



# ANNUAL INTEGRATED REPORT 2022



**gems**

Government Employees  
Medical Scheme

# ANNUAL INTEGRATED REPORT 2022



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# ABOUT THIS REPORT

## Reporting scope and boundary

### This section provides a guide to reading this report.

This report is addressed to the members of the Government Employees Medical Scheme (GEMS), the Minister for the Public Service and Administration and the internal and external stakeholders of GEMS. The report provides information on our internal and external operating environment, strategy, risks and opportunities, performance, governance and prospects.

Financial and non-financial information is provided and explained. To meet stakeholder information requirements holistically, the report includes information on material financial, healthcare and corporate governance performance objectives and outcomes.

It covers the GEMS financial year from 1 January 2022 to 31 December 2022. The last annual integrated report published by the Scheme was the GEMS 2021 annual integrated report, published in July 2022, which is available on the Scheme's website at [www.gems.gov.za](http://www.gems.gov.za).

GEMS is a registered medical scheme and no other entities are covered in the report. Mention is made of our contracted service providers and healthcare providers in relation to our business model and use of resources.

There were no significant changes during the reporting period in the size, structure, boundaries or GEMS supply chain. The procurement process that led to the conclusion of new contracts with providers of operational services was finalised in 2022 and new provider contracts started on 1 January 2023.

No material restatements of information reported in previous reports are contained in this report.

### Reporting framework

Reporting is based on the International Integrated Reporting Framework, the Medical Schemes Act (MSA), the registered Rules of GEMS, the South African Institute of Chartered Accountants (SAICA) Accounting Guidelines for Medical Schemes and the King IV Report on Corporate Governance for South Africa 2016 (King IV). Information papers issued by the Integrated Reporting Committee of South Africa provide important guidance and we are gradually aligning our reporting to these.

### Reporting materiality

Material matters are issues that substantively affect, or have the potential to, affect the GEMS strategy, governance practices, performance and prospects over the short-, medium- and long term. The standard process followed by GEMS to identify, evaluate and prioritise material matters is demonstrated on page 154.

The material matters prioritised for reporting based on our stakeholder engagement priorities in 2022 were:

**Table 1**

Material matter	What we are disclosing about the matter	Relevant capitals for GEMS <sup>1</sup>	Part of the report
Volatility in the GEMS operating environment	Impact of the financial markets on GEMS' investment income	Financial capital	<ul style="list-style-type: none"> <li>• Business model outcomes, page 30</li> <li>• Performance (performance against key performance indicators — KPIs), page 71</li> <li>• Performance (investment performance), page 97</li> <li>• Managing risk and opportunity, page 54</li> </ul>
	Claims experience post-Covid-19	Financial capital	<ul style="list-style-type: none"> <li>• Business model outcomes, page 30</li> <li>• Performance (financial performance), page 95</li> <li>• Managing risk and opportunity, page 54</li> </ul>
Positioning for universal health coverage (UHC)	Progress of enabling legislation	Social and relationship capital	<ul style="list-style-type: none"> <li>• Organisational overview (external operating environment), page 18</li> <li>• Stakeholder management report, page 34</li> <li>• Managing risk and opportunity, page 54</li> </ul>
	Consolidation of public sector medical schemes	<ul style="list-style-type: none"> <li>• Social and relationship capital</li> <li>• Financial capital</li> </ul>	<ul style="list-style-type: none"> <li>• Strategy and resource allocation, page 44</li> <li>• Stakeholder management report, page 34</li> <li>• Managing risk and opportunity, pages 55 and 62</li> </ul>
	Expansion of eligibility for membership	<ul style="list-style-type: none"> <li>• Social and relationship capital</li> <li>• Financial capital</li> </ul>	<ul style="list-style-type: none"> <li>• Strategy and resource allocation, page 44</li> <li>• Stakeholder management report, page 34</li> <li>• Managing risk and opportunity, pages 55 and 62</li> </ul>
	Provision of managed care and administration services to National Health Insurance (NHI) Fund	<ul style="list-style-type: none"> <li>• Social and relationship capital</li> <li>• Intellectual capital</li> </ul>	<ul style="list-style-type: none"> <li>• Strategy and resource allocation, page 44</li> <li>• Stakeholder management report, page 34</li> <li>• Managing risk and opportunity, page 59</li> </ul>

<sup>1</sup> We list and explain the capitals in our business model – page 32



Material matter	What we are disclosing about the matter	Relevant capitals for GEMS'	Part of the report
Optimal balancing of member value drivers	Emphasis on affordability amidst the country economic scenario	<ul style="list-style-type: none"> <li>Financial capital</li> <li>Social and relationship capital</li> <li>Intellectual capital</li> </ul>	<ul style="list-style-type: none"> <li>Strategy and resource allocation, page 44</li> <li>Stakeholder management report, page 38</li> <li>Managing risk and opportunity, pages 56 to 57</li> </ul>
	Member satisfaction survey outcome and affordability analysis	Social and relationship capital	<ul style="list-style-type: none"> <li>Stakeholder management report, page 37</li> <li>Business model outcomes, page 30</li> <li>Performance (performance against KPIs), pages 68 to 69</li> <li>Managing risk and opportunity, page 56</li> </ul>
	GEMS' benefit richness (in comparison to industry)	Social and relationship capital	<ul style="list-style-type: none"> <li>Organisational overview (what sets us apart), pages 13 and 14</li> <li>Business model outcomes, page 30</li> <li>Managing risk and opportunity, page 56</li> </ul>
	Access to healthcare	<ul style="list-style-type: none"> <li>Social and relationship capital</li> <li>Intellectual capital</li> </ul>	<ul style="list-style-type: none"> <li>Organisational overview (what sets us apart), pages 13 and 14</li> <li>Business model outcomes, page 30</li> <li>Managing risk and opportunity, page 56</li> </ul>
	Co-payments	<ul style="list-style-type: none"> <li>Social and relationship capital</li> <li>Intellectual capital</li> </ul>	<ul style="list-style-type: none"> <li>Strategy and resource allocation, page 44</li> <li>Managing risk and opportunity, page 56</li> <li>Performance (performance against KPIs), page 75 and 84</li> </ul>
	Giving back some of the Scheme reserves	<ul style="list-style-type: none"> <li>Financial capital</li> <li>Social and relationship capital</li> </ul>	<ul style="list-style-type: none"> <li>Chairperson's overview, page 23</li> <li>Stakeholder management report, page 38</li> <li>Managing risk and opportunity, page 56</li> </ul>
	Emerald Value option (EVO) savings passed back to members by real reduction in contribution	Social and relationship capital	<ul style="list-style-type: none"> <li>Stakeholder management report, page 37</li> <li>Managing risk and opportunity, page 56</li> <li>Performance, page 78</li> </ul>
Maintaining compliance to the Protection of Personal Information Act (PoPI Act)	Regulatory compliance and responsible decision-making	<ul style="list-style-type: none"> <li>Social and relationship capital</li> <li>Financial capital</li> </ul>	<ul style="list-style-type: none"> <li>Stakeholder management report, page 38</li> <li>Report of the Risk, Social and Ethics Committee, page 131</li> </ul>

Material matter	What we are disclosing about the matter	Relevant capitals for GEMS'	Part of the report
Active corporate citizenship to balance the needs of the Scheme, stakeholders and the country	Economic transformation	Social and relationship capital	<ul style="list-style-type: none"> <li>• Business model outcomes, page 30</li> <li>• Performance, page 70</li> </ul>
	Sustainable development	Social and relationship capital	<ul style="list-style-type: none"> <li>• Chairperson's overview, page 23</li> <li>• Strategy and resource allocation, page 44</li> </ul>
Building capacity in governance and corporate processes to enable the strategy	Critical skills	Human capital	<ul style="list-style-type: none"> <li>• Governance and remuneration (remuneration report), page 144</li> <li>• Our people, page 158</li> </ul>
	Key competitive advantage/differentiators	<ul style="list-style-type: none"> <li>• Financial capital</li> <li>• Social and relationship capital</li> <li>• Intellectual capital</li> </ul>	<ul style="list-style-type: none"> <li>• Strategy and resource allocation, page 44</li> <li>• Managing risk and opportunity, page 50</li> </ul>
	Insourcing of capabilities	<ul style="list-style-type: none"> <li>• Financial capital</li> <li>• Intellectual capital</li> <li>• Human capital</li> <li>• Manufactured capital</li> </ul>	<ul style="list-style-type: none"> <li>• Strategy and resource allocation, page 44</li> <li>• Managing risk and opportunity, page 63</li> </ul>
	Embracing risk to create value	All	<ul style="list-style-type: none"> <li>• Managing risk and opportunity, page 51</li> <li>• Performance, (investment strategy and performance), page 95</li> </ul>
	Dealing with employee entropy	<ul style="list-style-type: none"> <li>• Human capital</li> <li>• Social and relationship capital</li> </ul>	<ul style="list-style-type: none"> <li>• Business model outcomes, page 30</li> <li>• Stakeholder management report, page 34</li> </ul>
Building the Scheme operating model(s) aligned to UHC	Scenario planning for insourcing of administration and managed care, GEMS future as a medical scheme, the provision of alternative UHC services and actuarial services	<ul style="list-style-type: none"> <li>• Intellectual capital</li> <li>• Manufactured capital</li> </ul>	<ul style="list-style-type: none"> <li>• Chairperson's overview and outlook, page 23</li> <li>• Strategy and resource allocation (fit-for purpose capabilities), page 49</li> <li>• Managing risk and opportunity, page 59</li> <li>• Performance (performance against KPIs), page 64</li> </ul>
Brand and reputation management	Section 59 investigation	Social and relationship capital	<ul style="list-style-type: none"> <li>• Stakeholder management report, page 41</li> <li>• Managing risk and opportunity, page 56</li> </ul>
	Corruption charges 2016	Social and relationship capital	<ul style="list-style-type: none"> <li>• Stakeholder management report, page 38</li> <li>• Managing risk and opportunity, page 64</li> </ul>

Material matter	What we are disclosing about the matter	Relevant capitals for GEMS'	Part of the report
Brand and reputation management	Multivitamins	Social and relationship capital	<ul style="list-style-type: none"> <li>Stakeholder management report, page 41</li> <li>Managing risk and opportunity, page 58 (regulators)</li> </ul>
	Complexity of insourcing tenders	<ul style="list-style-type: none"> <li>Social and relationship capital</li> <li>Financial capital</li> </ul>	<ul style="list-style-type: none"> <li>Chairperson's overview, page 23</li> <li>Stakeholder management report, page 42</li> <li>Managing risk and opportunity, page 63</li> </ul>
	Stakeholder engagement strategies	Social and relationship capital	<ul style="list-style-type: none"> <li>Stakeholder management report, page 34</li> <li>Managing risk and opportunity, page 56</li> </ul>

## Reporting suite

The GEMS integrated report is accessible as part of the annual Board report and annual financial statements issued to members under the registered Rules of GEMS and in keeping with the requirements of the Council for Medical Schemes (CMS). The Board report includes information that must be disclosed by the Board of Trustees (Board governance and remuneration report, page 110, and an extract from the 2022 annual financial statements). The full report is distributed electronically to members. Where members have opted out of electronic communication, an abridged version is printed and posted.

## Value creation in 2022

GEMS is managed and governed to create and preserve value.

We have established our definition of value creation based on the mandate provided by Cabinet at our founding and our comprehension of the needs and expectations of our stakeholders. Our strategy is designed to meet these needs and our business model ensures that we are geared to achieve stakeholder needs, expressed as outcomes. We identify and manage risks that may prevent us from achieving our strategic objectives. We also identify and leverage opportunities. Our past and present performance is reported against strategic objectives, key performance indicators and targets to demonstrate value creation. The Board oversees our strategy development process and how effectively we manage our risks and achievement against the strategy. The Board drives appropriate behaviour through outcomes monitoring and reward structures.

## Reporting feedback

- General member questions: Call centre: 0860 00 4367.
- AGM-related questions: [enquiries@gems.gov.za](mailto:enquiries@gems.gov.za) for the attention of Pierre Roux.
- Stakeholder questions: [david@gems.gov.za](mailto:david@gems.gov.za) for the attention of David Makgalo.
- Media questions: [media@gems.gov.za](mailto:media@gems.gov.za) for the attention of Munene Khoza.



## ORGANISATIONAL OVERVIEW

*This organisational overview provides important information on our purpose, vision, mission and values. We cover our products (and how they compare in the market), services, business activities, organisational structure and operating circumstances in 2022.*

GEMS is South Africa's largest restricted membership medical scheme, with 805 544 principal members and more than 2.1 million beneficiaries. GEMS was created specifically to provide healthcare cover for public service employees.

## The GEMS purpose, vision, mission and values

### Purpose

Our purpose is derived from the GEMS mandate received from government in November 2004: To ensure that there is adequate provisioning of healthcare coverage to public service employees that is efficient, cost-effective and equitable; and to provide further options for those who wish to purchase more extensive cover.

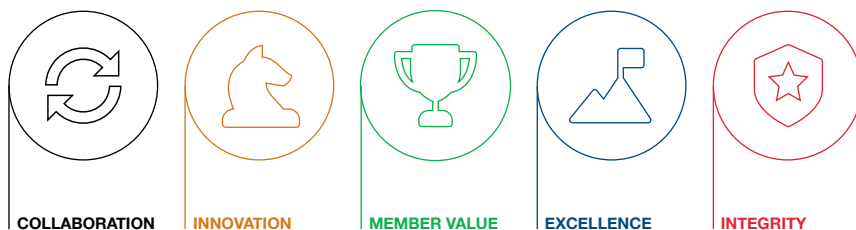
### Vision

An excellent, sustainable and effective medical scheme that drives transformation in the healthcare industry, aligned with the principles of UHC.

### Mission

To provide all members with equitable access to affordable and comprehensive quality healthcare, promoting member wellbeing.

### Values









The establishment of GEMS was preceded by research and development, collective agreements in the Public Service Coordinating Bargaining Council (PSCBC), Cabinet approval and registration by the CMS.

## Our member product offering

GEMS offers five main benefit options and one efficiency discounted option based on the Emerald option (see EVO below). Our benefit option design process is part of our business activities and is a value driver aligned to our strategy.

The benefit options were designed using a rigorous analytical approach considering CMS requirements, member affordability, our strategic direction and benefit design assessment:

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 <b>TANZANITE ONE</b>	Developed with the PSCBC, our entry-level option offers members comprehensive benefits with access to private and public hospital facilities, subject to a hospital network and certain care coordination rules. Out-of-hospital care, such as visits to a general practitioner (GP), dentist and optometrist, maternity care at private facilities and in-hospital care at public and private facilities are covered. This option is designed to be inexpensive, with the 2022 average family contribution after subsidy being R100. The percentage of beneficiaries on this option was 19% at the end of 2022.
 <b>BERYL</b>	A highly affordable entry-level option providing comprehensive out-of-hospital benefits through a network of primary healthcare providers and in-hospital cover in both public and private hospitals. This product offers comprehensive in- and out-of-hospital benefits. The 2022 average family contribution after subsidy was R940. The percentage of GEMS beneficiaries on this option was 8.9% at 2022 year-end.
 <b>RUBY</b>	Comprehensive in- and out-of-hospital benefits through a personal medical savings account (PMSA), a hospital benefit and a block benefit. The average 2022 family contribution after subsidy was R1 830, with 20% of this contribution going towards the PMSA. The percentage of beneficiaries on this option was 15% at 2022 year-end.
 <b>EMERALD</b>	Comprehensive cover with access to care at the member's chosen provider, subject to benefits and Scheme rules. This is a higher-end option, with a 2022 average family contribution after subsidy of R2 448. The percentage of beneficiaries on this option was 40.9% at 2022 year-end.
 <b>EMERALD VALUE</b>	Introduced from 1 January 2017, this is an efficiency discounted sub-option of Emerald. These members pay discounted membership fees for adhering to care coordination rules (family practitioner nomination and specialist referral) and have to use the Scheme's hospital network. The average 2022 family contribution after subsidy was R1 761 and the percentage of members on this option was 14.8% at 2022 year-end.
 <b>ONYX</b>	A top-of-the-range benefit option that offers extensive cover. Day-to-day benefits are funded from rich risk benefits without any network limitations. The 2022 average family contribution after subsidy was R3 764 and 2.6% of members were on this option at end-2022.

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## How our options compare on member value offering

We use our size and reach to negotiate competitive rates with service providers and healthcare providers.

An annual analysis is conducted of the benefit options available in the market, particularly those that are compatible with the GEMS options. Table 2 shows how GEMS compares to comparable medical scheme options of the five largest open and restricted membership medical schemes. Where competing options had income bands, the GEMS exposure was used to weight the relative differences against the compared options.

In the table below we show the calculated value of GEMS options compared to these competing options. For example, we show that GEMS Tanzanite One members, on average, enjoy a 97% higher benefit for each Rand spent on contributions (after allowing for the public service subsidy) than they would have experienced on these competing options. Each of the GEMS options were found to be more cost effective than the competing options. On average we calculate the relative value for money on GEMS options to be 68% higher than for these competing options.

**Table 2: GEMS average affordability in 2022**

Option	% difference between GEMS average family contribution and average family contribution of competing schemes <u>before</u> subsidy	% difference between GEMS average family contribution and average family contribution of competing schemes <u>after</u> subsidy
 <b>TANZANITE ONE</b>	39%	97%
 <b>BERYL</b>	14%	70%
 <b>RUBY</b>	3%	61%
 <b>EMERALD</b>	28%	63%
 <b>EMERALD VALUE</b>	40%	76%
 <b>ONYX</b>	29%	57%
<b>All</b>	<b>27%</b>	<b>68%</b>

## What sets us apart

1. GEMS has the broadest definition of beneficiary. Members may register dependant grandparents (in-laws included), parents (in-laws included), siblings (in-laws included), grandchildren and even foster children on GEMS.
2. Public service employees on the Tanzanite One option receive a 100% subsidy from government up to the annual maximum subsidy amount (R6 227 in 2022).
3. GEMS prioritises prevention. Comprehensive screening and preventive care benefits are available to beneficiaries on all options. Day-to-day benefit limits are not used when beneficiaries undergo screening and receive preventive care.
4. No late joiner penalties and very limited waiting period are applied to prevent abuse and protect member interests.
5. The unique GEMS primary care extender benefit provides an additional R863 per beneficiary per year for the Emerald and Emerald Value options.
6. The Scheme provides private hospital cover on its lowest priced option, Tanzanite One.
7. GEMS has the largest HIV disease management programme in South Africa.
8. GEMS enjoys close collaboration with the Minister and Deputy Minister for the Public Service and Administration, the PSCBC, South African trade unions admitted to the PSCBC and stakeholders in government.
9. The Scheme regularly speaks to an extended group of stakeholders to build relationships that benefit members. This includes billing bureaus, i.e. the claims intermediary between the Scheme and healthcare providers.
10. GEMS provides greater access to quality healthcare through a wide array of networks that consist of GPs, dentists, optometrists, hospitals and specialists. The specialist disciplines in the network are physicians, paediatricians, obstetricians and gynaecologists, anaesthesiologists, surgeons and psychiatrists.

## Where and how to find us

The Scheme's head office, GEMS Vutomi House, is in Menlyn Maine Precinct, 124 Mercy Avenue, Tshwane.

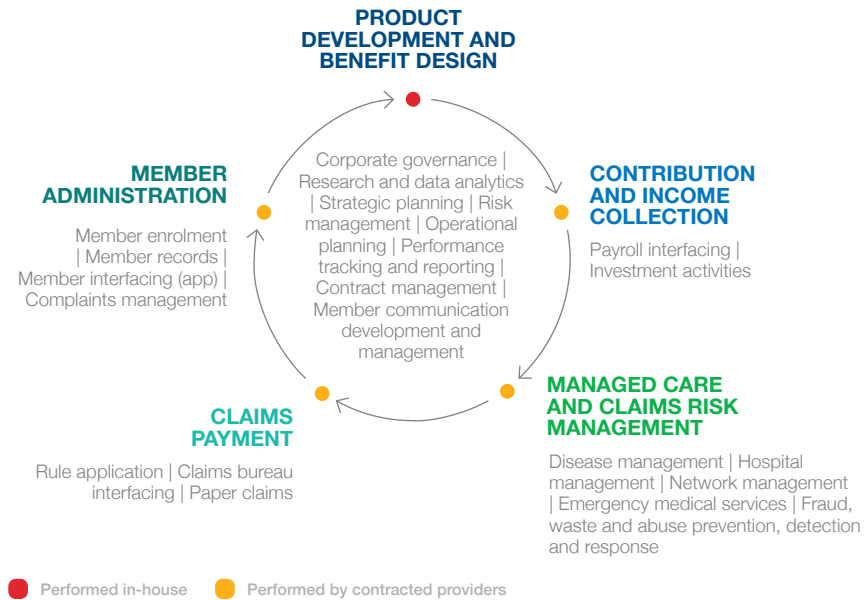
Member services are provided from our expansive member servicing and communication platforms:

**Table 3**

Face to face	Telephonic services	Online services
18 walk-in centres — i.e. two per province. Find the street addresses on page 212	Call centres operating across the service provider network (SPN) reached on 0860 004 367	Enquiries@gems.gov.za Complaints@gems.gov.za
Our client liaison officers (CLOs) visit members at work. We have client liaison offices in all nine provinces, supplemented by a mobile office. Find CLO addresses on page 212	Find CLO contact details on page 212	GEMS member app and portal hosted on the GEMS website. Find information on accessing and downloading on the back cover
Our provider liaison officers (PLOs) visit healthcare providers*	N/A	PLO@gems.gov.za



The business activities performed under our business model drive value creation (demonstrated further on page 32 and in our performance against our strategic plan, page 66)



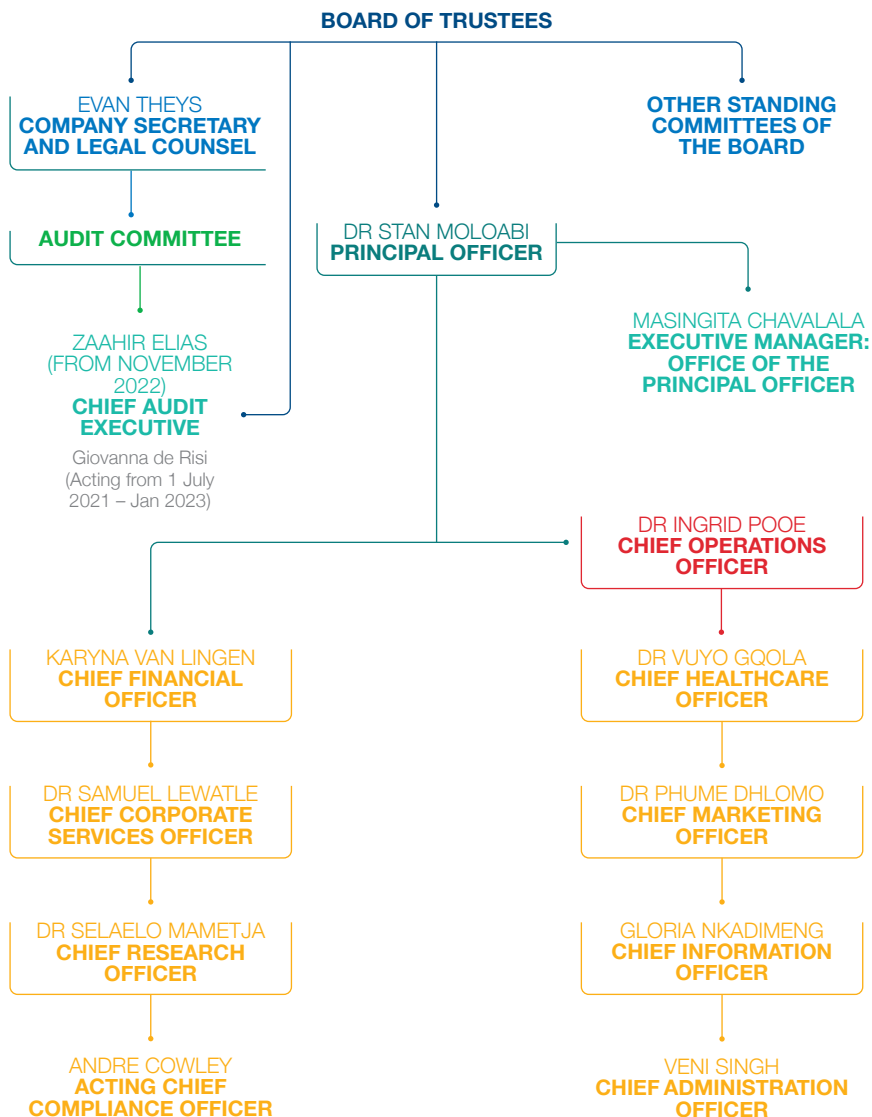
## Outsourced member services

Our member services (administration and managed care) and contracted healthcare provider network are supported by effective procurement and contract management processes:

**Table 4**

Category	Contracted services	Service provider 2022 and 2023
SPN for member services	Member acquisition and financial advisory services	ASI
	Member and claims administration	Metropolitan Health
	Contribution and debt collection	Medscheme
	Managed care services: <ul style="list-style-type: none"> <li>• General managed care services</li> <li>• Pharmaceutical benefit management</li> <li>• Pharmacy benefit management</li> <li>• Strategic managed care</li> <li>• Optical management</li> <li>• Dental management</li> <li>• Emergency medical services management</li> </ul>	<ul style="list-style-type: none"> <li>• Medscheme</li> <li>• Medikredit</li> <li>• Universal</li> <li>• Universal</li> <li>• Opticlear</li> <li>• DENIS</li> <li>• Europ Assistance</li> </ul>
Healthcare provider services	Out-of-hospital care: <ul style="list-style-type: none"> <li>• Specialist networks</li> <li>• Primary networks (GP network, optometry network, dental network, pharmacy network, emergency medical services, chronic back and neck rehabilitation network)</li> </ul>	Information available from <a href="http://www.gems.gov.za">www.gems.gov.za</a> .
	In-hospital care: <ul style="list-style-type: none"> <li>• Hospital network applicable to Tanzanite One and EVO</li> </ul>	Information on contracted hospitals is available from <a href="http://www.gems.gov.za">www.gems.gov.za</a>
	Courier pharmacy	Medipost Marara

## The GEMS leadership structure:



For information on our Board of Trustees go to page 116 and Manco (chief officers and senior managers) page 158

## External operating environment in 2022

Important developments in our external operating environment were considered to determine their possible impact on our ability to create value. A summary of key trends and issues is in Table 5.

### Macro environment

Coming out of the Coronavirus pandemic, South Africa's economic, political and social challenges mirrored global challenges. Cost-of-living challenges globally created discontent. The effect of climate change became even more apparent in the year under review. This manifested in heavy rainfall events leading to flooding and disruption in the operating environment. The energy crisis in South Africa evidenced by continuous loadshedding deters the country from achieving desired economic growth to reduce unemployment and improve the government fiscus. The Bureau for Economic Research forecast average gross domestic product growth for South Africa from 2022 to 2027 at 1.8%. Government employment is expected to grow by an average of only 0.3% during the same period, creating a constrained macro operating environment for the medical schemes industry.

The focus of policymakers remains economic recovery. Other priorities include ongoing trials in some state-owned enterprises, rising national debt, increasing fiscal imbalances and the systemic risk of loadshedding continuing into 2023 and beyond, which will hinder the country's recovery.

Transformation, diversity, social inclusion, corruption and fraud remain areas of inadequate progress.

