

**NAPOTEL MEDICAL AID FUND
MINUTES OF THE ANNUAL GENERAL MEETING**

**HELD ON MONDAY, 21 JUNE 2022 AT 09H00
VIA MICROSOFT TEAMS**

PRESENT:

BOARD OF TRUSTEES:	E Molatudi	Chairperson
	C Karokohe	Trustee
	S Egelser	Trustee
	H Witbooi	Trustee
	S Kisting	Trustee
	B Hilzebecher	Trustee
	A Mbuende	Trustee
	O Heitha	Trustee
	B Van Eck	Trustee
APOLOGIES:	J Mouton	Vice-Chairperson
PRINCIPAL OFFICER:	G Baisako	
ADMINISTRATOR:	T Serfontein	
	I Cuff	
	L Chimana	
	C Jacobs	
ERNST & YOUNG AUDITOR:	D Van Wyk	
NMG:	M Mhoswa	
NAMFISA:	A Shaanika	
	I Nakathingo	

1. OPENING & WELCOME

The Principal Officer addressed the meeting and welcomed all present. She shared the housekeeping rules that would apply to the virtual meeting. She called upon Ms C Karokohe to officially open the AGM on behalf of the Board of Trustees. Ms. Karokohe welcomed all members of the Fund, and representatives from Ernst & Young Auditors, Prosperity Health Namibia, and NMG. She highlighted that the purpose of the meeting was to provide feedback on the 2021 benefit year, and noted that 2021 was a difficult year due to Covid-19 and the after-effects thereof. Ms Karokohe opened the meeting with a prayer.

2. INTRODUCTION OF THE BOARD OF TRUSTEES:

The Chairperson introduced the Board of Trustees. He welcomed and thanked all members, the secretariat, Ernst & Young, Administrator, NMG and NAMFISA representatives at the meeting.

3. CONSTITUTION OF THE MEETING

The Principal Officer informed the meeting that in terms of Fund Rule 31.1.8, 100 members in person or represented by proxy shall form a quorum. She announced that the meeting was properly constituted in terms of the Fund rules, 163 members were in attendance, 109 in person and 54 by proxy.

4. APPROVAL OF THE AGENDA

The Principal Officer informed the meeting that the notice of the meeting was distributed 21 days before the meeting in terms of the Fund Rules. Members were invited to submit motions with the notice and informed the AGM that no motions were received to be tabled.

The Agenda was adopted as presented. The Agenda was approved by Ms M Coetzee and seconded by Ms E Shangadi.

5. APPROVAL OF MINUTES OF THE MEETING HELD ON 21 JUNE 2021

The minutes of the AGM held on 21 June 2021 were distributed with the notice and were taken as read. The Principal Officer requested corrections while paging through the minutes. There were no corrections to the minutes.

The minutes were accepted and approved by the meeting as a true reflection of the meeting. The minutes were moved for adoption by Ms C Van der Westhuizen and seconded by Mr C Van Zyl.

6. ANNUAL REPORTS

6.1 CHAIRPERSONS REPORT

The Chairperson delivered a high-level overview of the Fund operations for 2021. He indicated that the economic and socio-economic challenges brought about by Covid-19 in 2020 continued to be experienced worldwide to date. He highlighted that the healthcare industry reported an increase of 149.49% in Covid-19 related expenditure compared to the last quarter. He informed the meeting that the much anticipated FIMA was promulgated on the 30th of September 2021. The Financial Institutions and Market Act (FIMA) will replace the existing legislation for non-banking institutions regulated by the Namibia Financial Institutions Supervisory Authority (NAMFISA). The introduction of FIMA will result in numerous changes for medical aid funds, which include increased cost of compliance. He indicated that the Fund is aware of the affordability challenges faced by the members and re-commissioned the investigations on the implementation of the Napotel Lite, and indicated that more information will be provided.

He presented the Fund operations for the year ended 31 December 2021, which included:

- Fund reported a surplus of N\$ 5,353,710 (2021) compared to N\$ 17,578,602 (2020), and N\$ 1,436,349 (2019). He highlighted that the performance for 2021 was mainly due to the Delta variant and added that although 2020 was a good year for the Fund, the 2022 indicators showed a downward movement of the Fund reserves.
- Fund Membership: Total members stood at 1796, compared to 1867 in 2020. He indicated that the Fund experienced a reduction in membership, which was mainly due to members retiring from employment and not continuing membership on the Fund or members joining their spouses on other Funds due to affordability.
- Claims: Fund settled claims to a value of N\$112,210,088 in (2021) compared to N\$94,130,556 in (2020). He indicated that the claims of 2020 were very low compared to 2021.
- Claims vs Contributions: He presented the claims vs contributions from 2021. The claims ratio for 2021 amounted to 109%.
- Claims paid per discipline: He presented the top disciplines and highlighted that Private Hospitals were the highest-paid discipline followed by Medical Specialists.

