



**BP MEDICAL AID SOCIETY
(hereinafter referred to as "the Society")**

**MINUTES OF THE SEVENTY-SECOND ANNUAL GENERAL MEETING HELD ON
TUESDAY, 26 MAY 2009 AT 10:30 IN MEETING ROOM NO 8, BP BUILDING, 10 JUNCTION AVENUE,
PARKTOWN, JOHANNESBURG**

PRESENT:

Mr J Bush	Member-elected Trustee and Chairman
Ms I Hartlief	Principal Officer

Together with 28 members as per the attendance register

IN ATTENDANCE:

Mr EJ Rood	Chairman of the Audit Committee
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APOLOGIES:

Ms E Oyegun (Employer-appointed Trustee)
Mr P Parbhoo (Employer-appointed Trustee)

1. OPENING AND WELCOME

Mr Bush opened the meeting and welcomed all present. A special word of welcome was extended to Mr EJ Rood, the Chairman of the Audit Committee and Ms I Hartlief, the Principal Officer of the Society.

There being a quorum of 24 members present, the Chairman confirmed that the meeting was duly constituted in accordance with the rules of the Society.

2. APOLOGIES

Apologies, as recorded above, were noted. In addition, apologies had been received from Mr C Jones and Ms P Forbes.

3. APPROVAL OF THE MINUTES OF THE 71st ANNUAL GENERAL MEETING

The minutes of the 71st Annual General Meeting (AGM), held on Tuesday 27 May 2008, were taken as read. Mr M Wilson proposed acceptance thereof and the process was seconded by Mr B Wolstenholme. In addition, seven proxy forms had been received from members authorising acceptance of the minutes by either the Chairman or the Principal Officer of the Society.

**4. ANNUAL REPORT OF THE CHAIRMAN OF THE BOARD OF TRUSTEES FOR THE YEAR ENDED
31 DECEMBER 2008**

Adoption of the annual report of the Chairman of the Board for the year ended 31 December 2008 was proposed by Mr T Roux and seconded by Mr A Sharpe.

The Chairman highlighted the central aspects of his report. He noted that the current environment remained one of constant change encompassing tensions between service providers and the Department of Health. He noted the financial state of the hospitals in the public health sector as well as the issues being faced by doctors in this sector.

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4. ANNUAL REPORT OF THE CHAIRMAN OF THE BOARD OF TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2008 (CONTINUED)

The industry continued to face increasing costs, which had been brought about by the introduction of new clinical and surgical technology, the advent of expensive medicines, including biological drugs and the increasing burden of new health regulations and legislation in South Africa. With this in mind, the Board of Trustees recognised the need to ensure the future sustainability of the Society. In this regard, he confirmed that the Board remained confident that the Society would be able to meet these challenges, thereby ensuring that the healthcare needs of all the members continued to be met.

The Chairman confirmed that contributions had been increased by 13.5% with effect from 1 April 2009. He reminded members that whilst contributions increased on 1 April every year, benefits were enhanced on 1 January and therefore the 2009 annual increase amounted to 10.1%. Increases were historically effected from 1 April to coincide with BP Southern Africa's annual remuneration review, as well as the increases granted to pensioners. A number of factors were taken into account in determining the 2009 increase, namely the 10.7% increase in the National Health Reference Price List (NHRPL) or medical aid tariff, the 13.2% increase in the Single Exit Price (SEP) of medicines and the increase in doctors' dispensing fees by up to 30%. The Chairman stated that it was still the Board's intention to keep increases as low as was reasonably possible.

The Chairman extended a note of thanks to the employer for its contribution and especially its continuing financial commitment to the Society. He noted that the Board was mindful of the fact that the sustainability of the Society was inextricably linked to the financial support from the employer, BP Southern Africa.

The Chairman communicated the results of the recent member elections in confirming that Mr Mike Manson-Smith had been re-elected for a further three-year term of office. He thanked everyone for their participation in the process and especially Messrs Deats, Manson-Smith and Plaatjies for being willing to stand for election.

The Chairman wished all members and their families the best of health and well-being for the coming year.

The Chairman advised that members would receive a copy of the minutes of the meeting together with the next newsletter.

5. AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

It was noted that the rules required that the audited Annual Financial Statements, together with a copy of the Board's report, be laid before the meeting. Mr Rood advised that the statements for the year ended 31 December 2008 had been circulated to all members prior to the meeting. Adoption of the Annual Financial Statements for the year ended 31 December 2008 was proposed by Mr M Deats and seconded by Ms J Nagle.

