Statement of Changes in Members' Funds and Reserves as reflected in the Annual Financial Statements.

Outstanding risk claims provision

Movements in the outstanding risk claims provision are set out in Note 7 to the Annual Financial Statements.

Subsequent events

The Minister of Health declared the COVID-19 vaccine as a Prescribed Minimum Benefit on 24 December 2020.

Early indications are that there will be a third and possibly fourth COVID-19 wave during 2021.

There are many uncertainties about the continued financial impact that the COVID-19 pandemic will have on the Scheme as well as the cost of the vaccine, how often it will need to be administered and the time taken to vaccinate the Scheme's entire beneficiary base.

The Scheme's actuaries have considered various possible scenarios to assess the continued potential impact of COVID-19, including the cost of vaccinations, taking into account the possible impact on claims, membership and investment returns. The results of the scenarios indicate that the Scheme's going concern status is not at risk. The Scheme's strong financial position and reserve levels allow the Scheme to absorb the potential negative impact, with little or no impact on the Scheme's ability to pay claims as they arise.

Global investment markets have improved subsequent to year end impacting the Scheme's investment portfolio positively. The Scheme's asset allocation is sufficiently diversified to cater for volatility in the global markets and is therefore not considered to have an adverse impact on the going concern status of the Scheme.

Related party transactions

Refer to related parties and Trustee remuneration disclosures in Note 19 and 20 to the Annual Financial Statements.

Loans to Members of the Scheme and other related parties

Consistent with the Act, other than advances to Members' Personal Medical Savings Accounts registered in terms of the Act, the Scheme does not grant loans to Members or any related parties, and confirms that no such loans have been granted.

Liability insurance

Adequate Trustee, Committee member and Officers liability insurance is in place, and is reviewed annually by the Audit and the Governance and Remuneration Committees. Refer to Note 22 of the Annual Financial Statements.

Annual General Meetings

The Board requires that the Chairmen of all its Committees attend the AGM. (See Stakeholder engagement

Ethics and values

The Scheme's essential objective is to uphold the highest standards of ethical conduct in all of its activities. This means that all business shall be conducted in a transparent manner, consistent with the values of honesty, integrity, fairness, respect and responsibility. Furthermore, it aims to comply with all applicable laws and regulations.

To this end a Trustee Code of Conduct, Committee member Code of Conduct and an Employee and Representative Code of Conduct have been formulated to strengthen the Scheme's ethical behaviour by establishing its responsibility for ethical conduct, outlining specific obligations, providing guidance to recognise and deal with ethical issues, and establishing mechanisms to report unethical conduct.

These codes of conduct are signed each year by the relevant individuals. Their applicability is also agreed to by the relevant parties, and reviewed annually by the Audit Committee and the Governance and Remuneration Committee.

Every Trustee, Committee member, employee and representative of the Scheme, has a responsibility to understand and comply fully with the relevant Code of Conduct and all other policies of the Scheme.

The codes themselves include the manner in which any irregularity is to be reported to the Governance and Remuneration Committee, and should it pertain to the Governance and Remuneration Committee, to the Board.

Ethical behaviour in general is monitored on a continual basis by Scheme Management in order to mitigate risk and uphold Momentum Medical Scheme's values. (See Organisational overview

No irregularities or contraventions of the various codes of conduct transpired over the year under review.

Fraud management

Fraud risks are viewed as the risk of losses due to acts of a type intended to defraud, misappropriate property or circumvent regulations, the law or Scheme policy, excluding diversity/discrimination events, which involves both internal and external parties.

The Scheme's Administrator is tasked with the identification of fraud and uses data analytic tools to identify potential Member, provider and other fraud, and feedback is provided to Scheme Management. Fraud is continually considered, identified and monitored as an integral part of managing the Scheme, and fraud-prevention mechanisms and controls implemented. Quarterly fraud risk management reporting is provided to the Scheme Committees.

Participation in, and collaboration with other industry parties to ensure sharing of knowledge of fraudulent activity trends is also considered important and Momentum Medical Scheme participates in the activities of the Board of Healthcare Funders' Forensic Management Unit (HFMU).

The Scheme has a fraud hotline which also aids in potential fraud identification.

Delegation of authority

To ensure that the various roles and responsibilities within the Scheme are clear, roles and responsibilities are defined in the Scheme's Board and Committees Charters, employment contracts and Delegation of Authority and Responsibility Framework. The Scheme's essential objective is to uphold the highest standards of good governance.

The Delegation of Authority and Responsibility Framework is reviewed annually to ensure its continued effectiveness and clarity.

Information and technology governance

The Scheme has formulated an Information and Technology Governance Policy which sets out its governance approach to IT and describes the desired governance protocols for the effective management and oversight of technology services sourced by the Scheme. The policy provides strategic direction on matters of IT governance required by the Scheme, and outlines the Board's requirements for governance over the Scheme's IT interests and assets.

The Policy establishes an IT governing body in the form of an IT Forum, constituted with representation from the Scheme, the Administrator and MMH. The following were the key focus areas for 2020 and will remain areas of focus in the anticipated future:

- Governance of information assets pertaining to:
 - Data security and privacy
 - Intellectual property (IP) protection with specific focus on IP drainage and IP dependency
 - Data quality
- Governance of technology assets pertaining to:
 - IT projects and programmes
 - Cybersecurity and hardware protection
 - Technology risk
- Business continuity and disaster recovery



Matters of non-compliance

In the year under review the following matters of non-compliance with the Medical Schemes Act were identified. The nature, cause, and remedial action taken in each instance are described below:

	Nature and impact	Causes	Corrective action
Personal Medical Savings Accounts	In terms of Regulation 10(3) of the Act, funds deposited in a member's Personal Medical Savings Account shall be available for the exclusive benefit of the member and his or her dependants but may not be used to offset contributions, provided that the medical scheme may use funds in a member's Personal Medical Savings Account to offset debt owed by the member to the medical scheme following that member's termination of membership of the medical scheme.	<p>After careful consideration of the financial impacts of the COVID-19 pandemic and lockdown restrictions on Members, the Board agreed to assist its Members by allowing those Members with positive Personal Medical Savings Account balances to utilise their savings to fund contributions, in order to maintain their membership of the Scheme. Application was made to the Council for Medical Schemes (CMS) for an exemption from this section of the Act.</p> <p>208 Members applied for, and were granted approval, to utilise their positive medical savings account balances to fund contributions. The total savings utilised to fund contributions amounted to R2.29m.</p>	<p>The Scheme received exemption from the provisions of Regulation 10(3) for a period of 3 months from 1 May 2020 to 31 July 2020.</p> <p>Exemption granted by CMS</p>
Payment of Member claims	In terms of Section 59(2) of the Act, a medical scheme shall pay a member or supplier of medical service, any benefit owing to that member or supplier within 30 days after the day on which the claim was received by the Scheme.	Of the total 1 150 093 claims received for the year, 24 (0.002%) claims received were not paid within 30 days of receipt due to certain procedures to validate claims such as clinical auditing.	The claims paid outside of 30 days are investigated by the Scheme in conjunction with the Administrator to ensure effective management. The Trustees consider this to be unavoidable, given the large number of claims processed and the need for validation of all claims.
Investment in an employer group or administrator	In terms of Section 35(8) of the Act, a medical scheme shall not invest any of its assets in any medical scheme administrator or a holding company of a medical scheme administrator or an employer who participates in the medical scheme. The Scheme's asset managers invest a portion of the Scheme's assets in medical scheme administrator holding companies and Scheme employer groups.	As a consequence of the investment decisions within the asset managers' portfolios, the Scheme currently has investments in contravention of Section 35 (8). The Scheme has no influence over the investment decisions of the independent asset managers regarding what assets they invest the Scheme's funds into, or the size of that asset holding. The investment decisions are made entirely at the asset manager's discretion.	<p>The Scheme made application to the CMS for an exemption from the provisions of Section 35(8) of the Act, and received such exemption.</p> <p>Exemption granted by CMS</p>
Collection of contributions	In terms of Section 26(7) of the Act, member contributions must be received within three days after payment thereof becoming due. There are instances where the Scheme received contributions after three days of becoming due. However, other than the financial relief described alongside, there are no contracts in place condoning this practice.	<p>The Scheme continues to maintain its debit order strike facility which is in line with legislation. The Scheme has a large number of Members who pay via EFT or cash deposits. For these Members, the Scheme has no control over the timing of the receipt of contributions.</p> <p>The Board agreed to provide financial relief to certain of its SMME Employer groups, negatively impacted by COVID-19 and seeking financial relief in order to protect their employees' medical scheme membership. The Scheme made application to the CMS for exemption from this section of the Act to permit the deferral of contributions by SMME employer groups. Two employer groups applied for, and were granted financial assistance amounting to R291k, payable over a period of 12 months.</p>	<p>The financial risk is mitigated by the Scheme's stringent credit control policy and processes which minimises the risk of non-recoverability. The management of the contributions collections is an on-going process involving interaction with the employer groups, brokers and Members.</p> <p>The Scheme received exemption from the provisions of Section 26(7) for a period of 3 months from 1 May 2020 to 31 July 2020. The employer groups remain compliant with the agreed repayment arrangement.</p> <p>Exemption granted by CMS</p>
Prescribed Minimum Benefit (PMB) paid from savings instead of risk benefits	In terms of Regulation 10(6) of the Medical Schemes Act, medical schemes are required to fund claims for valid PMB conditions from risk benefits and not from members' Personal Medical Savings Accounts. Following a comprehensive audit of claim payments, it was established there were a small number of PMB claims for which the Scheme was responsible to pay from risk benefits that had been paid from Members' Personal Medical Savings Accounts.	The primary reason for these initially incorrect payments was that at the time of originally processing these claims, the Scheme did not have sufficient information to identify the claims as PMB claims.	On receipt of information that confirms a previously paid claim to be for a PMB condition, the original claims are reprocessed, and payment reversed from the Members' Personal Medical Savings Accounts and repaid from risk benefit.

Board of Trustees

The Board retains overall responsibility and accountability for the Scheme. The Principal Officer has been delegated the day-to-day management and the Board is kept apprised through regular reporting on operations and activity. In addition, Trustees attend Management Committee meetings in rotation, and have access to the minutes thereof. Any decisions outside of delegated powers of the Principal Officer are referred to the Board for consideration and approval.

In terms of the Scheme Rules, the Board shall consist of a minimum of six and a maximum of twelve Trustees to oversee the affairs of the Scheme. Not more than eight Trustees shall be nominated and elected by the Members of the Scheme, and these elected Trustees are entitled to appoint up to four additional Trustees annually, where additional skills are required to ensure optimal oversight in the best interest of Members. Such appointments must be made in line with the Scheme's Policy and Procedures for the Appointment of Trustees.

Fit and proper

The Act requires that all Trustees are effectively independent and have no direct or indirect interest in the affairs of the Scheme or any of its service providers. Each Trustee's and Committee member's suitability to hold office is assessed in terms of the Scheme's Fit and Proper Policy, which necessitates, amongst other things, an independence check, a criminal history check, a credit history check, an employment and reference check, and evidence of relevant qualifications and professional memberships.

Each Trustee possesses not only independence but the appropriate qualifications, knowledge, skills, experience, competence, diligence, sound judgement, conscientiousness, fairness, honesty and integrity to be entrusted with the responsibilities to be discharged by a medical scheme trustee, and to contribute effectively to the deliberations of the Board.

Detail of the role and responsibilities of the Board is contained in a formal Board Charter which is reviewed biennially. All Trustees subscribe to a Code of Conduct which outlines the principles and values which Trustees are required to uphold. The Trustees meet regularly and monitor the performance of the Scheme and its service providers. They address a range of key issues and ensure that discussion on items of policy, strategy and performance are critical, informed and constructive.

In order to assist in discharging their duties, the Trustees receive actuarial, legal and strategic advice from suitably qualified advisors and have access to the advice and services of the Principal Officer. Where appropriate, Trustees may seek independent professional advice at the expense of the Scheme in terms of the Scheme's Professional Advice Policy.

Board meetings

In terms of the Board's Charter, a minimum of four Board meetings are required to be held annually. In the year under review the Board decided that it was prudent to meet more frequently and therefore scheduled seven meetings. Trustees are required to make every effort to attend meetings and to prepare thoroughly for such meetings. Trustees are expected to actively participate, openly and constructively in discussions, and to bring the benefit of their particular knowledge and expertise to the meetings.

For attendance at meetings refer to page [38](#) & [39](#).

The Board elects its Chairman annually and in the absence of the Chairman, whether by apology for the full duration of a meeting, or for a portion of the meeting as a result of a conflict of interest, the Chairman of the Governance and Remuneration Committee will temporarily assume the Chair.



Board of Trustees

As at 31 December 2020, the Board comprised seven Trustees, all of whom were elected.

	T Jobson	E Klapwijk	T Mahuma	PL Naidoo	A Robberts	GHA Steyn	CF Swanepoel	Toni van den Bergh
Age	61	55	59	58	61	45	59	55
Qualifications	BSc Honours degree	BML degree and post-graduate diploma in Future Studies (USB)	BA Honours degree in Social Work and M.Phil (Ethics) degree	LLM degree	BCom Honours degree and Chartered Accountant (SA)	BCom degree and MBL	MBChB degree	Toni van den Bergh has served as the Chief Executive and Principal Officer of Momentum Medical Scheme since 1 August 2005.
Skills and experience	Tim worked in the IT industry for 35 years before retiring in 2016. He was a trustee of the Metropolitan Medical scheme and chairman of the board at the time of amalgamation with Momentum Medical Scheme. Tim has been a committee member of a number of voluntary organisations including a director of the Two Oceans Marathon NPC for 11 years, Chairman of Friends of Rondebosch Common for 20 years, and currently he is the environmental representative on his local Ward Committee (City of Cape Town).	Egbert is currently the Group Risk and Assurance Manager at Petra Diamonds, responsible for risk management and combined assurance in the company. He has 20 years' previous experience in management of multi-functional mining support and services operations in South Africa and other African countries.	Teboho has for many years served in executive and board roles in not-for-profit and private-sector organisations, and is currently an independent consultant providing advisory and technical services primarily in social development.	Lawson has a broad range of experience in the political, parliamentary, legal and business sectors. He is the executive secretary of the Council for the Advancement of the South African Constitution and a founding partner of The Paternoster Group: African Political Insight.	André has 35 years of experience as a registered auditor in private practice. He provides professional services to organisations involved in a broad range of commercial activities, assisting them in improving their performance and efficiency. He has extensive exposure as a director and trustee, serving on the boards of various entities in the private sector.	Gert is currently employed as the Managing Director of the South African Veterinary Association (SAVA). Prior to joining SAVA, he was the General Manager (Executive) of the South African Medical Association. Gert also serves on the boards of SAVETCON, an events management company, and SAVA-Community Veterinary Clinics, an NPO that provides underprivileged communities with veterinary services.	Francois is the Chief Executive Officer and Founder of Thandile Health Risk Management, specialising in Health Risk Management, Absenteeism and Ill Health Retirement.	Toni has extensive experience in the healthcare funding industry having been involved for the past twenty years. During this time, she has worked in both medical scheme administration and financing, and has gained a number of post-graduate qualifications in health financing, benefit planning and managed healthcare, both locally and abroad.
First elected / appointed	20-Jun-18	26-Jun-19	31-Jul-06	25-Aug-05	31-Jul-06	20-Jun-18	26-Jun-08	The Principal Officer is a full-time employee of the Scheme, with an employment contract in place which requires a three-month notice of the intent to terminate such contract. Given the environment within which the Scheme currently operates, it is difficult to put a succession plan into place, and the Board has agreed an effective continuity plan.
Most recently elected / appointed	20-Jun-18	26-Jun-19	26-Jun-19	23-Sep-20	20-Jun-18	20-Jun-18	23-Sep-20	
Board meeting attendance	7 of 7	7 of 7	7 of 7	7 of 7	7 of 7	7 of 7	7 of 7	
Committee meeting representation and attendance	5 of 5	3 of 4 2 of 2	3 of 4 2 of 2	4 of 4	4 of 4 5 of 5 2 of 2 4 of 4	4 of 4 5 of 5 2 of 2	4 of 4 5 of 5 2 of 2	4 of 4

Principal Officer



Toni van den Bergh

Toni van den Bergh has served as the Chief Executive and Principal Officer of Momentum Medical Scheme since 1 August 2005.

Toni has extensive experience in the healthcare funding industry having been involved for the past twenty years. During this time, she has worked in both medical scheme administration and financing, and has gained a number of post-graduate qualifications in health financing, benefit planning and managed healthcare, both locally and abroad.

She has served on numerous boards and committees in the past, including the previously constituted Financial Planning Institute of South Africa, Sovereign Health Pension Fund, Board of Healthcare Funders (BHF) and Health Quality Association (HQA). She is currently a Director of the Health Funders Association (HFA).

The Principal Officer is a full-time employee of the Scheme, with an employment contract in place which requires a three-month notice of the intent to terminate such contract. Given the environment within which the Scheme currently operates, it is difficult to put a succession plan into place, and the Board has agreed an effective continuity plan.

Note

- The Chairman is elected annually by the Board at its first meeting after the Annual General Meeting.
- There were no Trustee resignations during 2020.
- The Board carried out all duties as set out in its Charter.
- Trustee remuneration disclosures are included in Note 20 to the Annual Financial Statements.



