SIZWE HOSMED MEDICAL SCHEME
Your choice for quality care

SIZWE HOSMED MEDICAL SCHEME
RULES
Effective from 1 October 2021

1. NAME

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

2. LEGAL PERSONA

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

3. REGISTERED OFFICE

The registered office of the Scheme is situated at 3 Victoria Link, Route 21 Corporate Park, Irene, 0178, but the Board may change such address to any other location in the Republic of South Africa, should circumstances so dictate.

4. DEFINITIONS

In these Rules, words and expressions defined in the Medical Schemes Act (Act 131 of 1998) bear the meanings thus assigned to it and, unless inconsistent with the context –

(a) a word in the singular number includes the plural, and vice versa; and

(b) the following expressions have the following meanings:

4.1 "Act" – the Medical Schemes Act (Act no 131 of 1998), and the regulations framed thereunder;

4.2 "Administrator" – the Administrator of the Scheme as accredited by the Council from time to time in terms of the Act;

4.3 "Adult Dependant" –

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2022/04/04

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a person including a Spouse or Partner of a Member who is in fact wholly or partly dependent on a Member for financial support and who is registered, in terms of these Rules, as an Adult Dependant including, but not limited to:

4.3.1 a divorced Spouse of a Member;

4.3.2 a Spouse of a Member under a customary union or under a union recognised as a marriage under the customs of any religion;

4.3.3 a person with whom a Member enjoys a relationship similar to the relationship of a legally married Spouse;

4.3.4 a child of a Member who meets the criteria of qualifying as a Child Dependant and is a Spouse in a customary or civil marriage;

4.4 "Annual Limit" -

the Maximum Benefits to which a Member and his or her registered Dependants are entitled in terms of these Rules, and shall be calculated annually to coincide with the Financial Year of the Scheme;

4.5 "Approval" – prior written or minuted verbal approval of the Board or its authorised representative;

4.6 "Auditor" – an auditor registered in terms of the public Accountants' and Auditors' Act, 1991, (Act no 80 of 1991);

4.7 "Authorisation" –

4.7.1 in the case of hospitalisation – the authorisation by or on behalf of the Scheme for a case to be managed under the hospital benefit management programme and for which an application has been made by or on behalf of a beneficiary prior to admission to a hospital or day clinic or for such other services and or procedures as may be determined by the Scheme from time to time and such authorisation shall be deemed to authorise all procedures and services as may be necessary during the stipulated period;

4.7.2 in the case of medication, the authorisation of medicine prescribed for a chronic sickness condition based on the reimbursement guidelines set by the chronic medication programme or disease management programme;

4.8 "Basic Salary" - The amount of fixed salary paid monthly before any additional benefits such as medical aid, pension, and allowances are added and not inclusive of overtime, commission, or bonuses.

4.9 "Beneficiary" – a member or a person admitted as a dependant of a member;

4.10 "Benefits" - Subject to the restrictions imposed by these Rules, the benefits to which a Beneficiary is entitled as set out in Rule 15 and in accordance with the Benefit Option in which the Member participates as provided for in Annexure B (1-11);

4.11 "Benefit Options" - The benefit option which is applicable to a Beneficiary, and which is approved by the Registrar from time to time, which approved benefit option and corresponding Contributions are attached as Annexure A;

4.12 "Board" – the Board of Trustees constituted to manage the Scheme in terms of the Act and these Rules;

4.13 "Case" – the treatment of a sickness condition required on admission of a beneficiary to a hospital or day clinic and for any ongoing treatment stipulated under the hospital benefit management programme;

4.14 "Chairperson" - The Chairperson of the Board elected in terms of these Rules;

4.15 "Child" – means a person under the age of 21 (twenty-one) who is not self-supporting and in respect of whom the member is liable for family care and support. For the purpose of applying this definition, a child means –

(i) the natural child of a member; or

(ii) a stepchild; or

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(iii) an adopted child or a child in the process of being adopted and who has been placed in the custody of the member, as defined in section 1 of the Children's Act, 2005 (Act No 38 of 2005); or

(iv) a foster child or a child in the process of being placed in foster care and who has been placed in the care of the member, as defined in the Children's Act, 2005 (Act No 38 of 2005); or

(v) a child born in terms of a surrogate motherhood agreement with a member confirmed by the High Court, as defined in the Children's Act, 2005 (Act No 38 of 2005); or

(vi) a child being cared for by the member or in temporary safe care as defined in the Children's Act, 2005 (Act No 38 of 2005); or

(vii) a child, as defined in (i) to (vi) above, of a member's partner.

4.16 "Child Dependant""- A person who is under the age of twenty-one (21) years and who for the purposes of these Rules satisfies one of the following categories:

4.16.1 A natural child of a Member or of a Member's Spouse;

4.16.2 An adopted child of, or a child in the process of being adopted by a Member or a Member's Spouse, where the child is not the biological child of either of them;

4.16.3 A stepchild of a Member or of a Member's Spouse who is not the child of either of them;

4.16.4 A foster child of a Member or of a Member's Spouse; and

4.16.5 a child, other than any of the children specified in Rules 4.16.1 to 4.16.4 above, to whom a Member is liable for family care and support, and in respect of whom the Member is able to provide an affidavit, attested to by the Member, which records the basis and extent of such liability upon which the application for the person to be registered as a Dependant, i.e. a Child Dependant, is made;

4.16.6 A niece or nephew of a Member or of a Member's Spouse provided that such person is financially dependent on the Member or his or her Spouse;

4.16.7 A sibling of a Member or of a Member's Spouse provided that such a sibling is financially dependent on the Member or his or her Spouse;

4.16.8 A grandchild, great-grandchild of a Member or of a Member's Spouse who is Financially Dependent on the Member or his or her Spouse;

4.16.9 any Dependent below twenty-six (26) years of age, for the duration of any course for which that Dependant is registered as a bona fide student at an educational institution recognised as such by the Board, who is not receiving in any calendar year, or on a continuing basis, during the period of study an annual income of not more than the Social Pension prescribed in respect of that person in the year in question

4.16.10 a dependant who is totally dependant on the member and who is deemed by the Board to be permanently disabled, irrespective of age.

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4.16.11 A child is considered an adult dependant, and will be billed at an adult rate from the age of 21 unless:

(i) The child, between the ages of 21 and 26 years, is a student, in which case a letter must be submitted from an accredited learning institution confirming that they are registered as a full-time student.

(ii) The child is mentally or physically disabled; or

(iii) the child is still financially dependent on the member, in which case an affidavit is required.

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4.17 "Chronic medication programme" – the programme adopted by the Scheme for containing costs and/or the use of medicines by a beneficiary on a long-term basis, or for a diagnosed chronic disease and/or an incurable or life-threatening disease or medical condition.

4.18 "Chronic Disease" – a disease or medical condition that requires the ongoing use of prescribed medicines for a period of three months or longer.

4.19 "Claim" - the amount which a Member seeks from the Scheme in respect of expenditure incurred by him or her in connection with Benefits in respect of which he or she and/or his or her Dependants are entitled to in terms of these Rules and the Benefit Option as recorded in Annexure B – Annexure E.

4.20 "Condition specific waiting period" – such a period as may be imposed by the Scheme, but which may not exceed 12 (twelve) months from the date on which the beneficiary was admitted as such to the Scheme, during which a beneficiary is not entitled to claim benefits in respect of such conditions identified by the Scheme, for which medical advice, diagnosis, care, or treatment was recommended or received.

4.21 "Continuation member" – a member who retains his membership of the Scheme in terms of Rule 6.4 or a dependant who becomes a member of the Scheme in terms of Rule 7.1.

4.22 "Contracted fee" – the fee determined in terms of an agreement between the Scheme and a service provider or group of providers in respect of payment of relevant health services.

4.23 "Contribution" – in relation to a member, the amount, exclusive of interest, paid by or in respect of the member and his/her registered dependants if any, as membership fees and shall include contributions to personal medical savings accounts. The balance outstanding to the credit of a member in terms of any option which provides for personal medical savings accounts shall, at all times remain the property of the member.

4.24 "Council" – the Council for Medical Schemes as contemplated in the Act;

4.25 "Cost" – in relation to a benefit, the net or final amount payable in respect of a relevant health service rendered or material obtained;

4.26 "Creditable coverage" – any period during which a late joiner was –

4.26.1 a member or a dependant of a medical scheme;

4.26.2 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;

4.26.3 a uniformed employee of the South African National Defence Force, or a dependant of such employee, who received medical benefits from the South African National Defence Force; or

4.26.4 a member or a dependant of the Permanent Force Continuation Scheme, but excluding any period of coverage as a dependant under the age of 21 years.

4.26.5 "Date of Service"

4.26.5.1 in the case of a consultation, visit to or treatment by a Medical Practitioner, Dentist or Medical Auxiliary, the date on which each consultation, visit or treatment occurred whether it was for the same illness or not;

4.26.5.2 In the case of an operation, procedure or confinement, the date on which each operation, procedure, or confinement occurred;

4.26.5.3 In the case of hospitalization, the date of each discharge from a hospital or a nursing home or the date on which membership is terminated, whichever date is the earlier;

4.26.5.4 In the case of any other Benefit, the date on which such Benefit was rendered or the Benefit or item was obtained.

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4.26.6 "Deductible"

A specific percentage or rand amount of the total hospital account related to a specific procedure as stipulated in the benefits per option that the beneficiary is liable for;

4.27 "Dependant" –

4.27.1 a member's spouse or partner who is not a member or a registered dependant of a member of another medical scheme;

4.27.2 a member's child dependant as defined in Rule 4.16 who is not a member or a registered dependant of a member of another medical scheme; and

4.27.3 the adult person in respect of whom the member is liable for family care and support.

4.28 "Designated service provider" or "DSP" – a healthcare provider or group of providers selected by the scheme to provide healthcare services to beneficiaries at preferential rates or on other beneficial terms, and which shall be used exclusively by beneficiaries except in cases where the DSP is not available within a reasonable distance of the beneficiary, or in case of emergencies.

4.29 "Designated service provider rate" (DSP rate) – A contracted fee as contemplated in Rule 4.22 that has been agreed with a healthcare provider in exchange for the healthcare service rendered to the beneficiaries of the Scheme. The rate shall apply to PMB and/or non-PMB conditions, and shall be payable at the DSP rate unless otherwise applicable as contemplated in the Act, the Regulations, and these rules.