The following questions and proposals were raised in respect of the presentation:

No	Member Questions	Board Response
1.	Mr Kgomotso, referring to the claims ratios presented, questioned if there was something that could be done to reduce claims.	The Chairperson responded that the Fund was looking at options to reduce costs and educate members on how to utilize their benefits wisely.
2	Mr Lilungu enquired if the Specialist prices were controlled.	•The Chairperson indicated that the Medical Fund Industry through NAMAf was advocating for the same cause. •He noted that the Board would reiterate the request to NAMAf to ensure continuous efforts to address the concerns and ensure that there are results at the end of the day.
3	Mr Ilukena commented that looking at the high Hospital and medical Specialist expenses, the Members were not happy seeing that Medical Practitioners were not regulated in terms of their fees. He added that the fees for private hospitals were extremely high.	•He further highlighted that Mr Ilukena raised a very important question and thanked him for his contribution.
4	Ms Coetzee enquired on what the percentage % of the non-healthcare cost was compared to contributions	The Chairperson responded that the Administrative cost remained at 5% over the past years and remains one of the lowest in the industry.
5	Mr Desmond Van der Merwe enquired if there were statistics available on contributions and claims per income group and also in terms of the number of dependents.	The Chairperson responded that the statistics were available and encourage members to contact the office of the Administrators or Principal Officer to obtain the information. The Principal Officer indicated that the Administrator can circulate the statistics to the members.

6	Mr Klukowski proposed that the Fund benchmark with Discovery Medical Aid Fund and also noted that the Fund does not offer any benefit rewards to members.	<p>•The Principal officer responded that the Fund offers benefit rewards through the Napotel Benefit Wallet. She highlighted that the Fund would delve into the matter in terms of the principles around the new Napotel Lite later in the presentation. She, however, noted that it was something that the Fund would consider when looking at the benefit design and benefit structures.</p> <p>She stated that the Chairperson already alluded to the fact that the Fund would look at the Benefit structure and indicated that it was not an easy task considering that there was a risk pool of different individuals to consider. However, it was something that was on the Fund's agenda, and the Fund was in the process of looking at the Lite option. She added that the Fund would look at the particular issue concerning benefits.</p>
7	Ms Queen indicated that she understood the concept of cross-subsidization of the young members carrying the old members seeing that they were healthy. She, however, enquired if there was a possibility to look at the benefits individually, and explained that at times her Dental benefits would be depleted faster than the other benefits.	The Chairperson acknowledged the principle of cross-subsidy and appreciated that there were members that understood the principles that were deployed. He added that when it comes to the day-to-day benefits, the Fund objective is to ensure that the benefits are structured towards what we call a Family benefit. He provided an example that the Fund in some instances would provide a family benefit with a sub-limit and based on the utilization open up the entire family benefit to be utilized by one beneficiary.
8	Ms Naita enquired if a Doctor claims from your Medical Aid and you did not consult with that Dr what can a member do?	The Principal Officer responded that such incidents should be reported to Prosperity Health or to the Principal Officer.
9	Mr Jonas enquired if the Administrator can include the date of the visit to the medical practitioner when they send out the messages.	The Administrator was requested to attend to the request and add the service date on the messages that are communicated to the members.
10	Ms Losper enquired why the MAF rejected her diabetic medication.	Mr Serfontein explained that the reason why it was rejected could be because level one of the medication administered did not yield a positive response before level two could be prescribed by the Medical Practitioner. The Principal Officer encouraged the members to contact her office should they encounter such problems of medication being rejected.

6.2 DISEASE MANAGEMENT CHRONIC COMPLIANCE REPORT

The Principal Officer indicated that the Board implemented a Disease Management Program in 2020 to improve the health of those persons with Chronic conditions. She informed the members that there was a program in place for Diabetes, Hypertension, and HIV AIDS. Mr Serfontein presented a high-level overview of Disease Management and highlighted that the Disease Management Programme intends to:

- improve the health of persons with chronic conditions
- reduce associated costs from avoidable complications
- by identifying and treating chronic conditions faster and more effectively, thus slowing the progression of those diseases

He shared information on the member enrolment process flow and total enrolments in the HIV/AIDS and Diabetic Program including the totals on hospitalization and medicine costs of non-adherence members. The Principal Officer added that the Fund provided preventative health tests such as Prostate Screening, Mammograms, Pap Smears, and Blood Sugar Tests, and these were part of the disease management initiatives.