### Key trends and issues

A detailed situational analysis was compiled using the political, economic, social, technology, environment and legal (PESTEL) principles that indicate factors that affect GEMS and the medical schemes industry. Key trends stemming from the analysis that are shaping the healthcare industry, and GEMS' response, are summarised on page 19:

**Table 5**

External operating environment	GEMS capitals mainly affected, including those potentially affected, in the short-, medium- and long term	Our response as explained in the material matters discussed in the report
<b>Legal and regulatory</b>		
<ul style="list-style-type: none"> <li>The NHI has been the major unknown variable in the healthcare industry since 2015. In August 2022, the Department of Health began recruitment processes to fill positions within the proposed NHI Fund that will assist with preparations for the functioning of the fund. This move potentially signals that the NHI Fund may be set up without involvement by the industry. The role of medical schemes, which are in a position to assist the NHI administratively and in managing risk, remains unclear</li> <li>The Section 59 Investigation conducted under the auspices of the CMS culminated in the release of an interim report. The industry responded to the report and the final report is awaited</li> </ul>	<ul style="list-style-type: none"> <li>Social and relationship</li> <li>Intellectual</li> </ul> <p>Social and relationship</p>	<p>The GEMS strategy gears the Scheme for a possible role in the NHI Fund. We have developed four scenarios of participation, considering the pace of NHI implementation. We engaged with policymakers and stakeholders during routine engagements and also set up engagements.</p> <p>Risk management coverage: Risks #3 and #5, pages 59 and 61</p> <p>Material matter: Positioning for UHC, page 6</p> <p>We continue engaging with stakeholders and improving operations in claims management and the management of fraud, waste and abuse</p> <p>Risk management coverage: Risks #1 and #2, pages 54 to 58</p> <p>Material matter: Brand and reputation management, page 8</p>

Social		
<p>Patient-centric care is driving demand for improved quality of care and healthcare outcomes. By empowering patients to meet their health goals by partnering with healthcare providers, patients can have input at every stage of their treatment and know that their experiences are represented</p>	<ul style="list-style-type: none"> <li>• Social and relationship</li> <li>• Intellectual</li> </ul>	<p>We engage broadly with stakeholders to push for patient-centric care using opportunities such as the GEMS 2022 symposium themed 'Value co-creation for a patient-centric healthcare system' Patient-centric care is a principle underlying our product development and benefit design process</p> <p>Risk management coverage: Risk #1 and #2, pages 54 to 58</p> <p>Material matter: Optimal balancing of member value drivers, page 7</p>
Public health		
<p>Covid-19 and the potential after-effects are expected to have a continued impact, with the ultimate magnitude of the impact unknown at present</p>	<p>Financial, evidenced in claims payment trends and specifically the claims ratio of 96.38%</p>	<p>We use our claims management programme to monitor trends and introduce mitigation</p> <p>Risk management coverage: Risk #1, page 54</p> <p>Material matter: Volatility in the GEMS operating environment, page 6</p>
Economic		
<p>Rising inflation and unemployment in South Africa, which constrain household budgets of medical scheme members</p>	<ul style="list-style-type: none"> <li>• Financial</li> <li>• Social and relationship</li> </ul>	<p>Continued affordability is a principle underlying our product development and benefit design processes Reducing avoidable co-payments is a KPI under our strategic plan</p> <p>Risk management coverage: Risks #1 and #2, pages 54 to 58</p> <p>Material matter: Optimal balancing of member value drivers, page 7</p>
<p>Healthcare budget cuts that contribute to uncertainty about NHI implementation timelines</p>	<p>Social and relationship</p>	<p>The GEMS strategy gears the Scheme for a possible role in the NHI Fund. For this, we have developed four scenarios of participation considering the pace of NHI implementation</p> <p>Risk management coverage: Risks #3 and #5, pages 59 and 61</p> <p>Material matter: Positioning for UHC, pages 6</p>

Political		
<ul style="list-style-type: none"> <li>Political leadership changes needing ongoing focus on building constructive relationships</li> <li>Public service employee wage negotiations</li> <li>Broad-based black economic empowerment (B-BBEE) and transformation have not been adequately addressed, requiring ongoing investment by entities in the medical schemes industry</li> </ul>	<ul style="list-style-type: none"> <li>Social and relationship</li> <li>Financial</li> </ul>	<p>We apply the GEMS Stakeholder Management Policy and processes for building constructive relationships B-BBEE and transformation targets are built into our strategic plan KPIs</p> <p>Risk management coverage: Risk #2, page 56</p> <p>Material matter: Brand and reputation management: Sustainable development, page 8</p>
Information and technology		
<ul style="list-style-type: none"> <li>Covid-19 intensified the need for digital member experiences and a digitally enabled workforce. A key role of digitalisation is to achieve cost efficiencies while driving business transformation</li> <li>Advances in analytics are helping organisations better understand evolving member needs and preferences, and also support an increasing focus on risk. Additionally, developments in the internet of things and enabled wearables such as mobile health analytics devices are likely to change underwriting processes</li> </ul>	<ul style="list-style-type: none"> <li>Social and relationship</li> <li>Intellectual</li> </ul>	<p>We are implementing progressive strategies under the key result area of 'data management, analytics, business intelligence and digital first'</p> <p>Risk management coverage: Risks #4 and #6, pages 60 and 63</p> <p>Material matter: Building the Scheme operating model(s) aligned to UHC, page 8</p>



# CHAIRPERSON'S OVERVIEW





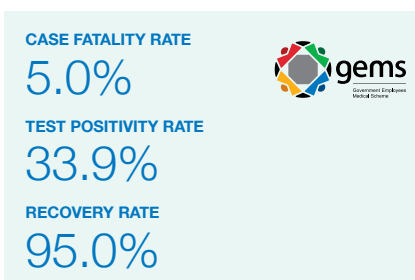
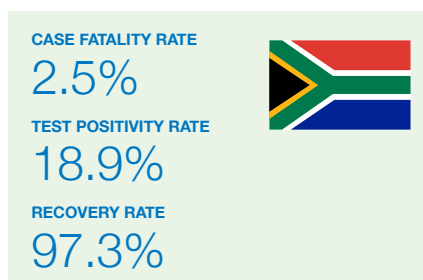
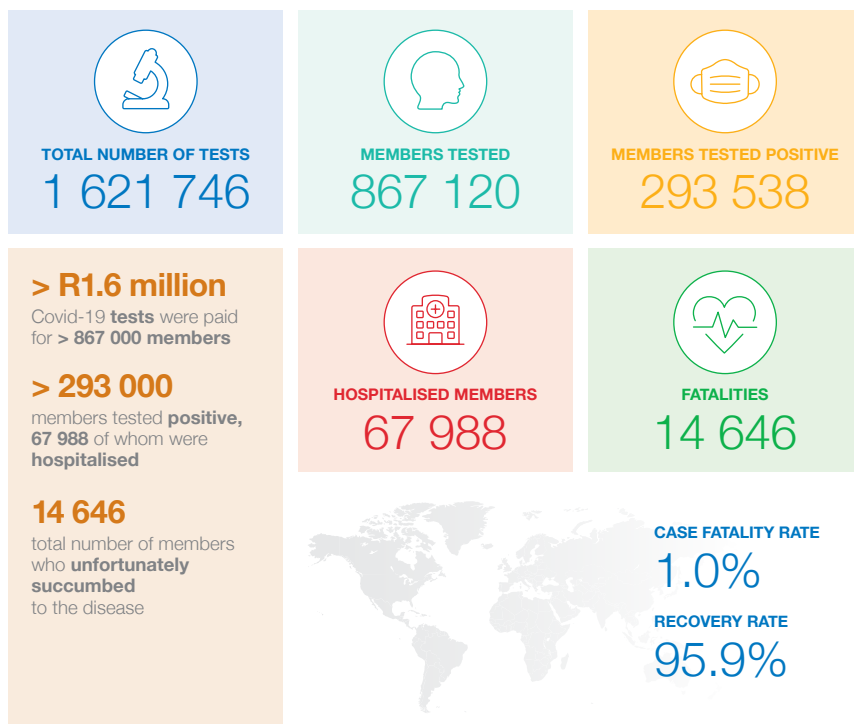
**Dr Sebayitseng Millicent Hlatshwayo**  
Chairperson

*In this section, we provide a snapshot of the state of GEMS, information on the challenges and uncertainties we may encounter and their implications for our business model and future performance.*

In 2022, GEMS began implementing its five-year strategic plan for 2022 to 2026. The short-term GEMS performance plan for 2022 was approved as a 'transitional plan' moving GEMS from the previous plan to a new plan with a restated ambition, our GEMS 'moonshot'. In the new plan, we clearly align our strategy to global and national priorities, firstly to the United Nations Sustainable Development Goals (UN SDGs) for achieving UHC. Second is Agenda 2063, the blueprint and masterplan for transforming Africa into a global powerhouse. Agenda 2063 aligns to UN SDG goal 3 and aims to ensure that Africa has healthy and well-nourished citizens, promoting wellbeing for all at all ages. Third is the NHI, proposed as a pathway to accelerate South Africa's achievement of UHC by 2030, as stated in goal 3.8 of the SDGs.

In 2022, the world gradually emerged from the Covid-19 pandemic, which left a permanent mark on all. Its aftermath holds unique challenges for our society and the organisations in it. When people are affected, so are the medical schemes that serve them and GEMS is no different. Over the past two years, we have provided a Covid-19 dashboard that compares GEMS with the South African and international experience. Trusting that the pandemic is in our rearview mirror, we conclude with the summary below:

## Covid-19 dashboard



The importance of quality relationships for value creation and sustainability has been elevated over the past few years. During 2022, we worked hard to maintain and build relationships and, in some instances, to reconnect with stakeholders. The Board engaged in a relationship-by-objective (RBO) programme for its members and also engaged with executive management in the programme. Executive management cascaded the RBO programme through the organisation to reach all employees in their divisions. The Scheme developed and implemented a hybrid working model for employees during the year to achieve a balance between independent work

and 'face time' at the office. We returned to in-person meetings at Board and Board committee level, and this was also implemented at Manco level. For Scheme meetings requiring travel for large numbers of people, such as forums involving contracted providers, virtual meetings are still held to keep our carbon footprint and costs as low as possible.

The Board's focus remains on 10 priority areas set out on page 46, including member satisfaction. At the end of 2022, plans were developed to reconnect with GEMS members to allow the Board to gain a better understanding of their needs. This campaign will begin in early-2023.

Discussions with stakeholders on the contribution increase for 2023 can be described only as robust. Ultimately, the Board approved a budgeted net deficit for the 2023 year, requiring an average contribution increase of 5%. Under the approved budget, the Scheme is expected to maintain a reserve ratio of 44.1%. A weighted contribution increase of 5% was implemented for 2023 with enhancements that include an increase of 4.3% on all benefit limits except frame limits for out-of-hospital optical services. Member contributions for 2023 will increase on average by R93.85 per family. On the low-cost options, members are paying only R7.10 more than in 2022. It is important to consider that the contribution increase for 2023 follows a 2022 contribution increase that was significantly lower than healthcare inflation. This resulted in members paying R2.8 billion less than an increase in line with healthcare inflation. On average, GEMS members saved about R300 a month in 2022 due to the lower contribution increase.

Another Board priority is to build fit-for-purpose capabilities in GEMS, specifically to support NHI to achieve UHC in South Africa. Central to this priority is the insourcing of capabilities. The Board-approved insourcing of capabilities programme is well underway, overseen by a Board standing committee and supported by an independent panel of industry experts. The Scheme's business transformation programme is running concurrently with business-as-usual projects. The complexities inherent in medical scheme operations in general, those associated with GEMS' current service delivery and operations model and complex procurement processes mean that we are overseeing a multifaceted and complex insourcing process. The process needs to be well timed and designed and, above all, needs to ensure that members do not experience service failures and elevated costs. GEMS follows a risk-led approach to achieve sustainable business transformation. Whereas the Scheme completed various institutional building and insourcing processes (page 49), the next phase dictates a planning horizon extending beyond the current strategic cycle.

## **Annual general meeting of members**

The 2022 AGM was held virtually on 29 July 2022, with members in attendance. All motions placed before the meeting for resolution were adopted. The Board and Principal Officer had meaningful engagement with members and it was decided that virtual meetings will remain a permanent fixture, as they allow participation for members from all parts of the country.

## **Board of Trustees**

The terms of Dr Confidence Moloko and Nathi Theledi ended on 27 October 2022 and 2 December 2022 respectively, leaving two vacancies for employer-appointed trustees. The Minister for the Public Service and Administration is expected to make these two appointments.

## Outlook

Global Credit Rating Company ratings maintained our national scale financial strength rating at AA(ZA), with outlook deemed stable. The rating reflects our sustained improvement in reserves in keeping with MSA requirements. Our consistent credit rating assures members and stakeholders that the Scheme has sufficient funds to meet and pay claims in a volatile and uncertain future.

Our progress from 2019 is shown below:



## The main strategic plan performance targets not met in 2022

Table 6

Metric and target	Progress	How we will achieve the target
Industry-initiated member survey results: 63.8%	52.64%	<p>The member surveys initiated by GEMS (conducted by independent survey providers) consistently return a better outcome than some external surveys conducted across the general population.</p> <p>However, the Scheme's extensive service management programme of the past four years, focusing on inefficiencies in administration processes, particularly call centres, new member applications, claims processes and chronic medicine registration, will continue.</p> <p>The GEMS benefit design has been systematically improved over the years and this will continue. The elimination of avoidable co-payments remains a focus in benefit design and member benefit usage education.</p> <p>More information describing the risk and mitigation in risk#2 (page 56)</p>

Metric and target	Progress	How we will achieve the target
Investment returns: Consumer price index (CPI)+3.5%	CPI-0.38%	<p>The Scheme's investment strategy allocates to both growth assets such as equities and listed property and to fixed income assets, to target a return greater than inflation over time. This broad asset class diversification gives the Scheme a high probability of achieving its target of CPI+3.5% over three to five years, while managing the Scheme's investment risk. Further diversification and risk management is achieved by allocating the Scheme's reserves across several investment managers with a diversity of investment styles.</p> <p>More information describing the risk and mitigation in risk#1 (page 54)</p>
Progress on the insourcing of capabilities plan: 100% Note: This metric is restated for 2023 to move focus to implementation	86%	<p>In 2022, the Scheme conducted an in-depth analysis of the outsourced landscape that focused on people, processes and systems through detailed feasibility studies for identified services to be insourced. This process was performed by a panel of industry experts (Transaction Advisory Panel).</p> <p>The 2023 target will be achieved by completing negotiations of new deals (informed by the outcome of the feasibility studies) for a new operating model and concluding the procurement of a core information management system (CIMS), a system enabler for insourcing capabilities into the Scheme.</p> <p>More information describing the risk and mitigation in risk#3 (page 59)</p>
Percentage completion of the development of CIMS	The procurement process is scheduled for completion in 2023	<p>The procurement process is envisaged to take a minimum of six months. The bid was advertised and closes on 12 June 2023. An in-depth consultation was undertaken with all divisions responsible for the core business of the Scheme to ensure that functional requirements in the bid are all encompassing and address the vision that the Scheme intends to achieve in the 2022 to 2026 strategy. Lessons learnt from the previous bid process that was cancelled were built into the current process to avoid a repeat of the cancellation. These included giving prospective bidders a longer response turnaround time to enable them to address the requirements appropriately. Lastly, as this is a five-year project that will be undertaken for at least three to five years, only phase 1 will be undertaken in 2023 which entails blueprinting of the solution.</p> <p>More information describing the risk and mitigation in risk#3 (page 59)</p>

Metric and target	Progress	How we will achieve the target
Percentage progress on the implementation of the data management programme: 50%	42%	<p>The Scheme is sending letters to the SPN to enlist its services in the delivery of Scheme data in formats that can be ingested into the one data platform, which is a strategy developed and adopted in 2022 encompassing all the requisite platforms the Scheme need to advance the data management programme. A data governance framework was developed and socialised with the Scheme and still needs to be presented to the SPN, which is the source of Scheme data. Knowledge and skills required were also identified and are being addressed. Lastly the data management programme was aligned to the insourcing of capabilities and CIMS project.</p> <p>More information describing the risk and mitigation in risk#4 (page 60)</p>

Where targets were met and exceeded, the Scheme's established processes for managing claims, service and operations will be maintained to improve performance further. Focused marketing campaigns built on our understanding of public service employees achieve continued membership growth. The new GEMS strategy seeks growth through expanding membership eligibility to employees in the broader public sector.

We will continue to align our products and services to UHC principles and the recommendations of the 2019 Health Market Inquiry. A standardised benefit package is part of that work, with Tanzanite One the reference product. Reducing the number of options offered from six to four through ringfencing remains delayed due to ongoing work in the regulatory environment. We will continue to simplify product development, focusing on patient-centric care. The Scheme's risk appetite going into 2023 was guided by its strong financial position and insourcing requirements.

Eliminating avoidable co-payments remains a Board priority for 2023. Members can look forward to reduced co-payments and improved services as we continuously innovate using constantly advancing information and communication technology (ICT). As we acknowledge that many members still have no access to online services, established communication and service delivery methods will continue.

We maintain an analysis that considers potential NHI implementation scenarios and our strategic risk register for 2022 to 2026 considers the risk factors that will require attention. The scenarios will depend on factors such as the pace of NHI implementation, which, in turn, will depend on economic recovery, the readiness of the public health sector, and progress in institutional and other reforms necessary for successful NHI implementation. GEMS remains committed to supporting NHI and to being a blueprint in demonstrating what UHC means.

## Appreciation

This year, I start my note of thanks by acknowledging the members of GEMS. Thank you for remaining steadfast in providing public services to our country through some very challenging

times. I also thank you for attending the AGM and other Scheme events, and for your ongoing input, which is invaluable in improving our services and benefit design.

I thank the Honourable Ayanda Dlodlo (former Minister for the Public Service and Administration), the Honourable Thembelani Nxesi (the former Acting Minister for the Public Service and Administration) and the Honourable Dr Chana Pilane-Majake (the Deputy Minister for the Public Service and Administration), Yoliswa Makhasi, the Director-General of the Department for the Public Service and Administration and the officials in the department for constructive discussions and guidance during the year.

Our sincere appreciation goes to PSCBC Chairperson, Ingrid Dimo, and General Secretary, Frikkie de Bruyn, for their willingness to consult with the Board and the Scheme. We look forward to continued PSCBC participation in our quest to achieve UHC. We recognise the leadership of the unions admitted to the PSCBC, the National Department of Health (NDoH) and National Treasury for constructive collaboration during 2022, as we constantly seek durable partnerships to achieve national health objectives.

GEMS trustees again demonstrated resolve in leading the Scheme effectively to the next stage of its transformation towards readiness for UHC. The Board did not hesitate to engage in introspective discussion to strengthen corporate governance for GEMS. My thanks go to the trustees for their hard work and support in stakeholder relationships.

The contributions of Dr Confidence Moloko, Mpfariseni Phophi, Nkosinathi Theledi and Constance Ntshane in chairing the Finance and Investment Committee, the Risk, Social and Ethics Committee, the Human Resources and Remuneration Committee and the Oversight Committee on Special Programmes and Projects respectively, are appreciated, as is that of the independent chairperson of the Audit Committee, Joe Lesejane, who continued to offer frank and forthright advice and guidance to continuously strengthen the Scheme's assurance functions and corporate governance. Thank you, too, to Malande Tonjeni, Aziza Galiel and Carolyn Chalmers, who served on the Audit Committee, the Finance and Investment Committee and the Risk, Social and Ethics Committee.

Dr Stan Moloabi led the GEMS team through a period of adjustment and introspection in 2022. The Board acknowledges his expertise, superior loyalty to GEMS and building of an appropriate ethics culture. We pledge our continued support to him and the entire GEMS team.

I am grateful to the Executive Committee (Exco) and staff of GEMS and the SPN who enabled us to maintain business continuity and achieve success during another challenging year.

Without the strategic relationship we have built with the healthcare sector — including healthcare practitioner societies, hospital groups, pharmacy and pathology groups and claims switching bureaus — we would not have successful networks, improved health outcomes and improved benefit offerings and member services. Your involvement is greatly appreciated.

The Board is satisfied with the Scheme's operational results for the period ended 31 December 2022 and looks forward to another fine performance in 2023.



04

**CREATING VALUE  
THROUGH THE  
GEMS BUSINESS MODEL**



In this section, we show the GEMS value creation imperatives and how it was met in 2022.

The GEMS mandate expresses the key expectations and interests from the Minister for the Public Service and Administration, GEMS members and key stakeholders:

#### MANDATE

To ensure that there is adequate provisioning of healthcare coverage to public service employees that is efficient, cost-effective and equitable; and to provide further options for those who wish to purchase more extensive cover

#### GEMS IMPERATIVE

To create value for all our stakeholders, by expanding access to quality healthcare and continuously improving member services

#### DESIRED OUTCOME ALIGNMENT

We create value for all our stakeholders by continuously innovating our products and benefits, while providing excellence and affordability

We continuously improve our services to expand responsible access to healthcare in line with the principles of UHC. These contribute to healthier members and a healthy, sustainable Scheme

We continuously innovate our information and communication technologies to enhance member services and access to benefits

We protect value through our leading governance practices. We embrace risk management, stakeholder engagement, performance monitoring and strong ethical values

Through our business activities, we use and transform financial, social and relationship, intellectual, human, manufactured and natural capital to create value for our members and stakeholders. Capitals are stocks of value that are increased, decreased or transformed through the activities of organisations. Financial capital, for example, is increased when an organisation makes a profit, while the quality of human capital is improved when employees become better trained.<sup>2</sup>

More information on our main business activities, being the core of our value creation process, is provided in the organisational overview on page 10.

Value creation outcomes in the GEMS business model:

<sup>2</sup> International Integrated Reporting Framework, 2021

# GEMS VALUE-CREATING BUSINESS MODEL

## OUR SIX CAPITALS

## ENABLE VALUE BUILDING ACTIVITIES

DESCRIPTION	INPUTS
-------------	--------

**FINANCIAL CAPITAL**

The pool of funds that includes contribution collection, invested funds and accumulated surplus

- Contribution income: **R47 723 182 471**
- Invested funds: **R28 057 487 005**

**INTELLECTUAL CAPITAL**

Our proprietary (IntelliGEMS) and licensed technologies, software, procedures and protocols support our competitive advantage

- Insuring of capabilities (Transaction Advisory Panel) costs: **R7 619 135**
- In-house systems development and costs: **R62 582 533**
- Product development (actual) costs: **R740 024**
- Accredited managed care services spend: **R1 058 724 315**

**HUMAN CAPITAL**

Our peoples' competencies, capabilities and experience, including their ability to align to the strategy and the Scheme's ethics culture

- Training investment: **R6 919 914** (professional development spend 2.9% of payroll – target  $\geq 1.5\%$ )
- Employee remuneration: **R341 514 165.15**
- Recruitment spend: **R2 671 908** (incl vetting costs)
- Expert consultancy fees for employee relationship building: **R1 337 790**
- Hybrid working modal investment: **R664 800**
- Trustee and independent committee member remuneration: **R16 000 000**

**SOCIAL AND RELATIONSHIP CAPITAL**

GEMS' strong relationships with its principals, members, employees, contracted service provider network, customers and communities

- Prevention and screening claims cost: **R420 000 000**
- Wellness event costs: **R16 542 048**
- Stakeholder management: Preparation and meetings
- Total measured procurement spend 2022: **R3 058 853 924**
- Developing supplier support programme spend: **R2 610 056**
- Policy development: BBBEE progression in supply chain management driving progressive transformation strategies that are deriving impact in the healthcare sector
- Ex-gratia benefits awarded: **R319 893 121**

**MANUFACTURED CAPITAL**

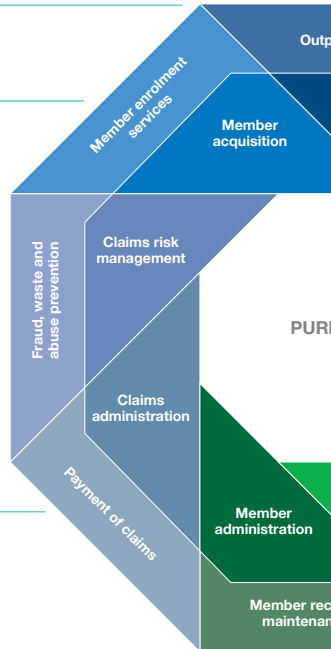
Our investments in infrastructure help manage our environmental footprint and enable access to information for members and employees

- GEMS Vutomi House improvement and maintenance, including enabling hybrid working: **R3 186 297.00**
- Equipment costs at Vutomi House: **R468 237.00**
- CLOs infrastructure spend (rental and costs): **R10 614 932**
- ICT infrastructure and application investment: **R114 052 939**
- Service provider network contracted global fee: **R2 574 544 181**
- Healthcare provider infrastructure

**NATURAL CAPITAL**

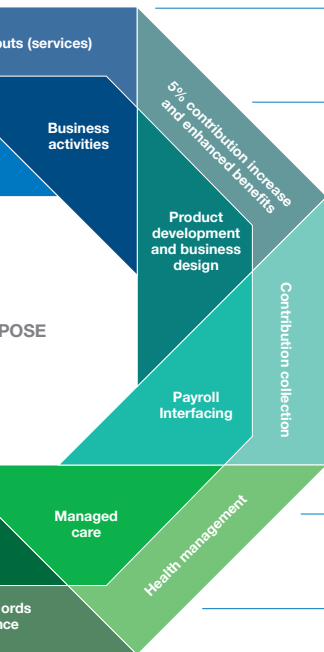
Our environmental stewardship through our consumption of energy, water and paper in conducting business activities

- CO<sub>2</sub>e emissions from travel in 2022: -22,2712 (CO<sub>2</sub>e)
- Energy consumption was 504,228.75 in kWh
- Water consumption: 7435.20 in KL
- Recycling waste management fee: **R76 984**
- Vutomi House: Energy-efficient building with water preservation system



... THAT...

## CREATE VALUE FOR OUR STAKEHOLDERS AND ENSURE SUSTAINABILITY



OUTCOMES	STAKEHOLDERS AFFECTED
<p><b>FINANCIAL CAPITAL</b></p> <ul style="list-style-type: none"> <li>Global credit rating AA(ZA)/outlook: Stable</li> <li>Investment returns: <b>R1 613 067 498</b></li> <li>Tariff negotiation savings: <b>R112 000 000</b></li> </ul>	<p><b>Our claims payment ability:</b> Members, The Minister for Public Service and Administration, National Treasury and the PSGB</p>
<p><b>INTELLECTUAL CAPITAL</b></p> <ul style="list-style-type: none"> <li>Intelligens (EVRP) with intellectual capital captured</li> </ul>	<p>Our ability to create value benefits all stakeholders but especially <b>members and employees</b></p>
<p><b>HUMAN CAPITAL</b></p> <ul style="list-style-type: none"> <li>Positive employee performance movement</li> <li>Movement in employee turnover to 5.56%</li> <li>Top Employer Award (certified excellence in employee practices)</li> <li>Employee wellness maintained</li> <li>Wealth Management Learnership (NQF Level 5) for 32 CLOs</li> <li>Hybrid working model implemented effectively</li> <li>44.12% employees trained</li> </ul>	<p><b>Employees</b> enjoy reward structures linked to individual performance, Scheme performance and value drivers <b>Members</b> benefit from CLOs who continuously grow in their ability to service members</p>
<p><b>SOCIAL AND RELATIONSHIP CAPITAL</b></p> <ul style="list-style-type: none"> <li>82% of healthcare quality outcomes above industry average on predetermined health quality assessment metrics</li> <li>Average contribution increase of 5% for 2023</li> <li>Member satisfaction scores improved</li> <li>Provider satisfaction scores improved</li> <li>City Press Brand of Choice – achieved third place</li> <li>The overall outcome resulted in increased participation of BBBEE-controlled entities directly and indirectly within the GEMS supply chain</li> <li>29 employee/enterprise supplier development beneficiaries from the 2021 support programme completed their mentorship and coaching</li> </ul>	<p><b>Members:</b> Affordable contributions enable access to healthcare <b>Employees:</b> Employees enjoy independent confirmation that GEMS is among 2 053 top employers in 121 countries across five continents <b>Communities:</b> An increase of 6.9% in spend with enterprise supplier development beneficiaries was achieved by integrating the beneficiaries into our supply chain</p>
<p><b>MANUFACTURED CAPITAL</b></p> <ul style="list-style-type: none"> <li>Employee access to resources</li> <li>Beneficiary and healthcare provider access to services and information</li> <li>Establishment of Scheme operations and hybrid working model</li> </ul>	<p><b>Employees:</b> Continued performance improvement <b>Members:</b> Effective service delivery infrastructure ensures member access to services</p>
<p><b>NATURAL CAPITAL</b></p> <ul style="list-style-type: none"> <li>Five-star rated green building by the Green Building Council of South Africa</li> <li>Waste to recycling instead of landfill: 1 277kg</li> </ul>	<p><b>Communities:</b> GEMS' support for sustainable development goals focused on climate change action and reduction of pollution</p>

**LEGEND:**

- Value creation
- Value preservation
- Value erosion



05

# STAKEHOLDER MANAGEMENT REPORTING

*In this section, we explain how we leverage relationships to create value and the outcomes of this work for 2022.*

## **Relationship with the Minister for the Public Service and Administration**

GEMS is registered as a restricted membership scheme under the MSA, with membership eligibility determined by employment. Under the Rules of GEMS, the 'employer' is defined as the government of the Republic of South Africa represented by the Minister for the Public Service and Administration. In this capacity, the Minister is affected by the activities, outputs and outcomes of GEMS.

The Scheme is governed by an independent Board of Trustees in keeping with the MSA. In view of the Minister's significant interest and influence in the affairs of GEMS, s/he, or a delegated official, appoints 50% of the GEMS Board of Trustees.

GEMS does not meet the legal definition of 'an organ of state' but provides services exclusively for the benefit of public service employees who join the Scheme. Membership of GEMS is encouraged by the structuring of the medical assistance subsidy, which is a key condition of service for public-service employees. The Minister determines the subsidy through the PSCBC collective bargaining process.

The Board of Trustees, supported by Scheme management, liaised during 2022 with former Minister for the Public Service and Administration, Ayanda Dlodlo (until 4 April 2022) and Acting Minister, Thembelani Nxesi from 4 April 2022.

A close working relationship was maintained with the Deputy Minister for the Public Service and Administration, Dr Chana Pilane-Majake, through regular meetings, quarterly reports and presentations, briefing notes on topical matters and other correspondence.

Discussions in 2022 focused on the Scheme's value proposition, strategic direction and progress, the building of administrative capabilities to achieve insourcing, the application of the GEMS B-BBEE Policy in the appointment and contracting of service providers, the composition of the GEMS Board of Trustees, the potential registration of GEMS as a public entity, the consolidation of medical schemes and NHI, the Scheme's financial performance and using the positive reserve ratio towards benefit improvement, community support initiatives, preventive care and screening programmes, expected media exposure and the GEMS 2023 benefits and contribution increases.

Future engagements will focus on the consolidation of public sector medical schemes, technical support from GEMS for the turnaround strategies of selected public entities, building administrative capabilities to support NHI, ongoing transformation and full implementation of PSCBC Resolution 4 of 2017.

## Arrangements for governing and managing key relationships

GEMS has multiple internal and external stakeholders. Relationship management and engagement are essential to the Scheme's understanding of value creation and to prevent erosion of value.

The stakeholder management roles and responsibilities of the Board, the Clinical Governance and Administration Committee and the Principal Officer are set out in the GEMS Board Charter, the terms of reference of the Clinical Governance and Administration Committee, the Principal Officer delegations and the approved GEMS Stakeholder Management Policy, which is reviewed every three years by the Board of Trustees.

### Our key stakeholder management activities summarised:



#### The identification of and engagement with stakeholders

The GEMS stakeholder interest and influence matrix forms the basis for our annual engagement plan



#### The disclosure of information to stakeholders for consultation and managing perceptions and satisfaction

The GEMS stakeholder interest and influence matrix forms the basis for our annual engagement plan



#### Balancing interests

We strive to develop solutions through engagement and understanding and to provide stakeholders with feedback

Our stakeholders and their legitimate expectations (interest) and influence (power) are identified and analysed based on available information and institutional knowledge and the stakeholder Interest and Influence Matrix. The mapping of stakeholders is based on risk assessment and management judgment

The Stakeholder Interest and Influence Matrix informs the engagement approach, including modes of engagement, to each stakeholder.

