Rules

of the

Selfmed Medical Scheme

Valid from 1 January 2017

SELFMED MEDICAL SCHEME

GENERAL RULES 2017

Page Number

ANNEXURES:

A. Contributions
B. Scheme Options
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THE SCHEME

1. Name of the Scheme

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

2. Legal Persona

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

3. Registered Office

The registered office of the Scheme is situated at Unit 9, Canal Edge II, Carl Cronje Drive, Tyger Waterfront, Bellville, but the Board may transfer such office to any other location in the republic of South Africa, should circumstances so dictate.

4. Definitions

Wherever the following terms appear in these rules, they have the meanings shown:

4.1 **Acute Medicine** - Medicine used for diseases or conditions that have a rapid onset, severe symptoms, and that require a short course of Medicine treatment, as well as Medicines which qualify for Benefits but have not been classified as Chronic Medicine by the Scheme.

4.2 **Act** - the Medical Schemes Act No. 131 of 1998, as amended or replaced from time to time, and the regulations promulgated thereunder.

4.3 **Adult** - a Dependant who is 21 years or older, but, under the Selfmed 80% and Selfsure Options, excluding any Dependant registered as a full-time

student at a recognised institution, who is over the age of 21, but not over the age of 25 years.

4.4 **Agreed Tariff –**

4.4.1 in the case of Medicine, where Benefits are subject to Generic Reference pricing, the single exit price published in terms of the Medicines and Related Substances Act No. 101 of 1965, plus the dispensing fee prescribed by legislation or authorised by the Board, or the Generic Reference price, whichever is lesser;

4.4.2 in the case of Medicine, where Benefits are not subject to Generic Reference pricing, the single exit price published in terms of the Medicines and Related Substances Act No. 101 of 1965, plus the dispensing fee prescribed by legislation or authorised by the Board, whichever is lesser;

4.4.3 in all other cases a tariff as agreed upon, and amended from time to time, by the Scheme or its managed health care provider and Preferred Providers.

4.5 **Application Date** - the date on which the application for membership of the Scheme, or registration of a Dependant, is actually received by the Scheme.

4.6 **Auditor** – an auditor registered under the Auditing Professions Act 26 of 2005.

4.7 **Beneficiary** - each individual Member and Dependant.

4.8 **Benefits** - a health provision or payment in terms of the Scheme rules.

4.9 **Biological Drug** – a substance that is made from a living organism or its products and includes vaccines, therapeutic proteins (e.g. insulin) and monoclonal anti-bodies.

4.10 **Board** - the board of trustees constituted to manage the Scheme in terms of the Act and these rules.

4.11 **Case Management Programme -** a process whereby clinically indicated, appropriate, and cost-effective health care, as an alternative to hospitalisation, or otherwise, is offered to individual Beneficiaries with specific health care needs - whether the Scheme prescribes a Beneficiary's participation in a programme, or approves an application by a Beneficiary for participation in a programme.

4.12 **Chemotherapy** – Medication used in the cure and containment of cancer. This includes cytostatics and hormone inhibitors.

4.13 **Chronic Medicine** - Medicine that meets all the following requirements:

4.13.1 prescribed by a medical practitioner for an uninterrupted period of at least 3 months; and

4.13.2 for a condition appearing on the Scheme's list of approved chronic diseases set out in Annexure C, as amended from time to time; and

4.13.3 which has been applied for in the manner, and at the frequency, prescribed by the Scheme from time to time, and which application has been accepted by the Scheme.

4.14 **Clinical Procedure** - a procedure categorised as such in the National Reference Price List for Health Services, NRPL – HS.

4.15 **Condition-specific Waiting Period** – a period during which a Beneficiary is not entitled to claim Benefits in respect of a condition for which medical advice, diagnosis, care or treatment was recommended or received within the twelve-month period ending on the date on which an application for membership was made.

4.16 **Contributions** the amount payable by or in respect of the Member and the Member's Dependants, if any, as membership fees.

4.17 **Cost** – in relation to a benefit, the net amount payable in respect of a relevant health service.

4.18 **Creditable coverage** – means any period in which a Late Joiner was –

4.18.1 a Beneficiary of a medical scheme;

4.18.2 a Beneficiary of an entity doing the business of a medical scheme which was at the time of the period of membership exempt from the provisions of the Act;

4.18.3 a uniformed employee of the South African Defence Force or his Dependant who received medical benefits from the South African Defence Force;

4.18.4 a Beneficiary of the Permanent Force Continuation Fund, but excluding any period of coverage as a Minor Dependant;

4.19 **Dependant** - the following persons, who are not members or dependants of members of a medical scheme, and who are duly registered as dependants by the Scheme:

4.19.1 a Spouse or Partner of the member;

4.19.2 a dependent child - including an adopted child, stepchild, or foster child;

4.19.3 the Immediate Family of a Member in respect of whom the Member is liable for financial support. Proof of dependency may be required;

4.19.4 such other persons who are recognised by the Board as Dependants for purposes of these Rules.

4.20 **Designated Service Provider** – a healthcare provider or group of providers selected by the Scheme to provide to its Members' diagnosis, treatment, and care in respect of one or more prescribed minimum benefit *conditions.*

4.21 **Disease Management** – a holistic approach focussing on the patient, using all the relevant information relating to the disease(s) to determine whether a

Beneficiary is eligible for admission to a Disease Management Programme, and conducting such a programme. This programme involves:

4.21.1 Patient counselling and intervention

4.21.2 Behaviour modification

4.21.3 The application of therapeutic guidelines and protocols

4.21.4 Incentives and penalties and

4.21.5 Case management.

4.21.6 Data collection and interpretation

4.21.7 Sharing data with relevant Service Providers as required

4.22 "***Domicillium citandi et executandi***" – the Member's chosen physical address at which notices in terms of rules 11 and 13 as well as legal process, or any action arising therefrom may be validly delivered and served.

4.23 **Effective Date** - the date on which a Beneficiary becomes entitled to Benefits.

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

4.25 **Employee** – any person in the employment of an Employer.

4.26 **Employer** – a person or entity that has contracted with the Scheme for admission to the Scheme of its Employees.

4.27 **External Prosthesis** – is defined as an artificial device that replaces a missing body part, which may be lost through trauma, disease, or congenital conditions. E.g. External Breast Prosthesis and Leg Prosthesis.

4.28 **Family** - individual Members and their Dependants.

4.29 **Foreign Claims** – Claims originating from countries outside the borders of the Republic of South Africa.

4.30 **General Waiting Period** – a 3-months period in which a Beneficiary is not entitled to claim any Benefits.

4.31 **Generic Reference Pricing** – the maximum price payable for medicines contained within groupings of generically similar products, including generically equivalent products, defined in a manner that ensures availability of medicines without the requirement for co-payments.

4.32 **Hospital** - includes a mental health institution, registered unattached theatre, day clinic and primary health care clinic - but excludes an institution which mainly functions as a rehabilitation institution for substance abuse.

4.33 **Immediate Family** – a Member's parent, including an adoptive parent, brother and sister in respect of whom the Member is financially responsible for family care and support. The Scheme reserves the right to request proof of financial responsibility, dependency, family care and support.

4.34 **Implantology** – all stages of treatment required to achieve the end result of placing an implant supported tooth or supported teeth into spaces left by previous removal of natural teeth. This includes the surgical augmentation of jaw bone and surgical placement and exposure of implant(s).

4.35 **Inception Date** - the date –

4.35.1 existing Employees can become Members of the Scheme as agreed on between the Scheme and an Employer.

4.35.2 new Employees or individuals are registered as members

4.35.3 Dependants' registration becomes effective as set out in rule 9.3.

4.36 **Income** – a Member's gross monthly income whether it is comprised from the management of a business, director fees, salary, wage, pension, annual fees or gratuity – excluding special allowances while holding a position in a

temporary capacity, bonuses, overtime pay, travel expenses, or any other allowances whatsoever.