4.30 "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 disease management for purposes of containing costs and/or ongoing review and monitoring of patients, in respect of such conditions as may be identified by the Scheme from time to time, and which conditions may include but not be restricted to, HIV infections and AIDS;

4.31 "Domicilium citandi et executandi" – the member's chosen physical address at which notices as well as legal process, or any acting arising therefrom, may be validly delivered and served.

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

4.33 "Employee" – a person in the employment of an employer.

4.34 "Employer" – a participating employer who has contracted with the Scheme for purposes of admission of its employees as members of the Scheme.

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4.35 "Ex gratia" - A payment towards relevant health care services which a concession is given at the discretion of the Board and not a right to which beneficiaries are entitled to.

4.36 "Financially Dependent" - in respect of a person means that the person does not earn more than the amount of the Social Pension from all sources of income (if any) recognised by the Board for this purpose and is dependent financially on the Member for access to medical benefits.

4.37 "Formulary" - A list of medicines that the Scheme will pay for the treatment of acute and chronic conditions as per the Benefit Option the Member has selected.

4.38 "General waiting period" – a period during which a beneficiary is not entitled to claim any benefits and which period may not exceed 3 (three) months, or any other such period as may be allowed in terms of the Act, and as may be determined by the Board from time to time.

4.39 "Good Standing" - A Member whose Contributions payable to the Scheme are not outstanding for more than two consecutive months.

4.40 "Gross Income" - The total income received from a Participating Employer including all allowances or the cost to company expense or the total package as the case may be.

4.41 "Hospital benefit management programme" – the ongoing monitoring, by or on behalf of the Scheme, for a stipulated period for the treatment of a sickness condition of a beneficiary, and shall include a sickness condition which might occur whilst the beneficiary is in a private / provincial hospital or day clinic or a sickness condition for which the beneficiary was admitted in the first instance, and which may extend beyond the period of hospitalisation.

4.42 "Income" – for purposes of calculating contributions in respect of –

4.42.1 a member who is an employee – his/her gross monthly salary / pensionable earnings subject to annual verifications;

4.42.2 an individual member – his/her gross monthly earnings subject to an annual verification;

4.42.3 a member who registers his/her spouse or partner as a dependant – the higher of member or his/her spouse's or partner's salary or earnings;

4.42.4 continuation member – his/her gross monthly income from retirement:

4.42.5 "In order to ensure that the benefit options remain viable, members must provide a yearly proof of income by the 30th of November of each benefit year:

4.42.6 Proof of income must include principal member's and/or spouse's (if applicable) current gross monthly income and contributions must still be calculated according to the same income category;

4.42.7 The Scheme may also in some instances request a member to submit proof of income throughout the year;

4.42.8 Should a member not submit proof of income by the stipulated date the Scheme will invariably assume that member's financial situation has changed to such an extent that he/she must pay his/her monthly contributions according to the highest income band category;

4.42.9 Sworn affidavits are not acceptable for the purposes of income verification;

4.42.10 Contribution adjustments to the next higher income band category will apply from January of the benefit year;

4.42.11 The Scheme reserves the right to decline any requests to review income after the stipulated due date;

4.42.12 Members must provide certified copies of bank statements (Last three (3) months', 90 consecutive days);

4.42.13 An employed prospective member must send his/her last three (3) months' payslips, or the most recent tax year's IRP5 certificate;

4.42.14 A student must send his/her enrolment /registration certificate from the academic institution for the current academic year;

4.42.15 Self-employed member must send his or her recent audited income statement or recent management accounts or alternatively bank statements;

4.42.16 An unemployment insurance declaration to confirm unemployment status (Form UI-6A) for the unemployed member is required.

4.42.17 Proof of annuity and employer pension or State Older Person's Grant for retired members is required.

4.42.18 For each investment producing income, a recent statement showing the interest earned – not older than three (3) months must be included.

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4.42.19 The bank statement, clearly highlighting the grant received, that is not older than three (3) months for pensioners is required.

4.42.20 The bank statement, clearly highlighting the money received from a trust, that is not older than three (3) months is required.

4.42.21 Declaring income lower than actual income is deemed as fraud. This will lead to the immediate cancellation of membership and the member will not be able to join the Scheme"

4.43 "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 consecutive months since 1 April 2001.

4.44 "Managed care organisation" – an organisation accredited by the Council and appointed by the Scheme in accordance with the Act and the rules to provide managed health care.

4.45 "Managed health care" – a health care delivery arrangement designed to reduce unnecessary utilisation of services, to contain costs and to measure performance while providing accessible, quality, and effective health care and as referred to in the preamble to Annexure B.

4.46 "Member" – any person who is admitted as a principal member of the Scheme in terms of these Rules;

4.47 "Member family" – the member and all the registered dependants.

4.48 "Minimum benefits" - the benefits in respect of relevant health services for those conditions as prescribed by the Minister in terms of section 29(1)(o) of the Act.

4.49 "Partner" – a person with whom the member has a committed relationship based on objective criteria of mutual dependency irrespective of the gender of either party.

4.50 "PMSA" – that part of a Member's Contribution which remains an asset, where applicable, of the Member, but is held by the Scheme for his/her and his/her Dependants' exclusive benefit and use in accordance with the relevant Benefit Option and which funds are administered and regulated in terms of the Act and the Rules;

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4.51 "Pre-existing medical (sickness) condition" – a disease or illness for which medical advice, diagnosis, care, or treatment was recommended or received within the twelve-month period immediately preceding the date on which the beneficiary was admitted as such with the Scheme.

4.52 "Prescribed minimum benefits" –defined benefits contemplated in section 29(1)(o) of the Act and consist of the provisions of the diagnosis, treatment, and care costs of –

(a) any emergency condition

(b) a list of chronic conditions defined in the Chronic Disease list (CDL)

(c) a limited set of medical conditions defined as Diagnosis and Treatment Pairs (DTP), as per Annexure A of the Regulations to the Medical Schemes Act

4.53 "Registrar" – the Registrar or Deputy Registrar of Medical Schemes appointed in terms of section 18 of the Act.

4.54 "Sizwe Hosmed Rates" – National Health Reference Price List for health services published in 2006 and adjusted annually for inflation or any other tariff or pricing criteria as may be adopted by the Scheme from time to time.

4.55 "Social pension" – the appropriate basic social pension prescribed by the Social Pension Act, 1992 (Act No 59 of 1992).

4.56 "Spouse" – the person to whom the member is married in terms of any law or custom, irrespective of the gender of either party.

4.57 "Stipulated period" – a period commencing on the date of application for admission to hospital or day clinic or re-admission in respect of the same medical condition, or condition emanating from or causally linked to the initial condition for which admission was sought, to the date of discharge from hospital or day clinic, provided that when transferred from one hospital to another for continuation of the treatment of the sickness condition for which the beneficiary was admitted, the stipulated "date of discharge" shall be the date on which the beneficiary was finally discharged from hospital.

4.58 "Subject to hospital management programme" – when applied to hospitalisation or admission to a day clinic shall imply that approval which is granted for admission and care covers all recognised services associated with that admission to a hospital or day clinic which cannot be approved on a global basis, and application must be made for each and every eligible service.

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5. OBJECTIVES

The objectives of the Scheme are to:

(a) undertake liability, in respect of its members and their dependants, in return for a contribution or premium;

(b) make provision for the obtaining of any relevant health service;

(c) grant assistance in defraying expenditure incurred in connection with the rendering of any relevant health service; and/or

(d) render a relevant health service, either by the Scheme itself, or by any supplier or group of suppliers of a relevant health service or by any person in association with or in terms of an agreement with the Scheme.

6. MEMBERSHIP

6.1 Eligibility

6.1.1 Subject to Rule 8, membership is open to any person or group of persons who are ordinarily resident within the Republic of South Africa, and shall be compulsory in respect of an Employee, who in terms of his or her conditions of employment, is required to become a Member.

6.2 Employer participation

(a) The Board may, in its absolute discretion, on application by any company, corporation or institution admit such company, corporation or institution as an employer and extend participation in the Scheme to the employees of such company, corporation or institution on the same terms and conditions as apply to the employees of existing employers participating in the Scheme;

(b) An employer may, on giving one month's written notice to the Board, be permitted to terminate its participation in the Scheme: Provided that on the expiration of the period of notice the Scheme shall have no liability for benefits for services incurred by the relevant members after that date. The employer shall further be obliged to settle all its outstanding obligations as at the time of the termination

6.3 Classes of member

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6.3.1 **Ordinary members**

Employee

Subject to Rule 8 where the membership of the Scheme is a condition of service it shall be compulsory for all employees of an employer to become members of the Scheme:

Provided that the Board shall have the right to exempt from membership such employee or category of employees nominated by an employer and in respect of whom it is deemed undesirable to require membership as a condition of service or where the employer has accredited more than one medical aid; or

Where an employee whose spouse is a member of another medical scheme and the employee elects to be registered as a dependant on the spouse's medical scheme, the employee shall not, during the period of such membership of that scheme, be registered as a member of the Scheme;

6.3.2 **Individual**

Subject to the provisions of Rules 8.1 and 8.2, membership is open to any person or group of persons.

6.4 **Retirees**

6.4.1 A member shall 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.

6.4.2 The Scheme shall inform the member of his/her right to continue his/her membership and of the contribution payable from the date of retirement or termination of his/her employment. Unless such member informs the Scheme in writing of his/her desire to terminate his/her membership, he/she shall continue to be a member.

6.5 **Dependants of deceased members**

6.5.1 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 continue with their membership of the Scheme without any new restrictions, limitations or waiting periods.

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6.5.2 The Scheme shall inform the dependant of his/her right to membership and of the contribution payable in respect thereof. Unless such person informs the Board in writing of his/her intention not to become a member, he/she shall be admitted as a member of the Scheme.

6.5.2.1 Such member's membership terminates if he/she becomes a member or a dependant of a member of another medical scheme.

6.5.3 Where a child dependant/s has been orphaned, the eldest child may be deemed to be a member, and any younger siblings, the child's dependant/s.

6.5.3.1 Such a member's membership terminates if he/she becomes a member or a dependant of a member of another medical scheme.

7. REGISTRATION AND DEREGISTRATION OF DEPENDANTS

7.1 Registration of Dependants

7.1.1 A member may apply for the registration of his dependants at the time that he applies for membership in terms of Rule 8.

7.1.2 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 and benefits will accrue as from the date of birth or adoption.