Ms Diana enquired if Prosperity Health was a South African company. Mr Serfontein responded that Prosperity Health was the only Namibian Administrator. He explained that Prosperity Health in some instances, due to a lack of expertise locally, forms partnerships with South African-based companies to gain access to broader technical and expert services. He further indicated that if an evaluation of a very complex Diabetes patient was required, in terms of how the treatment regimen should be revised, the administrator would consult with a South African company. The number of specialists that treat Diabetes in Namibia was limited, and therefore Prosperity Health would make use of an expert panel of professors associated with the medical schools in South Africa as an example, to provide guidance in terms of the treatment protocols, and pointed out that as those skills become available, the company makes use of local expertise.

6.3 FEEDBACK ON THE NAPOTEL LITE OPTION:

The Principal Officer informed the meeting that the Napotel Lite option was created with issues around affordability faced by the members. She highlighted that there were a few sessions held with some of the member groups within the pool to provide information around Napotel Lite, as far as what the Fund could offer to address the issue around affordability. She highlighted that the Fund joined the Telecom EXCO during the Telecom Charrette this year and acquired some input from the members. The Principal Officer handed the floor to Mr Heitha to provide an overview of the Napotel Lite.

Mr Heitha highlighted the below Lite option benefits:

1. In-hospital overall annual limit (OAL) reduced benefit limits
2. Out-of-hospital (day-to-day benefits) wellness benefits same benefits but reduced limits
3. Add-on benefits (building blocks to increase benefits) (optional)
4. Risk-transfer insurance benefits (funeral cover)

Mr Heitha provided a short overview of the Lite option and explained that there was a request from the members at the AGM in 2020 for the Fund to introduce a lower option. The Board of Trustees tasked the Fund Actuaries to investigate the possibility of introducing a second option that would offer less benefits at a lower premium. He indicated that the first investigation was concluded with the 2021 benefit review process, and in terms of the findings, it was indicated that the Napotel risk pool was too small to accommodate two options, and as a result, the implementation was put on hold by the Board.

He stated that driven by member affordability of the current option, the Board in April 2022 re-commissioned further investigations of the Napotel Lite Option. He highlighted that the new Napotel Lite aimed at providing lower benefits at lower premiums and offering Add-On Benefits (building blocks to bring benefits to current Napotel benefits for example or something in the middle) to enable members who require more benefits to enlarge their benefits to suit their individual medical needs. He added that the new Napotel Lite will be introduced effective 01 January 2023, and the member information sessions were planned to start in October 2022.

He indicated that the affordability aspect of the current option posed serious challenges to Members of Napotel Medical Aid Fund. He indicated that on the one hand, the Fund was trying to encourage younger members or healthier members to enter the schemes and stay there, but unfortunately, the companies where they come from also faced their own sustainability issues and because of that, there were minimal new members joining the Medical Aid Fund on an annual basis. He indicated that the Napotel Lite would offer the same benefits but reduced limits in terms of out-of-hospital and day-to-day benefits and Wellness benefits.

The following questions and concerns were raised with regard to the Napotel Lite:

- Mr Ilukena enquired if the Napotel Lite was the only option or was the Fund looking for other options. He asked if the Fund was looking at open Funds with more or less the same benefits at an affordable premium rather than coming up with the same option as per the last communication from the office of the Principal Officer. He requested that the Fund looks at other institutions or alternatively where Telecom and Nampost could join other groups where they could make up more membership and perhaps negotiate on the benefits and the reduction of premiums.
- Apart from the Napotel Lite option, the Fund could consider looking at other Medical Aid Funds, with more or less the same benefits, but more affordable.
- As per the previous request to the Fund to consider and offer incentives for those members who are low claimers.
- Look at other institutions that the Fund could join.
- The option of members to belong to a Medical Aid Fund or not.
- Mr Anumab indicated that with the Telecom Strategic workshop, the Trustees were informed that Telecom moved to a total cost to company structure. He added that the Medical Aid was not a statutory benefit and the members should be given the option of whether they want to belong to the Napotel Medical Aid. He indicated that the TN Medical Aid policy should be addressed in line with the total cost concept.