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Chairman's report

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Materiality, risks and opportunities

Governance

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Principal third-party service providers

Committees of the Board of Trustees

Regular reporting to the Board on Committee activities, issues and related matters

	 Audit	 Clinical Risk and Governance	 Governance and Remuneration	 Investment	 Risk Management
Mandate	Established in accordance with the provisions of the Act.	Established by the Board to assist the Board in discharging its responsibilities relating to: <ul style="list-style-type: none"> Clinical Governance - the framework within which the Scheme continuously improves the quality and safeguards the high standards of care which its Members have access to, while ensuring consistency and fairness in the application of clinical policies Health Risk Management - the management of health risk which includes any activity, process, or policy to reduce financial liability and/or exposure, from both a patient safety and a financial perspective, in order to optimise the Scheme's available resource. 	Established by the Board to provide guidance to the Board in all matters relating to its stewardship of the Scheme, proposals as to Board size and composition, the compensation of Trustees and Committee members and the evaluation of the performance and the remuneration of the Principal Officer.	Established by the Board to ensure oversight of the management of the Scheme's funds, ensuring that they are managed in an efficient and economical manner, with due consideration of risk appetite, as it seeks to earn a consistent rate of return in excess of the rate of inflation over time. The investment strategy considers both the assets available for investment and the Scheme's obligation to meet its liabilities, while taking into consideration the constraints imposed by legislation within the mandate approved by the Board.	Established by the Board to assist it in fulfilling its risk-management responsibilities in accordance with applicable legislation and the principles of good governance.
Composition requirements	Minimum of five members, of whom at least two shall be Trustees with the majority, including the Chairman, independent non-Trustee members. In terms of the Act, the Chairman must be an independent non-Trustee.	Minimum of three members, of whom a minimum of one shall be an independent non-Trustee member.	Minimum of three members of whom a minimum of two shall be Trustees.	Minimum of three members.	Minimum of three members of whom at least two shall be Trustees and one shall be a member of the Scheme's Audit Committee.
Committee members as at 31 December 2020	<ul style="list-style-type: none"> M Mia (Independent non-Trustee member) - Chairman MS Paruk (Independent non-Trustee member) A Robberts (Trustee member) GHA Steyn (Trustee member) G Wayne (Independent non-Trustee member) 	<ul style="list-style-type: none"> CF Swanepoel (Trustee member) - Chairman H Cassim (Independent non-Trustee member) T Motjuwadi (Independent non-Trustee member) Refer to 42 for Committee resignations.	<ul style="list-style-type: none"> PL Naidoo (Trustee member) - Chairman E Klapwijk (Trustee member) T Mahuma (Trustee member) A Robberts (Trustee member) 	<ul style="list-style-type: none"> GHA Steyn (Trustee member) - Chairman T Jobson (Trustee member) A Robberts (Trustee member) Refer to 42 for Committee resignations.	<ul style="list-style-type: none"> T Mahuma (Trustee member) - Chairman E Klapwijk (Trustee member) A Robberts (Trustee member) GHA Steyn (Trustee member)
Primary responsibilities and duties	The overall objective of the Audit Committee is to assist the Board to fulfil its responsibilities relating to: <ul style="list-style-type: none"> Ensuring that there are adequate and effective internal control systems, accounting practices, information systems and combined assurance processes Facilitating and promoting communication and liaison regarding the matters referred to above or a related matter, between the Board, Principal Officer, Administrator, external auditors and internal audit Recommending the introduction of measures which the Committee believes may enhance the credibility and objectivity of the Integrated Report, including the Annual Financial Statements and other reports concerning the affairs of the Scheme Maintaining oversight over the governance and risk management processes adopted by the Board to better enable the Committee to recommend for approval by the Board the internal and external audit plans and the appropriateness of the combined assurance model Compliance with legal and regulatory matters. 	The overall objective of the Clinical Risk and Governance Committee is to assist the Board as part of its oversight responsibility regarding: <ul style="list-style-type: none"> Key strategic and operating issues pertaining to the quality of clinical care Development and implementation of a clinical governance strategy for the Scheme Assessment and evaluation of the execution of the clinical governance strategy and implementation plan by the managed healthcare provider Confirmation that clinical governance principles and service-level agreements are inherent in all relevant contracts with providers, including designated service providers Identification and implementation of suitable "best-practice" interventions taking cognisance of the necessity to manage risk at all times. 	The overall objective of the Governance and Remuneration Committee is to assist the Board to fulfil its responsibilities relating to: <ul style="list-style-type: none"> Corporate governance in general, by ensuring the Board has appropriate policies and procedures for Trustees to carry out their duties with due diligence and in compliance with all legal and regulatory requirements The establishment, composition and responsibilities of Board Committees Procedures for effective Board and Committee meetings to ensure that the Board functions independently of management and without conflicts of interest. 	The overall objective of the Investment Committee is to assist the Board to fulfil its responsibilities relating to the: <ul style="list-style-type: none"> Preparation, continuous review and evaluation of the strategy for investing the Scheme's assets, taking into consideration the surplus funds available Identification and appointment of investment professionals to whom investment functions will be outsourced Review and assessment of the risks and returns of investment opportunities Monitoring of investment performance against established benchmarks Monitoring of compliance with all legislation. 	Review the ongoing effectiveness of the Scheme's risk management systems, practices and procedures, and provide recommendations thereon to the Board by, as far as possible: <ul style="list-style-type: none"> Ensuring risks that may have an impact on the Scheme's ability to meet its obligations to its Members are identified and assessed Taking precautionary steps to manage and mitigate those risks and, where there is an opportunity in a risk, identifying such opportunity Ensuring that risks are identified, analysed, evaluated, treated, monitored and reported appropriately and managed within the Scheme's risk appetite Monitoring risks periodically and when appropriate, communicating them to all relevant stakeholders Ensuring the integration and embedding of risk management in the business activities and culture of the Scheme Ensuring that risk-management processes are in line with best practice. The Scheme has adopted ISO 31000 as well as the principles of King IV as they relate to the governance of risk where applicable.
2020 focus areas	In addition to its ongoing responsibilities, the Committee reviewed and updated its Charter in line with the SAICA Guideline for Audit Committees of Medical Schemes and the requirements of King IV.	In addition to its ongoing responsibilities, the Committee focused on developing assessment tools for evaluating the efficacy and affordability of treatment, and the formulation of Policy to cover the required processes in undertaking these evaluations.	In addition to its ongoing responsibilities, the Committee oversaw the process to revise the Trustees and Committee members remuneration methodology, and update the Trustees and Committee members Remuneration policy for presentation and approval by Members at the 2020 AGM.	In addition to its ongoing responsibilities, the Committee oversaw the process to long-term reserve allocations from its absolute return funds, to a new long-term quantitative modelling approach allowing for optimal allocation of funds to the various investment classes permitted under Regulation 30.	The Committee continued its focus on improving its risk management maturity and culture with additional focus on combined assurance.
Future focus 	COVID-19 represents a potential significant financial risk to the Scheme, and therefore will be closely monitored by all Committees.				
Number of meetings held	4	4	4	5	2
Carried out all duties in terms of Charter	✓	✓	✓	✓	✓



Committees of the Board of Trustees

Independent non-Trustees

	M Mia	MS Paruk	G Wayne	H Cassim
Capacity	Chairman - Independent non-trustee	Independent non-trustee	Independent non-trustee	Independent non-trustee
Skills and qualifications	Vast experience in banking and finance	Chartered Accountant (SA)	Chartered Accountant (SA)	BPharm degree and pursued studies in pharmaco-economics (pharmaco-epidemiology) and completed an executive leadership programme. Certificate course in Medicine and Law (UNISA) and LLB
Experience	Mac's previous experience was in the Financial Services sector and he served on the Boards and Committees of a number of entities including: Old Mutual Insure, Mutual & Federal Risk Financing Limited, Credit Guarantee Insurance Corporation (Chair) and Ithala Limited. Currently Mac is a Trustee of the Disability Empowerment Concerns Trust.	MS is a former Senior Partner of A2A Kopano Inc. and Desai Jadwat Inc. Chartered Accountants. He currently serves on various boards of large and medium-size companies including chairing the board of an insurance company and serving on the board of a bank.	Guy was an Audit Partner of a major South African accounting firm and for many years served as National Technical Director of Audit for that firm. He was former president of, and currently is an honorary life member of the South African Institute of Chartered Accountants. He currently serves on a number of boards, risk and audit committees.	Hasina is a board member of SAHPRA. In 2015, Hasina joined the Johannesburg Bar having passed the Bar exam for advocates and is an admitted Advocate of the High Court. She has served on several representative forums such as the PSSA, the PCMA and the Council for Medical Scheme's committee for the development of algorithms for the PMB-CDL conditions. Hasina also served on the Department of Health's Pricing Committee. Hasina has held various positions in the health sector including hospitals, the pharmaceutical sector, managed healthcare organisations, risk management and as a consultant.
First appointed	19-April-05	20-Jun-18	24-Aug-05	26-Jun-19
Most recently appointed	28-Sept-20	28-Sept-20	28-Sept-20	28-Sept-20
Meeting attendance	4 of 4	4 of 4	4 of 4	4 of 4

Committee resignations

T Motjuwadi



Dr Trevor Motjuwadi, first appointed as an independent non-trustee on 26 June 2019, resigned with effect 17 August 2020. He served on the Clinical Risk and Governance Committee and attended two meetings for 2020 up to the date of resignation.

P Davis



Pieter Davis, first appointed as an independent non-trustee on 1 October 2013, resigned with effect 25 June 2020. He served as Chairman of the Investment Committee and attended one meeting for 2020 in the capacity of Chairman up to the date of resignation. Pieter is an employee of Alusi Asset Management (Pty) Ltd, the asset management company appointed to manage the Scheme's long-term investments, and as such he tendered his resignation as an independent non-trustee member of the Investment Committee.

All Committees meet regularly and consist of members who have been appointed for their skills relating to the responsibilities of each Committee. Each Committee is mandated by the Board by means of a written Charter as to its membership, authority and duties. The Principal Officer attends all Committee meetings. In addition to these Committees, a Management Committee, comprising Scheme Management and Trustees in rotation, meets bimonthly and is responsible for monitoring operational issues and risk management. Management Committee meetings are also attended by representatives from the Administrator, managed healthcare provider and other third-party providers by invitation.

Committee members and Chairmen thereof are appointed annually by the Board.

Committee remuneration disclosures are included in Note 20 to the Annual Financial Statements.

Remuneration policies

The Board is responsible for the Scheme's remuneration policy and has delegated the responsibility of overseeing the Scheme's remuneration practices to its Governance and Remuneration Committee. On recommendation from the Governance and Remuneration Committee, the Board has established remuneration policies for Employees, Trustees and Committee members.

Remuneration policy for Trustees and Committee members

The Scheme has established a Remuneration Policy which covers its remuneration philosophy and methodology for Trustees and Committee members remuneration.

The Scheme's Remuneration framework aims to acknowledge the essential strategic oversight role of Trustees and Committee members, their fiduciary responsibilities, the risks assumed by them and the significant time dedicated to serving the Scheme and its Members.

In acknowledging the above, the Scheme's Remuneration framework is intended to ensure that the Scheme remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives, and attract and retain Trustees and Committee members with the appropriate level of knowledge, skill and expertise.

The Governance and Remuneration Committee is responsible for annually investigating remuneration practices in similar or equivalent enterprises so as to establish market rates for persons in positions that can be regarded as similar to those of the Scheme's Trustees and Committee members.

The policy is required to be approved by Members at an AGM. A copy is available at every AGM, and on the Scheme's website for inspection by Members. Where the policy needs to be revised, it is made available for consideration and approval by Members at the next AGM. The Remuneration Policy for Trustees and Committee members was updated in 2020 and, considered and approved by Members at the Scheme's 2020 AGM.

Remuneration policy for Scheme Employees

The Board of Trustees has established a remuneration policy for Scheme employees which is aligned to Momentum Medical Scheme's overall business strategy, objectives and values without being detrimental to the interests of its Members. The aim of the policy is to ensure competitive remuneration practices to attract and retain appropriately skilled employees, as fair and market-related remuneration is the hallmark of ethical and responsible corporate citizenship.

In terms of the policy, and in line with the requirements of Employment Equity legislation, all positions have been evaluated and classified using the REMeasure® job evaluation and classification tool, and salaries benchmarked using the REMchannel® salary benchmarking tool. The Principal Officer is responsible for undertaking the salary benchmarking exercise every three years as contemplated, and annual salary adjustments determined based on the results of each employee's annual performance appraisal.

The Governance and Remuneration Committee has confirmed that the remuneration policies have been complied with and have achieved their objectives.



Financials

Statement of responsibility by the Board of Trustees

Report of the Audit Committee

Independent Auditor's Report

Audited Annual Financial Statements

Statement of responsibility by the Board of Trustees

The Board of Trustees (The Board) is responsible for ensuring that adequate accounting records are maintained and for the preparation, integrity and fair presentation of the Annual Financial Statements of Momentum Medical Scheme (the Scheme). The Annual Financial Statements presented on pages 51 to 83 comprise the Statement of Financial Position as at 31 December 2020, and the Statements of Comprehensive Income, Changes in Members' Funds and Reserves and Cash Flows for the year then ended, and the Notes, comprising significant accounting policies and other explanatory information. The Annual Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the Medical Schemes Act 131 of 1998, as amended, (the Act), and include amounts based on judgements and estimates made by management.

The Board has prepared the Annual Financial Statements using the most appropriate accounting policies, consistently applied, and all applicable IFRS standards have been followed and supported by reasonable and prudent judgements and estimates.

The Board is responsible for ensuring that proper accounting records are kept. The accounting records disclose with reasonable accuracy the financial position of the Scheme, which enables the Board to ensure that the Annual Financial Statements comply with the relevant legislation.

The Scheme operates in a well-established control environment, which is fully documented and regularly reviewed. This incorporates risk management and internal-control procedures, which are designed to provide reasonable, but not absolute, assurance that assets are safeguarded and that the risks facing the Scheme are being controlled. An effective system of internal control therefore aims to provide reasonable assurance with respect to the reliability of financial information and, in particular, the Annual Financial Statements. No item or event has come to the attention of the Board that indicates any material breakdown in the operation of the key internal controls and systems during the year under review.

Based on the Audit Committee's assessment of the results of the formally documented review of the Scheme's system of internal controls and risk management, including the design, implementation, and effectiveness of internal financial controls conducted by the internal audit function during the 2020 year, the information and explanations given by management, and discussions with the external auditor on the results of their review of the controls to support their audit from a statutory audit perspective, no events have come to the Board's attention that indicate that the Scheme's system of internal controls and risk management is not effective and that the internal financial controls do not form a sound basis for the preparation of reliable Annual Financial Statements. The Board's opinion is supported by the Audit Committee.

The Board has reviewed the Scheme's budget for the year ending 31 December 2021. Based on this review and available cash resources, together with the Audit Committee's assessment of the Going Concern Assumption ⁽⁴⁷⁾, the Board has no reason to believe that the Scheme will not be a going concern in the foreseeable future. As such, the going-concern basis has been adopted in preparing the Annual Financial Statements, and these Annual Financial Statements support the viability of the Scheme.

The Board is satisfied that the information contained in the Annual Financial Statements fairly presents the results of operations and cash flows for the year and the financial position of the Scheme at the year end. The Board has also reviewed other information included in the Integrated Report and is responsible for both its accuracy and consistency with the Annual Financial Statements.

The Scheme's external auditors, Deloitte & Touche, are responsible for auditing the Annual Financial Statements in terms of International Standards on Auditing and their report is presented on pages ⁽⁴⁸⁾ ⁽⁵⁰⁾.

The Annual Financial Statements were approved by the Board on 22 April 2021 and are signed on its behalf by:

A Robberts
Chairman

L Naidoo
Trustee



Report of the Audit Committee

We are pleased to present our Report for the financial year ended 31 December 2020.

Audit Committee terms of reference

The Audit Committee (the Committee) is constituted as a Committee of the Board as required in accordance with the Act and is answerable and reports to the Board. The Committee is an independent oversight committee, executing its duties and conducting its affairs in accordance with its terms of reference as approved by the Board. The Committee has discharged its responsibilities contained in its terms of reference and annual work plan. More information on the Committee's responsibilities, composition, meeting attendance and key focus areas can be found on pages 38-42.

Meetings

The Committee met four times during 2020. The Principal Officer, the internal auditors (of the Administrator) and the Scheme's external auditors, by invitation, attended all Committee meetings and have unrestricted access to the Chairman of the Audit Committee. Meetings are held with both the external and internal auditors on a regular basis to ensure that matters are considered without undue influence.

Assessment

The Committee conducts annual self-assessments to evaluate its effectiveness. The Committee was satisfied with the results of the assessments, and no significant matters of concern were identified.

External audit

Appointment and independence

The Committee annually considers the appointment of the Scheme's external auditor and in 2020 recommended the re-appointment of Deloitte. This recommendation was put to the Members of Momentum Medical Scheme at the Scheme's Annual General Meeting held in September 2020, and Deloitte was re-appointed as the Scheme's external auditor for the financial year ended 31 December 2020. Jan van Staden was approved by the Council for Medical Schemes as the statutory auditor of the Scheme for the financial period 1 January 2020 to 31 December 2020 in accordance with section 36(2) of the Act.

Deloitte has been the Scheme's external auditors in excess of 17 years. The Committee has considered the rule by the Independent Regulatory Board for Auditors (IRBA) pertaining to Mandatory Audit Firm Rotation and confirms that the Scheme will comply by the date on which the rule takes effect.

The Committee has satisfied itself that Deloitte was independent of Momentum Medical Scheme, and in so doing gained assurance from Deloitte in this regard.

In addition, the Committee monitors the rotation, independence and expertise of the lead engagement partner of the external auditor.

Having conducted an assessment of the effectiveness of the external audit function for the period 1 January to 31 December 2020, the Committee was satisfied with the quality of external audit.

External audit plan

The Committee meets with the external auditor prior to the annual audit to review and approve the audit plan and ensure that it is consistent with the audit engagement.

The external auditor is invited to attend all Committee meetings and the Annual General Meeting, and has met with the Committee in the absence of Management.

The external auditor has access to the Chairman of the Committee and there is an open avenue of communication between external audit, internal audit and the Board.

Non-audit services

Any non-audit services provided by the external auditor are considered for approval by the Committee prior to engagement. During the year under review the external auditor provided non-audit services in respect of the Scheme's AGM. Certain agreed-upon procedures were performed on the processes for the AGM, Trustee election and voting, and proxies, and no adverse findings were identified.

Internal audit

The internal audit function is provided by Momentum Metropolitan Holdings Limited (MMH), through a co-sourced arrangement with KPMG, and reports to the Committee.

The MMH Chief Audit Executive (CAE) is invited to attend all Audit Committee meetings, and has met with the Committee in the absence of Management.

The Committee approved the internal audit plan and reviewed and commented on the internal audit charter.

The Committee has the responsibility for ensuring that internal audit is independent and that it is effective and able to perform its duties in accordance with appropriate professional standards for internal audit.

