

Bonitas



Bonitas



AGENDA

01 Chairperson's report to members

02 Board of Trustees' report

03 Independent Auditor's report

04 2023 Audited Financial Statements

05 Resolution 1: Appointment of Auditor for 2024

06 Resolution 2.1 and 2.2 Trustee Remuneration Policy

07 Resolution 3: Appointment of Mr Andrew Edwards

08 Questions

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BOARD OF TRUSTEES



Mr OJ Komane
Chairperson
Elected Trustee



Mr R Cowlin
Vice-chairperson
Appointed Trustee



Mr J Bagg
Appointed Trustee



ADV RT Monene
Elected Trustee



Mr MG Netshisaulu
Elected Trustee



Ms V Rikhotso
Elected Trustee

NEWLY ELECTED TRUSTEES

Mr Pierre Joubert Ribbens



Mr Prince Siphosoxolo Sotshangane



Mr James Robert Venter

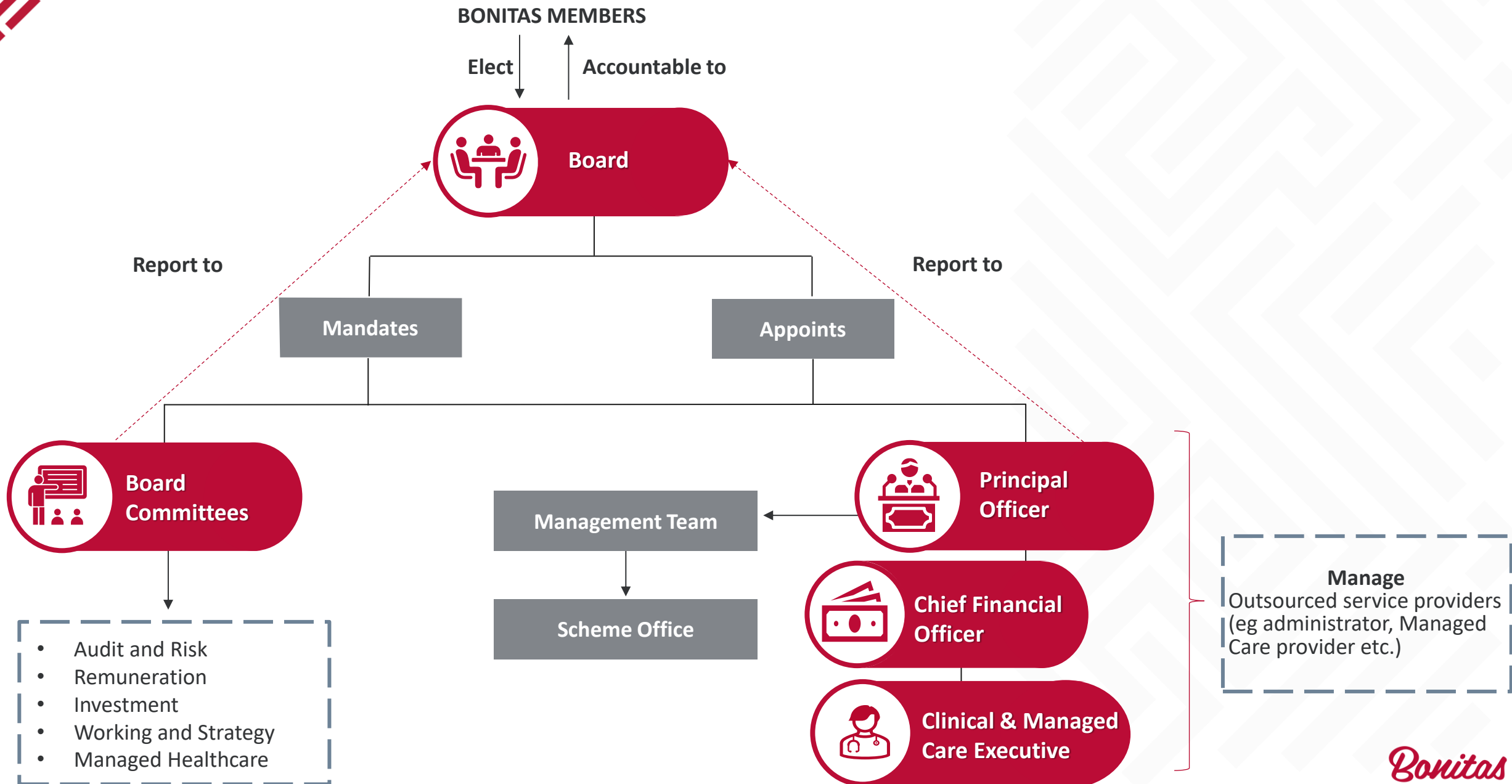


DUTIES OF THE BOARD OF TRUSTEES

Section 57(6) of the Medical Schemes Act requires the Board of Trustees to:

- Take all ***reasonable steps*** to ensure that the ***interests of beneficiaries*** in terms of the rules of the medical scheme and the provisions of the Medical Schemes Act ***are protected at all times***
- Act with ***due care, diligence, skill*** and ***good faith***
- Take all reasonable steps to ***avoid conflicts of interest***, and ***act with impartiality*** in respect of all beneficiaries

GOVERNANCE STRUCTURE AND FRAMEWORK



KEY BOARD PRIORITIES FOR 2023



Driving sustainability to ensure quality and affordable care to members and manage reserves and solvency in a way that benefits members and promotes Bonitas' long-term sustainability.



Continuous review process for benefits and product design will remain a priority and reviewing value for money to members in terms of service delivered.



The Board will monitor the implementation of the managed healthcare strategy to ensure improved quality of healthcare programmes.



Bonitas's healthy financial position also enables us to effectively negotiate with service providers, and we optimise our GP, specialist and hospital network to improve access and choice for our members.



Transformation remains a key focus area for the BOT as part of its fiduciary duties in promoting its corporate stewardship.

OUR STRATEGIC FOCUS AREAS



APPLY BEST PRACTICE GOVERNANCE

We adhere to industry best practices, comply with legislation and regulations, and manage risks to Bonitas's sustainability



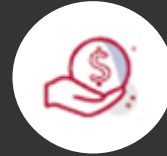
BE A STRATEGIC PURCHASER

To ensure that our members have access to affordable healthcare, we contract service providers that offer quality services at value-for-money rates



BOOST BUSINESS DEVELOPMENT

Our membership base is key to our sustainability, so we work to acquire new members and retain existing members



OPTIMISE INVESTMENT RETURNS

We invest members' contributions for a return, and use this money to keep pricing as low as possible



CONNECT WITH THE CUSTOMER

Connecting with members helps us provide them with the services they need, and gives us insight into evolving trends and requirements



INTEGRATE THE VALUE CHAIN

We provide members with a complete and integrated solution to their healthcare needs by forming strategic alliances with all stakeholders



CREATE VALUE THROUGH INNOVATION

We adapt our strategy, processes and products to continue meeting members' needs, ensure Bonitas's sustainability, and increase the accessibility and affordability of healthcare

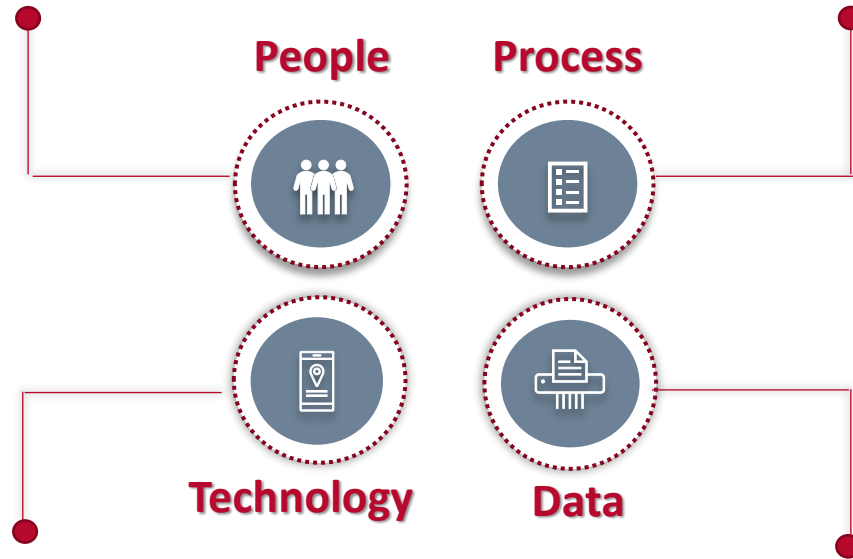
2023/2024 STRATEGIC INTENT

Prioritise people

- People are central to business operations
- Without people nothing gets accomplished

Consider how it should be done

- Capability and capacity
- Service culture of outcomes-based measures
- Standardised processes create predictability and efficiency
- Progress is obstructed with process



Enable people, support processes

- The tool must fit the task
- Technology should simplify processes and amplify effectiveness

Make data driven decisions

- Data analysis is essential as it helps organisations to better understand customers, improve sales, improve customer targeting, reduce costs and develop better problem-solving techniques

STRATEGIC INITIATIVES

Extensive coverage

The South African Health Quality Assessment indicates that Bonitas' coverage rates are higher than the industry average for maternity and antenatal care, and for chronic disease management

Enhanced data security

Comprehensive data integrity measures have been put in place to allow for multi-authentication factors to identify and mitigate instances of false information and potential fraud

7 surplus generating options

Bonitas had five loss-making options of a total of 12 registered benefit options in 2023



Quality/Value creation

Strategic purchasing strategies has yielded savings of over R745 million

Affordability

65% of Bonitas members experienced an increase below healthcare inflation with an average increase of 6% across 9 plans and a weighted average of 7%

R1.4 billion in relief to members

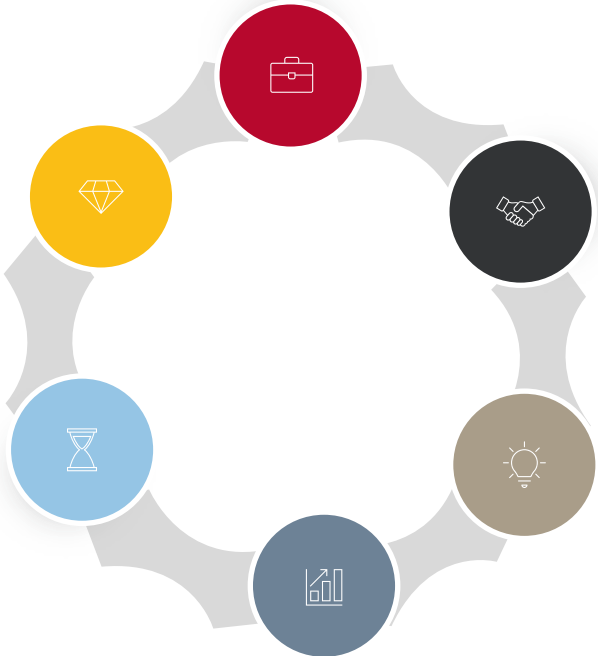
By applying **very low contribution increases** since 2021, R1.4 billion has been passed back to members in 2022 and 2023

KEY OUTCOMES

Enhanced benefits on all options, increased access to preventative and managed care, and implemented initiatives to reduce out-of-pocket expenses

Monitoring managed healthcare strategy to ensure healthcare outcomes improve and members get real value for money

Approved new strategic intent for 2023/4 to facilitate the ease of doing business, improve members' onboarding experience, and increase our offering of value-added products