Mr Rood highlighted the following:

- 5.1 The Society continued to act in a transparent manner by circulating a comprehensive set of financial statements to all members. He emphasised that the Society was extremely well governed and complied with all aspects of the legislation. He requested members to pay particular attention to the report of the Board of Trustees, as the Trustees were free to communicate pertinent issues without having to feel constrained by the format of the financials. He noted that the external auditors, Ernst & Young, had provided an unqualified audit report. Mr Rood confirmed that 48% of the Society comprised continuation members.
- 5.2 As at the end of December 2008 a very healthy reserve ratio of 94.96% had been achieved. This included the unrealised gains on investments and was well in excess of the statutory minimum of 25%. Mr Rood confirmed that the Society was financially sound.
- 5.3 Non-health related expenditure amounted to 6.5% of annual contribution income. This was well below the maximum 10% benchmark. The Chairman confirmed that whilst the administration fees, when compared to the market, were very competitive, the Board of Trustees would continue to review the Society's service level agreement with the Administrator, Metropolitan Health Group (MHG).

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5. AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008 (CONTINUED)

- 5.4 The primary responsibility of the Audit Committee was to assist the Board of Trustees in carrying out its duties relating to the Society's accounting policies, internal control systems and financial reporting practices. The Committee comprised Mr Evert Rood (Independent Member), Ms Elsabet Bester (Independent Member), Ms Patricia Dourans (Independent Member), Mr John Bush (Member-elected Trustee and Chairman of the Board of Trustees), Mr Albert Myburgh (Member-elected Trustee) and Ms Ilse Hartlief (Principal Officer).
- 5.5 The additional, continuing financial commitment paid by BP Southern Africa (Pty) Ltd to assist with the aging profile of the membership had been R10,936,579 for 2008 and BP had reimbursed the Society with R636,193 in respect of HIV/AIDS expenses.
- 5.6 The Investment Sub-Committee had actively managed the investment of the reserves and the investment income, together with the unrealised gains, had amounted to R6,292,894.
- 5.7 R923,547 had been spent on managed care to ensure that members and their dependants received the right care at the right price. The Chairman confirmed that in this regard, the services of both MHG and Qualsa had been integrated into a holistic offering to the Society inclusive of the Disease Risk Management programme. It was expected that members would benefit from this from March 2009 onwards. The Society also held a capitation agreement with Preferred Provider Network (PPN) to provide optometric services to its members and it had spent an amount of R1,219,193 in this regard.

6. MEMBER-ELECTED AND EMPLOYER-APPOINTED TRUSTEES FOR THE ENSUING YEAR

The Principal Officer advised that the Board comprised three Employer-appointed Trustees, three Member-elected Trustees and one Union-appointed Trustee. All Trustees hold a three-year term of office from the date of their election.

The Member-elected and Employer-appointed Trustees for the ensuing year were:

Member-elected Trustees

- Mr John Bush
- Mr Albert Myburgh
- Mr Mike Manson-Smith

Employer-appointed Trustees

- Ms Egbe Oyegun
- Mr Pradeep Parbhoo
- Ms D Bastiaan

Trade Union Representative

The Principal Officer advised that according to the rules, one Trustee must be chosen by the trade unions represented in the National Bargaining Forum. This trade union must also be recognised by BP Southern Africa (Pty) Ltd, as representing employees who are trade union members. Mr Vusi Mbedu had assumed this role on 1 July 2005.

The Society's medical advisor remained Dr Shuaib Manjra.

7. ELECTION OF DISPUTES COMMITTEE

The Principal Officer advised that the rules required that a Disputes Committee consisting of three members be appointed by the Board and that the appointment be announced at the AGM. She advised that the Disputes Committee comprised Mr C McClelland, Mr A Ngubo and Mr K Warnett.

The Principal Officer explained that the purpose of the committee was to deal with disputes between members and the Society and that the basis for such determinations was the rules and governing legislation.

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7. ELECTION OF DISPUTES COMMITTEE (CONTINUED)

The committee had convened for the first time in many years in November 2004 and again in February 2007 and had considered three complaints. One complaint had been dismissed and the decision of the Board had been upheld in the other two cases. If members were not satisfied with the decision of the Disputes Committee, they could refer the decision on appeal to the Council for Medical Schemes.