Having conducted an assessment of the internal audit function for the period 1 January to 31 December 2020, the Committee was satisfied with the quality and effectiveness of the CAE and internal audit function. In addition, the Committee ensured that the internal audit function was subject to an independent quality review.

Internal financial controls

The Committee is responsible for assessing the adequacy, maintenance and effectiveness of internal financial controls of the Scheme's systems of internal control, which are designed to provide reasonable, but not absolute, assurance against inaccurate internal financial information and other irregularities. The Committee has reviewed the effectiveness of the systems of internal financial control and has been satisfied that a system of controls and procedures of a high standard has been established to ensure the accuracy and integrity of the accounting records. No incidents were brought to the attention of the Committee that would indicate any material breakdown in these internal controls during the year.

Based on its assessment that assurance can be placed on the internal financial controls, appropriate recommendations were made to the Board in this regard.

Financial management

The Scheme's finance management is outsourced to the Administrator and overseen by the Scheme's Executive for Finance (Audit and Risk) and the Principal Officer.

The Committee is satisfied with the expertise and experience of the Scheme's Executive for Finance (Audit and Risk). The Committee further reviewed and satisfied itself of the appropriateness of expertise and adequacy of resources of the Administrator's finance function pertaining to the Scheme.

Ethics and compliance

The Committee is responsible for reviewing the ethical conduct of the Scheme and is satisfied that there has been no material non-compliance with laws and regulations, except for matters of non-compliance with the Act as detailed in Note 23 of the Annual Financial Statements.

Risk management and combined assurance

The Committee has reviewed the adequacy and effectiveness of internal controls and risk management processes, and the Committee was satisfied that these controls and processes are effective.

The Committee has assessed the Scheme's Combined Assurance Model and is comfortable that it provides a coordinated approach to assurance activities.

The Committee has reviewed the annual Combined Assurance Plan, approved by the Risk Management Committee, and progress against the plan.

Annual Financial Statements and Integrated Report

The Committee reviewed the Annual Financial Statements for the year ended 31 December 2020 and is of the view that in all material aspects, they comply with the relevant provision of IFRS and the Medical Schemes Act. The Committee considered and was satisfied with the process in arriving at significant financial estimates and ensured that these were included and covered in the plans and work of the external auditor.

The Committee also reviewed the integrity of the 2020 Integrated Report and recommended both to the Board for approval.

Going concern

The Committee considered the Principal Officer's written representation on the Going Concern Assumption and her conclusion on the appropriateness thereof for the 2021 financial year which included the following:

Capital Adequacy:

- Statutory Solvency Ratio
 - The Scheme's Statutory Solvency Ratio was above the legislative requirement at the end of 2020.
- Risk-Based Capital
 - Notwithstanding the above point, there is consensus that the Statutory Solvency Ratio calculation is not appropriate to assess a medical scheme's capital adequacy, and an assessment of a scheme's future risk-based capital requirement is more meaningful in determining sustainability. The most recent assessment confirmed the Scheme's sound capital adequacy.

Investments:

- The Scheme's Investment Committee's continued scrutiny of its Investment strategy aiming to ensure sound investment and reserve protection.
- Due to the Scheme's strong financial position and reserve levels, the decline in investment returns is not considered to have an adverse impact on the going concern status of the Scheme, nor its ability to pay claims.

Liquidity:

- The adequacy of liquidity, which is reinforced by the immediate access to a "current" portion of the Scheme's "non-current" investments.

The continued impact of the COVID-19 pandemic:

- Although there is considerable uncertainty in predicting the financial impact of COVID-19 on the Scheme, the impact of the various COVID-19 risks on the sustainability of the Scheme (page 15) have been considered by the Scheme's actuaries, and a number of possible scenarios, to assess the continued potential impact of COVID-19, have been modelled. The results of this modelling indicate that the Scheme's strong financial position and reserve levels allow the Scheme to absorb the potential negative financial impact, with little or no impact on the Scheme's ability to pay claims as they arise, or sustainability.

There are no material contingent liabilities.

Continuity of key management.

Based on the above, and its own review of the Scheme's financial position as at 31 December 2020 and the business plan for 2021, the Committee is of the opinion that there is no reason to believe that the Scheme will not continue as a going concern for the year ending 31 December 2021, and therefore recommended to the Board that the going-concern basis of preparation of the Annual Financial Statements was appropriate.

M Mia
Chairman of the Audit Committee



Independent Auditor's Report

Deloitte.

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To the Members of Momentum Medical Scheme

Report on the Financial Statements

Opinion

We have audited the financial statements of Momentum Medical Scheme (the Scheme), set out on pages 51 to 83, which comprise the statement of financial position as at 31 December 2020, and the statement of comprehensive income, the statement of changes in members' funds and reserves and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, these financial statements present fairly, in all material respects, the financial position of Momentum Medical Scheme (the Scheme) as at 31 December 2020, and its financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards and the requirements of the Medical Schemes Act of South Africa.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Scheme in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter

Outstanding Risk Claims Provision

As disclosed in Note 7, the carrying amount of the Outstanding Risk Claims Provision ("IBNR") at year end was R323 004 000 (2019: R307 341 000). The determination of the IBNR requires the Scheme's Trustees to make assumptions in the valuation thereof, which is determined with reference to an estimation of the ultimate cost of settling all claims incurred but not yet reported at the Statement of Financial Position date.

The IBNR calculation is based on a number of factors which include:

- Previous experience in claims patterns;
- Claims settlement patterns;
- Changes in the nature and number of members according to gender and age;
- Trends in claims frequency;
- Changes in the claims processing cycle;
- Variations in the nature and average cost per claim; and
- Other factors such as expectations of future events that are believed to be reasonable to be taken into account in the valuation of the IBNR at year end.

Certain of the abovementioned factors require judgement and assumptions to be made by the Scheme's Trustees and therefore accordingly, for the purposes of our audit, we identified the valuation of the IBNR as representing a key audit matter.

How the matter was addressed in the audit

We obtained an understanding from the Scheme's actuaries regarding the process to calculate the outstanding risk claims provision. The actuarial method applied by the Scheme (Basic Chain Ladder) is generally applied within the medical schemes industry.

In evaluating the valuation of the IBNR, we audited the calculations approved by the Board of Trustees and performed various procedures including the following:

- Assessed the design and implementation of key controls within the IBNR process;
- Tested the integrity of the information used in the calculation of the IBNR by performing substantive procedures;
- With the assistance of our internal actuarial specialist we performed an independent calculation of the estimate of the provision using historical claims data and trends, and using this estimate as a basis of assessing the reasonableness of the Scheme's estimate of the provision;
- Performed a retrospective review of the IBNR raised in the 2019 financial year based on actual claims paid in 2020 to verify the assumptions applied to determine the IBNR is reasonable;
- Assessed the presentation and disclosure in respect of the IBNR and considered whether the disclosures reflect the risks inherent in the accounting for the IBNR.

The assumptions applied in the IBNR are appropriate and we are satisfied that the movement of the IBNR in the Statement of Comprehensive Income and the related disclosure of the IBNR balance and assumptions are appropriate.

Other information

The Scheme's Trustees are responsible for the other information. The other information comprises the information included in the document titled "Momentum Medical Scheme Integrated Report 2020", which includes the Statement of Responsibility by the Board of Trustees and Report of the Audit Committee. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



National Executive: *LL Bain Chief Executive Officer *TMM Jordan Deputy Chief Executive Officer, Clients & Industries *MJ Jarvis Chief Operating Officer *AF Mackie Audit & Assurance *N Sing Risk Advisory DP Ndlovu Tax & Legal *MR Verster Consulting *JK Mazzocco People & Purpose MG Dicks Risk Independence & Legal *KL Hodson Financial Advisory *B Nyembe Responsible Business & Public Policy *R Redfeam Chair of the Board

A full list of partners and directors is available on request * Partner and Registered Auditor

B-BBEE rating: Level 1 contribution in terms of the DTI Generic Scorecard as per the amended Codes of Good Practice

Associate of Deloitte Africa, a Member of Deloitte Touche Tohmatsu Limited



Responsibilities of the Scheme's Trustees for the Financial Statements

The Scheme's Trustees are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Medical Schemes Act of South Africa, and for such internal control as the Scheme's Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Scheme's Trustees are responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Scheme's Trustees either intend to liquidate the Scheme or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Scheme's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Scheme's Trustees.
- Conclude on the appropriateness of the Scheme's Trustees' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists in relation to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may

cause the Scheme to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Scheme's Trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Scheme's Trustees with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Scheme's Trustees, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Non-compliance with the Medical Schemes Act of South Africa

As required by the Council for Medical Schemes, we report that there are no material instances of non-compliance with the requirements of the Medical Schemes Act of South Africa, that have come to our attention during the course of the audit.

Audit tenure

As required by the Council for Medical Schemes' Circular 38 of 2018, Audit Tenure, we report that Deloitte & Touche has been the auditor of Momentum Medical Scheme for more than 17 years. The engagement associate director, Jan van Staden, has been responsible for Momentum Medical Scheme's audit for 1 year.

Deloitte & Touche
Registered Auditors

Per: Jan van Staden
Associate Director

26 April 2021

Audited Annual Financial Statements

Statement of Financial Position at 31 December 2020

Notes	2020	2019
	R'000	R'000
Assets		
Non-current assets		
Financial assets at fair value through profit or loss	2 158 419	1 384 215
	2	2 158 419
Current assets		
Financial assets at fair value through profit or loss	671 266	676 528
Trade and other receivables	465 226	575 099
Cash and cash equivalents	63 909	51 018
	4	142 131
Total assets	2 829 685	2 060 743
Members' funds and liabilities		
Members' funds		
Accumulated funds	2 154 644	1 403 521
	2 154 644	1 403 521
Liabilities		
Current liabilities		
Personal Medical Savings Account liability	675 041	657 222
Trade and other payables	157 594	145 433
Outstanding risk claims provision	194 443	204 448
	7	323 004
Total Members' funds and liabilities	2 829 685	2 060 743



Statement of Comprehensive Income for the year ended 31 December 2020

	Notes	2020	2019
		R'000	R'000
Risk contribution income	8	5 132 395	4 882 247
Relevant healthcare expenditure		(3 709 576)	(4 112 384)
Net claims incurred	9	(3 476 444)	(3 883 994)
Risk claims incurred		(3 488 906)	(3 897 756)
Third party claims recoveries		12 462	13 762
Accredited managed healthcare services (no risk transfer)	11	(162 058)	(148 175)
Net expense on risk transfer arrangements	10	(71 074)	(80 215)
Risk transfer arrangements fees/ premiums paid		(426 252)	(440 383)
Recoveries from risk transfer arrangements		355 178	360 168
Gross healthcare result		1 422 819	769 863
Administration fees and other operating expenses	12	(629 288)	(597 101)
Broker service fees	13	(125 995)	(118 652)
Net impairment losses on healthcare receivables	14	(1 959)	(914)
Net healthcare result		665 577	53 196
Other income		100 579	170 575
Investment income	15	100 579	165 835
Other operating income		-	4 740
Other expenditure		(15 033)	(17 175)
Asset management fees		(8 381)	(8 041)
Interest paid on Personal Medical Savings Accounts	5	(6 652)	(9 134)
Net surplus for the year		751 123	206 596
Other comprehensive income		-	-
Total comprehensive income for the year		751 123	206 596

Statement of Changes in Members' Funds and Reserves for the year ended 31 December 2020

	Accumulated Funds
	R'000
Balance at 1 January 2019	1 196 925
Total comprehensive income for the 2019 year	206 596
Balance at 31 December 2019	1 403 521
Total comprehensive income for the 2020 year	751 123
Balance at 31 December 2020	2 154 644

Statement of Cash Flows for the year ended 31 December 2020

	Notes	2020	2019
		R'000	R'000
Cash flows from operating activities			
Cash flows from operations before working capital changes	16	665 577	57 936
Working capital changes			
Increase in trade and other receivables		(12 891)	(2 324)
Increase in Personal Medical Savings Account liability		12 161	7 804
(Decrease)/Increase in trade and other payables		(10 005)	20 569
Increase in outstanding risk claims provision		15 663	8 594
Cash generated from operations		670 505	92 579
Interest paid on Personal Medical Savings Accounts		(6 652)	(9 134)
Net cash from operating activities		663 853	83 445
Cash flows from investing activities			
Purchase of investments	2	(4 927 546)	(2 404 748)
Proceeds on disposal of investments	2	4 220 996	2 174 000
Interest income	15	107 421	84 997
Dividend income	15	35 377	50 297
Asset management fees		(8 381)	(8 041)
Net cash used in investing activities		(572 133)	(103 495)
Net increase / (decrease) in cash and cash equivalents		91 720	(20 050)
Cash and cash equivalents at beginning of the year		50 411	70 461
Cash and cash equivalents at end of the year	4	142 131	50 411



Notes to the Annual Financial Statements for the year ended 31 December 2020

1. Principal accounting policies and definitions

These Annual Financial Statements have been prepared on the going concern basis in conformity with International Financial Reporting Standards (IFRS) and in the manner required by the Medical Schemes Act 131 of 1998, as amended (the Act). The following are the principal accounting policies used by the Scheme, and are consistent with those of the previous year, except where otherwise stated.

1.1 Basis of preparation

The preparation of Annual Financial Statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Scheme's accounting policies.

The Annual Financial Statements are prepared in accordance with the going concern principle using the historical cost convention, except for certain financial assets and liabilities, which include financial assets at fair value through profit or loss.

All monetary information and figures presented in these financial statements are stated in thousands of rand (R'000), unless otherwise stated.

The majority of the Scheme's liabilities have been incurred as a result of fulfilling its obligation in the carrying out of insurance business, hence the Scheme has qualified for temporary exemption in terms of IFRS 9.

1.2 Financial instruments

Financial assets and liabilities are recognised on the Scheme's Statement of Financial Position when the Scheme becomes a party to the contractual provisions of the instrument. The Scheme classifies its financial instruments into the following categories: financial assets at fair value through profit or loss, liabilities, and receivables. The classification depends on the nature and the purpose of the financial instruments and is determined at the time of initial recognition.

Measurement

Financial instruments are initially measured at fair value plus, in the case of financial assets and liabilities not at fair value through profit or loss, transaction costs that are directly attributable to acquisition or issue of the financial asset or liability. The fair value of financial instruments is determined by reference to published indices on the Bond Exchange of South Africa and the Johannesburg Securities Exchange (JSE) Ltd.

Impairment

Impairments of financial instruments are recognised in the Statement of Comprehensive Income in the year in which the impairment arose.

Investments

All purchases and sales of investments are recognised on the trade date, which is the date that the Scheme commits to purchase or sell the asset. Cost of purchases includes transaction costs. Financial assets at fair value through profit or loss are subsequently carried at fair value. Realised and unrealised gains and losses arising from

changes in the fair value of financial assets at fair value through profit or loss are included in the Statement of Comprehensive Income in the period in which they arise.

Trade and other receivables

Trade and other receivables originated by the Scheme are measured at amortised cost less an appropriate impairment for estimated irrecoverable amounts. Impairment is recognised in the Statement of Comprehensive Income when there is objective evidence that the asset is impaired.

Cash and cash equivalents

Cash and cash equivalents are measured at cost which approximates fair value and comprise current bank accounts.

Financial liabilities

Financial liabilities are recognised at amortised cost, namely original debt less principal payments and amortisations.

Gains and losses on disposal of investments

On disposal of an investment, the difference between the net disposal proceeds and carrying amount is recognised in the Statement of Comprehensive Income.

Offset

Where a legally enforceable right of offset exists for recognised financial assets and financial liabilities, and there is an intention to settle the liability and realise the asset simultaneously or to settle on a net basis, all related financial effects are offset.

Derecognition of financial assets and liabilities

The Scheme derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Scheme neither transfers nor retains substantially all the risks and the rewards of ownership and continues to control the transferred asset, the Scheme recognises its retained interest in the asset and an associated liability for amounts it may have to pay. Where the risks and rewards of ownership of the financial asset are substantially retained, the financial asset continues to be recognised. The Scheme derecognises a financial liability when the contractual obligation is discharged or expires.

1.3 Personal Medical Savings Account liability

The Personal Medical Savings Accounts liability represents funds held by the Scheme on behalf of Members and is recognised in accordance with IAS 39. It is initially measured at fair value and subsequently at amortised cost using the effective interest rate method.

Savings accounts contributions are credited on the accrual basis and withdrawals are debited on a cash basis, i.e. no provision is made for outstanding claims at the year end. In terms of the requirements of the Council for Medical Schemes Circular 56 of 2017, interest on the positive Personal Medical Savings Account balances is paid to Members in accordance with the Scheme Rules.

1.4 Provisions

Provisions are recognised when the Scheme has a present legal or constructive obligation as a result of past events, for which it is

probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured as the present value of management's best estimate of the expenditure required to settle the obligation at the reporting date. Where the effect of discounting to present value is material, provisions are adjusted to reflect the time value of money.

Outstanding risk claims provision

Outstanding risk claims comprise management's best estimate of the ultimate cost of settling all claims incurred but not yet reported at the reporting date. Outstanding risk claims are determined as accurately as possible based on a number of factors. These include previous experience in claims patterns, claims settlement patterns, trends in claims frequency, changes in the claims processing cycle, and variations in the nature and average cost incurred per claim.

Estimated co-payments and payments from Personal Medical Savings Accounts are deducted in calculating the outstanding risk claims provision. The Scheme does not discount its provision for outstanding risk claims, since the effect of the time value of money is not considered material.

1.5 Medical insurance contracts and liability adequacy test

Contracts under which the Scheme accepts significant medical insurance risk from another party (the Member) by agreeing to compensate the Member or their beneficiary if a specified uncertain future event (the insured event) adversely affects the Member or their beneficiary are classified as medical insurance contracts. The liability for medical insurance contracts is tested for adequacy by discounting current estimates of all future contractual cash flows and comparing this amount to the carrying value of the liability net of any related assets (if any). For the liability relating to potential future claims which have already been incurred at the year end, but which the Scheme has not yet received (Incurred But Not Received) (IBNR), tests are performed to ensure that the liability is sufficient to cover historical run-off profiles.

