

SAMWUMED

Scheme Rules 2019



RULE	TABLE OF CONTENTS	PAGE
1	NAME	3
2	LEGAL PERSONA	3
3	REGISTERED OFFICE	3
4	DEFINITIONS	3
5	BUSINESS OF THE SCHEME	12
6	MEMBERSHIP	12
7	RETIREES / CONTINUATION MEMBERS	12
8	DEPENDANTS OF DECEASED MEMBERS	12
9	TERMS AND CONDITIONS APPLICABLE TO MEMBERSHIP	13
10	REGISTRATION, DE-REGISTRATION, RE-REGISTRATION AND LATE REGISTRATION OF DEPENDANTS	15
11	TERMINATION OF MEMBERSHIP	16
12	MEMBERSHIP CARD AND CERTIFICATE OF MEMBERSHIP	17
13	TRANSFER OF EMPLOYER GROUPS FROM ANOTHER MEDICAL SCHEME	18
14	CHANGE OF ADDRESS OF MEMBER	18
15	CONTRIBUTIONS	18
16	COMPLAINTS AND DISPUTES	19
17	LIABILITIES OF EMPLOYER AND MEMBER	21
18	BENEFITS	21
19	CLAIMS PROCEDURE	22
20	PAYMENT OF ACCOUNTS	25
21	GOVERNANCE	25
22	FIDUCIARY AND OTHER DUTIES OF BOARD OF TRUSTEES	28
23	POWERS OF THE BOARD	30
24	DUTIES OF PRINCIPAL OFFICER AND STAFF	32
25	INDEMNIFICATION & FIDELITY GUARANTEE	33
26	FINANCIAL YEAR OF THE SCHEME	34
27	BANKING ACCOUNT	34
28	AUDITOR & AUDIT COMMITTEE	34
29	GENERAL MEETINGS	35
30	VOTING AT MEETINGS	37
31	TERMINATION OR DISSOLUTION	37
32	AMALGAMATION AND TRANSFER OF BUSINESS	38
33	RIGHT TO OBTAIN DOCUMENTS AND INSPECTION OF DOCUMENTS	38
34	AMENDMENT OF RULES	39



1. NAME

The name of the Scheme is **SOUTH AFRICAN MUNICIPAL WORKERS UNION MEDICAL SCHEME**, hereinafter referred to as the “Scheme”.

The abbreviated name of the Scheme is **SAMWUMED**.

2. LEGAL PERSONA

The Scheme, in its own name, is a body corporate, capable of suing and of being sued, acquiring, holding and alienating property, movable and immovable and, of doing or causing to be done all such things as may be necessary for or incidental to the exercise of its powers or the performance of its functions in terms of the Medical Schemes Act, 131 of 1998 and its Regulations and these Rules.

3. REGISTERED OFFICE

The registered office of the Scheme is situated at the **corner of Trematon and Lascelles Roads, Athlone 7764, Cape Town**, but the Board may transfer such office to any other location in the Republic of South Africa, should circumstances so dictate.

4. DEFINITIONS

In these Rules, a word or expression defined in the Act bears the meaning thus assigned to it and, unless inconsistent with the context:

- a word or expression in the masculine gender includes the feminine;
- a word in the singular number includes the plural, and *vice versa*; and
- the following expressions have the following meanings:

4.1. “Act”

the Medical Schemes Act (Act No 131 of 1998), as amended and the Regulations framed thereunder.

4.2. “Administrator”

any legal body who has been accredited by the Council of Medical Schemes in terms of Section 58 of the Act, and shall, where any obligation has been placed on a medical scheme in terms of the Act, also mean a self-administered medical scheme.

4.3. “Admission Date”

the date on which a person becomes a member in terms of these Rules.

4.4. “Adult Dependant”

a registered dependant, 21 years of age or older, including a spouse or bona-fide life partner of any age, as more fully defined in rule 4.21.

4.5. “Annual Limit”

the maximum benefits to which a member and his registered dependants are entitled in terms of these Rules (subject to all limits applicable in terms of the Rules read with the benefit options selected by the member) , and shall be calculated annually to coincide with the financial year of the Scheme.

4.6. “Approval”

the prior, written approval by the Board or its delegated authority.

4.7. “Auditor”

an auditor registered in terms of the Auditing Profession Act (Act No 26 of 2005) and the South African Institute of Chartered Accountants (SAICA) and authorised by the Registrar.

4.8. “Authorisation”

the written approval for any relevant health service based on the reimbursement guidelines set by the Scheme.

4.9. “Beneficiary”

a member of the Scheme or a registered dependant of a member of the Scheme as provided for in these Rules.

4.10. “Board”

the Board of Trustees constituted to govern the Scheme in terms of the Act and these Rules.

4.11. “Chronic Disease List”

the list of chronic conditions as stipulated in accordance with the amendments of Regulations 7 and 8 of the Regulations of the Medical Schemes Act.

4.12. “Child Dependant”

a member’s natural, legally adopted or step child.

4.13. “Condition-Specific Waiting Period”

a period, not exceeding 12 months, during which a beneficiary is not entitled to claim benefits in respect of a pre-existing sickness or condition.

4.14. “Continuation Member”

a member who retains his membership of the Scheme in terms of Rule 7 or a surviving dependant who becomes a member of the Scheme in terms of Rule 8.

4.15. “Contribution”

in relation to a member, the amount, exclusive of interest, paid by or in respect of the member and his registered dependants if any, as membership fees.

4.16. “Cost”

in relation to a benefit, the amount payable in terms of the Rules of the Scheme in respect of a relevant health service and in compliance to the Scheme Tariff.

4.17. “Council”

the Council for Medical Schemes as established in the Medical Schemes Act.

4.18. “Creditable Coverage”

any period during which a late joiner was –

4.18.1. a member or dependant of a medical scheme;

4.18.2. a member or a dependant of an entity doing the business of a medical scheme which, at the time of his/her membership of such entity, was exempt from the provisions of the Act;

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

4.19. “Date of Service”

4.19.1. in the event of a consultation, visit or treatment by a medical practitioner, dentist or medical assistant, the date on which each consultation, visit or treatment took place, whether for the same condition or not;

4.19.2. in the event of an operation, procedure or confinement, the date on which each operation, procedure or confinement occurred;

4.19.3. in the event of hospitalisation, the date of each admission to a hospital or nursing home, or the date on which membership ceased, whichever date occurs first;

4.19.4. in the case of other services or requirements, the date on which such service was rendered or requirement obtained.

4.20. “Day”

means any business working day, and excludes public holidays; Saturdays and Sundays;



4.21. “Dependant”

4.21.1. The following persons shall be classified as dependants:

- 4.21.1.1. a member’s spouse or partner (as defined in Rule 4.38) who is not a member or registered dependant of a member of a medical Scheme;
- 4.21.1.2. a member’s child who is not older than the age of 21 and who is not a member or a registered dependant of a member of any other medical Scheme;
- 4.21.1.3. a member’s partner whom the Scheme is satisfied by way of an affidavit that a bona fide relationship exists ;
- 4.21.1.4. a member’s child who has reached the age of 21, , and for whom, owing to a mental or physical disability, the member is liable to provide family care and support, provided that medical evidence proving that the dependency is bona fide will be required by the Scheme;
- 4.21.1.5. a member’s child who has reached the age of 21, but has not reached the age of 25 years, and is attending a recognised educational institution as a student and is not a member or a dependant of a member of any other medical Scheme;
- 4.21.1.6. The following beneficiaries will be classified as special dependants for whom the main member shall be liable for the full contribution:

4.21.1.6.1. Parents And Parents-in-Law who, in the reasonable opinion of the Scheme, are financially dependent on the main member, provided that an affidavit and/or other evidence proving that the dependency is bona fide may be required by the Scheme;

4.21.1.6.2. Grandchildren – financially dependent on the main member for support, and is not a member or a dependant of a member of any other medical Scheme, provided that an affidavit and/or other evidence proving the dependency is bona fide may be required by the Scheme;

4.21.1.6.3. Dependants Over The Age Of 21 – a member’s dependant over the age of 21, who is financially dependent on the main member for support, provided that an affidavit and/or other evidence proving the dependency is bona fide may be required by the Scheme.

For all special dependants, the main member would be responsible for the full contribution amount as determined in the Rules.