The approved GEMS five-year strategic plan, specifically the performance objectives and known stakeholder information requirements informs the engagement content or subject matter for each stakeholder. Importantly, the achievement of some of the strategic objectives may be affected by the quality and outcomes of the GEMS stakeholder management activities.

Our annual stakeholder engagement plan process:

## Key stakeholder focus areas 2022:

Table 7

Key relationship objectives by stakeholder and link to strategic objective (SO)	Our discussions with stakeholders in 2022	Engagement results
<p>Informed, satisfied and healthy members</p> <p>SO1</p>	<p>Member communication and marketing campaigns using multimedia to:</p> <ul style="list-style-type: none"> <li>Promote Emerald Value and Tanzanite One options</li> <li>Provide member education on using the GEMS self-help channels, digital platforms and walk-in centres</li> <li>Provide education on correctly using benefits and avoid co-payments.</li> <li>Encourage uptake of the multivitamin wellness programme</li> <li>Educate members on the impact and prevention of fraud, waste and abuse</li> <li>Educate on how to use benefits and avoid co-payments</li> <li>To optimise take-up of health and wellness screening services, the CLO unit hosted 1 105 health and wellness events across the nine provinces</li> </ul>	<p><b>Brand and reputation management:</b> Overall member satisfaction score surveyed independently increased to 93%. Member satisfaction score for CLO services increased to 97%</p> <p>Complaints ratio (cumulative) of 0.08% achieved for 2022, against a target of 0.09%</p> <p><b>Optimal balancing of member value drivers:</b> Members pay 15% less on EVO than on Emerald</p> <p>Covid-19 vaccination take-up of over 70% principal members and 63% of beneficiaries 18 years and older</p> <p><b>Optimal balancing of member value drivers:</b> 1 526 screening tests for preventive care were conducted during health and wellness events</p>
<p>Regulatory compliance and responsible decision-making</p> <p>SO6</p>	<p>Liaison with the CMS to take on eligible members of Health Squared after its abrupt dissolution</p> <p>Liaison with the CMS to obtain feedback on Scheme submissions in response to Section 43 enquiries</p> <p>Engagement with the information regulator where guidance was needed on compliance to the PoPI Act</p>	<p><b>Positioning for UHC:</b> Continued access to healthcare cover for affected beneficiaries supported</p> <p><b>Member and stakeholder value proposition:</b> Responsiveness demonstrated to enquiries made by the CMS and CMS review process underway</p> <p><b>Maintaining compliance to the PoPI Act:</b> Compliance driven proactively by receiving regulatory guidance and proactively reporting potential incidences of non-compliance to regulators</p>

Key relationship objectives by stakeholder and link to strategic objective (SO)	Our discussions with stakeholders in 2022	Engagement results
Regulatory compliance and responsible decision-making  SO6	Guidance sought from the Financial Sector Conduct Authority on the registration of GEMS as a category 1 financial services provider (FSP). The Scheme's submission was made in quarter four of 2022	<p><b>Building capacity in governance and corporate processes to enable the strategy:</b></p> <p>Formal application for registration as an FSP moved GEMS closer to full insourcing of member advisory services</p>
Durable partnerships to optimise the GEMS value proposition SOs 1, 2, 4 and 6	<p>Engagement with the PSCBC and the GEMS PSCBC working group on:</p> <ul style="list-style-type: none"> <li>• The ongoing operational response to the Section 59 report</li> <li>• Enhancing stakeholder inclusivity around GEMS product development and benefit design</li> <li>• The GEMS benefits and contributions for 2023</li> <li>• Union conferences with health and wellness screening services supported on request</li> <li>• The GEMS 2016/17 tender corruption matter that again resurfaced in a parliamentary portfolio committee hearing</li> <li>• The composition of the GEMS Board of Trustees after the 2021 trustee elections and the low voter turnout</li> <li>• The Covid-19 experience in government departments, including vaccination progress</li> </ul>	<p><b>Optimising member value drivers:</b></p> <p>The PSCBC conveyed expectations of member needs throughout</p> <p>It was kept abreast of matters affecting members and of the Scheme's overall performance</p> <p>There was concern over and opposition to a contribution increase for 2023, with the PSCBC favouring 0%. To maintain financial sustainability, the Scheme needed 9.5%, but decided to implement only 5%, thus giving back 4.5% from the reserves to members. The 5% translated to an average increase of only R93.85 per family</p> <p><b>Brand and reputation management:</b></p> <p>PSCBC was briefed on the status of the 2016/17 tender corruption investigation</p> <p>It was also consulted on initiatives planned to address low voter turnout in trustee elections and was informed of workplace Covid-19 matters</p>



Key relationship objectives by stakeholder and link to strategic objective (SO)	Our discussions with stakeholders in 2022	Engagement results
<p>Durable partnerships to optimise the GEMS value proposition SOs 1, 2, 4 and 6</p>	<p>We engaged with individual unions (National Professional Teachers' Organisation of South Africa, Public Servants Association, South Africa Democratic Teachers Union, Democratic Nursing Organisation of South Africa, Police and Prisons Civil Rights Union and South African Police Union) on their concerns about GEMS services and products, and the Scheme's future plans affecting members</p> <p>Discussion with healthcare providers on:</p> <ul style="list-style-type: none"> <li>• Forming strategic partnerships and promoting value-based care initiatives</li> <li>• Reimbursement models including: <ul style="list-style-type: none"> <li>- Profiling quality performance measures</li> <li>- Movement away from fee-for-service to global payment structure/diagnosis-related groups</li> <li>- Peer reviews</li> <li>- Agreement on alternative reimbursement for medical diagnosis and surgical procedures</li> <li>- Ambulatory surgical centres</li> </ul> </li> <li>• Value-based payment linking reimbursements</li> <li>• Emphasis on population health management centres of excellence to mitigate risks</li> <li>• Consideration of predominant cost drivers and strategies to manage the Scheme's risk</li> <li>• Issues pertaining to operational services such as compliance management</li> <li>• GEMS-specific strategies, policies and needs, including the promotion of day clinic and doctor's room procedures</li> <li>• Updating internal policies with involved service providers</li> <li>• Revision of contractual agreements</li> </ul>	<p>The unions were kept abreast of matters affecting members and of the Scheme's overall performance</p> <p><b>Optimal balancing of member value drivers:</b>  GEMS' specialist network grew. Member access is continuously improving through better geographic coverage of the networks. The maintenance of network cost coverage indicates a reduced number of members' out-of-pocket payments</p>

Key relationship objectives by stakeholder and link to strategic objective (SO)	Our discussions with stakeholders in 2022	Engagement results
<p>Durable partnerships to optimise the GEMS value proposition</p> <p>SOs 1, 2, 4 and 6</p>	<ul style="list-style-type: none"> <li>• Updating notice of privacy practices</li> <li>• Repositioning of strategies for primary collaborations</li> <li>• Family practitioner nominations</li> <li>• Engagement with interested organisations to become participating employers on GEMS. The Legal Board South Africa and the Special Investigating Unit submitted applications</li> <li>• Engagement with healthcare providers associations and societies (National Healthcare Professionals Association, Solutionist Thinkers Group, South African Dental Therapy Association, Dental Professionals Association, South African Orthopaedic Association, South African Orthotic and Prosthetic Association, Society of Radiographers of South Africa, South African Dental Association) on the Scheme's claims fraud, waste and abuse risk management processes</li> <li>• Liaison with billing bureaus on: <ul style="list-style-type: none"> <li>- Claim switching efficiencies</li> <li>- Fraud, waste and abuse and ethics culture</li> <li>- Reducing payment shortfalls on claims caused by incorrect billing</li> <li>- GEMS billing processes (training)</li> </ul> </li> <li>• Engagement with NDoH on a pilot project for training and development in the public sector to improve claims efficiencies for the revenue generation capability for the State. GEMS trained the revenue team at Steve Biko Hospital with stakeholders from the National and Gauteng Departments of Health on processes which will enable the state to collect revenue due. This project was concluded successfully in August 2022. Additional work with the National Department of Health enabled the department to initially submit Covid-19 vaccine claims outside the ambit of Regulation 6 of the MSA and after 120 days (per Circular 55 of 2021) as required by regulations 6(1) and 6(2) but within 365 days as authorised by the regulator (CMS) under Circular 56 of 2022</li> <li>• Engagement with key stakeholders and the industry at the GEMS 2022 symposium themed 'Value co-creation for a patient-centric healthcare system' on embracing the next-generation healthcare system, which is patient-centric and co-creates value with the patient in collaboration with all healthcare actors</li> </ul>	<p><b>Positioning for UHC:</b> Work to consolidate public sector employee groupings into GEMS</p> <p><b>Optimal balancing of member value drivers:</b> All possible avenues used to eliminate (where possible) and reduce member co-payments upfront, with an achievement of 4.8% against a target of 5%</p> <p><b>Positioning for UHC:</b> Paid 80.20% of Department of Health (provincial view) claims at 31 December 2022</p>

Key relationship objectives by stakeholder and link to strategic objective (SO)	Our discussions with stakeholders in 2022	Engagement results
<p>We strive to be an ethical organisation</p> <p>SO6</p>	<p>GEMS employees participated in RBO exercises to address concerns about unfair labour and people practices</p>	<p><b>Building capacity in governance and corporate processes to enable the strategy:</b></p> <p>The GEMS ethics management strategy and plan were refined through consultation. The plan includes initiatives to address employee concerns on potential unfair practices such as workplace bullying</p>
	<p>Engagement with contracted operational service providers on their ethics management practices</p>	<p>GEMS has sight of the ethics culture of contracted providers that provide services directly to GEMS beneficiaries</p>
	<p>Discussions with healthcare providers on:</p> <ul style="list-style-type: none"> <li>• GEMS' operational response to the Section 59 report</li> <li>• The zero-tolerance policy on fraud, waste and abuse</li> <li>• Increased interaction with dental healthcare providers to discuss GEMS' claims processes, product development process and interest in eradicating waste caused by incorrect billing. An inaugural webinar for the oral hygienists was held and will become an annual event</li> </ul> <p>Discussion with the Minister and Deputy Minister for the Public Service and Administration, the PSCBC working group and stakeholders on the following, using multiple channels:</p> <ul style="list-style-type: none"> <li>- The origin of the decision to provide members with multivitamins</li> <li>- The procurement and decision-making process</li> </ul>	<p><b>Brand and reputation management:</b></p> <p>Healthcare provider complaints regarding the Scheme's management of claims risks were addressed through direct access to Scheme management</p> <p>Operational management of claims risk processes was refined and allegations of racial discrimination disputed</p> <p>Adoption of the CMS Industry Code of Good Practice and Standards and the Fraud, Waste and Abuse Tribunal Rules</p> <p>Through strategic partnerships, GEMS has built successful healthcare networks, realised improved health outcomes and benefit offerings, and reduced avoidable co-payments</p> <p>The Scheme demonstrated that the multivitamin project was conceived and executed in a bona fide manner</p>

Key relationship objectives by stakeholder and link to strategic objective (SO)	Our discussions with stakeholders in 2022	Engagement results
<p>Supporting government in progressing NHI and the achievement of NHI objectives</p> <p>SO3</p>	<p>Engagement under the guidance of the Deputy Minister for the Public Service and Administration with the Minister of Health, the Deputy Minister of Health and NDoH on the Scheme's capabilities to support the implementation of NHI</p> <p>Engagement with the Minister and Deputy Minister for the Public Service and Administration on the advantages of consolidating public sector medical Schemes</p>	<p><b>Positioning for UHC:</b> Awareness building started on the benefits of using GEMS' capabilities to advance the NHI</p> <p>More than R600 million paid towards vaccinations, mainly for members who vaccinated at state facilities</p> <p>Decision reached to jointly develop a business plan for GEMS to become a public entity</p>
<p>A sustainable and capable GEMS through insourcing of services</p> <p>SO4</p>	<p>Engagement with the Minister and Deputy Minister for the Public Service and Administration on the strategy and intended outcomes of insourcing</p> <p>Engagement with contracted providers for member services, through a transaction advisory panel, to develop feasibility reports for insourcing of member services</p>	<p><b>Building the Scheme operating model(s) aligned to UHC:</b> Strong Ministry support received for the strategic direction of insourcing work</p> <p>Groundwork laid for further capabilities that government may use in setting up NHI</p> <p>Good collaboration from contracted GEMS network providers on developing feasibility studies. Where required on a limited basis, existing contracts were extended</p>
<p>We strive to be a top employer</p> <p>SO4</p>	<p>All GEMS employees were engaged in 2022 in the RBO programme. This sought to improve workplace relationships to ensure that all divisions work at their best and cooperatively to advance the healthcare interests of members. Employees were enabled to speak openly and frankly about workplace issues that hamper productivity, impair communication and lead to a problematic workplace. Teams crafted own solutions to challenges jointly identified</p>	<p><b>Building capacity in governance and corporate processes to enable the strategy:</b> GEMS achieved the Top Employer Award for a second consecutive year</p>

## Key stakeholder focus areas for 2023

The strategic stakeholder engagement management strategy aims to include and/or involve all stakeholders in decision-making through constructive engagements and partnership to ensure that matters of mutual interest are discussed to the benefit of the Scheme and its stakeholders. By ensuring that the right people are engaged by the Scheme, matters pertaining to strategy, intent and sustainability can be discussed at all levels in the stakeholder environment.

Aligned to the GEMS strategic plan for 2022 to 2026, the focus of 2023's engagements will be to:

- Support the advancement of NHI and the Scheme's strategic plan initiatives and programmes
- Align the Board of Trustees election and appointment process to the transformation agenda
- Obtain stakeholder buy-in for product development and benefit design requirements
- Optimise use of preventive healthcare benefits available to GEMS beneficiaries
- Achieve member awareness to reduce avoidable co-payment
- Achieve enrolment targets for EVO and Tanzanite One
- Respond to the final Section 59 report once released.



# OUR STRATEGY AND ALLOCATION OF RESOURCES

*In this section, we disclose where we are going and how we plan to get there.*

## Strategy overview

From 2022, our strategy evolved.

Over the last five years, GEMS has operated under the guidance of its 2017 to 2021 strategic plan. In November 2020, we began to develop the 2022 to 2026 strategic objectives, which were finalised in February 2021. Using this as a foundation, the 2022 to 2026 strategic plan was finalised with the ambition to **'Be the blueprint for NHI and ready for UHC'**.

For the 2022 transitional strategic plan, a high-level roadmap that would guide GEMS to its 2026 ambition was finalised. Strategic key responsibility areas (KRAs), key performance areas (KPIs), KPIs and associated targets are contained in the annual performance plan (APP) for 2022.

Our strategy-creation process involved consideration of multiple data sources and insights, with a conscious and deliberate exercise of choosing what to do and what not to do with limited resources to optimise value for GEMS and stakeholders.

The methodology employed incorporated research, an online survey, interviews with leadership and a workshop with Manco to develop the strategic plan.



The process was carried out in five phases:

### Phase 1: Past performance review

An independent assessment of the Scheme's progress against the previous five-year strategy was conducted using reference documents.

### Phases 2 to 4: 2022 to 2026 strategic plan, including the 2022 transitional plan and roadmap

This process included a two-day facilitated workshop with Manco focusing on the next five-year strategy. A further workshop was conducted with staff to provide an overview of the past performance of GEMS and to consider any further insights. Based on the above, the final strategic plan was prepared and submitted to the Board of Trustees for consideration.

## Phase 5: 2022 Annual performance plan

Management identified KPIs linked to the KPAs and strategic objectives to track the Scheme's achievement of the strategy. The Board further identified 13 priority targets for measurement and monitoring.

Key issues addressed in the transitional strategy included:

- Better articulation of the Scheme's strategic direction to be clear on focus areas over the next year.
- Confirm what we will do for the NHI and what key actions will make us UHC ready.
- Focus on mentoring and developing staff to build a workforce of the future and a digitally attuned business.
- Isolate the key enablers and focus on certain targets that will make the biggest impact (80/20 principle).
- Start linking the GEMS objectives to SDGs such as climate change.

In the new strategy, 10 Board-identified priorities are embodied in six strategic objectives:

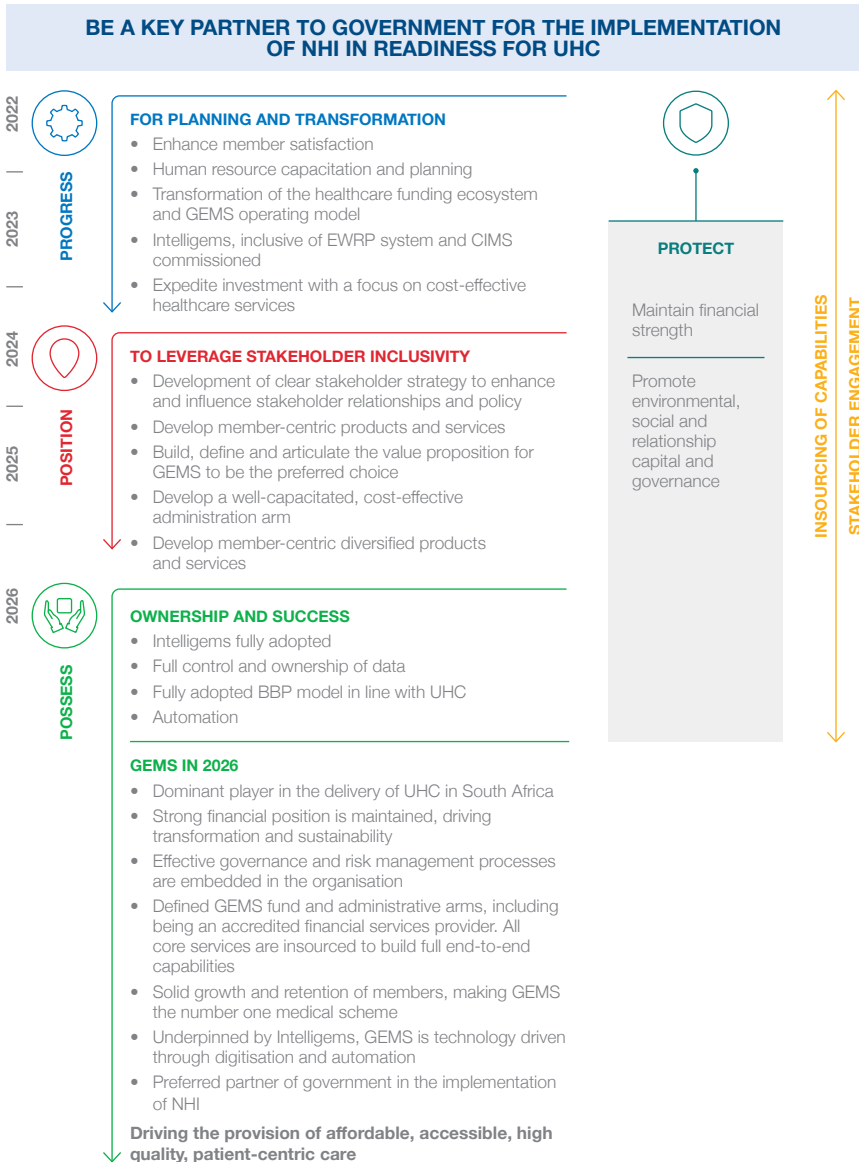
### Aligning board priorities with strategic objectives

<b>Member satisfaction</b>	<b>1</b>	Be an organisation that is effective in communication and decision-making, responsive to its changing environment and strives to create value for its key stakeholders.
<b>Financial strength</b> <b>B-BBEE transformation</b>	<b>2</b>	Maintain the Scheme's position of financial strength, while driving towards transformation and sustainability through the optimisation of the other capitals too, namely natural, social and relationship, intellectual, human and operational capitals.
<b>Fit-for-purpose capability build</b> <b>Healthcare strategic purchasing</b>	<b>3</b>	Support the progressive realisation of UHC through solutions such as the NHI, strategic purchasing, insourcing of capabilities and other key elements of integrated and coordinated care.
<b>ICT infrastructure optimisation</b>	<b>4</b>	Be an agile data-driven scheme that leverages research, information, technology and platforms to manage risk, create disruptive innovations and contributes towards clinically appropriate, socially responsible and cost-effective interventions, to improve the health of our members.
<b>Member growth</b> <b>Consolidation of schemes</b>	<b>5</b>	Retain and grow membership through organic and inorganic streams.
<b>Ethical culture</b> <b>Social responsibility</b>	<b>6</b>	Be a good corporate citizen, prevent or reduce negative impacts on the environment and function as an ethical, caring, innovative leader in the South African healthcare sector.



# How will we reach our 2026 moonshot?

## 4P execution roadmap



To ensure alignment among all GEMS employees, who are responsible for the execution of the strategy, the GEMS performance scorecard was revised in the latter part of 2022. The resulting 2023 annual plan will advance the initiatives and ensure strategic focus. Key result areas, KPIs and 49 targets for 2023 have been established and linked to each strategic objective. These will be continuously monitored and reported on quarterly. The Scheme will determine its target endpoint (2026) during 2023.

## **Resource allocation to maximise the GEMS competitive advantage**

Given identified strengths and other key initiatives implemented by the Scheme, areas that position GEMS among key role-players in the industry include the following:

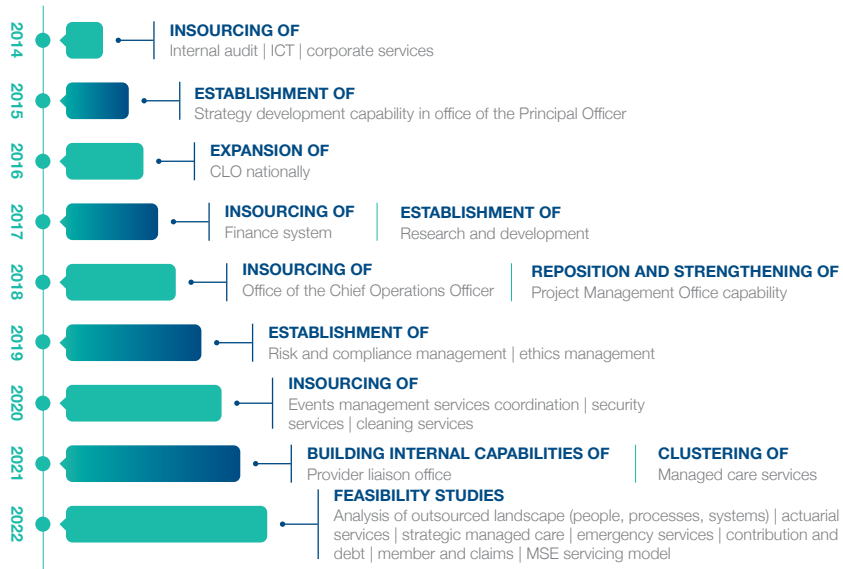
- Competitive product development and benefit design.
- Market footprint and membership growth (actual and potential).
- Financial stability.

Deliberate strategies that are linked to the identified key result areas will be implemented over the years that will address, at least, the following basic and critical elements:

- Reducing cost structure while increasing efficiency, i.e. investing in creative methods to price quality and valuable products or services to ensure affordability and to guide the Scheme's benefit design, thus improving the reserve ratio and optimising investments.
- Investing in information technology (IT) as an enabler for implementing organisational and support strategies and as a competitive advantage. In healthcare, integrated delivery systems that have achieved both high IT integration and organisational maturity exhibit greater improvements in customer services and operational cost reduction.
- Sourcing and managing the right combination of competent, innovative and creative people to create value in a defined organisational culture with defined ethics. This includes developing and implementing clearly defined objectives for competency development and capability insourcing.
- Focusing all organisational efforts (Emerald Value option and Tanzanite One products and services) towards a well-defined market (through market research and data analytics) as a strategic customer base for future NHI and UHC rollout. This includes customer growth and member retention, complaints management and resolution rate.
- Integration of operational strategies (divisional core and support strategies) to ensure that crucial resources and efforts are adequately allocated to the realisation of the corporate strategy and also ensure that controls, procedures and systems are well-coordinated to deliver on the Scheme's ambition.

## Progress: Building fit-for-purpose capabilities

### Building internal capabilities through insourcing and institution building



The GEMS strategy to build internal capabilities through insourcing and institution building dates as far back as **2014** when internal audit, information communications and technology together with corporate services were insourced into the Scheme. The Scheme proceeded to establish a strategy development capability within the Office of the Principal Officer and expanded the CLOs nationally during the period **2015 to 2016**. Under the **redesign for growth and efficiency phase of the 2017 – 2021 GEMS strategy**, the Scheme insourced a finance system and established the research and development unit; the office of the Chief Operations Officer with the repositioning and strengthening of the Project Management Office; and the risk and compliance management with ethics management. During the same strategic cycle events management coordination, cleaning and security services were insourced, like services under managed care clustered and a Provider Liaison Office established within the Scheme. The approval of the **2022 – 2026 GEMS strategy** by the Board of Trustees has enabled the Scheme to support the progressive realisation of UHC, through solutions the **insourcing of capabilities**. In **2022**, the Scheme conducted an in-depth analysis of the outsourced landscape (focusing on people, process and systems) through a detailed **feasibility study** by a panel of industry experts. These feasibility studies focused on actuarial services, strategic managed care, MSE servicing model (telemarketing services and walk in centres), member and claims services, contribution and debt services, and emergency medical evacuation and dispatch services. The year **2023** focuses on the outcome of the feasibility studies which will lead the Scheme towards a **negotiations and deal structuring** phase to find mutual beneficial deals that will further advance the insourcing of capabilities. In advancing the insourcing of capabilities strategy, the Scheme follows a risk-led approach with built-in governance and gating processes that ensure that each phase is completed before moving into the next phase.



# RISKS AND OPPORTUNITIES

*In this section, we provide detailed disclosures on risks and opportunities that affect our ability to create value, and how we treat them.*

**King IV Principle 11: The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.**

## **Governance of risk**

The Board retains overall accountability for the governance of risk and is committed to its effective management in pursuit of our strategic objectives. The Board, therefore, is responsible for compliance to the Scheme Risk Management Policy. It oversees the management of all strategic risks that exceed the Scheme risk tolerance levels, by considering quarterly reports detailing significant changes in the risk environment and allocation of adequate resources to remediate them.

The GEMS Risk Social and Ethics Committee oversees the management of all Scheme risks on behalf of the Board through the comprehensive risk management annual workplan. The committee also oversees the risk management strategy, which builds capacity in risk management governance and processes to enable the strategy. It includes assessment of the effectiveness and efficiency of risk management processes, working closely with the Audit Committee.

The committees of the Board consider quarterly reports for risks within their ambit. That includes monitoring significant changes in the risk environments and implementation of risk mitigation plans.

The GEMS Executive Committee is the owner of risks and entrenches risk management, supported by the enterprise risk management function, which is the owner of the risk management framework and is responsible for entrenching a risk management culture and facilitating risk management and integration across the business.

## **Risk Management Commitment**

At GEMS, we embrace risk to ultimately create exceptional value for our stakeholders. We assume risk responsibility because it enables the GEMS strategy towards UHC. We furthermore understand that managing risks effectively opens opportunities otherwise not possible.

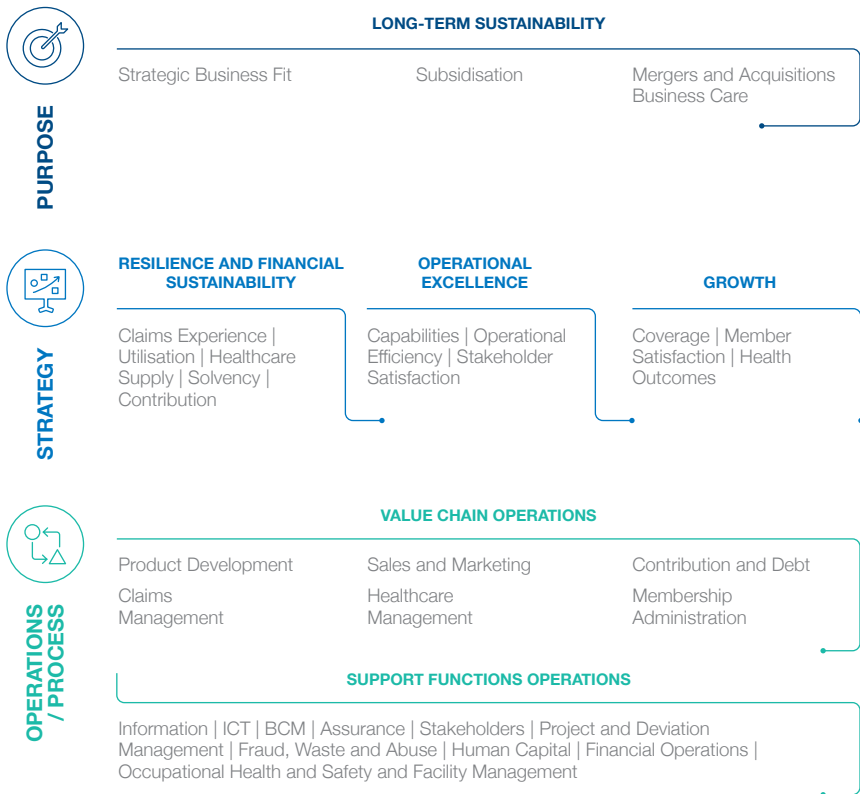
GEMS understands its responsibility to balance risk and reward while pursuing goals. The Scheme is firmly committed to robust risk management as a fundamental pillar to business sustainability. Operating in the medical scheme sector in South Africa, GEMS is exposed to financial, political, legal, regulatory, technology, health and other risks that could potentially affect achievement of goals.

GEMS views risk management as continuous, proactive and systematic, built on robust principles and practices in a risk-intelligent entity, informing its decisions and actions to deal with and benefit from uncertainties that may arise in the pursuit of goals. We call it our risk-led approach.

## Risk management strategy

GEMS' strategy is to manage risks that may affect business sustainability in internal and external environments. Our risk management process, also covering our outsourced service providers, enables us to manage our risk profile within our risk appetite. Through combined assurance, our management and Board of Trustees transparently report on our performance to stakeholders.