7.1.3 If a member, who marries subsequent to joining the Scheme, applies within 30 days of the date of such marriage to register his/her spouse as a dependant, his/her spouse shall thereupon be registered with 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.

7.1.4 In the event of any person becoming eligible for registration as a dependant other than in the circumstances set out in Rules 8.2.1 to 8.2.3, the member may apply to the Scheme for the registration of such person as a dependant, whereupon the provisions of Rule 8 shall apply *mutatis mutandis.*

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7.2 De-registration of Dependants

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

7.2.2 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 any benefits, regardless of whether notice has been given in terms of these Rules or otherwise, and irrespective of whether contributions were paid in respect such a person.

8. TERMS AND CONDITIONS APPLICABLE TO MEMBERSHIP

8.1 A minor may become a member with the consent of his parent or guardian.

8.2 No person shall be a member of more than one registered medical scheme or a dependant:

8.2.1 of more than one member of a particular medical scheme; or

8.2.2 of members of different registered medical schemes; and

8.2.3 no beneficiary may 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 except in cases of such a person being a tissue or organ donor.

8.2.4 Should it be established that a Member or a Dependant is a beneficiary of another Medical Scheme his or her Benefits will be suspended pending an investigation.

8.3 Prospective members shall, prior to admission, complete and submit the application forms required by the Scheme, together with satisfactory evidence in respect of himself and his/her dependants, of age, income, state of health and of any prior membership or admission as dependant of any other medical scheme. The Scheme may require an applicant to provide the Scheme with a medical report in respect of any proposed beneficiary in respect of a condition for which medical advice, diagnosis, care, or treatment was recommended or received within the twelve-month period immediately preceding the date on which an application for membership was made. The costs of any medical tests or examinations required to provide such medical report will be paid for by the Scheme. The Scheme may however designate a provider to conduct such tests or examinations.

8.4 **Waiting periods**

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8.4.1 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 –

8.4.1.1 a general waiting period of up to three months; and

8.4.1.2 a condition–specific waiting period of up to 12 months.

8.4.2 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 –

8.4.2.1 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;

8.4.2.2 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.

8.4.3 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 medical scheme for a continuous period of more than 24 months, terminating less than 90 days immediately prior to the date of application, a general waiting period of up to three months, except in respect of any treatment or diagnostic procedures covered within the prescribed minimum benefits.

8.5 No waiting periods may be imposed on:

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

8.5.1.1 change of employment; or

8.5.1.2 an employer changing or terminating the medical scheme of its employees, in which case such transfer shall occur at the beginning of the financial year, or reasonable notice

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must have been furnished to the Scheme to which an application is made for such transfer to occur at the beginning of the financial year.

Where the former medical scheme had imposed a general or condition specific waiting period in respect of persons referred to in this rule, and such waiting period had not expired at the time of termination of membership, the Scheme may impose such waiting period for the unexpired duration of a waiting person imposed by the former medical scheme.

8.5.2 A beneficiary who changes from one benefit option to another within the scheme unless that beneficiary is subject to a waiting period on the current benefit option in which case the remaining period may be applied;

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8.5.3 A child dependant born during the period of membership

8.6 No waiting periods or new restrictions shall be imposed on account of the state 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 years and whose membership has been terminated because of a change of employment and who applies for membership within three months after termination of membership from the other medical scheme.

8.7 Subject to rule 8.6 a waiting period of not more than 12 months shall apply to a member and his dependants, from the date of admission, in respect of a pre-existing sickness condition, other than a condition which qualifies for treatment within the prescribed minimum benefits: provided that no new waiting period shall be applied to any member or dependant who is moving between benefit options within the same medical scheme.

8.8 The registered dependants of a member must participate in the same benefit option as member.

8.9 Every member will, on admission to membership, receive a detailed summary of contribution rates, benefits and limitations. 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. The Rules are available on a website for access by all members.

8.10 A member may not cede, transfer, pledge or hypothecate or make over to any third party any 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 to assign or transfer, or otherwise cede or to pledge or hypothecate such benefit.

8.11 Where a membership of a beneficiary has been terminated in terms of Rule 12.4, the Scheme shall have no obligation to allow such a person, upon making application to re-join the Scheme, to re-join the Scheme unless such a person proves to the reasonable satisfaction of the Board that the events that led to his membership being previously terminated, are not reasonably likely to occur.

8.12 Where a member is permitted to resign from the Scheme in terms of Rule 12.1.1, and is registered as a dependant on the spouse's medical Scheme, the member may only be re-admitted to membership of the Scheme subject to the Rules of the Scheme.

8.13 **Conditions of employment not affected by the Rules**

Nothing in these Rules shall be construed as altering in any way an employer's right to terminate the service of an employee who is a member of the Scheme or any agreement between the employer and the employee in regard to conditions of service.

8.14 **Requirements for payment of contributions**

Every member admitted in terms of rule 6.3.2 or 6.4 shall either at the time of admission or thereafter, make suitable arrangements for a particular method of payment to be effected of the monthly contributions payable in terms of these Rules. This is to ensure to the satisfaction of the Board that all payments of contributions are:

8.14.1 paid directly into the Scheme's nominated bank account or received at the registered office of the scheme; and

8.14.2 notified by the Scheme's banker and/or the member of the Scheme as payments made by the relevant member, in such a way that they are readily and immediately identifiable as such payments.

9. TRANSFER OF EMPLOYER GROUPS FROM ANOTHER MEDICAL SCHEME

If the members of another medial scheme who are members of that scheme by virtue of their employment by a particular employer terminate their membership of such other scheme with the object of obtaining membership of this Scheme, the board will admit such persons collectively as members without a waiting period. Any member of such first-mentioned scheme who is a continuation member by virtue of his/her past employment by the particular employer may also be admitted as a member on the basis as set out in this rule 9, and the Scheme shall further admit any person who has been a registered dependant of such member, as a dependant.

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10. MEMBERSHIP CARD AND CERTIFICATE OF MEMBERSHIP

10.1 Membership card

Every member shall be issued with a membership card containing such particulars as prescribed by the Act. This card shall be exhibited to the supplier of a service on request. It remains the property of the Scheme and shall be returned to the Scheme on termination of membership.

An additional fee for lost or duplicate cards shall apply, which fee shall from time to time be determined by the Board.

10.2 Misuse of membership card

The utilisation of a membership card by any person other than the member or his/her registered dependants, with the knowledge or consent of the member or his/her dependants, is not permitted and is construed as an abuse of the privileges of membership of the Scheme and in particular the benefits of the Scheme.

10.3 Certificate of membership

On termination of membership or on de-registration of a dependant, the Scheme shall, within 30 days of such termination, furnish such person with a certificate of membership cover, containing such particulars as may be prescribed: Provided that such request reaches the Scheme within a period of two years after such termination.

11. CHANGE OF ADDRESS OF MEMBER

11.1 A member must notify the Scheme within 30 days of any change of address including his/her *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.

11.2 A member shall, upon making application to become a member of the Scheme, furnish the Scheme with such contact details as the Scheme may require from time to time, and may include particulars of mobile numbers and email addresses. Any changes to such contact details must be communicated to the Scheme within 30 days of such change occurring. 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.

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12. TERMINATION AND MEMBERSHIP

12.1 Resignation

12.1.1 A member of the Scheme who resigns from the service of his/her employer shall, on the date of such termination, be eligible to continue as an individual member without reapplying or the imposition of any new restrictions that did not exist at the time of his/her resignation.

12.1.2 A member who by giving one calendar months' notice resigns from the service of the participating employer shall, on the date of such termination, cease to be a member and all rights to benefits shall thereupon cease, except for claims in respect of services rendered prior thereto.

12.2 Voluntary termination of membership

12.2.1 A member, who is not required in terms of his/her conditions of employment to be a member, may terminate his/her membership of the Scheme on giving one month's written notice. All rights to benefits cease after the last day of membership;

12.2.2 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;

12.2.3 A participating employer may terminate its participation with the Scheme by giving one month's written notice of termination to the Scheme;

12.2.4 An individual/continuation member may resign from the Scheme by giving one month's written notice of termination to the Scheme and all rights and benefits shall thereupon cease on date of termination, except for claims in respect of services rendered up to and including the date of termination.

12.3 Termination by default

12.3.1 12.3.1 The Board shall have the right to terminate the membership of a member where the member fails to pay to the Scheme any amount due by the member to the Scheme in terms of these Rules or whose contributions are more than 30 days in arrears. The provisions of this Rule shall also apply where, in the case of an employee member, the member's employer fails to pay contributions to the Scheme as required in terms of the provisions of Annexure A.

The Scheme shall give a member notice by registered post or any other means as may be decided

upon by the Board from time to time, that if contributions are not paid up to date within 14 days after date of receipt, membership will be terminated retrospectively with effect from the end of the month for which contributions were last received.

12.4 **Abuse of privileges, false claims, false representation, and non-disclosure of factual information**

12.4.1 Subject to Rule 29 the Scheme may terminate the membership of a member or dependant against whom there is reasonable evidence of abusing the benefits and privileges of the Scheme, by *inter alia* presenting false claims, or making a misrepresentation or non-disclosure of factual information. The Scheme, should it terminate the membership of the member or the dependant in terms of this rule, shall inform the member, in writing, of this decision, and shall provide reasons therefore. In such event the affected member or dependant may be required by the Scheme to refund to the Scheme any such sum which, but for his/her abuse of the benefit of privileges of the Scheme, or other misconduct as contemplated herein, would not have been disbursed on his/her behalf.

12.5 Membership whilst abroad

12.5.1 A Member who proceeds on leave outside the Republic of South Africa or is required to temporarily leave the Republic of South Africa on official duty may either apply to have his or her membership suspended during such period of absence, or may elect to continue to receive the Benefits in accordance with the Benefit Option of his or her choice: Provided that Contributions are paid by or on behalf of such a Member and the Benefits thus received shall not exceed the amount that would have applied had the Member received the Benefits in the Republic of South Africa.

12.5.2 Except with the approval of the Scheme, where a Member ceases to reside in the Republic of South Africa, his membership shall terminate.

12.5.3 Except with the approval of the Scheme, where a Dependant ceases to reside is the Republic of South Africa his or her right to receive Benefits will cease.

12.6 **Death**

12.6.1 Membership of a principal member terminates on his/her death. The membership of his dependants shall also automatically terminate unless such dependants elect to remain as such as contemplated in Rule 6.5.