4.37 **Involuntarily Obtained** – services not available from the public healthcare system or not provided without reasonable delay, or if immediate medical or surgical treatment for a PMB condition was required under circumstances which precluded the Beneficiary from obtaining such treatment from the public healthcare system; or if no public hospital is within reasonable proximity to the Beneficiary's ordinary place of business or personal residence.

4.38 **Late Joiner** - an applicant or the Adult Dependant of an applicant who, on the Application Date, is 35 years or older but excludes any Beneficiary who enjoyed coverage with one or more medical schemes as from a date preceding 1 April 2001, without a break in coverage exceeding three consecutive months since 1 April 2001.

4.39 **Maximum Medical Aid Price (MMAP)** - the generic reference price published in terms of the Medicines and Related Substances Act No. 101 of 1965, plus the dispensing fee prescribed by legislation or authorised by the Board, for equivalent or generic Medicines where an equivalent or generic Medicine for the prescribed Medicine appears on the list of equivalent or generic Medicines developed or adopted by the Scheme from time to time.

4.40 **Medical appliances** – is any instrument, apparatus, and machine, and appliance, implant, intended by the manufacturer to be used, alone or in combination, for human beings, for one or more of the specific medical purpose to:

- Diagnosis, prevention, monitoring, treatment or alleviation of disease and/or injury.
- Investigate, replace, modify, or support of the anatomy or of a physiological process.

- Supporting or sustaining life, providing information by means of in vitro examination of specimens derived from the human body.

E.g. Stoma therapy equipment, wheelchair and walking aids, raised toilet seat, Sleep apnoea monitors, CPAP apparatus for sleep apnoea, crutches, occupational therapy aids for physically disabled.

4.41 **Medical Auxiliary** - a person or entity whose discipline -

4.41.1 is expressly covered under Auxiliary Services in Annexure B; or

4.41.2 is not expressly covered under Auxiliary Services in Annexure B but who has a practice code commencing with 090, whose type of services are approved in writing by the Scheme, who is duly registered or licensed with a statutory council or relevant state department – or if participating in a territory outside South Africa, registered or licensed with a similar body in that territory.

4.42 **Medical Practitioner** – a general practitioner or specialist medical doctor, but excluding a dentist and/or maxilla-facial and oral surgeon.

4.43 **Medical Scheme Rate** – the Selfmed Tariff is based on the National Health Reference Price list (NHRPL) published in 2006, adjusted by an inflationary factor determined by the Board, as well as a set of in-house tariffs for tariffs not defined by the 2006 NHRPL schedule, as determined by the Board.

4.44 **Medicine** - a substance registered under the Medicines and Related Substances Control Act No. 101 of 1965, as amended or replaced from time to time and then only for the conditions for which it has been registered.

4.45 **Member** - a person who has been registered as a Member by the Scheme.

4.46 **Minor** – any Dependant who is not yet 21 years old, and, under the Selfmed 80% and Selfsure Options, any Dependant registered as a full-time student at a recognised institution, who is over the age of 21, but not over the age of 25 years.

4.47 **Month** - the periods known as January, February, March, April, May, June, July, August, September, October, November, and December.

4.48 **Option** - the grouping of Benefits in rule 14.

4.49 **Orthopaedic appliances** - external spinal and/or major joint appliances with the explicit function to provide stability after operative procedures, e.g. cervical and lumbar spine supports, knee and ankle braces and shoulder support.

4.50 **Partner** – a person with whom the Member has a committed and serious relationship akin to a marriage based on objective criteria of mutual dependency and a shared and common household, irrespective of the gender of either party.

4.51 **Pre-authorisation reference number (or PAR)** - a number allocated by the Scheme's managed health care agent which is required before certain services qualify for Benefits - as more fully set out in Annexure B.

4.52 **Preferred Provider** - a Service Provider with whom preferential rates were negotiated by or on behalf of the Scheme, or who is part of a designated preferred provider network contracted or assigned for or on behalf of the Scheme.

4.53 **Prescribed Minimum Benefits** - the minimum Benefits that the Scheme is from time to time obliged to provide under the Act, which is obtained by a Member from a public hospital and where such treatment and or service is regarded as standard of care according to the Department of Health, and shall include an emergency medical condition.

4.54 **Reference price** – the maximum price for which the Scheme is liable for specific medicine or classes of medicine listed on the Scheme's List of Chronic Conditions (annexure C), that complies with the Council for Medical Schemes' published condition algorithms, and may comprise both Generic Reference Pricing and Therapeutic Reference Pricing.

4.55 **Registrar** - the Registrar of Medical Schemes appointed under the Act.

4.56 **Secondary facility** – a properly equipped and registered nursing facility, or rehabilitation centre, or the Beneficiary's home, where the necessary nursing and medical care can be provided to Beneficiaries who no longer require the full time and/or higher level care provided by a Hospital.

4.57 **Service Date** - in the event of:

4.57.1 hospitalisation - the date of each discharge from a Hospital or termination of membership, whichever occurs first; or

4.57.2 any other service or supplies - the date on which the service was rendered or the supplies obtained, whether for the same illness or not.

4.58 **Service Provider** - a medical practitioner, dentist, pharmacist, nurse, Hospital, or Medical Auxiliary who is duly registered or licensed as such with a statutory council or relevant state department - or if practicing in a territory outside South Africa, registered or licensed as such with a similar body in that territory.

4.59 **Scheme** - the entity in rule 2.

4.60 **Spouse** – the person to whom the Member is married in terms of any law or custom recognised by South African law.

4.61 **Year** - a period of twelve months beginning on 1 January and ending on 31 December.

5. Object of the Scheme

The object of the Scheme is -

5.1 to undertake liability for Benefits in respect of its Members and their Dependants, in return for a Contribution; and

5.2 to make provision for Beneficiaries to obtain health services; and

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

5.4 where applicable, to render a health service to Beneficiaries - either by the Scheme itself, or by any supplier or group of suppliers of a health service in association with or under an agreement with the Scheme.

MEMBERSHIP

6. Eligibility

6.1 Membership is open to any person or group of persons, subject to the following conditions:

6.1.1 They hold and can produce a valid identity number;

6.1.2 They submit a properly completed Scheme-application form;

6.1.3 They provide the Scheme, at the Scheme's request and cost, with a medical report on any Pre-existing condition; and

6.2 No person may –

6.2.1 be a member of more than one medical scheme;

6.2.2 be a registered dependant of more than one member of a particular medical scheme; or of members of different medical schemes;

6.2.3 be a member of one medical scheme and a registered dependant of a member of another medical scheme;

6.2.4 claim or accept benefits in respect of himself or any of his dependants from any medical scheme in relation to which he is not a member or dependant of a member.

6.3 Prospective members shall, prior to admission, complete and submit the application forms required by the Scheme, together with satisfactory evidence in respect of himself and his dependants, of age, income, state of health and of any prior membership or admission as dependant of any other medical scheme. The Scheme may require an applicant to provide the Scheme with a medical report at the Scheme's costs in respect of any

proposed Beneficiary in respect of a condition for which medical advice, diagnosis, care or treatment was recommended or received within the twelve-month period ending on the date on which an application for membership was made.

6.4 A person younger than 18 years may become a Member with the consent of his parent or guardian.

6.5 The members of a medical scheme who are members by virtue of their employment by a particular employer may wish to terminate their membership with the object of obtaining membership of the Scheme. If they do so, the Scheme admits to membership also that medical scheme's members who are the equivalent of the Scheme's Members or Dependants referred to in rules 7 and 8. Such admissions are without a waiting period or the imposition of new restrictions on account of the state of those applicants' health.