Our risk universe illustrates the risk environment in which we operate that constitutes the sources of risks to which we may be exposed. This represents the minimum scope of application of our risk management processes and is segmented into three levels, namely purpose, strategy and operational realities. We continuously review and update the risk universe as an accurate representation of our strategic and operating environments. We anchor each identified risk in the relevant operational, strategic and purpose activity to enable decision-makers to contextualise and understand the interrelationships between our activities and the risks we face.

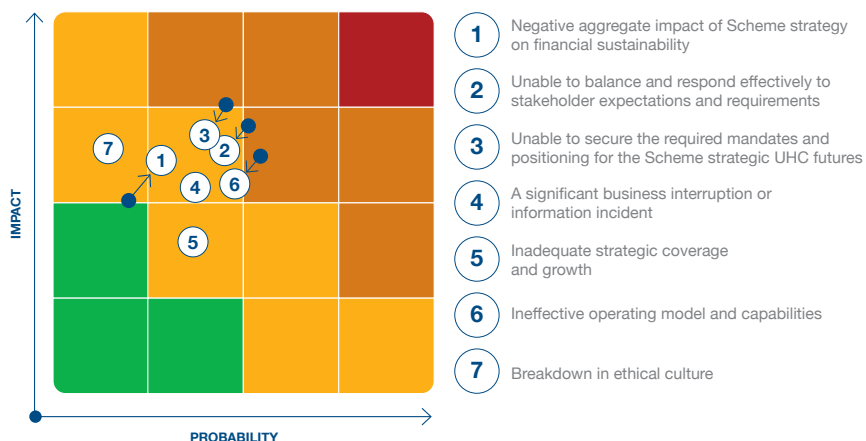


Risk appetite, tolerance and risk-bearing capacity demarcate various levels of risk that allow GEMS to escalate and deal with risk aligned to the delegation of authority. Risk appetite constitutes the amount of risk that the Scheme is willing to take in pursuit of its significant goals, which, if breached, may detract from achieving strategic objectives and targets. Risk tolerance represents the level of risk that, if breached, may materially harm the Scheme’s reputation and delivery on its mandate. Risk-bearing capacity represents the maximum risk that the Scheme can accommodate and, which, if breached, may lead to catastrophic demise and depletion of Scheme capitals. We recognise the importance of aligning our risk universe and risk appetite metrics with our impact on the six capitals (financial, manufactured, intellectual, human, social and relationship and natural). It allows us to deal with risk appropriately depending on severity. These are reviewed annually and submitted to the Board for approval.

In executing the risk management strategy, GEMS takes deliberate action to mitigate risks to within acceptable limits. Risk mitigation is an integral part of the Scheme’s strategy execution and resource allocation. It ensures robust and realistic management of risk, enabled by adequate prioritised resources.

## Top risks facing the Scheme

GEMS’ top risks are represented in the heatmap below and further analysed in the context of the strategic objectives outlined on page 46. These are monitored by the Board and its committees. It is shown that all top risks are adequately managed, with no risks exceeding the risk tolerance levels (orange). These top risks are dealt with as priorities where risk controls are actively monitored for effectiveness and continuously assessed for possible improved and additional risk controls.



## #1 Negative aggregate impact of Scheme strategy on financial sustainability

### Strategic objectives:

Strategic objective 3 (see section 6, page 46)

Strategic objective 1 (see section 6, page 46)

**Capitals:** Financial

**Horizon:** Short- and medium term

### Associated opportunity:

By mitigating this risk, the Scheme will maintain financial sustainability while successfully implementing the substantial strategic portfolio

### Cost-effective alternative reimbursement reforms

- The Scheme continues to define and implement viable alternative reimbursement models, leveraging alternatives to fee for service – a principle also aligned to the NHI. The Scheme balances cost, quality of service and health outcomes. Steady progress is noted, although not at the desired pace.

### Healthcare supply sourcing rates and tariffs

- The Scheme consistently achieves good performance on facility fees, where hospital tariff negotiations result in favourable negotiated rates.
- The Scheme continues to grow and secure cost-effective healthcare networks that fully balance quality of service and health outcomes. The growth rate outperforms targets and continues to expand across a wide range of specialist disciplines.
- Medicine costs are frequently better than budget, due to the favourable medicine single exit price (SEP), even though the SEP is not under the Scheme's control. The Scheme benefits from interventions such as generic medicine substitution and switching to cheaper alternatives.

### Major unforeseen health events

- The Covid-19 pandemic was a major risk event, which contributed to a substantial claims experience. This was in part due to the Scheme implementing additional benefits to members for the payment of Covid-19 tests from rand one. However, the lockdown regulations supported dramatically lower use, with members delaying elective surgery, and benefitted from the health-promoting lockdown mechanism. This led to a saving that far outweighed Covid-19 claims, leaving the Scheme in a net positive financial position for the year. The claims experience is, however, fast returning to pre-Covid-19 levels. It remains uncertain as to the exact shape of the curve, what the new-normal claims levels will be and whether further infection waves will arise (such as a new variant). Pandemics are extreme events and are often not considered part of risk management.



### **Change in member demographic profile through organic growth**

- The Scheme is experiencing an ageing population, which translates into the risk of higher claims experience. There is a risk of pensioners joining GEMS only when they retire. Technically they would not have contributed to the risk pool while healthy and are joining only when they are unhealthy. It remains important to provide attractive options for younger, healthier members, thereby supporting cross-subsidisation principles. Similarly, lifestyle diseases and comorbidities drive increased use, as do innovations in technology.

### **Change in member demographic profile through inorganic growth**

- The expansion of eligibility criteria implies significantly large cohorts of new members simultaneously joining the Scheme. The size of cohorts joining escalates markedly when considering the potential consolidation of public sector schemes and even more so in the NHI scenario.
- Should the demographic profile of these new members be unfavourable, it may adversely impact the claims experience and financial sustainability. The Scheme experienced such a case when the pre-92 pensioners joined.
- A related risk driver is the widening of eligibility criteria. Since this strategy will attract new members, the Scheme may not have the basis and historical experience to accurately predict claims and utilisation patterns.

### **Regional claims differential**

- Although the cumulative utilisation rate across provinces continues to be favourable, KwaZulu-Natal remains a concern, where for the last few years, significantly higher experience is noted than in other provinces. Claims management interventions reduced the gap but the impact seems to be tapering off, with KwaZulu-Natal claims remaining much higher than the average country experience.

### **Fraud, waste and abuse**

- The country risks of corruption, constrained economic realities, inequality and unemployment remain a concern that may lead to unacceptable (and unjustifiable) fraud, waste and abuse. The Scheme has made great strides through its interventions, but these are starting to taper off and new approaches (i.e. prevention), technologies and tools have been implemented. Although there is room for improvement, the Scheme is pleased with recent prosecution successes.
- The Section 59 investigation into alleged unfair treatment against black healthcare practitioners remains an important factor. Even though the Scheme has already implemented various reforms to its fraud, waste and abuse processes, the final report has not yet been released and the matter can therefore not be closed.

### **Insourcing of capabilities**

This substantial Scheme programme has capital cost (relating to ICT, intellectual property, infrastructure and people) exposure. These risk factors are meticulously managed through the Scheme project management methodology.

### **Investment performance**

- To outperform healthcare inflation, investment in higher risk equity instruments is required. The equity market is affected by environmental factors, which in recent times have caused substantial volatility.

### Contribution collection

- The impact of country economic realities on affordability, with subsequent pressure on contribution increases, is carefully monitored. Economic pressures may also affect employer contribution collection.

### Key risk treatment programmes and activities:

- Alternative reimbursement models
- Sourcing initiatives
- Claims management programme
- Demographic profile analysis
- Insourcing of capabilities financial impact analysis
- Insourcing negotiation and dealmaking phase
- CIMS procurement
- Investment performance management
- Contribution and debt management

## #2 Unable to balance and respond effectively to stakeholder expectations and requirements

### Strategic objective:

Strategic objective 1 (see section 6, page 46)

**Capitals:** Social and relationship

**Horizon:** Short- and medium term

### Associated opportunity:

By mitigating this risk, the Scheme will align and optimally balance the expectations of all stakeholders, thereby ensuring ongoing support, a strong GEMS brand and regulatory compliance.

### Members

- Member satisfaction levels remain high at 92% and a propensity to promote GEMS at 93%. The GEMS product and service metrics continued at extremely positive levels, a noteworthy achievement given that member satisfaction levels dropped to below 70% in 2017.
- The service management programme of the past four years addressed inefficiencies in administration, particularly call centres, new member applications, claims processes and chronic medicine registration. The Scheme is now focusing on maintaining the excellent service performance and mitigating risk factors such as the economy, affordability, supply chain interruptions and preparation for the implementation of the NHI.
- The GEMS benefit design has been systematically improved over the years, notably the 2019 and 2020 benefit enhancements of around R1 billion each. Tanzanite One, the new GEMS NHI showcase product introduced in 2020, is highly affordable with rich benefits. Additionally, GEMS has the widest dependent eligibility criteria, is materially cheaper than competitor schemes on a like-for-like basis and has the most favourable benefit depletion rate.

- The very positive trend in member complaints continues, with the Scheme having significantly improved processes, systems and reporting. The management of CMS complaints, in particular, has dramatically improved in recent years.
- The Covid-19 pandemic was a major event in the past two years. The Scheme seized this as an opportunity to support members in difficult times. Several benefit adjustments were made, including the payment of Covid-19 tests from risk benefits – this substantially protected members financially and prevented the depletion of day-to-day benefits. Members expressed their satisfaction and appreciation for Covid-19 benefits and services received.
- Reducing co-payment and limiting contribution increases remain priorities, informed by the adverse economic climate and its impact on member affordability.

## **PSCBC**

- The Scheme forged a favourable relationship with the PSCBC through a co-creation approach with many groundbreaking innovations. These included Tanzanite One, substantial benefit enrichments, the Covid-19 response programme, competitive contributions and the recent multivitamin initiative.
- A highlight was the growth of Tanzanite One responding to the needs of level 1 to 5 salaried employees.
- The Scheme also secured strong support from the PSCBC in advancing its insourcing of capabilities programme to prepare for a role in the NHI. It remains key to progress deeper understanding and support for the Scheme future insourced operating model.
- Key challenges during the year were appropriate response to the severely constrained economic environment and the need for limited contribution increases, while ensuring the Scheme's financial sustainability. Scheme contribution increases were opposed amid the public service wage increase freeze and the country's economic realities. However, an agreement allowed the Scheme to substantially support increases without threatening its sustainability. The Scheme's substantial reserves remain key to balancing rich benefits, health risk protection and affordable contributions.

## **Healthcare providers, bureaus and professional associations**

- The Scheme has improved significantly on provider satisfaction levels, from a low point of 68% to the current 76%. This is a commendable achievement, but other major medical schemes have also improved and are still ahead of GEMS on performance. Low provider satisfaction is driven by the claims administration process and network rules. Other than being a key stakeholder and partner of the Scheme in delivering healthcare, providers offer an opportunity to improve member satisfaction.
- The Section 59 investigation interim report caused adverse reputational harm to the Scheme amid allegations of racial profiling of healthcare practitioners during fraud, waste and abuse processes. This has created ongoing negative media exposure. The final report is still awaited. However, the PLOs continue to strengthen relationships and communication with the Scheme's healthcare providers.
- The Scheme recognise the critical importance of building capacity and efficiencies in the public sector healthcare provider environment. To drive improved efficiencies and thus better member service experience extensive engagements and pilot projects are undertaken, and also include the claim switching bureaus. These activities improve member experience, but also directly support public sector healthcare providers to align to the goals of UHC.

- Constructive engagements with healthcare provider associations and bureaus continue, supporting ongoing dialogue, education and improvement to processes.

## Regulators

- Compliance pressures of the previous year continued.
- The Scheme underwent an extensive CMS inspection from 2017 to 2018. No high risk findings were raised and the final report has yet to be released.
- The Scheme attracted two CMS Section 43 investigations, one relating to the multivitamins project. This was also lodged with the Competition Commission but was dismissed.
- The CMS extensive investigation into allegations of racial profiling levelled against medical schemes is yet to be closed out, with the final report still delayed.
- The management of complaints escalated to CMS has improved dramatically and the Scheme is currently fully compliant with requirements.
- Exceptional progress has been made in building reserves. Performance has consistently exceeded CMS-agreed targets and, during 2022, the Scheme continued to far exceed the regulatory reserve ratio requirement of 25%. This is also reflected in the Scheme credit rating increase, standing at AA(ZA), showing a strong financial sustainable position.
- GEMS' future includes services not regulated by CMS, such as FSP regulation. The regulatory landscape is, therefore, expected to be more complex.

## Stakeholders and the Scheme's UHC future

- The Scheme continues NHI stakeholder engagements. A key event was the Scheme presentations at the Portfolio Committee on Health. Engagements has also taken place with the NDoH, the Presidency and the Department of Public Services and Administration (DPSA), whose legottas are yielding good results. The current publication of NHI Fund positions affirms the government's intention to establish the NHI Fund from scratch. The Scheme is monitoring these developments and aligning its strategies accordingly.
- The Scheme also reaffirmed the importance of and its support for the consolidation of public sector schemes into GEMS and the widening of eligibility criteria.
- The Scheme is required to expand its National Treasury, DPSA and NDoH engagements, which are already progressing well.

## SPN

- The global service provider relationship is deemed positive and the Scheme continues to build strong relationships with its network to secure excellent service delivery.

## Key risk treatment programmes and activities

- Stakeholder engagement strategy and plan
- Marketing, brand and reputation management
- Service management programme
- Product development
- Integrated regulator approach

### #3 Unable to secure the required mandates and positioning for the Scheme's strategic UHC future

#### **Strategic objective:**

Strategic objective 3 (see section 6, page 46)

**Capitals:** Social and relationship, human, intellectual property

**Horizon:** Medium- to long term

#### **Associated opportunity:**

By mitigating this risk, the Scheme will gain a strong and competitive position for implementing UHC

#### **NHI policy environment**

- Slow economic growth persists amid the Covid-19 pandemic, with ongoing international factors exacerbating the situation.
- This will continue to put pressure on NHI affordability, which in turn may delay implementation.
- Role-player and interest group opinions differ on the desirability of NHI.
- Concerns are often expressed about the capacity of the healthcare sector and the risk of corruption in such a big fund.

#### **Positioning for current mandate**

- The Scheme performs strongly against the current mandate, evident in very favourable member numbers and provider satisfaction.
- UHC research will supplement current benefits and services.
- Current benefit structures and services are already highly aligned to UHC principles.

#### **Positioning for expanded mandates and consolidation of schemes**

- Performance against the current mandate is being leveraged to secure support for expansion of eligibility criteria and consolidation of public sector schemes into GEMS. The relationship with DPSA is a key enabler and engagement with NDoH reveals strong support for the proposal.
- Since current benefit structures and services are aligned to UHC, they are expected to be highly suitable for expanded eligibility and consolidation of schemes.

#### **Position and attractiveness as a service provider to NHI Fund**

- The above promote the Scheme's positioning in the NHI. Of particular importance are recent presentations at the Portfolio Committee on Health on the NHI Bill and engagement with senior stakeholders in the Presidency and NDoH. These have assisted the Scheme to understand and prepare for its role in NHI, highlighting the need for a strong insourced administration capability.
- The Scheme will use all its research and engagements to proactively define its NHI offering, become a thought leader and influence the NHI operating model.
- The Scheme's NHI offering is based on the principles of its current offering as there is no clarity yet on the NHI environment. However, it can adapt rapidly as developments unfold.

**Key risk treatment programmes and activities:**

- Stakeholder engagement
- UHC research
- UHC forum
- Service management programme
- Product development
- Insourcing of capabilities programme

**#4 A significant business interruption or information incident****Strategic objective:**

Strategic objective 4, see section 6, page 46

**Capitals:** Financial

**Horizon:** Short- and medium term

**Associated opportunity:**

Mitigating this risk will ensure that service delivery by the Scheme and its SPN is resilient against interruptions for member and provider satisfaction

**Information and communication technology**

- The Scheme is highly reliant on the stability and reliability of its ICT infrastructure. The significant outsourced operating model implies that the ICT infrastructure is found at the head office and the SPN.
- The ICT infrastructure is stable and the Scheme has not experienced any severe failures nor interruptions. The impact of minor incidents has been contained by remedial actions.

**Cybercrime**

- The Scheme remains vulnerable to cybercrime, with a large number of member records and exposure across the SPN. Cybercrime again came into sharp focus when a large South African credit bureau was breached.
- A major cybercrime attack could lead to prolonged operational disruptions in the Scheme's outsourced administration systems. This, in turn, may result in legal claims by members for denial of service and from suppliers for delayed settlements. Restoration of Scheme systems after a large-scale attack would also attract significant professional service costs. Cybersecurity measures are often prohibitive for smaller providers in the SPN.
- However, the Scheme and SPN information security improvement programme has prevented cyber-breaches.

### **Natural disasters, health events, civil unrest**

- The Scheme remains vulnerable to business interruptions, particularly because of the outsourced operating model across the SPN. However, the civil unrest and natural disasters mostly in KwaZulu-Natal were mitigated without substantial impacts.
- Covid-19 highlighted the business interruption risks of pandemics and caught most businesses off-guard given their traditional business continuity plans. The Scheme mitigated the risk with no major interruptions.

### **Information security**

- The Scheme is an information-intensive organisation, with 2 million beneficiaries and more than 80 million claim lines processed annually. Furthermore, the outsourced model takes information outside its direct control.
- Full compliance to the PoPI Act was required by 30 June 2021. Should the Scheme contravene the Act, significant fines may be imposed. However, the main exposure is a possible class action lawsuit by members should information be breached. A comprehensive compliance programme has prevented material non-compliance.

### **Key risk treatment programmes and activities:**

- Information security management system programme
- Cybercrime and professional indemnity insurance
- Business continuity management programme
- PoPI Act compliance programme

## **#5 Inadequate strategic coverage and growth**

### **Strategic objective:**

Strategic objective 5, see section 6, page 46

**Capitals:** Financial, social and relationship      **Horizon:** Short-, medium- and long term

### **Associated opportunity:**

By mitigating this risk, the Scheme will ensure a strong growth performance in terms of the current mandate, any expanded mandate, NHI and new business.

### **Organic growth through increased coverage of currently mandated public service employees**

- Coverage of all mandated government employees has increased substantially and frequently outperforms targets. Similarly, the growth in numbers of salary levels 1 to 5 employees is very positive and exceeds 60% of eligible public service employees.
- The Scheme has recorded dramatic improvements in member satisfaction. This is particularly noteworthy when considering the poor satisfaction levels in prior years. This is now a key support to future growth.
- The major enhancements in Scheme benefits, affordability of options compared to other schemes and excellent health outcomes are also key features for further organic growth.

## **Inorganic growth through expansion of eligibility criteria and consolidation of public sector schemes**

- The Scheme reaffirmed the strategy to consolidate public sector schemes into GEMS in a considered manner. Rather than rely on regulatory intervention, it positions itself as an attractive proposition that will benefit donor scheme officials and members alike. The benefits of consolidation need to be clearly articulated referencing lower contributions, richer benefits, better health outcomes, expanded dependent eligibility and financial resilience against unforeseen events (e.g. pandemics). The recent matter of Health Squared highlighted opportunities for GEMS to assist struggling schemes through its strong governance and financial resilience. The Scheme also prepared a business case for the expansion of eligibility and the consolidation of public sector schemes. These initiatives will be undertaken with DPSA as an integral part of the 2022 to 2026 strategy.
- The Scheme was founded with a mandate focused on persons appointed under the provisions of the Public Service Act. Significant growth could come from covering a much broader segment of the population through widening of the Scheme's eligibility criteria. Similarly, the benefits and value to members of joining GEMS need to be clear and compelling. The Scheme has amended its rules to allow membership within the broader public sector to also allow for public entities.
- Garnering support from DPSA for these initiatives is crucial and underscores the importance of strengthening integrated stakeholder engagement and management processes.
- However, growth remains limited, evidenced in progress related to Health Squared and Legal Aid South Africa.

## **Growth through NHI**

- The NHI environment will present a dramatically larger member base, thus it is essential to demonstrate that Scheme capabilities are suitable of being scaled to that level. Furthermore, excellent member satisfaction levels, quality of healthcare, affordability and suitability of the benefit package must be clearly articulated and promoted.
- Growth through NHI will begin only once the Scheme has secured the required capabilities and been awarded services in the NHI.

## **Key risk treatment programmes and activities:**

- Member acquisition programme related to current mandate
- Member acquisition programme related to consolidation of public sector schemes and widening of eligibility



## #6 Ineffective operating model and capabilities

### **Strategic objective:**

Strategic objectives 3 and 4, see section 6, page 46

**Capitals:** Human, intellectual property

**Horizon:** Medium- to long term

### **Associated opportunity:**

By mitigating this risk, the Scheme will be fully enabled and ready for its strategic future, i.e. the current mandate, consolidation of schemes, widening of eligibility and NHI service delivery.

### **Operating model for current mandates**

- The current operating model, even though fragmented and outsourced, supports the current mandate. The Service Management Forum has been highly successful in improving the model and processes, evident in exceptional member satisfaction levels.
- However, insourcing must simplify the operating model, drive further efficiency and put the Scheme in full control of the member and provider experience, with the goal to provide a consistently excellent experience. The current superior service levels must be maintained throughout the transition from outsourced to insourced.
- Being based on the current administration functions of a medical scheme, the insourced model is fully aligned to and suitable for the current mandates. The insourced model is less fragmented, with optimisation opportunities fully considered during the feasibility phase.

### **Operating model for expanded mandates and scheme consolidation**

- Both the current operating model and the insourced model can support an expanded mandate and scheme consolidation. The insourced operating model is based on the current administration functions of a medical scheme. Therefore, it is fully aligned and suitable for the expanded mandates and scheme consolidation.

### **Operating model for NHI service delivery**

- The NHI environment is still fluid, with NDoH having not yet released specifications for its service delivery. The Scheme, therefore, believes that the new model will be aligned substantially to the current administration and managed care functions. It is monitoring all developments and will rapidly adapt and align.

### **Insourcing of capabilities programme execution excellence**

- The Scheme has adopted a rigorous stage gate implementation approach that includes prefeasibility, feasibility, negotiation and implementation. Governance of this process has been strengthened and an oversight committee has been constituted, as has a programme steering committee.

### **Key risk treatment programmes and activities:**

- Alignment of the insourced operating model design with the Scheme UHC future
- Programme execution approach and governance
- Program integration management
- Programme resource capacity

## **#7 Breakdown in ethical culture**

### **Strategic objectives:**

Strategic objective 6, see section 6, page 46

Strategic objective 1, see section 6, page 46

**Capitals:** Human, social and relationship      **Horizon:** Short- to medium term

### **Associated opportunity:**

By mitigating this risk, the Scheme will establish a strong ethical foundation internally and in its operating environment, ultimately to ensure a sustainable and valued Scheme.

### **Scheme internal environment**

- The ethics function has been significantly strengthened through resource capacity, policies, codes of conduct and processes. A comprehensive independent ethics risk assessment has been completed to inform the ethics strategy. The Scheme commissioned an independent ethics risk review, during which specific ethics risks were highlighted. This forms the basis for the revised ethics strategy and implementation plans.
- The Scheme has grown to the point where large sums are under management and kept as reserves. Financial management, therefore, poses a significant risk for dishonesty and corrupt practices.

### **Healthcare provider environment**

- The circumstances that preceded the Section 59 CMS investigation and the investigation were used to attack the Scheme's ethics. It responded to the preliminary report that has been released, but the matter has not been concluded.

### **Service provider environment**

- The Scheme is based largely on an outsourced operating model. Large and regular procurement processes are undertaken, whereafter performance outcomes are managed. The large tenders associated with insourcing capabilities, over and above the existing Scheme SPN contracts, elevate this risk. Corrupt relationships with service providers were uncovered through the 2016/17 GEMS forensic investigation into tender and contracting irregularities.

- The Scheme's multivitamin project attracted much negative publicity, with allegations of unfair and irregular tender practices.
- The internal forensic investigation unit has been capacitated and significant progress has been made on the fraud and corruption strategy, policy and plan. A detailed fraud risk assessment process is also progressing and the whistleblowing service is operating effectively.

**Key risk treatment programmes and activities:**

- Strengthening the ethics environment
- Internal ethics response plan
- Service provider ethics response plan
- Fraud, waste and abuse processes



# PERFORMANCE

We are showing our progress against performance targets linked to the strategic objectives in the GEMS strategic plan for 2022 to 2026 in table 8 below. We appreciate that strategy, performance and risk are inseparable elements of the value-creation process and the information below is linked to the impact of risk treatment and mitigation, with in-depth information on risk management in section 7. More context on our performance over time is available from page 84.

Targets are set and revised as part of the annual process to revise the performance plan and are signed off by the Board of Trustees. To ensure alignment among all GEMS employees, who are responsible for the execution of the strategy, the Scheme revised its scorecard in the latter part of 2022. The 2023 annual plan will advance the initiatives and ensure strategic focus. KRAs, KPIs and 49 targets for 2023 have been established and linked to each strategic objective, which will be continuously monitored and reported on quarterly. For this report, the KPIs below were selected to link performance in 2022 to reported performance in 2021, to align to the 10 priorities identified by the Board (page 46), thereby also aligning to material matters prioritised for reporting.

The theory-of-change methodology will be introduced into GEMS performance monitoring process in 2023. This will provide a comprehensive description and illustration of how and why a desired change is expected to happen in a particular context. It is focused in particular on mapping out the 'missing middle' between what a programme or change initiative does (its activities or interventions) and how these lead to goal achievement. It does this by first identifying the desired long-term goals and then working back to identify all the conditions (outcomes) that must be in place (and how these related to one another causally) for the goals to be fulfilled. These will be mapped out in an outcomes framework.

To achieve accuracy and reliability, reporting adheres to the GEMS KPI specification manual where each metric is aligned to the appropriate strategic objective and KRA, and describes the indicator, business rule (formula), data source and calculation type (cumulative/non-cumulative).