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13. CONTRIBUTIONS

13.1 The total monthly contribution payable in respect of a member shall be based on that member's income, as defined at 01 January of that particular year regardless of any increases experienced during that year and the number of dependants registered from time to time.

13.2 For the purposes of verifying a member's income on an annual basis, the Scheme shall be entitled to request from a member or the employer (in the case of an employer group) proof of income in order to determine the total monthly contribution payable in respect of a member

13.3 Contributions are payable monthly in arrears by not later than the 7th day of each month. Members joining the scheme as individuals are required to pay monthly in advance. Members joining the scheme as a group may also be required to pay their contributions monthly in advance. Where contributions should be paid monthly or any other debt owing to the scheme, have not been paid within 30 days of the due date, the Scheme shall have the right to:

13.3.1 suspend all benefit payments which have accrued to such member irrespective of when the claim for such benefit arose; and

13.3.2 give the member and/or employer written notice (whether by electronic or traditional means) that if contributions or such other debts are not paid up to date within 14 days after date of receipt thereof membership may be cancelled.

13.3.3 A notice sent by prepaid registered post to the member at his/her domicilium citandi et executandi shall be deemed to have been received by the member on the 7th day after the date of posting. Where the notice is sent by electronic mail, fax or mobile text communication, the member shall be deemed to have received the notice upon the successful transmission thereof. In the event that the member fails to nominate a domicilium citandi et executandi, the member's address on his/her application form shall be deemed to be his/her domicilium citandi et executandi.

13.4 In the event that payments are brought up to date, benefits shall be reinstated without any break in continuity subject to the right of the Scheme to levy a reasonable fee to cover any additional 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.

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

13.6 The balance standing to the credit of a member in terms of any option which provides for personal medical savings account shall, at all times, remain the property of the member.

14. LIABILITY OF EMPLOYER AND MEMBERS

14.1 The liability of the employer towards the Scheme is limited to any amounts payable in terms of any agreement between the employer and the Scheme.

14.2 The liability of a member 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 dependants, which has not been repaid to the Scheme.

14.3 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.

14.4 A member accepts liability to ensure that the accounts rendered by a provider to a member, or his dependant(s) are submitted for payment within the prescribed period as set out in Rule 15.2 and Regulation 5.

15. CLAIMS PROCEDURE

15.1 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.

15.1.1 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 transaction advice containing at least the following particulars-

(a) The name and the membership number of the member;

(b) The name of the supplier of service;

(c) The final date of service rendered by the supplier of service on the account or statement which is covered by the payment;

(d) The total amount charged for the service concerned; and

(e) The amount of the benefit awarded for such service.

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15.2 In order to qualify for benefits, any claim must, unless otherwise arranged, be signed and certified by the member as correct and must be submitted to the Scheme not later than the last day of the fourth month following the month in which the service was rendered.

15.3 Where a member has paid an account, he shall, in support of his claim submit a receipt.

15.4 Accounts for treatment of injuries or expenses recoverable from third parties, must be supported by a statement, settling out particulars of the circumstances in which the injury or accident was sustained.

15.5 If the Scheme is of the opinion that an account, statement, or a claim is erroneous or unacceptable for payment, the Scheme shall notify the member and the relevant health care provider, within 30 days after receipt thereof and state the reason for such an opinion. The Scheme must state the reasons why such claim is incorrect or unacceptable and afford such member or provider the opportunity to return such corrected claim to the Scheme within 60 days.

16. BENEFITS

16.1 Members are entitled to benefits during a financial year, as per Annexure B (1-11), and such benefits extend through the member to his registered dependants. A member must on admission elect to participate in any available options, detailed in Annexure B (1-11).

16.2 A member is entitled to change from one to another benefit option subject to the following conditions:

16.2.1 The change shall be made only with effect from 1 January of any financial year. The Board may, in its absolute discretion, permit a member to change from one to another benefit option on any other date.

16.2.2 Application to change from one benefit option to another must be in writing and lodged with the principal officer by not later than 30 November prior to the year upon which it is intended that the change will take place: Provided that the member has had at least 30 days prior notification of any intended changes in benefits or contributions for the next year.

16.3 The Scheme has the right to withhold payment of any benefit to which a member is entitled in the event that his contributions or any other payment to the Scheme are more than one month in arrears, and where accounts have been paid in accordance with these Rules, the member will be held liable for the amount so paid.

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16.4 The Scheme shall, where an 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 30 days of receipt of the claim pertaining to such benefit, and the election as to how to defray such a claim pay remains the sole discretion of the Scheme.

16.5 Any benefit option in Annexure B (1-11) covers the cost of services rendered in respect of the prescribed minimum benefits.

16.6 No limitations or exclusions will be applied to the prescribed minimum benefits.

16.7 Unless otherwise provided for or decided by the Board, expenses incurred as listed in Annexure D exclusions and limitations; and in connection with any of the following will not be paid by the Scheme:

16.7.1 All costs for operations, medicines, treatment, and procedures for cosmetic purposes.

16.7.2 Holidays for recuperative purpose.

16.7.3 Purchase of the following unless prescribed by a registered healthcare practitioner who is either registered with the Health Professions Council or who possesses a practice number as issued by the Board of Healthcare Funders or any other agency or entity who is lawfully entitled to issue such practice numbers:

(i) Medicines not registered with the Medicines Control Council;
(ii) Toiletries and beauty preparations;
(iii) Slimming products;
(iv) Homemade remedies; and
(v) Alternative medicines.

16.7.4 All costs that are more than the annual maximum benefit to which a beneficiary is entitled in terms of the rule so the Scheme.

16.7.5 Charges for appointments, which a beneficiary fails to keep.

16.7.6 Costs for services rendered by-

(i) Persons not registered with a recognised professional body constituted in terms of an Act of Parliament; or

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(ii) Any institution, nursing home or similar institution not registered in terms of any law except a state or provincial hospital.

16.8 Beneficiaries admitted during the course of a financial year are entitled to the benefits set out in the relevant benefit option chosen, with the maximum benefits being adjusted in proportion to the period of membership calculated from the date of admission to the end of the particular financial year.

16.9 Unless otherwise decided by the Board, benefits in respect of medicines obtained on a prescription are limited to one month's supply for every such prescription or repeat thereof.

17. PAYMENTS OF ACCOUNTS

17.1 Payment of accounts or reimbursement of claims is restricted to the net amount payable in respect of such benefit and maximum amount of the benefit to which the member is entitled in terms of the applicable benefit.

17.2 The Scheme is entitled to apply clinical policy and managed care protocols to determine a Member's entitlement to Benefits and to determine the application of limits and sub-limits.

17.3 Any discount whether on an individual basis or bulk discount received in respect of a relevant health service shall be for the benefit of the member in determining the net amount payable for the service and appropriate deduction from the applicable benefit limited, or medical savings account, as the case may be.

17.4 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.

17.5 Where the Scheme has paid an account or portion of an account or any benefit to which a member is not entitled, whether payment is made to the member or to the supplier of service, the amount of any such overpayment is recovered by the Scheme, and may be set-off from funds owed to such a member by the Scheme arising from future claims or otherwise.

17.6 Notwithstanding the provisions of this Rule, the Scheme has the right to pay any benefit directly to the member concerned.Currency of payment

17.6.1 Any valid claim accepted by the Scheme in terms of these Rules in respect of services procured within South African Customs Union (SACU) member countries will be paid in the currently of the Republic of South Africa, at the Sizwe Hosmed Rate.

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17.7 Scheme Tariff

17.7.1 The Board shall determine a fixed tariff that the Scheme will pay for certain Benefits as determined by the Board. The Board must determine or adopt a tariff for payment of Healthcare services rendered to beneficiaries in advance of the commencement of each calendar year, and as further described in Annexure A, having considered:

17.7.1.1 Amongst any other relevant indicators, analysis, evidence, inflation, and applicable reimbursement rates which Designated Service Providers are willing to agree to; and/or

17.7.1.2 Any valid, non-binding reference price list for health services duly published by the relevant official in terms of any legislation prevailing from time to time.

17.7.2 If hospitalisation or certain non-hospitalisation benefits ("Treatment") is recommended for a Member or Dependant then, subject to the Rules17.717.7.4 to 17.7.6 below, the following provisions shall apply:

17.7.2.1 the Member shall give the Scheme written or verbal notice advising that such Treatment has been recommended, giving full details including the name(s) of the medical practitioner(s) who has/have made such recommendations and obtain the required authorisation from the Scheme that it will pay for the Treatment;

17.7.2.2 the Members shall give notice to the Scheme within such reasonable period as will allow the provisions of this Rule 17.7.2 to be complied with; but in any event, notice of not less than 48 hours prior to the Treatment;

17.7.2.3 upon receiving such notice, the Scheme shall be entitled to require the Member or his or her Dependant (as the case may be) to obtain a second opinion from a medical practitioner approved by the Scheme as to whether the recommended Treatment is necessary. The charges levied by such medical practitioner in respect of the second opinion shall be borne by the Scheme;

17.7.2.4 immediately upon obtaining such second opinion, the Member shall furnish the Scheme with a copy thereof; and

17.7.2.5 the Scheme shall, on good cause shown, be entitled to reject a request for authorisation, notwithstanding that a second opinion may have been furnished, if in its opinion any of the criteria stipulated in Rule 11.7 are present;

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17.7.2.6 if the Member of Dependant (as the case may be) undergoes Treatment without the Member obtaining authorisation from the Scheme in accordance with this Rule 17.7.2 the Scheme's liability in respect of the Treatment of the Member or Dependant shall be subject to the Rules and appropriate limitations as determined by the Board.

17.7.3 The provisions of Rule 17.7.2 insofar as they pertain to the forty-eight (48) hour notification period shall not apply where Treatment is required by a Member or by a Dependant as a matter of urgency. For the purposes of this Rule 17.7.3, Treatment shall be deemed to have been required as a matter of urgency if the Member could not have been expected to comply with the provisions of Rule 17.7.3 without his health or that of his Dependant being placed in jeopardy. Notwithstanding this, the Member will be required to give the Scheme notification of the Treatment as soon as received.

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17.7.4 The onus shall be upon the Member to prove that:

17.7.4.1 He or she gave notice in accordance with 17.7.2;

17.7.4.2 such notice was given within the time period referred to in 17.7.2;

17.7.4.3 a copy of the written second opinion was given to the Scheme in accordance with 17.7.2.3;

17.7.4.4 Treatment was required as a matter of urgency in terms of 17.7.2,

if a dispute in respect of any such matter arises.