The Principal Officer responded to the first question and explained that the process of comparing Fund offerings in the market is called benchmarking. She indicated that with the Napotel Lite option, the Fund would benchmark the benefits to other Funds in the market. She highlighted that the question of whether members have an option to belong to the Napotel MAF or not was an employment issue, and should be addressed with the Employers, whether they would want to introduce other options to their employees seeing that the Medical Aid Fund was created for the employees of those participating employers.

The Chairperson addressed the question on Total Cost To Company and highlighted the following:

- In his view, the contribution towards the pension fund was the only compulsory contribution.
- Napotel, belonging to the participating employers and based on the employment conditions of the participating employers, Members belong to Napotel Medical Aid.
- Based on the current employment conditions it was compulsory for members to belong to Napotel Medical Aid, unless they join their spouses that were members of other Medical Aid Funds, and only then would they be allowed to leave the Napotel Medical Aid.

- The information submitted to the Fund from the participating employers in terms of the employment conditions, is the total subsidy contributed towards the medical aid.
- The Medical Aid Fund does not dictate to the member or employer how they should arrange their employment conditions or employment contracts.
- The Medical Aid Fund's purpose is to manage and receive contributions, regardless of whether they were coming from the employee or the employer, and to make sure that the Medical Aid claims of members are paid.
- Napotel Medical Aid, as a registered Medical Aid, only looks at the options that could be offered within the Fund to provide affordable options to the Members.

Ms Kotze, enquired on the progress of the Napotel Lite as according to the newsletter distributed in June 2022, the new benefits were already submitted to NAMFISA for approval to be implemented in January 2023 and the roadshows will be conducted in October 2022. The Principal Officer clarified that the new Napotel Lite was not submitted to NAMFISA yet and that once it's finalized and approved it would be shared with the members through information sessions in October 2022. The new option will be introduced effective 01 January 2023,

Mr Jonas enquired from the Board what was meant by compulsory membership of the Medical Aid Fund. He noted that when Telecom moved to the total cost to company, regardless of whether you as a Member did not receive an employer contribution, and was not contributing towards the Medical Aid Fund, where does compulsory come in? He enquired if the total cost to company concept was applicable.

The Principal Officer highlighted that the Fund did not finalize the concerns around the benefit structure. She indicated that there was a meeting scheduled for next week where the Board would discuss the benefit option and resolve whether they will share the results before submitting it to NAMFISA, as currently Napotel Lite was not submitted as the Board did not finalize the exercise or determined what the benefits offering or costing would be. The Chairperson highlighted that since the inception of the Fund, the Board conducts benefit design meetings annually and considers all inputs received from the Members.

The Chairperson explained that if the employer moved to total cost to company, and has seen it fit to give all the benefits to an employee, the employee was at liberty to structure their salary package whether they belong to the Napotel Medical Aid or not. It was within the right of the member/employee to make that choice. He highlighted that in respect of timelines on the Napotel Lite option, the Board was in the process of concluding the option with the Actuaries and Administrator, before submitting it to Namfisa for consideration. He responded to the concern on the Benefits, and its direct impact on the contributions and benefits. He explained that the different levels that will be offered will be based on how rich the benefits are and that would dictate the contribution.

Mr Lilongwe raised a concern that when a member consults a specialist, they are required to pay upfront and claim it from the Medical Aid Fund, however, the reimbursement amount from the Medical Aid Fund was not even half or a quarter of what the member paid and requested the Board to consider assisting the members in those cases.

The Board would consider all the concerns of the members as per the discussions that took place.

6.4 CLAIMS vs CONTRIBUTIONS

The Claims Vs Contributions was presented by Ms. Egelsner as per the below table:

Total Contributions	31,150,496
Less: Claims	-32,281,297
Underwriting Surplus/Deficit	-1,130,801
Less: Non-Healthcare costs	-1,530,280
Operating Surplus/Deficit	-2,661,081

Ms Egelsner highlighted that the Members requested for a reduction on the MAF premium. She indicated that the Napotel Lite option would offer reduced benefits, however, looking at the current total contributions vs the claims, it reflects that the Lite Option would not be effective and members should be cognizant of their claims behavior considering the proposed Lite Option.

The following questions were raised in regard to the presentation:

- Mr Claasen enquired what the administrative cost was.
- Mr Ntuli questioned how the claims could equal the contributions.

- Mr Lilungwe inquired if the Board could provide an overview of claims submitted to the Fund.
- Mr Kgomotso enquired on how the claims could be reduced and if the Board had any proposals.
- Mr Klukowski enquired about the claims versus contributions and how the monthly contributions were invested in Dollar terms, and what the return was on this investment. He added that the claims versus contributions picture was skewed as the buffering effect of the Fund Administration was not clear as opposed to the claims and contributions. He also enquired if there was an option where Medical Aid could assist a critically ill member with a different payment so that the specialist fee can be paid, to make a booking, because sometimes even the bookings are delayed due to the high demand for certain specialists and we only have a few specialists.