4.22. “Designated Service Provider” or “DSP”

means a healthcare provider or group of providers or networks selected by the Scheme as the designated provider or providers to provide to its members in respect of the diagnosis, treatment and care in respect of one or more prescribed minimum benefit conditions and/or any other condition/s as defined by the Scheme.

4.23. “Disease Management Programme”

a programme adopted by the Scheme incorporating such clinical protocols as defined in relevant annexures to the contract between the Scheme and the institution contracted to perform such disease management for containing costs and/or ongoing review and monitoring of patients.

4.24. “Domicilium Citandi Et Executandi”

the member's chosen physical or electronic address at which notices in terms of Rules 9 and 14 as well as legal processes, or any action arising therefrom, may be validly delivered and served. The member remains solely responsible to inform the Scheme of any changes hereto.

4.25. “Emergency Medical Condition”

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

4.26. “Employee”

a person in the employment of the employer.

4.27. “Employer”

- Any municipality as contemplated by section 151 of the Constitution and Chapter 1 of the Local Government Municipal Structures Act 117 of 1998 (“the Structures Act”);
- Any municipal service or part of the business of a municipality that has been transferred, ceded or assigned to a private entity as contemplated by the Structures Act or otherwise;
- Any non-governmental organisation (NGO) providing or assisting with the provision of municipal services to the public;
- All trade unions organising within the local government sector;
- The Scheme.

4.28. “Financial Year” each period of 12 consecutive months ending on 31 December;



4.29. “General Waiting Period”

a period, of up to 3 months, during which a beneficiary is not entitled to claim any benefits but the contributions to the Scheme in relation to such beneficiary remain payable;

4.30. “Income”

for the purposes of calculating contributions in respect of —

- 4.30.1. a member who is an employee - gross monthly salary;
- 4.30.2. a member who registers a spouse or partner as a dependant – the member’s gross monthly earnings;
- 4.30.3. a continuation member – the gross monthly earnings earned by the member or the deceased member as the case may be immediately preceding the month in which the member retired or died; unless the member provides documentary evidence to prove otherwise.

4.31. “Late Joiner”

an applicant or the adult dependant of an applicant who, at the date of application for membership or admission as a dependant, as the case may be, is 35 years of age or older but excludes any beneficiary who enjoyed coverage with one or more medical Schemes as from a date preceding 1 April 2001, without a break in coverage exceeding three (3) consecutive months since 1 April 2001.

4.32. “Managed Healthcare Organisation”

an accredited organisation appointed by the Scheme in accordance with the Act to provide managed healthcare services in order to contain costs or for the ongoing review and monitoring of patients.



4.33. “Managed Healthcare Programme”

a programme adopted by the Scheme, incorporating such clinical protocols as defined in the relevant annexures to the contract between the Scheme and any managed healthcare organisation.

4.34. “Medical Scheme”

a medical scheme registered under the Act.

4.35. “Medicine”

any medicine as defined in the Medicines and Related Substances Act (Act No 101 of 1965), as amended, and registered in terms of Section 15 of that Act, and any equivalent substitution.

4.36. “Member”

shall mean any person who is admitted to the Scheme in terms of these Rules, and who remains a member under these Rules.

4.37. “Negotiated Professional Charge”

a charge agreed between the Scheme and relevant healthcare providers in respect of providing a relevant healthcare service to members of the Scheme.

4.38. “Partner/Spouse”

the spouse of a member to whom the member is married in terms of any law or custom or a person in union with the member, whether of the same or of a different sex, in respect of whom the Scheme is satisfied by way of a jointly signed affidavit, that the parties are co-habited as if married under the common law of South Africa for a period not less than one year and intend to continue such co-habitation; the continued registration being subject to an annual review.

4.39. “Preferred Service Provider”

Preferred Service Provider (PSP) means a healthcare provider or group of providers or network contracted by the Scheme concerned as the preferred provider or providers, to provide to the members treatment for any relevant health condition as specified in the Rules.

4.40. “Pre-Authorisation”

Prior approval obtained from the Scheme and/or managed care provider/s appointed by the Scheme for planned or scheduled treatment.

4.41. “Pre-Existing Sickness Or Condition”

means a sickness or 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 to the Scheme /was made.

4.42. “Prescribed Minimum Benefits”

- 4.42.1. the benefits contemplated in section 29(1)(o) of the Act and consist of the provision of the diagnosis, treatment and care costs of —
 - 4.42.1.1. the Diagnosis and Treatment Pairs listed in Annexure A of the Act’s Regulations, subject to any limitations specified therein; and
 - 4.42.1.2. an emergency medical condition.
- 4.42.2. Section 29 (1) (o) The scope and level of minimum benefits that are to be available to beneficiaries as may be prescribed.
- 4.42.3. Section 29 (1) (p) No limitation shall apply to the re-imbursement of any relevant health service obtained by a member from a public hospital where this service complies with the general scope and level as contemplated in paragraph 29 (1) (o) and may not be different from the entitlement in terms of a service available to a public hospital patient.
- 4.42.4. Where the treatment component of a category in Annexure A is stated in general terms (i.e. —medical management or —surgical management), it should be interpreted as referring to prevailing hospital-based medical or surgical diagnostic and treatment practice for the specified condition. Where significant differences exist between Public and Private sector practices, the interpretation of the Prescribed Minimum Benefits should follow the predominant Public Hospital practice, as outlined in the relevant provincial or national public hospital clinical protocols, where these exist. Where clinical protocols do not exist, disputes should be settled by consultation with provincial health authorities to ascertain prevailing practice. The following interventions shall, however, be excluded from the generic medical/surgical management categories unless otherwise specified:
 - 4.42.4.1. Tumour chemotherapy
 - 4.42.4.2. Tumour radiotherapy
 - 4.42.4.3. Bone marrow transplantation/rescue
 - 4.42.4.4. Mechanical ventilation
 - 4.42.4.5. Hyperbaric oxygen therapy
 - 4.42.4.6. Organ transplantation
 - 4.42.4.7. Treatments, drugs or devices not yet registered by the relevant authority in the Republic of South Africa.

4.43. “Prescribed Minimum Benefit Condition”

a condition contemplated in the Diagnosis and Treatment Pairs listed in Annexure A of the Act’s Regulations or any emergency medical condition (as defined by the relevant sections of the Act and Regulations).

4.44. “Pro-rated benefits”



Where a member joins the Scheme after the 31st March of the year, the Scheme shall apply a pro-rated benefit, based on the following formula: -

April – June	-	75% of benefit limits
July – September	-	50% of benefit limits
October – December	-	25% of benefit limits

4.45. “Registrar”

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

4.46. “Relevant Health Service”

any healthcare treatment of any person by a person or institution registered in terms of any law, which treatment has as its object –

- 4.46.1. the physical or mental examination of that person;
 - 4.46.2. the diagnosis, treatment or prevention of any physical or mental defect, illness or deficiency;
 - 4.46.3. the giving of advice in relation to any such defect, illness or deficiency;
 - 4.46.4. the giving of advice in relation to or treatment of any condition arising out of a pregnancy, including the termination thereof;
 - 4.46.5. the prescribing or supplying of any medicine, appliance or apparatus in relation to any such defect, illness or deficiency, or a pregnancy including the termination thereof; or
 - 4.46.6. nursing or midwifery,
- and includes an ambulance service, and the supply of accommodation in an institution established or registered in terms of any law as a hospital, maternity home, nursing home or similar institution where nursing is practised, or any other institution where surgical or other medical activities are performed, and such accommodation is necessitated by any physical or mental disability, illness or deficiency or by a pregnancy.

4.47. “Routine Medication Programme”

the programme adopted by the Scheme for the management of claims in respect of routine medicine benefits, by applying the principles of clinical appropriateness, cost-effectiveness and affordability from the perspective of individual members and the Scheme.

4.48. “Rules”

the Rules of the Scheme which are binding upon the member and/or each beneficiary and the Scheme and shall include the annexures and other provisions relating to the benefits which may be granted or the contributions payable.

4.49. “Scheme Tariff”

A Scheme Tariff shall be determined and applied in respect of payments against member claims for a relevant health service.