17.7.5 Authorisation for Beneficiaries will take place on the following basis:

17.7.5.1 The Member will ensure that either the Member, Dependent or the hospital calls the Scheme to pre-authorise the admission.

17.7.5.2 All admissions are subject to Authorisation.

17.7.5.3 Where the Scheme receives a hospital Claim that has not been pre-authorised payment will be limited in accordance with Rule17.717.7.2.6.

17.7.5.4 The Member is obliged to make full disclosure during or after Authorisation of all healthcare services even if they relate to a general exclusion of the Scheme. Failure to do so may lead to the entire event being declined and may be regarded as a misrepresentation.

17.7.6 Admission for Beneficiaries on the hospital network plans will take place in accordance with the following:

17.7.6.1 Should the Beneficiary be admitted to a non-Designated Service Provider facility in the event of an Emergency Medical Condition, the Beneficiary may be transferred to a Designated Service Provider facility as soon as the Beneficiary is stabilized.

17.7.6.2 Should the Beneficiary be admitted to a non-Designated Service Provider facility for reasons other than an Emergency Medical Condition and involuntariness in respect of a Prescribed Minimum Benefit, such admission will be covered up to a maximum of 80% of the Benefit available to the Beneficiary.

17.7.6.3 Should the Beneficiary of a Benefit Option elect network restrictions (as defined in Annexure A) and be admitted to a non-Designated Service Provider for reasons other than an Emergency Medical Condition, such admission will be subject to co-payments as set out in annexure "A".

17.7.7 Exclusion

17.7.7.1 The Scheme shall not pay for benefits from cover wherein the reasonable opinion of a medical officer appointed for this purpose by the Scheme, taking into account generally accepted medical practice, the service/s:

17.7.7.1.1 could have been reasonably rendered in the consulting rooms of a medical practitioner; or

17.7.7.1.2 could have been reasonably rendered at a lower level of care; or

17.7.7.1.3 are not Medically Necessary; or

17.7.7.1.4 were rendered to the Member or his Dependant as out-patients of the hospital concerned; or

17.7.7.1.5 comprise a general exclusion to the Scheme as reflected in Annexure D to these Rules; or

17.7.7.1.6 were rendered to the Member and his Dependants in emergency rooms of the hospital, except for Prescribed Minimum Benefits; or

17.7.7.1.7 do not meet the protocols and clinical guidelines of the Scheme or the cover provided by the Member's Benefit Option; or

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17.7.7.1.8 is such that the quantum of the service comprises a payment for which a Beneficiary is personally liable.

17.7.8 Funding only for Medically Necessary healthcare services

17.7.8.1 The Scheme shall only fund healthcare services provided to a Member if the service in question is Medically Necessary.

17.7.8.2 If the Scheme reasonably determines that the healthcare service and/or level of care is not Medically Necessary, the Scheme may fund such service at the appropriate or cost-effective level of care.

17.8 The Scheme may at its costs require a Member to be medically examined for purposes of establishing whether the healthcare service is Medically Necessary. Should the Member and/or the Member's family decline consent for such an examination, the Scheme may then, in keeping with generally accepted clinic practice and with the clinical information at hand, reduce funding to the recommended level of care as contemplated in Rule

17.9 Consultation of specialists without referral

17.9.1 Whenever a specialist practitioner is consulted by a Beneficiary who has not been referred by a general practitioner, the Benefit granted by the Scheme may be restricted to the amount that would have been paid to a general practitioner for the same service except when the Board, on good cause shown, directs otherwise.

17.10 Disease management programmes

Where the Scheme provides Benefits by means of disease management programmes, the Member and/or his or her Dependants will be encouraged to be enrolled on such programme.

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18. **EX GRATIA PAYMENTS**

18.1 The Board shall not authorise payment for services other than those provided for in these Rules, but may in its absolute discretion, in respect of the benefits provided, increase the amount payable in terms of these Rules as an ex-gratia award provided it is satisfied that undue hardship would otherwise be imposed upon the member. The payments for an ex-gratia amount shall not create any precedent in any particular circumstance or for the Scheme as a whole; and shall not bind the Scheme to any obligation or further liability in respect of the payment.

19. **THE BOARD MAY DELEGATE THE CONSIDERATION AND ACCEPTANCE OF EX-GRATIA PAYMENTS TO THE CLINICAL GOVERNANCE COMMITTEE IN TERMS OF THE EX-GRATIA POLICY IN EXISTENCE FROM TIME TO TIME.GOVERNANCE OF THE SCHEME**

19.1 Constitution of Board

The affairs of the Scheme shall be managed according to the Rules of the scheme as contemplated in by section 29(1) of the Act, by a Board that consists of persons who are fit and proper as contemplated in section 57 of the Act, composed of:

19.1.1 20 (twenty) Trustees constituted by Hosmed and Sizwe Board members in line with the exposition document of which the elected trustees shall serve until the 2024 elective AGM, whereafter the number shall reduce to 12 (twelve) elected members.

19.1.1.1 at least 50% (fifty percent) of the members of the Board shall at all times be members of the Scheme nominated and elected by members of the Scheme at an annual general meeting ("Elected Trustees"), in accordance with the processes referred to in rule 19.2.

19.1.1.2 at least 3 (three) professional trustees ("Appointed Trustees") shall be appointed by the newly Elected Trustees. The Elected Trustees shall give consideration to the following factors in selecting the Appointed Trustees:

19.1.1.2.1 special skills requirements identified by the Scheme through its risk management tools, with particular emphasis on legal, medical, financial, accounting, and actuarial science skills;

19.1.1.2.2 any geographic imbalance in representation on the Board; and

19.1.1.2.3 representation from large employer groups, where appropriate.

19.1.2 The Appointed Trustees need not be members of the Scheme to be considered to serve as trustees.

19.1.3 Upon an Appointed Trustee accepting the office of trustee, the Appointed Trustee shall have full participation and voting rights, and his/her status shall be indistinguishable from that of an Elected Trustee.

19.2 Term of Office

19.2.1 An Elected Trustee shall, unless he/she becomes disqualified to serve as trustee in terms of these Rules and/or the Act, serve for a term of 3 (three) years with effect from the Annual or Special General Meeting of the year in which an election was held.

19.2.2 Appointed Trustees shall serve for a term of 2 (two) years with effect from the year in which the appointment was made.

19.2.3 Retiring trustees shall, subject to rule 19.3, be eligible for re-election by the annual general meeting or special general meeting in the case of Elected Trustees, and by the Board in the case of Appointed Trustees.

19.2.4 A member of the Board may resign at any time by giving written notice to the Board of his intention not to remain a Board member.

19.2.5 The term of office of a trustee expires at an Annual or Special general Meeting notwithstanding that such meeting may be held at an earlier on later date than the end of the third or second year of their term of office.

19.3 Nomination and Election of Trustees to the Board:

19.3.1 The board shall establish a nomination Committee responsible for the electoral process which shall consist of at least the chairperson of the Board and three other members who may be the officials of the scheme.

19.3.2 The Board shall ensure that best practices are followed to ensure that the trustee nomination and election process is free and fair and shall, where appropriate, appoint an independent body to oversee and conduct the nomination process and the elections. The nomination and election procedures are as follows:

19.3.2.1 The Scheme shall send out notices in a in a mode elected by the Scheme, calling for nominations to all members no later than 4 (four) months before the expiry of the term of any Elected Trustee.

19.3.2.2 The notices calling for nominations shall inform members of vacancies to be filled, the nomination process, together with a nomination form approved by the Board.

19.3.2.3 Each nomination shall contain at least a short CV of the candidate in a format specified in the nomination notice.

19.3.2.4 Nomination forms duly completed and signed by members of the Scheme, must be received by a date determined by the board.

19.3.2.5 Each nomination form must be made on the prescribed form provided by the Scheme, signed by the proposer, a seconder, and the candidate, provided that a candidate may not propose or second himself/herself.

19.3.2.6 A nomination shall be invalid if it is received by the Scheme after the closing date if it is not completed in full or if it is not signed by all 3 (three) abovementioned signatories.

19.3.2.7 The Scheme shall cause a vetting process to be undertaken to ensure that nominated candidates are eligible to serve as trustees, and shall compile a final list of candidates that are eligible for election.

19.3.2.8 The Scheme shall send to all members a list of vetted eligible candidates for nominations as stipulated in rule 19.2.3, together with:

a) summarised CV of each vetted eligible candidate;

b) a ballot form; and

c) a letter indicating to the members by when their ballot forms must be received by the Scheme.

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19.3.9 The Board may employ any resources necessary and delegate any necessary authority to any competent person or committee to take decisions and implement processes related to the nomination and electoral process.

19.3.10 Members ballots shall be received on a date prior to an Annual or Special General Meeting as may be determined by the Board to allow for verification of such ballots to be undertaken. Members present at an Annual or Special General Meeting shall have a right to vote in an election in person at the aforesaid meeting provided that they are members in good standing with the Scheme.

19.3.11 The Scheme shall cause the votes received back from members' ballots to be counted and where an independent electoral body has not been appointed, the Scheme shall require its auditors to verify the outcome of the voting process. The Scheme shall then be obliged to inform the members of the outcome of the election process at an Annual or Special general meeting immediately following the voting process, or at any other time as may be appropriate. The results of an election of trustees need not be

announced at a general meeting and may be announced at a later stage should it be appropriate, and the Board is entitled to take into account the results of such voting as may have taken place at a general meeting notwithstanding that the meeting may have been interrupted and not have concluded its business.

19.3.12 Candidates who receive the most votes, in descending order, shall be elected as trustees until all vacancies have been filled.

19.3.13 In the event that more than 1 (one) candidate receives the same number of votes, and there are insufficient seats on the Board available for all such candidates, then where the outcome of the election is to be announced at the annual general meeting, members at the annual general meeting shall be asked to cast their votes in respect of such candidates. The candidates who receive the highest number of votes shall be appointed as trustees.

19.4 – Casual Vacancies

19.4 The Board shall have the right to fill any casual vacancy which may occur on the Board.

19.4.1 A person so appointed to fill a casual vacancy shall assume all the rights, obligations and powers of the trustee in whose position he is appointed, provided that such a trustee shall retire at the first ensuing annual general meeting of the Scheme, unless that meeting confirms his appointment, in which case, the trustee appointed to fill the casual vacancy shall be confirmed as a trustee and shall remain in office as such for the unexpired duration of the period of the office of the trustee who he was appointed to replace.