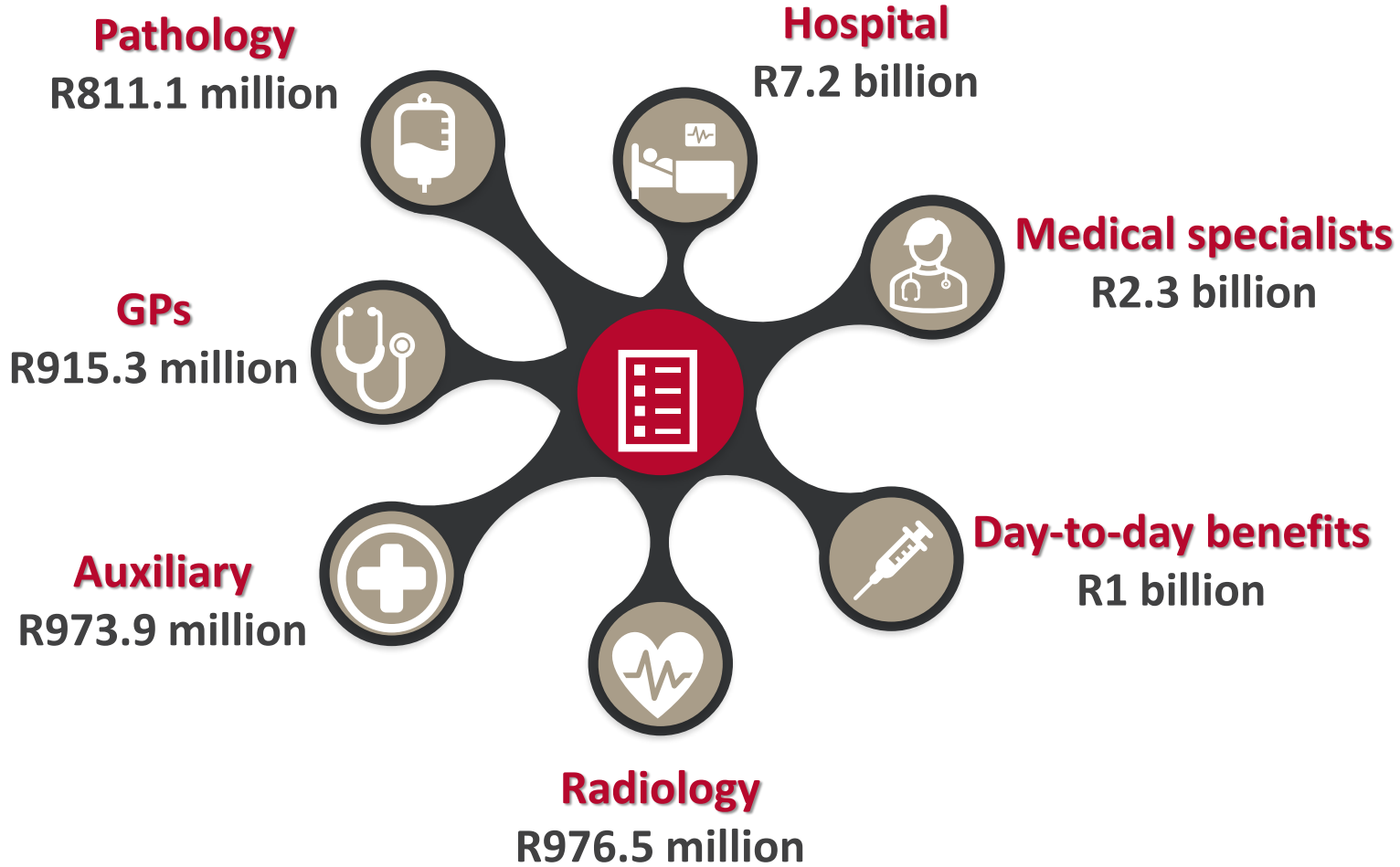
Maintain long-term sustainability – prudent financial management, healthy reserves and a 41.5% solvency ratio

Bonitas Benefit Booster provides members with additional funds to use for out-of-hospital expenses, and our Be Better Benefit improves access to health and wellness screenings

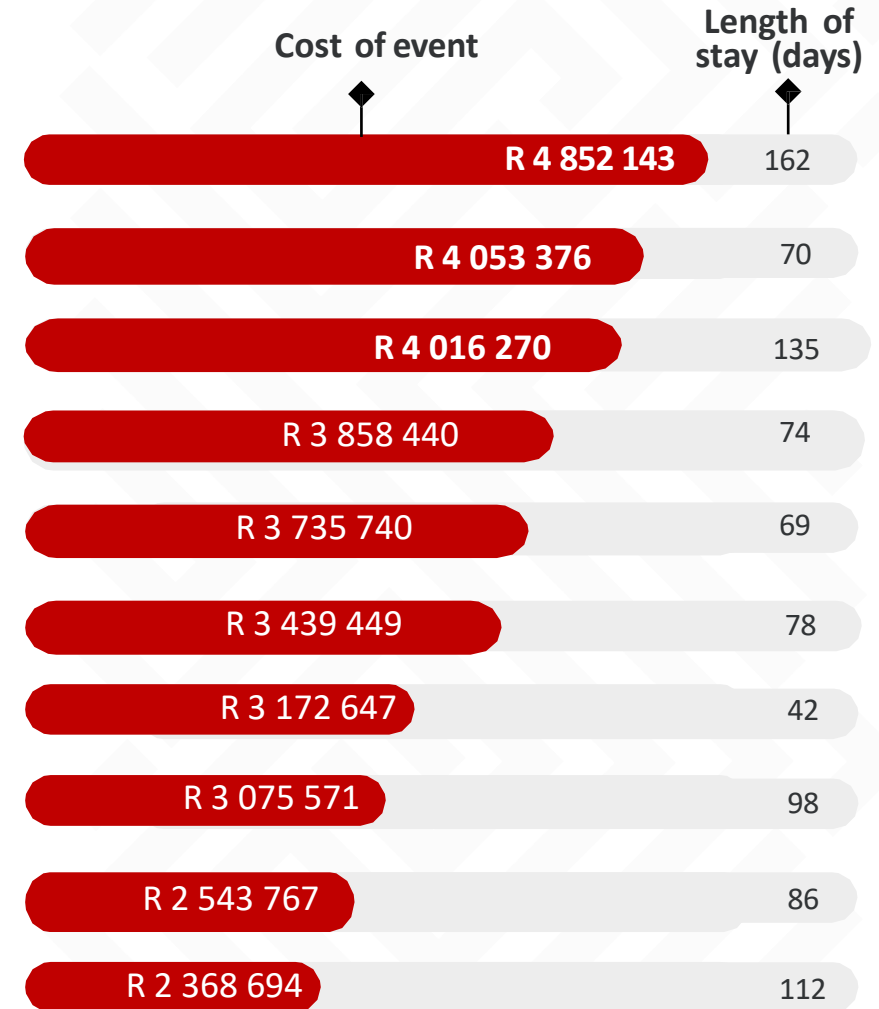
Bonitas enjoyed stable growth over the past financial year with only a marginal decline in membership

2023 CLAIMS EXPERIENCE

Largest claim categories



Top 10 individual claims



MULTIPLE TOUCHPOINTS FOR MEMBERS

Call centre support
available in all 11
official languages

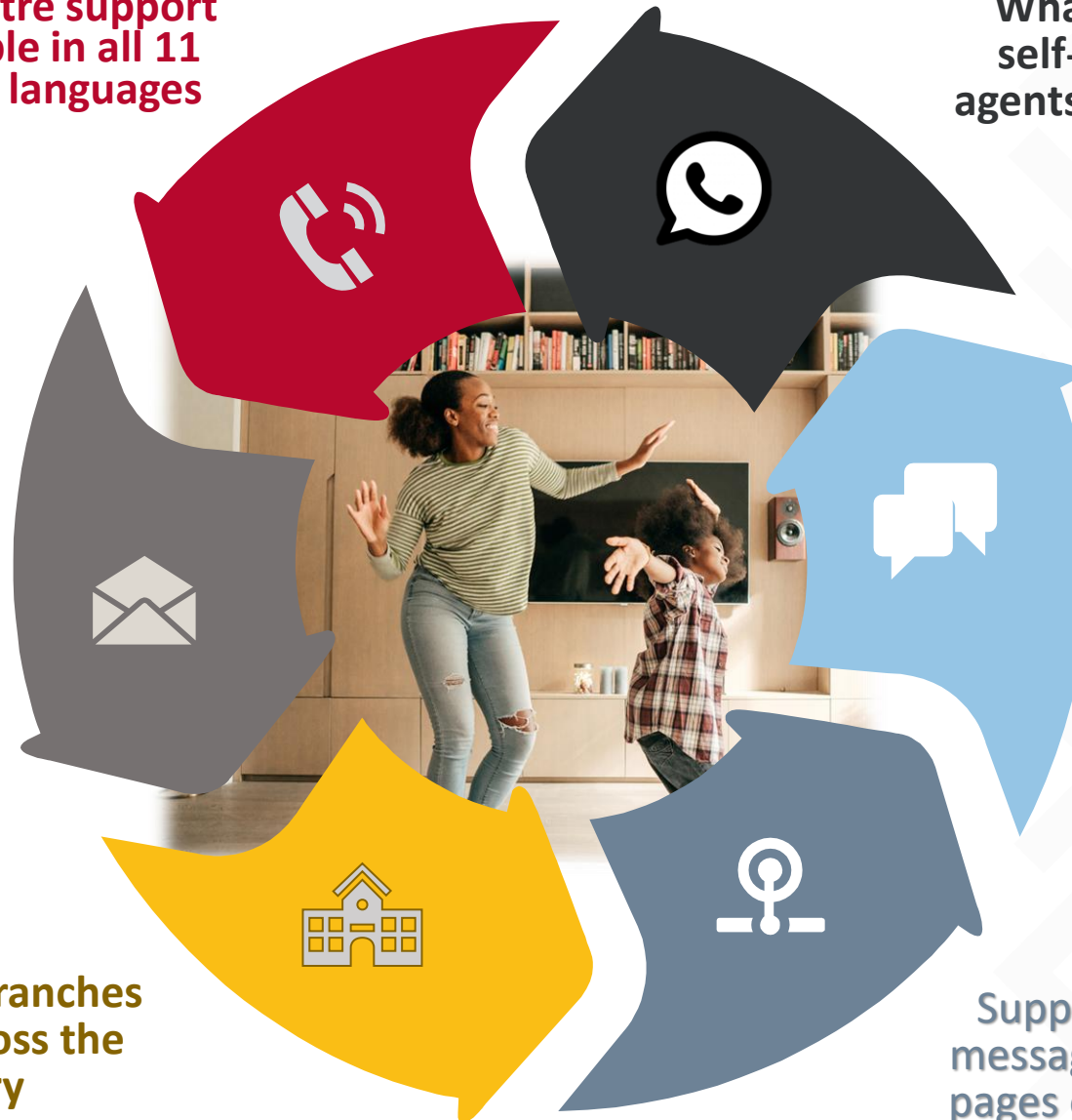
WhatsApp channel with
self-service options and
agents for real-time support

A range of
dedicated
email channels

Live chat through the
Bonitas app and
Member Zone

17 walk-in branches
located across the
country

Support through direct
messages on social media
pages on Facebook, X and
Instagram



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Bonitas



NHI : BONITAS STANCE



We support the concept of Universal Health Coverage

- ✓ To **improve access** to quality healthcare
- ✓ To **enhance quality of life** of all South Africans
- ✓ Contribute to **addressing the social-economic imbalances**, injustices and inequities of the past