5. BUSINESS OF THE SCHEME

The business of the Scheme are to undertake liability, in respect of its members and their dependants, in return for a contribution or premium in order to provide for one or more of the following —

- 5.1. make provision for the obtaining of any relevant health service, as provided for in these Rules; or
- 5.2. grant assistance in defraying expenditure incurred in connection with the rendering of any relevant health service as provided for in these Rules; or
- 5.3. render a relevant health service as provided for in these Rules, either by the Scheme itself, or by any supplier or group of suppliers of a relevant health service or by any person so registered to provide such service, in association with, or in terms of an agreement with the Scheme;

and to do so in accordance with and subject to the values and practices of the organisation as enshrined in the Constitution of the Republic of South Africa and the King Commission reports on corporate governance.

6. MEMBERSHIP

6.1. Eligibility

Subject to Rule 9, membership of the Scheme is restricted to employees and/or former employees of the employer, as defined in these rules.

7. RETIREES/CONTINUATION MEMBERS

- 7.1. A member may retain his membership of the Scheme with his registered dependants, if any, in the event of his retiring from the service of his employer or his employment being terminated by his employer on account of age, ill-health or other disability subject to the main member having been a member of the Scheme for no less than five (5) years.
- 7.2. Subject to the provisions of Rule 7.1 above, the member shall inform the Scheme of his request to continue his membership and the date of retirement, within 90 days of such retirement, **failing which the membership shall lapse.**

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 membership of the Scheme without any new restrictions, limitations or waiting periods.
- 8.2. Where a child dependant/s has been orphaned, the youngest child may be deemed to be the member, provided that the contributions payable by such member shall be based on the gross monthly earnings, earned by the deceased member.



- 8.3.** The spouse or partner of a deceased member, who is registered with the Scheme as his dependant at the time of such member's death, shall retain membership of the Scheme,
- 8.3.1. provided that his membership of the Scheme shall terminate if he becomes a member of, or is admitted as a dependant of a member of, another medical scheme, and
- 8.3.2. provided further that the contributions payable by such member shall be based on the current gross monthly earnings of the surviving spouse or partner as the case may be.
- 8.4.** The Scheme shall inform the dependant of his right to membership and of the contributions payable in respect thereof. Unless such person informs the Scheme in writing of his intention not to become a member, he shall retain membership of the Scheme.
- 8.5.** Such a member's membership terminates if he becomes a member or a dependant of a member of another medical Scheme.

9. TERMS AND CONDITIONS APPLICABLE TO MEMBERSHIP

- 9.1.** No person may be a member or a dependant of more than one medical Scheme and no person may:
- 9.1.1. be a member or a dependant of more than one member of a particular medical Scheme; or
- 9.1.2. be a member or dependant of members of different medical Schemes; or
- 9.1.3. 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 a dependant of a member.
- 9.2.** Prospective members shall, prior to admission, complete and submit the application forms required by the Scheme, together with satisfactory evidence of age, income, state of his health and the health of his dependant/s and of any pre-existing sickness or condition. Proof of any prior membership of any other medical scheme must also be submitted.
- 9.3.** The Scheme may impose the following waiting periods, reckoned from the date of admission to membership of the Scheme:
- 9.3.1. 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 –

9.3.1.1. a general waiting period of up to three (3) months; and

9.3.1.2. a condition-specific waiting period of up to 12 months.

9.3.2. 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 –

9.3.2.1. 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;

9.3.2.2. in respect of any person contemplated in this sub-Rule, 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.

During any waiting period imposed pursuant to the Rules, contributions shall be paid but the beneficiary concerned will not be entitled to any benefits other than those contemplated in the Rules or otherwise provided for in the Act.

9.3.3. 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 (3) months, except in respect of any treatment or diagnostic procedures covered within the prescribed minimum benefits.

9.4. No waiting periods or new restrictions will be imposed on account of the status of health of any member who has been a member or a dependant of a member of another medical scheme for a continuous period of at least two (2) years and whose membership has been terminated because of a change of employment who applies for membership within three (3) months after the termination of membership from the other medical scheme.

9.5. No waiting periods may be imposed on an existing beneficiary that changes from one Scheme benefit option to another, save as otherwise provided in this Rule 9.

9.6. The registered dependant/s of a member must participate in the same benefit option as the member.



9.7. Every member will, on admission to membership, receive a detailed summary of these Rules that shall include contributions, benefits, limitations, the member's rights and obligations. Members and their dependants, and any person who claims any benefit under these Rules or whose claim is derived from a person so claiming are bound by these Rules as amended from time to time.

9.8. A member may not cede, transfer, pledge or hypothecate or make over to any third party any claim, or part of a claim or any right to a benefit which he may have against the Scheme. The Scheme may withhold, suspend or discontinue the payment of a benefit to which a member is entitled under these Rules, or any right in respect of such benefit or payment of such benefit to such member, if a member attempts or purports to assign or transfer, or otherwise cede or to pledge or hypothecate such benefit.

10. REGISTRATION, DE-REGISTRATION, RE-REGISTRATION AND LATE REGISTRATION OF DEPENDANTS

10.1. REGISTRATION OF DEPENDANTS

10.1.1. A member may apply for the registration of his dependants at the time that he applies for membership in terms of Rule 9.

10.1.2. If a member applies to register a new-born or newly-adopted child within 30 days of the date of birth or adoption of the child, such child shall thereupon be registered by the Scheme as a dependant. Increased contributions shall then be due as from the first day of the month following the month of birth or adoption. Benefits will accrue as from the date of birth or adoption.

10.1.3. If a member, who marries subsequent to joining the Scheme, applies within 30 days of the date of such marriage to register his spouse as a dependant, his spouse shall thereupon be registered by the Scheme as a dependant. Increased contributions shall then be due as from the first day of the month following the month of marriage and benefits will accrue as from the date of marriage.

10.1.4. In the event of any person becoming eligible for registration as a dependant other than in the circumstances set out in Rules 10.1.1 to 10.1.3, the member may apply to the Scheme for the registration of such person as a dependant, whereupon the provisions of Rule 9 shall apply *mutatis mutandis*.

10.2. DE-REGISTRATION OF DEPENDANTS

10.2.1. A member may on one calendar month's written notice cancel the registration of a dependant.

10.2.2. A member shall inform the Scheme within 30 days of the occurrence of any event which results in any of his dependants no longer satisfying the conditions in terms of which he may be a dependant.

10.2.3. When a dependant ceases to be eligible to be a dependant, he shall no longer be deemed to be registered as such for the purpose of these Rules or entitled to receive benefits regardless of whether notice has been given in terms of these Rules or otherwise.

10.3. LATE REGISTRATION OF DEPENDANTS

In the circumstances contemplated by section 29A of the Act, should, at a member's admission date, the member elect not to apply for the registration of dependants in terms of Rule 10.1.1 or should the registration of a dependant have been cancelled in terms of Rule 10.2.1, the member shall, on application, be permitted to register or re-register, as the case may be, such dependant;

10.3.1. provided that on registration or re-registration, as the case may be, of such dependant a general waiting period of three months shall apply during which period no further benefits shall accrue to the member in respect of such dependants but contributions shall be paid to the Scheme;

10.3.2. provided further that where the partner/spouse's membership of another medical scheme is terminated through a change or a loss of employment and the spouse does not obtain membership of another medical scheme through employment, the member may be permitted to register as dependants the spouse and other affected dependants with effect from the first day of the month following the termination of the spouse's employment.

11. TERMINATION OF MEMBERSHIP

11.1. RESIGNATION

A member who resigns from the service of the participating employer shall, on the date of the last day of the termination period, cease to be a member and all rights to benefits shall thereupon cease, except for claims in respect of services rendered prior thereto.

11.2. VOLUNTARY TERMINATION OF MEMBERSHIP

11.2.1. A member, subject to the provisions of any collective agreement entered into between the employer and the employee, and who is not required in terms of his conditions of employment to be a member, may terminate his membership of the Scheme on giving one calendar month's written notice. All rights to benefits cease after the last day of membership.

11.2.2. Such notice period shall be waived in substantiated cases where membership of another medical Scheme is compulsory as a result of a condition of employment.

11.2.3. A participating employer may terminate participation with the Scheme on giving six month's written notice, save that those employers falling under the jurisdiction of the South African Local Government Bargaining Council ("the SALGBC") and subject to its main agreement, may not terminate their participation in the Scheme whilst the Scheme is accredited by the SALGBC.

11.3. DEATH

Membership of a member and or dependant terminates on his death.

11.4. FAILURE TO PAY AMOUNTS DUE TO THE SCHEME

If a member fails to pay amounts due to the Scheme, his membership may be suspended and/or terminated as provided in these Rules.