19.4.2 Should the members of the Board no longer constitute a quorum then those members of the Board remaining shall be obliged to call for elections and make such appointments of trustees as may be necessary, within 60 (sixty) days of it becoming inquorate, to ensure that the Board becomes quorate. The remaining members of the Board, pending the finalization of the election and appointment of trustees as contemplated herein, shall in the interim constitute the Board with full powers to do all that may be necessary in respect of the business of the Scheme as if it were fully and properly constituted.

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19.5 Eligibility of Trustees

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

19.5.1 a person under the age of 21 years;

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

19.5.3 a broker;

19.5.4 the principal officer of the Scheme;

19.5.5 the auditor of the Scheme;

19.5.6 a consultant, advisor, co-administrator, or any person irrespective of title, who is providing advice, services, or recommendations of any nature to a medical scheme/schemes (as defined in the Medical Schemes Act or Regulations) other than Sizwe Hosmed Medical Scheme;

19.5.7 an employee, director, officer, consultant, or contractor of, or any person associated with, a manufacturer, distributor and/or wholesaler of prescription or over-the-counter pharmaceuticals, complementary medicines, medical devices and medical consumables;

19.5.8 an employee, director, officer, consultant, or contractor of a hospital;

19.5.9 a person holding a trusteeship of any other medical scheme or schemes;

19.5.10 a person disqualified from being a director of a company or from acting as a trustee under the Companies Act, 2008 or any other law;

19.5.11 an elected trustee who is not a member of Sizwe Hosmed Medical Scheme.

19.6 Cessation of office:

A member of the Board shall cease to hold office if the member:

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19.6.1 becomes of unsound mind or is subject to a reception order in terms of the Mental Health Act 18 of 1973, or has been declared by a competent court to be incapable of managing his affairs;

19.6.2 has been declared insolvent or has surrendered his/her estate for the benefit of his creditors;

19.6.3 is convicted, whether in the Republic or elsewhere, of theft, fraud, forgery or uttering of a forged document or perjury;

19.6.4 is removed by the court from any office of trust on account of misconduct;

19.6.5 is disqualified under any law from carrying on his/her profession;

19.6.6 absents him/herself from three consecutive meetings of the Board without the permission of the Chairperson; or

19.6.7 is removed from office by the Council in terms of Section 46 of the Act.

19.6.8 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

19.6.9.1 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 30 days in which to respond to the allegations;

19.6.9.2 the resolution to remove that member is taken by at least two thirds of the members of the Board;

19.6.9.3 the member shall have recourse to dispute procedures of the scheme or complaints and appeal procedures provided for in the Act.

19.7 Election of office bearers:

19.7.1 The Board shall, at its first Board of Trustees meeting after each AGM, or after a special general meeting elect a chairperson and deputy chairperson of the Board from the ranks of the Trustees

19.7.2 The Board shall call for nominations for the position of chairperson of the Board, and trustees with the highest votes shall be elected as Chairperson and deputy chairperson respectively.

19.7.3 The election will be conducted through ballot and the results shall be known and announced to the Board and the Principal Officer immediately upon the result being known.

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19.7.4 Should the chairperson resign or cease to be a member of the Board or be removed from Office by the Board or is in any other way disqualified, the Board shall elect from within the ranks of the Trustees, another chairperson to fill the vacancy for the remaining period for which the previous incumbent was elected.

19.7.5 In the event of both the chairperson and deputy chairperson being absent from a meeting the Board shall appoint an acting chairperson from within the ranks of the Trustees.

19.8 Meetings of Board

19.8.1 The Board must meet at least once in every two (2) months or at such intervals as it may deem necessary;

19.8.2 Seven (7) clear days' notice of a Board meeting, unless otherwise agreed by the Board, shall be given to each member of the Board and such notice shall, as far as possible, contain a statement of the business to be transacted at the meeting. The non-receipt of any notice shall not invalidate the proceedings of any meeting of the Board.

19.9 Special meetings of Board

19.9.1 The chairperson may convene a special meeting should the necessity arise. Such members of the Board as comprise three members of the Board may request the chairperson to convene a special meeting of the Board provided that the matters to be discussed at the meeting are clearly stated in the request and the Chairperson shall then be obliged to convene such a special meeting.

19.9.2 The Board may, subject to participation by sufficient members to form a quorum, discuss and resolve matters by telephone or electronic conferencing means and may adopt resolutions on that basis;

19.9.3 Upon receipt of the request the chairperson shall within seven days thereafter convene a special meeting of the Board to deal with the matters stated therein for which notice shall be given as provided for in Rule 19.9.1

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19.10 Chairperson at meetings

The chairperson shall preside at each meeting of the Board. In the absence of the chairperson at a meeting of the Board, the deputy chairperson shall preside at that meeting.

19.11 Quorum for meetings

Fifty (50) percent plus (1) one of all the members of the Board shall constitute a quorum for a meeting of the Board regardless of whether the members are physically present or via video or telephone. Business shall be transacted only if the required quorum is present at the commencement and throughout the meeting.

19.12 Voting at Board meetings

Matters before the Board shall be decided by a majority vote and in the event of an equality of votes the chairperson of the meeting shall not have a casting vote in addition to his deliberative vote.

19.13 Round-robin resolution

19.13.1 A resolution in writing signed by Board members forming a quorum, shall be as valid and effectual as if it had been passed at a meeting of the Board duly called and constituted: Provided that one of the signatories shall be the chairperson;

19.13.2 Any such resolution may consist of several documents in like form, each signed by one or more of the signatories contemplated in this Rule.

19.14 Record of proceedings of meetings

The Board shall cause the proceedings of all annual, special general and Board meetings to be properly minuted and the minutes of such meetings shall be laid before the first succeeding respective meeting.

19.15 Evidence of minutes

Every minute signed by the chairperson of the meeting to which such minutes relate or signed by the chairperson of the meeting subsequent to the meeting to which such minutes relate shall constitute prima facie evidence of the facts stated therein.

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19.16 Remuneration of Board members

Members of the Board are entitled to remuneration, honorarium, reimbursement of expense or any other fee in respect of services rendered in their capacity as members of the Board in accordance with such policy as may be approved by the board from time to time and subject to members approval at an Annual General Meeting, for attending meetings of the Board, and

committees of the Board. Any other costs/ expenses incurred by a member of the Board on the instruction of the Board shall be payable in accordance with the policy as determined by the Board from time to time.

19.17 Amalgamations

In the event that the Scheme amalgamates with another medical scheme, and such an amalgamation necessitates that positions on the Board be made available to accommodate the trustees from the amalgamating medical scheme, sufficient trustees shall be obliged to retire to bring the number of the serving trustees to the agreed number of trustees having regard to the exposition document as agreed to between the amalgamating schemes. The Board shall, by way of secret ballot, vote on which of the trustees are to retire and the trustees receiving the highest number of votes (in descending order) shall be deemed to have retired with effect from the date of the amalgamation.

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19.18 Co-option to Board

The Board may co-opt up to three knowledgeable persons who need not be members of the Scheme to assist it in its deliberations. A co-opted member shall cease to be a member of the Board if so determined by the Board at any time. A co-opted member may participate in the deliberations of the Board but shall have no vote.

19.19. In the event that less than 25% of the retiring elected trustees are elected at the next elective AGM, a handover team for a transitionary period shall be established.

19.20. Members of the handover team shall attend at least two (2) board of trustee meetings as advisors (with no voting rights), and they shall be remunerated at the same level as current board members at the time.

20. DUTIES OF THE BOARD

20.1 The Board is responsible for the proper and sound management of the Scheme, in terms of these rules.

20.2 The Board must act with due care, diligence, skill, and good faith.

20.3 Members of the Board must avoid conflicts of interest and must declare any interest they may have in any particular matter serving before the Board.

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20.4 The Board must apply sound business principles and ensure the financial soundness of the Scheme.

20.5 The Board must appoint a principal officer who is fit and proper to hold such office and may appoint any staff which in its opinion are required for the proper execution of the business of the Scheme, and shall determine the terms and conditions of service of the principal officer and of any person employed by the Scheme.

20.6 The chairperson must preside over meetings of the Board and ensure due and proper conduct at meetings.

20.7 The Board must cause to be kept such minutes, accounts, entries, registers, and records as are essential for the proper functioning of the Scheme.

20.8 The Board must ensure that proper control systems are employed by and on behalf of the Scheme;

20.9 The Board must ensure that acquire and appropriate information is communicated to the members regarding their rights, benefits, contributions, and duties in terms of the Rules;

20.10 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;

20.11 The Board must take out and maintain an appropriate level of professional indemnity insurance and fidelity guarantee insurance.

20.12 The Board may obtain expert advice on legal, accounting and business matters as required, or on any other matter of which the members of the Board may lack sufficient expertise.

20.13 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.

20.14 The Board must take all reasonable steps to protect the confidentiality of medical records concerning any beneficiary's state of health.

20.15 The Board shall approve all disbursements and exercise financial control over the affairs of the Scheme by implementing a Procurement Policy which shall be maintained at all times by the Scheme.

20.16 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 temporary custody of another person for the purposes of the Scheme.

20.17 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, and develop and adopt policies pertaining to retention of documents.

20.18 The Board must disclose annually in writing to the Registrar, any payment or considerations made to them in that particular year by the Scheme as prescribed.

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21. POWERS OF THE BOARD

The Board has the power: -

21.1 to take all necessary steps, enter into any agreement and to sign and execute all necessary documents to ensure and secure the due fulfilment of the Scheme's obligations, and generally to ensure that the Scheme is able to conduct the business of a Medical Scheme;

21.2 to cause the termination of the services of any employee of the Scheme;

21.3 to appoint one or more committees consisting of such Trustees and other experts as it may deem appropriate and may delegate all or any of its powers and duties to such committees: Provided that any such committee so constituted shall comply with these Rules and any directives of the Board: Provided further that the Board shall not be divested of any power which it may have delegated to such a committee.