But NHI is not Universal Health Coverage

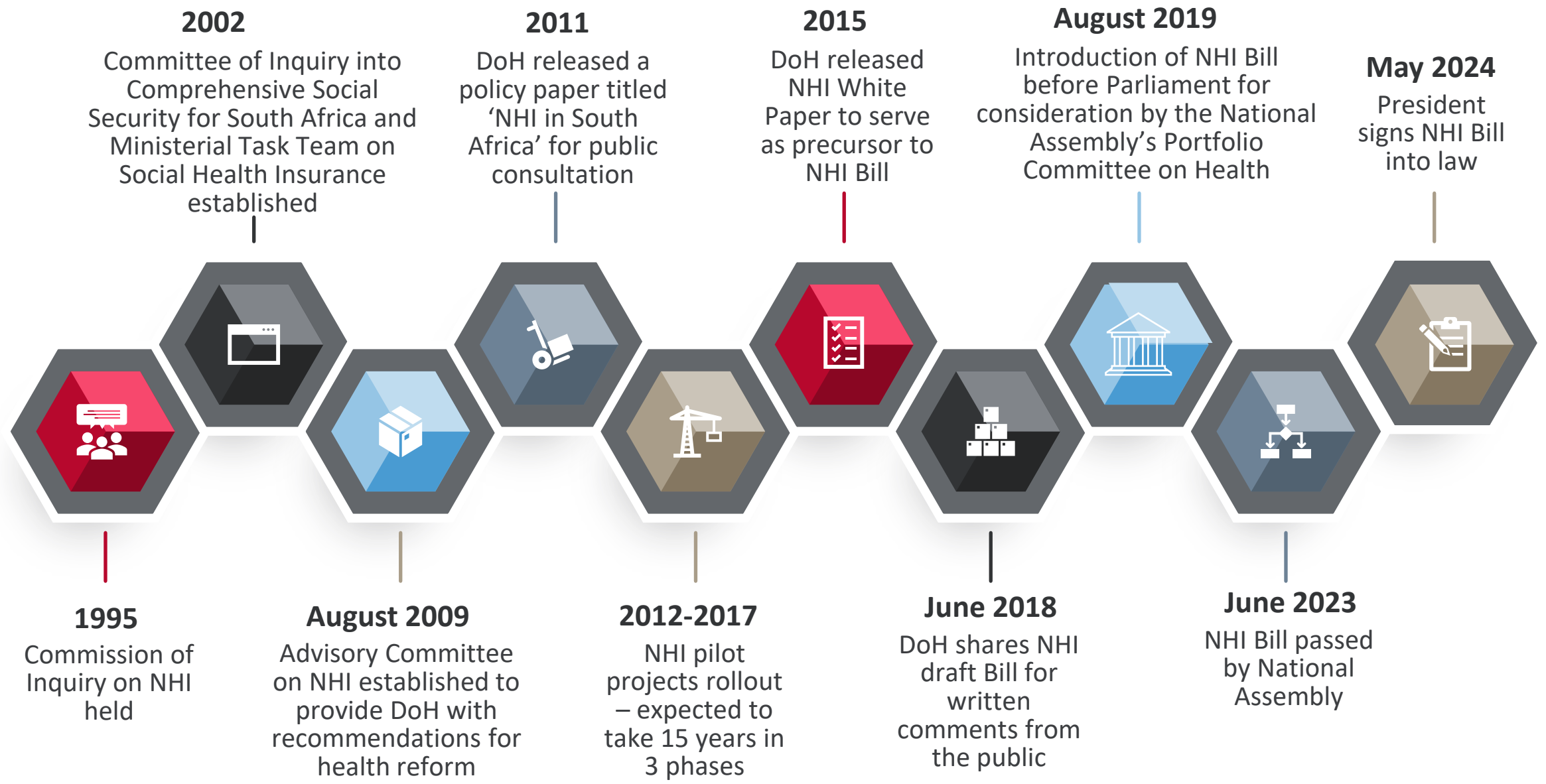
In other countries with some form of health insurance, citizens are free to purchase additional private health insurance cover, including cover that overlaps with services covered by the national system



Public/Private collaboration is critical for the success of NHI

- ✓ There is **definitely a role for medical schemes** to play
- ✓ There are **key learnings which can help benefit the public healthcare sector**
- ✓ **Enhancing public health infrastructure is key**

THE NHI JOURNEY



NHI: PHASED ROLLOUT

Phase 1 : 2023 to 2026

Preparation for establishment of the NHI Fund as a schedule 3A entity

- Establishment of a Board and governance structures
- Development of processes including accreditation of providers
- National Treasury sequencing and shifting of funds

Establishing institutions to be a foundation for a fully functional Fund

- National Tertiary Health Services Committee
- National Governing Body on Training and Development
- MAC on Health Care Benefits for NHI
- MAC on Health Technology Assessment
- Preparation for migration of ten central hospitals to semi-autonomous entities

Development of NHI legislation and amendment of other legislation

- National Health Act
- Medical Schemes Act
- Health Professions Act
- Road Accident Fund Act

Health system strengthening initiatives

- Alignment of human resources to needs of users
- Infrastructure readiness
- Increasing access to medicines, medical devices and diagnostics
- Continued efforts for reduction of medicine and health service pricing in private sector

Phase 2 : 2026 to 2028

Health system strengthening initiatives (continue)

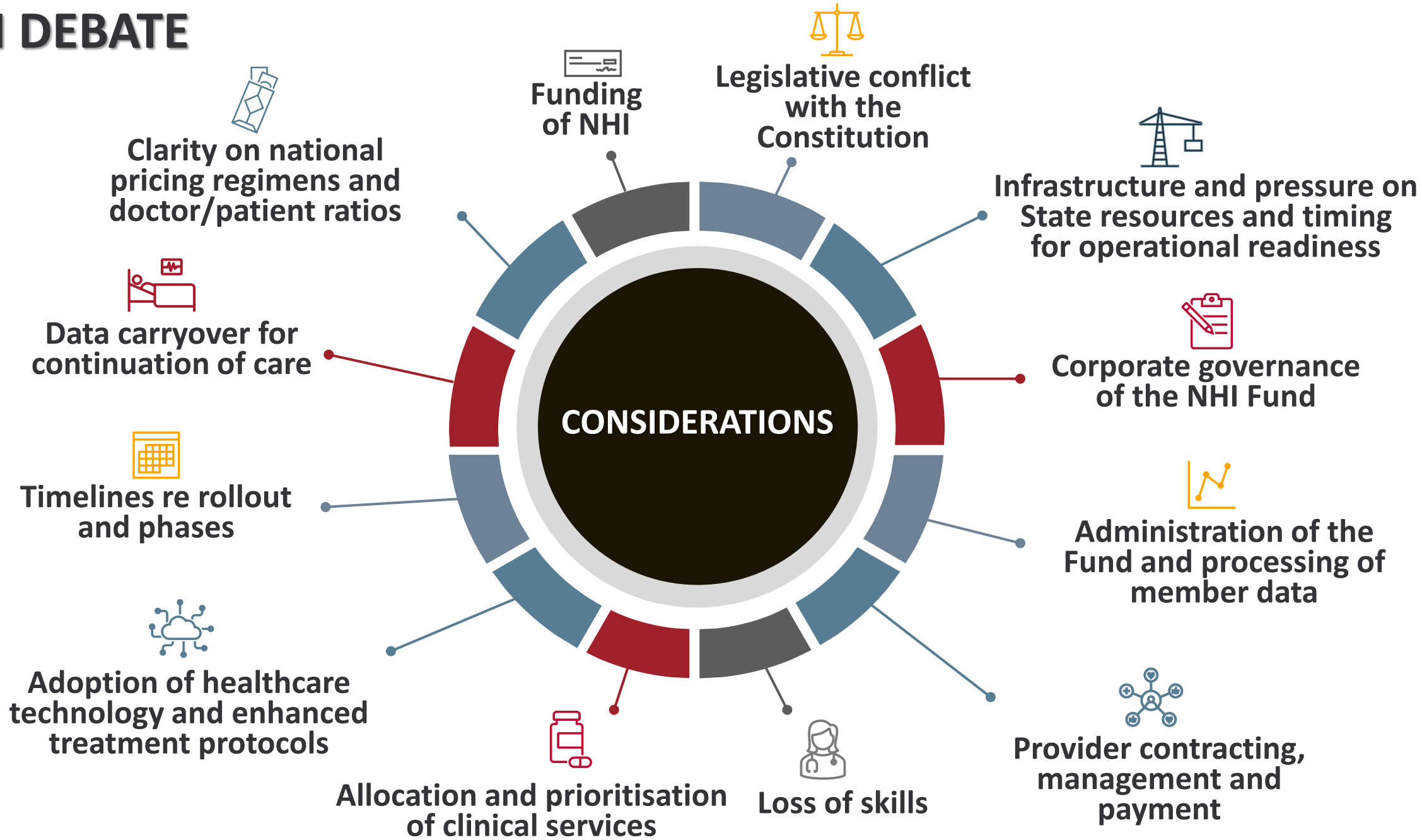
- Alignment of human resources to needs of users
- Infrastructure readiness
- Increasing access to medicines, medical devices and diagnostics
- Continued efforts for reduction of medicine and health service pricing in private sector

Mobilisation of additional resources

Selective contracting of healthcare services from primary providers

- Purchasing of personal health services in PHC for aged, people with disabilities and rural communities
- Focus on disease prevention, promotion of PHC
- Contracting with providers

NHI DEBATE



WHY MEDICAL AID MATTERS



Access to comprehensive care in emergencies for speedier recoveries



Easy access to primary care improved convenience to lower absenteeism



Supports employee healthcare to enhance productivity



Supports the management of growing disease burden through managed care initiatives



Comprehensive support for mental health and maternity

BONITAS SUPPORT OF PUBLIC HEALTHCARE



Gift of the Givers
FOUNDATION



Through our strategic partnership with the Gift of the Givers Bonitas continues to contribute to the upliftment and enhancement of infrastructure in the public healthcare sector



Medical school bursaries



Audiology screening programme



Hospital ward refurbishments

OUR VALUE PROPOSITION

As the Medical Aid for South Africa. We:



Care about our members so we always act in their best interest.



Partner with the best services providers so our members have access to quality care at affordable rates.



Keep people healthy assist when they are ill and help create maximum value for them. We also make corporates healthier, so they are more productive and engaged.



Are financially stable so we always act in our members best interests.



Find innovative ways to connect with our members including our helplines, services centres, website, app, WhatsApp and social media.



Offer a wide range of plans that are easy to use and understand to suit a broad variety of healthcare needs.



HOW WE CARE FOR OUR MEMBERS

Our purpose is *to align our strategic intent to a new South Africa while achieving balance between growth and financial sustainability*

We ensure quality care in and out of hospital through extended benefits and innovation such as Hospital at Home

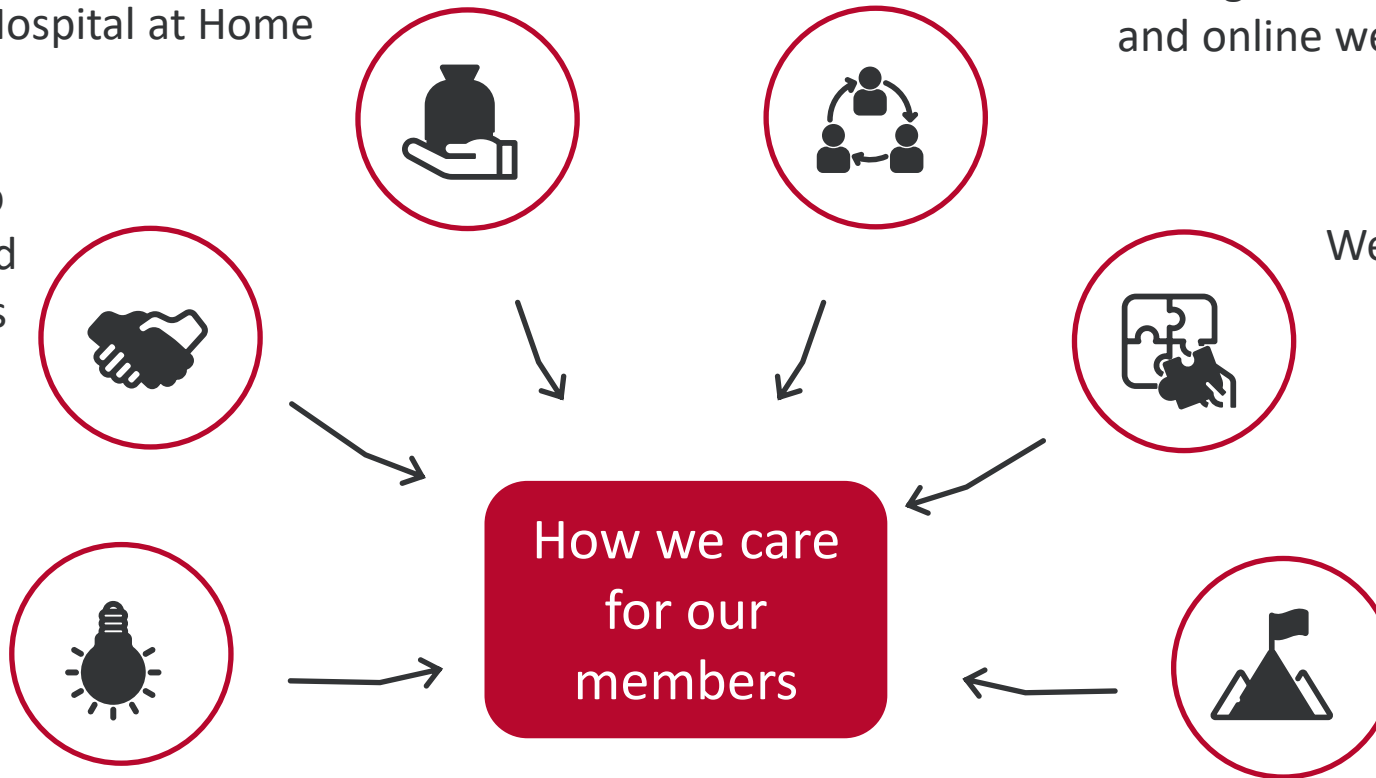
We leverage healthcare technology to extend care through initiatives such as virtual care and online wellness assessments