11.5. ABUSE OF PRIVILEGES, FALSE CLAIMS, MISREPRESENTATION AND NON-DISCLOSURE OF FACTUAL INFORMATION

11.5.1 The Board may, in its absolute discretion, exclude from benefits or terminate the membership of a member or dependant whom the Board finds guilty of abusing the benefits and privileges of the Scheme by presenting false claims or making a material misrepresentation or non-disclosure of factual information or who, in the opinion of the Board, is guilty of misconduct that is contrary to the members obligation to act in good faith, would compromise the achievement of the aims and objects of the Scheme, or would bring the Scheme into disrepute.

11.5.2 The Board may institute disciplinary proceedings against a member suspected of engaging in misconduct, which hearing shall be conducted in accordance with the provisions of natural justice.

11.5.3 In such event, a member may be required by the Board to refund to the Scheme any sum which, but for such member's or his dependant's abuse of the benefits or privileges of the Scheme, would not have been disbursed on his behalf.

12. MEMBERSHIP CARD AND CERTIFICATE OF MEMBERSHIP

12.1. Every member shall be furnished with a membership card, containing such particulars as may be prescribed. Upon a requisition from the member, an additional membership card will be issued to the member. The membership card must be exhibited to the supplier of a service on request. It remains the property of the Scheme and must be returned to the Scheme or destroyed on termination of membership.

- 12.2.** The utilisation of a membership card by any person other than the member or his registered dependant/s, with or without the knowledge or consent of the member or his dependants, is not permitted and is construed as an abuse of the privileges of membership of the Scheme and shall constitute misconduct for the purposes of the provisions of Rule 11.5.
- 12.3.** On termination of membership or on de-registration of a dependant, the Scheme shall, furnish such person with a certificate of membership and cover, containing such particulars as may be prescribed, within 30 days of such request.
- 12.4** A member who loses his/her membership card shall immediately notify the Scheme thereof. He/she shall as soon as possible thereafter be issued with a duplicate card.

13. TRANSFER OF EMPLOYER GROUPS FROM ANOTHER MEDICAL SCHEME

If the members of a medical scheme who are members of that scheme by virtue of their employment by a particular employer, terminate their membership of such scheme with the object of obtaining membership with this Scheme, the Board will admit them as members, without a waiting period or the imposition of new restrictions on account of the state of their health or the health of any of their dependants, including any member of such first-mentioned scheme who is a continuation member by virtue of his past employment by the particular employer and register as dependant, any person who has been a registered dependant of such employee of the particular employer.

14. CHANGE OF ADDRESS OF MEMBER

A member must notify the Scheme within 30 days of any change of address including his *domicilium citandi et executandi*. The Scheme shall not be held liable if a member's rights are prejudiced or forfeited as a result of the member's neglecting to comply with the requirements of this Rule.

15. CONTRIBUTIONS

- 15.1.** The total monthly contributions payable to the Scheme by or in respect of a member are as stipulated in Annexure A to these Rules. It shall be the responsibility of the member to notify the Scheme of changes in income that may necessitate a change in contributions in terms of Annexure A hereto.
- 15.2.** Contributions shall be due monthly as defined in the relevant annexure to these Rules and will be payable by not later than the 3rd day of each month. Where contributions or any other debt owing to the Scheme, have not been paid within thirty (30) days of the due date, the Scheme shall have the right to suspend all benefit payments which have accrued to such member irrespective of when the claim for such benefit arose, and to give the member and/or employer written notice at his *domicilium citandi et executandi* (whether by written or electronic means) that if contributions or such other debts are not

paid up to date within twenty one (21) days after posting of such notice, membership may be cancelled.

- 15.3.** In the event that payments are brought up to date, and provided membership has not been cancelled in accordance with Rule 15.2, benefits shall 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 shall be due to the member from the date of default and any such benefit paid may be recovered by the Scheme.

16. COMPLAINTS AND DISPUTES

16.1. STAGE ONE - COMPLAINT

- 16.1.1. All complaints of whatever nature, which may arise between a member, a prospective member, a former member or a person claiming by virtue of such member and the Scheme or an officer of the Scheme, shall be lodged in writing, to the Principal Officer within a reasonable period of the member having knowledge of the existence of the complaint.
- 16.1.2. The Principal Officer shall endeavour to resolve the complaint expeditiously and shall in any event respond in writing to the members *domicilium* address within thirty (30) days of receipt of the complaint by giving details of the proposed solution to the complaint. Should the complaint not be resolved to the satisfaction of the complainant, the Principal Officer shall refer the dispute to the Disputes Committee for adjudication, in accordance with rule 16.2.2.

16.2. STAGE TWO – DISPUTE

- 16.2.1. In the event that the Principal Officer has not responded to the member within the requisite period, or within such extension of time as may be agreed between the member and the Principal Officer in writing, or in the further event that the member is not satisfied with the outcome of the complaint which has been considered by the Principal Officer, the Principal Officer shall refer the dispute to the Disputes Committee for adjudication, in accordance with rule 16.2.2.
- 16.2.2. The Principal Officer must convene a meeting of the Disputes Committee by giving not less than fourteen (14) days' notice in writing to the complainant and all the members of the Disputes Committee, stating the date, time, and venue of the meeting and the particulars of the dispute.
- 16.2.3. The Board shall appoint a Disputes Committee for the Republic of South Africa, subject to the following provisions:

- 16.2.3.1. the Disputes Committee shall be composed of two members at least one of such persons will be a person with legal expertise, provided that no member of the Disputes Committee may be a member of the Board, and provided further that no employee/s of the administrator of the Scheme or officers of the Scheme, or agents appointed by the Board shall be a member of the Disputes Committee.
- 16.2.3.2. the Disputes Committee shall serve a term of office of 2 years, provided that the Board shall fill any vacancy in the Disputes Committee which may arise from time to time within 30 days of the vacancy occurring,
- 16.2.3.3. the Principal Officer may, at his discretion, attend the meetings of the Disputes Committee in an *ex officio* capacity, and shall not have any decision-making power. The Principal Officer shall be responsible for the accurate recording of the proceedings and shall further report the outcome of the meeting to the Board within 14 days of the Disputes Committee's finding.
- 16.2.4. The Disputes Committee shall ensure that they have access to the appropriate expertise in the consideration of such dispute, and shall have the right to co-opt appropriate human resources for this purpose.
- 16.2.5. The Board shall determine the procedure to be followed at meetings of the Disputes Committee.
- 16.2.6. The parties to any dispute have the right to be heard at the proceedings, either in person or in writing as may be directed by the Disputes Committee. The parties also have the right to call any witnesses that they may deem appropriate, provided that should any costs be incurred in ensuring the presence of the witness, such cost shall be borne by the party calling such witness.

16.3. STAGE THREE – SECTION 47 COMPLAINT

- 16.3.1. An aggrieved member has the right to lay a complaint with the Registrar in terms of section 47 of the Act.



17. LIABILITIES OF EMPLOYER AND MEMBER

- 17.1.** The liability of the employer towards the Scheme is limited to any amounts payable in terms of any agreement between the member and the Scheme. Notwithstanding this provision, the member shall at all times be responsible to ensure that his/her contributions are up to date in terms of these Rules.
- 17.2.** The liability of a member to the Scheme is limited to the amount of his unpaid contributions together with any sum disbursed by the Scheme on his behalf or on behalf of his dependant/s which has not been repaid to the Scheme.
- 17.3.** In the event of a member ceasing to be a member, any amount still owing by such member is a debt due to the Scheme and recoverable by it.

18. BENEFITS

- 18.1.** Subject to the limitations and exclusions imposed in Annexures B and C, respectively, the minimum and maximum benefits in accordance with the set Scheme Tariff to which a member is entitled shall be as set out in Annexure B; provided that such benefits shall accrue only from the date of admission. Upon admission a member must elect to participate in one of the available options detailed in Annexure B.
- 18.2.** A member is entitled to change from one to another benefit option subject to the following conditions:
- 18.2.1.** The change may be made only with effect from 01 January of any financial year. However, the Board may, in its sole and absolute discretion, permit a member or a group of members to change to another benefit option on another date, and shall determine the conditions, if any, which shall apply to such change.
- 18.2.2.** Application to change from one benefit option to another must be in writing and lodged with the Scheme by not later than 31 December, prior to the year upon which it is intended that the change will take place, or such other date as the Board may in its sole and absolute discretion determine: provided that the member has had at least thirty (30) days prior notification of any intended changes in benefits or contributions for the next year.
- 18.3.** The Scheme shall, where a valid account has been rendered, pay any benefit due to a member, either to that member or to the supplier of the relevant health service who rendered the account, within thirty (30) days of receipt of the claim pertaining to such benefit, subject to the provisions of Rule 19.
- 18.4.** Any benefit option offered in a guide to members, booklet or any amendment or annexure to such booklet, covers in full the cost of the prescribed minimum benefits rendered by a State hospital.