1.6 Contribution income

Contributions on Member insurance contracts are accounted for monthly when their collection in terms of the insurance contract is reasonably certain. Risk contributions represent the gross contributions after deducting savings contributions. The earned portion of risk contributions received is recognised as revenue on the accrual basis. Risk contributions are earned from the date of attachment of risk, over the indemnity period on a straight-line basis. Risk contributions are shown before the deduction of broker service fees and other acquisition costs.

1.7 Relevant healthcare expenditure

Relevant healthcare expenditure consists of net claims incurred, accredited managed healthcare services (no risk transfer), and net income or expense on risk transfer arrangements.

1.8 Accredited managed healthcare services (no risk transfer)

Accredited managed healthcare services (no risk transfer) comprises amounts paid or payable to third party administrators, related parties and other third parties for managing the utilisation, costs and quality of healthcare services to the Members of the Scheme. These expenses are recognised as they are incurred.

Accredited managed healthcare services are part of healthcare expenditure as they directly impact on the delivery of cost-effective and appropriate healthcare benefits to beneficiaries of the Scheme.

1.9 Claims incurred

Claims incurred comprise the total estimated cost of all claims arising from healthcare events that have occurred in the year and for which the Scheme is responsible in terms of its registered Rules, whether or not reported by the end of the year.

The net claims incurred comprises:

- Claims already submitted plus the provision for outstanding risk claims in respect of services rendered during the year;
- Claims for services rendered during the previous year not included in the outstanding risk claims provision for that year;
- Claims settled in terms of risk transfer arrangements.

Net of:

- Recoveries from third parties;
- Discounts received from service providers;
- Claims paid from Personal Medical Savings Accounts; and
- Recoveries from Members' co-payments;

Risk claims provision recovery under risk transfer arrangements are disclosed separately as assets as part of trade and other receivables, and are assessed in a manner similar to the assessment of the outstanding claims risk provision and claims reported not yet paid.

1.10 Risk transfer arrangements

Contracts entered into by the Scheme with third party service providers under which the Scheme is compensated for losses/claims (through the provision of services to Members) on one or more contracts issued by the Scheme and that meet the classification requirements of insurance contracts are classified as risk transfer arrangements.

Only contracts that give rise to a significant transfer of medical insurance risk are accounted for as risk transfer arrangements. Risk transfer fees/premiums are recognised as an expense over the indemnity period on a straight-line basis. Risk transfer fees/premiums and benefits reimbursed are presented in the Statement of Comprehensive Income and Statement of Financial Position on a gross basis. Amounts recoverable under such contracts are recognised in the same year as the related claim.

Amounts recoverable under risk transfer arrangements are estimated in a manner consistent with the outstanding risk claims provisions, claims reported not yet paid and settled claims associated with the risk transfer arrangement.

Amounts recoverable under risk transfer arrangements are assessed for impairment at each financial year end. Such assets are deemed impaired if there is objective evidence, as a result of an event that occurred after its initial recognition, that the Scheme may not recover all amounts due and that the event has a reliably measurable impact on the amounts that the Scheme will receive under the risk transfer arrangement.



1.11 Impairment gains and losses

The carrying amounts of the Scheme's assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated and an allowance account to record impairment losses is created.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the Statement of Comprehensive Income in the period in which the adjustment is made to the estimate of the carrying amount.

Calculation of recoverable amount

The recoverable amount of the trade and other receivables balances carried at amortised cost are calculated as the present value of estimated future cash flows, discounted at the original effective interest rate. Receivables with a short duration are not discounted.

Reversals of impairment

An impairment loss in respect of trade and other receivables balances carried at amortised cost is reversed if the subsequent increase in the recoverable amount can be related objectively to an event occurring after the impairment loss was recognised. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of amortisation, if no impairment loss had been recognised.

1.12 Road Accident Fund recoveries

Recoveries from the Road Accident Fund are recognised on a receipt basis and are netted off against claims expenditure. To the extent that the asset cannot be reliably measured, the Scheme discloses this amount as a contingent asset, refer to note 17.

1.13 Investment income

Investment income comprises interest income and dividends accrued from financial assets at fair value through profit or loss and interest income from cash and cash equivalents, as well as net realised/unrealised gains or losses on financial assets at fair value through profit or loss.

Interest income is recognised using the effective rate interest method, taking into account the principal amount outstanding and the effective interest rate over the period to maturity, when it is determined that such income will accrue to the Scheme. Dividend income is recognised when the right to receive payment is established.

1.14 Income tax

In terms of Section 10 (1)(d) of the Income Tax Act 58 of 1962, as amended, receipts and accruals of a benefit fund are exempt from normal tax. A medical scheme is included in the definition of a benefit fund and consequently the Scheme is exempt from income tax.

1.15 Accounting standards and interpretations

The following new accounting standard applicable to the Scheme is in issue.

Standard	Subject
IAS 1 and IAS 8	Amendment to IAS 1, "Presentation of financial statements" and IAS 8, "Accounting policies, changes in accounting estimates and errors" on the definition of what is material. The amended definition is: "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

1.16 Accounting standards and interpretations not yet effective

The following new accounting standard applicable to the Scheme is in issue, but not yet effective. The Scheme has not early adopted the standard and is in the process of assessing the impact thereof.

Standard	Subject	Effective date*
IFRS 17 Insurance contracts	IFRS 17 will impact the measurement of the contracts with Members in the Scheme's financial statements. The Scheme will qualify for the premium allocation approach which requires the Scheme to recognise a liability for remaining coverage (with reference to the premiums received) and a liability for incurred claims (calculated as the expected cash outflows and a risk adjustment). The Scheme expects that the boundary of the contracts with Members will be one year resulting in similar treatment to the current accounting treatment with the exception being the treatment of onerous contracts. The Scheme will be required to assess for onerous contracts at the point Members elect the benefit option for the following year.	1-Jan-23

* Annual periods commencing on or after

There were no other new standards and interpretations impacting the Scheme for the year.

1.17 Allocation of income and expenditure to benefit options

The following items are directly allocated to benefit options:

- Risk contribution income (refer note 8);
- Claims incurred (refer note 9);
- Net income/(expense) on risk transfer arrangements (refer note 10);
- Accredited managed healthcare services (no risk transfer) (refer note 11);
- Administration fees (refer note 12);
- Broker service fees (refer note 13); and
- Interest paid on Personal Medical Savings Accounts (refer note 5)

The remaining items are apportioned based on the risk contribution of each benefit option:

- Other operating expenses (refer note 12);
- Investment income (refer note 15);
- Net impairment losses on healthcare receivables (refer note 14);
- Other operating income; and
- Other expenditure

2. Financial assets at fair value through profit or loss

	2020	2019
Financial assets comprise investments at fair value through profit or loss:	R'000	R'000
Fair value at the beginning of the year	1 959 314	1 698 025
Additions	4 927 546	2 404 748
Disposals	(4 220 996)	(2 174 000)
Net (losses)/gains on financial assets at fair value through profit or loss (refer note 15)	(42 219)	30 541
Fair value at the end of the year	2 623 645	1 959 314
Non-current portion	2 158 419	1 384 215
Current portion	465 226	575 099
	2 623 645	1 959 314

The Scheme currently holds investments at fair value through profit or loss under IAS 39 and thus will continue to recognise financial assets at fair value through profit or loss when the Scheme adopts IFRS 9. The adoption of IFRS 9 will not have a financial impact on the values of the Scheme's investments presented above. Included in the Scheme's investments is an amount of R270 million held to cater for the potential short term impact of COVID-19 costs on the Scheme.

The investments included above represent investments in:

Deposits and money market instruments	747 227	892 684
Bills, bonds and securities issued	1 151 282	470 146
Property securities	78 341	104 740
Equity securities	646 795	491 744
	2 623 645	1 959 314

The funds above are held at the following asset managers:

Prudential Investment Managers (South Africa) (Pty) Ltd	-	670 654
Sanlam Life Insurance Limited	-	713 561
Momentum Asset Management (Pty) Ltd	1 000 199	575 099
Alusi Asset Management (Pty) Ltd	1 623 446	-
	2 623 645	1 959 314

During September 2020 the Scheme redeemed funds held at Prudential Investment Managers (South Africa) (Pty) Ltd and Sanlam Life Insurance Limited. The funds were reinvested by the Scheme's newly appointed asset manager, Alusi Asset Management (Pty) Ltd. A register of investments is available for inspection at the registered office of the Scheme. The cumulative unrealised gains amounted to R12.0 million (2019: R68.2 million).



3. Trade and other receivables

	2020	2019
	R'000	R'000
Insurance receivables		
Contributions outstanding	25 478	26 429
Amount due from Members and suppliers (*)	5 927	4 444
Advances on Personal Medical Savings Account (refer note 5)	6 381	6 486
	37 786	37 359
Less: Allowance for impairment losses in respect of healthcare	(6 189)	(4 230)
	31 597	33 129
Financial receivables		
Trade and other receivables	1 058	1 179
Sundry accounts receivable	2 485	59
Share of outstanding risk claims provision covered by risk transfer	28 769	16 651
Total receivables arising from financial receivables	32 312	17 889
	63 909	51 018

The carrying amounts of trade and other receivables approximate their fair value due to the short term maturities of these assets. No interest is charged on overdue balances in line with the Scheme Rules.

* Amounts due from Members include those that have left the Scheme and have amounts owing for outstanding contributions, savings advances and claims debts. The estimated future cash flow receipts have not been discounted as the effect would be immaterial.

Movements in the allowance for impairment losses in respect of healthcare receivables:

	2020				Total
	Contribution debt	Member debt	Supplier debt	Advances on savings accounts	
	R'000	R'000	R'000	R'000	R'000
Balance at the beginning of the year	268	2 339	319	1 304	4 230
Amount recognised in the Statement of Comprehensive Income					
Additional net provisions for the year (refer note 14)	(22)	1 467	321	193	1 959
Amounts utilised for the year	-	-	-	-	-
Balance at the end of the year	246	3 806	640	1 497	6 189

	2019				Total
	Contribution debt	Member debt	Supplier debt	Advances on savings accounts	
	R'000	R'000	R'000	R'000	R'000
Balance at the beginning of the year	669	2 117	643	1 300	4 729
Amount recognised in the Statement of Comprehensive Income					
Additional net provisions for the year (refer note 14)	(401)	1 583	(272)	4	914
Amounts utilised for the year	-	(1 361)	(52)	-	(1 413)
Balance at the end of the year	268	2 339	319	1 304	4 230

4. Cash and cash equivalents

	2020	2019
	R'000	R'000
Current accounts	142 131	50 411
	142 131	50 411

At year end the carrying amounts of current accounts approximate their fair values due to the short-term maturities of these assets. The overall weighted average effective interest rate on cash and cash equivalents was 4.7% (2019: 10.4%).

5. Personal Medical Savings Account liability

	2020	2019
	R'000	R'000
Balance of Personal Medical Savings Account liability at the beginning of the year	145 433	137 629
Less: Advances on Personal Medical Savings Accounts at the beginning of the year	(6 486)	(6 731)
Net balance on Personal Medical Savings Account liability at the beginning of the year	138 947	130 898
Add: Savings account contributions received or receivable	278 201	288 319
for the current year (refer note 8)	271 715	281 588
allocated to settle prior year advances	6 486	6 731
Interest paid on Personal Medical Savings Accounts	6 652	9 134
Less:		
Transfers to other schemes and refunds on death or resignation in terms of Regulation 10(4) and (5)	(10 322)	(11 015)
Claims paid from Personal Medical Savings Accounts (refer note 9)	(262 265)	(278 389)
	151 213	138 947
Add:		
Advances on Personal Medical Savings Accounts included in trade and other receivables (refer note 3)	6 381	6 486
	157 594	145 433

The Personal Medical Savings Account liability contains a demand feature in terms of Regulation 10 of the Act that any credit balance on a Member's Personal Medical Savings Account must be taken as a cash benefit when the Member terminates membership of the Scheme or benefit option and then enrolls in another benefit option or medical scheme without a Personal Medical Savings Account or does not enrol in another medical scheme.

The savings account facility assists Members in managing the cash flows for costs to be borne by them during the year, meeting provider service expenses not covered in the Scheme's approved benefits and meeting or self funding Member co-payments for provider services rendered.

Unspent savings at the year end are carried forward to meet future expenses for which the Members are responsible. In terms of the Act, balances standing to the credit of Members are only refundable in terms of Regulation 10 of the Act.

Advances on Personal Medical Savings Accounts are funded by the Scheme and are included in trade and other receivables (refer note 3). The Scheme does not charge interest on advances on Personal Medical Savings Accounts. In accordance with the Rules of the Scheme, the bad debt risk of savings account advances is underwritten by the Scheme.

It is estimated that claims to be paid out of Members' savings accounts in respect of claims incurred in 2020 but not recorded at the year end will amount to R14.6 million (2019: R11.8 million) (refer note 7).

Interest on the Members' Personal Medical Savings Accounts is calculated and allocated on a monthly basis in accordance with the Scheme Rules.

At year end the carrying amounts of the Members' Personal Medical Savings Accounts approximate their fair values due to the short-term maturities of these liabilities.



After careful consideration of the financial impacts of the COVID-19 pandemic and lockdown restrictions on Members, the Board agreed to assist its Members by allowing those Members with positive Personal Medical Savings Account balances to utilise their savings to fund contributions, in order to maintain their membership of the Scheme. Application was made to, and approval granted by the CMS for an exemption from this section of the Act.

208 Members applied for, and were granted approval, to utilise their positive medical savings account balances to fund contributions. The total savings utilised to fund contributions amounted to R2.29 million.

6. Trade and other payables

	2020	2019
	R'000	R'000
Insurance liabilities		
Risk contributions received in advance	55 198	71 413
Credit balances in accounts receivable	12 168	7 023
Amounts due to Members	10 524	7 523
Amounts due to service providers (#)	68 218	61 343
Total liabilities arising from insurance contracts	146 108	147 302
Financial liabilities		
Trade payables (*)	47 189	56 218
Provision for leave pay	637	652
Sundry accounts payables	509	276
Total liabilities arising from financial liabilities	48 335	57 146
	194 443	204 448

At the year end the carrying amount of trade and other payables approximate their fair values due to the short-term maturities of these liabilities.

Amounts due to service providers includes outstanding managed care fees, premiums for risk transfer arrangements and supplier credit balances.

* Trade payables includes outstanding administration fees payable to Momentum Health Solutions (Pty) Ltd at year end.

7. Outstanding risk claims provision

	2020	2019
	R'000	R'000
Not covered by risk transfer arrangements		
Outstanding risk claims provision	294 235	290 690
	294 235	290 690
Analysis of movements in outstanding risk claims provision		
Balance at the beginning of the year	290 690	281 033
Estimated gross claims	302 456	291 771
Less: Estimated recoveries from Personal Medical Savings Accounts	(11 766)	(10 738)
	(282 604)	(281 077)
Payments in respect of prior year	8 086	(44)
Reversal of prior year over/(under) provision (refer note 9)	286 149	290 734
Outstanding risk claims provision raised in current year (refer note 9)		
	308 890	302 456
Less: Estimated recoveries from Personal Medical Savings Accounts	(14 655)	(11 766)
	294 235	290 690

Covered by risk transfer arrangements

Balance at the beginning of the year	16 651	17 714
Payments in respect of prior year	(16 651)	(17 714)
Current year movement in the outstanding risk claims provision (refer note 9)	28 769	16 651
Balance at the end of the year	28 769	16 651
Total outstanding risk claims provision at the end of the year	323 004	307 341

The table below shows the claims paid in relation to the outstanding risk claims provision settled subsequent to the year end. In terms of the Scheme Rules, Members have 4 months to submit claims and thus the Scheme will settle this in the near future.

	2020	2019
	R'000	R'000
Outstanding risk claims provision (not covered by risk transfer arrangements)	294 235	290 690
Portion of outstanding risk claims provision paid to 12 March 2021 (2019: 13 March 2020)	(255 966)	(256 533)
Residual estimate of claims incurred but not paid	38 269	34 157

Process used to determine the assumptions

The process used to determine the assumptions is intended to result in neutral estimates of the most likely or expected outcome or to provide a given level of assurance. The sources of data used as inputs for the assumptions are internally obtained, using detailed studies that are carried out on a regular basis.

In determining the estimate there is more emphasis on current trends taking past experience into account and where there is insufficient information to make a reliable best estimate of claims development, prudent assumptions are used. However, the ultimate liabilities may vary as a result of subsequent developments.

The actual method or blend of methods used varies by category of claims and observed historical claims development. To the extent that the historical claims development method is used, it is assumed that the historical pattern will occur again in the future. There are reasons why this may not be the case, which, insofar as they can be identified, have been allowed for by modifying the methods. Such reasons may inter alia include:

- Changes in processes that affect the development or recording of claims paid and incurred (such as changes in claims submission mechanisms);
- Changes in composition of Members and their dependants;
- Variations in the nature and average cost incurred per claim;
- Legislative changes (e.g. expansion of the definition of a Prescribed Minimum Benefit (PMB) / Chronic Disease List (CDL) condition); and
- Random fluctuations.

The impact of many of the items affecting the ultimate costs is difficult to estimate. The provision estimation difficulties differ by category of claims (i.e. hospital (major medical benefit), chronic, day-to-day and above threshold benefits) due to differences in the underlying insurance contract, claim complexity, the volume of claims, the individual severity of claims, determining the occurrence date of a claim and reporting lags. In the current year, the impact of COVID-19 had to be considered and adjustments made i.e. allowing for potential slower processing of claims and allowing for potential COVID-19 related Personal Protective Equipment claims to be reprocessed.

Assumptions

The assumptions that have the greatest effect on the measurement on the outstanding risk claims provision are the expected claims ratios for the most recent benefit years for the hospital, chronic, day-to-day and above threshold categories of claims. The expected claims ratio assumed for the benefit year 2020 is 98.9% (2019: 99.0%) for hospital, 0.4% (2019: 0.2%) for chronic and 0.7% (2019: 0.8%) for day-to-day and above threshold benefits.

**Changes in assumptions**

The following table outlines the sensitivity of insured liability estimates for reasonable possible movements in assumptions used in the estimation process. It should be noted that this is a deterministic approach with no correlations between the key variables.

Where variables are considered to be immaterial, no impact has been assessed for changes to these variables. However, should the materiality level of an individual variable change, assessment of changes to that variable in the future may be required.