We provide broader access to preventative care benefits paid from risk to support members through all life stages

We perform by using data analytics proactively

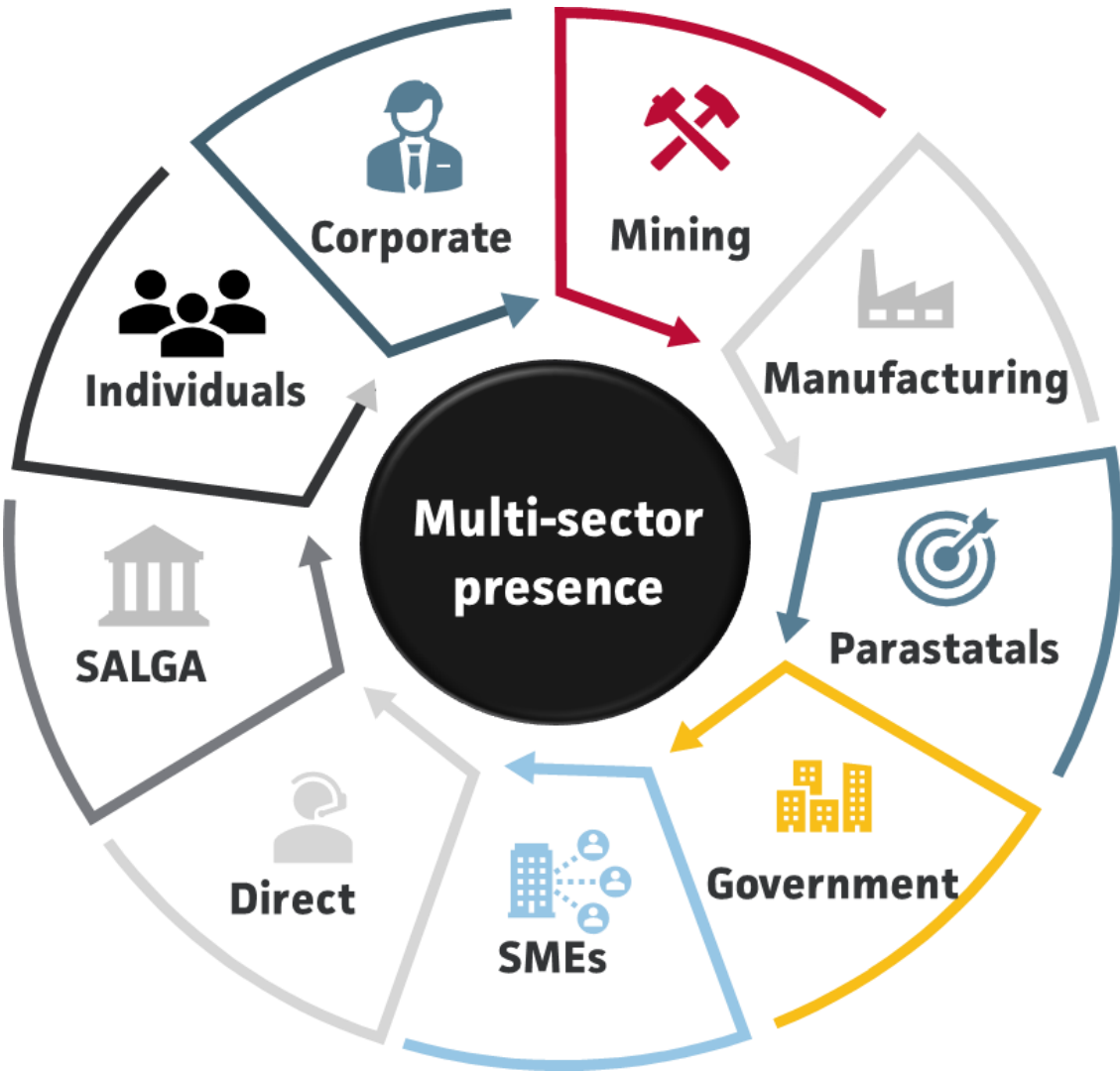
We provide risk assessments to allow for early detection and intervention for chronic conditions

We extend emergency medical services to a greater pool of providers with a dedicated line through Bonitas SOS