6.6 The Scheme may impose upon a person in respect of whom an application is made for membership or admission as a dependant, and who was not a Beneficiary of a medical scheme for a period of at least 90 days preceding the date of application -

6.6.1 A General Waiting Period of up to three months; and

6.6.2 A Condition-specific Waiting Period of up to 12 months.

6.7 The Scheme may impose upon any person in respect of whom an application is made for membership or admission as a Dependant, and who was previously a beneficiary of a medical scheme for a continuous period of up to 24 months, terminating less than 90 days immediately prior to the date of application –

6.7.1 A Condition-specific Waiting Period of up to 12 months, except in respect of any treatment or diagnostic procedures covered within the Prescribed Minimum Benefits;

6.7.2 In respect of any person contemplated in this subrule, where the previous medical scheme had imposed a General or Condition-specific Waiting Period, and such waiting period had not expired at the time of termination, a General or Condition-specific Waiting Period for the unexpired duration of such waiting period imposed by the former medical scheme.

6.8 The Scheme may impose upon any person in respect of whom an application is made for membership or admission as a Dependant, and who was previously a Beneficiary of a medical scheme for a continuous period of more than 24 months, terminating less than 90 days immediately prior to the date of application, a General Waiting Period of up to three months, except in respect of any treatment or diagnostic procedures covered within the Prescribed Minimum Benefits.

6.9 No waiting periods may be imposed on:

6.9.1 A person in respect of whom application is made for membership or admission as a Dependant, and who was previously a Beneficiary of a medical scheme, terminating less than 90 days immediately prior to the date of application, where the transfer of membership is required as a result of –

6.9.1.1 Change of employment; or

6.9.1.2 An employer changing or terminating the medical scheme of its employees, in which case such transfer shall occur at the beginning of the financial year, and reasonable notice must have been furnished to the Scheme to which an application is made for such transfer to occur at the beginning of the financial year.

6.9.1.2.1 Where the former medical scheme had imposed a General or Condition- specific Waiting Period in respect of persons referred to in this rule, and such waiting period had not expired at the time of termination of membership, the

Scheme may impose such waiting period for the unexpired duration of a waiting period imposed by the former medical scheme.

6.9.2 A Beneficiary who changes from one Option to another within the Scheme, unless that Beneficiary is subject to a waiting period on the current Option in which case the remaining period may be applied;

6.9.3 A child Dependant born during the period of membership.

7. Continuation Members

Members who retire or whose services are terminated by their Employers owing to retrenchment, age, ill-health or other disability qualify for continued membership.

8. Dependants of deceased Members

8.1 The dependants of a deceased Member, who are registered with the Scheme as his dependants at the time of such Member's death, shall be entitled to continued membership of the Scheme without any new restrictions, limitations or waiting periods.

8.2 The Scheme shall inform the Dependant of his right to continued membership and of the contributions due in respect thereof. Unless such person informs the Board in writing of his intention not to become a Member, he shall be admitted as a Member of the Scheme.

8.3 Such a Member's membership terminates if he becomes a member or a dependant of a member of another medical scheme.

8.4 If a member dies and leaves a child who, at the date of the Member's death, was registered as a dependant, such child or in the case of more than one child, the eldest eligible child will, if the guardian so wishes be admitted as a Member of the Scheme. In the case of more than one child the other child or children will be accepted as dependents.

9. Dependants

9.1 New applicants and existing Members may at any time apply for the registration of Dependants.

9.2 The provisions of rule 6 will apply, with the necessary changes, to such applications.

In addition, the Scheme may require proof to its satisfaction that the Member is indeed liable for support in respect of the person for whom the application is made.

9.3 Subject to rules 6.5, 6.6, and 6.7, the registration of the Dependant is effective -

9.3.1 from the Member's Inception Date if the application was submitted simultaneously with the Member's application for membership; or

9.3.2 from the date on which a Member acquired that particular Dependant if the application was submitted within 30 days after the acquisition date; or

9.3.3 from the first day of the Month following the Application Date if the application was submitted later than 30 days after that new Dependant had been acquired; or

9.3.4 from any other date determined by the Scheme.

WHEN MEMBERSHIP OR REGISTRATION AS DEPENDANTS ENDS

10. Members

10.1 Members of a particular Employer may cancel their membership as a group with at least 3 Month's written notice to the Scheme.

10.2 Members may cancel their membership with at least 1 Month's written notice to the Scheme.

10.3 Members' membership automatically ceases if they die.

10.4 The Scheme may cancel Members' membership or Dependants' registration with written notice if they knowingly –

10.4.1 provide false information, or do not disclose material information, when Members apply for membership or for the registration of Dependants;

10.4.2 provide false information when they submit a claim;

10.4.3 submit a fraudulent claim, or allow a Service Provider to do so on their behalf;

10.4.4 allow their membership cards to be used by persons not entitled to Benefits;

10.4.5 without a good explanation, neglect to inform the Scheme within a reasonable time that the Scheme has paid for services or supplies which they did not receive;

10.4.6 commit any other fraudulent act;

10.4.7 fail to pay Contributions in time where the necessary notice was provided by the Scheme;

10.4.8 fail to repay an advance under rules 17 in time.

11. Dependants

11.1 Dependants' registration ceases automatically when –

11.1.1 the membership of the Member under whom they are registered ceases - subject to rule 8;

11.1.2 they no longer qualify for registration as a dependant - an event of which Members must inform the Scheme within 1 Month of its occurrence.

11.2 Members may cancel a Dependant's registration with at least 1 Month's written notice to the Scheme.

CONTRIBUTIONS

12. Amounts to be contributed to the Scheme

12.1 The amounts set out in Annexure A are payable in respect of Members and each of their Dependants. Minor Dependant contributions are payable up until three minor Dependants per membership. All amounts are payable monthly in advance, by the first business day of every Month - with the first amount being payable as follows:

12.1.1 from the first of the Month in which the Inception date falls, if the provisions of rules 9.3.1 and 9.3.3 apply

12.1.2 from the first of the Month following the Inception date, if the provisions of rule 9.3.2 apply.

12.2 When Minors become Adults, increased Contributions are payable from the first of the Month following the Month in which the Minors become Adults.

12.3 When Dependants are deregistered, decreased amounts are payable from the first of the Month after the Month during which the Dependants' deregistration took effect.

12.4 Beneficiaries who are Late Joiners are subject to the penalties set out in 12.5. Those penalties also apply to Beneficiaries who were subject to similar penalties at previous medical schemes of which they had been members or dependants of members. However, any years of Creditable coverage which can be demonstrated by the Beneficiary is subtracted from that Beneficiary's current age in determining the applicable penalty. Should an applicant be unable to obtain documentary proof of periods of creditable coverage, it shall be sufficient proof of creditable coverage if the applicant produces a sworn affidavit in which he declares the relevant period(s) in which he was a Member or Dependant and the name(s) of the relevant medical scheme(s) or other relevant entities corresponding with such

period(s) and that reasonable efforts to obtain documentary evidence of such periods of creditable coverage were unsuccessful.

12.5 Contribution penalties may be applied in respect of any Beneficiary who is over the age of 35 years and who was without creditable coverage for the period indicated hereunder after the age of 35 years, excluding any person who was a Beneficiary of a medical scheme prior to 1 April 2001 and who did not have a break in membership exceeding three consecutive months since 1 April 2001. Such penalties shall be applied only to that portion of the Contribution relative to the Late Joiner, not exceeding the following bands:

1 – 4 years @ 0,05 multiplied by the relevant Contribution in Annexure A

5 – 14 years @ 0,25 multiplied by the relevant Contribution in Annexure A

15 – 24 years @ 0,5 multiplied by the relevant Contribution in Annexure A

25+ years @ 0,75 multiplied by the relevant Contribution in Annexure A

12.6 In determining the applicable penalty, any creditable coverage which can be shown by the Member or a Dependant shall be subtracted from such Member's or Dependant's age, provided that any Late Joiner penalty imposed by a previous medical scheme on a Member or Dependant shall continue to be applied to a Member or Dependant by the Scheme provided that where an applicant produces evidence of Creditable Coverage after a Late Joiner penalty has been imposed, the Scheme shall recalculate the penalty and apply such revised penalty from the time such evidence is provided.