18.5. The Scheme may exclude services from benefits as set out in Annexure C.

19. CLAIMS PROCEDURE

19.1. Every claim submitted to the Scheme in respect of the rendering of a relevant health service as contemplated in these Rules, must be accompanied by an account or statement as prescribed in regulation 5 of the regulations to the Act containing;

- 19.1.1. the surname and initials of the member;
- 19.1.2. the surname, first name and other initials, if any, of the patient;
- 19.1.3. the name of the medical scheme concerned;
- 19.1.4. the membership number of the member;
- 19.1.5. the practice code number, group practice number and individual provider registration number issued by the registering authorities for providers, if applicable, of the supplier of service and, in the case of a group practice, the name of the practitioner who provided the service;
- 19.1.6. the relevant diagnostic and such other item code numbers that relate to such relevant health service;
- 19.1.7. the date on which each relevant health service was rendered;
- 19.1.8. the nature and cost of each relevant health service rendered, including the supply of medicine to the member concerned or to a dependant of that member; and the name, quantity and dosage of and net amount payable by the member in respect of the medicine;
- 19.1.9. where a pharmacist supplies medicine according to a prescription to a member or to a dependant of a member of a medical scheme, a copy of the original prescription or a certified copy of such prescription;
- 19.1.10. where mention is made in such account or statement of the use of a theatre:
 - 19.1.10.1. the name and relevant practice number and provider number contemplated in Rule 19.1.5 of the medical practitioner or dentist who performed the operation;
 - 19.1.10.2. the name or names and the relevant practice number and provider number contemplated in Rule 19.1.5 of every medical practitioner or dentist who assisted in the performance of the operation; and



19.1.10.3. all procedures carried out together with the relevant item code number contemplated in Rule 19.1.6; and

19.1.11. in the case of a first account or statement in respect of orthodontic treatment or other advanced dentistry, a treatment plan indicating:

19.1.11.1. the expected total amount in respect of the treatment;

19.1.11.2. the expected duration of the treatment;

19.1.11.3. the initial amount payable; and

19.1.11.4. the monthly amount payable.

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

19.2.1.1. The name and the membership number of the member;

19.2.1.2. The name of the supplier of service;

19.2.1.3. The final date of service rendered by the supplier of service on the account or statement which is covered for the service concerned;

19.2.1.4. The total amount charged for the service concerned;

19.2.1.5. The amount of the benefit awarded for such service;

19.3. In order to qualify for benefits, any claim must be received by the Scheme not later than the last day of the fourth month following the last date on which the service was rendered as stated on the account, statement or claim; or during which such account, statement or claim was returned for correction. .

19.4. Where a member has paid an account, he shall, in support of his claim, submit an original receipt and where the account is to be submitted to the Scheme by the healthcare provider it is the responsibility of the member to ensure that such submission takes place in accordance with the time limits set out in this rule.

19.5. Accounts for the cost of treatment of injuries and/or any expenses recoverable from third parties, must be supported by a statement, setting out particulars of the circumstances in which the injury or accident was sustained.

19.6. In the case of any claim in respect whereof the cost of treatment of injuries and/or any expenses are recoverable from third parties, the Scheme shall advance the payment of the benefits to which the beneficiary is entitled in these Rules subject to the beneficiary hereby irrevocably agreeing:

19.6.1. to appoint a legal representative to institute an action to recover the cost of such treatment of injuries and/or expenses; and



19.6.2. to instruct the legal representative to provide the Scheme with an irrevocable undertaking to pay to the Scheme all such cost of treatment and/or expenses recovered from any third party in the action so institute; and

in the event that the legal representative is replaced with another legal representative prior to the recovery of the cost of such treatment of injuries and/or expenses from the third party, the beneficiary hereby irrevocably agrees to ensure that the replacement legal representative provides a replacement irrevocable undertaking to pay to the Scheme all such cost of treatment and/or expenses recovered from any third party pursuant to any action instituted for recovery.

19.7. In the event of recovery of any sums by the beneficiary from a third party relating to the cost of treatment of injuries and/or any expenses in respect whereof the Scheme has made payment as contemplated by Rule 19.6 or is obliged to make payment in the future pursuant to the Rules of the Scheme; such sums shall be paid forthwith by the beneficiary and/or the beneficiary's legal representative (as the case may be) to the Scheme.

19.8. In the event that the beneficiary fails to appoint a legal representative as contemplated by Rule 19.6 above:

19.8.1. The Scheme shall be entitled to appoint a legal representative, at its cost, to pursue an action against the third party as contemplated in Rule 19.6 above; and

19.8.2. The beneficiary and the Member shall cooperate fully with such legal representative in the prosecution of such action; and

19.8.3. the Scheme shall not be required to seek to recover any sum from such third party save for the cost of the treatment of injuries and/or expenses as contemplated by Rule 19.6.

19.9. Any sums awarded to the beneficiary in respect of future medical expenses and/or any indemnity against future medical expenses granted to the beneficiary by any third party as a consequence of the institution of action as contemplated by Rule 19.6 shall be utilised to pay for all such future medical expenses to the exclusion of any benefits payable by the Scheme until such sums and/or indemnity is exhausted.

19.10. Without derogating from the provisions of Rules 20.3 and 20.4 below, where the Scheme is of the opinion that an account, statement or claim is erroneous or unacceptable for payment, the Scheme shall notify both the member and/or the healthcare provider, whichever is applicable, accordingly within thirty (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 correct and resubmit such corrected claim to the Scheme within sixty (60) days following the date from which it was returned for corrections.

20. PAYMENT OF ACCOUNTS

- 20.1.** Payment of accounts or reimbursement of claims is restricted to the maximum amount of the benefit entitlement in terms of the applicable benefit and option elected, and payment is made in accordance with the Scheme Tariff.
- 20.2.** The Scheme may, whether by agreement or not with any supplier or group of suppliers of a service, pay the benefit to which the member is entitled, directly to the supplier who rendered the service.
- 20.3.** Where the Scheme has paid an account or portion of an account or any benefit to which a member is not entitled (on whatsoever basis), whether payment is made to the member or to the supplier of the service, the amount of any such payment is recoverable by the Scheme and may be deducted from any benefit payable by the Scheme to the member and/or the supplier of the service.
- 20.4.** Where the Scheme has suffered any loss due to theft, fraud, negligence or any misconduct on the part of the member and/or the supplier of the services which the Scheme becomes aware of, the Scheme may recover such loss from the member and/or the supplier of the services as applicable.
- 20.5.** Notwithstanding the provisions of this Rule, the Scheme has the right to pay any benefit directly to the member concerned.
- 20.6.** Payment may be withheld unless an account is submitted in the prescribed format, in terms of the Act.

21. GOVERNANCE

21.1. NATIONAL BOARD OF TRUSTEES

- 21.1.1.** A Board consisting of not more than nineteen (19) persons who are fit and proper to be Trustees must govern the affairs of the Scheme according to these Rules.
- 21.1.2.** Trustees shall be elected in accordance with the following formula:
 - 21.1.2.1.** The Central Executive Committee of the Union shall appoint nine of these Trustees. Whilst not limiting its rights, the Union shall as far as is practicably possible, endeavour to ensure that its Trustees are appointed from each of the nine provinces and shall only appoint Trustees whom are members of the Scheme.
 - 21.1.2.2.** Nine member-elected Trustees shall be elected, from amongst members, at the Annual General Meeting of the Scheme. The member-elected Trustees



shall at all times constitute fifty per cent (50%) of the total composition of the Board.

21.1.2.3. The Pensioner Trustee shall be elected at the Annual General Meeting (**AGM**) of the Scheme, from amongst pensioner members of the Scheme.