Table 8

**STRATEGIC OBJECTIVE 1:** Be an organisation that is effective in communication and decision-making, responsive to its changing environment and strives to create value for its key stakeholders

MATERIAL MATTER	KRA	KPI	TARGET FY21	ACTUAL FY21	TARGET FY22	ACTUAL FY22
<b>Optimal balancing of member value drivers:</b> <ul style="list-style-type: none"> <li>• Emphasis on affordability amid the country's economic scenario</li> <li>• Member satisfaction survey and affordability analysis</li> <li>• Benefit richness (in comparison to industry)</li> <li>• Access to healthcare</li> <li>• Co-payments</li> <li>• 'Giving back some of the Scheme reserves'</li> <li>• EVO savings passed back to members by real reduction in contributions</li> </ul>	STAKEHOLDER SATISFACTION	#1 All complaints as a percentage of total lives	0.10%	0.09%	0.09%	<b>0.08%</b>
		#2 Healthcare provider survey	80%	Deferred	75%	<b>80%</b>
		#3 GEMS-initiated member survey	85%	89%	85%	<b>93%</b>
		#4 Industry-initiated member survey results *	73%	69.4%	63.8%	<b>52.64%<sup>3</sup></b>

\* Assurance provided, see page 154

TARGET FY23	WHY IS THIS IMPORTANT AND HOW DO WE MEASURE IT?	PERFORMANCE IN FY22	RISK#
N/A This target will be monitored by Manco in 2023	The complaints metric is a strong indicator of poor service and helps the Scheme monitor issues that arise due to unmet expectations, allowing it to measure its effectiveness in supporting members	Improved service levels and efficient complaints management process resulted in reduced numbers of complaints and below-tolerance target result	#2
75%	The healthcare provider survey was introduced to compile a database of all healthcare service providers that had interacted with GEMS in the previous six months. As far as the sample frame allows, coverage of all nine provinces is obtained  Each monthly, quarterly and annual dataset is reweighted to the GEMS database so that results can be extrapolated to the entire provider base	Implemented for the first time in 2022, provider satisfaction with GEMS averaged 80% against the 75% target. Similar improvements were observed among network providers (from 86% to 91%) and non-network providers (from 69% to 79%). On the whole, satisfaction was higher among providers on the GEMS network	#2
90%	GEMS commissions citizen surveys to conduct monthly telephonic surveys with members to track and monitor member satisfaction across a range of service delivery areas and touchpoints. Key objectives are to understand member experiences, expectations and perceptions at various touchpoints, understand the drivers of satisfaction, dissatisfaction and learn how GEMS could focus its efforts for maximum results	The overall satisfaction and net promoter scores have maintained a positive trajectory over the past five quarters. Perceptions around trust and confidence are generally positive. About nine of 10 members believe that GEMS cares about its members and trust GEMS to deliver on its promises	#2
Industry average + 0.5%	GEMS participates in industry-initiated surveys to benchmark itself against the industry average	As with GEMS, all medical aid brands showed a decline in performance year-on-year. Dedicated workstreams in the Service Management Forum are focused on issues reported in member satisfaction surveys	#2

**STRATEGIC OBJECTIVE 2:** Maintain the organisation's position of financial strength, while driving towards transformation and sustainability through the optimisation of the other capitals

MATERIAL MATTER	KPA	KPI	TARGET FY21	ACTUAL FY21	TARGET FY22
<b>Volatility in the Scheme operating environment:</b> <ul style="list-style-type: none"> <li>Financial markets relating to investment income</li> <li>Claims experience return to normal after Covid-19</li> </ul>	FINANCIAL STRENGTH	#5 Reserve ratio	29.50%	46.11%	44.4%
		#6 Investment returns	CPI+3.5 (7.83%)	CPI+3.86 (8.19%)	CPI+3.5%
		#7 Operating margin	>1%	4.85%	-2%
<b>Active corporate citizenship to balance the needs of the Scheme, stakeholders and the country:</b> <ul style="list-style-type: none"> <li>Economic transformation</li> <li>Sustainable development</li> </ul>	B-BBEE TRANSFORMATION	#8 Sub-contracting spend on black- and black women-owned entities	7.5%	19.70%	19%
<b>Building capacity in governance and corporate processes to enable the strategy:</b> <ul style="list-style-type: none"> <li>Critical skills</li> <li>Key competitive advantage/ differentiators</li> <li>Insourcing of capabilities</li> <li>Embrace risk to create value</li> <li>Employee entropy</li> </ul>	PEOPLE EMPOWERMENT	#9 Top employer accreditation*	Top employer certificate	2022 Top employer award awarded in January 2022 for assessment conducted in 2021	Top employer accreditation

\* Assurance provided, see page 154



ACTUAL FY22	TARGET FY23	WHY IS THIS IMPORTANT AND HOW DO WE MEASURE IT?	PERFORMANCE IN FY22	RISK#
48.34%	44.07%	The required reserve ratio (25%) ensures that GEMS has enough reserves to meet member healthcare claims and other obligations. It also helps to promote a stable medical scheme guaranteeing continued operations	Since the introduction of the Claims Management Forum in 2016, the Scheme's reserve ratio has improved the its financial performance and delivered various benefits for members. GEMS has far exceeded the statutory minimum reserve ratio of 25% over the last two years	#1
CPI-0.38%	CPI+3.5%	This measures the returns generated by the Scheme from its invested funds over the 12 months	Performance in 2022 was below the Scheme's target given the equity market's volatility	#1
-1.76%	-2%	This measures the surplus/(deficit) generated by the Scheme from its operating activities. It is measured as the percentage of operating surplus/(deficit) against net contribution income	Performance for 2022 exceeded the Scheme's target, as healthcare costs were lower than expected	#1
23.88%	N/A	GEMS aims to create shared value by promoting B-BBEE transformation in a way that also creates value for South African society by addressing the country's needs and challenges	Through the Supply Chain Management Policy, B-BBEE sub-contracting spend on all existing contracts initiated before 2022 was 23.88% (target was 19%). All new contracts initiated in 2022 achieved an average of 39.76% (target 30%). An average of 4.18% additional value was created through B-BBEE sub-contracting from the previous year with about 70 entities benefitting in the 2022 financial year.	#1 and #7
<b>2023 Top employer awarded in January 2023 for assessment conducted in 2022</b>	Metric and target amended to: External employer assessment: ≥65%	GEMS measures its human resources practices and policies against other participating top employer companies in South Africa to ensure it is among the most competitive in industry	Top employer accreditation received a second year in a row	#6 and #7

\* Assurance provided, see page 154

### STRATEGIC OBJECTIVE 3: Support the progressive realisation of UHC

MATERIAL MATTER	KPA	KPI	TARGET FY21	ACTUAL FY21	TARGET FY22
<p><b>Positioning for UHC:</b></p> <ul style="list-style-type: none"> <li>Progress of enabling legislation</li> <li>Consolidation of public sector medical schemes</li> <li>Widening of eligibility</li> <li>Managed care and administration services to NHI Fund</li> </ul> <p><b>Building the Scheme operating model(s) aligned to UHC:</b> Scenario planning for insourcing of administration and managed care, GEMS' future as a medical scheme, the provision of alternative UHC services and actuarial services</p>	FIT-FOR-PURPOSE CAPABILITY	#10 Progress on the insourcing of capabilities plan (this metric is restated for 2023 to move focus to implementation)	60%	51%	100%
	COMPELLING VALUE PROPOSITION OF PRODUCTS	#11 Average product affordability	>25%	24%	>25%
	CLINICAL RISK INDICATORS	#12 Increase in hospital admission rate relative to budget assumption (this metric is restated for 2023 to measure against past performance)*	3.5%	-3.3%	≤3.3%
		#13 Reduction in the risk-adjusted hospital costs per admission on EVO relative to the conventional Emerald option			≥13%
	#14 Reduction in the case mix-adjusted hospital cost per admission for Tanzanite One			≥20	

\* Assurance provided, see page 154

ACTUAL FY22	TARGET FY23	WHY IS THIS IMPORTANT AND HOW DO WE MEASURE IT?	PERFORMANCE IN FY22	RISK#
86%	20% progress on implementation of new operating model	To build internal capability to adapt and thrive in a fast-changing health sector, while aligning to SDG health goals, UHC and the needs of the NHI	GEMS significantly progressed the insourcing of capabilities plan. The feasibility study phase will progress into quarter one of 2023 with the inclusion of managed care services. Design/ negotiation and dealmaking phases for the approved feasibility studies are subject to successful completion and closure of negotiations	#3 and #6
27%	>25%	This measure compares the value for money offered by GEMS in comparison to that of industry peers. Aligned to the NHI, GEMS aims to simplify its product offering and deliver enhanced value for money through its products	Affordability will be addressed through lower average contribution increases funded through Scheme reserves, where appropriate	#2 and #3
-2.2%	Increase in hospital admission rate relative to the average admission rate of 2019/21: ≤2.7%	To identify crucial predictors of unfavourable clinical events that can adversely impact the Scheme and contribute to the early warning signs that enable GEMS to prevent or mitigate crises	The Scheme performed better than budgeted assumptions	#1
17,6%	≥14%		The Scheme reduced hospital admissions on EVO relative to the Emerald option on a risk-adjusted basis	#1
32,7%	≥14		The Scheme reduced hospital admissions on EVO relative to the Emerald option on a risk-adjusted basis	#1

\* Assurance provided, see page 154

**STRATEGIC OBJECTIVE 3: Support the progressive realisation of UHC**

MATERIAL MATTER	KPA	KPI	TARGET FY21	ACTUAL FY21	TARGET FY22
<b>Positioning for UHC:</b> <ul style="list-style-type: none"> <li>Progress of enabling legislation</li> <li>Consolidation of public sector medical schemes</li> <li>Widening of eligibility</li> <li>Managed care and administration services to NHI Fund</li> </ul> <b>Building the Scheme operating model(s) aligned to UHC:</b> <p>Scenario planning for insourcing of administration and managed care, GEMS' future as a medical scheme, the provision of alternative UHC services and actuarial services</p>	HEALTHCARE STRATEGIC PURCHASING	#15 Percentage of out-of-pocket expenditure	≤5%	4.2%	5%
		#16 Annual percentage reduction on spending on sourcing (medicine, tariffs, devices) costs	0.35%	0.9%	≥0.1%
		#17 Percentage reduction in hospital spend relative to budget	1%	2.2%	0.1%
	#18 Percentage of alternative reimbursement models established	≥12.50%	9.8%	>13%	
	HEALTHCARE PRACTITIONER NETWORK COVERAGE	#19 Percentage primary network cost coverage	90%	95%	>90%
		#20 Percentage specialist network cost coverage	60%	59%	>60%

\* Assurance provided, see page 154

ACTUAL FY22	TARGET FY23	WHY IS THIS IMPORTANT AND HOW DO WE MEASURE IT?	PERFORMANCE IN FY22	RISK#
4.8%	≤5.6%	This is a core indicator of health financing systems. It contributes to understanding the relative weight of direct payments by households in total health expenditures	The Scheme maintained co-payments below target over the last two years. While the Claims Management Forum focused on reducing overall claims, the Scheme also launched the Service Management Forum to improve member experience by reducing co-payments. In 2022, the average number of co-payments increased by 0.5% of total claims submitted to the Scheme	#1 and #2
6.3%	≥0.1%	GEMS aims to maintain costs, ensure quality of service and minimise risk through strategic healthcare purchasing		#1
4.7%	0.1%	A measure of variation in the actual hospital spend relative to the budgeted hospital spend		#1
11%	≥12.5%	As part of the GEMS initiative to contain healthcare costs without compromising the quality of care, fixed fee, per diem and global fee alternative reimbursement models have been rolled out since 2015 for 85 common surgical procedures and two mental health admissions		#1
94%	≥90%	To create access to affordable, appropriate, quality healthcare for all members to improve health outcomes	GEMS continues to exceed target	#2
60%	≥63%	To create access to affordable, appropriate, quality healthcare for all members to improve health outcomes, GEMS aims to grow the specialist network. This will, in turn, improve participation and reduce member out-of-pocket expenses		#2

**STRATEGIC OBJECTIVE 4:** Be an agile, data-driven scheme that leverages research, information technology and platforms

MATERIAL MATTER	KPA	KPI	TARGET FY21	ACTUAL FY21	TARGET FY22
<b>Building the Scheme operating model(s) aligned to UHC:</b> <ul style="list-style-type: none"> <li>Scenario planning for insourcing of administration and managed care, GEMS' future as a medical scheme, the provision of alternative UHC services and actuarial services</li> </ul>	AUTOMATION	#21 Percentage completion of the development of CIMS	≥60%	41%	-
	DATA MANAGEMENT, ANALYTICS, BUSINESS INTELLIGENCE AND DIGITAL FIRST	#22 Percentage progress on the implementation of the data management programme (a new metric and target for 2022 and 2023)	Data quality was measured against a target of 95%	Data quality was assessed as 88%	50%
		#23 Data strategy implementation progress*	A new KPI not reported for 2021	A new KPI not reported for 2021	Data governance strategy and framework developed
	CYBERSECURITY AND SYSTEM SECURITY	#24 Percentage progress on the development and implementation of information security management capability	95%	90%	95%

\* Assurance provided, see page 154

	ACTUAL FY22	TARGET FY23	WHY IS THIS IMPORTANT AND HOW DO WE MEASURE IT?	PERFORMANCE IN FY22	RISK#
	-	Procurement and blueprinting phase	To attain this, GEMS is on a digital transformation journey that entails strategic priorities including the development of CIMS capability. This system will handle the data used to enhance decision-making and ultimately lead to improved service and benefits to members	The procurement of a service provider for the CIMS project was terminated by the Board. A new procurement process is underway	*
	42%	60%	As part of the digital transformation journey, the data management programme will assist GEMS in identifying and resolving internal pain points to deliver improved member experience		#3 and #6
	<b>Achieved development of the Data Governance Strategy and Framework</b>	Will form part of percentage progress on the implementation of the data management programme metric	The Scheme's data strategy is a long-term plan that defines the technology, processes, people and rules required to manage its information assets	The data governance strategy was developed and will be implemented in 2023	#4
	96%	95%	Information security management is important for the protection of the Scheme's data and assets against potential threats and, more importantly, to protect data confidentiality, integrity and availability	GEMS achieved its target in 2022 with near completion	#3, #4 and #6

\* Assurance provided, see page 154

**STRATEGIC OBJECTIVE 5:** Retain and grow membership through organic and inorganic streams

MATERIAL MATTER	KPA	KPI	TARGET FY21	ACTUAL FY21	TARGET FY22
<b>Optimal balancing of member value drivers</b> <ul style="list-style-type: none"> <li>• Emphasis on affordability amid the country's economic scenario</li> <li>• Member satisfaction survey and affordability analysis</li> <li>• Benefit richness (in comparison to industry)</li> <li>• Access to healthcare</li> <li>• Co-payments</li> <li>• 'Giving back some of the Scheme reserves'</li> <li>• EVO savings passed back to members by real reduction in contributions</li> </ul>	MEMBERSHIP GROWTH	#25 Principal members registered on GEMS by the end of the financial year*	757 000	773 513	798 000
	CONSOLIDATION OF SCHEMES	#26 Number of public sector schemes/entities amalgamated into GEMS	2	-	2

\* Assurance provided, see page 154



ACTUAL FY22	TARGET FY23	WHY IS THIS IMPORTANT AND HOW DO WE MEASURE IT?	PERFORMANCE IN FY22	RISK#
805 544	833 000	In line with the principles of UHC to provide access to all, this indicator ensures GEMS grows sustainably, ensuring inclusion and progressive cross-subsidisation	GEMS remains the largest restricted scheme in South Africa. It grew 4% despite the challenging economic environment and job losses of beneficiaries	#5
2	2	The South African private healthcare industry has undergone considerable change in recent years, notably the trend towards medical scheme consolidation. This development is aligned to the White Paper on NHI and reflects an industry readying itself for a new healthcare dispensation	In accordance with recent GEMS Rule amendments, the Special Investigating Unit and Legal Aid Board have been invited to join GEMS as participating employers. Members from these employers were registered with GEMS from 1 January 2023.  GEMS continues to support the CMS call for healthcare funders to join forces where possible to strengthen the industry and engages in strategic dialogue with employers to join GEMS	#5

**STRATEGIC OBJECTIVE 6:** Be a good corporate citizen, prevent or reduce negative impacts on the environment and function as an ethical, caring, innovative leader in the South African healthcare sector

MATERIAL MATTER	KPA	KPI	TARGET FY21	ACTUAL FY21	TARGET FY22
<p><b>Active corporate citizenship to balance the needs of the Scheme, stakeholders and the country:</b></p> <ul style="list-style-type: none"> <li>Economic transformation</li> <li>Sustainable development</li> </ul> <p><b>Brand and reputation management</b></p> <ul style="list-style-type: none"> <li>S59</li> <li>Corruption charges 2016</li> <li>Multivitamins</li> <li>Complexity of insourcing tenders</li> <li>Stakeholder engagement strategies</li> </ul> <p><b>Maintaining compliance to the PoPI Act</b></p>	ETHICAL CULTURE	#27 Ethical risk residual level (not reported for annual integrated report 2021 but measured and reported internally)	<10	7.6	7.6
	ROBUST GOVERNANCE AND COMPLIANCE	#28 Unqualified audits (Yes/No)	Yes	Yes	Yes
	SOCIAL RESPONSIBILITY	#29 Number of community support programmes aligned to UN SDG 3	New in 2022	New in 2022	1

Assurance provided, see page 154

ACTUAL FY22	TARGET FY23	WHY IS THIS IMPORTANT AND HOW DO WE MEASURE IT?	PERFORMANCE IN FY22	RISK#
<b>7.2</b>	<10	In line with the Scheme's value 'integrity', it works to create a strong ethical culture to motivate employees and other stakeholders to speak and act with honesty and integrity. Ethics risks are measured, including ethical behaviours and practices that could harm internal or external stakeholders	GEMS remained below the tolerance level for the last two years and improved in 2022	#7
Yes	Yes	An unqualified report concludes that the financial statements of GEMS are fair and transparent based on thorough research	GEMS has consistently achieved unqualified audits over the years	#2
1	2	To align to the UN SDGs, GEMS makes a positive impact on the communities in which it operates. Social responsibility initiatives are sought that align with the Scheme's values	The preferred bidder for a Scheme tender was appointed to renovate a Limpopo school's toilets. Municipality approval was sought and work will be conducted during 2023	#2

**Table 9**

**Per member cost analysis:**

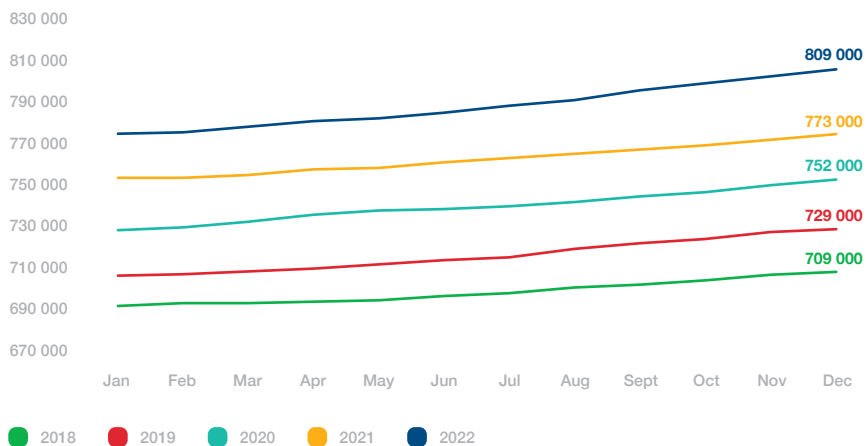
	Tanzanite One option		Beryl option	
	2022	2021	2022	2021
Net contributions per member per month (average)	2 632	2 499	3 507	3 416
Net contributions per beneficiary per month	777	751	1 282	1 253
Healthcare management expense per member per month (pmpm)	102	99	106	105
Healthcare management expense per beneficiary per month	30	30	39	38
Non-healthcare expenses as a percentage of gross contributions	9.4%	8.6%	7.4%	6.7%
Administration cost per member per month	248	216	258	228
Administration cost per beneficiary per month	73	65	94	84
Amounts paid to administrator/s (R'000)	202 039	140 785	121 114	94 591
Number of registered new members	23 668	23 477	10 009	8 697
Number of resigning members	3 307	3 092	2 824	2 431
Chronic prevalence of beneficiaries	7.44%	6.90%	15.39%	14.7%
Average number of members during the year	109 412	96 018	65 805	61 196
Number of members as at 31 December 2022	120 537	96 018	69 453	61 196
Number of beneficiaries as at 31 December 2021	287 512	223 406	120 520	105 675
Dependant ratio to members as at 31 December 2022	2.4	2.3	1.7	1.7
Average accumulated funds per member	R29 372	R25 364	R29 372	R25 364
Return on investments as a percentage	8.2%	5.1%	8.2%	5.1%
Relevant healthcare expenditure (claims) pmpm	2 344	1 778	3 614	3 151
Relevant healthcare expenditure (claims) ratio pmpm	89.1%	71.2%	103.1%	92.2%
Non-healthcare expenditure pmpm	216	226	228	226
Net healthcare result (R'000)	66 160	581 895	(280 713)	27 270

Ruby option		EVO		Emerald option		Onyx option		Total Scheme	
2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
4 279	4 235	5 232	5 089	5 982	5 988	7 277	7 309	4 937	5 012
1 616	1 600	1 889	1 834	2 452	2 429	4 848	4 806	1 856	1 904
109	109	107	105	113	113	116	115	110	109
41	41	39	38	46	46	77	75	41	41
6.2%	5.7%	5.0%	4.5%	4.6%	4.2%	3.5%	3.4%	5.4%	4.8%
267	240	262	231	277	250	292	255	268	240
101	91	95	83	114	101	194	168	101	91
217 645	184 939	201 606	155 782	664 353	633 068	39 158	38 546	1 445 915	1 247 712
10 254	9 069	6 734	6 262	13 365	13 268	369	464	64 399	54 458
4 448	5 227	3 777	3 636	12 812	17 881	1 477	1 857	28 645	26 565
17.91%	17.3%	27.89%	27.4%	32.6%	31.3%	74.05%	72.6%	24.04%	24.2%
118 512	115 028	109 612	100 339	362 720	378 237	21 418	22 695	787 480	773 676
121 498	115 028	114 461	100 339	358 951	378 237	20 644	22 695	805 544	773 676
200 224	189 339	202 479	178 068	516 627	554 284	10 343	11 818	1 337 705	1 262 590
1.6	1.6	1.8	1.8	1.4	1.5	0.5	0.5	1.6	1.6
R29 372	R25 364	R29 372	R25 364	R29 372	R25 364	R29 372	R25 364	R29 372	R25 364
8.2%	5.1%	8.2%	5.1%	8.2%	5.1%	8.2%	5.1%	8.2%	5.1%
3 234	2 976	5 085	4 638	5 955	5 631	9 373	8 892	4 766	4 528
75.6%	70.3%	97.2%	91.1%	99.5%	94.0%	128.8%	121.7%	96.5%	90.3%
240	227	231	226	250	227	255	228	240	227
1 155 792	1 406 581	(156 042)	265 540	(1 048 610)	484 940	(600 968)	(500 623)	(864 382)	2 265 603

## Performance continued

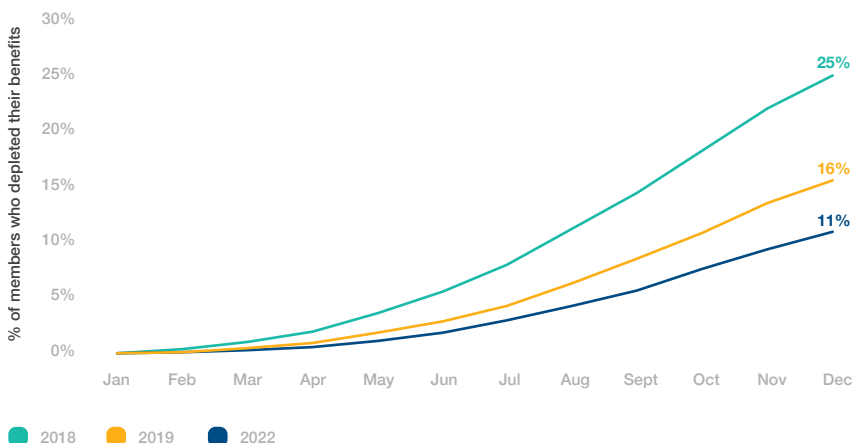
### Achieving our membership growth targets

During 2022, the Scheme continued to grow its membership, ending the year with 805 544 (2021: 773 513) main members. The total number of beneficiaries was 2 143 249 (2021: 2 036 103) at the end of the year.



## Reducing co-payments and out-of-pocket expenses for members

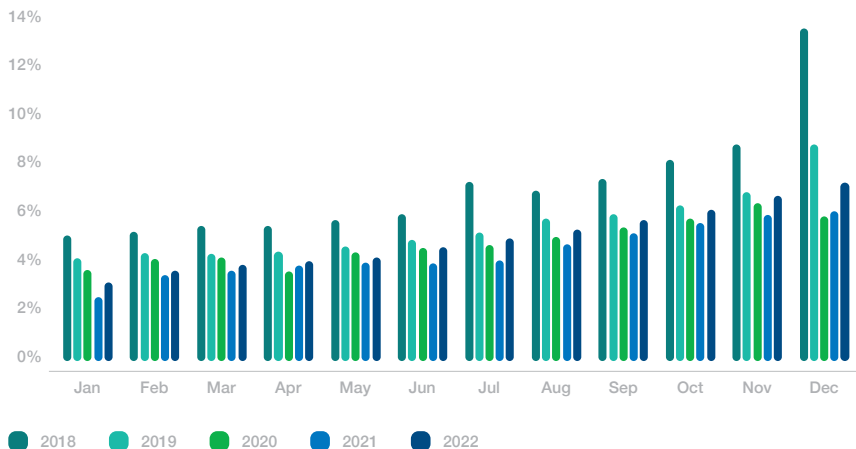
GEMS is the only medical scheme in South Africa that provides an extender benefit to members. Since its introduction in 2019, a lower proportion of members have depleted their benefits. Only 15% of members did so in 2022, compared to 24% in 2018.



The years 2020 and 2021 have been left out of the graph to objectively illustrate the trends under a normal year. Use of benefits in 2020 and 2021 was lower due to lockdown restrictions.

The Scheme continually enhances benefits to reduce member co-payments. The portion of claims paid out of pocket increased slightly, from 4.4% in 2021 to 4.9% in 2022. Co-payments are monitored and measures continue to keep them as low as possible. The graph below shows the member portion of the full claimed amount per month.

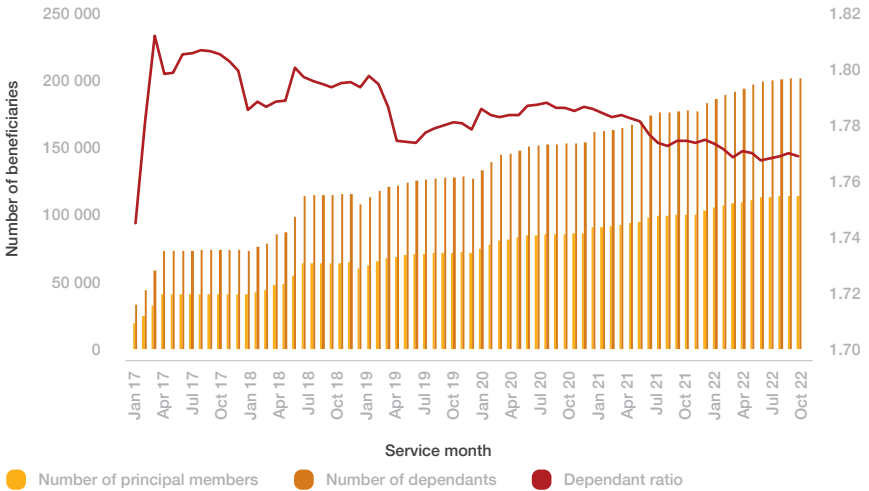
### Membership portion



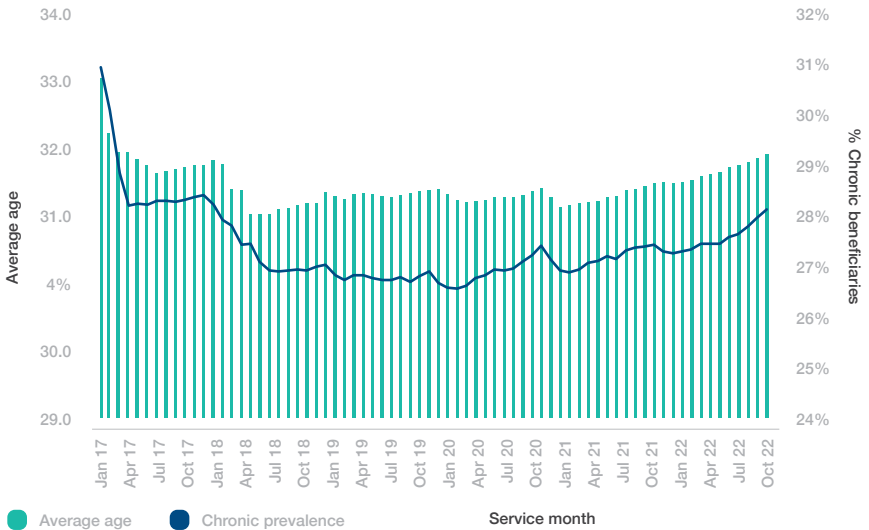
### Emerald Value performance

EVO was launched as an efficiency discount option that provides the same benefits as Emerald. The key difference between the options are the provider networks and managed care protocols on EVO. The Scheme's efforts to migrate members from Emerald to Emerald Value has grown the number of members and dependants on the latter. The dependant ratio on the option is 1.77. The option has grown to more than 114 000 participating families covering 202 479 beneficiaries. On average, these families are larger and have a slightly lower pensioner ratio than Emerald members. EVO is currently the fourth largest option on the Scheme measured in number of beneficiaries.

The figure below shows the number of principal members, dependants and dependant ratio on EVO from its inception.



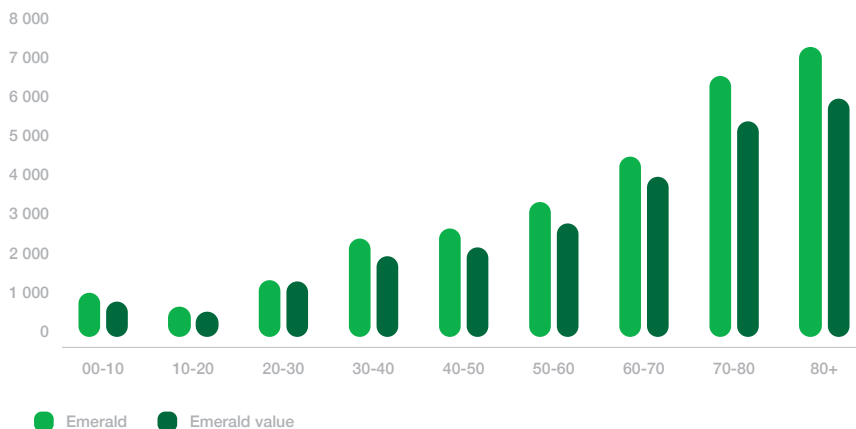
The figure below shows the average age and chronic prevalence on EVO from its inception. On average, between 27% and 28% of beneficiaries on the option have chronic conditions. The option's average age has also been stable at roughly 31 to 32 years of age over the same period, which shows it has attracted and retained a similar profile of lives over time. The age profile and chronicity of members are usually the biggest risk factors influencing the claims experience.





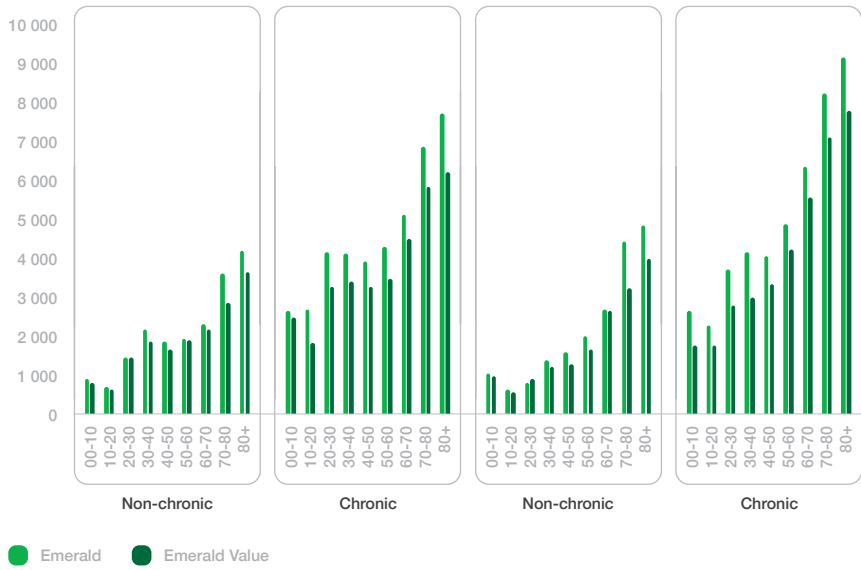
Since Emerald and EVO offer the same benefits, the claims experience on the two options can be compared to illustrate the impact of care coordination on EVO. The difference in claims experience is due to efficiencies in EVO networks and care coordination and not the risk profile of EVO members. A comparison is made below after adjusting for the differences in the age profile of the two options. This illustrates a lower per life per month (per life per month) for EVO members than for Emerald members.

### Claims (R plpm)



Lower EVO claim numbers are also confirmed when adjusting for the combination of age, gender and chronic status of beneficiaries participating on these options. Without the effects of these demographic differences, there is an efficiency of 13.65% on EVO. This means that the claims experience on EVO is 13.65% lower owing to the difference in provider networks and managed-care protocols. The graph below shows per member per month claims cost adjusted for the combination of age, gender and chronicity.