21.4 to appoint, after due process, a duly accredited Administrator 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 and is in accordance with the Scheme's policy governing procurement;

21.5 to enter into any contract with any accredited Managed Health Care Organisation subject to the provisions of the Act and the Regulations and is in accordance with the Scheme's policy governing procurement;

21.6 to appoint, contract with and compensate any accredited broker for the introduction and/or admission of a member to the Scheme and for ongoing broker services to such a member, subject to the provisions of the Act and the Regulations and provided that the Scheme concludes a broker

contract with such an accredited broker, which contract will not be unreasonably withheld by the Scheme. The Scheme shall always recognise the individual member's right to appoint a broker, but where authorised third parties (such as employer groups) have been given the right to appoint a broker on behalf of a group of members, and where there are competing appointments in respect of such a group of members, the Scheme, in its sole and absolute discretion, shall be entitled to determine which broker shall be recognised as such in respect of that particular group of members;

21.7 to purchase movable and immovable property for the use of the Scheme;

21.8 to let or hire movable or immovable property;

21.9 to sell movable and immovable property of the Scheme subject to sound business practice and fair value principles;

21.10 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 and investments;

21.11 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;

21.12 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 interest of the members of the Scheme;

21.13 to donate to any hospital, clinic, nursing home, maternity home, infirmary, or home for aged persons in the interest of all or any of the beneficiaries;

21.14 to grant repayable loans to a member 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 Rule **Error! Reference source not found.**;

21.15 to contribute to any Scheme conducted for the benefit of employees of the Scheme;

21.16 subject to such requirements under law, to reinsure obligations in terms of the benefits provided for in these Rules;

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21.17 to authorise the principal officer and/or such members of the Board, or any other person 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.

21.18 to contribute to any association instituted for furtherance, encouragement, and co-ordination of medical schemes; and

21.19 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.

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22. DUTIES OF THE PRINCIPAL OFFICER AND STAFF

22.1 The staff of the Scheme must ensure the confidentiality of all information regarding its members.

22.2 The principal officer is the executive officer of the Scheme and as such shall ensure that:

22.2.1 he/she acts in the best interests of the members of the Scheme at all times;

22.2.2 the decisions and instructions of the Board are executed without unnecessary delay;

22.2.3 where necessary, there is proper and appropriate communication between the Scheme and those parties affected by the decisions and instructions of the Board;

22.2.4 he/she keeps the Board sufficiently and timeously informed of the affairs of the Scheme concerning any matter relating to the duties of the Board as stated in section 57(4) of the Act;

22.2.5 he/she keeps the Board sufficiently and timeously informed concerning affairs of the Scheme so as to enable the Board to comply with the provisions of section 57(6) of the Act;

22.2.6 he/she does not take any decisions concerning the affairs of the Scheme without prior authorisation by the board and that he/she at all times observes the authority of the Board and its governance of the Scheme.

22.3 Unless the Board of Trustees appoints an Administrator to manage and administer the business of the Scheme in accordance with the Act, Regulations and the Rules of the Scheme, 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.

22.4 The principal officer shall ensure the carrying out of all of his/her duties as are necessary for the proper execution of the business of the Scheme. He/she shall attend all meetings of the Board, and any other duly appointed committee where his/her attendance may be required, and ensure proper recording of the proceedings of all meetings.

22.5 The principal officer shall be responsible for the supervision of the staff employed by the Scheme unless the Board decides otherwise.

22.6 Unless the Board of Trustees appoints an Administrator to manage the business on behalf of the Scheme in accordance with the Act, Regulations and the Rules of the Schemes, 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.

22.7 Unless the Board of Trustees appoints an Administrator to manage the business on behalf of the Scheme in accordance with the Act, Regulations and the Rules of the Scheme, the principal officer shall prepare annual financial statements and shall ensure compliance with all statutory requirements pertaining thereto.

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

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

22.8.2 A broker.

22.9 The provisions of Rule 21.19 shall apply *mutatis mutandis* to the principal officer.

23. INDEMNIFICATION & FIDELITY GUARANTEE

23.1 The Board and any officer of the Scheme is indemnified by the Scheme against all proceedings, costs and expenses incurred by reason of any claim against/by the Scheme, not arising from their negligence, dishonest or fraud.

23.2 The Board must ensure that the Scheme is sufficiently insured against loss resulting from the dishonesty or fraud of any of its officers (including members of the Board) having the receipt or change of moneys or securities belonging to the Scheme.

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24. FINANCIAL YEAR OF THE SCHEME

The financial year of the Scheme extends from the 1st day of January to the 31st day of December of

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that year.

25. **BANKING ACCOUNT**

The Scheme must establish and maintain a bank account under its direct control with a registered commercial bank. All monies received must be deposited directly to the credit of such account. All payments must be made either by electronic transfer, tape exchange under the joint signature of not less than two persons – one of which shall be the Principal Officer - duly authorised by the Board.

26. **AUDITOR AND AUDIT COMMITTEE**

26.1 An auditor (who must be approved by the Registrar in terms of section 36 of the Act) must be appointed by resolution at each annual general meeting, to hold office from the conclusion of that meeting to the conclusion of the next annual general meeting.

26.2 The following persons are not eligible to serve as auditor of the Scheme –

26.2.1 a member of the Board;

26.2.2 an employee, officer, or contractor of the Scheme;

26.2.3 an employee, director, officer, or contractor of the Scheme's administrator, or of the holding company, subsidiary, joint venture or associate of the administrator;

26.2.4 a person not engaged in public practice as an auditor;

26.2.5 a person who is disqualified from acting as an auditor in terms of the Companies Act, 2008.

26.3 Whenever for any reason an auditor vacates his/her office prior to the expiration of the period for which he/she has been appointed, the Board must within 30 days appoint another auditor to fill the vacancy for the unexpired period.

26.4 If the members of the Scheme at a general meeting fail to appoint an auditor, required to be appointed in terms of this rule, the Board must within 30 days make such appointment, and if it fails to do so, the Registrar may at any time do so.

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

26.6 The auditor must report to the members of the Scheme on the accounts examined by him and on the financial statements laid before the Scheme in general meeting.

26.7 The Board must appoint an audit committee in the prescribed manner.

27. GENERAL MEETINGS

27.1 Annual general meeting

27.1.1 The annual general meeting of members must be held not later 30 August of each year.

27.1.2 The notice convening the AGM, containing the agenda, the Annual Financial Statements (AFS) highlights, Auditors' report, and Annual Report, must be circulated to members at least (30) days before the date of the meeting. Full AFS will be available for downloading from the scheme's website. The Scheme shall be entitled to circulate abridged versions of the aforesaid documents, in accordance with prevailing industry practice, and subject to such directives as the Council or the Registrar may issue from time to time, and having due regard to any other law or practice which may be applicable. 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.

27.1.3 At least 42 members of the Scheme present in person constitute a quorum. If a quorum is not present after the lapse of the 30 minutes from the time fixed for the commencement of the meeting, the meeting must be postponed by (7) calendar days from the date of the meeting at the same venue and members then present shall constitute a quorum: Provided that if postponed date is a public holiday the meeting shall stand adjourned to the first working day following the public holiday.

27.1.4 The financial statements and reports specified in Rules 27.1.2 and Rule 26.6 must be laid before the meeting.

27.1.5 The date of the AGM will be provided to members three (3) months (90 days) prior to the meeting. At the same, the scheme will call for motions to be placed before the AGM. Notices of motions must reach the Principal Officer (2) months (60 days) prior to the date of the annual general meeting. Any person qualified to do so may table a motion as contemplated herein, and in so doing, shall furnish the Scheme with a memorandum setting out the reasons for the motion and the objectives that such a motion seeks to achieve, together with proposed wording in respect of the motion. The Board shall consider any such motion so received and shall, in its sole discretion, having taken such advice as may be competent, determine whether the motion is competent to serve before the general meeting. Should

the Board determine that the motion is not competent to serve before the general meeting, or that it may serve subject to such reasonable amendments that the Board may determine, then the person seeking to place the motion shall be so notified, and if such a person is aggrieved by the decision of the Board, he/she shall be entitled to pursue such remedies as may be available to him/her under the Act. This provision shall *mutatis mutandis* be applicable in respect of special general meetings.

27.2 **Special general meeting**

27.2.1 **Convening of meeting by the Board**

The Board may call a special general meeting of members if it is deemed necessary.

27.2.2 **Requisition of meeting by members**

On the requisition of at least 100 (one hundred) members of good standing, the Board must cause a special general meeting to be called within 30 days of the deposit of the requisition. The requisition must state the objects of the meeting and must be signed by all the requisitionists and deposited at the registered office of the Scheme. Only those matters forming the objects of the meeting may be discussed.

Should the Board fail within 14 days after the aforesaid deposit, to convene such meeting the requisitionists may themselves convene such meeting to be held within one month of such deposit.

27.2.3 **Notice of meeting**

The notice convening the special general meeting, containing the agenda, must be circulated to members employers at least fourteen 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 provided that the notice procedure followed by the Board was reasonable.

27.2.4 **Quorum**

At least 42 members of the Scheme present in person constitute a quorum. If the quorum is not present after the lapse of 30 minutes from the time fixed for the commencement of the meeting, the meeting shall be adjourned until the same day and time of the next week: Provided that if the same day of the next week is a public

holiday the meeting shall stand adjourned to the first working day following the public holiday; provided further that if a quorum is not present at a special general meeting convened on the requisition of members after the lapse of 30 minutes from the time fixed for the meeting, the meeting shall be regarded as cancelled.

27.3 **Disruption of meetings of members**

27.3.1 No motion shall be passed by a meeting of members, whether general or special, that is inconsistent or in contravention with the objectives of the Scheme, the Act, or these Rules.

27.3.2 In the event that the proceedings at the annual general meeting are disrupted by members present at the meeting, or if the prevailing circumstances at the annual general meeting render it impossible for the meeting to continue, then the Board shall be entitled to arrange for members to vote in relation to those agenda items that remain outstanding, through other means other than a general meeting.

27.3.3 Voting on the outstanding agenda items as contemplated in Rule 27.1.7 above, shall take place by ballot (whether postal, electronic, or otherwise) and in accordance with a procedure determined by the Board, subject to the verification as set forth in Rule 27.3.4. All registered Members shall be eligible to vote, provided that any such Member is in good standing with the Scheme.

27.3.4 The Scheme shall cause the votes received back from members' ballots to be counted and verified by an independent electoral body and to report to the Scheme on the outcome of the voting process. In the event that such an independent electoral body has not been appointed, the Scheme shall require its auditors to verify the outcome of the voting process.

27.3.5 The number of returned ballots must at least be equivalent to the quorum required at a general meeting as provided for in Rule 27.1.3 and at a special meeting as provided for in Rule 27.2.4.