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

21.2.1. a person under the age of 21 years;

21.2.2. a director, employee, partner, representative or agent of the administrator of the Scheme;

21.2.3. a person, including a legal person, associated with the administrator of the Scheme or of any controlling or subsidiary company of the administrator;

21.2.4. the Principal Officer of the Scheme;

21.2.5. the auditor of the Scheme; and

21.2.6. a person whose membership contributions are in arrears for a period of at least three months, for whatever reason.

21.2.7. A person whom has had a prior disciplinary record with the Scheme and for which sanction may be in force and effect and whom in the opinion of the Board on good cause may be shown to be inappropriate to undertake the fiduciary responsibilities of a Trustee.

21.3. Trustees shall serve a term of office of three years, and shall be eligible for re-election.

21.4. Should the Union-appointed Trustee as provided for in Rule 21.1.2.1 vacate office, the Union shall appoint a replacement Trustee, within a reasonable period

21.5. Should a member-elected Trustee and/or Pensioner Trustee vacate office during his/her term, the Board may appoint a Trustee from amongst the members in good standing of the Scheme. These vacancies shall be filled within one hundred and eighty (180) days of the vacancy occurring or as may be reasonably acted by the Board. A person so appointed must retire at the first AGM and that meeting may fill the vacancy for the unexpired period of office of the vacating member. Nominations to fill vacancies, signed by the proposer and seconder in good standing with the Scheme, must be signed by the candidate signifying his consent to stand for election and must be submitted to the Scheme together with a curriculum vitae by 31 March of the year concerned and the election must be carried out by the members at the AGM.

- 21.6.** The Board may co-opt a knowledgeable person to assist it in its deliberations provided that such person shall not have a vote.
- 21.7.** Ten Trustees shall constitute a quorum at meetings of the Board.
- 21.8.** The Board shall appoint the chairperson and the vice-chairperson of the Scheme from amongst the members of the Board.
- 21.9.** In the absence of the chairperson and vice-chairperson, the Board members present must elect one of their numbers to preside.
- 21.10.** Matters serving before the Board must be decided by a majority vote and in the event of an equality of votes, the chairperson has a casting vote in addition to his deliberative vote.
- 21.11.** A member of the Board may resign at any time by giving written notice to the Board. A vacancy that has so arisen shall be filled as provided for in Rule 21.5.
- 21.12.** A member of the Board ceases to hold office if:
- 21.12.1. he becomes mentally ill or incapable of managing his affairs;
 - 21.12.2. he is declared insolvent or has surrendered his estate for the benefit of his creditors;
 - 21.12.3. he is convicted, whether in the Republic or elsewhere, of corruption, theft, fraud, forgery or uttering of a forged document or perjury;
 - 21.12.4. he is removed by the court from any office of trust on account of misconduct;
 - 21.12.5. he is disqualified under any law from carrying on his profession;
 - 21.12.6. he has acted in bad faith towards the Scheme and/or through his conduct has, in the opinion of the Board, brought the Scheme into disrepute;
 - 21.12.7. he ceases to be an appointee by a participating employer, or being a Board member elected by members of the Scheme, he ceases to be a member of the Scheme
 - 21.12.8. he absents himself from three consecutive meetings of the Board without the permission of the Chairperson; or
 - 21.12.9. he is removed from office by the Council in terms of Section 46 of the Act;
 - 21.12.10. he is removed from office in terms of Rule 21.17.
- 21.13.** The provision of Rules 22.12.1 – 22.12.10 applies *mutatis mutandis* to the Principal Officer.

- 21.14.** The Board must meet at least once every three (3) months or at such intervals as it may deem necessary.
- 21.15.** The chairperson may convene a special meeting of the Board should the necessity arise. Any five members of the Board may request the chairperson to convene a special meeting of the Board. The requestors shall state the objects of the meeting and shall be signed by all the requestors and deposited at the registered office of the Scheme, marked for the attention of the Principal Officer.
- 21.16.** Members of the Board may be reimbursed for all reasonable expenses incurred by them in the performance of their duties as Trustees. Such reimbursement must be disclosed to the members at the Annual General Meeting.
- 21.17.** A member of the Board who acts in a manner which is seriously prejudicial to the interests of beneficiaries of the medical Scheme may be removed by the Board, provided that –
- 21.17.1. before a decision is taken to remove the member of the Board, the Board shall furnish that member with full details of the evidence which the Board has at its disposal regarding the conduct complained of, and allow such member a period of not less than thirty (30) days in which to respond to the allegations;
 - 21.17.2. the resolution to remove that member is taken by at least two thirds of the members of the Board;
 - 21.17.3. the member shall have recourse to dispute procedures of the Scheme or complaints and appeal procedures provided in the Act.

22. FIDUCIARY AND OTHER DUTIES OF BOARD OF TRUSTEES

- 22.1.** The Board is responsible for the proper and sound management of the Scheme, in terms of these Rules.
- 22.2.** The Board must act with due care, diligence, skill and in good faith.
- 22.3.** Members of the Board must avoid conflicts of interests, and must declare any interest they may have in any particular matter serving before the Board.
- 22.4.** The Board must apply sound business principles and ensure the financial soundness of the Scheme.
- 22.5.** The Board shall appoint a Principal Officer who is fit and proper to hold such office. The Board shall also appoint other staff – that, in its opinion, is required for the proper execution of the business of the Scheme. The Board shall determine the terms and conditions of any person employed by the Scheme – including that of the Principal



Officer – having due regard to the rights of employees to be consulted in the determination of conditions of employment.

- 22.6.** The Board shall observe the principles of due and proper conduct at its meetings in accordance with any practices adopted by the Board from time to time.
- 22.7.** The Board must cause to be kept such minutes, accounts, entries, registers and records as are essential for the proper functioning of the Scheme.
- 22.8.** The Board must ensure that proper control systems are employed by and on behalf of the Scheme.
- 22.9.** The Board must ensure that adequate and appropriate information is communicated to the members regarding their rights, benefits, contributions and duties in terms of the Rules.
- 22.10.** The Board must take all reasonable steps to ensure that contributions are paid timeously to the Scheme in accordance with the Act and the Rules.
- 22.11.** The Board must take out and maintain professional indemnity insurance and fidelity guarantee insurance from and up to such amount as the Scheme's auditor, with the concurrence of the Registrar, may determine.
- 22.12.** The Board must obtain expert advice on legal, accounting, clinical and business matters as required, or on any other matter of which the members of the Board may lack sufficient expertise.
- 22.13.** The Board must take steps to ensure the integrity of all documents, data and information transferred any new administrator or managed health care organisation. Any change in administrator must comply with Board Notice (BN) 73 of 2004, published under the Act.
- 22.14.** The Board must ensure that the Rules and the operation and administration of the Scheme comply with the provisions of the Act and all other applicable laws.
- 22.15.** The Board must take all reasonable steps to protect the confidentiality of medical records concerning any member or dependant's state of health.
- 22.16.** The Board must approve all disbursements, or such approval may be delegated to the Principal Officer in terms of a written policy.
- 22.17.** The Board must cause to be kept in safe custody, in a safe or strong room at the registered office of the Scheme or with any financial institution approved by the Board, any mortgage bond, title deed or other security belonging to or held by the Scheme,

except when in the temporary custody of another person for the purposes of the Scheme.

- 22.18.** The Board must make such provision as it deems desirable, and with due regard to normal practice and recommended guidelines pertaining to retention of documents, for the safe custody of the books, records, documents and other effects of the Scheme.
- 22.19.** The Board must disclose annually in writing to the Registrar, any payment or considerations made to members of the Board in that particular year by the Scheme as prescribed.
- 22.20.** Members of the Board are not entitled to any remuneration, honorarium, or any other fee in respect of services rendered in their capacity as members of the Board. Members of the Board are entitled to reimbursement of expenses, in accordance with Rule 21.16.
- 22.21.** The Board shall cause to be done a “Board effectiveness self-assessment” on an annual basis and an independent assessment every three years with due regard to normal practice and recommended guidelines pertaining to improving the Board's effectiveness.
- 22.22.** The Board shall ensure that every existing and newly appointed/elected Board member undergoes trustee training in the form of induction training and attendance of the accredited skills programme provided by the Council.
- 22.23.** The Board shall prepare annual financial statements and shall ensure compliance with all statutory requirements pertaining thereto.