An analysis of sensitivity around various scenarios for the general medical insurance business provides an indication of the adequacy of the estimation process. The Board believes that the liability for claims reported in the Statement of Financial Position is adequate. However, it recognises that the process of estimation is based upon certain variables and assumptions, which could differ when claims arise. Thus, if the residual of claims incurred but not paid was changed by 5%, the impact on the net surplus of the Scheme would be as follows:

Change in variable		2020	2019
		R'000	R'000
Hospital (major medical benefit) claims ratio	5%	1 891	1 690
Chronic claims ratio	5%	8	3
Day-to-day and above threshold benefit claims ratio	5%	14	15

8. Risk contribution income

	2020	2019
	R'000	R'000
Gross contributions per registered Rules	5 404 110	5 163 835
Less: Savings contributions (refer note 5)	(271 715)	(281 588)
	5 132 395	4 882 247

9. Net claims incurred

	2020	2019
	R'000	R'000
Current year claims per registered Scheme Rules	3 109 844	3 525 243
Movement in outstanding risk claims provision	286 149	290 734
(Over)/under provision of the prior year balance (refer note 7)	(8 086)	44
Adjustment for current year	294 235	290 690
Less:		
Claims paid from Personal Medical Savings Accounts (refer note 5)	(262 265)	(278 389)
Third party claims recoveries	(12 462)	(13 762)
	3 121 266	3 523 826
Claims incurred in respect of risk transfer arrangements (refer note 10)	355 178	360 168
Claims incurred in respect of risk transfer arrangements	326 409	343 517
Movement in outstanding risk claims provision (refer note 7)	28 769	16 651
	3 476 444	3 883 994

The claims experience for the year has reduced from the prior year due to lower hospital admissions and elective procedures as a result of the COVID-19 pandemic (refer note 27 for COVID-19 related claims paid).

10. Net expense on risk transfer arrangements

	2020	2019
	R'000	R'000
Premiums/fees paid		
Momentum Health Solutions (Pty) Ltd: Primary Care Network	135 750	151 085
Momentum Health Solutions (Pty) Ltd: Wellness Compliance	267 610	266 966
Netcare Hospitals (Pty) Ltd t/a Netcare 911(*)	22 892	22 332
	426 252	440 383
Claims incurred in respect of risk transfer arrangements		
Momentum Health Solutions (Pty) Ltd: Primary Care Network	(109 345)	(124 192)
Momentum Health Solutions (Pty) Ltd: Wellness Compliance	(221 319)	(208 940)
Netcare Hospitals (Pty) Ltd t/a Netcare 911(*)	(24 514)	(27 036)
	(355 178)	(360 168)
Net expense/(income)		
Momentum Health Solutions (Pty) Ltd: Primary Care Network	26 405	26 893
Momentum Health Solutions (Pty) Ltd: Wellness Compliance	46 291	58 026
Netcare Hospitals (Pty) Ltd t/a Netcare 911 (*)	(1 622)	(4 704)
	71 074	80 215

Momentum Health Solutions (Pty) Ltd provided:

Primary care to Members on the Ingwe benefit option of the Scheme at healthcare centres and through contracted network service providers nationwide.

Chronic care benefits for the 26 Prescribed Minimum Benefit Chronic Disease List conditions for Members on all benefit options except the Ingwe option through the Wellness Compliance capitation arrangement.

Netcare Hospitals (Pty) Ltd t/a Netcare 911 provided:

A capitated ambulance service for Members on all benefit options.

* In 2009, the Council for Medical Schemes took the decision that Netcare 911 did not require accreditation as a managed healthcare provider to provide certain services to medical schemes, and Momentum Medical Scheme concluded its agreement with Netcare 911 on this basis. Following a complaint, in December 2017, the Council for Medical Schemes found that Netcare 911 cannot perform functions which require accreditation. Netcare 911 appealed this ruling, which appeal is still pending. The effect of the pending appeal is that the 2017 Ruling remains in abeyance pending the finalisation of the appeal, in line with Section 49(2) of the Medical Schemes Act, resulting in the Scheme's agreement with Netcare 911 remaining valid.

11. Accredited managed healthcare services (no risk transfer)

	2020	2019
	R'000	R'000
Hospital benefit management services	60 493	54 613
Pharmacy benefit management services	23 592	22 887
Active disease risk management services	45 035	40 484
Dental benefit management services	8 105	7 526
Managed care network management services and risk management	24 833	22 665
	162 058	148 175



12. Administration fees and other operating expenses

	2020	2019
	R'000	R'000
Administration fees	472 300	448 586
Distribution and marketing fees	127 935	121 504
Jump magazine	6 116	5 729
Amalgamation expenses	221	253
Auditor's remuneration	2 157	1 434
Audit fees: current year	1 812	1 434
Audit fees: prior year under provision	345	-
Professional and other consultancy fees	739	1 102
Professional fees	650	983
Other consultancy service fees	89	119
Debt collection fees	234	266
Fidelity and professional indemnity insurance	359	316
Board of Healthcare Funders (BHF) subscriptions	360	343
Global Credit rating fees and other subscriptions	639	554
Health Funders Association fees	586	556
International travel benefit administration fees	1 307	1 360
Registrar's levies	6 066	6 060
Legal fees	217	148
Principal Officer remuneration and related expenses	3 466	3 261
AGM costs	122	78
Scheme office remuneration	3 185	1 788
Total Trustees' and Committee members' remuneration and consideration expenses (refer note 20)	2 722	2 740
Remuneration	2 556	2 070
Travelling, accommodation and disbursements	166	670
IT related costs	398	646
Maintenance	128	113
IT software	270	448
IT hardware	-	85
Other operating expenses	159	377
	629 288	597 101

13. Broker service fees

	2020	2019
	R'000	R'000
Broker service fees	125 995	118 652
	125 995	118 652

14. Net impairment losses on healthcare receivables

	2020	2019
	R'000	R'000
Outstanding contributions recovered	(22)	(401)
Amounts due from Members (*)	1 467	1 583
Amounts due from service providers/(recovered)	321	(272)
Advances from savings accounts	193	4
	1 959	914

* Amounts due from Members are relevant to Members who have left the Scheme and have amounts owing for savings advances and claims debts. Refer to note 21 for further details on the methodology of calculating these impairment provisions.

15. Investment income

	2020	2019
	R'000	R'000
Financial assets at fair value through profit or loss		
Interest income	102 826	78 435
Dividend income	35 377	50 297
Cash and cash equivalents		
Interest income	4 595	6 562
Net (losses)/gains on financial assets at fair value through profit or loss		
Realised (losses)/gains	(51 043)	16 583
Unrealised gains	8 824	13 958
	100 579	165 835
Total interest income per above	107 421	84 997

16. Cash flows from operations before working capital changes

	2020	2019
	R'000	R'000
Reconciliation of net surplus for the year to cash flows from operations before working capital changes		
Net surplus for the year	751 123	206 596
Adjustments for:		
Items separately disclosed		
Interest and dividend income (refer note 15)	(142 798)	(135 294)
Asset management fees	8 381	8 041
Interest paid on Personal Medical Savings Accounts	6 652	9 134
Non cash flow item		
Net realised and unrealised losses/(gains) on financial instruments (refer note 15)	42 219	(30 541)
Cash flows from operations before working capital changes	665 577	57 936



17. Contingent assets

The Scheme has potential recoveries from the Road Accident fund of approximately R89.4 million (2019: R80.7 million) for claims that have been lodged with the fund. The general likelihood of recovery of these amounts is not considered certain, and the Board have elected not to recognise a debtor on the Statement of Financial Position as any future recoveries are highly contingent on a multitude of factors. The Board considers, based on past experience and the current financial stability of the Road Accident Fund, that the receivable, were it to be recognised, would be fully impaired.

18. Contingent liabilities

The Scheme has potential exposure on a legal matter by a Member claiming damages for the alleged unilateral termination of his contract of approximately R9 million, plus interest and costs. The Scheme's legal team views the general likelihood of the claim materialising, as doubtful, and the Board has therefore elected not to recognise this as a liability on the Statement of Financial Position.

19. Related parties

Related Parties with significant influence over the Scheme

Administrator:

Momentum Health Solutions (Pty) Ltd provides administration services and other healthcare services, and participates in the Scheme's financial and operational policy decision making process. Momentum Health Solutions (Pty) Ltd is therefore deemed to have a significant influence over the Scheme, but does not control the Scheme. As Momentum Health Solutions (Pty) Ltd is a related party, its subsidiaries and fellow subsidiaries within Momentum Metropolitan Holdings Limited (which includes Momentum Asset Management (Pty) Ltd) are related parties to the Scheme.

Key management personnel and their close family members:

Key management personnel are those persons who have authority and responsibility for planning, directing and controlling the activities of the Scheme. Key management personnel include the Board, the Principal Officer and Scheme Management. This disclosure deals with full time personnel that are compensated on a salary basis (Principal Officer and Scheme staff) and part time personnel that are compensated on a fee basis (the Board). Close family members include family members of the Board, Principal Officer and members of the Scheme staff.

Transactions with related parties

The below provides the total amount of transactions, which have been entered into with related parties for the relevant financial year.

	2020	Restated 2019
	R'000	R'000
With significant influence over the Scheme		
Statement of Comprehensive Income		
Momentum Health Solutions (Pty) Ltd		
Administration fees and other operating expenses (*)	606 351	575 819
Accredited managed healthcare services (no risk transfer)	137 285	124 152
Fees/Premiums paid in respect of risk transfer arrangements	403 360	418 051
	1 146 996	1 118 022
Momentum Asset Management (Pty) Ltd (#)		
Asset management fees paid	1 688	967
Momentum Metropolitan Holdings Limited and its employees		
Gross contributions received (*)	82 766	98 984
Claims incurred (*)	39 995	49 824

* Administration fees and other operating expenses include administration fees, jump magazine fees, distribution and marketing fees.

* Contributions receivable from and claims paid in respect of employees of Momentum Metropolitan Holdings Limited were in accordance with the Rules of the Scheme and the provisions of the Act.

Momentum Asset Management (Pty) Ltd is paid asset management fees for managing the financial assets at fair value through profit or loss as disclosed below and is a related party.

Statement of Financial Position

	2020	2019
	R'000	R'000
Current assets		
Momentum Asset Management (Pty) Ltd (#)		
Financial assets at fair value through profit or loss	1 000 199	575 099
	1 000 199	575 099
Trade and other payables		
Momentum Health Solutions (Pty) Ltd		
Administration fees due	44 009	45 814
Accredited managed healthcare services (no risk transfer) fees due	22 357	27 163
Fees/Premiums due in respect of risk transfer arrangements	38 376	27 919
	104 742	100 896

Momentum Asset Management (Pty) Ltd manages the financial assets at fair value through profit or loss as disclosed above and is a related party.

Terms and conditions of the administration agreement

The Scheme has contracted Momentum Health Solutions (Pty) Ltd to perform the services and administer the business of the Scheme in accordance with the Act, as provided in terms of its Rules and in accordance with the terms contained in the agreement. The administration fees as contained in the agreement are reviewed and negotiated annually. Either party may terminate the agreement, subject to a six months written notice period.

Terms and conditions of the accredited managed healthcare services (no risk transfer) agreement

The Scheme has entered into a managed care arrangement with Momentum Health Solutions (Pty) Ltd in order to manage the costs of delivering healthcare services to its Members while ensuring the highest quality of care. This service is carried out in accordance with the Act, as provided in terms of its Rules and in accordance with the terms contained in the agreement. The fees for the managed healthcare services as contained in the agreement are reviewed and negotiated annually. Either party may terminate the agreement, subject to a six months written notice period.

Terms and conditions of risk transfer arrangements

The Scheme has entered into two risk transfer arrangements with Momentum Health Solutions (Pty) Ltd in order to manage the costs of delivering healthcare services to its Members while ensuring the highest quality of care. These services are carried out in accordance with the Act, as provided in terms of its Rules and in accordance with the terms contained in the agreement. The fees as contained in the agreements are reviewed and negotiated annually. Either party may terminate the agreement, subject to a three month written notice period.

Terms and conditions of asset managers

The Scheme has contracted Momentum Asset Management (Pty) Ltd to manage a portion of the financial assets at fair value through profit or loss. Either party may terminate the agreement, subject to a 30 days written notice period.



	2020	2019
	R'000	R'000
Key management personnel compensation (includes remuneration and other costs)		
Statement of Comprehensive Income		
Principal Officer	3 466	3 261
Scheme Management	3 185	1 788
Professional fees	650	975
Trustee remuneration and consideration expenses	2 287	2 288
Gross contributions received (*)	540	470
Claims incurred (*)	171	338
Statement of Financial Position		
Trade and other payables		
Leave pay provision	637	652
Trustees, Principal Officer and Scheme Management savings accounts balances (*)	21	15

* Contributions receivable from and claims paid in respect of the Trustees, Principal Officer and Scheme Management during the year, were in accordance with the Rules of the Scheme and the provisions of the Act.

The prior year restatement relates to the following:

Asset management fees paid to Momentum Asset Management (Pty) Ltd - the amount was previously calculated only on the fees for the individual investments and did not include the overall fee for managing the investments. The amount was restated from R53 000, by R914 000 to R967 000.

Contributions and claims paid in respect of employees of Momentum Metropolitan Holdings Limited - not all companies within the Group were included in the prior year. The amount for contributions was restated from R51 000 000, by R48 000 000 to R99 000 000. The amount for claims was restated from R39 000 000, by R10 000 000 to R49 000 000.

20. Trustees and Committee members' remuneration and consideration expenses

31 December 2020

Name	Fees for meeting attendance	Accommodation, travelling and other	Total
	R	R	
Trustees			
Mr T Jobson (+)	238 700	28 728	267 428
Mr E Klapwijk (\$) (^)	263 400	9 288	272 688
Ms T Mahuma (^) (\$) - Chairman	258 830	17 597	276 427
Mr PL Naidoo (^ - Chairman)	277 160	20 010	297 170
Mr A Robberts: Chairman (%) (+) (\$) (^)	488 540	30 749	519 289
Mr GHA Steyn (%) (\$) (+ - Chairman)	342 610	25 136	367 746
Dr CF Swanepoel (\$) - Chairman	284 330	2 181	286 511
Total - Trustees	2 153 570	133 689	2 287 259
Committee members			
Ms H Cassim (\$) (S)	85 610	10 192	95 802
Mr P Davis (+) (resigned in 2020)	20 970	1 350	22 320
Mr M Mia (%) - Chairman	102 081	4 050	106 131
Dr T Motjuwadi (\$) (resigned in 2020)	38 960	8 842	47 802
Mr MS Paruk (%)	77 610	4 050	81 660
Mr GP Wayne (%)	77 610	4 050	81 660
Total - Committee members	402 841	32 534	435 375
Total	2 556 411	166 223	2 722 634

31 December 2019

Name	Fees for meeting attendance	Accommodation, travelling and other	Total
	R	R	
Trustees			
Dr EP Dorkin (\$) (\$) (resigned in 2019)	99 420	10 418	109 838
Mr T Jobson (+)	204 300	83 884	288 184
Mr E Klapwijk (\$) (S)	87 400	35 568	122 968
Ms T Mahuma (^) (\$) - Chairman	206 120	61 154	267 274
Mr PL Naidoo (^ - Chairman)	217 900	79 723	297 623
Mr A Robberts: Chairman (%) (+) (\$) (^)	398 880	100 937	499 817
Mr GHA Steyn (%) (\$) (S)	240 170	80 650	320 820
Dr CF Swanepoel (\$) - Chairman	217 900	163 941	381 841
Total - Trustees	1 672 090	616 275	2 288 365
Committee members			
Ms H Cassim (\$) (S) (appointed in 2019)	34 960	13 521	48 481
Mr P Davis (+)	81 700	6 886	88 586
Mr M Mia (%) - Chairman	93 955	4 400	98 355
Dr T Motjuwadi (\$) (appointed in 2019)	34 960	13 521	48 481
Mr MS Paruk (%)	68 100	4 400	72 500
Dr A Turner (\$) (resigned in 2019)	16 570	6 139	22 709
Mr GP Wayne (%)	68 100	4 400	72 500
Total - Committee members	398 345	53 268	451 613
Total	2 070 435	669 543	2 739 978

(%) Audit Committee
(^) Governance and Remuneration Committee
(S) Risk Management Committee

(S) Clinical Risk and Governance Committee
(+) Investment Committee

The travel expenses above relate to costs incurred in travelling to Board and Committee meetings during the first quarter of 2020. These were paid or reimbursed directly by the Scheme to the relevant provider or the individuals. All Trustee and Committee meetings for the balance of the year were held virtually due to COVID-19 lockdown restrictions.



21. Critical accounting judgements and areas of key sources of estimation uncertainty

In the process of applying the Scheme's accounting policies, the Board have made the following judgements that have the most significant effect on the amounts recognised in the financial statements:

Provision for outstanding risk claims

The provision for outstanding risk claims is an estimate of the ultimate cost of settling all claims incurred (healthcare benefits) that have occurred before the end of the accounting period but have not been reported to a medical scheme by that date and for which the medical scheme is liable to settle. Refer to note 7 for detailed information used in the development of the major assumptions used in the computation of the provision.

Net impairment losses - healthcare receivables

The Scheme has applied a historical experience basis to the current contributions billing to determine a reasonable estimate of potential future reversals of contributions already billed. In addition, outstanding contribution debtors have been assessed on an individual basis for possible impairment.

Members debt from off benefit/terminated Members are impaired fully. Accounts receivable from on benefit Members are not impaired.

Service providers with accounts outstanding longer than 60 days are fully impaired on a case by case basis.

Net impairment losses - advances from Personal Medical Savings Accounts

Advances from Personal Medical Savings Accounts for off benefit Members are impaired where the account is outstanding longer than 60 days. Additional impairment is also raised for advances from Personal Medical Savings Accounts for certain on benefit Members where the likelihood of recovery is low.

Material impact of estimates

There are no key areas of estimation uncertainty at the year end that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities.

The estimates and judgements as at 31 December 2020 were assessed based on the economic conditions and forecasts as at 31 December 2020. The outbreak and continuation of the Coronavirus (COVID-19) pandemic has disrupted the global and local economic markets. The Board will continue to consider the potential impact of the outbreak on significant estimates and judgements going forward as disclosed under the going concern note (refer note 26).