## Claims (R plpm)



## Tanzanite One performance

Tanzanite One replaced Sapphire in 2020, providing enhanced benefits to members and access to a private hospital network. The option currently accounts for 14.96% of Scheme members and is the second largest option in beneficiary count. It has, on average, the largest families on the Scheme and the lowest chronic prevalence overall. Tanzanite One also has one of the smallest proportions of adult beneficiaries. In essence, the families are large and relatively younger.

### TANZANITE ONE

19%

#### MEMBERS

120 537



Average Age  
**44.15%**



Pensioner Ratio  
**2.7%**



% Over 60  
**6.2%**



Male

**61.3%**



Female

**38.7%**



Chronic Ratio  
**16.4%**

#### BENEFICIARIES

408 049



Average Age  
**29.35%**



Pensioner Ratio  
**1.6%**



% Over 60  
**7.8%**



Average Family Size  
**3.39%**

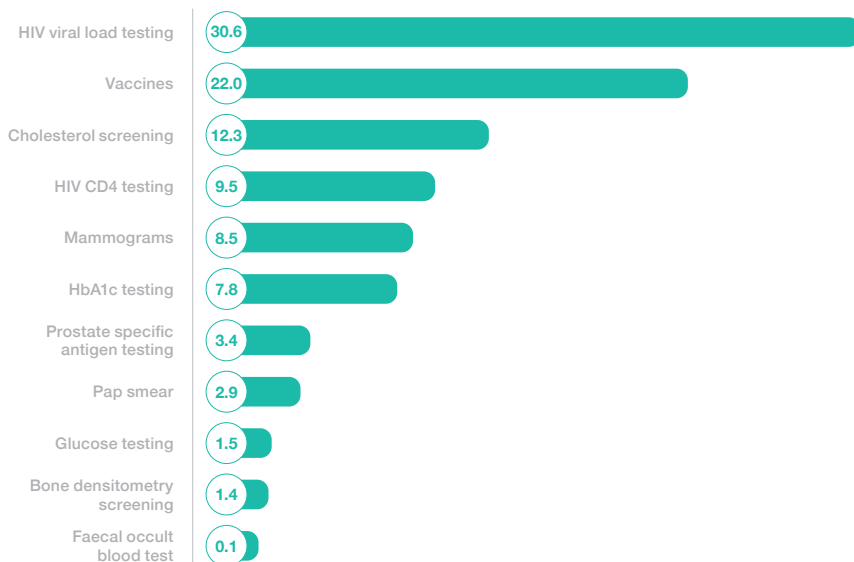


Chronic Ratio  
**7.5%**

## Prevention and screening

The Scheme spent approximately R1 billion on common screening, preventive care and disease management initiatives. About 30% of this is attributable to screening, 22% to vaccines and 48% to both HIV and diabetes disease management. The Scheme reported 82% of healthcare quality outcomes above industry average on predetermined Health Quality Assessment metrics.

### SPEND ON SCREENING, PREVENTIVE CARE AND DISEASE MANAGEMENT (%)



## Non-healthcare costs

The Scheme continually strives to improve operational efficiencies to keep non-healthcare costs low. Lower non-healthcare costs result in member funds being used mainly to fund healthcare costs. The graph below compares GEMS' non-healthcare percentage to that of the industry.

### Non-healthcare expenses (%)



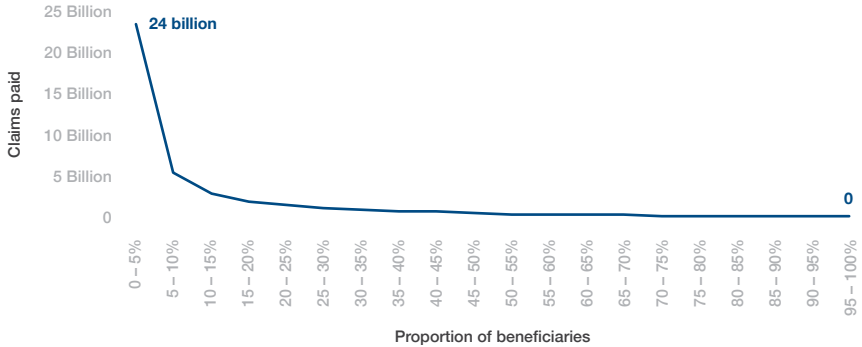
The Scheme's non-healthcare expenses per member per month are largely in line with the industry average as shown in the graph below.

### Non-healthcare expenses (R rmpm)



## Claims experience

In 2022, the Scheme paid risk claims of R46 billion (116.47 million claim lines). This represents a 10% increase from 2021, during which risk claims amounted to R41.8 billion (109.67 million claim lines). In line with industry trends, a small proportion of members is responsible for most of the claims in any given year. In 2022, 5% of beneficiaries incurred 59% of claims costs as demonstrated below:



Compared to 2021, about R4 billion in claims were attributable to about 2 700 beneficiaries. Thus, about 0.1% of beneficiaries were responsible for about 9% of the total claims received by the Scheme in 2022. The graph below shows the number of beneficiaries who claimed over R1 million and the total claims costs attributable to those members.



The above analysis indicates large claims costs covered by the Scheme that would otherwise be covered by individuals if they were not on a medical scheme. It is unlikely these members would have had sufficient funds at hand to cover these claims costs on their own. This highlights the critical role the Scheme plays in helping members meet significant healthcare costs.

The table below breaks down the increase in processed and paid claims by claims category relative to prior years. Claims paid in 2022 increased by 10.1% from 2021, with in-hospital professional fees increasing significantly.

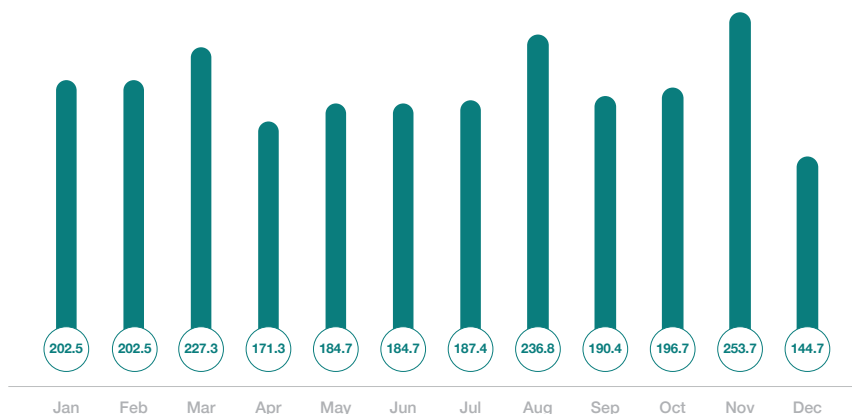
**Table 10**

Claims category	2018	2019	2020	2021	2022	% increase in 2021
Hospital fees	11 617	12 884	12 586	15 061	15 601	3.6%
Day-to-day	5 512	5 950	6 363	7 254	7 700	6.1%
Medication	4 912	5 189	5 536	5 818	6 366	9.4%
In-hospital professional fees	8 720	10 292	10899	12 855	15 442	20.1%
Total	30 761	34 315	35 384	40 988	45 109	10.1%

Although 2022 claim numbers increased compared to the previous year, they still did not return to what are considered normal levels using 2019 as a base. The average cost of in-hospital claims for 2022 reflected an average cost more closely in line with 2019 experience, but the admission rate was not as high.

## Prescribed minimum benefit (PMB) claims above Scheme rate

The graph below shows PMB claims paid above Scheme rates in 2022:



● PMB claims above Scheme rate (R'm)

PMB costs for 2022 were R33.21 billion (2021: R30.98 billion). Since PMBs must be funded even if providers charge more than the Scheme rate or if benefits are depleted, the Scheme paid R2.38 billion (2021: R2.31 billion), 5.8% above available benefits during 2022.

## PMB claims compared to industry average

The Scheme adheres strictly to PMB legislation and honours benefit provisions. Funding towards PMBs exceeds R1 240 per beneficiary per month against the industry norm of less than R900.

A higher proportion of benefits paid is categorised and funded as PMBs. While the CMS noted in its latest annual report that medical schemes on average report 51.9% of all claims to be PMBs, the Scheme funded 74.7% (2021: 75.7%) of claims as PMBs. This illustrates the benefit to members of the Scheme's approach to identifying PMBs.

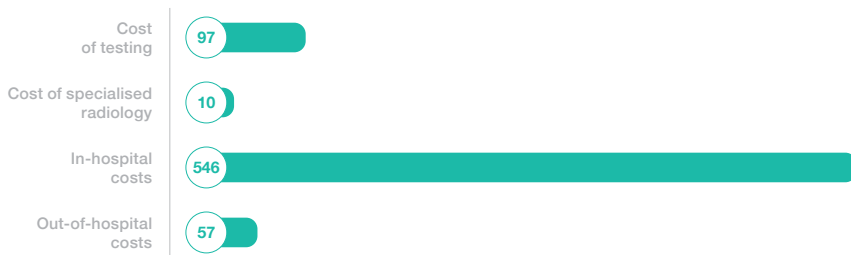
### PROPORTION OF BENEFITS PAID THAT ARE PMBs (%)



## Covid-19 claims

The Scheme spent R710.2 million on Covid-19 during 2022 — 1.6% of all claims paid. The figure below breaks down Covid-19 costs into different claim categories.

### R'million





## Financial performance

The Scheme recorded a surplus of R847 million from normal operations for 2022 (2021: R4.3 billion). It received R400 million from National Treasury to cushion the financial impact sustained with the transfer of pre-92 pensioners. This increased the surplus to R1.2 billion. The following factors contributed to a positive performance against budget, resulting in the better-than-expected performance reflected in the statement of comprehensive income:

- Risk contributions (R549 million higher than budgeted).
- Net claims incurred (R945 million lower than budgeted).
- Non-healthcare cost (R293 million lower than budgeted).
- Pre-92 National Treasury funds (R400 million).

The claims ratio for 2022 was 96.38% (2021: 90.3%), lower than the expected 99.5%. Claims patterns increased from those seen during Covid-19, with the ratio increasing significantly compared to the past two years. The graph below shows the ratio for the past three years.

### CLAIMS RATIO



## Investment strategy and performance

The Finance and Investment Committee was set up by the Board of Trustees to oversee investment activities. The committee uses external investment experts to assist in developing an appropriate investment strategy and monitoring investment performance and risks.

The investment strategy ensures that invested capital is preserved, optimum liquidity position is maintained and investment returns are optimised within the constraints of the Scheme's risk profile. It also sees that investment income earned on invested assets provides a margin against unexpected adverse operating results, limiting the impact on the Scheme's reserves.

The strategy was formulated with full cognisance of the regulatory framework and in compliance with all aspects of regulations 29 and 30 of the MSA and Annexure B.

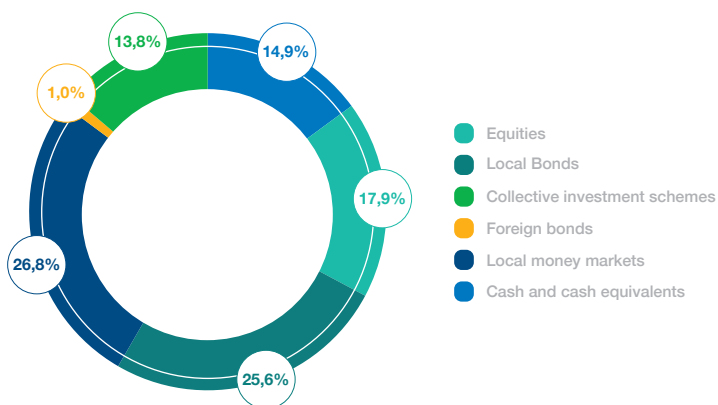
## Strategic asset allocation

The Scheme's investment portfolio is adequately diversified and managed to preserve capital and optimise returns within the approved risk appetite. Strategic asset allocation is reviewed each year to ensure appropriateness in light of prevailing market conditions and investment strategy targets. The review is in collaboration with the Scheme's investment consultants (page 214 for information on the investment consultant).

The asset allocation for the period 2022 to 2025 is growth-oriented, which will increase exposure to market volatility. Increased exposure to riskier assets will ensure attainment of the Scheme's investment target of CPI+3.5% over the long term. The target was set against a backdrop of investment objectives, healthcare inflation — which is higher than general consumer price inflation — and the risk-bearing capacity that allows the Scheme to prudently take on more investment risk. The targets are dependent on the Scheme being able to tolerate the commensurate risk. Given the short-term nature of Scheme liabilities, an appropriate portion of the assets continues to be invested in money markets and cash investments to meet operational needs.

The investment mandate is executed using six asset managers (page 214), overseen by the Scheme and the investment consultant. This ensures that the Scheme leverages the diversified expertise of asset managers and reduces the risk of over-concentration. In 2022, the Scheme had money market, enhanced income and multi-asset portfolios.

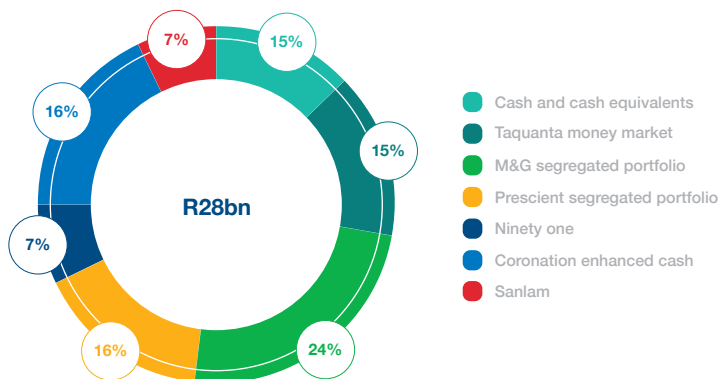
At the end of December 2022, the Scheme's investment funds were spread in the asset classes below:



## Asset spread

Total investment funds held at the end of 2022 were R28 billion (2021: R26.4 billion) comprising cash and cash equivalents of R4.2 billion and R24.4 billion held with the asset managers.

The chart shows asset manager funds allocation at 31 December 2022:



## Investment performance

The Scheme reported an average return of 6.47% (2021: 8.19%) on its investment portfolio, which was below the target of 10.35% (average CPI+3.5%). The investment return was R1.5 billion (2021: R1.8 billion), which provided a buffer against the operating deficit. Investment returns from equity holdings were negatively affected by macro-economic factors such as rapid inflation, the Russia-Ukraine war, Covid-19 lockdowns in China and persistent rolling blackouts locally. The money market and enhanced income portfolios yielded returns higher than the benchmark index and remained well positioned to deliver good returns during the current hiking cycle.

The investment values and average effective interest rates for the year ended 31 December 2022 are reflected in the table below:

**Table 11:**

Asset	2022 R-value	2021 R-value	2022 Return on investment%	2021 Return on investment %
Current accounts	937 801	181 239	3.79%	2.04%
Call accounts	2 750 688	2 989 462	5.21%	3.72%
Cash and call accounts with asset managers	494 922	-	*	-
Asset managers	23 874 076	23 252 985	*6.83%	7.77%
<b>Total</b>	<b>28 057 487</b>	<b>26 423 682</b>	<b>6.47%</b>	<b>8.19%</b>

\*The return of 6,83% represents the total average return for the year from funds invested with the asset managers and includes the amount classified as cash and call accounts managed by the asset managers.

## Conclusion

The Scheme remains committed to its long-term investment strategy and would not opt for cash havens with short-term yields during times of uncertainty. The investment target rate for 2023 is CPI+3.5% and the investment strategy of gradually transitioning to growth assets will continue to ensure the target is achieved over the three years. The strategy will be implemented gradually until there is comfort that the embedded risk is managed appropriately.

The Scheme, with its investment consultants, continues to closely monitor the performance of its asset managers to ensure that they deliver investment returns according to mandate. Investment risk is proactively assessed and mitigated to prevent capital erosion of the Scheme's invested assets.

Although not an institutional investor, GEMS subscribes to the principles and recommended practices of the Code of Responsible Investing in South Africa (CRISA). The Finance and Investment Committee reviews alignment to CRISA annually.





**STATEMENT OF  
RESPONSIBILITY AND  
EXTRACT OF THE ANNUAL  
FINANCIAL STATEMENTS**

The Board of Trustees is responsible for the preparation, integrity and fair presentation of the GEMS integrated annual report and financial statements. The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the Medical Schemes Act and include amounts based on judgments and estimates by management.

Accounting policies applied by the Scheme are informed and updated, when required, based on CMS circulars, the Annual Medical Schemes Accounting Guide issued by SAICA and updates on the latest IFRS developments. The trustees consider that, in preparing the annual financial statements, they have used the most appropriate accounting policies, consistently applied these policies and supported the application of these policies with reasonable and prudent judgments and estimates.

The Board adopted King Report on Corporate Governance 2016 (King IV) practices where appropriate to the business of a medical scheme and its trustees.

The trustees are satisfied that the information contained in the annual integrated report fairly presents the results of operations for the year and the financial position of the Scheme at year-end. The trustees also prepared the other information included in the annual report and are responsible for both its accuracy and consistency with the annual financial statements.

The trustees ensure that adequate accounting records are maintained and that they disclose with reasonable accuracy the financial position of the Scheme, which enables them to ensure that the annual financial statements comply with legislation.

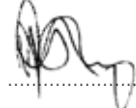
The trustees are also responsible for internal controls that enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining an effective system of risk management.

GEMS operates in a well-established control environment, which is well documented and regularly reviewed. This environment incorporates risk management and internal control procedures, which are designed to provide reasonable, but not absolute, assurance that assets are safeguarded and that the risks facing the business are assessed and controlled.

The going-concern basis has been adopted in preparing the annual financial statements. Based on forecasts and available cash resources, the trustees have no reason to believe that the Scheme will not be a going concern in the foreseeable future. These annual financial statements support the viability of the Scheme.

The Scheme's external auditor, Deloitte, is responsible for auditing the statements in terms of International Auditing Standards and its unqualified report is presented with the Scheme's annual financial statements.

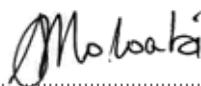
The annual financial statements for 2022 were approved by the Board of Trustees on 30 May 2023 and are signed on its behalf by:



**Dr SM Hlatshwayo**  
Chairperson  
30 May 2023



**ME Phophi**  
Deputy Chairperson  
30 May 2023



**Dr BOS Moloabi**  
Principal Officer  
30 May 2023

**Disclaimer:**

The signed audited financial statements of GEMS have not been submitted to the CMS and might be subject to change as may be directed by the CMS.

The financial information below has been extracted from and is in agreement with the audited annual financial statements of the Scheme for the 2022 financial year. The full audited annual financial statements can be found at [www.gems.gov.za](http://www.gems.gov.za) or by calling 086 004 367.

## STATEMENT OF FINANCIAL POSITION

as at December 31, 2022

	2022 R'000	2021 R'000
<b>ASSETS</b>		
<b>Non-current Assets</b>		
Property and equipment	265 821	283 061
Right-of-use assets	4 609	4 081
Intangible assets	1 672	3 343
Financial assets at fair value through profit or loss	13 494 385	9 771 100
	<b>13 766 487</b>	<b>10 061 585</b>
<b>Current Assets</b>		
Financial assets at fair value through profit or loss	10 379 691	13 481 885
Trade and other receivables	501 468	470 258
Cash and cash equivalents	4 183 411	3 170 701
	<b>15 064 570</b>	<b>17 122 844</b>
<b>Total Assets</b>	<b>28 831 057</b>	<b>27 184 429</b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Accumulated Funds	24 070 651	22 897 867
<b>LIABILITIES</b>		
<b>Non-current Liabilities</b>		
Lease liabilities	1 416	415
<b>Current Liabilities</b>		
Personal medical savings account liability	1 562 964	1 444 682
Lease liabilities	3 076	3 907
Trade and other payables	1 313 608	1 117 678
Outstanding risk claims provision	1 879 342	1 719 880
	<b>4 758 990</b>	<b>4 286 147</b>
<b>Total Liabilities</b>	<b>4 760 406</b>	<b>4 286 562</b>
<b>Member Funds and Liabilities</b>	<b>28 831 057</b>	<b>27 184 429</b>



# STATEMENT OF COMPREHENSIVE INCOME

as at December 31, 2022

	2022 R'000	2021 R'000
<b>Risk contribution income</b>	47 723 182	46 528 842
<b>Relevant healthcare expenditure</b>	(46 072 496)	(41 847 238)
Risk claims incurred	(45 013 772)	(40 835 461)
Accredited managed healthcare services	(1 058 724)	(1 011 777)
<b>Gross healthcare result</b>	<b>1 650 686</b>	<b>4 681 604</b>
Administration expenditure	(2 359 338)	(2 060 171)
Marketing services	(77 017)	(109 734)
Impairment losses on healthcare receivables	(54 209)	(66 904)
<b>Net healthcare result</b>	<b>(839 878)</b>	<b>2 444 795</b>
<b>Investment income</b>	1 606 998	1 864 661
Dividends received	162 996	92 905
Interest received on financial assets at fair value through profit or loss	1 359 708	1 016 147
Net realised gain on financial assets at fair value through profit or loss	111 093	128 863
Net unrealised (losses)/gains on financial assets at fair value through profit or loss	(78 810)	590 192
Interest received on cash and cash equivalents	52 010	36 554
<b>Other income</b>	474 266	22 874
Sundry income	474 266	22 874
<b>Other expenses</b>	(68 602)	(55 116)
Investment management fees	(68 196)	(54 414)
Interest expense	(406)	(702)
<b>Net income for the year</b>	<b>1 172 784</b>	<b>4 277 214</b>
<b>Other comprehensive income</b>	-	-
<b>Total comprehensive income for the year</b>	<b>1 172 784</b>	<b>4 277 214</b>

# STATEMENT OF CHANGES IN MEMBERS' FUNDS AND RESERVES

as at December 31, 2022

	Accumulated Funds R '000	Member Funds R '000
Balance at January 1, 2021	18,620,653	18,620,653
Total comprehensive income for the year	4,277,214	4,277,214
Balance at January 1, 2022	22,897,867	22,897,867
Total comprehensive income for the year	1,172,784	1,172,784
Balance at December 31, 2022	24,070,651	24,070,651

# STATEMENT OF CASH FLOWS

as at December 31, 2022

	2022 R '000	2021 R '000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from members	47,753,395	47,908,493
Cash paid to suppliers, members and employees	(47,646,126)	(46,669,232)
Cash generated from operations	107,269	1,239,261
Interest expense	(406)	(702)
<b>Net cash inflow from operating activities</b>	<b>106,863</b>	<b>1,238,559</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(1,890)	(6,039)
Proceeds from sale of property, plant and equipment	107	28
Purchase of financial assets	(27,206,829)	(23,081,664)
Disposal of financial assets	26,504,922	21,030,000
Investment income	1,614,977	1,230,915
Interest received on Scheme cash invested	52,010	36,554
Interest earned on financial assets at fair value through profit or loss	1,288,878	972,592
Dividends	162,996	92,906
Realised gains	111,093	128,863
<b>Net cash from (used in) investing activities</b>	<b>911,287</b>	<b>(826,760)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment on lease liabilities	(5,440)	(6,706)
<b>Total cash movement for the year</b>	<b>1,012,710</b>	<b>405,093</b>
Cash at the beginning of the year	3,170,701	2,765,607
<b>Total cash at end of the year</b>	<b>4,183,411</b>	<b>3,170,701</b>



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## AUDIT COMMITTEE REPORT

*We are pleased to present our report for the financial year ended 31 December 2022.*

The mandate of the Audit Committee requires it to adhere to high-quality standards of corporate accountability, to oversee the quality of the financial reporting process and control systems, and to maintain a high degree of integrity in both the external and internal audit processes. For the 2022 financial year, Audit Committee meetings were held via a hybrid model to ensure continuity of execution of the Audit Committee mandate while remote working arrangements were in force for parts of the year.

The committee reviewed the annual integrated report and considered all factors that may impact on its integrity. The Scheme's internal and external auditors reviewed selected key performance measures included in this report to confirm that they were reliable and did not conflict with the financial information contained in the report.

## **Significant matters considered in relation to the annual financial statements**

The going concern basis was adopted in preparing the annual financial statements. Based on forecasts and available cash resources, the Audit Committee has no reason to believe that the Scheme will not be a going concern in the foreseeable future. These annual financial statements support the viability of the Scheme.

We have reviewed and discussed with the external auditor and management the audited 2022 annual financial statements and we are of the view that they comply, in all material respects, with the Medical Schemes Act, No 131 of 1998, and International Financial Reporting Standards. The committee received assurance that sound financial controls are in place and that fraud and ICT risks as they relate to financial reporting have been adequately addressed.

## **External auditor independence and quality**

The committee was involved in the appointment of the external auditor and following its assessment of the auditors, was satisfied that the appointment of the auditor complies with Section 36(3) of the Medical Schemes Act, No 131 of 1998, as amended.

Furthermore, the committee approved the external auditor's engagement letter, audit plan and budgeted fees for the year ended 31 December 2022. The Scheme maintains the Non-audit Services and Consulting Services Policy, which describes prohibited services by the external auditor and those services requiring prior approval of the Audit Committee.

We are satisfied that the Audit Committee approved limited assurance of selected key performance indicators included in this integrated report and that the Scheme's external auditor performed no prohibited work during the 2022 financial year. The designated audit partner from the Deloitte and OMA consortium, who was with the Scheme since 2016, has been rotated out based on the auditor's rotation policy and the new designated audit partner from Deloitte began her tenure in 2021. Requisite assurance was sought and provided by the auditors that internal governance processes within the audit firms support and demonstrate their claim to independence.

## **Effectiveness of the chief audit executive and arrangements for internal audit**

The Scheme's Chief Audit Executive reports functionally to the Audit Committee and administratively to the Principal Officer. The internal audit function has an appropriate and formal charter, which was approved by the Audit Committee in 2022. We are satisfied that the internal audit function of the Scheme is independent and has the skills and resources to perform its duties.

In addition to the use of in-house resources to deliver on the internal audit mandate, the Scheme's Internal Audit Division is supplemented by specialists from the panel of internal audit service providers where required. Internal audit provided quarterly reports to the Audit Committee on assurance results and progress against its strategic objectives.

## **Design and implementation of internal financial controls**

The Scheme's internal audit function reviewed the design and operating effectiveness of internal financial controls with the overall objectives of the controls tested being achieved. Controls tested by internal audit did not identify any failures that led to material financial errors or losses, fraud or corruption. Based on this assurance by internal audit, we are satisfied that the finances and systems of internal control are appropriately managed.

Furthermore, the external auditors have issued an unqualified opinion that the 2022 annual financial statements are a fair reflection that the Scheme's activities and accounting practices have been applied appropriately. In respect of the International Standard on Assurance Engagements 3402, assurance reports issued by service auditors at the Scheme's administrators were received and their findings, which did not present material exposure to the Scheme, were considered.

## **Key focus areas during the reporting period**

Cybersecurity controls and their oversight together with key focus on the supply chain activities continued to be a key focus area for the committee during 2022.

The committee receives reports from internal audit on the implementation progress of forensic investigation (stemming from the 2017 tender investigation) recommendations by management.

## **Effectiveness of the Chief Financial Officer and the finance function**

The committee reviewed the expertise, resources and experience of the Scheme's finance function and believes that the Chief Financial Officer and other finance staff have the required competence and skills. Financial reporting was of a high standard throughout the financial year as evidenced by an unqualified external audit opinion.

## Combined assurance

The Scheme's Chief Audit Executive is responsible for leading the Scheme's combined assurance model. GEMS' combined assurance providers during the review period included external providers such as the respective internal audit functions of the Scheme's service provider network. Plans and reports received by the Audit Committee for the financial year provided a view of combined assurance coverage from various assurance providers and results stemming from such assurance were presented to the Audit Committee, with any areas recommended for remediation noted and monitored for closure. Based on internal audit submissions, the Audit Committee is satisfied with the effectiveness of combined assurance arrangements.

## Conclusion

The committee recommended the annual financial statements to the Board of Trustees for approval. We are satisfied that the committee fulfilled the responsibilities in its charter for the reporting period. The committee thanks the Board of Trustees for its continued support.



.....  
**Audit Committee Chairperson**

30 May 2023



# GOVERNANCE AND REMUNERATION



## Statement of corporate governance

The Government Employees Medical Scheme is committed to the principles and practice of fairness, openness, integrity, and accountability in all dealings with its stakeholders. The Board conducts all its affairs according to ethical values and within a recognised governance framework made up of the Rules of GEMS, the GEMS Board Charter and Scheme policies. A formal integrated framework is under development.

The Scheme acknowledges its role within the medical schemes industry as well as its responsibilities to each individual beneficiary and the wider community. The Scheme recognises that sustainability can only be achieved through strong relationships with all stakeholders and responsible management of risk.

## Transparency and Ethics

The Scheme has adopted a stakeholder-inclusive approach to corporate governance and is bound by mandates and principles of treating members fairly. The close stakeholder relationship and the election and appointment of the Board of Trustees by the members and the Employer allow the Scheme to recognise the concerns and objectives of stakeholders in its decision-making process.

The Board of Trustees acknowledges that the perception of stakeholders affects the reputation of the Scheme.

Therefore, clear, and open communication with stakeholders enhances the reputation of the Scheme. The Trustees have produced a holistic and reliable integrated report to illustrate both the financial and non-financial performance of the Scheme.

## Board of Trustees

The Board of Trustees is responsible for the stewardship and governance of the Scheme. The Trustees are elected and appointed by the members of the Scheme and the Employer respectively (i.e. the Minister for Public Service and Administration), according to the provisions of the Medical Schemes Act, No 131 of 1998, as amended, and the Rules of the Scheme. The Trustees are representatives of the Scheme's members and are legally responsible for the management and strategic direction of the Scheme on behalf of the members.

The Board meets regularly and monitors the performance of the Scheme's employees, administrators, and other contracted service providers. The Board addresses a range of issues and ensures that discussion of strategy, policy, risk management, fraud management and operational performance are critical, informed, and constructive. The affairs of the Scheme are managed according to the Rules of the Scheme and adhere to all aspects of governance as required by the Medical Schemes Act 131 of 1998, as amended. The Board is committed to the principles as set out in the King IV Report on Corporate Governance for South Africa.