23. POWERS OF THE BOARD

The Board has the power —

- 23.1.** to cause the termination of the services of any employee of the Scheme on good cause shown, subject to the applicable labour legislation;
- 23.2.** to take all necessary steps and to sign and execute all necessary documents to ensure and secure the due fulfilment of the Scheme's obligations under such appointments;
- 23.3.** to appoint committee/s consisting of such Board members and other experts which may include staff of the Scheme, as it may deem appropriate;
- 23.4.** either appoint its own in-house administrator or a duly-accredited administrator and/or managed care organisation on such terms and conditions as it may determine, for the proper execution of the business of the Scheme. The terms and conditions of such appointment must be contained in a written contract, which complies with the requirements of the Act and the regulations;



- 23.5.** to appoint, compensate and determine the level of services of any accredited person for the introduction or admission of a member to the Scheme;
- 23.6.** to appoint, compensate and determine the level of services of any other person or organisation who will assist the Board in the fulfilment of the objects of the Scheme;
- 23.7.** to contract with managed healthcare organisations subject to the provisions of the Act and its Regulations;
- 23.8.** subject to section 63 of the Act, to purchase movable and immovable property for the use of the Scheme or otherwise, and to sell it or any of it subject to sound business practice and fair value principles;
- 23.9.** to let or hire movable or immovable property;
- 23.10.** in respect of any monies not immediately required to meet current charges upon the Scheme and subject to the provisions of the Act, and in the manner determined by the Board, to invest or otherwise deal with such monies upon security and to realise, re-invest or otherwise deal with such monies and investments;
- 23.11.** with the prior approval of the Council, to borrow money for the Scheme from the Scheme's bankers against the security of the Scheme's assets for the purpose of bridging a temporary shortage;
- 23.12.** subject to the provisions of any law, to cause the Scheme, whether on its own or in association with any person, to establish or operate any pharmacy, hospital, clinic, maternity home, nursing home, infirmary, home for aged persons or any similar institution, in the interests of the members of the Scheme;
- 23.13.** to make an appropriate donation, including donations to any hospital, clinic, nursing home, maternity home, infirmary or home for aged persons in the interests of all or any of the members;
- 23.14.** to grant repayable loans to members or to make *ex gratia* payments on behalf of members in order to assist such members to meet commitments in regard to any matter specified in the definition of "business of a medical scheme" in Rule 5;
- 23.15.** to contribute to any fund conducted for the benefit of employees of the Scheme;
- 23.16.** where, in the opinion of a suitably-qualified expert, it is necessary and appropriate, to reinsure obligations in terms of the benefits provided for in these Rules in the prescribed manner provided that all such reinsurance arrangements are fully disclosed to the Council, including full details of premiums, commissions, and benefits due under such



arrangement, and provided further that no commercial or other relationship exists between the reinsurer, the Scheme or the administrator.

- 23.17.** the Board may, in its absolute discretion, authorise the Principal Officer and /or such members of the Board as it may determine from time to time, and upon such terms and conditions as the Board may determine, to sign any contract or other document binding or relating to the Scheme or any document authorising the performance of any act on behalf of the Scheme;
- 23.18.** to contribute to any association instituted for the furtherance, encouragement and co-ordination of medical schemes;
- 23.19.** to supervise and manage all persons employed by the Scheme, or as may be delegated by the Board;
- 23.20.** in general, do anything, which it deems necessary or expedient to perform its functions in accordance with the provisions of the Act and these Rules.

24. DUTIES OF THE PRINCIPAL OFFICER AND STAFF

24.1. The Principal Officer and staff of the Scheme shall:

- 24.1.1. act in the best interests of the members of the Scheme at all times;
- 24.1.2. ensure the confidentiality of all information regarding its members and the affairs of the Scheme;
- 24.1.3. act in the utmost good faith and impartiality;
- 24.1.4. be responsible for the supervision of the staff employed by the Scheme, unless the Board determines otherwise; and
- 24.1.5. act in a manner so as to ensure professionalism and promote the objects of the Scheme.

24.2. The staff of the Scheme must, in terms of the Protection of Personal Information Act (Act No 4 of 2013), ensure the confidentiality of all beneficiary information.

24.3. The Principal Officer is the executive officer of the Scheme and as such shall ensure that:

- 24.3.1. the decisions and instructions of the Board are executed without unnecessary delay;
- 24.3.2. where necessary, there is proper, timeous and appropriate communication between the Scheme and those parties, affected by the decisions and instructions of the Board;



- 24.3.3. the Board is kept 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;
 - 24.3.4. the Board is kept sufficiently and timeously informed concerning the affairs of the Scheme so as to enable the Board to comply with the provisions of section 57(6) of the Act; and
 - 24.3.5. no decisions concerning the governance of the Scheme are taken without prior authorisation by the Board and shall further ensure that the authority of the Board in its governance of the Scheme is observed at all times.
- 24.4.** The Principal Officer shall ensure the carrying out of all of his duties as directed by the Board and 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 where his attendance may be required, and shall be allowed to participate in the meeting, and shall further ensure the proper recording of the proceedings of all meetings.
- 24.5.** The Principal Officer shall be the accounting officer of the Scheme charged with the collection of and accounting for all monies received and payments authorised by and made on behalf of the Scheme.
- 24.6.** The Principal Officer shall keep full and proper records of all monies received and expenses incurred by, and of all assets, liabilities and financial transactions of the Scheme.
- 24.7.** The following persons shall not be eligible to be Principal Officer:
- 24.7.1. an employee, director, officer, consultant or contractor of any person contracted by the Scheme to provide administrative, marketing or managed healthcare services, or of the holding company, subsidiary, joint venture or associate of such person;
 - 24.7.2. a broker or an employee, director, officer, consultant or contractor of any person contracted by the Scheme to provide broker services; or
 - 24.7.3. a principal officer or other office bearer of another medical scheme.

25. INDEMNIFICATION & FIDELITY GUARANTEE

- 25.1.** The Board and any officer of the Scheme must be indemnified by the Scheme against all proceedings, costs and expenses incurred by reason of any claim in connection with the Scheme, not arising from their negligence, dishonesty or fraud.
- 25.2.** The Board must ensure that the Scheme is insured against loss resulting from the dishonesty or fraud of any of its officers (including the Principal Officer and members of the Board).



26. FINANCIAL YEAR OF THE SCHEME

The financial year of the Scheme extends from 01 January to 31 December of that year.

27. BANKING ACCOUNT

The Scheme must maintain a banking account/s with a registered commercial bank/s. All monies received must be deposited to the credit of such account/s and all be made either by electronic transfer, tape exchange or by cheque under the joint signature of not less than two persons duly authorised by the Board. To the extent that those two administrators are contracted to administer each of the two benefit options on the Scheme, the Scheme may hold separate banking accounts for each of the options.

28. AUDITOR & AUDIT COMMITTEE

28.1. An auditor (who must be authorised and approved by the Registrar in terms of section 36 of the Act) who is engaged in public practice as an auditor shall be appointed by resolution of the Board on such terms and conditions as may be determined from time to time.

28.2. The Board must, within thirty (30) days, appoint another auditor to fill the vacancy for the unexpired period in the event that :

28.2.1. for whatever reason the auditor vacates his office prior to the expiration of the period for which he has been appointed, or

28.2.2. the Board decides to terminate the appointment of the auditor prior to the expiration of the period for which he has been appointed.

28.3. The auditor of the Scheme at all times has a right of access to the books, records, accounts, documents and other effects of the Scheme, and is entitled to require from the Board and the officers of the Scheme such information and explanations as he deems necessary for the performance of his duties.

28.4. The auditor must report to the Audit Committee of the Scheme (as defined in rule 28.12 below) on the accounts examined by him and on the financial statements laid before the Scheme in general meeting.

28.5. The following persons are not eligible to serve as auditor of the Scheme:

28.6. an officer of the Scheme;

28.7. a contractor of the Scheme;



- 28.8.** an employee, director, officer or contractor of the Scheme's administrator, or of the holding company, subsidiary, joint venture or associate of the administrator;
- 28.9.** a person not registered and engaged in public practice as an auditor;
- 28.10.** a person who is disqualified from acting as an auditor in terms section 90 of the Companies Act (Act No 71 of 2008).
- 28.11.** The Board shall annually cause the auditor's report to be laid before the members of the Scheme in general meeting on the accounts that have been examined by him and on the financial statements that have been compiled by him.
- 28.12.** The Board shall appoint an Audit Committee of at least five members, of whom at least two must be serving members of the Board.
- 28.13.** The Audit Committee shall serve a term of office for three (3) years, and shall be available for re-election.
- 28.14.** Where vacancies arise on the Audit Committee, the Board shall fill these vacancies no later than thirty (30) days from the vacancy arising.