22. Management of financial risks

22.1 Capital risk management

The Scheme defines its capital as accumulated funds as detailed in the Statement of Changes in Members' Funds and Reserves. The Scheme manages its capital in an attempt to ensure that it will be able to continue as a going concern as well as meet the accumulated funds ratio of 25%, as regulated in the Act. For the year ended 31 December 2020, the Scheme's accumulated funds ratio is 39.6% (2019: 25.9%). The Scheme monitors the capital adequacy ratio in relation to the Scheme's going concern assessment.

22.2 Insurance risk management

Risk management objectives and policies for mitigating insurance risk

The primary insurance activity carried out by the Scheme assumes the risk of loss from Members and their dependents that are directly subject to the risk. These risks relate to the health of the Scheme Members. As such the Scheme is exposed to the uncertainty surrounding the timing and severity of claims under the contract. The Scheme also has exposure to market risk through its medical insurance and investment activities.

The Board is ultimately responsible for the Scheme's total risk management system and internal controls. The Board ensures that the Scheme has implemented an effective ongoing process to identify risk, measure potential impact against assumptions and proactively manage risk. The Board has appointed a Risk Management Committee to assist it in fulfilling its risk-management responsibilities in accordance with applicable legislation. The Risk Management Committee has developed and documented policies for acceptance and management of insurance risk to which the Scheme is exposed to. The Risk Management Committee reports to the Board on a regular basis.

The Scheme manages its insurance risk through benefit limits and sub-limits, approval procedures for transactions that involve pricing guidelines, pre-authorisation and case management, service provider profiling, centralised management of risk transfer arrangements and the monitoring of emerging issues.

The Scheme uses several methods to assess and monitor insurance risk exposures both for individual types of risks insured and overall risks. The Scheme analyses the distribution of claims per category of claim, average age of Members per member group, average age per benefit option, actual number of Members per benefit option and the geographic distribution of Members.

The theory of probability is applied to the pricing for a portfolio of insurance contracts. The principal risk is that the frequency and severity of claims are greater than expected. Insurance events are, by their nature, random and the actual number and size of events during any one year may vary from those estimated.

The Scheme's strategy seeks diversity to ensure a balanced portfolio of benefits and is based on a large portfolio of similar risks over a number of years and, as such, it is believed that this reduces the variability of the outcome. The strategy is set out in the annual business plan, which specifies the benefits to be provided by each option, the preferred target market and demographic split thereof.

All the Members contracts are annual in nature and the Scheme has the right to change the terms and conditions of the contract at renewal. Management information, which include risk contribution income and claims ratios by option, target market and demographic split, is reviewed monthly. There is also a program that regularly reviews contractual premium and benefit data to ensure compliance with the Scheme's objectives.

Concentration of insurance risk

The following table summarises the concentration of insurance risk, with reference to the carrying amount of the insurance claims incurred by the age group and in relation to the type of risk covered/benefits provided. Where appropriate prescribed minimum benefits (PMB) and non-PMB claims have been split.

Hospital (major medical) benefits cover all costs incurred by Members whilst they are in hospital receiving preauthorised treatment for certain medical conditions. Chronic benefits cover the cost of certain prescribed medicines consumed by Members for chronic conditions/diseases, such as high blood pressure, cholesterol and asthma. Day-to-day benefits cover the cost of out-of-hospital medical attention, such as visits to general practitioners and dentists as well as prescribed non-chronic medicines.

2020	Major Medical		Chronic		Day-to-Day Benefits		Total
	PMB R'000	Non-PMB R'000	PMB R'000	Non-PMB R'000	PMB R'000	Non-PMB R'000	
Age grouping (in years)							R'000
< 26	259 098	112 530	390	1 441	563	2 525	376 547
26 - 35	276 564	73 576	492	220	387	1 091	352 330
36 - 50	403 693	129 821	1 497	440	1 417	2 481	539 349
51 - 65	533 614	136 857	2 787	489	1 711	3 182	678 640
> 65	745 221	142 928	4 198	523	3 144	4 795	900 809
Total amount	2 218 191	595 711	9 364	3 112	7 222	14 075	2 847 675
2019	Major Medical		Chronic		Day-to-Day Benefits		Total
	PMB R'000	Non-PMB R'000	PMB R'000	Non-PMB R'000	PMB R'000	Non-PMB R'000	
Age grouping (in years)							R'000
< 26	341 445	165 142	114	1 461	925	3 944	513 032
26 - 35	292 523	89 683	62	182	385	1 904	384 740
36 - 50	423 610	152 714	313	433	1 314	4 393	582 777
51 - 65	610 710	173 009	506	525	1 686	3 713	790 151
> 65	791 511	173 496	705	751	2 828	7 167	976 458
Total amount	2 459 799	754 044	1 701	3 353	7 138	21 122	3 247 157



	2020	2019
	R'000	R'000
Reconciliation of net claims to current year claims paid in note 9		
Total net claims as above	2 847 675	3 247 157
Claims adjustments	(96)	(303)
Claims paid from Personal Medical Savings Accounts	262 265	278 389
Current year claims paid	3 109 844	3 525 243

Risk transfer arrangements

The Scheme has entered into capitation agreements which are, in substance, the same as a non-proportional reinsurance treaty which aim to reduce the net exposure to the Scheme to insurance risk. Refer to note 10 with regards to the Scheme's risk transfer arrangements that are in place.

The Scheme cedes medical insurance risk to limit exposure to underwriting losses under various agreements that cover individual risks and defined blocks of business, on a co-insurance, annually renewable term. These risk transfer arrangements spread the risk and minimise the effect of losses. The amount of each risk retained depends on the Scheme's evaluation of the specific risk, subject in certain circumstances, to maximum limits based on characteristics of coverage. According to the terms of the capitation agreements, the suppliers provide certain minimum benefits to Scheme Members on various benefit options, as and when required by the Members. The Scheme does, however, remain liable to its Members if any capitation provider fails to meet the obligations it assumes. When selecting a capitation provider the Scheme considers its stability from publicly available information and investigations.

Claims development

Claims development tables are not presented since the uncertainty regarding the amount and timing of claim payments is typically resolved within one year and in the majority of cases within three months. At year end, a provision is made for those claims outstanding that are not yet reported at that date. Details regarding the subsequent claim development in respect thereof have been disclosed in note 7 and note 27.

22.3 Financial risk management

The Board has an overall responsibility for the establishment and oversight of the Scheme's risk management framework.

The Scheme's activities expose it to a variety of financial risks, including the effects of changes in bond and equity market prices, foreign currency exchange rates and interest rates. The Scheme's overall financial risk management programme focuses on the unpredictability of financial markets and seeks to minimise potentially adverse effects on the financial performance of the investments that the Scheme holds to meet its obligations to its Members. The main components of financial risk include market risk, interest rate risk, currency risk, credit risk and liquidity risk.

The Scheme manages these risks through various risk management processes. These processes have been developed to ensure that the long-term investment return on assets supporting the insurance liabilities is sufficient to contribute towards funding Members' reasonable benefit expectations.

The Scheme manages financial risks as follows:

- Financial risk management and investment decisions are carried out by the Investment Committee, under the guidance and policies approved by the Board. The Board approves all of the written investment policies.
- The Investment Committee meets at least quarterly and reports back to the Board on the matters included in its terms of reference.
- The Investment Committee is tasked with ongoing monitoring of the Scheme's investments and continuous assessment of its asset allocation modelling, taking into account specific unique circumstances of the Scheme, such as size, liquidity needs, general economic conditions and demographic trends and patterns.
- The Investment Committee provides written policies for overall investment risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, use of derivative financial instruments and investing excess liquidity.
- The Scheme has appointed reputable external asset managers to manage its investments and their performance is monitored regularly.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Interest rate risk is the exposure that the Scheme has to changes in interest rates. The main exposure to the Scheme would be a reduction in interest income on investments if interest rates were to decrease. In order to reduce the impact of any potential interest rate changes, the Scheme holds a diversified portfolio of investments.

The Scheme is exposed to interest rate risk as investments in interest bearing instruments constitute a significant portion of its total investment portfolio. This risk is managed by maintaining an appropriate mix between fixed and floating rate places within market expectations.

The table below summarises, where applicable, the Scheme's exposure to interest rate risk. Included in the table are the Scheme's investments at carrying amounts, categorised by the earlier of contractual repricing or maturity dates and in terms of the Scheme's liquidity requirements. In terms of the Scheme's liquidity requirements, the investment portfolios managed by Momentum Asset Management (Pty) Ltd and Alusi Asset Management (Pty) Ltd contractually are considered to be current, however due to the Scheme's intention to hold for a longer term, they are classified as non-current assets in the Statement of Financial Position.

As at 31 December 2020

	Less than 1 year R'000	Between 1 and 2 years R'000	Between 2 and 5 years R'000	Total R'000
Non-current assets	1 433 283	-	-	1 433 283
Deposits and money market instruments	282 001	-	-	282 001
Bills, bonds and securities issued	1 151 282	-	-	1 151 282
Current assets	607 357	-	-	607 357
Money market instruments	465 226	-	-	465 226
Cash and cash equivalents	142 131	-	-	142 131
Total	2 040 640	-	-	2 040 640

As at 31 December 2019

	Less than 1 year R'000	Between 1 and 2 years R'000	Between 2 and 5 years R'000	Total R'000
Non-current assets	787 731	-	-	787 731
Deposits and money market instruments	317 585	-	-	317 585
Bills, bonds and securities issued	470 146	-	-	470 146
Current assets	625 510	-	-	625 510
Money market instruments	575 099	-	-	575 099
Cash and cash equivalents	50 411	-	-	50 411
Total	1 413 241	-	-	1 413 241

Interest rate risk sensitivity analysis

At year-end, if the interest rates decreased or increased by 1%, assuming all other variables remain constant, and the recent past is predictive of the future, the impact to the return on investment income/(loss) and the resulting impact on the net surplus of the Scheme is illustrated below:

	2020		2019	
	R'000	R'000	R'000	R'000
(Decrease)/increase in interest rates	-1%	1%	-1%	1%
Current assets: Money market instruments	(3 950)	3 950	(2 732)	2 732
Cash and cash equivalents	(118)	118	(60)	60
Effect on investment (loss)/income	(4 068)	4 068	(2 792)	2 792



At year-end, if the interest rates decreased or increased by 1%, assuming all other variables remain constant, and the recent past is predictive of the future, the impact on the fair value of the investments is illustrated below:

	2020		2019	
	R'000	R'000	R'000	R'000
(Decrease)/increase in interest rates	-1%	1%	-1%	1%
Non-current assets: Financial assets at fair value through profit or loss	38 312	(38 312)	16 304	(16 304)
Current assets: Money market instruments and cash and cash equivalents	(11 423)	11 423	(6 255)	6 255
Effect on Scheme's investment portfolio	26 889	(26 889)	10 049	(10 049)
Money market instruments	(10 002)	10 002	(5 751)	5 751
Cash and cash equivalents	(1 421)	1 421	(504)	504
Effect on Money market instruments and cash and cash equivalents	(11 423)	11 423	(6 255)	6 255

The overall weighted average effective interest rate on cash and cash equivalents and the Scheme's money market portfolio at year end was 6.5% (2019: 9.8%) which includes the overnight call rate earned on the current accounts.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Scheme operates in South Africa and its cash flows are denominated in South African Rand (ZAR). The Scheme is directly exposed to currency risk in relation to a portion of the investments it holds as part of the diversified long term investment strategy it follows. This risk is managed according to the limits imposed by Regulation 30, more specifically the 15% maximum allocation permitted to any direct offshore fixed income investments.

The Scheme is indirectly exposed to foreign currency risk to the extent that some of the equity holdings in the investment portfolio earn a sizeable portion of their income in foreign currency and/or jurisdictions, and certain underlying healthcare service provider costs charged to the Scheme in Rand's are impacted by the changes in foreign currency. The Scheme is also exposed to the changes in foreign currency in its international travel benefit where the costs of claims are affected by changes in foreign currency.

Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in the market place.

Equities are reflected at market values, which are susceptible to fluctuations. The Scheme manages its equity risk by employing the following procedures:

- Mandating a specialist fund manager to invest in equities, where there is an active market and where access is gained to a broad spectrum of financial information relating to the companies invested in;
- Diversifying across many securities to reduce risk. Diversification is guided by the Medical Schemes Act; and
- Considering the risk-reward profile of holding equities and bearing the risk in order to obtain higher expected returns on assets.

Should the South African equities market (decrease) or increase by 10%, assuming all other variables remain constant, and the recent past is predictive of the future, the impact on the market value of the Scheme's investments would be as follows:

	2020		2019	
	R'000	R'000	R'000	R'000
(Decrease)/increase in SA equity markets	-10%	10%	-10%	10%
Financial assets at fair value through profit or loss:				
Equity securities	(64 680)	64 680	(48 032)	48 032
Property securities	(7 830)	7 830	(5 828)	5 828
	(72 510)	72 510	(53 860)	53 860

Credit risk

Credit risk is the risk of financial loss to the Scheme arising from the inability of a counter party to service their debt obligations.

The Scheme's credit risk is attributable primarily to cash, trade and other receivables and fixed interest or bond investments. The amounts presented in the Statement of Financial Position are net of allowances for doubtful receivables (i.e. impairment losses), which have been estimated by the Board based on prior experience and the current economic environment.

The credit risk on derivative instruments and cash transactions in liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

The Scheme has a policy of limiting the amount of credit exposure to any one financial institution to ensure that there are no significant concentrations of credit risk, with exposure spread over a large number of counterparties and Members. This is in line with Annexure B of the Regulations to the Act.

The Scheme's maximum exposure to credit risk at the reporting date is represented by trade and other receivables, cash and cash equivalents and bond investments amounting to R2.105 billion (2019: R1.464 billion). None of the terms of the Scheme's financial assets have been renegotiated.

An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The ageing of insurance receivables at year end was:

	2020	2019
	R'000	R'000
Trade and other receivables		
Fully performing	57 468	44 234
Past due but not impaired	6 441	6 784
Past due and impaired	6 189	4 230
	70 098	55 248
Allowance for impairment losses in respect of healthcare receivables	(6 189)	(4 230)
Trade and other receivables (Note 3)	63 909	51 018

Trade and other receivables are impaired once they have exceeded 90 days past due. In addition, outstanding contribution debtors have been assessed on an individual basis for possible impairment, and specific impairment provisions raised where applicable. Other balances older than 90 days which were received in subsequent payments were not impaired. In order to further mitigate this risk, there is a formal policy in place for the treatment of any debt that becomes past due.

Age analysis of past due but not impaired

	2020	2019
	R'000	R'000
< 30 days	5 564	6 056
Between 30 and 60 days	789	637
Between 61 and 90 days	20	1
Greater than 90 days	68	90
	6 441	6 784

The table below presents an analysis of the fair value of classes of financial assets as at the end of the reporting period, as well as corresponding indication that there would have been no material changes in fair value for the 2020 financial statements if the Scheme had applied IFRS 9.

As at 31 December 2020	Fair value	Fair value change
	R'000	R'000
Assets		
Financial assets at fair value through profit or loss	2 623 645	-
Trade and other receivables	63 909	-
Cash and cash equivalents	142 131	-
	2 829 685	-

The fair value of the Scheme's financial assets would have not significantly changed with the adoption of IFRS 9. The Scheme does not report any of its financial assets by credit rating.

Liquidity risk

Liquidity risk is the risk that the Scheme will not have sufficient liquid funds available to settle financial obligations as they fall due.



Prudent liquidity risk management implies maintaining sufficient cash and marketable securities to meet liabilities when due.

Ultimate responsibility for liquidity risk management rests with the Board, which has built an appropriate liquidity risk management framework for the management of the Scheme's funding and liquidity management requirements.

The Board ensures that the Scheme has the ability to fund its day-to-day operations by monitoring the availability of funding through liquid holding cash positions with various financial institutions.

Liquidity risk is further managed by monitoring forecast cash flows to ensure that the Scheme has adequate cash resources to meet its short term commitments. Whilst the investment portfolios at Alusi Asset Management (Pty) Ltd and Momentum Asset Management (Pty) Ltd are classified as non-current assets due to the intention to hold them for a longer term, the Scheme's entire investment portfolio can be liquidated within 7 business days and therefore these investments have been included as current assets for the purposes of calculating the liquidity ratio. The Scheme's liquidity ratio at 31 December 2020 was 4.0 (2019: 3.1).

The following table analyses the assets and liabilities of the Scheme into relevant maturity groupings based on the remaining period at reporting date to the contractual maturity date. The table is based on gross and undiscounted amounts and reconciled to the value per the Statement of Financial Position.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
	R'000	R'000	R'000	R'000
As at 31 December 2020				
Non-current assets	2 158 419	-	-	2 158 419
Financial assets at fair value through profit or loss	2 158 419	-	-	2 158 419
Current assets	671 266	-	-	671 266
Trade and other receivables	63 909	-	-	63 909
Financial assets at fair value through profit or loss	465 226	-	-	465 226
Cash and cash equivalents	142 131	-	-	142 131
Current liabilities	675 041	-	-	675 041
Personal Medical Savings Accounts liability	157 594	-	-	157 594
Trade and other payables	194 443	-	-	194 443
Outstanding risk claims provision	323 004	-	-	323 004
Net positive liquidity	2 154 644	-	-	2 154 644
	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
	R'000	R'000	R'000	R'000
As at 31 December 2019				
Non-current assets	1 384 215	-	-	1 384 215
Financial assets at fair value through profit or loss	1 384 215	-	-	1 384 215
Current assets	676 528	-	-	676 528
Trade and other receivables	51 018	-	-	51 018
Financial assets at fair value through profit or loss	575 099	-	-	575 099
Cash and cash equivalents	50 411	-	-	50 411
Current liabilities	657 222	-	-	657 222
Personal Medical Savings Accounts liability	145 433	-	-	145 433
Trade and other payables	204 448	-	-	204 448
Outstanding risk claims provision	307 341	-	-	307 341
Net positive liquidity	1 403 521	-	-	1 403 521

Fair value estimation

The fair value of publicly traded financial instruments at fair value through profit or loss is based on quoted market prices, which fluctuate on a daily basis. The face values less any estimated impairment adjustments for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values.