13. Refund of Contributions paid

13.1 Unless specifically provided for in the rules, no refund of any assets of the Scheme or any portion of a contribution shall be paid to any person where such member's membership or cover in respect of any dependant terminates during the course of a month.

BENEFITS

14. Options

14.1 Dependants may only participate in the same Option as the Member.

14.2 Members may only change from one Option to another once a Year – and then only with effect from 1 January after having given the Scheme at least 1 Month's advance written notice. However, Option changes are allowed during the first 9 Months of a particular Year in the following circumstances, subject to the provision that no debts are owed to the Scheme on the date the application is made:

14.2.1 By Members upon their retirement or retrenchment;

14.2.2 By an eldest Dependant who takes up membership under rule 8 after the death of the Member.

14.3 No Option is valid until the Registrar has approved and registered it, and comes into force on the registration date or the date approved by the Registrar.

15. Benefits to which Members and Dependants are entitled

15.1 Subject to the provisions of these Rules, Members are entitled to the amounts set out in Annexure "B" which relate to their chosen Option. Such Benefits extend through Members to their registered dependants.

15.2 Members shall be entitled to the amounts in respect of services and supplies which are expressly specified in Annexure "B".

15.3 Members shall not be entitled to any amounts for services and supplies associated with or relating to services which are not expressly specified in Annexure "B" and in respect of which the Member does not enjoy Benefits unless such Benefits are authorised as part of a Case Management Programme or Disease Management Programme.

15.4 If the Scheme or its managed healthcare company has funding guidelines or protocols in respect of any covered services or supplies, Beneficiaries will only qualify for benefits in respect of those services and supplies if the guidelines or protocols have been complied with, subject to Regulation 15.

15.5 The Scheme has the right to move a member (patient) to a facility of the Scheme's choice.

15.6 If the Scheme or its managed healthcare company does not have funding guidelines or protocols in respect of covered services and supplies, Beneficiaries will only qualify for benefits in respect of those services and supplies if the Scheme or its managed healthcare company acknowledges them as medically necessary, and then subject to such conditions as the Scheme or its managed healthcare company may impose. Medically necessary refers to services or supplies that meet all the following requirements:

15.6.1 it is required to restore normal function of an affected limb, organ, or system;

15.6.2 no alternative exists that has a better outcome, is more cost-effective, and has a lower risk;

15.6.3 it is accepted by the relevant Service Provider-group as optimal and necessary for the specific condition, and at an appropriate level to render safe and adequate care;

15.6.4 it is not rendered for the convenience of the relevant Beneficiary or Service Provider;

15.6.5 for which outcome studies are available and acceptable to the Scheme.

15.7 No benefits are payable in respect of any new service or supply, including newly registered Medicine, until such time that the Scheme or its managed healthcare company has been satisfied through the submission of clinical

data of the acceptability of all of the following aspects relating to that service or supply:

15.7.1 Therapeutic role in clinical medicine;

15.7.2 Cost-efficiency;

15.7.3 Value relative to existing services or supplies;

15.7.4 Local indications, application and outcome studies.

15.8 If the Scheme is not satisfied in respect of a particular new service or supply as contemplated in rule 15.7, it may exclude that service or supply from benefits until sufficient clinical data has been submitted, or submitted clinical data has been properly reviewed and accepted. If the Scheme, in accordance with its managed healthcare protocols, refuses benefits for a specific procedure, medication or treatment, a Beneficiary may apply to the Scheme to review his/her request.

As part of such review, the Scheme may require a second opinion in respect of the proposed treatment or medication. For that purpose the relevant Beneficiary may be requested to consult a dental or medical practitioner nominated by the Scheme and at the cost of the Scheme. In the event that the Beneficiary refuses or neglects to comply with the requirement of the Scheme, limited Benefits will be allowed for the resultant claim. In the event that the second opinion proposed different treatment or medication to the first, the Scheme may in its discretion require that the second opinion proposals be followed.

15.9 All requests for pre-authorisation of spinal or joint surgery procedures will be subject to:

15.9.1 Participation in a rehabilitation programme as offered by the Scheme's Preferred Provider, provided a Preferred Provider facility is within reasonable proximity of a Beneficiary's place of residence or work; and/or

15.9.2 A fitness-for-surgery report and second opinion review, as described in 15.8.

The costs associated with the treatment and examinations performed under15.9.1 and 15.9.2 will be payable by the Scheme.

15.10 No limitation applies to benefits for any service or supply obtained by a Beneficiary from a public hospital where this service or supply complies with the general scope and level of the Prescribed Minimum Benefits, and the prescribed service or supply available to a public hospital patient.

15.11 If a Service Provider charges an amount smaller than the allowed Benefits for a particular covered service or supply, the Service Provider's lesser amount will be deemed to be the allowed Benefit.

16. When Benefits are not provided

16.1 No Benefits are payable in respect of covered services and supplies that are provided to a Beneficiary during a waiting period to which that Beneficiary may be subject.

16.2 Where Contributions or any other debt owing to the Scheme have not been paid by the third business day of the Month of it becoming due, the Scheme has the right to suspend payments of all Benefits which arose after the date of suspension. The Scheme further has the right to give the Member and/or Employer notice that if Contributions or such other debts are not paid within twenty-eight (28) days, membership may be cancelled without further notice.

16.3 If payments are brought up to date, Benefits must be reinstated without any break in continuity subject to the right of the Scheme to levy a reasonable fee to cover any expenses associated with the default and to recover interest at the prime overdraft rate of the Scheme's bankers. If such payments are not brought up to date, no Benefits will be due to the Member from the date of default and any such Benefit paid may be recovered by the Scheme.

16.4 The Scheme may withhold, suspend, or discontinue the provision of a Benefit, or of any right in respect of that Benefit, if the Member attempts to transfer, pledge, or hypothecate it.

ADVANCES

17. Costs recoverable from other parties

17.1 Costs incurred by a Beneficiary for which another party may be legally responsible, including a Service Provider, qualify for Benefits and any compensation received from the other party, is recoverable by the Scheme to the extent that such benefits do not exceed Benefits which normally would have been paid.

17.2 The Member must inform the Scheme in the manner, and within the period, applicable to qualifying claims of the possible claim and the costs involved. The Beneficiary must lodge a claim against the relevant party for the relevant costs within the prescribed period and in the prescribed manner - and keep the Scheme informed of developments.

17.3 If the Beneficiary does not prosecute the claim to the satisfaction of the Scheme, the Beneficiary must cede the claim to the Scheme at its request - and thereafter provide such assistance as may be reasonably expected by the Scheme.

17.4 The Beneficiary must repay from the compensation received from such other party, the advanced amounts to the Scheme.

PAYMENT OF ACCOUNTS

18. Claims procedure

18.1 Accounts for payment must be submitted not later than the last day of the fourth Month following the Month in which the Service Date falls. Where the Scheme is of the opinion that an account, statement or claim is erroneous or unacceptable for payment, the Scheme shall notify the member or the health care provider, whichever is applicable, accordingly within 30 days

after receipt thereof. The Scheme shall state the reasons why such claim is erroneous or unacceptable and afford such Member or provider the opportunity to return such corrected claim to the Scheme within 60 days of the notice.

18.2 Members are at all times responsible to ensure that accounts are submitted to the Scheme in time – including those instances where Service Providers undertake to do so on behalf of the Beneficiary concerned. If a Member or a Service Provider does not submit an account in time, whether it is a first account or a corrected account, the Member will not be entitled to Benefits in respect of the relevant covered services or supplies.