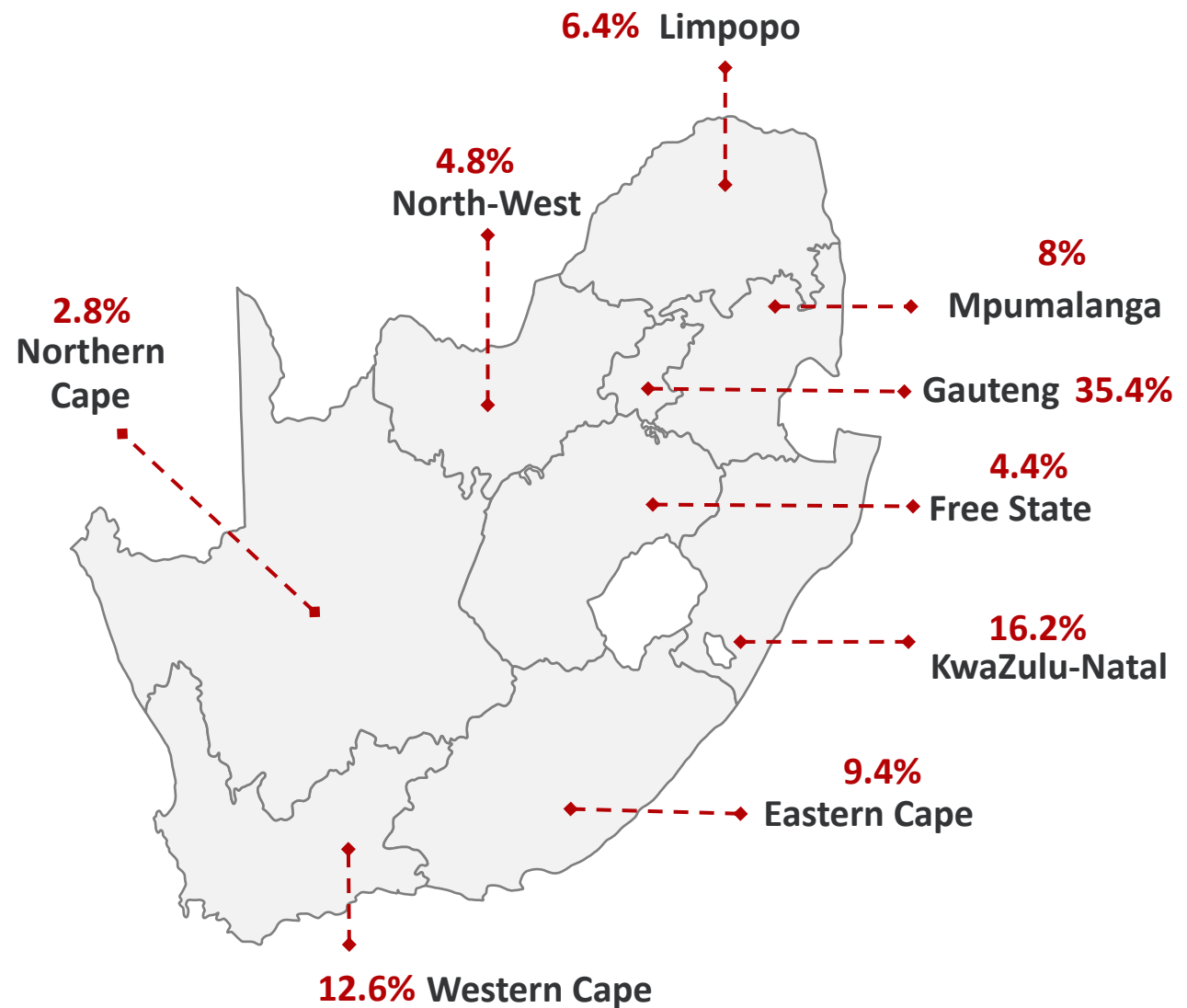


OUR FOOTPRINT

SECTORS WE OPERATE IN

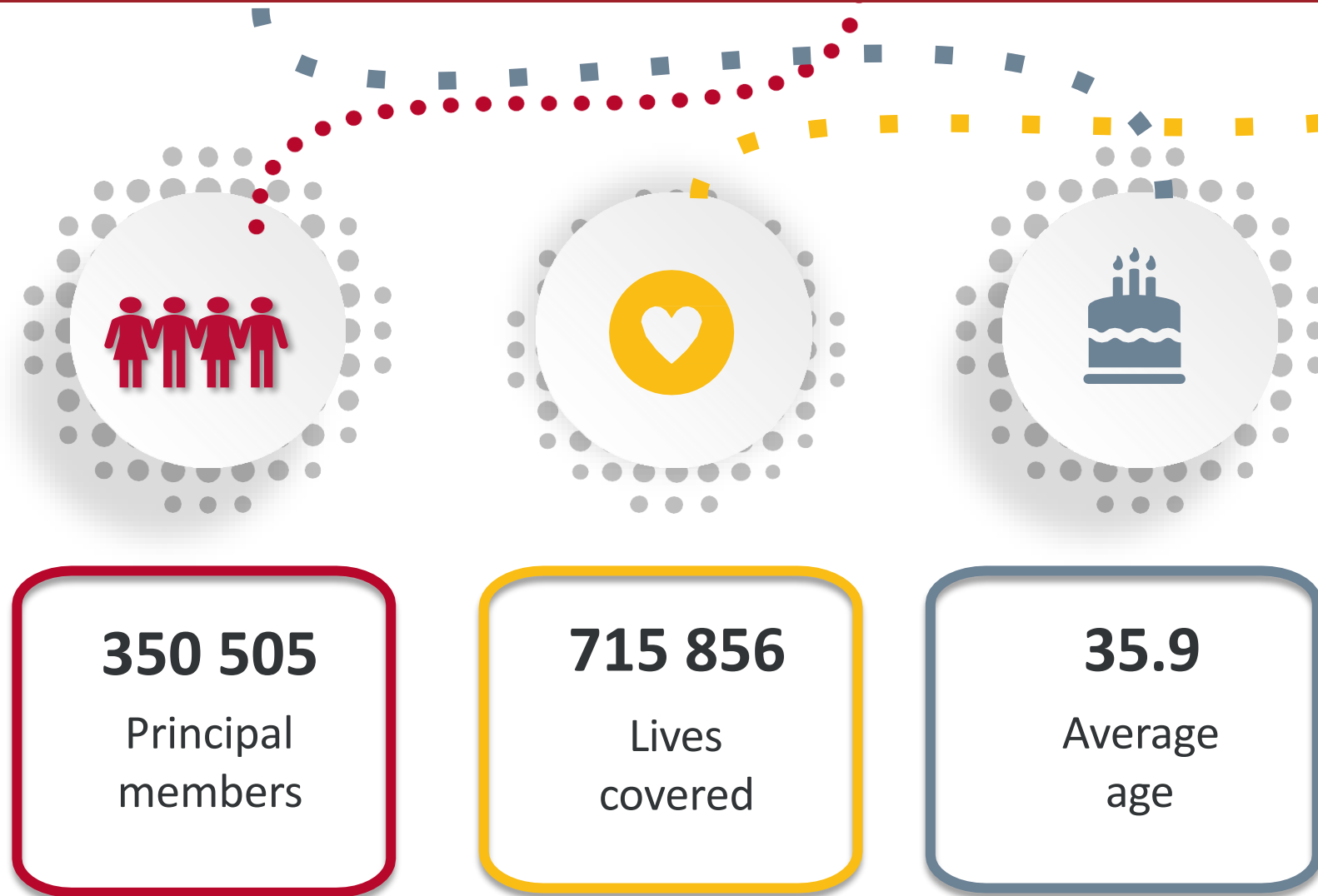


GEOGRAPHIC FOOTPRINT



2023 MEMBERSHIP OVERVIEW

BONITAS HAS A 15% SHARE OF THE OPEN MEDICAL SCHEME MARKET



NEW MEMBERSHIP ANALYSIS

Member acquisition

50 276

new principal
members added in 2023



Over

45 000

new principal members
added YTD 2024



Demographics

Average age

38

years old

Average family size

1.8

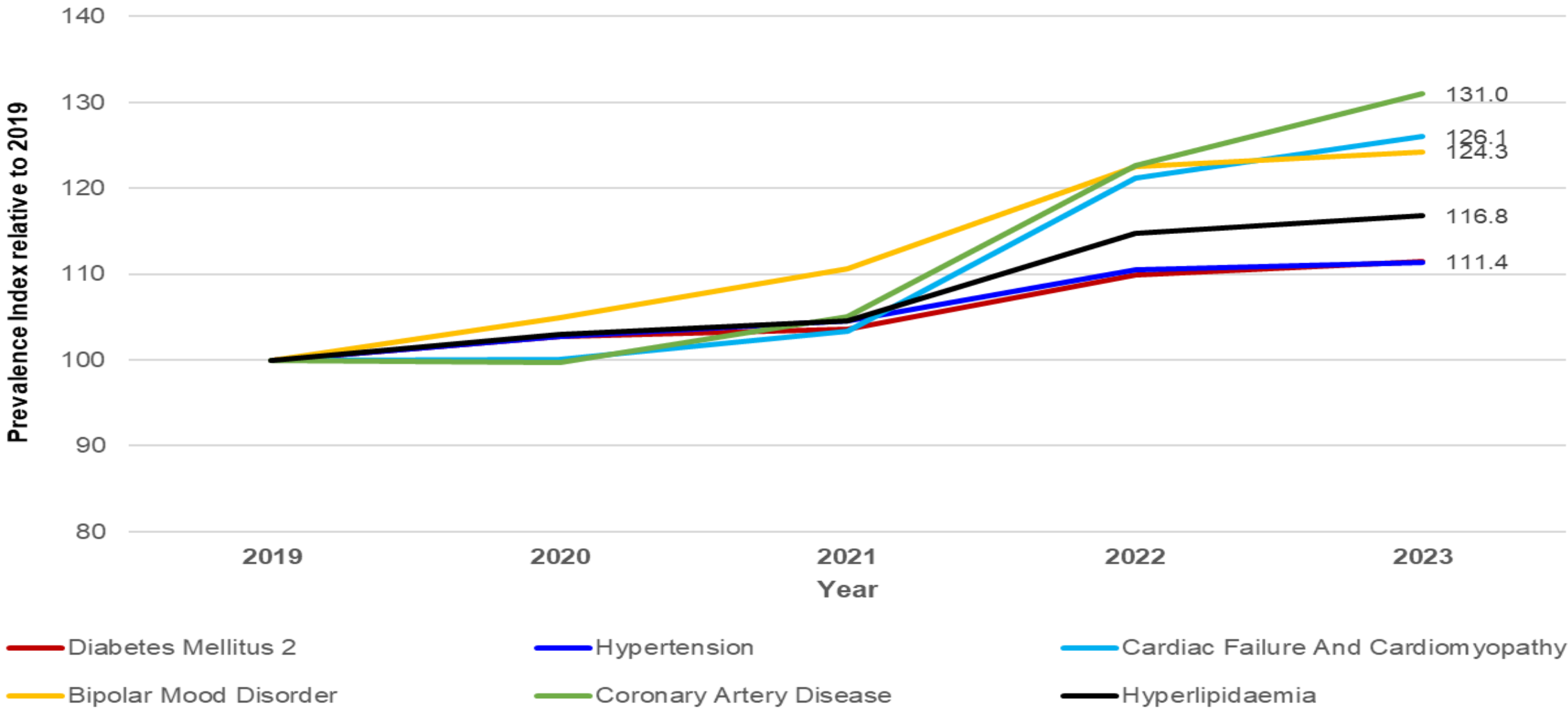
Mainly based in

GAUTENG

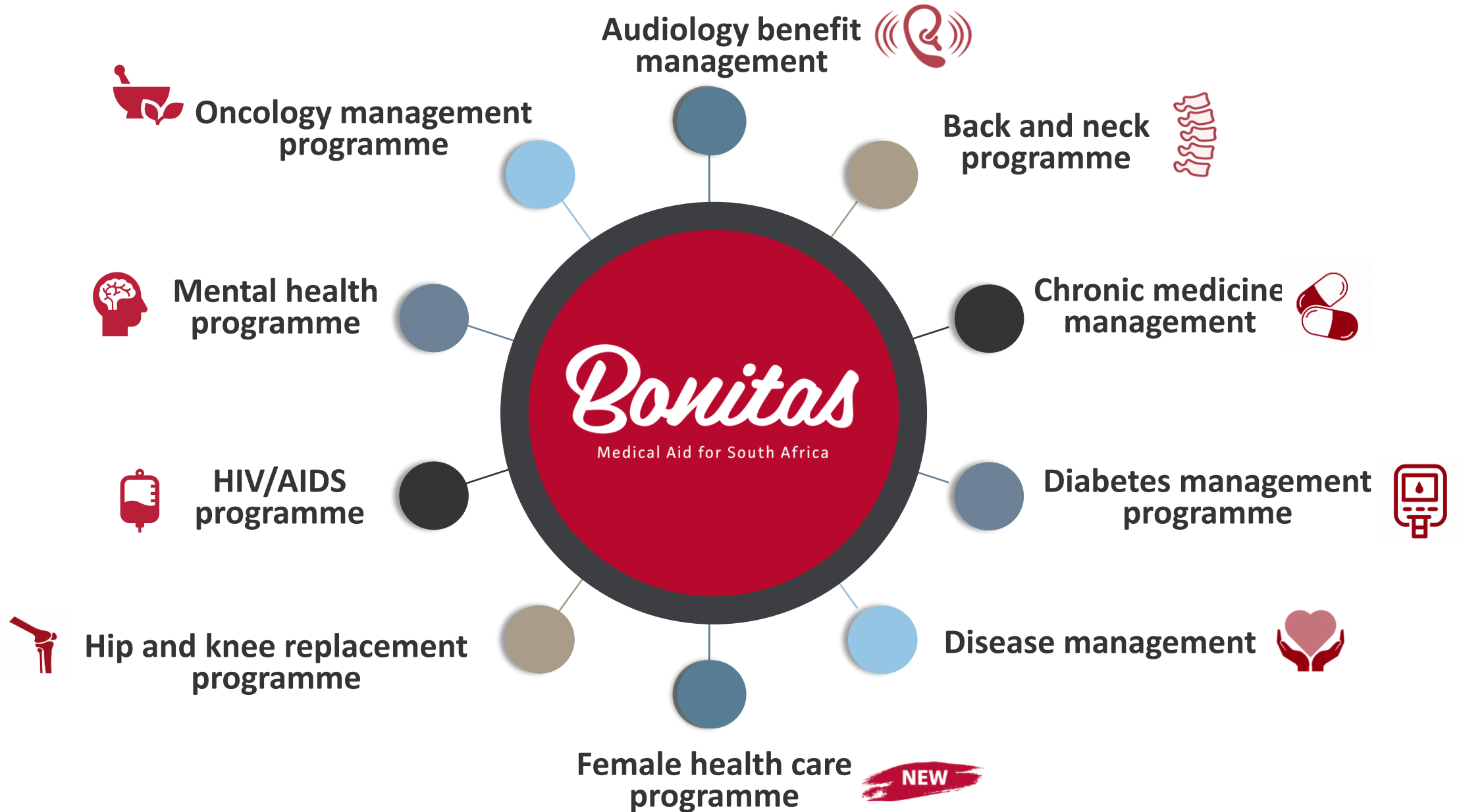
CHRONIC PREVALENCE



The Scheme experienced a significant increase in the number of members registered for chronic diseases since the onset of the pandemic.



ENHANCED CARE PROGRAMMES



MANAGED CARE PROGRAMME ENROLMENT



193 418

Beneficiaries registered for chronic medicine

↓ **27%**

(2022: 202 611)



39 091

Beneficiaries on the HIV/AIDS programme

↓ **3%**

(2022 : 40 311)



16 499

Beneficiaries on the cancer programme

↓ **2.3%**

(2022 : 16 649)



57 946

Beneficiaries on the diabetes programme

↓ **8.1%**

(2022 : 67 641)



7 298

Beneficiaries identified for the back & neck programme

↑ **1%**

(2022 : 7 144)

INCREASED PREVALENCE OF MENTAL HEALTH

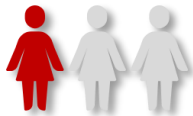
High prevalence of mental health disorders globally



1 IN EVERY 8

people in the world live with a mental health disorder

1 IN 3
WOMEN



1 IN 5
MEN



will experience major depression in their lives

There is a high prevalence of depression in South Africa, with the majority untreated



1 IN EVERY 5



people in South Africa have symptoms of probable depression



ONLY 25%

of South Africans with mental health disorders receive treatment

A similar trend is seen in the Bonitas environment

Bonitas

2.6%

of Bonitas members are registered for chronic benefits related to depression.

However, apparent prevalence for depression is

over 7%

THE SUPER-ADDITIVE EFFECT OF MENTAL HEALTH

NCDs as a risk factor for Mental Illness

Higher risk of depression in cancer and diabetes patients

Chronic meds side-effects

Physical illness as stressor that triggers MH

CHRONIC DISEASE



MENTAL DISORDERS



Mental illness as a risk factor for NCDs

66% have another NCD

2-fold risk of developing NCD

Immune, inflammatory and other physical effects

Shared risk factors


Physical inactivity

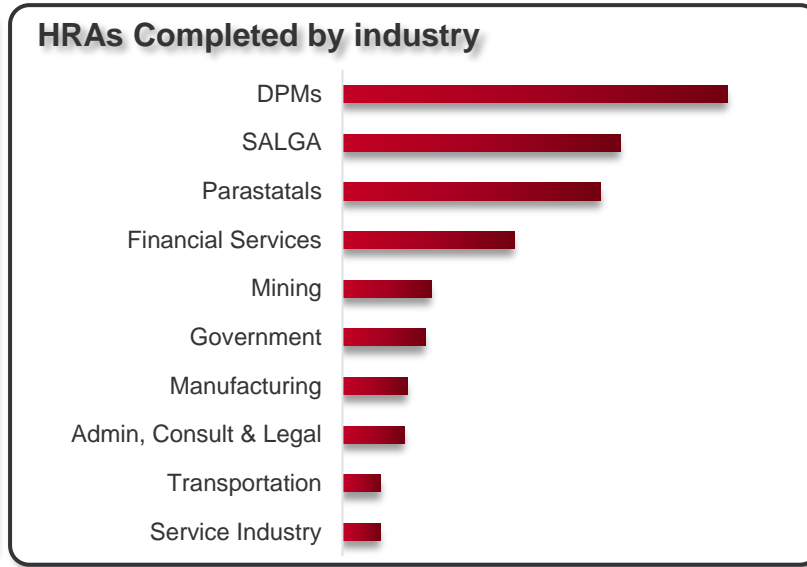
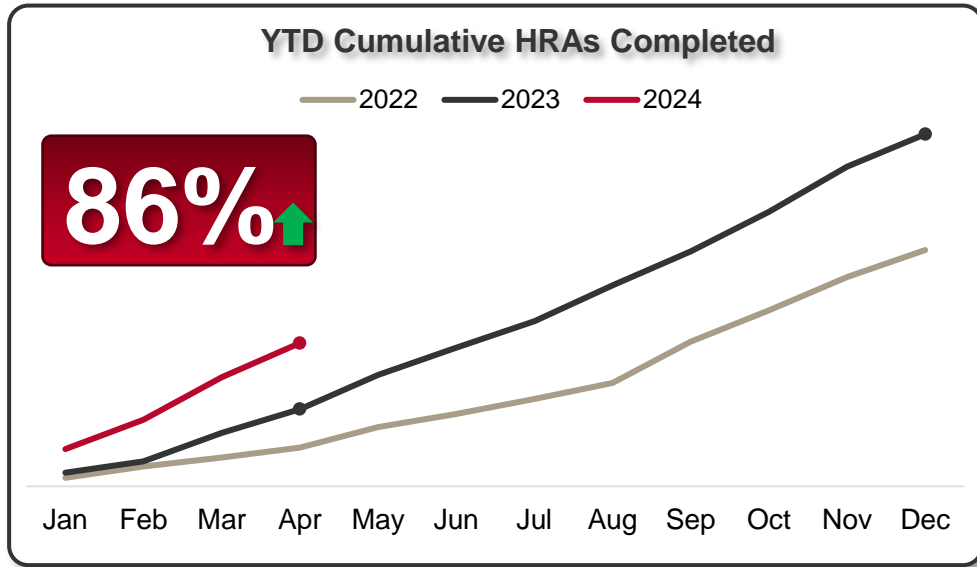

Poor diet


Substance use


Multi morbidity


Social factors

INCENTIVISING SCREENING THROUGH ENHANCED BENEFITS



Total Number Unique Bens

>50 000

(Jan 2023 – Apr 2024)

Benefit Booster claims YTD

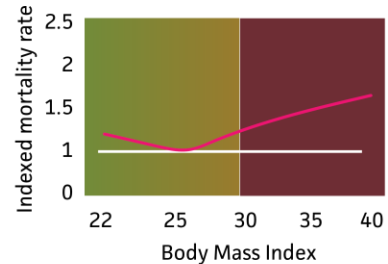
R28.4 m

R77.3 m (2023 full year)

Increased number of members going for screening



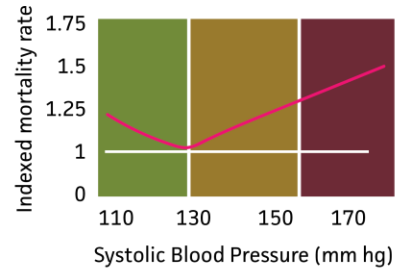
Body-mass index (BMI)



Waist-adjusted BMI is considered in range if BMI is between 18.5 and 25 or between 25 and 30 with a waist circumference under 80 cm for women and under 94 cm for men.