In response to the questions, the Chairperson responded that as per the financials, the Administrative cost was 5% and has been consistent for the past three years. The Principal Officer indicated that on a monthly basis, what the Fund received in terms of contributions was more than what the Fund paid in total claims for that particular month. She indicated that looking at the last three years, that has been the trend and when the financials are presented for the last three years, the investments and returns would be discussed in detail.

6.5 PRESENTATION OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 2021

Ms. Danica van Wyk, the Audit partner of Ernst & Young Namibia, presented the Annual Financial Statements of the Fund. She presented a high-level summary of the AFS ending 31 December 2021, which included the following:

- Fund membership decreased by 2.6% when compared to 2020.
- The Fund recorded a net surplus of N\$5,3 million in 2021, and compared to N\$17 million in 2020, there was a decrease in the surplus.
- Cash and cash equivalents decreased by about N\$3 million in this reporting period.
- Accumulated funds, reserve level increased from 87 million in 2020 to 92.6 million at the end of 2021 which was mainly due to the surplus incurred at the end of December 2021.
- Low Claims Benefit Wallet was new in terms of the Fund and a total of N\$295 579 was reported.
- Net contribution income increased from N\$112 million to N\$ 117 million.
- Claims increased significantly since 2020, the Fund paid a total of N\$94 Million towards claims in 2020, compared to N\$112 Million in 2021.

In the Auditor's opinion, the financial statements were presented fairly and in all material aspects the financial position of the Fund as at 31 December 2021, its financial performance, and cash flow for the year. This is in accordance with International Financial Reporting Standards and in the manner required by the Medical Aid Funds Act of Namibia (Act 23 of 1995).

There were no questions and the matter was concluded.

6.6 APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 DECEMBER 2021

Ms Kisting informed the meeting that in terms of NAMFISA Regulations, the Annual Financial Statements must be approved by the members at the AGM and submitted to NAMFISA by 30 June 2022. The AFS for the year ending 31 December 2021 was submitted for approval. The Annual Financial Statements were approved by Ms S Bergh and seconded by Ms Shangadi.

6.7 APPOINTMENT OF THE AUDITORS

It was noted that the auditors were appointed in 2020 for a three-year term through a tender process and were for noting purposes only.

The matter was for information only.

6.8 TRUSTEE REMUNERATION

Ms Kisting informed the meeting that the AGM Approved Fees are submitted to NAMFISA along with the Benefit and Rule changes at the end of the year for final approval. She indicated that the approved Fund Rules including the BOT Fees are implemented from the beginning of the new financial year. Ms Kisting highlighted that the 2020 AGM approved an industry alignment for the Napotel BOT Fees. The Approved Fees were submitted with the 2021 Benefit and Rule changes to NAMFISA for approval. NAMFISA approved the new fee structure but directed that the implementation of the Fees be phased in over a period of three years.

A question was raised about how the increment in the board seating fees affected the Members' contributions. Ms Kisting responded that when the Board considers trustee remuneration, they conduct an industry benchmark that looks at what other funds are paying. The Board also considers the affordability of the Fund. Referring to the income statement of the Fund Financials presented by Ernst and Young, she highlighted that the Members' claims and contributions offset each other and the other operating expenses are funded mainly by the interest that the Fund earns. She noted that all of these factors are taken into consideration and that was the main reason why in this

particular year, the fees that are implemented were the increment approved by the members in 2020. She indicated that the information was for notification only.

The matter was concluded.

7. VOTE OF THANKS

Ms Hilzebecher and Ms. Mbuende, on behalf of the Fund, thanked every member, management, and service provider who took time out of their busy schedules for this very important meeting. She indicated that she understood the hardships that members were facing in these uncertain economic times and added that the Board always takes the interest of the members into consideration. The Principal Officer thanked the members for their attendance.

8. CLOSING OF FORMALITIES

The Chairperson emphasized that the Board decisions were done in the interest of its members. He added that all the concerns would be addressed in a manner fit for the Fund and the Board would revert back in due course. He concluded that the Board would consider whatever was put forth in terms of the recommendations and in terms of the members' needs. He thanked the members and officially closed the meeting. The meeting was adjourned at 13h03 as no further business was tabled for discussion.

Duly signed:

Chairperson

Principal Officer

Minute Secretary

Date