18.3 Every account must contain all the following particulars:

18.3.1 the surname and initials of the Member;

18.3.2 the surname, full names, and date of birth of the Beneficiary - which must correspond with the name on the membership card;

18.3.3 the name of the Scheme;

18.3.4 the full membership number;

18.3.5 the Service Provider's name, practice code number, and registration number issued by the relevant registering authority - and in the case of a group practice, also the name of the group practice and the individual who provided the service or supplies;

18.3.6 the name and practice code number of the referring medical practitioner or dentist, if applicable;

18.3.7 the Service Date;

18.3.8 the nature, relevant treatment code and diagnostic (ICD10) code, where applicable, and the cost of each service rendered or supplies delivered;

18.3.9 for Medicine: the name, quantity, dosage, and net amount payable by the Member in respect of the Medicine dispensed, and the relevant national pharmaceutical product interface (NAPPI) code - and for non-electronic pharmacy accounts, also a copy of the original prescription from the person legally authorised to prescribe the Medicine;

18.3.10 for Medicine to be repeated: as in 18.3.9, and in addition a notation by the prescriber specifying the number of repeats – even if such notation is not required under applicable legislation;

18.3.11 for dental claims: the number of each tooth treated;

18.3.12 for claims involving the use of a theatre: also the name, practice code number, and registration number issued by the relevant registering authority of every medical practitioner or dentist who assisted in the performance of that operation;

18.3.13 for orthodontic or advanced dentistry services: the first account must also contain the treatment plan showing the expected duration and total amount of the treatment, and the initial and monthly amounts payable.

18.4 If a Beneficiary pays an account directly to a Service Provider, the Service Provider's receipt showing the amount paid and the date of payment must be submitted with the account.

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

18.6 If an account, statement or claim is correct or where a corrected account, statement or claim is received, as the case may be, the Scheme must, in addition to the payment contemplated in section 59(2) of the Act, dispatch to the Member a statement containing at least the following particulars:

18.6.1 The name and the membership number of the Member;

18.6.2 The name of the Service Provider;

18.6.3 The final date of service rendered by the Service Provider on the account or statement which is covered by the payment;

18.6.4 The total amount charged for the service concerned;

18.6.5 The amount of the Benefit awarded for such service.

19 Payment of accounts

19.1 The Scheme must, where a complete and proper account has been rendered, pay any Benefit due in respect of that account within 30 days of receipt of the account.

19.2 The Scheme may in its discretion pay accounts for services or supplies covered by the Benefits directly to the Service Providers.

19.3 If the Scheme decides not to pay an account to the Service Providers directly, or if the Member has already paid the account, the amount of the Benefit will be paid to the Member.

MEMBERS' GENERAL RIGHTS AND OBLIGATIONS

20 Membership cards

The Scheme issues a membership card to every Member containing such particulars as may be prescribed by the Act. Members and Dependants must show it to Service Providers when required to do so. It must be returned to the Scheme when membership ends or be destroyed.

21 Certificate of Cover

21.1 At the request of any former member or dependant or medical scheme to which such person applies for membership, the Scheme provides that person or scheme with a certificate stating the date of registration as a member or dependant and the date of deregistration as a member or

dependant, the type of cover and whether or not the person qualified for Late Joiner status.

22 Access to the Scheme's records

22.1 Members receive a summary of these rules at no charge.

22.2 Members may inspect without charge, at the Scheme's registered office, any of the following documents and make extracts from them:

22.2.1 the registered rules of the Scheme; and/or

22.2.2 the latest annual financial statements - including balance sheet, income statement, cashflow statement, report by the auditor, annual report of the Scheme and management accounts in respect of the Options offered by the Scheme indicating the financial position thereof and the number of Members enrolled per Option; and/or

22.2.3 any returns submitted to the Registrar.

22.3 Members can obtain a copy of these rules against payment of R75 per copy, and copy of each document in rules 22.2.2 and 22.2.3 against payment of R30 per copy.

23 Liability of Members

The liability of Members for the debts of the Scheme is limited to the amount of their unpaid Contributions, together with any advances under rule 17.

24 Address for correspondence

24.1 Any notice to be given to Members under these rules or the Act which is distributed to Members at their latest addresses registered with the Scheme constitutes proper notice to the Members.

24.2 Members must notify the Scheme without delay of any change of address. The Scheme is not liable if Members' rights are prejudiced or forfeited, or if they suffer damages, as a result of their neglect to do so.

25 Transfer of rights

Members may not transfer any right to Benefits to another person. If they do so, the Scheme will neither recognise nor be bound by the transfer.

26 Recovery of debts

26.1 Members are responsible for payment of any amounts which are due to the Scheme under these rules, such as -

26.1.1 Contributions under rule 12;

26.1.2 advances under rules 17;

26.1.3 any loss sustained by the Scheme through theft, fraud, negligence, or any misconduct by a Beneficiary.

26.2 To settle debts, the Scheme may arrange with Members and their Employers (if any) for the deduction of amounts from the Members' remuneration. Nevertheless, the Scheme may always deduct those amounts from Benefits payable to Members.

26.3 If an Employer does not pay over amounts deducted from Members' remuneration to the Scheme, or if a bank or building society does not honour a debit order, it does not absolve Members of their duty to pay or entitle Members to Benefits.

GOVERNANCE: CONTROL AND MANAGEMENT OF THE SCHEME

27 Board of trustees

27.1 The affairs of the scheme shall be managed by a Board of fit and proper persons of at least 4 members but no more than 7 members, constituted as follows:

27.1.1 At least half of such members of the Board shall be elected amongst members at the annual general meeting of the scheme from a list of nominated candidates.

27.1.2 The balance of the trustees shall be appointed by incumbent member elected trustees within one month of their election.

27.2 The Board may at its discretion co-opt 3 additional trustees on the basis of their expertise if the Board lacks sufficient expertise. Such appointments may be made on at the terms and conditions, including duration and remuneration, as the Board sees fit and shall have no vote.

27.3 Any vacancy that occurs on the Board before the end of the vacating trustee's term of office on the board, shall be filled by the member or members who received the next highest number of votes at the preceding election. In the absence of such member or members willing and able to become trustees, the vacancy is filled in the manner provided below, except that the Electoral Commissioner or independent body will post the ballot papers to the members and specify the date, time, and place for ballot papers to be returned to the Electoral Commission or independent body.

27.4 Such trustee will then retire at the same time as if having become a trustee on the day on which the trustee who is replaced had last been elected as a trustee.

27.5 A vacancy under rule 27.3 need not be filled if:

27.5.1 it occurs within 3 months of the next annual general meeting, where periodic retirements are to occur as contemplated in rule 28.2.

28 Rotation of trustees

28.1 A trustee is elected/appointed for a term of 3 years, provided he or she remains fit and proper to be a trustee and in good standing with the Scheme.

28.2 No trustee shall be entitled to serve for more than two consecutive terms without taking a 12 month break from the affairs of the Scheme.

29 Qualification for election

The following persons are not eligible to serve as members of the Board if that person:

29.1 is under the age of 21 years;

29.2 has not paid all amounts due to the Scheme;

29.3 would cease to be a trustee on any of the grounds listed in rules 34.1

29.4 was, or purported to be, a Trustee, Principal Officer, CEO or director employed by the Scheme at the time of the appointment of an Acting Principal Officer in terms of the order of the Western Cape High Court, held in Cape Town under case number 3135/2013 dated 16 April 2013;

29.5 is an employee, director, officer, consultant, or contractor of the administrator, auditor or contractor or consultant of the Scheme or of the holding company, subsidiary, joint venture or associate of that administrator; auditor or that contractor or consultant of the Scheme;

29.6 is a person, including a legal person, associated with the administrator, auditor or contractor or consultant of the Scheme or of any controlling or subsidiary company of the administrator, auditor or contractor or consultant of the Scheme;

29.7 is a broker;

29.8 is the principal officer of the Scheme; or

29.9 is the auditor of the Scheme;

30 Election of trustees

30.1 An independent electoral body will organise and conduct all aspects of trustees elections, including issuing all notices and other communications to members concerning the election, conducting the voting process, auditing and verifying the results;

30.2 At least three months prior to the tenure expiring of any trustee, the independent electoral body shall send out notices to all members informing them of the date on which a trustee's tenure expires, inviting members to nominate candidates to be considered to be elected as trustees. This notice shall also inform members what information is required to be submitted in respect of nominated candidates to be eligible for election as trustee.