29. GENERAL MEETINGS

29.1. ANNUAL GENERAL MEETING (AGM)

- 29.1.1.** The AGM of the Scheme must be held not later than 30 June each year on a date which may be shown to permit reasonable attendance by members in order to achieve at least the quorum described in rule 29.1.5.
- 29.1.2.** The Board shall determine the venue of the AGM,.
- 29.1.3.** The notice convening the AGM, containing the agenda, the annual financial statements, (comprising the Trustee's report and audited annual financial statements), all the information pertaining to the proposed trustees' remuneration for the ensuing year, the auditor's report and the annual report must be furnished to members at least 21 (twenty one) days before the date of the meeting. The non-receipt of such notice by a member does not invalidate the proceedings at such meeting, provided that the notice procedure followed by the Board was reasonable.
- 29.1.4.** All members of the Board shall be entitled to attend the meeting of the AGM, as delegates, and shall be entitled to one vote each.
- 29.1.5.** At least thirty (30) members in good standing present in person shall constitute a quorum. If a quorum is not present after the lapse of two (2) hours from the time fixed for the commencement of the meeting, the meeting must be



postponed to a date determined by the Board, and members then present constitute a quorum, with notice of such postponed meeting being re-issued in terms of Rule 29.1.3.

29.1.6. The financial statements and reports specified in Rule 29.1.3 must be laid before the meeting.

29.1.7. Notices of motions and/or nominations to the Board, to be placed before the AGM must reach the Principal Officer not later than seven (7) days prior to the date of the meeting.

29.2. SPECIAL GENERAL MEETING (“SGM”)

29.2.1. A Special General Meeting (SGM) of members may be called in the following circumstances and subject to Rule 16 (to the extent applicable) having first been applied:

29.2.1.1. A request to convene an SGM shall be made in writing to the Principal Officer and shall be signed by 350 of the Scheme members in good standing. Such written request must state the objects of the meeting and be delivered to the registered office of the Scheme.

29.2.1.2. Upon receipt of such written request, the Principal Officer shall cause a meeting to be convened between all or some of the members who are signatories to the request and all or some of the Board in order to consider and attempt to resolve the matters giving rise to the request to convene the SGM. Where appropriate, and in consultation with the Chairperson of the Board, the Principal Officer shall seek the assistance of an impartial chairperson with suitable expertise to facilitate a satisfactory resolution of the matter giving rise to such written request.

29.2.1.3. Should the invited members who are signatories to the request not attend the meeting, and should there be, in the opinion of the Board, insufficient grounds to substantiate their non-attendance, the matter shall be considered to be concluded on the basis that the written request is not being pursued.

29.2.1.4. If, at the conclusion of the meeting envisaged in terms of Rule 29.2.1.1, the matter is resolved to the satisfaction of the members who are signatories to the request, the request to convene the SGM shall be withdrawn and no meeting shall be convened.

29.2.1.5. If, at the conclusion of the meeting envisaged in terms of Rule 29.2.1.1, the matter has not been resolved to the satisfaction of the members who

are signatories to the request, the Board shall convene a meeting of the SGM. Only those matters forming the objects of the request may be discussed at the SGM.

- 29.2.2. Subject to Rule 29.2.1.5, the notice convening the SGM, containing the agenda, must be furnished to members at least fourteen (14) days before the date of the meeting. The non-receipt of such notice by a member does not invalidate the proceedings at such a meeting.
- 29.2.3. At least fifty (50) members present in person constitute a quorum. If a quorum is not present at a Special General Meeting after the lapse of thirty (30) minutes from the time fixed for the commencement of the meeting, the meeting is regarded as cancelled and no further meeting will be held.
- 29.2.4. All resolutions of the SGM shall not be implemented until the next AGM. Such AGM shall have the right to consider the matter *de novo*, and shall have the right to either rescind or uphold the decision of the SGM.

30. VOTING AT MEETINGS

- 30.1.** Every member who is present at a general or special meeting of the Scheme and whose contributions is not in arrears, has the right to vote, or may, subject to this Rule, appoint another member of the Scheme as proxy to attend, speak and vote in his behalf.
- 30.2.** The instrument appointing the proxy must be in writing, in a form determined by the Board and must be signed by the member and the person appointed as the proxy.
- 30.3.** The chairperson must determine whether the voting must be by ballot or by a show of hands. In the event of the votes being equal, the chairperson, if he is a member, has a casting vote in addition to his deliberative vote. A resolution so adopted shall be binding on all the members.
- 30.4.** An independent registered, electoral institution as appointed by the Board shall conduct voting at General Meetings for the purposes of electing Trustees.

31. TERMINATION OR DISSOLUTION

- 31.1.** The Scheme may be dissolved by order of a competent court or by voluntary dissolution.
- 31.2.** Members in general meeting may decide that the Scheme must be dissolved, in which event the Board must arrange for members to decide by ballot whether the Scheme must be liquidated.



- 31.3.** Pursuant to a decision by members taken in terms of Rule 31.2, the Principal Officer must, in consultation with the Registrar, furnish to every member a memorandum containing the reasons for the proposed dissolution and setting forth the proposed basis of distribution of the assets in the event of winding up, together with a ballot paper.
- 31.4.** Every member must be requested to return his ballot paper duly completed before a set date. If at least fifty per cent (50%) of the members return their ballot papers duly completed and if the majority thereof is in favour of the dissolution of the Scheme, the Board must ensure compliance therewith and appoint, in consultation with the Registrar, a competent person as liquidator. The Registrar may, on good cause shown, ratify a lower percentage.

32. AMALGAMATION AND TRANSFER OF BUSINESS

- 32.1.** The Scheme may, subject to the provisions of section 63 of the Act, amalgamate with, transfer its assets and liabilities to, or take transfer of assets and liabilities of any other medical Scheme or person; in which event the Board must arrange for members to decide by ballot whether the proposed amalgamation should be proceeded with or not.
- 32.2.** If at least fifty per cent (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. The Registrar may, on good cause shown, ratify a lower percentage.
- 32.3.** The amalgamating Board must submit signed copies of a final audited set of financial statements and annual statutory returns to the Council.

33. RIGHT TO OBTAIN DOCUMENTS AND INSPECTION OF DOCUMENTS

- 33.1.** Any member, on request, shall be supplied by the Scheme free of charge with a copy of the following documents:
- 33.1.1. the Rules of the Scheme, including any preferred service providers or DSPs;
 - 33.1.2. the latest audited annual financial statements, returns, Trustees reports and the auditors' report of the Scheme;
 - 33.1.3. protocol and formulary documents, if any;
 - 33.1.4. the management accounts in respect of the Scheme and all of its options.
- 33.2.** A member is entitled to inspect free of charge at the registered office of the Scheme any document referred to in Rule 33.1 and to make extracts there from, provided that the member advises the Principal Officer in advance of this request so as to ensure that the requested documents are readily available to the member, and provided further the member undertakes on the prescribed form to maintain the confidentiality of the Scheme records so extracted and to maintain good faith towards the Scheme.

- 33.3.** Rule 33 shall not be construed to restrict any other person's rights in terms of the Promotion of Access to Information Act (Act No 2 of 2000).

34. AMENDMENT OF RULES

- 34.1.** The Board is entitled to alter or rescind any rule or annexure or to make any additional rule or annexure, provided that:

34.1.1. No alteration, rescission or addition which affects the objects of the Scheme or which increases the rates of contribution or decreases the extent of benefits of the Scheme or of any particular benefit option by more than twenty five per cent (25%) during any financial year, is valid unless it has been approved by a majority of members present in a general meeting or a special meeting or by ballot.

34.1.2. Members must be furnished with a copy of such amendment within 14 days after registration thereof. Should a member's rights, obligations contributions or benefits be amended, he/she shall be given 30 days advance notice of such change.

34.1.3. No alteration, rescission or addition shall be valid unless it has been approved and registered by the Registrar of Medical Schemes.

- 34.2.** Notwithstanding the provisions of Rule 34.1 above, the Board shall, on the request and to the satisfaction of the Registrar, amend any Rule that is inconsistent with the provisions of the Act in consultation with the Board, and in full compliance to Section 31 of the Act.