	2020		2019	
	Carrying amount R'000	Fair Value R'000	Carrying amount R'000	Fair Value R'000
Financial assets				
Trade and other receivables	63 909	63 909	51 018	51 018
Financial assets at fair value through profit or loss (Level 1)(*)	2 623 645	2 623 645	1 959 314	1 959 314
Cash and cash equivalents	142 131	142 131	50 411	50 411
Financial liabilities				
Personal Medical Savings Accounts liability	157 594	157 594	145 433	145 433
Trade and other payables	194 443	194 443	204 448	204 448

*Level 1 - Financial assets whose fair value is determined directly by reference to published price quotations in an active market.

Capital adequacy risk

This represents the risk that there are insufficient reserves to provide for adverse variations on future investment values and claims experience.

The Scheme has R2.155 billion (2019: R1.404 billion) of Members' funds at 31 December 2020, which translated to an accumulated funds ratio per the Council for Medical Schemes method of calculation of 39.6% (2019: 25.9%). The level of accumulated funds would have covered 7.0 months (2019: 4.1 months) of the claims costs incurred for the year.

Liability insurance

The Scheme has a liability insurance policy with Santam Limited. The cover for the year was R250 million (2019: R250 million) and the adequacy is reviewed annually. The policy covers the Board of Trustees, Committee members, and Officers of the Scheme.

23. Non-compliance with the Act

The Council for Medical Schemes (CMS) Circular 11 of 2006 requires that all non-compliance matters noted should be disclosed in the Annual Financial Statements, irrespective of whether the matter is considered to be material or immaterial.

The matters listed below cover all of the non-compliance matters for the 2020 financial year:

1. Investment in an employer group or administrator

Nature and impact

In terms of Section 35(8) of the Act, a medical scheme shall not invest any of its assets in any medical scheme administrator or a holding company of a medical scheme administrator or an employer who participates in the medical scheme. The Scheme's asset managers, invest a portion of the Scheme's assets in medical scheme administrator holding companies and Scheme employer groups.

Causes

As a consequence of the investment decisions within the asset managers' portfolios, the Scheme currently has investments in contravention of Section 35 (8). The Scheme has no influence over the investment decisions of the independent asset managers regarding what assets they invest the Scheme's funds into, or the size of that asset holding. The investment decisions are made entirely at the asset manager's discretion.

Corrective action

The Scheme made application to the CMS for an exemption from the provisions of Section 35(8) of the Act, and received such exemption.

2. Payment of Member claims

Nature and impact

In terms of Section 59(2) of the Act, a medical scheme shall pay a member or supplier of medical service, any benefit owing to that member or supplier within 30 days after the day on which the claim was received by the Scheme.

Causes

Of the total 1 150 093 claims received for the year, 24 (0.002%) claims received were not paid within 30 days of receipt due to certain procedures to validate claims such as clinical auditing.

**Corrective action**

The claims paid outside of 30 days are investigated by the Scheme in conjunction with the Administrator to ensure effective management. The Trustees consider this to be unavoidable, given the large number of claims processed and the need for validation of all claims.

3. Collection of contributions**Nature and impact**

In terms of Section 26(7) of the Act, member contributions must be received within three days after payment thereof becoming due. There are instances where the Scheme received contributions after three days of becoming due. However, other than the financial relief described below, there are no contracts in place condoning this practice.

Causes

The Scheme continues to maintain its debit order strike facility which is in line with legislation. The Scheme has a large number of Members who pay via EFT or cash deposits. For these Members, the Scheme has no control over the timing of the receipt of contributions.

The Board agreed to provide financial relief to certain of its SMME Employer groups, negatively impacted by COVID-19 and seeking financial relief in order to protect their employees' medical scheme membership. The Scheme made application to the CMS for exemption from this section of the Act to permit the deferral of contributions by SMME employer groups. Two employer groups applied for, and were granted financial assistance amounting to R291k, payable over a period of 12 months.

Corrective action

The financial risk is mitigated by the Scheme's stringent credit control policy and processes which minimises the risk of non-recoverability. The management of the contributions collections is an on-going process involving interaction with the employer groups, brokers and Members.

The Scheme received exemption from the provisions of Section 26(7) for a period of 3 months from 1 May 2020 to 31 July 2020. The employer groups remain compliant with the agreed repayment arrangement.

4. Prescribed Minimum Benefits (PMB) paid from savings instead of risk benefits**Nature and impact**

In terms of Regulation 10(6) of the Medical Schemes Act, medical schemes are required to fund claims for valid PMB conditions from risk benefits and not from Members' Personal Medical Savings Accounts. Following a comprehensive audit of claim payments, it was established there were a small number of PMB claims for which the Scheme was responsible to pay from risk benefits that had been paid from Members' Personal Medical Savings Accounts.

Causes

The primary reason for these initially incorrect payments was that at the time of originally processing these claims, the Scheme did not have sufficient information to identify the claims as PMB claims.

Corrective action

On receipt of information that confirms a previously paid claim to be for a PMB condition, the original claims are reprocessed, and payment reversed from the Members' Personal Medical Savings Accounts and repaid from risk benefit.

5. Contribution relief granted via Personal Medical Savings Accounts**Nature and impact**

In terms of Regulation 10(3) of the Act, funds deposited in a member's Personal Medical Savings Account shall be available for the exclusive benefit of the member and his or her dependants but may not be used to offset contributions, provided that the medical scheme may use funds in a member's Personal Medical Savings Account to offset debt owed by the member to the medical scheme following that member's termination of membership of the medical scheme.

Causes

After careful consideration of the financial impacts of the COVID-19 pandemic and lockdown restrictions on Members, the Board agreed to assist its Members by allowing those Members with positive Personal Medical Savings Account balances to utilise their savings to fund contributions, in order to maintain their membership of the Scheme. Application was made to the CMS for an exemption from this section of the Act.

208 Members applied for, and were granted approval, to utilise their positive medical savings account balances to fund contributions. The total savings utilised to fund contributions amounted to R2.29 million.

Corrective action

The Scheme received exemption from the provisions of Regulation 10(3) for a period of 3 months from 1 May 2020 to 31 July 2020.

24. Administration software

In terms of the current agreement, the Scheme has granted Momentum Metropolitan Holdings Limited an exclusive licence, to utilise the software initially developed by the Scheme for the purposes of carrying on the business of providing administration and managed care services. In return Momentum Metropolitan Holdings Limited is required to incur all necessary costs associated with the maintenance, support and development of the software.

Should the relationship between the two parties be terminated, both parties shall be entitled to a copy of the software and related documentation existing at that date.

25. Subsequent events

The Minister of Health declared the COVID-19 vaccine as a Prescribed Minimum Benefit on 24 December 2020. Early indications are that there will be a third and possibly fourth COVID-19 wave during 2021.

There are many uncertainties about the continued financial impact that the COVID-19 pandemic will have on the Scheme as well as the cost of the vaccine, how often it will need to be administered and the time taken to vaccinate the Scheme's entire beneficiary base.

The Scheme's actuaries have considered various possible scenarios

to assess the continued potential impact of COVID-19, including the cost of vaccinations, taking into account the possible impact on claims, membership and investment returns. The results of the scenarios indicate that the Scheme's going concern status is not at risk. The Scheme's strong financial position and reserve levels allow the Scheme to absorb the potential negative impact, with little or no impact on the Scheme's ability to pay claims as they arise.

Global investment markets have improved subsequent to year end impacting the Scheme's investment portfolio positively. The Scheme's asset allocation is sufficiently diversified to cater for volatility in the global markets and is therefore not considered to have an adverse impact on the going concern status of the Scheme.

26. Going concern

In preparing the Annual Financial Statements, the Board has assessed the Scheme's ability to continue as a going concern based on the below assumptions.

Capital adequacy:

- Statutory Solvency Ratio

The Scheme's Statutory Solvency Ratio at 39.6% was above the legislative requirement at the end of 2020.

- Risk-Based Capital

Notwithstanding the above point, there is consensus that the Statutory Solvency Ratio calculation is not appropriate to assess a medical scheme's capital adequacy, and an assessment of a scheme's future risk-based capital requirement is more meaningful in determining sustainability. The most recent assessment confirmed the Scheme's sound capital adequacy.

Investments:

The Scheme's Investment Committee's continued scrutiny of its Investment strategy aiming to ensure sound investment and reserve protection. Due to the Scheme's strong financial position and reserve levels, the decline in investment returns is not considered to have an adverse impact on the going concern status of the Scheme, nor its ability to pay claims.

Liquidity:

The adequacy of liquidity, which is reinforced by the Scheme's ability to liquidate the entire investment portfolio within 7 business days.

The continued impact of the COVID-19 pandemic:

Although there is considerable uncertainty in predicting the financial impact of COVID-19 on the Scheme, the impact of the various COVID-19 risks on the sustainability of the Scheme have been considered by the Scheme's actuaries, and a number of possible scenarios, to assess the continued potential impact of COVID-19, have been modelled. The results of this modelling indicate that the Scheme's strong financial position and reserve levels allow the Scheme to absorb the potential negative financial impact, with little or no impact on the Scheme's ability to pay claims as they arise, or sustainability.

There are no material contingent liabilities.

Continuity of key management.

Based on the above, and its own review of the Scheme's financial position as at 31 December 2020 and the business plan for 2021, the Board is of the opinion that there is no reason to believe that the Scheme will not continue as a going concern for the year ending 31 December 2021.

27. COVID-19 impact on the Scheme**2020****1. COVID-19 claims experience**

Total lives infected by COVID-19	4 560
Total lives recovered from COVID-19	3 593
Total deaths from COVID-19	142
Total COVID-19 related claims paid in Rands	146 813 540

2. Types of Covid relief granted to its Members**a) COVID-19 relief granted via the Personal Medical Savings Account (PMSA) utilisation**

Total Members utilising PMSA for COVID-19 relief	208
Total Rand amount of PMSA COVID-19 relief utilised	2 292 626
Total of the PMSA liability of the Scheme (before relief granted)	160 449 746

b) COVID-19 relief granted via contribution deferrals

Total Members granted contribution deferrals	38
Total Rand amount of contribution deferrals granted	290 607
Total Rand amount of deferrals recovered / paid back	121 086
Total remaining Rand balance of contribution deferrals	169 521
Total Rand amount of deferrals impaired to date	-
Total accounts receivable balance of the Scheme	63 909 160
Impact of relief on net healthcare results in Rands	290 607
Impact of relief on solvency percentage	0.01%

c) Other forms of COVID-19 relief

Method of relief granted	Provider choice downgrades
Number of Members impacted	120
Total Rand amount of relief	361 406
Impact to net healthcare results in Rands	361 406
Impact to net result in Rands	361 406
Impact to solvency percentage	0.01%



About this report	Organisational overview	Performance highlights	Five-year review	Business model	Principal Officer's report	Chairman's report	Strategy and resource allocation	Stakeholders	Materiality, risks and opportunities	Governance	Financials	Principal third-party service providers
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28. Comprehensive Income/(Loss) per Benefit Option

2020

	Ingwe				Evolve	Custom							Incentive							Extender							Summit	Total	
	Ingwe Primary Care State Hospital	Ingwe Primary Care Associated Hospital	Ingwe Primary Care Any Hospital	Total		Custom State Associated Hospital	Custom State Any Hospital	Custom Any GP/Pharmacy Any Hospital	Custom Any GP/Pharmacy Associated Hospital	Custom Associated GP/Pharmacy Any Hospital	Custom Associated GP/Pharmacy Associated Hospital	Total	Incentive State Associated Hospital	Incentive State Any Hospital	Incentive Any GP/Pharmacy Any Hospital	Incentive Any GP/Pharmacy Associated Hospital	Incentive Associated GP/Pharmacy Any Hospital	Incentive Associated GP/Pharmacy Associated Hospital	Total	Extender State Associated Hospital	Extender State Any Hospital	Extender Any GP/Pharmacy Any Hospital	Extender Any GP/Pharmacy Associated Hospital	Extender Associated GP/Pharmacy Any Hospital	Extender Associated GP/Pharmacy Associated Hospital	Total			
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000		
Risk contribution income	11 929	268 769	178 373	459 071	34 100	1 844 892	261 207	129 629	135 830	45 263	238 280	2 655 101	509 467	357 967	441 859	119 974	74 284	115 327	1 618 878	19 198	48 407	169 006	32 821	11 309	18 301	299 042	66 203	5 132 395	
Relevant healthcare expenditure	(4 142)	(215 230)	(131 121)	(350 493)	(16 223)	(1 083 275)	(141 988)	(128 437)	(140 526)	(44 594)	(218 240)	(1 757 060)	(322 942)	(213 909)	(441 276)	(121 790)	(85 304)	(115 211)	(1 300 432)	(6 726)	(26 532)	(132 794)	(28 485)	(9 823)	(19 275)	(223 635)	(61 733)	(3 709 576)	
Net claims incurred	(2 503)	(184 090)	(122 494)	(309 087)	(16 223)	(994 458)	(132 355)	(124 445)	(135 640)	(43 154)	(208 884)	(1 638 936)	(297 913)	(199 743)	(427 150)	(117 545)	(82 682)	(110 770)	(1 235 803)	(6 116)	(25 180)	(128 647)	(27 536)	(9 497)	(18 729)	(215 705)	(60 690)	(3 476 444)	
Accredited managed healthcare services (*)	(344)	(6 268)	(8 729)	(15 341)	(656)	(66 976)	(7 107)	(2 902)	(3 577)	(1 069)	(6 924)	(88 555)	(19 673)	(10 982)	(10 841)	(3 291)	(2 042)	(3 462)	(50 291)	(488)	(1 075)	(3 330)	(763)	(259)	(439)	(6 354)	(861)	(162 058)	
Net (expense) / income on risk transfer arrangements	(1 295)	(24 872)	102	(26 065)	656	(21 841)	(2 526)	(1 090)	(1 309)	(371)	(2 432)	(29 569)	(5 356)	(3 184)	(3 285)	(954)	(580)	(979)	(14 338)	(122)	(277)	(817)	(186)	(67)	(107)	(1 576)	(182)	(71 074)	
Recoveries from risk transfer arrangements	2 032	41 775	72 624	116 431	5 786	118 639	12 382	4 997	6 194	1 871	12 091	156 174	27 230	15 007	14 672	4 498	2 802	4 756	68 965	536	1 174	3 675	843	282	485	6 995	827	355 178	
Risk transfer arrangement expenses	(3 327)	(66 647)	(72 522)	(142 496)	(5 130)	(140 480)	(14 908)	(6 087)	(7 503)	(2 242)	(14 523)	(185 743)	(32 586)	(18 191)	(17 957)	(5 452)	(3 382)	(5 735)	(83 303)	(658)	(1 451)	(4 492)	(1 029)	(349)	(592)	(8 571)	(1 009)	(426 252)	
Gross healthcare result	7 787	53 539	47 252	108 578	17 877	761 617	119 219	1 192	(4 696)	669	20 040	898 041	186 525	144 058	583	(1 816)	(11 020)	116	318 446	12 472	21 875	36 212	4 336	1 486	(974)	75 407	4 470	1 422 819	
Broker service fees	(399)	(8 028)	(5 771)	(14 198)	(1 069)	(53 699)	(6 376)	(2 522)	(3 046)	(952)	(5 773)	(72 368)	(13 568)	(7 596)	(6 930)	(2 402)	(1 523)	(2 490)	(34 509)	(300)	(646)	(1 783)	(432)	(148)	(242)	(3 551)	(300)	(125 995)	
Administration fees and other operating expenses	(1 349)	(24 596)	(31 164)	(57 109)	(4 996)	(254 039)	(27 231)	(11 215)	(13 688)	(4 120)	(26 460)	(336 753)	(77 964)	(43 830)	(43 674)	(13 189)	(8 182)	(13 827)	(200 666)	(1 987)	(4 405)	(13 721)	(3 120)	(1 059)	(1 791)	(26 083)	(3 681)	(629 288)	
Net impairment losses on healthcare receivables	(23)	(41)	(56)	(120)	(2)	(107)	(11)	(4)	(6)	(2)	(11)	(141)	(1 077)	(203)	(50)	(29)	(90)	(113)	(1 562)	(2)	(4)	(12)	(3)	(48)	(64)	(133)	(1)	(1 959)	
Net healthcare result	6 016	20 874	10 261	37 151	11 810	453 772	85 601	(12 549)	(21 436)	(4 405)	(12 204)	488 779	93 916	92 429	(50 071)	(17 436)	(20 815)	(16 314)	81 709	10 183	16 820	20 696	781	231	(3 071)	45 640	488	665 577	
Other income	235	5 278	3 528	9 041	671	36 152	5 116	2 538	2 660	887	4 667	52 020	9 980	7 009	8 650	2 349	1 454	2 258	31 700	377	947	3 307	642	221	358	5 852	1 295	100 579	
Other expenditure	(20)	(443)	(293)	(756)	(58)	(3 110)	(472)	(275)	(242)	(80)	(407)	(4 586)	(1 821)	(1 551)	(1 642)	(359)	(237)	(340)	(5 950)	(297)	(760)	(1 948)	(321)	(91)	(152)	(3 569)	(114)	(15 033)	
Net Surplus/(Deficit) for the year	6 231	25 709	13 496	45 436	12 423	486 814	90 245	(10 286)	(19 018)	(3 598)	(7 944)	536 213	102 075	97 887	(43 063)	(15 446)	(19 598)	(14 396)	107 459	10 263	17 007	22 055	1 102	361	(2 865)	47 923	1 669	751 123	
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total comprehensive income / (loss) for the year	6 231	25 709	13 496	45 436	12 423	486 814	90 245	(10 286)	(19 018)	(3 598)	(7 944)	536 213	102 075	97 887	(43 063)	(15 446)	(19 598)	(14 396)	107 459	10 263	17 007	22 055	1 102	361	(2 865)	47 923	1 669	751 123	
Number of members	768	15 787	27 445	44 000	2 623	53 781	5 613	2 265	2 808	848	5 481	70 796	12 344	6 803	6 651	2 039	1 270	2 156	31 263	243	532	1 666	382	128	220	3 171	375	152 228	
Average number of principals	780	14 805	29 532	45 117	1 928	53 419	5 677	2 317	2 859	854	5 527	70 653	12 397	6 932	6 838	2 076	1 289	2 185	31 716	250	552	1 711	392	133	226	3 265	385	153 064	
Average number of dependants	231	6 763	1 055	8 049	2 316	2 934	71 364	8 554	1 015	5 994	5 824	95 685	1 850	16 665	9 340	1 277	2 090	1 424	32 646	289	9347	725	111	198	236	1 906	219	140 820	
Average number of beneficiaries	1 011	21 568	30 587	53 166	4 244	56 353	77 041	10 872	3 874	6 847	11 351	166 338	14 246	23 596	16 177	3 353	3 379	3 609	64 362	539	899	2 436	503	331	462	5 171	604	293 884	
Number of principals at the end of the period	768	15 787	27 445	44 000	2 623	53 781	5 613	2 265	2 808	848	5 481	70 796	12 344	6 803	6 651	2 039	1 270	2 156	31 263	243	532	1 666	382	128	220	3 171	375	152 228	
Number of beneficiaries at the end of the period	998	22 641	28 547	52 186	2 957	126 247	14 134	4 494	5 650	1 867	11 394	163 786	29 017	15 968	12 242	3 810	2 538	4 200	67 775	590	1 239	3 049	652	229	411	6 170	583	293 457	
Average age of beneficiaries	31.83	31.40	24.74	27.76	33.05	30.83	30.20	46.27	47.71	41.02	42.90	32.74	32.34	34.72	52.54	51.85	45.05	45.88	38.96	36.48	36.63	54.49	57.46	49.61	52.75	49.20	64.33	33.70	
Beneficiaries >65 years (%)	0.20%	8.80%	0.72%	4.22%	3.38%	4.38%	4.22%	24.90%	26.50%	17.41%	20.32%	6.95%	6.56%	9.37%	37.83%	34.02%	24.67%	25.12%	16.24%	12.54%	11.54%	42.47%	46.32%	33.19%	35.04%	32.97%	63.12%	9.23%	
Dependant ratio	0.30	0.43	0.04	0.19	0.13	1.35	1.52	0.98	1.01	1.20	1.08	1.31	1.35	1.35	0.84	0.87	1.00	0.95	1.17	1.43	1.33	0.83	0.71	0.79	0.87	0.95	0.55	0.93	
Risk contributions																													
Per average member per month (Rands)	1 274	1 513	503	848	1 474	2 878	3 834	4 662	3 960	4 416	3 593	3 132	3 425	4 304	5 385	4 816	4 803	4 398	4 254	6 393	7 305	8 229	6 971	7 077	6 751	7 632	14 330	2 794	
Per average beneficiary per month (Rands)	983	1 038	486	720	670	2 728	283	994	2 922	551	1 749	1 330	2 980	1 264	2 276	2 982	1 832	2 663	2 096	2 967	4 485	5 782	5 434	2 844	3 304	4 819	9 141	1 455	
Relevant healthcare expenditure																													
Per average member per month (Rands)	443	1 212	370	647	701	1 690	2 084	4 619	4 097	4 353	3 291	2 072	2 171	2 572	5 378	4 889	5 516	4 393	3 417	2 240	4 004	6 466	6 050	6 147	7 110	5 707	13 362	2 020	
Per average beneficiary per month (Rands)	341	832	357	549	319	1 602	154	984	3 023	543	1 601	879	1 889	755	2 273	3 027	2 104	2 660	1 683	1 040	2 458	4 543	4 716	2 471	3 480	3 603	8 524	1 052	
Total relevant healthcare expenditure as a % of risk contributions	35%	80%	74%	76%	48%	59%	54%	99%	103%	99%	92%	66%	63%	60%	100%	102%	115%	100%	80%	35%	55%	79%	87%	87%	105%	75%	93%	72%	
Non-healthcare expenditure																													
Per average member per month (Rands)	189	184	104	132	262	480	493	494	488	495	486	483	623	621	617	627	633	627	622	762	763	756	755	785	774	760	862	412	
Per average beneficiary per month (Rands)	146	126	101	112	119	455	36	105	360	62	237	205	542	182	261	388	242	379	307	354	468	531	589	316	379	480	550	215	
Non-healthcare expenses as a % of risk contributions	15%	12%	21%	16%	18%	17%	13%	11%	12%	11%	14%	15%	18%	14%	11%	13%	13%	14%	15%	12%	10%	9%	11%	11%	11%	10%	6%	15%	
Return on investments as a % of investments																													