30.3 Subject to the provisions of these rules, existing trustees will automatically be nominated to be elected as such for a further term unless a trustee informs the Scheme in writing that he or she does not wish to be elected as a trustee for a further term.

30.4 Nominations to fill vacancies will be in writing and signed by the nominating member and candidate, both in good standing. By agreeing to stand as a candidate to be elected as trustee, the candidate agrees that the independent electoral body may conduct any investigations into his or her background and personal conduct which may include, without limitation, credit checks, background checks, employment history checks, criminal records, associations and the like, with a view of determining whether the candidate qualifies to act as a trustee of the Scheme.

30.5 Completed nomination forms, together with an abbreviated curriculum vitae of the candidate must be received by the independent electoral body on such a date as may be determined by the Board. A nomination that does not comply with these provisions is invalid.

30.6 The list of eligible nominees and abbreviated curriculum vitae must be circulated to all members not less than 30 days before the holding of the AGM.

30.7 If the number of duly nominated candidates, including the number of retiring trustees eligible for re-election, is –

30.7.1 equal to the number of vacancies, the nominated candidates are deemed to have been elected as trustees;

30.7.2 less than the number of vacancies, but not less than 2, the nominated candidates are deemed to have been elected as trustees and may fill any vacancy;

30.7.3 less than 2, the Scheme shall send out a second notice to all members calling for further nomination in order to fill the vacancies;

30.7.4 more than the number of vacancies, the members must elect the required number of trustees from those candidates. The election must take place by ballot by the members present at the AGM.

30.8 There shall be no canvassing for nominations and/or votes for the election of trustees by any employee, administrator, contractor and/or service provider to the Scheme, or their agent. The independent electoral body may, after affording the candidate a hearing, substantially in accordance with the tenets of natural justice disqualify a candidate where material evidence of canvassing for his or her election has been established.

30.9 At an election, the candidates obtaining the majority of votes are duly elected. In the case of an equality of votes, the candidates obtaining such an equal number of votes draw lots in the presence of the independent electoral body. The candidate on whom the lot falls is deemed to be elected.

31 Meetings of the Board

31.1 The Board elects a chairperson and vice-chairperson from its number at its first meeting after an election of trustees, referred to in rule 30.9. In the event of the elected chairperson not being able to fulfil his/her duties on either a temporary or permanent basis, the Board may elect a new chairperson. The same rule applies to the vice-chairperson.

31.2 If neither the chairperson nor vice-chairperson is present at a meeting, the Board elects a chairperson for that meeting from the other trustees who are present at the meeting.

31.3 The Board meets at least once every 3 months.

31.4 The chairperson may convene a special meeting if he or she deems it necessary. The chairperson must convene a special meeting if at least 3 trustees request this in writing. The matters to be discussed at the special meeting are stated clearly in the request. No other matters are discussed at the special meeting. The chairperson convenes the special meeting within 14 days of receipt of the request.

31.5 A quorum is constituted by a number of members of the Board physically or via teleconference or any other electronic communication present at a meeting of the Board which number shall be not less than half of the members of the Board plus one. Members of the Board will, for the purposes of constituting a quorum, not include suspended Board members nor co-opted members. Trustees may not send someone in their stead and no meeting lacking a quorum, whether initially or by reason of the departure of trustees from the meeting, shall be able to conduct business.

31.6 Resolutions are taken by majority vote and in the case of an equality of votes the chairperson of the meeting has a casting vote in addition to his or her deliberative vote. However, a written resolution signed by all the trustees is as valid as if it had been taken at a meeting duly convened and held.

31.7 The Board must cause minutes of its meetings to be kept. Minutes are to be a summary of the topic under discussion with the resolutions captured. Minutes are to be circulated to all trustees and approved at the next Board meeting.

32 Powers and duties of the Board

32.1 The Board may do all things they deem necessary to attain the Scheme's objects - but always subject to applicable legislation and these rules. Without limiting the generality of this, the Board may –

32.1.1 appoint an administrator or full-time staff required for the purpose of the Scheme's business, and determine the terms and conditions of their appointment and their powers - provided such appointments are contained in a written agreement;

32.1.2 delegate, without abdicating their responsibilities, any of their powers to any officer, employee, committee, or the administrator subject to the provisions they deem fit - including the signing of any contracts and other documents binding the Scheme on behalf of the Scheme;

32.1.3 open a bank account in the name of the Scheme;

32.1.4 raise money for the needs of the Scheme - including to borrow money with the prior approval of the Council;

32.1.5 invest money not immediately required for the purpose of the Scheme, as may be prescribed, and vary or realise any investments;

32.1.6 conclude insurance and maintenance contracts in respect of the Scheme's assets;

32.1.7 conclude reinsurance contracts for the Schemes' obligations towards Members, provided that all such reinsurance arrangements are fully disclosed to the Council, including full detail of premiums, commissions and Benefits under such arrangement;

32.1.8 conclude contracts for managed health care services;

32.1.9 conclude contracts with duly accredited intermediaries, and compensate them to the maximum allowed under the Act, in cash or otherwise, for the introduction of persons who are admitted as Members;

32.1.10 make donations to any Hospital or home for aged persons in the interest of all or some of its Beneficiaries;

32.1.11 contribute to any association instituted for the benefit of medical schemes;

32.1.12 make contributions to any fund of any kind which is conducted for the benefit of the officers of the Scheme, or to pay for insurance policies on the lives of officers of the Scheme for the benefit of such officers or their dependants;

32.1.13 appoint professional advisers – including auditors, investment experts, and legal advisers;

32.1.14 may, in its absolute discretion, make ex-gratia payments to assist Members to meet commitments in regard to any matter specified in Rule 5.

32.2 The Board has the following duties –

Subject to the Act and applicable legislation the Board (and its individual Trustees where appropriate) shall:

32.2.1 provide strategic direction to, and oversight of, the Scheme;

32.2.2 be responsible for the proper and sound management of the Scheme, in terms of these rules;

32.2.3 apply sound business principles and ensure the financial soundness of the Scheme;

32.2.4 appoint a Principal Officer who is fit and proper to hold office (and within 30 days of such appointment advise the Registrar thereof in writing) and shall ensure that it overviews the appointment of managerial staff;

32.2.5 obtain expert advice on legal, accounting and business matters as required or on any other matter of which the Trustees may lack sufficient expertise;

32.2.6 cause to be kept such minutes, accounts, entries, registers and records as are essential for the proper functioning of the Scheme;

32.2.7 take all reasonable steps to ensure that Contributions are paid timeously to the Scheme in accordance with the Act and the Rules;

32.2.8 ensure that these rules and the operation and the administration of the Scheme comply with the provisions of the Act and all other applicable laws;

32.2.9 approve all disbursements;

32.2.10 take out and maintain an appropriate level of professional indemnity insurance and fidelity guarantee insurance;

32.2.11 ensure that proper control systems are employed by or on behalf of the Scheme;

32.2.12 ensure that adequate and appropriate information is communicated to Members regarding their rights, Benefits, Contributions, and duties under these rules;

32.2.13 take all reasonable steps to protect the confidentiality of medical records concerning any Beneficiary's state of health;

32.2.14 take all reasonable steps to ensure that the interests of Members are protected at all times;

32.2.15 act with due care, diligence, skill, and good faith;

32.2.16 take all reasonable steps to avoid conflicts of interest;

32.2.17 act with impartiality in respect of all Members;

32.2.18 is responsible for the submission of all statutory returns – signed in the manner prescribed by the Act;

32.2.19 disclose annually in writing to the Registrar, any payment or considerations made to them in that particular Year by the Scheme;

32.2.20 deal with any matter not specifically provided for in these rules.

33 Remuneration of trustees

Trustees are paid the remuneration and allowances out of the funds of the Scheme for the duties they perform as Trustees, as Members in a general meeting may determine from time to time.