8. APPOINTMENT OF AUDITORS

The Principal Officer advised that the rules required that the auditor be appointed at each AGM to hold office from the conclusion of that meeting until the conclusion of the next AGM. On proposal from the Board of Trustees, the current auditors, Ernst & Young, were unanimously reappointed. She further confirmed that the Audit Committee would benchmark the services of the large audit firms in preparation of the appointment of the auditors for the 2010 audit. The Audit Committee would table its recommendations to the Board of Trustees for their approval.

9. REPORT BACK ON MATTERS RAISED BY MEMBERS AT THE 2008 AGM

The Principal Officer confirmed that there were no matters arising from the 2008 AGM and therefore a report back was not required.

10. TO TRANSACT ANY OTHER BUSINESS OF WHICH NOTICE WAS GIVEN TO THE PRINCIPAL OFFICER BY 26 MAY 2009

The Principal Officer confirmed that she had received one notification from a member regarding the voluntary use of Medi-Clinic hospitals in Gauteng. It was noted that the nearest Netcare facility was a mere 4 km from his home but that use of this facility would necessitate him having to incur a co-payment.

The Principal Officer confirmed that co-payments would only be waived in the following circumstances:

- for emergency admissions to non-designated service provider (DSP) hospitals;
- in the event that the member was able to negotiate a 10% discount on the hospitalisation cost in respect of their voluntary admission to a non-DSP;
- in the event that the member lived outside the 25 km radius from their nearest Medi-Clinic; she assured everyone that the geomapping of this distance would not be performed "as the crow flies" and members would not be required to travel through known unsafe areas in order to reach their nearest Medi-Clinic; and
- in the event that the nearest Medi-Clinic was unable to accommodate the surgeon's requirements.

The following two additional issues were raised at the meeting and the Chairman permitted a discussion:

- Netcare ambulances - Mr S Molekwa stated that most alarm companies were linked to Netcare call centres and hence Netcare ambulances instead of ER24 ambulances were dispatched during emergencies. He enquired as to how Netcare received payment for their services. The Principal Officer confirmed that the Society's agreement with Medi-Clinic included Medi-Clinic's payment for services rendered by ER24. Other service providers therefore needed to be paid by ER24 and therefore all accounts received for ambulance services needed to be submitted via the Administrator to ER24. Mr Molekwa requested that members be informed of this practice via the Society's newsletter.
- Postage of election documentation - Mr M Deats stated that the nomination and election timeframes were relatively short and in most instances documentation was received very late by members in Gauteng. This did not allow for much time to complete the documents. The Principal Officer agreed to liaise with the Administrator to see what could be done to streamline the process to ensure that members had more time in which to receive documentation and to complete the documents in time for the various deadlines.

11. BENEFIT ENHANCEMENTS FROM 1 JANUARY 2008

The Principal Officer summarised the benefit enhancements effective from 1 January 2009 as follows:

- 11.1 All the limits and sub-limits were increased by 10%.

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11. BENEFIT ENHANCEMENTS FROM 1 JANUARY 2008 (CONTINUED)

- 11.2 The radiology benefit had been differentiated into basic and advanced X-rays during the latter half of 2008. The 2009 sublimit for basic X-rays had been increased to R660 per beneficiary per annum and would be paid at 100% of the NHRPL tariff in respect of all non-Prescribed Minimum Benefits (PMBs). All other X-rays, scopes and ultrasounds were classified as advanced X-rays and would be paid at 100% of the NHRPL tariff in respect of both in and out-of-hospital radiology. Advanced X-rays (excluding ultrasounds) required pre-authorisation. PET scans continued to be authorised as part of the oncology care plan. X-rays in respect of PMB conditions needed to be included in members' care plans.
- 11.3 The optical consultation benefit provided by PPN was compared to another service provider's offering. The Board agreed to retain the PPN contract for the 2009/2010 benefit cycle. The consultation fee had increased to R400 per beneficiary, single vision lenses had increased to R110 per lens, bifocal or multifocal lenses to R230 per lens and the frame benefit was increased to R600 per beneficiary.
- 11.4 The Medi-Clinic contract was reviewed and the Board of Trustees agreed to retain the contract for 2009.
- 11.5 It was agreed that repeat prescriptions for non-PMB conditions would be paid.
- 11.6 Qualsa's holistic offering was implemented with effect from 1 March 2009. This included a new managed care programme (i.e. Disease Risk Management), which in turn included the new Eldercare and maternity programmes. It was further agreed to implement Qualsa's Pharmacy Benefit Management with effect from 1 December 2009. This would replace the service currently provided by MediKredit.

12. CLOSURE

The Chairman formally closed the meeting at 13:15.

[A copy of the slide presentation is attached to these minutes.]

CHAIRMAN

DATE