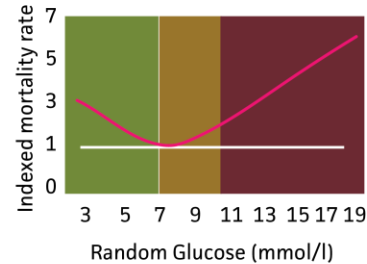
Blood pressure



High blood pressure is associated with increased health risk.



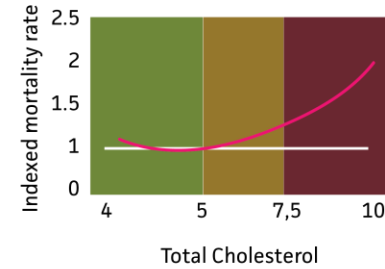
Blood glucose



A high blood glucose level is associated with increased health risks.



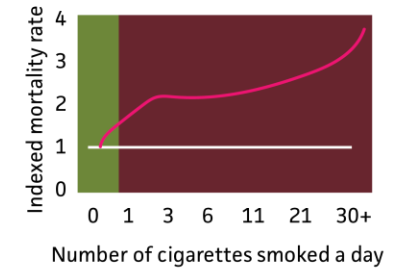
Cholesterol



High cholesterol is associated with increased health risks.



Smoking status



The risk of premature death is related to whether an individual is a smoker or a non-smoker. The more a person smoked, the greater their health risk.

ENHANCED PREVENTATIVE CARE AND SCREENING BENEFITS

Essential screening and preventative care benefits to **detect early signs of disease or serious illness**



Women's Health

- Mammogram
- Pap smear
- HPV vaccinations

Mental Health

- Online mental health assessments

Men's Health

- Prostate screening

General Health

- Flu vaccine
- HIV test
- Full lipogram
- Pneumococcal vaccine
- Bone density test
- Whooping cough booster
- Colorectal cancer screening
- Dental fissure sealants
- Eye check-up
- COVID19 vaccinations

Physical Health

- Blood pressure
- Glucose
- Cholesterol
- Body Mass Index
- Waist-to-hip ratio

Children's Health

- Hearing screening
- Congenital hypothyroidism
- Paediatrician or GP consultations
- Child Immunisation *

RECOGNISED AS A LEADER IN THE INDUSTRY



**Best
Operational
Performance**

**BHF Titanium Awards
2022
2023
2024**



**Best Integrated
Annual
Report**

**BHF Titanium Awards
2024**



**Best
Medical
Scheme**

**Top 500 2023/2024
News24 Business Awards
2023**



**Best Lead
Generation
Campaign**

**New Generation Awards
2023**



**Number 1
Medical
Aid**

**Ask Afrika Orange Index
2019/2020
2021/2022**

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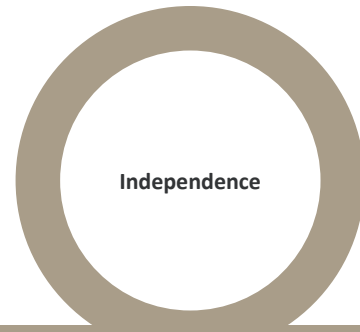
09 Closing



DISCUSSION ITEMS



Scope of Audit



Independence



Key audit matter (KAM)



Audit report

- Audit of annual financial statements for the year ended 31 December 2024
- Audit and review of certain parts of the annual statutory return
- Agreed upon procedures on SALGA membership

- IRBA code and other ethical requirements

- Incurred But Not Reported (IBNR) component of the Liability for Incurred Claims (LIC) and Risk Adjustment (RA)

- Expect audit report on annual financial statements: Unmodified audit report
- Expected audit and review report on the annual statutory return: In progress
- Both to be finalised on the conclusion of the Council for Medical Scheme (CMS) process

EXPECTED INDEPENDENT AUDITOR'S REPORT



TO THE MEMBERS OF BONITAS MEDICAL FUND

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Bonitas Medical Fund (the Scheme) set out on pages 98 to 161, which comprise the statements of financial position as at 31 December 2023, and the statements of comprehensive income, the statements of changes in members' funds and reserves and the statements of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policy information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Scheme as at 31 December 2023, and its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Medical Schemes Act of South Africa.

Independence

We confirm that we provided the trustees with a statement that we complied with relevant ethical requirements regarding independence, and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

EXPECTED INDEPENDENT AUDITOR'S REPORT

Key audit matter

Incurred but not reported (IBNR) component of the liability for incurred claims (LIC) and Risk Adjustment (RA):

IBNR:

- As disclosed in note 12, the carrying amount of the best estimate liability – incurred but not reported claims at year end includes R849 332 396 (2022: R902 002 118) related to insurance contracts.
- 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 and related external claims handling expenses. The Bornhuetter Ferguson (BF) method has been used to determine the IBNR as at 31 December 2023.
- The IBNR calculation is based on several 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 and severity, and
 - Changes in the claims processing cycle per claim.

Risk Adjustment:

- As disclosed in note 12, the carrying amount of the Risk Adjustment related to insurance contract claims at year end was R140 901 995 (2022: R129 251 194).
- Under IFRS 17, the Risk Adjustment reflects the compensation that the entity requires for bearing the uncertainty for the amount and the timing of the cashflows that arise from non-financial risk. A Boot strapping model was used to determine the risk adjustment for the non-financial risk. The risk adjustment is calculated at a scheme level. The confidence level has been set to lie between the 90th and 99.5th percentile reflect the risk tolerance of the IBNR provision.
- The transition from IFRS 4 to IFRS 17 resulted in a retrospective adjustment to the IBNR claims component of the LIC and RA the for the period 31 December 2021 and 31 December 2022.
- Certain of the above-mentioned 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 and RA as representing a key audit matter.

How the matter was addressed in our audit

In evaluating the valuation of the IBNR claims component of the LIC and RA, we audited the calculations approved by the Board of Trustees and performed various procedures which included:

- Considering the design and implementation of the Scheme's controls relating to the preparation of the IBNR and Risk adjustment calculation;
- Testing the integrity of the information used in the calculation of the IBNR and RA by performing substantive procedures to test the accuracy and completeness of data used in the valuation of IBNR and RA;
- With the assistance of our actuarial specialists, assessed the appropriateness of the methodology and assumptions used in determining the IBNR and RA, performed an independent calculation of the estimate of the provision under historical claims data and trends, and using this estimate as a basis of assessing the reasonableness of the Board of Trustee's estimate of provision. A recalculation of the IBNR provision and RA for 2021 and 2022 was also performed for reasonability;
- Testing a sample of claims paid in the current year against the related IBNR reserve held to assess the reasonability of assumptions used to calculate the IBNR estimate; and
- Assessing the presentation and disclosure in respect of the IBNR and Risk Adjustment and considered the adequacy of these disclosures.

In respect of the 2021 and 2022 IFRS 17 transition periods, our work focused on the recalculation of the RA and assessment of the reasonability thereof for the 2021 and 2022 periods. For the IBNR, we leveraged the work performed previously where we performed a full review of the methodology, assumptions, and calculations. The results for 2021 and 2022 were appropriate for the IFRS 17 base as management used a point estimate at the time without applying hindsight. Therefore, we are comfortable that the IBNR is appropriately valued for transition periods 31 December 2021 and 2022 in line with the requirements of IFRS 17.

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DISCLAIMER: CONCLUSION OF EXTERNAL AUDIT PROCESS

The Bonitas external audit process concludes with the submission of the annual statutory return (ASR) to the Council for Medical Schemes (CMS).

The CMS ASR system was adjusted for 2023 due to introducing International Financial Reporting Standards (IFRS) 17: Insurance Contracts, and the medical schemes industry was informed of a delay in the ASR process. This led to a delay in concluding the Bonitas external audit.

To minimise the impact on regulated AGM timeframes, the CMS guided medical schemes to issue the Annual Financial Statements (AFS) and the Annual Integrated Report (AIR) in draft form. The AFS and AIR will be finalised and signed when the external audit opinion is concluded. If any changes are required to the AFS by the CMS the Scheme will inform you accordingly.

2023 MEMBERSHIP TRENDS



Principal members

350 505

(2022: 353 763)



Dependants per principal member

1.04

(2022: 1.06)



Total beneficiaries

715 866

(2022: 727 041)



Pensioner ratio

11.4%

(2022: 11%)



Average beneficiary age

35.9 years

(2022: 35.5 years)



Chronic profile

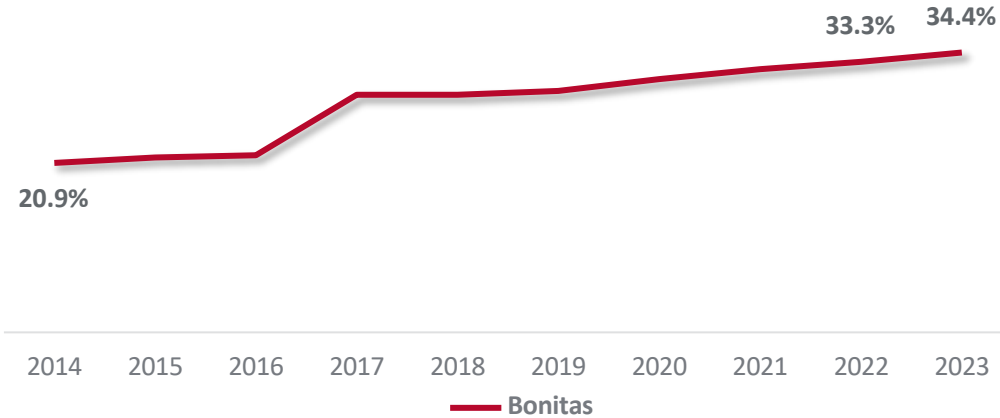
19.1%

(2022: 18.7%)