34 Termination of office

The Board may do all things they deem necessary to attain the Scheme's objects - but always subject to applicable legislation and these rules. Without limiting the generality of this, the Board may –

34.1 A trustee ceases to hold office if the trustee:

34.1.1 resigns as provided for in these rules;

34.1.2 declared insane, or becomes incapable of managing his or her affairs;

34.1.3 is provisionally or finally sequestrated or has surrendered his or her estate or has been placed under administration;

34.1.4 is disqualified under any law from carrying on his or her profession or is removed from any fiduciary position by a court;

34.1.5 makes or has made him or herself guilty of the elements of any crime involving any element of dishonour or dishonesty; such elements requiring proof, for the purposes of these rules

only, on a balance of probabilities with the trustee involved bearing the onus to disprove the allegations once a prima facie case of the truth of the allegation has been established;

34.1.6 is found to have made material misrepresentations when being nominated as trustee;

34.1.7 being removed from office by the Council for Medical Schemes as contemplated in the Act, or as provided for in these rules;

34.1.8 being absent from 3 consecutive meetings of the Board without prior permission of the chairperson, which shall be given only for sound and compelling reasons, such permission to be ratified by the Board at the meeting which the person seeking the permission is absent;

34.1.9 if his or her membership ends.

34.2 The Board may by resolution remove a trustee from office before the expiration of that trustee's term of office if it has sufficient reason to believe that the trustee concerned is not a fit and proper person to hold the office concerned. Such resolution requires to be accepted by all the other trustees. Before passing such resolution the Board –

34.2.1 must furnish the relevant trustee with full details of all the information the Board has, relevant to the matter;

34.2.2 must request the relevant trustee to comment in writing on the information supplied, within 30 Days or such further period as the Board may allow;

34.2.3 must on receipt of the requested comment, provide the relevant trustee an opportunity to present and discuss his position with the full board of trustees;

34.2.4 must make a final decision on the matter only after all of the above has been done.

34.3 The Scheme may by resolution passed by not less than 75% of the Members present in person at a special general meeting remove a trustee from office before the expiration of that trustee's term of office. That meeting may then elect another person to fill the vacancy by resolution passed by a majority of the Members present. The elected trustee will retire at the same time as if having become a trustee on the day on which the trustee who is replaced had last been elected as a trustee.

ADMINISTRATION OF THE SCHEME

35 Principal Officer

35.1 The principal officer shall be the chief executive/the accounting officer of the Scheme and must be a fit and proper person, appointed by the Board and answers to the Board.

35.2 The principal officer shall be charged with the collection of and accounting for all monies received and payments authorized by and on behalf of the Scheme.

35.3 The principal officer shall ensure the confidentiality of all information regarding its members.

35.4 The principal officer will ensure that:

35.4.1 The decisions and instructions of the Board in regard to all matters within the scope of his obligations are executed without unnecessary delay;

35.4.2 Where necessary in regard to all matters within the scope of his obligations, there is proper and appropriate communication between the Scheme and those parties, affected by the decisions and instructions of the Board;

35.4.3 He keeps the Board sufficiently and timeously informed of the affairs of the Scheme which relate to the duties of the Board as stated in section 57(4) of the Act;

35.4.4 He keeps the Board sufficiently and timeously informed in regard to all matters within the scope of his obligations, so as to enable the Board to comply with provisions of section 57(4) of the Act;

35.4.5 He does not take any decisions concerning the affairs of the Scheme without prior authorisation by the Board and that he at all times observes the authority of the Board in its governance of the Scheme.

35.5 The principal officer will ensure that:

35.6 The principal officer is responsible for the statutory and administrative functions of the Scheme and must ensure the carrying out of all duties as are necessary for the proper execution of the business of the Scheme. He shall attend all meetings of the Board, and any other duly appointed subcommittee and ensure proper recording of the proceedings of all meetings.

35.7 The principal officer shall keep full and proper records of all moneys received and expenses incurred by, and of all assets, liabilities and financial transactions of the Scheme.

35.8 The principal officer shall ensure compliance with all statutory requirements pertaining to the annual financial statements.

35.9 The principal officer shall be responsible for the supervision of the staff employed by the Scheme.

35.10 The following persons are not eligible to be a principal officer:

35.10.1 An employee, director, officer, consultant or contractor of the administrator of the Scheme or of the holding company, subsidiary, joint venture or associate of that administrator.

35.10.2 A broker.

35.11 Any person who, immediately prior to commencement of the Medical Schemes Amendment Act No. 55 of 2001, was a principal officer of a medical scheme in contravention of section 57(7) of this Act, will be deemed to comply with that section for the period terminating on 1 January 2004.

36 The Scheme's financial year

The Scheme's financial year is from 1 January to 31 December of every Year.

37 The Scheme's auditors

37.1 The Board annually appoints at least one auditor, who -

37.1.1 is not a member of the Board or a Member or a Dependant of a Member of the Scheme.

37.1.2 is not an employee, officer or contractor of the Scheme;

37.1.3 is not an employee, director, officer or contractor of the Scheme's administrator, or of the holding company, subsidiary joint venture or associate of the administrator;

37.1.4 is a person engaged in public practice as an auditor;

37.1.5 is registered under the Auditing Profession Act 26 of 2005;

37.1.6 is not disqualified from acting as an auditor under section 90.2(b) of the Companies Act 71 of 2008;

37.1.7 is approved by the Registrar.

37.2 The Board annually appoints at least one auditor, who -

37.3 The auditors have right of access to the Scheme's books of account and related documentation at all times. They may require from the Board, its officers and employees, or the administrator such information and explanations as they deem necessary for the performance of their duties.

37.4 The auditors are entitled to receive all notices of, and other communications relating to, any general meeting which any Member is entitled to receive. They may attend any general meeting of the Scheme to address the meeting on any aspect related to their functions, or matter related to their appointment, removal, or remuneration, but they do not have the right to vote at such meetings.

37.5 The auditors submit a report to the Members on the accounts examined by them, and on the financial statements laid before the general meeting.

38 Audit committee

38.1 The Board appoints an Audit committee of at least 5 members of which at least 2 are members of the Board.

38.2 The majority of the members of the audit committee, including the chairperson, may not be officers of the Scheme, its administrator, the controlling company of the administrator, or any subsidiary of its controlling company.

38.3 A quorum for any meeting of the Audit committee is the majority of serving Audit committee members.

38.4 The Audit committee shall serve a term of 3 years – such term of office will be renewable at the discretion of the Board.

38.5 Audit committee members' term of office will also end upon:

38.5.1 their permanent resignation – by giving one Month's written notice to the Chairperson;

38.5.2 being declared insane, or becoming incapable of managing their affairs;

38.5.3 their estates being sequestrated;

38.5.4 being removed from any fiduciary position by a competent court;

38.5.5 being convicted (whether in South Africa or elsewhere) of theft, fraud or uttering a forged document, perjury, an offence under any corruption legislation, or any offence involving dishonesty, and have been sentenced therefor to imprisonment without the option of a fine;

38.5.6 being removed from office by the Council for Medical Schemes, as contemplated in section 46 of the Act, or as provided for in these Rules;

38.5.7 being absent from 3 consecutive Audit committee meeting without prior arrangement with the Chairperson.

39 Disputes and complaints

39.1 Members may lodge their complaints, in writing, to the Scheme. The Scheme or its administrators must also provide a dedicated telephone number that may be used for dealing with telephonic complaints.

39.2 All complaints received in writing will be responded to by the Scheme in writing within 30 days of receipt thereof.

39.3 The Board annually appoints a disputes committee to settle any dispute that arises between a prospective member, Member, former member, or a person whose claim arises from such a person, and the Scheme or managed healthcare company of the Scheme.

39.4 The disputes committee consists of 3 members – appointed on the basis of their financial-, medical- and legal expertise.

39.5 The members of the disputes committee may not be members of the Board or officers of the Scheme.

39.6 The dispute committee does not entertain a dispute of a medical nature before the Scheme's managed healthcare provider's internal appeal procedure has been exhausted. Examples of such disputes are: the refusal of a PAR; Chronic Medicine; the medical necessity of a particular service or supply; and for cases dealt with, or under case management.