A collective board-effectiveness evaluation and peer review is required every second year. The Chairperson meets with individual Trustees on a one-to-one basis, during induction training of new Trustees and should the need arise.

All Trustees have access to the Principal Officer and, where appropriate, may seek independent professional advice at the expense of the Scheme.

## Internal controls

Management and the administrators of the Scheme maintain internal controls and systems designed to provide reasonable assurance as to the integrity and reliability of the financial statements and to safeguard, verify and maintain accountability for its assets. Such controls are based on established policies and procedures and are implemented by trained personnel with the appropriate segregation of duties.

The Scheme's Internal Audit service also performs an independent analysis of the controls of the Scheme as well as those of the service providers of the Scheme as part of its annual audit plan.

The Board-appointed Risk Social and Ethics Committee consisting of Board of Trustee members, a co-opted audit committee independent member and attended by senior management of the Scheme has the duty to assess the risk register and plans to mitigate the risks. This Committee reports to the Board of Trustees independently.

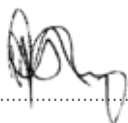
On an annual basis the Board assesses the risks facing the Scheme and determines the impact and likelihood of such risks through the development of a risk register. Once the risk register is approved by the Board, monitoring of the implementation of mitigation measures and internal controls takes place at least quarterly to ensure that all risks are effectively managed. No event or item has come to the attention of the Board of Trustees that indicates any material breakdown in the functioning of the key internal control and systems during the year under review.

## Integrated reporting

The GEMS Board of Trustees acknowledges its responsibility for assuring the integrity of the GEMS annual integrated report.

It has applied its collective mind to the report's preparation and presentation.

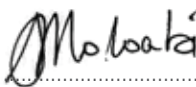
The development of this report was guided by the guiding principles and content elements of the International Integrated Reporting Framework, published in January 2021.



**Dr SM Hlatshwayo**  
**Chairperson**  
30 May 2023



**ME Phophi**  
**Deputy Chairperson**  
30 May 2023



**Dr BOS Moloabi**  
**Principal Officer**  
30 May 2023

## **GEMS is governed to protect and maintain value**

In this section, we disclose how the GEMS governance structure supports GEMS' ability to create value

### **Structures and processes for governance**

An independent Board of Trustees forms the core of the Scheme's corporate governance structure and is ultimately accountable and responsible for the performance and affairs of the Scheme.

The GEMS Board Charter defines the governance parameters within which the Board operates, sets out the role of the Board and specific responsibilities and duties to be discharged by the Board and Trustees collectively, as well as certain roles and responsibilities incumbent upon Trustees. As such, the GEMS Board Charter is aligned to the provisions of the Medical Schemes Act, 1998 (the Act), as amended; the Regulations promulgated under the Act, the registered Rules of GEMS and the King IV Report on Corporate Governance in Southern Africa. The full Board Charter and King IV Application Register is available from [www.gems.gov.za](http://www.gems.gov.za).

The Board of Trustees has a process in place to perform reviews of the effectiveness, the role of the Board and its Chairperson, as well as the effectiveness of the respective Board Committees. This takes place every second year, however, the most recent review commenced in 2020 and was completed in 2021. The overall conclusion of the most recent review was that the Board and Standing Committees were functioning effectively.

The Board is responsible for providing strategic guidance and oversight to the Scheme. Performance and outcomes monitoring by the Board in respect of strategic objectives:

**Members elect six trustees directly from their ranks**

**Minister for Public Service and Administration appoints six trustees**

**Standing committee structure for compliance to regulatory requirements and aligned to strategy and operating model to oversee performance, monitor outcomes and risk reporting according to escalation protocol:**  
Quarterly reporting to the Board

**The Medical Schemes Act and GEMS Rules stipulate the powers and duties of the Board**

The Board appoints the Principal Officer of GEMS and the Scheme Executive and delegates authority under a set policy

The Board sets the GEMS strategic direction, strategic objectives, performance metrics and annual targets (page 44)

The Board monitors all strategic risks exceeding risk tolerance (page 50)

The Board appoints standing committees to support business and performance monitoring using formal written terms of reference

The Board sets policies and frameworks to govern the management of finances, risk, assurance, ethics, compliance, supply chain management, stakeholder management, remuneration, performance management, ICT and data management, clinical governance and member affairs and communication (e.g. complaints management)

**The GEMS Board of Trustees is accountable and responsible for the performance and affairs of GEMS**

**The GEMS Board Charter stipulates performance requirements for the Board of Trustees collectively and individual Trustees**

**AUDIT COMMITTEE**  
 (28)  
**Risk reporting and escalation:** According to combined assurance model

**CLINICAL GOVERNANCE AND ADMINISTRATION COMMITTEE**  
 (1 2 3 4 11 20)  
 (25 2 3 4 5 6)

**FINANCE AND INVESTMENT COMMITTEE**  
 (5 6 7 8 21)  
 (24 26 1 4)

**HUMAN RESOURCES AND REMUNERATION COMMITTEE**  
 (9)

**RISK SOCIAL AND ETHICS COMMITTEE**  
 (27 29 7)  
**Risk reporting and escalation:** According to combined assurance model

**OVERSIGHT COMMITTEE FOR SPECIAL PROGRAMMES AND PROJECTS**  
 (10 6)

The GEMS Standing Committee Responsibility Matrix specifies how committee responsibilities complement each other

The Board's performance is measured by means of an independent board effectiveness assessment. The most recent review 2020/21 concluded that the Board and its committees are functioning effectively. The Board encourages high performance of GEMS employees through target setting and appropriate performance management policies, page 144

○ KPI    ○ Risk

An annual strategic plan gives effect to the Board's responsibility to govern the affairs of the Scheme by directing the activities of the Principal Officer, management and employees, providing an effective oversight through which performance can be monitored and ensure that the business of the Scheme operates efficiently and effectively. The Scheme's Five-year Strategic Plan for 2022 to 2026 was approved by the Board. The Board monitored the implementation of the approved Strategic Plan by means of quarterly reports from Scheme Management on performance against defined key performance areas. Throughout 2022, the Board was kept apprised of the status of the business by means of standardised presentations covering key business indicators, including membership growth, financial performance, and stakeholder engagement.

The performance targets in the five-year strategic plan are reviewed annually by the Board and are adjusted based on changing realities and interrelated plans such as the business plans approved for the Scheme by the Registrar of Medical Schemes from time to time.

The Board of Trustees is responsible to govern the management of risk and a formal risk management process is in place in accordance with the Scheme's approved Risk Management Policy. The approach to risk management and the governance of risk is discussed in detail in the Annual Integrated report.

The Board monitored the implementation of the approved strategic and operational risk mitigation measures as well as the Scheme's changing risk environment during 2022 by means of quarterly and ad hoc reports from Scheme Management. The Board is comfortable that the residual risks facing the Scheme were managed throughout 2022 and that risk assessments and mitigation measures, aimed at safeguarding Scheme and member interests, were effective.

The Board's approach to the governance of ethics (p 21), compliance (p 23) and information technology and data (p 19) shows that value created for members are protected.

King IV Report on Corporate Governance for South Africa, 2016:

The Board of Trustees formally adopted the King IV Report on Corporate Governance for South Africa, 2016 (King IV Report) with effect from 1 January 2018 by means of a Board Resolution. The Scheme uses the Governance and Compliance Instrument (GCI), an online tool developed by The Global Platform for Intellectual Property, as recommended by the Council for Medical Schemes, to assess whether the recommended King IV Report practices are followed.

The Scheme has satisfactorily applied the seventeen (17) principles of the King IV Report, however, there is room for improvement in respect of Principle 14 which relates to Remuneration Governance. The aspects of this principle that require improvement pertain to remuneration, termination and restraints of trade. Our explanation of the GEMS business practices is available on the GEMS website [www.gems.gov.za](http://www.gems.gov.za).

## Structures and Officers

The Board consists of 12 Trustees made up as follows:  
50%, i.e., 6 Trustees elected by the Members of the Scheme; and  
50%, i.e., 6 Trustees appointed by the Minister for the Public Service and Administration.

### Board of Trustees:

Our Trustees in **2022** were:

**Table 12**

Name	Elected or Appointed	Qualifications	GEMS Board Committees in 2022 <sup>1</sup>	Other Significant Positions held during 2022
Mr Marthinus Brand (18 August 1947)	Elected, tenure commenced on 25 September 2019 and ends on 24 September 2025	BA Stellenbosch Univ. 1968, Hons BA: History, Stellenbosch Univ. 1980, B Ed, Stellenbosch Univ. 1986	Finance and Investment Human Resources and Remuneration Risk, Social and Ethics	Role during 2022: Retired
Dr S Millicent Hlatshwayo Board Chairperson (9 January 1964)	Appointed, tenure commenced 20 February 2018 and ends 19 February 2024	BSc (Medunsa); MBChB (Medunsa)  Travel Medicine 2021 (Wits)	Clinical Governance and Administration Human Resources and Remuneration	Casualty Doctor: Arwyp Private and OR Tambo Travel Clinic Consultant: GPAA Advisory panel member: Gauteng Pharmaceutical company Director: Meneli Medicals
Mr Rakgama Andries Billy Manoko (6 June 1966)	Appointed, tenure commenced 20 February 2018 and ends 19 February 2024	B.Proc (1989) (Univ of the North; LLB (Univ of the North)	Audit Clinical Governance and Administration Oversight on Special Projects and Programmes	Founder and Managing Director: Manoko & Associates Inc. Attorney
Dr Esthras Tlou Confidence Moloko (16 May 1959)	Appointed 28 October 2016 tenure ended 27 October 2022	M.B.Ch.B., (MEDUNSA) B.Sc. (Med), Medical University of Southern Africa (MEDUNSA)	Clinical Governance and Administration Finance and Investment Oversight on Special Projects and Programmes	Chairperson: Health and Welfare Sector Education and Training Authority (HWSETA)

<sup>8</sup> The Board periodically revises the membership of the standing committees

Name	Elected or Appointed	Qualifications	GEMS Board Committees in 2022 <sup>1</sup>	Other Significant Positions held during 2022
Ms Nkobane Constance Ntshane (17 May 1974)	Elected, tenure commenced on 25 September 2019 and ends on 24 September 2025	BA Hon.: Social Work – UNISA – 2001, Certificates: Gender Excellence – UP, Employee Assistance Programme (EAP) – UP, Employee Wellness Programme – UP	Finance and Investment Oversight on Special Projects and Programmes	DoH Mpumalanga – Wellness Manager
Mr E Mparise-ni Erasmus Phophi (6 October 1952)	Appointed, tenure commenced 26 Sept 2017 and ends 25 Sept 2023	BA (Human Resource Management); International Labour Organization (ILO) Course on Labour Relations and performance management in the Public Service; International Labour Organization (ILO) Course on Advanced Negotiations Skills.	Clinical Governance and Administration Human Resources Risk, Social and Ethics Oversight on Special Projects and Programmes	N/A
Dr Izak Jacobus van Zyl (31 January 1951)	Elected, tenure commenced 30 July 2020, and ended on 28 July 2021. Re-elected from 29 July 2021 to 28 July 2026	B Mil, Hons B Com (Personnel Management), MBA, PhD (Industrial Economics), Industrial Relations Development Programme	Finance and Investment Human Resources and Remuneration Risk, Social and Ethics Oversight on Special Projects and Programmes	Role during 2022: Retired
Mr Nkosinathi L Theledi (30 June 1963)	Appointed 09 September 2013, tenure ended 08 September 2019. Appointed for a final term of 3 years from 3 December 2020, tenure ended 2 December 2022	B Tech (TUT); ND. Human Resource (UJ); Public Mgt. & Dev. (Wits Graduate School of Public and Management); MTech (TUT)	Clinical Governance and Administration Human Resources and Remuneration Oversight on Special Projects and Programmes	Secretary General: POPCRU

Name	Elected or Appointed	Qualifications	GEMS Board Committees in 2022 <sup>1</sup>	Other Significant Positions held during 2022
Dr Nomzamo Tutu (12 December 1965)	Appointed, 30 July 2020, tenure ends 29 July 2026	MBChB; BSc; Post Graduate Diploma in Occupational Health; Post Graduate Diploma in HIV/AIDS Management in the World of Work.	Audit Finance and Investment	Member of the Board of Engineering Council of South Africa (ECSA 2012-2020) Chairperson of the Transformation Committee-Engineering Council of South Africa (ECSA)( 2012-2016) Chairperson of Finance and Staff Committee (HR Committee)-Engineering Council of South Africa (ECSA) (2016-2020) Member of the KwaZulu-Natal Provincial Planning Commission (KZNPPC) (2020-2026) Directorships in various private companies
Dr Johan Frederik Smit (22 July 1951)	Elected, tenure commenced 30 July 2021, and ends 28 July 2027	BCHD (Dentistry) UP, DTVG (Dental Public Health) UP and DGA (Public Health Administration) UP.	Clinical Governance and Administration Risk, Social and Ethics	Role during 2022: Retired
Mr Pierre de Villiers (25 June 1960)	Elected, tenure commenced 30 August 2021, and ends 29 August 2027	NND (Engineering Studies) from Ekurhuleni West TVET College, Teachers Diploma from the University of Pretoria and a B.Ed. and M.Ed. from the University of Johannesburg	Finance and Investment Risk, Social and Ethics Oversight on Special Projects and Programmes	Role during 2022: Retired  Chief Education Specialist (Curriculum Development) DHET
Ms Lebohang Precious Khumalo (25 March 1980)	Elected, tenure commenced 30 August 2021, and ends 24 September 2025	Diploma in Clinical Nursing Science and a Diploma In General Nursing. An Advanced Certificate in Project Management from the University of KwaZulu-Natal and Advance Certificate in Healthcare Management from the Foundation for Professional Development.	Clinical Governance and Administration Human Resources and Remuneration	Role during 2021: Nursing Professional

Note: Trustees' qualifications are verified by means of the Scheme's annual vetting procedure.



## Board Meetings in 2022

The GEMS Board of Trustees (BoT) held 48 meetings during 2022 (20: 2021); one Strategic Planning Meeting (2: 2021); one Annual General Meeting (AGM) (1: 2021), and one workshop (1: 2021). All meetings were held hybrid and most attendees attended in person:

1. 24 January 2022 (Urgent Meeting);
2. 27 January 2022 (Special Meeting);
3. 28 January 2022 (Special Meeting);
4. 24 February 2022 (Quarterly Meeting);
5. 28 February 2022 (Quarterly Meeting Continuation);
6. 23 March 2022 (Special Meeting)
7. 24 March 2022 (Special Meeting)
8. 25 April 2022 (Quarterly Meeting);
9. 18 May 2022 (Special Meeting);
10. 21 May 2022 (Special Meeting – Multivitamin Matter);
11. 20 June 2022 (Special Meeting – Multivitamin Matter);
12. 30 June 2022 (Interim Meeting - AGM Matters);
13. 28 July 2022 (Quarterly Meeting - AGM Prep. Meeting);
14. 30 August 2022 (Special Meeting);
15. 22 September 2022 (Interim BoT Meeting to consider Benefit Design Recommendations);
16. 20 - 23 September 2022 (BoT and ICM Strategic Planning Meeting);
17. 27 October 2022 (Quarterly BoT Meeting);
18. 30 November 2022 and 06 December 2022 (Special Meetings with PO);
19. 1 December 2022 (Interim BoT Meeting focused on key approvals required for 2023);
20. 29 July 2022 (Hybrid AGM); and
21. 19 September 2022 (Annual Risk Identification and Assessment Workshop).

The Board of Trustees, established Task Teams to deal with difference matters like COO and CAE Appointment; Mediation, Hybrid / New Way of Work Model; Interviews for COO and CAE Positions and other Business-Related Matters:

1. 17-18 March 2022 (COO Interviews);
2. 13 April 2022 (PO Performance Review);
3. 15 June 2022 (1-on-1 Meetings with Newly Appointed Trustees);
4. 4 July 2022 (Mediation Task Team);
5. 7 July 2022 (Mediation Task Team);
6. 11 July 2022 (Mediation Task Team);
7. 14 July 2022 (Hybrid Task Team);
8. 31 August 2022 (CAE Interviews);
9. 11 November (RBO Task Team);
10. 5 December 2022 (RBO Task Team); and
11. 2 December 2022 (Meeting with ICMs).

The Board of Trustees also held two Presentations to the Portfolio Committee and Parliamentary Study Group; four briefings with either the Minister for the Public Service and Administration (MPSA) and Minister for the Department of Health (4: 2021); one PSCBC Summit; the Annual BHF Conference as follows:

1. 18 January 2022 (Presentation to Portfolio Committee and NHI Presentation);
2. 28 March 2022 (Introductory Meeting with MDOH);
3. 28 - 31 March 2022 (PSCBC Summit)
4. 16 May 2022 (MPSA meeting);
5. 18 - 21 May 2022 (21st BHF Conference);
6. 23 – 24 May and 29 June 2022 (SPN Site Visits);
7. 24 May 2022 (Parliamentary Study Group);
8. 16 September 2022 (PSCBC Working Committee);
9. 22 September 2022 (Meeting Dr Acquina Thulare and Mr Moremi Nkosi);
10. 13 October 2022 (Meeting with DPSA Minister); and
11. 24 October 2022 (Meeting with DPSA Deputy Minister).

Emanating from the Tokiso Report and the outcomes therefrom, the Scheme embarked on Relationship by Objective (RBO) meetings scheme-wide including at Board of Trustees level. The Board held the following RBO meetings on their own including joint sessions with EXCO and separate meetings with the PO:

1. 23 – 24 September 2022 (RBO Meeting);
2. 30 September 2022 (RBO Meeting);
3. 18-20 October 2022 (RBO Meeting with EXCO);
4. 14-16 November 2022 (RBO Meeting with EXCO); and
5. 30 November 2022 and 6 December 2022 (Meeting with the PO).

## Standing Committee Structure and Responsibilities

The Board of Trustees (BoT) has established its own governance practices and Standing Committee Structure that comply with the applicable governance and regulatory requirements. These Committees fulfil key roles in ensuring good corporate governance.

The Standing Committee Structure is based on:

- Statutory requirements.
- The King IV Report on Corporate Governance.
- The GEMS Strategic Plan Accountability and Strategic Oversight Framework.
- The GEMS operating model.
- Cost effectiveness and value for money considerations.

The Committees are mandated by the Board of Trustees by means of written Terms of Reference (TOR) as to their membership, authority, and duties. A Standing Committee Responsibility Matrix (RACI matrix) is used to clarify and demarcate the Standing Committees' responsibility areas.

The Standing Committees meet at least quarterly and as indicated in the year planner approved for each year. Committee meetings are attended by Scheme Management in keeping with the Board's requirements.

## The Committees in operation in 2022 were:

### Audit Committee (AC)

The Audit Committee (AC) is mandated by the Board of Trustees by means of a written Audit Committee Charter as to its membership, authority, and duties. The Committee's Charter was reviewed and approved by the Board of Trustees in December 2022 for 2023.

The primary responsibilities of the Audit Committee include assisting the Board of Trustees in its evaluation of the adequacy and efficiency of the internal control systems, accounting practices, financial reporting processes, financial and other reporting risks, information systems, oversight of assurance provided over external reports other than financial statements; and oversight of combined assurance processes applied by the Scheme and its service providers' network. With regard to the external auditors, the Audit Committee considers and recommends the appointment of the external auditors and monitors and reports on their independence. The Committee is also responsible for the appointment, performance assessment and / or dismissal of the Chief Audit Executive, approval of the internal audit plan as well as the annual review and approval of the Internal Audit Charter.

Committee composition, including members' qualifications and experience

The Committee consisted of five members of which two were members of the Board of Trustees. Most of the members, including the Chairperson, are not Trustees, Officers of the Scheme or of any of its service providers. For the year ended 31 December 2022, the committee members were:

**Table 13**

Name	Designation	Qualifications	Recent work experience
Mr Motshoanedi Johannes Lesejane (29 February 1956)	Independent Member -Chairperson, appointed with effect from 1 January 2018	Chartered Director South Africa (CD SA) CA (SA), Fellow Chartered Management Accountant (Global Management Accountant), B.Com Hons Accounting Science, B.Com Accountancy.	Role in 2022: Independent Non-Executive Director, Consultant, Lecturer at Wits Business School (WBS)
MsCarolynn Chalmers (12 September 1968)	Independent Committee Member, appointed with effect from 01 April 2019 – resigned 30 November 2022	Postgrad Dip: Marketing, Management; Bachelor Sc. Honors; Comp Sc. Masters; Bachelor Comp Sc.	Role during 2022: Consultant
Ms Malande Sibongile Tonjeni (15 August 1978)	Independent Committee Member appointed for a final term with effect from 1 April 2019 up to 31 March 2022	CA (SA), BCom Acct, BCom Hons Acct, Post graduate diplomas in Mining Engineering, Mining Tax, Banking Law, INSEAD Programme.	Role during 2022: Independent non-executive director and trustee; and Consultant

Name	Designation	Qualifications	Recent work experience
Ms Aziza Galiel (10 August 1969)	Independent Committee Member appointed for 1st term with effect from 1 April 2022 up to 31 March 2025	CA (SA), BComm – Degree of Bachelor of Commerce PGDA - Postgraduate diploma: Accounting	Role during 2022: Independent Non-Executive Director (NED) and Entrepreneur
Mr Rakgama Andries Manoko (6 June 1966)	Trustee, appointed term commenced on 06 March 2018, appointed as AC member from 28 June 2018	Gradum Baccalaurei Procurations, Gradum Baccalaurei Legum, Admitted Attorney, Corporate Governance, Commercial Law	Role during 2022: Founder and MD: Manoko & Associates Inc.
Dr Nomzamo Tutu (12 December 1965)	Trustee, appointed term commenced on 30 July 2020, appointed as AC member from 30 July 2020	MBChB; BSc; Post Graduate Diploma in Occupational Health; Post Graduate Diploma in HIV/AIDS Management in the World of Work.	Role during 2022: Chairperson: Transformation Committee of the Engineering Council of South Africa Strategic Advisor to Busane Development Trust

The Audit Committee (AC) carried out its responsibilities in terms of the Board approved Audit Committee Charter. The external auditors and internal auditors reported formally to the Committee on critical findings arising from audit activities.

The Committee met on 9 occasions during 2022 (9: 2021). All meetings were held hybrid and most attendees attended in person:

1. 3 February 2022 (Quarterly Meeting);
2. 22 February 2022 (In-Committee Continuation Meeting)
3. 10 March 2022 (Special Meeting);
4. 12 April 2022 (Quarterly Meeting);
5. 21 April 2022 (Continuation of 12 April 2022 In-Committee Meeting);
6. 20 June 2022 (ICT Meeting – Joint with FIC);
7. 14 July 2022 (Quarterly Meeting);
8. 21 July 2022 (Continuation of 15 July 2021 In-Committee Meeting); and
9. 24 October 2022 (Quarterly Meeting);

The Principal Officer, the Chief Financial Officer of the Scheme, the Chief Audit Executive, the Scheme’s internal auditors and the external auditors attended Committee meetings upon invitation and had unrestricted access to the Chairperson of the Audit Committee.

## **Benefit Design Committee (BDC) – Committee additional to the Standing Committees**

Recommendations pertaining to the GEMS Benefits and Contributions for 2023 were developed by the GEMS Benefit Design Committee for the Board’s consideration.

The Committee met on 2 occasions in 2022 (2: 2021). All meetings were held hybrid and most attendees attended in person:

- 17 August 2022; and
- 14 September 2022.

For the year ended 31 December 2022, attendance of Benefit Design Committee meetings was open to all Trustees and most Trustees attended these meetings in 2022.

## Clinical Governance and Administration Committee (CGAC)

The primary responsibility of the Committee is to assist the Board of Trustees in ensuring the efficient operations of the Scheme by providing oversight, assessment, and review of all administration aspects of the business of the Scheme. To this end, the Committee assists the Board of Trustees in ensuring that seamless interaction takes place between the various service providers to meet the operational objectives of the Scheme. The Committee also assists the Board in ensuring growth in scheme membership and excellent member affairs by overseeing communication and marketing activities, Stakeholder Relations and the Complaints Management Function as well as to:

- Assess, decide, and report on the approval of ex gratia applications and payments to members of the Scheme. The Committee is mandated to approve ex gratia payments more than R50 000.00 and where the condition and the withholding of therapy is life threatening, the treatment will result in the improved quality of life of the applicant, the treatment is clinically appropriate and based on internationally accepted evidence-based treatment guidelines and protocols or the applicant has proven a financial inability to afford the treatment by any other means.
- Assist the Board in ensuring the implementation of the Healthcare Management Strategic Objective namely: To improve the Scheme's clinical risk profile and contain claims experience; and
- Oversee the Scheme's product development and benefit design work.

The Committee met over 2 days, every quarter, for a total of 7 meetings in 2022 (7: 2021). All meetings were held hybrid and most attendees attended in person:

10. 15-16 February 2022 (Quarterly Meeting);
11. 24 May 2022 (Healthcare Innovation / Value Based Care Strategy Meeting)
12. 25-26 May 2022 (Quarterly Meeting);
13. 29 June 2022 (Continuation of 24 May 2022 Meeting)
14. 16 August 2022 (Special Joint Meeting with FIC focused on Strategic Planning and Scheme's 2023 benefit design);
15. 23-24 August 2022 (Quarterly Meeting); and
16. 9-10 November 2022 (Quarterly Meeting); and

For the year ended 31 December 2022, the committee members were:

- Dr MS Hlatshwayo (Trustee, appointed - Chairperson, tenure commenced 06 March 2018)
- Ms LP Khumalo (Trustee, elected, tenure commenced 30 August 2021);
- Mr RA Manoko (Trustee, appointed, tenure commenced 06 March 2018);
- Dr ETC Moloko (Trustee, appointed - Chairperson, tenure commenced on 28 October 2016);

- Mr ME Phophi (Trustee, appointed, tenure commenced 19 September 2016);
- Dr JF Smit (Trustee, elected, tenure commenced 29 July 2021); and
- Mr NL Theledi (Trustee, appointed, tenure ended on 26 September 2019)

## Finance and Investment Committee (FIC)

The Finance and Investment Committee was set up by the Board in December 2013 and commenced its work in March 2014. The primary responsibility of the Committee is to assist the Board in fulfilling its oversight responsibilities of the Scheme's investment activities and consider issues arising from investment decisions and activities. Monitoring the Scheme's organisational and financial performance are key responsibilities of the Committee. Oversight by this Committee is necessitated by the Scheme's business model which requires ongoing review of the contracting of service providers to render scheme services. As such, the Committee monitors the Scheme's cash flow position, investment performance and compliance to the regulatory framework applicable to medical scheme investments. The Committee oversees the Scheme's Information Communication and Technology function and is also responsible to oversee the performance of the Scheme's contracted asset consultants and managers.

The Committee met on 9 occasions in 2022 (7:2021). All meetings were held hybrid and most attendees attended in person:

17. 20 January 2022 (Combined FIC and RSEC Meeting and Training)
18. 17 February 2022 (Quarterly Meeting);
19. 16 May 2022 (Quarterly Meeting);
20. 21 May 2022 (Special Meeting)
21. 20 June 2022 (ICT Meeting – Joint with AC)
22. 16 August 2022 (Special Joint Meeting with CGAC focused on Strategic Planning and Scheme's 2023 benefit design);
23. 16 August 2022 (Special Meeting);
24. 15 September 2022 (Quarterly Meeting); and
25. 24 November 2022 (Quarterly Meeting).

For the year ended 31 December 2021, the committee members in 2022 were:

- Dr ETC Moloko (Trustee, appointed - Chairperson, tenure commenced on 28 October 2016);
- Mr M Brand (Trustee, elected, tenure commenced 23 September 2019);
- Mr P de Villiers (Trustee, elected, tenure commenced 30 August 2021);
- Ms C Ntshane (Trustee, elected, tenure commenced 23 September 2019);
- Dr N Tutu (Trustee, appointed tenure commenced on 30 July 2020);
- Dr IJ van Zyl (Trustee, elected, tenure commenced on 30 July 2014, ended 28 July 2021, and re-elected from 29 July 2021)
- Ms A Galiel (ICM Co-opted from the AC, tenure commenced 01 April 2022 and ended on 2 December 2022); and
- Ms M Tonjeni (ICM Co-opted from the AC, tenure commenced 01 April 2019 and ended on 31 March 2022).

## Human Resources and Remuneration Committee (HRRC)

The primary responsibility of the Committee is to ensure sound people management of Scheme employees by providing oversight, assessment, and review of the maintenance of relevant Human Resources and Remuneration policies of the Scheme. In addition, the Committee's responsibilities include advising the Board on the annual cost of living adjustment for Scheme employees; the criteria to be used in benchmark exercises pertaining to annual remuneration surveys, the remuneration rates applicable to employees, trustees and independent committee members; the implementation of remuneration survey results; the implementation of performance reward measures for employees and overseeing the disclosure of the remuneration of trustees, independent committee members and members of the GEMS Executive Committee in the Scheme's annual integrated report.

The Human Resources and Remuneration Committee met on 6 occasions in 2022 (6:2021). All meetings were held hybrid and most attendees attended in person:

26. 2 February 2022 (Quarterly Meeting);
27. 19 April 2022 (Quarterly Meeting);
28. 9 June 2022 (Quarterly Meeting)
29. 25 August 2022 (Special Meeting);
30. 17 October 2022 (Quarterly Meeting); and
31. 23 November 2022 (Special Meeting).

For the year ended 31 December 2022, the committee members were:

- Mr NL Theledi (Trustee, appointed - Chairperson, tenure ended on 26 September 2019)
- Mr M Brand (Trustee, elected, tenure commenced 23 September 2019);
- Dr SM Hlatshwayo (Trustee, appointed, tenure commenced 06 March 2018);
- Ms LP Khumalo (Trustee, elected, tenure commenced 30 August 2021);
- Mr ME Phophi (Trustee, appointed, tenure commenced 19 September 2016); and
- Dr IJ van Zyl (Trustee, official term ended on 30 July 2020 but given Covid-19 and Lockdown, Trustee term was extended until 29 July 2021. Trustee, re-elected term commenced on 29 July 2021).