27.3.6 The declaration of the result of the voting as verified by the independent electoral body or the Scheme's auditors, as the case may be, and as approved by the Board, shall be final and binding on all the members.

27.3.7 This Rule will be applicable to the next AGM, irrespective of the date on which it will be approved by the Registrar.

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28. VOTING AT MEETINGS

28.1 Every member who is present at a general or special meeting of the Scheme 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/her stead.

28.2 The instrument appointment the proxy must be in writing, in a form determined by the Board and must be the original copy signed by the member and the person appointed as the proxy and shall be deposited with the Scheme at least 72 (seventy-two) hours prior to the commencement of the meeting, in the manner as may be prescribed by the Board.

28.3 The chairman of the Board must determine whether the voting shall be by ballot or by a show of hands. In the event of the votes being equal, the chairperson, if he is a member of the Scheme, has a casting vote in addition to his/her deliberative vote.

28.4 **Declaration of result of voting**

A declaration by the chairperson of the meeting that a motion has, on a show of hands or on a ballot, been carried unanimously, or carried by a particular majority, or lost, or not carried by a particular majority, shall be final and binding on all members. In the event that the results of the voting are not readily available at the meeting, the announcement of the result may be deferred to allow for the collection or verification of the votes, and upon such results becoming available, the Board shall communicate the results to the members within 21 (twenty-one) days of such results becoming known. Upon members being informed of the outcome of the voting, the results shall be final and binding on all members.

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29. COMPLAINTS AND DISPUTES

29.1 Members may lodge their complaints, in writing to the Scheme, for the attention of the Principal Officer.

29.2 All complaints to the Scheme shall be in writing. Such written complaint will be responded to by the Scheme in writing within 30 days of receipt thereof.

29.3 Any dispute, which may have arisen between a member, prospective member, former member, or a person claiming by virtue to be such a member and the Scheme or an officer of the Scheme, must be referred by the Principal Officer to the disputes committee for adjudication.

29.4 Such Disputes Committee shall consist of at least three (3) independent members, of whom at least (1) one shall be a person with legal expertise. The members of the Dispute Committee shall

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be appointed by the Board for a period not exceeding three (3) years. The Dispute Committee shall be appointed subject to the following:

29.4.1 The majority of the members (50% plus 1) of the Disputes Committee shall constitute a quorum in the event of an equality of votes the chairman (who shall be elected from among the members of the disputes committee at its first meeting following the appointment of the last appointed member) shall have the casting vote in addition to his deliberative vote;

29.4.2 The principal officer shall convene meetings of the disputes committee by giving not less than 21 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 particulars of the dispute.

29.4.3 The principal officer shall submit the written complaint of the member, together with a written response from the Scheme or the affected officer of the Scheme to the disputes committee who shall consider the written complaint and written response and adjudicate same on the documents, if possible, and if the disputes committee is satisfied that it requires no further evidence or submissions;

29.4.4 In the event that the disputes committee requires further evidence or submissions, the disputes committee may determine that an equitable procedure be followed to allow for further evidence or submissions to be made to the disputes committee, and the complainant and the Scheme shall be given reasonable notice thereof.

29.4.5 In the event that the disputes committee wishes to hear oral evidence or argument, the parties to any such disputes or complaint shall be entitled to be heard at the proceedings, either in person or through a representative;

29.4.6 The disputes committee shall communicate any decisions it makes to the Scheme and any other affected party in writing, within 30 days of the disputes committee's determination thereof.

29.5 An aggrieved person has the right to appeal to the Registrar or the Council, as the case may be against the decision of the disputes committee and such appeal shall be in the form as may be required by the Act of the Registrar or the Council, as the case may be.

29.6 The operation of any decision which is the subject of an appeal under Rule 29.5 shall be suspended pending the decision of the Registrar or the Council on such appeal.

29.7 Nothing in these rules shall be interpreted as restricting any aggrieved person from pursuing any remedy that such a person may have in terms of the Act or any other law.

29.8 In the event that an aggrieved person seeks to lodge a complaint with the Registrar, or the Council as contemplated by the Act without first pursuing the remedies contained in these rules, then in such circumstances, it shall be deemed that the aggrieved person has waived his right to proceed under these rules, and the Scheme shall then pursue the dispute in such forum as chosen by such an aggrieved person.

30. DISSOLUTION

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

30.2 If members in a general meeting propose, and the motion is passed by not less than a two-thirds majority, that the Scheme should be dissolved, then the Board shall arrange for members to decide by ballot whether the Scheme shall be liquidated. Unless the majority of members decide that the Scheme shall continue, the Scheme shall be liquidated in terms of section 64 of the Act.

30.3 Pursuant to a decision by members taken in terms of Rule 30.2 the principal officer must, in consultation with the Registrar, circulate 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 a winding-up, together with a ballot paper.

30.4 Every member must be requested to return his/her ballot paper duly completed before a set date. If at least 50 percent 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, subject to the approval of the Registrar, a competent person as liquidator.

31. AMALGAMATION AND TRANSFER OF BUSINESS

31.1 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. The Board must arrange for members to be furnished with an exposition of the proposed transaction for consideration and to decide by ballot, or otherwise, whether the proposed transaction should be proceeded with or not.

31.2 If the majority of the members who return their ballots, or who participate in any process by which the members' consent for the transaction is sought, vote in favour of the transaction referred to in the exposition, the transaction may be concluded in the prescribed manner.

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32. RIGHT TO OBTAIN DOCUMENTS AND INSPECTION OF DOCUMENTS

32.1 Any beneficiary must on request and on payment of a prescribed fee er copy, be supplied by the Scheme with a copy of the following documents:

32.1.1 the rules of the Scheme;

32.1.2 the latest audited annual financial statements, returns, Trustees reports and auditor's report of the Scheme; and

32.1.3 the management accounts in respect of the benefit options as required in Section 37(4)(d) and submitted to the Registrar with the annual Financial Statements and other Reports, as required in terms of Section 27(2) of the Medical Schemes Act No. 131 of 1998.

32.2 A beneficiary is entitled to inspect free of charge at the registered office of the Scheme any document referred to in Rule 32.1 and to make extracts there from.

32.3 This rule shall not be construed to restrict a person's rights in terms of the Promotion of Access of Information, Act No. 2 of 2000.

33. AMENDMENT OF RULES

33.1 The Board is entitled to alter or rescind any rule or annexure or to make any additional rule or annexure.

33.2 No amendment, rescission or addition which affects the objects of the Scheme is valid unless it has been approved by a majority of members present in a general meeting or a special meeting or by ballot.

33.3 Members must be furnished with a copy of such amendment within 4 (four) months after registration thereof. Should a member's rights, obligations, contributions, or benefits be amended, he/she shall be given 30 (thirty) days advance notice of such change.

33.4 Notwithstanding the provisions of Rule 33.1 above, the Board must, on the request and to the satisfaction of the Registrar, amend any rule that is inconsistent with the provisions of the Act.

33.5 No amendment, rescission or addition of any rule shall be valid unless it has been approved and registered by the Registrar.

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34. **PERSONAL MEDICAL SAVINGS ACCOUNT**

34.1. On admission to the Scheme, a PMSA held by the Scheme, shall be established in the name of the member concerned into which the contributions allocated by the Scheme in respect of the PMSA shall be credited and benefits in respect thereof, shall be debited.

34.2. The amount allocated to the PMSA by the Scheme for the benefit of the member may not exceed 15% and 25% of the total gross contributions in respect of the member during the financial year concerned.

34.3. Subject to sufficient funds being available at the date on which a claim is processed, members shall be entitled to claim for all health care services indicated under PMSA in Annexure B, at 100% of the scheme's rate.

34.4. Funds allocated to the members in PMSA shall be available for the exclusive benefit of the member and his/her dependants. Any credit balance in the PMSA at the end of a financial year accumulates for the benefit of the member.

34.5. Contributions received will be retained in a trust bank account, separate from any of the scheme's bank accounts. All interest earned in the trust bank account will be accrued to their savings account balances. The scheme may allocate interest on a pro-rata basis based on closing month end savings balances.

34.6. Upon the death of the member, the balance due to the member will be transferred to his/her dependants who continue membership of the Scheme or paid to his/her estate in the absence of such dependants.

34.7. Unclaimed savings balances, where the member cannot be traced within one year of the member leaving the scheme will be paid to the Guardians Fund.

34.8. On transfer to another benefit option of the Scheme, which does not provide for such an account, any balance standing to the credit of the member in the PMSA will be refunded to the member, not later than four (4) months after such transfer and subject to applicable taxation laws.

34.9. Should a member terminate membership of the Scheme and not be admitted as a member of another medical scheme or be admitted to membership of another medical scheme or option which does not provide for a PMSA, the balance due to the member must be refunded to the member not later than four (4) months after termination of membership, and subject to applicable taxation laws.

34.10. Should a member transfer to another benefit option or be admitted to membership of another medical scheme, which provide for a similar account, the balance due to the member must be

transferred to such benefit option or scheme not later than 4 months after transfer to benefit option or termination of membership, as the case may be.

34.11. The funds in the member's medical savings account may not be used to pay for the costs of a prescribed minimum benefit or to offset contributions

34.12. On termination of membership, the funds in the member's PMSA may be used to offset any debt owed by the member including outstanding contributions.

35. THIRD PARTY CLAIMS

35.1. In the event that expenditure in respect of benefits paid by the Scheme arose as a result of an accident or incident or event caused by a third party, and which gives rise to a legally enforceable claim by the Member or Dependant against such third party, the Member and/or Dependant shall be advised to consult an attorney, selected by the Scheme, to ascertain whether the claims can be successfully prosecuted. The Member and/or Dependant shall, if so, advised by such attorney, instruct same to proceed with the claim.

35.2. In the event of the Member or Dependant wishing to personally pursue the matter to finality, the Member or Dependants shall instruct such attorney to pay over to the Scheme any proceeds of the claim recovered as a result of the litigation insofar as the benefits paid by the Scheme are concerned.

35.3. In the event of such Member or Dependant not wishing personally to pursue the matter to finality, the Member or Dependant shall cede the claim to the Scheme to enable the Scheme to attend to the recovery thereof, if the Scheme is satisfied that a valid claim exists.

35.4. In the event of the Member or Dependant ceding the claim to the Scheme, the Scheme will indemnify the Member or Dependant for all costs incurred in respect thereof after cession.

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