39.7 The disputes committee resolves the dispute as speedily and economically as possible. To do this, it –

39.8 Gives both disputing parties the opportunity to present their argument, with or without legal representation at each party's discretion; and

39.9 Decides on the procedures to be followed for the presentation of the arguments, but keeps them as informal as possible.

39.10 Any person who is aggrieved by any decision relating to settlement of a complaint or dispute may appeal against such decision to the Council for Medical Schemes.

39.11 Such appeal must be in the form of an affidavit directed to Council and must reach the Registrar not later than 3 months after the date on which the decision concerned was made.

39.12 The date, time and place for the hearing of an appeal shall be determined by the Council and shall, not less than 14 days before such hearing, be made known in writing by the Registrar to the parties concerned.

40 Other committees

The Board may appoint any other standing or temporary committees on any matter falling within the scope of the Board's activities - including a management committee to handle those affairs of the Scheme that cannot wait until the next meeting of the Board.

GENERAL MEETINGS

41 Annual general meetings

41.1 An annual general meeting of Members is held annually by no later than 30 June.

41.2 The notice convening the meeting is posted to Employers and Members at least 30 days before the date of the meeting. It must contain -

41.2.1 the agenda;

41.2.2 a summary of the financial statements and other documents provided for in Section 37 of the Act;

41.2.3 the auditor's report;

41.2.4 the Board's annual report

41.2.5 a notice calling for nominations for candidates to fill the vacancies that exist or will occur on the Board as contemplated in rule 30.1.

41.3 The non-receipt of such notice by a Member will not invalidate the proceedings at such a meeting.

41.4 A quorum is 12 Members - present in person. If there is no quorum 30 minutes after the time fixed for the commencement of the meeting, the meeting is postponed until the same day in the next week, at the same time and place. If that day is a public holiday, the meeting stands adjourned to the next business day. Members then present constitute a quorum.

41.5 Only the following is dealt with by this meeting:

41.5.1 consideration of the audited financial accounts, the auditors' report, and the Board's annual report; and

41.5.2 determination of the Board's remuneration; and

41.5.3 consideration of any amendments under rule 44.1; and

41.5.4 announcement of the auditors appointed; and

41.5.5 announcement of the members and alternative members of the Board; and

41.5.6 any other business of which the Scheme received written notice at least 30 days prior to the meeting.

42 Special general meetings

42.1 The Board may call a special general meeting if at least 50 Members request it. It is held in the region from where the request came within 30 days after submission of the request. The request states the subjects to be discussed, the draft-resolutions to be taken, and is signed by the Members requesting the meeting.

42.2 The notice convening the meeting is posted to Members at least 14 days before the date of the meeting. It sets out the subjects to be discussed, and the draft- resolutions to be taken. The non-receipt of such notice by a Member will not invalidate the proceedings at such a meeting.

42.3 The presence of the majority of the Members, who requested the special general meeting, constitutes a quorum. If there is not quorum 30 minutes after the time fixed for the commencement of the meeting, the meeting is postponed until the same day in the next week, at the same time and place. If that day is a public holiday, the meeting stands adjourned to the next business day. Members then present constitute a quorum.

42.4 Only those matters of which notice was given, are discussed at the meeting.

42.5 An annual general meeting and a special general meeting may be held on the same day, the one immediately following the other.

43 Voting at general meetings

43.1 All Members present may participate and vote at a general meeting, or they may appoint another member as a proxy to attend, speak, and vote in their stead - subject to rule 43.2.

43.2 The proxy form, as provided by the Scheme must be signed by the Member and the Member’s proxy and is deposited not later than 2 days before the date for the meeting at the Scheme's registered office, or at such other place as the Board may decide and of which notice has been given in the notice convening the meeting. If these provisions are not complied with, the proxy is invalid.

43.3 A maximum of two proxy’s may be held by an attending Member.

43.4 The chairperson's decision as to whether or not any particular proxy is valid, is final and binding on Members.

43.5 The chairperson determines whether voting takes place by ballot paper or by a show of hands. However, resolutions to increase Contributions, or reduce Benefits, by an average of more than 50%, are voted on by ballot paper.

43.6 In the case of an equality of votes, the chairperson of the meeting who is also a Member has a casting vote in addition to an ordinary vote.

GENERAL PROVISIONS

44 Amendment of the rules

44.1 The Board may amend these rules - including the Contributions and the Benefits. However, any amendment which increases the Contributions by an average of more than 50%, or decreases the Benefits by an average of more than 50% during any Year must be approved by the Members at a general meeting.

44.2 Members must be notified of such amendment within 14 days after registration thereof. Should a Member’s rights, obligations, Contributions or Benefits be amended, he/she will be given 30 days advance notice of such change.

44.3 No amendments are valid unless the Registrar approves and registers them. They take effect on the date of registration or such date as the Registrar approves - unless rule 44.4 applies.

44.4 If any rule is in conflict with the Act when these rules are registered, that rule is deemed to be amended to the extent necessary to make it correspond with the Act - and applied as such, notwithstanding the fact that registration with the Registrar has not yet taken place. The same applies when a rule becomes in conflict with the Act as a result of an amendment to these rules which is registered, or an amendment or replacement of the Act. The Board ensures that the deemed rule is formally registered by the Registrar as soon as possible after the conflict with the Act becomes known.

45 Receiving and providing Beneficiaries' medical information

45.1 The Scheme, or authorised staff or medical advisers of the Scheme's administrator or managed healthcare company, may request relevant medical and medical-related information regarding Beneficiaries they may deem necessary from any Service Provider who may have such information - and that Service Provider may disclose the information to the said parties with the approval of the Member.

45.2 The Scheme, or its administrator, may use or disclose medical or medical-related information they may obtain regarding Beneficiaries under these rules to a reinsurer in order to assess risk or provide quotations, and to a managed health-care organisation to review the appropriateness and quality of services, and to both for statistical purposes.

45.3 Information under rules 45.1 and 45.2 may be requested and provided at any time - including after the death of a Beneficiary. However, it must always be dealt with confidentially, and may be used only for the purpose for which it was requested or provided.

46 Transfer or amalgamation of business

46.1 The Board may propose that the Scheme should, subject to the provisions of section 63 of the Act, amalgamate with, transfer its assets and liabilities to, or take transfer of assets and liabilities of any other medical scheme or person. Before such event the Board must arrange for Members to decide by ballot whether the proposed amalgamation or transfer should be proceeded with or not.

46.2 If at least 50% of the Members return their ballot papers duly completed and if the majority thereof is in favour of the amalgamation or transfer then, subject to section 63 of the Act, the amalgamation or transfer may be concluded. If 2 consecutive attempts to obtain a return of at least 50% of the ballot papers fail, the Board may refer the matter to the Registrar, who may prescribe a lower percentage.

47 Dissolution of the Scheme

47.1 The Scheme may be dissolved by order of a competent court or by voluntary dissolution.

47.2 Members in a general meeting may decide that the Scheme must be dissolved, in which event the Board must arrange for Members to decide by ballot whether the Scheme must be liquidated.

47.3 To this end, the principal officer must, in consultation with the Registrar, post a notice and ballot paper by registered post to every Member. This notice must contain the reasons for the proposed dissolution, set out the basis for distribution of the assets, and a request that Members return their duly completed ballot papers before a set date.

47.4 The resolution is adopted if at least 50% of the Members return their duly completed ballot papers, and if the majority of them are in favour of the dissolution. If two consecutive attempts to obtain a return of at least 50% of the ballot papers fail, the Board may refer the matter to the Registrar, who may prescribe a lower percentage. The resolution is then adopted if that lower percentage is attained, and the majority is in favour of the dissolution.

47.5 If the resolution is adopted, the Board decides on the effective date for the dissolution, and appoints a liquidator with the approval of the Registrar. The Scheme is then liquidated according to the Act.

Effective from 1 January 2017