About this report	Organisational overview	Performance highlights	Five-year review	Business model	Principal Officer's report	Chairman's report	Strategy and resource allocation	Stakeholders	Materiality, risks and opportunities	Governance	Financials	Principal third-party service providers
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28. Comprehensive Income/(Loss) per Benefit Option

2019

	Ingwe*				Impact	Custom							Incentive*							Extender							Summit*	Total	
	Ingwe Primary Care State Hospital	Ingwe Primary Care Associated Hospital	Ingwe Primary Care Any Hospital	Total		Custom State Associated Hospital	Custom State Any Hospital	Custom Any GP/ Pharmacy Any Hospital	Custom Any GP/ Pharmacy Associated Hospital	Custom Associated GP/ Pharmacy Any Hospital	Custom Associated GP/ Pharmacy Associated Hospital	Total	Incentive State Associated Hospital	Incentive State Any Hospital	Incentive Any GP/ Pharmacy Any Hospital	Incentive Any GP/ Pharmacy Associated Hospital	Incentive Associated GP/ Pharmacy Any Hospital	Incentive Associated GP/ Pharmacy Associated Hospital	Total	Extender State Associated Hospital	Extender State Any Hospital	Extender Any GP/ Pharmacy Any Hospital	Extender Any GP/ Pharmacy Associated Hospital	Extender Associated GP/ Pharmacy Any Hospital	Extender Associated GP/ Pharmacy Associated Hospital	Total			
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
Risk contribution income	11 624	232 088	183 623	427 335	59 709	1 667 163	248 590	127 230	131 750	40 493	212 263	2 427 489	476 740	353 844	448 666	118 372	72 250	103 373	1 573 245	21 459	56 227	181 305	35 188	10 909	18 194	323 282	71 187	4 882 247	
Relevant healthcare expenditure	(4 224)	(225 260)	(152 833)	(382 317)	(44 287)	(1 137 062)	(185 089)	(140 704)	(159 328)	(42 790)	(226 457)	(1 891 430)	(341 307)	(230 650)	(522 648)	(127 191)	(86 368)	(128 302)	(1 436 466)	(14 639)	(28 811)	(180 313)	(35 568)	(10 615)	(18 840)	(288 786)	(69 098)	(4 112 384)	
Net claims incurred	(2 896)	(218 407)	(124 939)	(346 242)	(39 977)	(949 758)	(164 382)	(147 914)	(174 716)	(43 228)	(233 264)	(1 713 262)	(293 629)	(202 338)	(553 898)	(139 784)	(87 583)	(130 012)	(1 407 244)	(13 360)	(27 786)	(193 456)	(38 960)	(10 714)	(19 538)	(303 814)	(73 455)	(3 883 994)	
Accredited managed healthcare services (*)	(323)	(5 163)	(8 800)	(14 286)	(681)	(59 365)	(6 541)	(2 802)	(3 373)	(935)	(5 883)	(78 899)	(17 632)	(10 507)	(10 650)	(3 093)	(1 911)	(2 955)	(46 748)	(535)	(1 192)	(3 466)	(790)	(234)	(432)	(6 649)	(912)	(148 175)	
Net (expense) / income on risk transfer arrangements	(1 005)	(1 690)	(19 094)	(21 789)	(3 629)	(127 939)	(14 166)	10 012	18 761	1 373	12 690	(99 269)	(30 046)	(17 805)	41 900	15 686	3 126	4 665	17 526	(744)	167	16 609	4 182	333	1 130	21 677	5 269	(80 215)	
Recoveries from risk transfer arrangements	2 395	59 340	61 093	122 828	9 846	10 992	1 241	16 513	26 655	3 562	26 458	85 421	2 541	1 614	61 584	21 403	6 657	10 126	103 925	61	1 961	21 827	5 372	685	1 781	31 687	6 461	360 168	
Risk transfer arrangement expenses	(3 400)	(61 030)	(80 187)	(144 617)	(13 475)	(138 931)	(15 407)	(6 501)	(7 894)	(2 189)	(13 768)	(184 690)	(32 587)	(19 419)	(19 684)	(5 717)	(3 531)	(5 461)	(86 399)	(805)	(1 794)	(5 218)	(1 190)	(352)	(651)	(10 010)	(1 192)	(440 383)	
Gross healthcare result	7 400	6 828	30 790	45 018	15 422	530 101	63 501	(13 474)	(27 578)	(2 297)	(14 194)	536 059	135 433	123 194	(73 982)	(8 819)	(14 118)	(24 929)	136 779	6 820	27 416	992	(380)	294	(646)	34 496	2 089	769 863	
Broker service fees	(382)	(6 801)	(5 847)	(13 030)	(1 452)	(48 766)	(6 125)	(2 500)	(2 997)	(867)	(5 185)	(66 440)	(12 698)	(7 577)	(7 154)	(2 350)	(1 525)	(2 211)	(33 515)	(352)	(759)	(1 927)	(456)	(140)	(249)	(3 883)	(332)	(118 652)	
Administration fees and other operating expenses	(1 313)	(21 020)	(32 517)	(54 849)	(5 327)	(233 420)	(26 145)	(11 122)	(13 412)	(3 735)	(23 324)	(311 158)	(72 489)	(43 479)	(44 438)	(12 856)	(7 939)	(12 244)	(193 445)	(2 256)	(5 064)	(14 801)	(3 350)	(993)	(1 828)	(28 292)	(4 029)	(597 101)	
Net impairment losses on healthcare receivables	2	(3)	24	23	8	231	34	17	18	2	24	326	(933)	(167)	61	16	(67)	(120)	(1 210)	3	8	25	(2)	(19)	(60)	(45)	(16)	(914)	
Net healthcare result	5 707	(20 996)	(7 550)	(22 838)	8 651	248 146	31 265	(27 079)	(43 969)	(6 897)	(42 679)	158 787	49 313	71 971	(125 513)	(24 009)	(23 649)	(39 504)	(91 391)	4 215	21 601	(15 711)	(4 188)	(858)	(2 783)	2 276	(2 288)	53 196	
Other income	469	9 240	8 201	17 910	2 048	57 608	8 511	4 336	4 506	1 381	7 277	83 619	16 367	12 077	15 238	4 027	2 459	3 525	53 693	727	1 900	6 116	1 189	369	616	10 917	2 388	170 575	
Other expenditure	(27)	(383)	(304)	(714)	(98)	(2 885)	(487)	(253)	(246)	(74)	(375)	(4 320)	(2 041)	(1 901)	(1 997)	(384)	(267)	(348)	(6 938)	(425)	(1 108)	(2 679)	(462)	(108)	(200)	(4 982)	(123)	(17 175)	
Net Surplus/(Deficit) for the year	6 149	(12 139)	347	(5 642)	10 601	302 869	39 289	(22 996)	(39 709)	(5 590)	(35 777)	238 086	63 639	82 147	(112 272)	(20 366)	(21 457)	(36 327)	(44 636)	4 517	22 393	(12 274)	(3 461)	(597)	(2 367)	8 211	(23)	206 596	
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total comprehensive income / (loss) for the year	6 149	(12 139)	347	(5 642)	10 601	302 869	39 289	(22 996)	(39 709)	(5 590)	(35 777)	238 086	63 639	82 147	(112 272)	(20 366)	(21 457)	(36 327)	(44 636)	4 517	22 393	(12 274)	(3 461)	(597)	(2 367)	8 211	(23)	206 596	
Number of members	823	13 977	33 103	47 903	1 471	53 544	5 821	2 418	2 968	824	5 151	70 726	12 367	7 306	7 316	2 143	1 306	2 066	32 504	302	661	1 920	438	131	236	3 688	431	156 723	
Average number of principals	816	13 524	33 324	47 664	1 546	52 918	5 878	2 484	3 016	836	5 249	70 380	12 422	7 415	7 521	2 185	1 345	2 085	32 974	307	686	1 993	454	134	248	3 822	456	156 841	
Average number of dependants	224	6 431	1 161	7 816	1 307	68 788	8 697	2 546	3 180	977	5 947	90 135	16 509	9 964	6 656	2 129	1 361	2 075	38 693	422	934	1 718	360	124	217	3 775	262	141 988	
Average number of beneficiaries	1 040	19 955	34 484	55 480	2 852	121 706	14 575	5 030	6 196	1 812	11 196	160 515	28 931	17 379	14 177	4 314	2 706	4 160	71 667	729	1 619	3 711	814	258	466	7 597	718	298 829	
Number of principals at the end of the period	823	13 977	33 103	47 903	1 471	53 544	5 821	2 418	2 968	824	5 151	70 726	12 367	7 306	7 316	2 143	1 306	2 066	32 504	302	661	1 920	438	131	236	3 688	431	156 723	
Number of beneficiaries at the end of the period	1 053	20 418	34 324	55 795	2 727	123 570	14 487	4 870	6 066	1 782	10 921	161 696	28 879	17 145	13 680	4 194	2 628	4 117	70 643	724	1 537	3 576	785	252	439	7 313	678	298 852	
Average age of beneficiaries	31.43	31.83	24.16	27.10	33.05	30.36	29.70	44.75	46.68	40.05	41.69	32.22	31.96	34.00	51.49	49.86	43.92	45.08	38.5	36.80	36.52	53.37	56.37	46.64	52.61	48.23	63.64	33.22	
Beneficiaries >65 years (%)	0.19%	9.31%	0.54%	3.74%	8.51%	3.96%	3.95%	22.57%	24.17%	16.55%	18.15%	6.37%	6.16%	8.33%	35.53%	30.71%	23.21%	23.83%	15.50%	12.29%	10.15%	39.71%	44.46%	28.57%	37.36%	30.77%	60.91%	8.78%	
Dependant ratio	0.28	0.46	0.04	0.16	0.85	1.31	1.49	1.01	1.04	1.16	1.12	1.29	1.34	1.35	0.87	0.96	1.01	0.99	1.17	1.40	1.33	0.86	0.79	0.92	0.86	0.98	0.57	0.91	
Risk contributions																													
Per average member per month (Rands)	1 187	1 430	459	747	3 219	2 625	3 524	4 269	3 640	4 037	3 370	2 874	3 198	3 977	4 971	4 514	4 478	4 132	3 976	5 822	6 835	7 579	6 466	6 767	6 107	7 048	13 016	2 594	
Per average beneficiary per month (Rands)	931	969	444	642	1 744	1 142	1 421	2 108	1 772	1 862	1 580	1 260	1 373	1 697	2 637	2 287	2 225	2 071	1 829	2 453	2 894	4 071	3 603	3 522	3 256	3 546	8 263	1 361	
Relevant healthcare expenditure																													
Per average member per month (Rands)	431	1 388	382	668	2 388	1 791	2 624	4 721	4 402	4 268	3 595	2 240	2 290	2 592	5 791	4 850	5 353	5 128	3 630	3 972	3 502	7 538	6 536	6 585	6 324	6 296	12 634	2 185	
Per average beneficiary per month (Rands)	338	941	369	574	1 294	779	1 058	2 331	2 143	1 968	1 684	981	983	1 106	3 072	2 457	2 660	2 570	1 669	1 673	1 483	4 049	3 642	3 428	3 372	3 167	8 021	1 147	
Total relevant healthcare expenditure as % of risk contributions	36%	97%	83%	89%	74%	68%	74%	111%	121%	106%	107%	78%	72%	65%	116%	107%	120%	124%	91%	68%	51%	99%	101%	97%	104%	89%	97%	84%	
Non-healthcare expenditure																													
Per average member per month (Rands)	173	171	96	119	365	444	457	456	453	459	452	447	578	576	571	579	591	583	577	707	707	698	700	715	717	702	800	381	
Per average beneficiary per month (Rands)	136	116	93	102	198	193	184	225	220	212	212	196	248	246	303	293	294	292	265	298	299	375	390	372	382	353	508	200	
Non-healthcare expenses as a % of risk contributions	15%	12%	21%	16%	11%	17%	13%	11%	12%	11%	13%	16%	18%	14%	11%	13%	13%	14%	15%	12%	10%	9%	11%	11%	12%	10%	6%	15%	



Principal third-party service providers

The following principal third parties provided services to the Scheme during the 2020 financial year:

Administrator and Managed Healthcare provider

Momentum Health Solutions (Pty) Ltd, a wholly owned subsidiary of Momentum Metropolitan Holdings Limited

201 Umhlanga Ridge Boulevard
Cornubia
4339

Administration accreditation number: ADMIN 13

Managed Healthcare accreditation number: MCO 59

Actuarial services

Momentum Medical Scheme utilises the expertise of the Administrator's actuarial team for actuarial support. These actuaries analyse claiming patterns, monitor the timing and severity of claims and advise on the determination of contributions and benefit levels.

Asset managers

Alusi Asset Management (Pty) Ltd
Edge House
3 Heuwelkruin Close
Durbanville
7550

Financial Service Provider number: 43346

Momentum Asset Management (Pty) Ltd
268 West Avenue
Centurion
0157

Financial Service Provider number: 623

Prudential Investment Managers (South Africa) (Pty) Ltd
5th Floor Protea Place
40 Dreyer Street
Claremont
7708

Financial Service Provider number: 45199

Sanlam Life Insurance Ltd (Sanlam Investment Managers)
55 Willie van Schoor Drive
Cape Town
7532

Financial Service Provider number: 2759

Principal bankers

First National Bank, a division of FirstRand Bank Limited

6th Floor
FNB Bank City
Cnr Simmonds and Pritchard Streets Johannesburg
Gauteng
South Africa
2001

Financial Service Provider number: 3071

Auditors

Deloitte & Touche

5 Magwa Crescent
Waterfall City
Gauteng
2090

Attorneys

Cox Yeats Attorneys

21 Richefond Circle
Ridgeside Office Park
Umhlanga Ridge
Durban





Like Momentum Medical Scheme, the **Strelitzia** is native to South Africa and is symbolic of beauty and freedom in our country. It also represents excellence, magnificence, success and optimism for the future, which align to our strategic objectives.

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