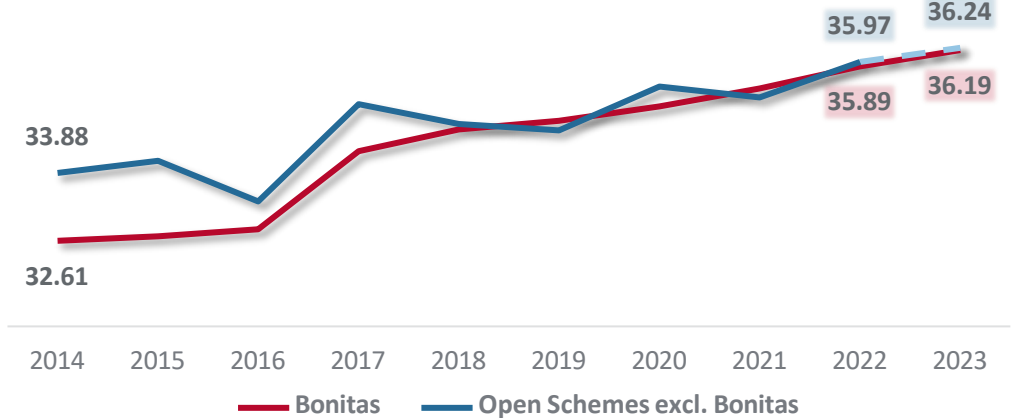


BONITAS DEMOGRAPHICS V INDUSTRY

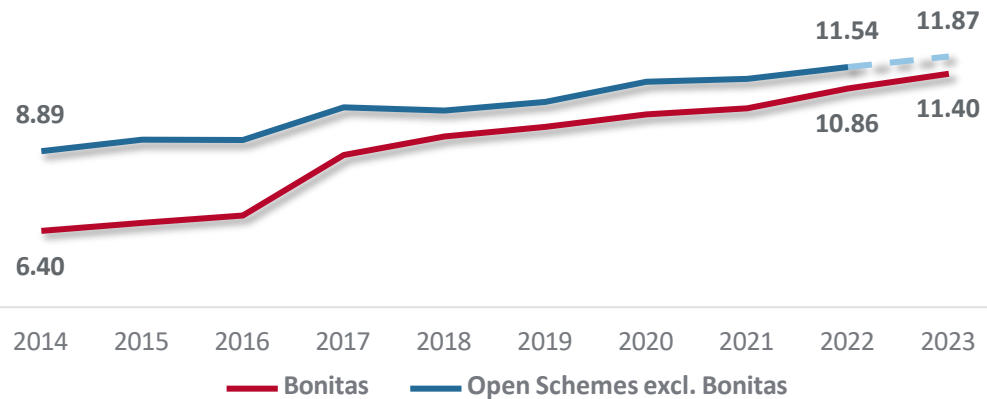
DPM Ratio



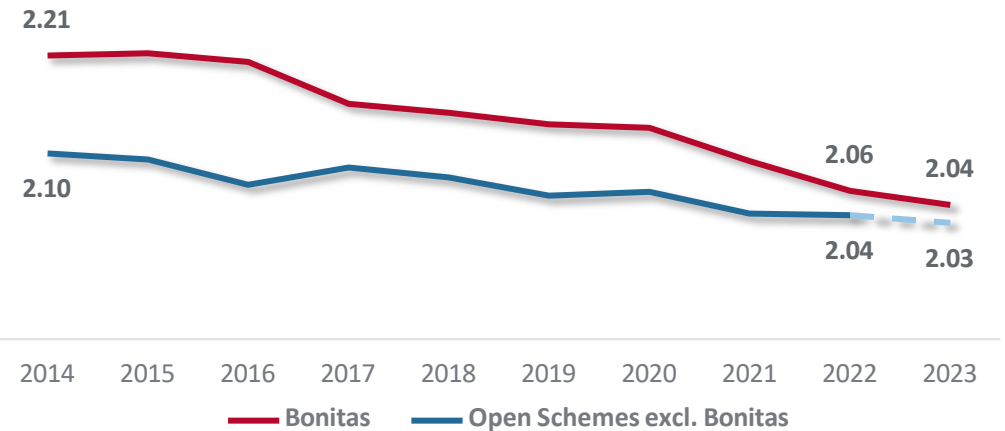
Average age



Pensioner Ratio



Average Family Size



VALUE CREATED FOR MEMBERS

Value for money for managed care and administration fees

Deloitte. R1,85 for every R1 spent

(2022: R1,79 for every R1 spent)



Non-healthcare expenditure as a % of risk contributions



9.3%

(2022: 9.1%)



Hospital claims processed per day



1 163

(2022: 1 140)



Hospital authorisations processed per day



1 347

(2022: 1 311)

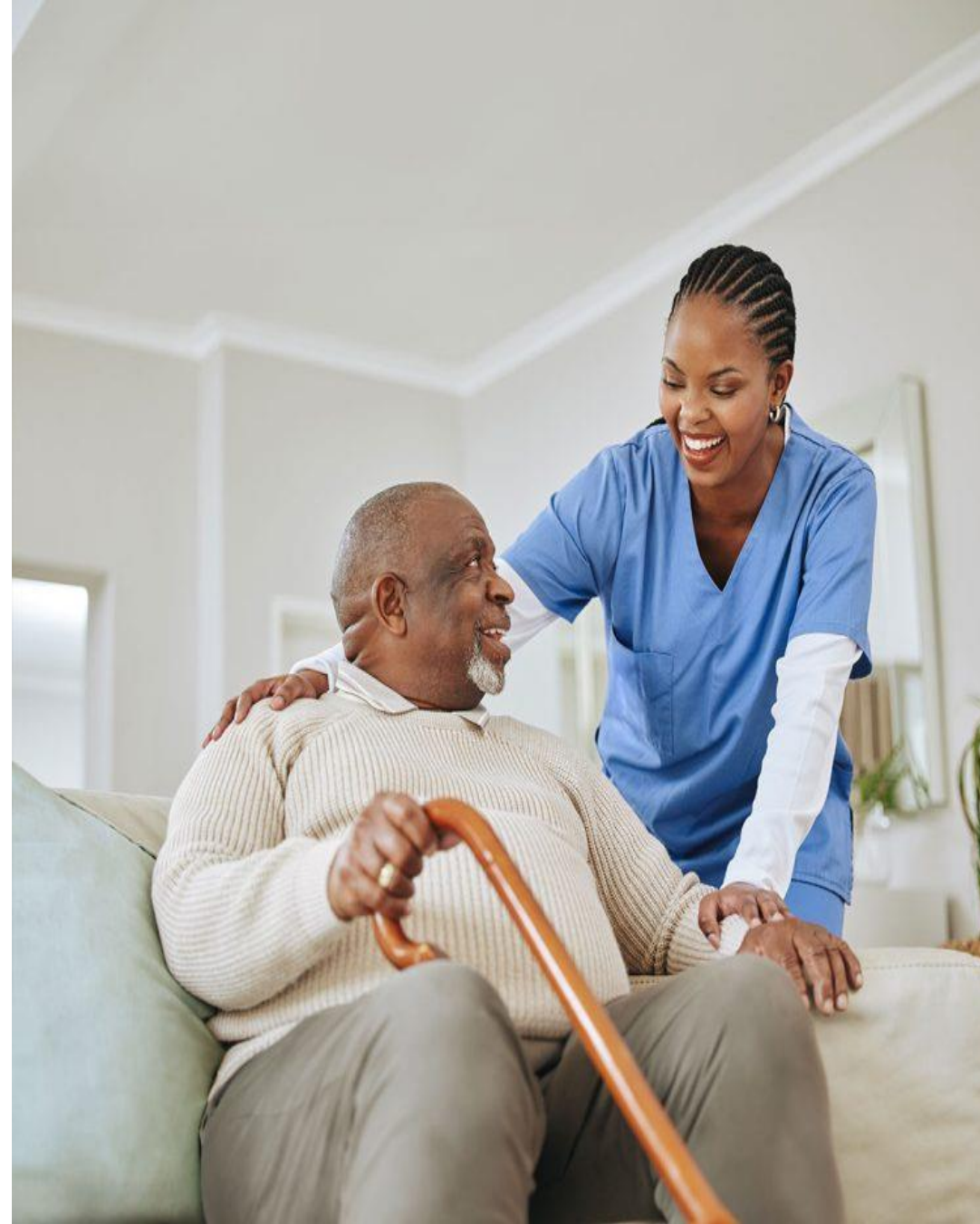


Hospital tariff savings



R475 million

(2022: R260 million)



ENSURING SCHEME STABILITY

Insurance liability for future members (reserves)

R8.9 billion

(2022: R8.6 billion)



Insurance service result (deficit)

R451 million

(2022: R414.3 million)



Solvency ratio

41.5%

(2022: 40.6% restated)

(2022: Industry average 30.8%)



Amounts attributable to future members (surplus)

R265.3 million

(2022: R696.4 million)



ENSURING SCHEME STABILITY



Gross recoveries from
fraud, waste and
abuse

R52.3 million

(2022: R55 million)



AA+

credit rating

(2022: AA-)



Investment income

R830 million

(2022: R781 million)



Total investment portfolio value
excluding cash

R10.21 billion

(2022: R9.97 billion)



Aggregate gross investment return

7.7%

(2022: 7.2%)



IFRS 4 AGGREGATED STATEMENT OF COMPREHENSIVE INCOME AS AT 31 DECEMBER 2023

	2023 R'000
Net contributions	19 461 328
Relevant healthcare expenditure	(18 112 763)
Net claims incurred	(17 840 118)
Accredited managed healthcare services	(606 668)
Net income on risk transfer arrangements	314 023)
Gross healthcare result	1 374 010
Broker service fees	(395 201)
Administrative expenditure	(1 424 157)
Net impairment losses on healthcare receivables	(34 987)
Net healthcare result	(480 335)
Other income	865 105
Other expenditure	(107 805)
Net surplus/Deficit for the year	276 965
Total comprehensive income for the year	276 965

IFRS 17 AGGREGATED STATEMENT OF COMPREHENSIVE INCOME AS AT 31 DECEMBER 2023

	2023 R'000
Insurance revenue	19 461 328
Insurance service expense	(20 227 945)
Net claims incurred	(17 842 862)
Insurance acquisition cash flows	(395 201)
Accredited managed healthcare services	(606 668)
Attributable expenses incurred	(1 117 900)
Amounts attributable to future members	(265 314)
Net income from risk transfer arrangements/re-insurance	315 574
Insurance service result	(451 043)
Other income	865 105
Net insurance finance expenses	(70 838)
Other expenditure	(343 224)
Net surplus/Deficit for the year	-
Total comprehensive income for the year	-

RECONCILIATION OF IFRS 4 VERSUS IFRS 17 : STATEMENT OF COMPREHENSIVE INCOME

	2023 R'000
IFRS 4 surplus for the year	276 965
Liability for incurred claims (Risk adjustment movement for 2023)	(11 651)
IFRS 17 Amounts attributable to future members	265 314

IFRS 17 AGGREGATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

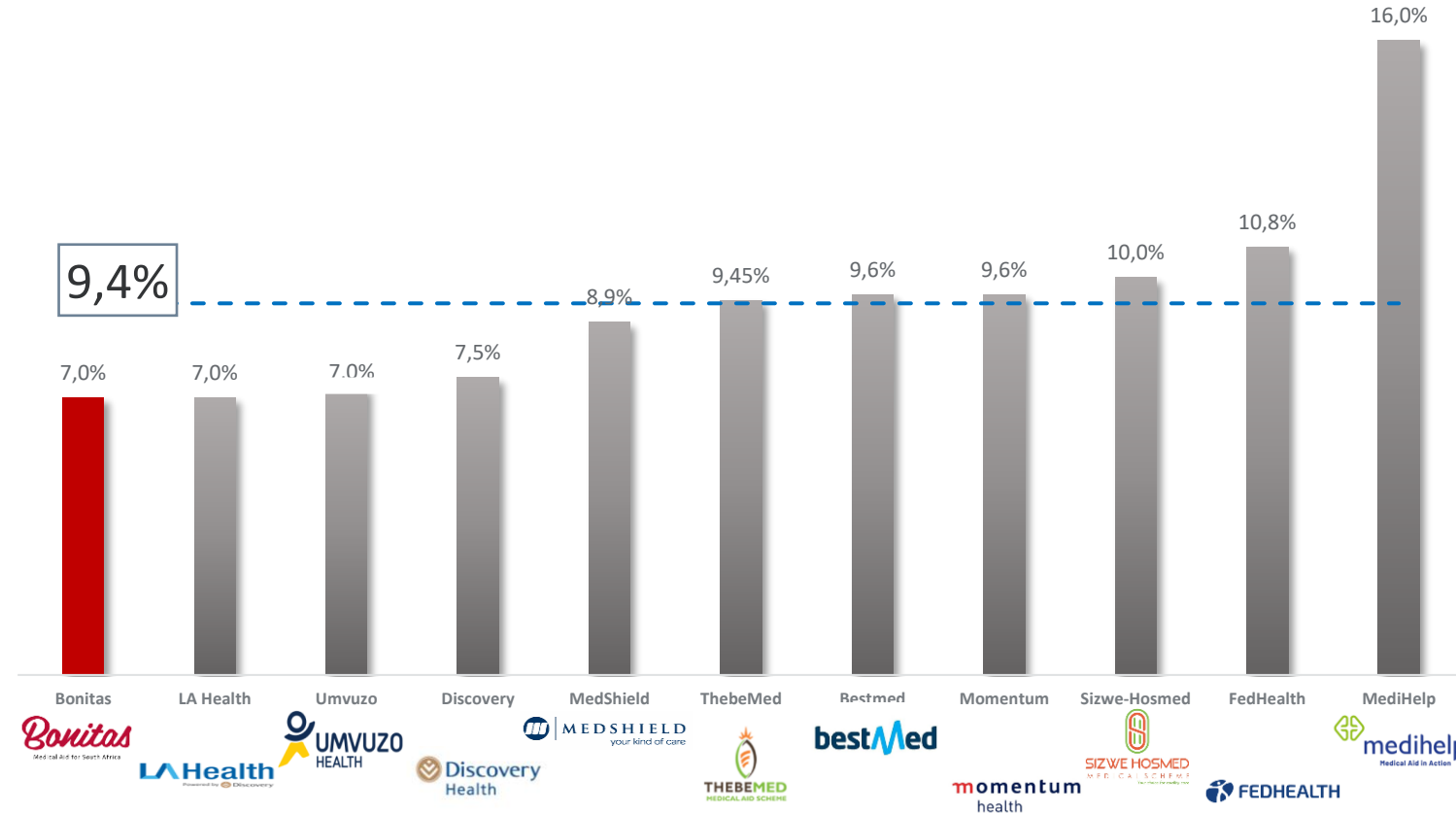
	2023 R'000	2022 R'000
ASSETS		
<i>Non-current assets</i>	4 762 213	4 978 110
<i>Current assets</i>	6 314 753	5 774 390
Total assets	11 076 966	10 752 500
LIABILITIES		
<i>Non-current liabilities</i>	8 897 204	8 637 679
<i>Current liabilities</i>	2 179 762	2 114 821
Total liabilities	11 076 966	10 752 500

IFRS 17 AGGREGATED STATEMENT OF CASH FLOWS AS AT 31 DECEMBER 2023

	2023 R'000
Cash flows from operating activities	
Cash receipts from members and providers	20 569 353
Cash paid to providers, employers and members	(20 934 559)
Cash utilised by operating activities	(365 206)
Interest paid	(70 838)
Interest received	11 508
Net cash flow from operating activities	(424 563)
Net cash flow from investing activities	528 243
Net cash flow from financing activities	(2 121)
Net increase in cash and cash equivalents	121 586
Cash and cash equivalents at the beginning of the year	646 015
Cash and cash equivalents and the end of the year	767 601

CONTRIBUTION INCREASE COMPARISON

2024 Contribution increases



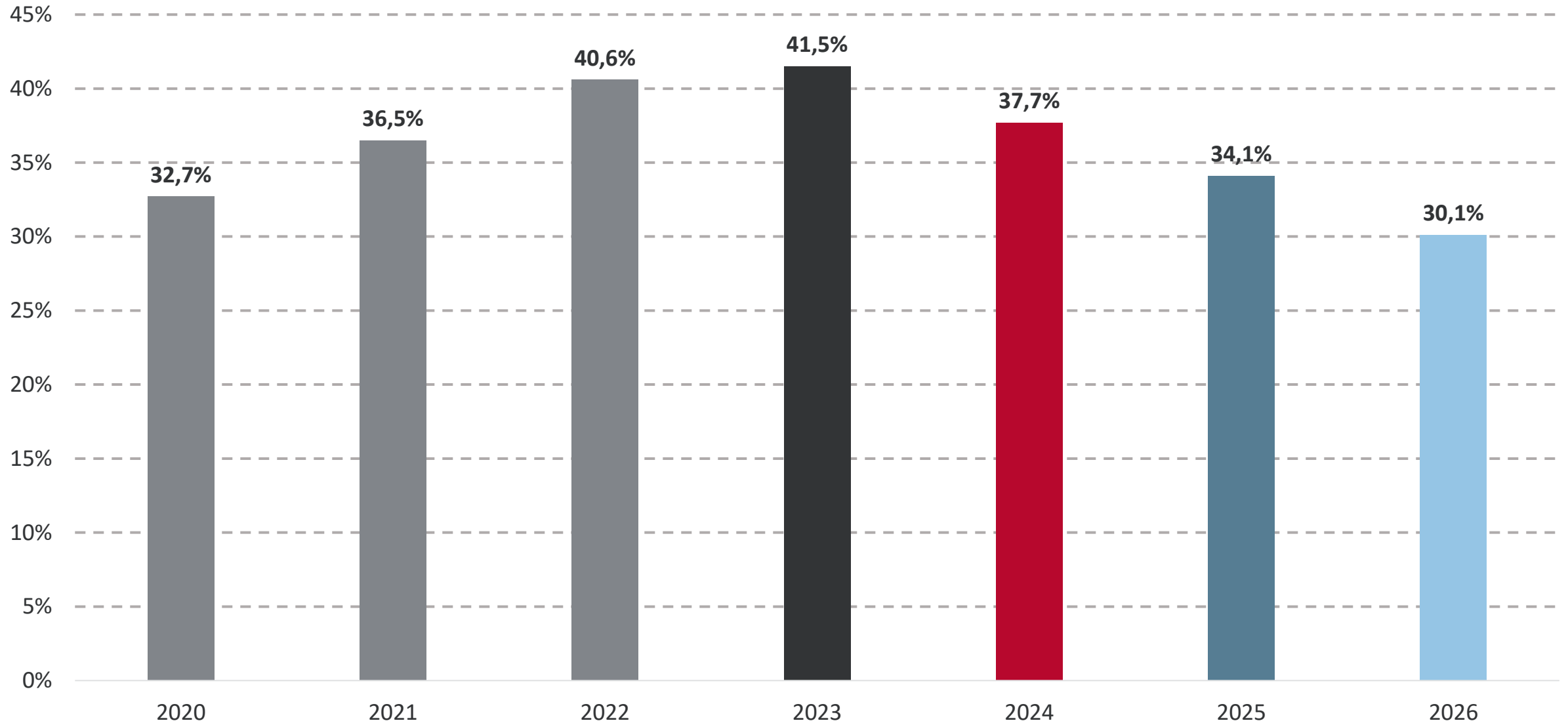
Cumulative Contribution increases

Bonitas Medical members have experienced the **lowest contribution increases over the past 4 years** of all the large open schemes in the market

Scheme	2021	2022	2023	2024	Comp
Bonitas	4.6%	4.8%	6.6%	7.00%	25.0%
Medihelp	5.5%	-0.5%	7.5%	15.97%	30.9%
Bestmed	4.0%	3.9%	8.5%	9.60%	28.5%
Momentum	3.9%	6.0%	8.5%	9.60%	31.0%
Medshield	5.9%	6.3%	6.7%	8.90%	31.0%
Discovery	5.9%	7.9%	8.2%	7.50%	32.9%
Sizwe Hosmed	4.5%	7.6%	11.9%	10.02%	38.4%
Fedhealth	8.7%	7.4%	8.8%	10.80%	40.7%

Significant opportunities for growth that the Scheme must capitalise on

PROJECTED SOLVENCY



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01 Chairperson's report to members

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05 Resolution 1: Appointment of Auditor for 2024

06 Resolution 2: Trustee Remuneration Policy

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Resolution 1: Appointment of Deloitte as the Auditor for 2024

Deloitte.

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Overview

The Trustee Remuneration Policy was approved by the Members at the Annual General Meeting (“AGM”) held on 16 August 2023 (“the Policy”). Members were required to approve the following Resolutions at the 2023 AGM:

- To approve the amendment of the definition of “CPI”.
- To approve an increase in the fees of the Chair of the Board above the CPI rate.

In terms of section 8.3 of the Policy, the Policy shall be approved by Members at the AGM if there are fundamental changes to the Policy or if increases for such remuneration are above the CPI rate.

Reference to section 8.3 in the Policy:


“This Policy will be approved by members at the AGM and will only require approval by members at the AGM for subsequent years if there are fundamental changes to the Policy or if increases for such remuneration are above inflation rates.”

As an outcome of the current review process of the Policy there are two matters which require the approval of Members, being:

Resolution 2.1 - Trustee Remuneration Policy: To approve an increase in the fees of the Chair of the Board above the CPI rate.

Resolution 2.2 - Trustee Remuneration Policy: To approve an increase in the fees of the Trustee members of the Managed Healthcare Committee above the CPI rate.

Note: *Headline CPI as published by Stats SA as at April 2024 = 5.2%. Therefore 5.2% was utilised as CPI as part of the recommendations illustrated below.*



**Resolution 2.1 – Trustee
Remuneration Policy: To
approve an increase in the
fees of the Chair of the Board
above the CPI rate**


The Scheme participated in Medical Scheme specific Trustee Remuneration benchmarking research for a second year running. Bonitas were one of five Schemes who participated in the Willis Tower Watson benchmark research recently conducted on the remuneration guidelines for the Board of Trustees and Board Committees of Medical Schemes on 2023/2024 data. Another three Schemes were included as part of the benchmarking exercise by utilising annual report information.

As an outcome, when benchmarking against the Peer Group, it is evident that despite the adjustment in the Chairperson remuneration in the previous period that there is still a material lag when compared to the Peer Group, considering that all the medical schemes that formed part of the Peer Group are smaller in size compared to Bonitas.

The Remuneration Committee, which is an independent body, considered the benchmarking and is therefore recommending continuing with a staggered approach to align the Chairperson’s remuneration over a period of time as opposed to a once-off increase. Therefore, the recommendation regarding the increase in the Chairperson’s remuneration is as set out below:

FEES	AVERAGE PEER GROUP	CURRENT	PROPOSED	CURRENT PER MONTH	PROPOSED PER MONTH
RETAINER	382,622	405,000	465,756	33,750	38,813
FEE PER MEETING	40,455	25,511	29,338	N/A	N/A

Based on the above, **Members of the Scheme are required to consider approving the proposed above CPI increase on the Retainer Fee (15%) and on the Meeting Fee (15%) for the Chairperson of the Board only.** It is to be noted that this extraordinary adjustment does not affect any of the other office bearers or Trustees.



**Resolution 2.2 – Trustee
Remuneration Policy: To
approve an increase in the
fees of the Trustee members
of the Managed Healthcare
Committee above the CPI rate**

As part of the annual review process of the Trustee Remuneration Policy, Scheme Management conducted benchmarking research with regards to the various Board Committee meeting structures, agendas, average duration of meetings, preparation time etc. for the 2023 calendar period.

The Remuneration Committee considered the outcome and it is recommended that the Managed Healthcare Committee per meeting fee is increased to match the per meeting fee provided for the Audit and Risk Committee. The recommendation regarding the increase in the Managed Healthcare Committee Member remuneration is as set out below:



Based on the above, **Members of the Scheme are required to consider approving the proposed above CPI increase on the Per Meeting Fee (R5,832 – 57,8%) for the Managed Healthcare Committee Trustee Member only.** It is to be noted that this extraordinary adjustment does not affect any of the other office bearers or other Board Committee Members.

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**Resolution 3 – To receive and
approve the appointment of
Mr Andrew Edwards to the
Board of Trustees**

Overview

In terms of **clause 18.6 of the Scheme Rules**, the Board may fill by appointment, any casual vacancy arising during the term of office of a member of the Board due to such member resigning in terms of Rule 18.12 or ceasing to hold office in terms of Rule 18.13. A person so appointed must retire at the first ensuing AGM and that meeting may fill the vacancy for the unexpired period of office of the vacating member of the Board.

As Dr Hill had stepped down, the Board appointed Mr Edwards as a trustee for the period 1 April 2024 to 31 May 2026 (the unexpired period for Dr Hill), and **consent is sought from the Members to confirm the appointment of Mr Edwards for the remainder of Dr Hill's term.**



Summary of CV

Andrew Edwards has over 25 years of experience in financial services and private healthcare funding.

Expertise includes:

Corporate Wellness Strategy, Managed Care, Clinical Risk Management, Sales, Marketing, and Distribution.

Education:

- Bachelor of Science (Human Physiology).
- Higher Diploma in Education Postgraduate.

Previous employment:

- Principal Officer of Liberty Medical Scheme - served over 100,000 members and families, showcasing his dedication and ethical conduct.
- AfroCentric Group - established AfroCentric Corporate Solutions.

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QUESTIONS



Bonitas

Medical Aid for South Africa

Bonitas

VIRTUAL ANNUAL
GENERAL MEETING

2024