## Oversight Committee on Special Projects and Programmes

The Board of Trustees, on the recommendation of the Risk Social and Ethics Committee established the Ad-Hoc Oversight Committee on Special Projects and Programmes. The Committee held its Inaugural Meeting and commenced its duties from 10 August 2021 and was later changed to Oversight Committee on Special Projects and Programmes.

The primary role of the Committee is to support the Board of Trustees of the Government Employees Medical Scheme (GEMS) in ensuring effective oversight of GEMS projects, programmes and other such change activities (Initiatives), as defined in the scope of this Terms of Reference (ToR), and reporting to the Board on the initiatives.

- Governance, risk and compliance management.
- Assurance.
- Application of Board directives and defined parameters.
- Strategic analysis, alignment and prioritisation;
- Planning and lifecycle management.

- Considerations of GEMS' clinical, operational, financial, ICT, human resource, legal, compliance and change management requirements.
- Liaison with Interim NHI Advisory Structures; and
- Insourcing of Capabilities.

The Committee is responsible to ensure effective communication with and between associated Board Committees on matters relating to this Committee's responsibilities.

The Committee met for a total of 7 meetings in 2022 (2: 2021). All meetings were held hybrid and most attendees attended in person:

32. 26 January 2022 (Quarterly Meeting);
33. 18 February 2022 (continuation meeting)
34. 7 April 2022 (Quarterly Meeting);
35. 12 July 2022 (Quarterly Meeting);
36. 19 August 2022 (Special Meeting);
37. 24 August 2022 (Quarterly Meeting); and
38. 12 October 2022 (Quarterly Meeting).

For the year ended 31 December 2022, the committee members were:

- Ms Constance Ntshane (Trustee, elected - Chairperson, tenure commenced 23 September 2019);
- Mr P de Villiers (Trustee, elected, tenure commenced 30 August 2021);
- Mr RA Manoko (Trustee, appointed, tenure commenced 06 March 2018);
- Dr ETC Moloko (Trustee, appointed, tenure commenced on 28 October 2016);
- Mr NL Theledi (Trustee, appointed, tenure ended on 26 September 2019);
- Mr ME Phophi (Trustee, appointed, tenure commenced 19 September 2016); and
- MsCarolynn Chalmers (AC ICM, tenure commenced 01 April 2019).

## Risk Social and Ethics Committee (RSEC)

The Committee has been mandated by the Board of Trustees to ensure sound corporate governance by providing oversight, assessment and review of the risk management, ethics management and compliance management aspects of the Scheme. The Committee's responsibilities include ensuring compliance with the Medical Schemes Act and its Regulations; patent and trademark legislation; and any other legislative framework relevant to the business of the Scheme.

The Committee met on 5 occasions in 2022 (6: 2021). All meetings were held hybrid and most attendees attended in person:

39. 20 January 2022 (Combined FIC and RSEC Meeting)
40. 10 February 2022 (Quarterly Meeting);
41. 10 May 2022 (Quarterly Meeting);
42. 18 August 2022 (Quarterly Meeting); and
43. 17 November 2022 (Quarterly Meeting).



For the year ended 31 December 2022, the committee members were:

- Mr ME Phophi (Trustee, appointed - Chairperson tenure commenced 19 September 2016)
- Mr M Brand (Trustee, elected, tenure commenced 23 September 2019)
- Mr P de Villiers (Trustee, elected, tenure commenced 30 August 2021)
- Dr ETC Moloko (Trustee, appointed, tenure commenced on 28 October 2016)
- Dr JF Smit (Trustee, elected, tenure commenced 29 July 2021)
- Dr IJ van Zyl (Trustee, official term ended on 30 July 2020 but given Covid-19 and Lockdown, Trustee term was extended until 29 July 2021. Trustee, re-elected term commenced on 29 July 2021); and
- MsCarolynn Chalmers (ICM Co-opted from the AC, tenure commenced 01 April 2019)

**Table 14:** Trustee and Principal Officer meeting attendance in 2022:

A – Meetings attended, B – Meetings that could be attended

	AGM	BoT	AC	BDC	CGAC	FIC	HRRC	OCSPP	RSEC	TRAINING	STKH	Task Teams &RBO	W/S
TRUSTEE	AGM	A B	A B	A B	A B	A B	A B	A B	A B			A B	
Brand, M	1	21	21	2	2		6	6	5	7	4	11	10
De Villiers P	1	21	20	2		9	9	7	5	9	3	11	11
Hlatshwayo, SM	1	21	21	2	7	1	6	6	1	10	8	16	16
Khumalo LP	1	21	21	2	7		6	6		4	5	15	15
Manoko, RA	1	21	21	2	7			7	7	6	8	15	15
Moloko, ETC	1	21	20	2		8	8	7	7	2	8	8	8
Ntshane, NC	1	21	21	2		9	9	7	5	6	5	11	11
Phophi, ME	1	21	21	2		6	6		5	5	11	16	16
Smit, JF	1	21	21	2	7				5	5	5	11	11
Theledi, N	1	21	21	2	7		6	6	7	2	8	10	10
Tutu, N	1	21	21	2		9	9	3	3	10	5	11	11
Van Zyl, JJ	1	21	19	2		9	7	6	6	2	3	12	12
Molobabi, (PO)	1	21	21	2	7	5	9	8	6	2	5	8	8

**Table 15:** GEMS INDEPENDENT COMMITTEE MEMBERS' ATTENDANCE OF BOARD AND COMMITTEE MEETINGS

A – Meetings attended

B – Meetings that could be attended

	AGM	BoT	AC	BDC	CGAC	FIC	HRRC	OCSPP	RSEC	TRAINING	STKH	Task Teams &RBO	W/S
Lesejane, MJ	1	10	9	9						4	2	8	1
Chalmers, C			9	9				7	5	4	1		1
Tonjeni, MS			9	2		1	1						1
A Galiel			9	6		8	7			4			1

## Governance of Information and Technology

**King IV Principle 12: The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives. (NOTE: A hyperlink to the King IV Application Register on the GEMS website will be inserted)**

The GEMS Information and Communication and Technology Division reports to the Finance and Investment Committee and the Board of Trustees. The division is headed by the Chief Information Officer and the structure of the division is based on 5 key areas of Applications, Infrastructure & Operations, Data Analytics & BI, Business Continuity and Security Management. Other areas of focus within the ICT division are Administration, Strategy & Governance and Service Planning & Enterprise Architecture.

Strategic plan alignment: The division's work supports the achievement of Strategic **Objective #4: Be an agile data-driven scheme that leverages research, information, technology and platforms.**

The division achieved and exceeded important performance indicators under the key result area of **"DATA MANAGEMENT, ANALYTICS, BI, AND DIGITAL FIRST"** in 2022.

Key strategic projects within the Scheme such as Intelligems and Insourcing of Capabilities are driven through the division with the support of PMO and other divisions within the Scheme. The division provides the Scheme with an intranet platform called Gemzito, where users are able to access the different documents of their divisions and the Scheme, managed through the necessary restrictions and workflow based on the users' role within the Scheme; utility tools such as email, office suite of solutions; the Enterprise-Wide Resource System for managing the Scheme's finances; a Customer Relationship Management solution to enable services that the Client Liaison Officers provide to members; the GEMS Website and Member App and Portal to facilitate member's access to real time information about their benefits and information they may need to access the Scheme services.

The adequacy and effectiveness of technology and information management are monitored through risk management control effectiveness reviews by management supported by the GEMS risk management function. Periodic independent reviews are performed by GEMS' internal audit and external assurance providers. The successful achievement of the third phase of the strategic plan themed, 'innovate for member value proposition' and the strategic objective of becoming the blueprint for NHI, is premised on advanced ICT systems for enhanced member experience and decision making, data-driven healthcare management operational improvement and risk management.

Significant policy review work was concluded by ICT in 2022 which mostly included the development of new policies and updates to policies that already existed. The policies that were reviewed and developed are detailed below.

**Table 16**

Policy	Purpose of policy
Data and Information Classification Policy	To ensure that Data and information is identified, classified, labelled, and properly handled and protected in accordance with its importance and potential impact to the Scheme
Data and Information Retention Policy	The purpose of this Policy is to ensure that Data and Information of the Scheme is adequately retained and maintained based on legal and business requirements. It is further to establish minimum standards for data retention that will be used across GEMS and the SPN with regards to identification, creation, maintenance, archiving and disposal of data and information records.
Electronic and Digital Signature Policy (new)	To provide Policy measures and guidelines on the use of electronic & digital signatures in GEMS.

**Table 17**

2022 key focus areas	Future focus areas
<ul style="list-style-type: none"> <li>• Implementation of digital strategy initiatives.</li> <li>• Development of business intelligence data management and digital first initiatives.</li> <li>• Further enhancement of provider and member digital services.</li> <li>• Complete analysis and development of the core information management programme.</li> <li>• Development and Implementation of Cyber Security Strategy</li> <li>• Development and implementation of information security management capability.</li> <li>• Adoption of fourth industrial revolution technologies such as cloud solutions, digitising on the inside and outside and positioning for NHL.</li> <li>• Completion and Implementation of the ICT Governance Framework and Structures</li> <li>• Implementation of Multi-cloud (Azure, AWS, Google Analytics7 iCloud) ; Office 365</li> <li>• Access to fast mobile broadband network</li> <li>• Significant policy reviews finalised.</li> </ul>	<ul style="list-style-type: none"> <li>• Develop Core Information Management capability.</li> <li>• Building a data driven backbone which enables one data platform comprising of an enterprise big data (lake) powering the Enterprise Data Architecture and Modern Data Architecture.</li> <li>• Deployment of fourth industrial revolution (4IR) and fifth industrial revolution (5IR) technologies through digitisation and automation</li> <li>• Adopt agile infrastructure architectures; including cloud and next generation networks (5G) and cloud strategy.</li> <li>• Optimisation of Cybersecurity and security systems</li> <li>• Innovation, DevOps, ICT Governance and ICT Research and Development</li> </ul>

# Report from the Risk Social and Ethics Committee on protecting and preserving value through ethical leadership and governance of compliance

## Governance of ethics

**Principle 1: The governing body should lead ethically and effectively.**  
**Principle 2: The governing body should govern the ethics of an organisation in a way that supports the establishment of an ethical culture.**

The Board exercises ethical leadership and assumes responsibility for the governance of ethics by **setting the direction** for how ethics should be approached and addressed by the Scheme in all its dealings.

The Risk Social and Ethics Committee is mandated by the Board to play an oversight role in the implementation of the Ethics Management Strategy, which is translated into the Ethics Management Plan. The approval of these documents is also done by the Risk Social and Ethics Committee annually. The progress made against the deliverables on the Ethics Management Plan is reported to and monitored by the Risk Social and Ethics Committee on a quarterly basis.

The ethics culture risk index is tracked by the Risk Management and Compliance Division and reported to the management committees, Risk Social and Ethics Committee and the Board. The committees also make recommendations that are implemented at an operational level within the Scheme.

**The Board monitors the tone at the top, the ethics culture of the Scheme and considers reports on ethics transgressions and how the Scheme responds to these. The Board does this by:**

What:	How:
Setting requirements for itself, GEMS employees, contracted providers, members and healthcare providers in their dealings with GEMS: <ul style="list-style-type: none"> <li>• Fit-and-proper requirements</li> <li>• Skills and qualifications</li> <li>• Conflict of interest</li> <li>• Zero tolerance to corruption and fraud</li> <li>• Preventing corruption, fraud, waste and abuse</li> <li>• Protecting human rights</li> </ul>	1. The Rules of GEMS (registered in terms of the Medical Schemes Act) 2. Terms of reference for Risk Social and Ethics Committee 3. The GEMS Code of Ethics and Business Conduct 4. The GEMS Supply Chain Management Code of Conduct 5. Code of Conduct for Trustees and Independent Committee Members 6. GEMS ethics policies that include conflict of interest, vetting, supply chain management, fraud waste and abuse, whistleblowing and stakeholder engagement 7. Ethics Management Strategy and Plan
Monitoring ethics culture risk as a strategic risk	Quarterly risk monitoring report
Reviewing the effectiveness of controls	The Audit Committee oversees the effectiveness of the Scheme's ethics controls
Setting the ethics strategy and monitoring ethics programme implementation	The Risk Social and Ethics Committee monitors the completion of the annual ethics management plan
Raising awareness	Ethics awareness training for trustees, employees and contracted providers

The Board of Trustees reviews the Scheme's vision, mission and value statements annually to ensure that they reflect its commitment to building and sustaining an ethical organisation.

The responsibility to implement the annual ethics management plan is delegated to Scheme management

The Ethics Function (located in the Risk Management and Compliance division) supports the achievement of strategic objective #6: **Be a good corporate citizen, prevent or reduce negative impacts on the environment and function as an ethical, caring, innovative leader in the South African healthcare sector.**

In 2022, the Ethics Function exceeded KPI #26 Ethical risk residual level.

Scheme management discusses ethics and values and designs and implements policies and processes to achieve sound ethics management. Scheme management submits policies to the Board for approval and accounts to the Board on implementation of policies to achieve effective ethics management. Management pursues collaboration and shared accountability for the achievement of desired outcomes.

Scheme employees annually sign the Code of Ethics and Business Conduct and the Supply Chain Management Code of Conduct. The Risk Social and Ethics Committee monitors compliance with GEMS Code of Ethics and Business Conduct, other social, ethical and legal requirements, and best practice.

## Highlights in 2022

- Implementation of the ethics strategy and management plan that was developed in 2021 through collaboration and based on the outcome of an external ethics risk assessment conducted in 2020. The ethics strategy and plan are implementable until the end of 2024.
- Strengthened controls through the full implementation of lifestyle audits for chief officers. No red flags were identified by the external forensic investigation firm that conducted lifestyle audits on behalf of GEMS in 2022.
- Heightened employee ethics awareness levels through extensive training.
- Achievement of the required ethics culture risk level for 2022.
- Comprehensive review and restructuring of the Ethics Policy into the following policies:
  - Ethics Policy;
  - Conflict of Interest Policy;
  - Gift and Hospitality Policy and;
  - Other Work Outside GEMS Policy.
- Commencement of the automation of ethics documentation submission process for improved performance by the Ethics Function and adherence by employees.

## Key focus areas in 2023

- Further building a mature ethics culture by executing the 2023 Ethics Management Strategy and Plan.
- More initiatives relating and encouraging “setting the tone at the top” for GEMS management.
- Ethical Leadership training to ensure that a mature ethics culture is created.
- Implementation of the new policy on other work outside GEMS by employees.
- Conducting an internal ethics survey to gauge the effectiveness of the ethics management strategy.

## Compliance

### Structures and processes for compliance management and non-compliance matters

Compliance with regulatory requirements contributes to and forms part of business efforts to create an ethical and sustainable medical scheme and a scheme which behaves as a good corporate citizen. As such, the Scheme is committed to identifying regulatory requirements, continuously monitoring the effectiveness of compliance to regulatory requirements, and appropriately responding where change is required.

Effective management of compliance risk means meeting the GEMS compliance obligations and protecting GEMS from loss or damage, noting that it is not only an obligation but a source of rights and protection. It requires a holistic view on how applicable laws and non-binding rules, codes and standards relate to one another and their ability to affect GEMS’ ability to create value over time.

The Risk, Social and Ethics Committee is delegated by the Board of Trustees to oversee the overall monitoring of compliance risks and progress against the approved compliance coverage plan. In managing the mitigation and monitoring of compliance risks, a Compliance Coverage Plan which details the compliance plan of action is submitted to the Risk Social and Ethics Committee in Q4 of each preceding year for approval and implementation in the following year. Compliance Reports are submitted to the Risk and Social Ethics Committee on a quarterly basis and to the management committees and forums of the Scheme, where progress against the plan is also indicated. Issues of compliance risks affecting the Scheme are also reported and discussed at the meetings. Compliance risks are captured and tracked in the divisional risk registers and the Scheme’s progress against the Compliance Index is submitted as part of the Compliance Report to the Risk Social and Ethics Committee and the Audit Committee.

**Principle 13: The governing body should govern compliance with applicable laws and adopted non-binding rules, codes and standards in a way that supports the organisation being ethical and a good citizen.**

The GEMS Board Charter requires the Board to govern the Scheme's compliance by setting and steering the Scheme's compliance approach and management.

The GEMS compliance function reports to the Audit Committee on the system for monitoring compliance with applicable laws and regulation and the Risk Social and Ethics Committee on the outcomes of compliance risk management. More information on the composition of the Audit Committee and the Risk Social and Ethics Committee and a summary of the committees' responsibilities can be found from page 106 and 113 respectively in the Annual Integrated Report.

The Compliance Function (located in the Risk and Compliance Management division) supports the achievement of strategic objective #6: **Be a good corporate citizen, prevent or reduce negative impacts on the environment and function as an ethical, caring, innovative leader in the South African healthcare sector.**

The Scheme applies a compliance index to monitor performance with a target of 90% included in the strategic plan. Performance relating to the compliance index for 2022 was closed at 98% (target 90%) for 2022.

The adequacy and effectiveness of the Scheme's compliance management function is assessed periodically by the Scheme's internal audit function with the most recent review conducted in Quarter 4 of 2021. In 2022 the Compliance function attended to and cleared the audit findings of the 2021 Compliance Review by strengthening its governance documents in line with audit undertakings.

The compliance function forms part of the second line of defence in the Scheme's combined assurance framework:



The Compliance Function is located in the Risk Management and Compliance Division and is represented on the Scheme's Combined Assurance Forum convened by the Chief Audit Executive.



The Scheme has established a Risk, Compliance and Ethics Forum, comprising risk, compliance and ethics champions from all Scheme divisions and the Scheme's service provider network. The Forum monitors compliance with its compliance universe, including the Rules of GEMS and applicable legislation.

The GEMS compliance function aligns to the Generally Accepted Compliance Practice Framework (Compliance Institute South Africa). Our compliance governance documents are streamlined into a Compliance Framework and Compliance Coverage Plan supported by a Compliance Policy and a Compliance Monitoring and Reporting Standard Operating Procedure.

The process of compliance management encompasses:

- Identifying and prioritising all Acts and regulations at all levels applicable to the Scheme;
- Incorporating regulatory requirements into control measures such as standard operating procedures, processes, manuals and policies;
- Recommending corrective measures or steps to ensure compliance; and
- Monitoring compliance through the adequacy and effectiveness of control measures.

The risk of non-compliance is managed through:

- Annual review and update of the Scheme's regulatory universe;
- Compilation of compliance risk management plans for high-risk legislation; and
- Continuous monitoring of the regulatory environment.

**Table 18**

Highlights for 2022:	Focus areas 2023:
<ul style="list-style-type: none"> <li>• Embedding POPIA compliance and supporting the business.</li> <li>• 2022 Compliance Coverage Plan execution.</li> <li>• Achieving a GEMS Compliance Index rating of 98%</li> <li>• Publishing the GEMS King IV Report disclosure register on the Scheme's website .</li> <li>• Successful management of policy development and maintenance.</li> <li>• Providing guidance to the Scheme's service provider network to ensure the correct application of the Rules of GEMS.</li> <li>• Submitting the application for the registration of GEMS as a Financial Services Provider under the Financial Advisory and Intermediary Services Act - Initiating compliance by doing compliance groundwork and research.</li> </ul>	<ul style="list-style-type: none"> <li>• Embedding enhanced compliance processes in accordance with the 2023 GEMS Compliance Universe</li> <li>• Compliance Risk Management Plan for the Scheme Rules.</li> <li>• Continuous compliance awareness training.</li> <li>• Topical legislation training, including Board training.</li> <li>• Implementation and monitoring of the 2023 Compliance Coverage Plan</li> <li>• Adequately capacitating the Compliance Function to ensure that proper compliance and ethics support is provided to the business in terms of the GEMS strategy.</li> <li>• On approval of the Scheme's application as a Financial Services Provider (FSP), support the efforts of the Scheme in ensuring compliance with the requirements of being a registered FSP, including training.</li> </ul>

## **Regulatory Matters:**

GEMS did not attract regulatory penalties in 2022.

## **Disclosure on ongoing Regulatory Matters/ Section 43 Enquiries:**

### **Trustee Vetting information**

The CMS requested the Scheme to provide them with the vetting reports regarding certain scheme officers (Trustees). Based on a legal opinion from the Scheme attorneys, the Scheme declined to do so and lodged an appeal against the request from the CMS. The Scheme is still awaiting a response from CMS regarding this matter.

### **Section 43 Enquiry – Medscheme Managed Care Accreditation**

The Scheme consolidated its managed care offering and put same out to tender. Medscheme were awarded the tender based on the procurement policies and procedures of the Scheme and was appointed.

In 2022 the CMS launched a Section 43 Enquiry into the appointment of Medscheme, stating that they were not accredited to provide some of the services contracted for. The Scheme provided a response to the Section 43 Enquiry. In March 2023 the Scheme received a preliminary report regarding the Section 43 Enquiry, to which it responded. The Scheme is still awaiting the final report from the CMS.

### **Section 59 Investigation**

GEMS responded formally to the Section 59 Investigation Interim Report in April 2021 and will respond to the final report when issued.

### **CMS Inspection 2017/18**

GEMS responded formally to the final inspection report.

## REGULATORY NON-COMPLIANCE

To the best of the Scheme's knowledge, the compliance matters listed below cover all the non-compliance matters for the 2022 financial year.

### Late paying Employer groups

#### Nature

In terms of Rule 13.2 of GEMS' Scheme Rules and Section 26 (7) of the Medical Schemes Act members' contributions are due monthly in arrears and payable by no later than the third day of each month.

#### Cause

During the period under review, certain employer groups paid over contributions on behalf of their members after the third day of the month. Late payment may result in a loss of interest earned for the Scheme; however, this is not significant due to the short duration of the contributions being outstanding.

#### Corrective Action

Scheme management engaged with the employer groups concerned to ascertain the reasons for the late payment of contributions and to highlight the impact of this practice on members of the Scheme. The Council for Medical Scheme's is informed quarterly of any late payers. At year end there were two late paying employer groups. Subsequently these amounts have been received.

### Benefit Options

#### Nature

In terms of Section 33 (2) of the Medical Scheme's Act, medical scheme options shall be self-sufficient in terms of membership and financial performance.

#### Cause

The Scheme's Beryl, Emerald and Onyx options did not meet the self-sufficiency requirement in terms of Section 33(2) of the Medical Schemes Act. Loss making options adversely affect the financial performance of the Scheme and the reserve ratio.

The deficit on the Onyx option was mainly driven by the older demographic profile which resulted in higher healthcare costs related to chronic conditions.

The deficits on the Beryl and Emerald options were intentionally budgeted for to give back some of the reserves to members through lower contribution increase which was 2.02% for the 2022 financial year. This increase was below healthcare inflation of 7.6% and CMS recommended increase of 4.2%. During 2020 and 2021 financial years the Scheme experienced a reduction in utilisation of healthcare benefits which significantly increased the reserves. Although these options incurred operating deficits, they still performed better than anticipated.

## Corrective Action

The Scheme's current reserves can comfortably absorb these deficits in the short term to medium term. Long-term forecasts, scenario planning and sensitivity analysis are constantly applied to the Scheme solvency to manage the risk of the reserve ratio falling to below the statutory level. The Registrar was notified of the Scheme's performance throughout the 2022 financial year with the submission of quarterly performance reports and meetings with the Council for Medical Schemes.

## Prescribed minimum benefits applied incorrectly

### Nature

In order for a procedure to be considered for payment as a PMB and funded at cost as per the Regulations, the following criteria must be met:

- The diagnosis must be a PMB condition, as defined in the Regulations of the Medical Schemes Act.
- The diagnosis must thus be a condition which is included in one of the "Diagnostic and Treatment Pairs" (DTPs) or be on the list of 26 chronic diseases (with their associated ICD-10 codes), described in Annexure A of the Regulations or an emergency medical condition".

According to the GEMS PMB manual and PMB legislation in the event of involuntary use of a non-DSP no co-payment or deductible may be imposed.

### Cause

The PMB hospital emergency authorisations processed from the period 01 July 2021 to 28 February 2022, 11 instances were identified where a co-payment was applied incorrectly despite the cases being authorised and classified as hospital emergencies.

## Corrective Action

The error was subsequently corrected by management. The following mitigations plans were agreed with management:

1. Retrain on waiving of co-payment for emergency cases as per PMB manual and Network hospital SOP for cases where a network co-payment was applied.

2. Review the current templates used to respond with funding instruction to ensure it clearly indicates when co-payment is not waived because of available network facility within the member's residential area.
3. Review the exception report for gaps in identifying the emergency cases and correcting the gaps to ensure efficiency.

## **Scheme rules non - compliance**

### **PMB claim was processed while the beneficiary was on the waiting period.**

#### **Nature**

The beneficiary claim was settled while the beneficiary was on a General and PMB waiting period.

In terms of the GEMS Scheme Rules section 8.3, the Scheme may impose upon a person in respect of whom an application is made for membership of the Scheme 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:

1. a General Waiting Period of up to three months;
2. a Condition-Specific Waiting Period of up to 12 months, where applicable; and
3. may also exclude Prescribed Minimum Benefits during any such waiting periods

#### **Cause**

The system failed to identify and reject claims while the beneficiary was on a waiting period. The Cardholder file and the Waiting Period file were not aligned. The Card Holder file showed an Active (00) status instead of General Waiting Period status (07). This caused the Waiting Period file to be ignored upon processing due to misinterpretation of the waiting period.

#### **Corrective Action**

Management has committed to revising underwriting processes such that when claims are submitted while beneficiaries are subject to underwriting, these will be processed correctly in line with the GEMS Scheme Rules. The following processes will be further refined:

1. An exception management process will put in place.
2. SOP will be updated with the agreed process.

## Failure to update the beneficiary type of students above 28 years on the system

### Nature

In terms of Scheme Rules: 4. Definition: 4.9 “Child Dependant” states that a child of a member who is under the age of 21 years and who, for the purposes of these Rules shall include: any dependant below 28 years of age, for the duration of any course for which that dependant is registered as a bona-fide student at any educational institution recognised as such by the Board within the Republic of South Africa, or any other educational institution abroad (whether or not specifically recognised as such by the Board). Dependants above 28 years must be classified as adults.

There were instances where individuals above the age of 28 years were classified as Students (U) on the system instead of as adults.

### Cause

The current systems in place are not configured to update dependant details once the dependant reaches the age of 28 years.

### Corrective Action

Scheme Administrators have already identified the gaps in the student review process, and a project was logged with IT to mitigate errors and implement system validations.

## Individuals found to be no longer eligible for GEMS Membership

### Nature

In terms of Scheme rule 6.2, it states that the membership of the Scheme is limited to those Members and their Dependants who are ordinarily resident within the Republic of South Africa, or who are stationed abroad on or by virtue of instructions, requirements, or obligations of the Member’s Employer, or who are studying abroad.

### Cause

It was found that some members have retired from the employer’s service and have either emigrated or are living abroad for extended periods. It appears that no checks were done to confirm whether these members still satisfy the conditions for membership.

## Corrective Action

An SOP was developed to manage the process, and letters were sent out to the affected members as of 01 April 2021.

The Scheme's Administrator reviewed the responses and met with the relevant Scheme officials on 5 August 2021 to provide an update on this process. An updated report was submitted to the Scheme on 7 March 2022. To date, all the identified affected memberships have been addressed, with some memberships being terminated and others returning to the country.

## Guarantees

### Nature

Section 35(6) (a) of the Medical Scheme Act states that a medical scheme shall not encumber its assets.

### Cause

The guarantee in favour of the Council for Medical Scheme's has been issued in terms of Section 24(5) of the Medical Scheme's Act, 1998 to the value of R2,5 million. The Scheme's banker issued these guarantees as part of the Scheme's banking facilities. The guarantee of R5 million in favour of the South African Post Office allows the Scheme to transact directly with the service provider for the provision of postal services, rather than procuring these services on an agency basis.

## Corrective Action

Council for Medical Schemes has issued GEMS an exemption from the provision of Section 35(6) of the MSA for a period of two years effective from 05 December 2019. The Scheme applied for another exemption which was granted by CMS for a period of three years effective from 09 March 2022.

## Investment in Medical Scheme Administrator

### Nature

Section 35 (8) (a), (c) and (d) of the Act states that a medical scheme shall not invest any of its assets in the business of an employer who participates in the Scheme, or any administrator or any arrangement associated with the Scheme. The Scheme has investments in certain administrators.

## Cause

The Scheme has investments in certain companies associated with the administrators of the scheme within its diversified investment portfolio.

## Corrective action

CMS has granted GEMS an exemption for a period of three years effective from 05 December 2019. Additionally, we obtained an exemption for three years from 15 December 2022.

## Claims settled after 30 days

### Nature

In terms of Section 59 (2) of the Medical Schemes Act, the Scheme shall, in the case where an account has been rendered, pay to a member or a supplier of service, any benefit owing to that member or supplier of service within 30 days after the day on which the claim in respect of such benefit was received by the Scheme.

### Cause

During the financial year, there were instances that were identified where the above regulation had not been complied with.

### Corrective Action

Additional controls have been put in place at the Administrator to mitigate the risk of non-compliance and the Scheme will ensure that these are tested as part of the Internal Audit process of the Scheme during the coming year.

## Credit Facility

### Nature

Section 35(6) (C) of the Medical Scheme Act states that a medical scheme shall not directly or indirectly borrow money.

### Cause

The Scheme has credit facilities with RMB/FNB for the corporate and auto cards to the value of R3,3 million. The corporate cards are issued to Scheme executives as well as regional managers for work related expenses and the travel agency to manage the Scheme's travel bookings. The autocards are used for the fuel and maintenance of the Scheme's fleet. The balances on the cards are settled within 30 days.



## Corrective Action

The Scheme has been granted an exemption from the provisions of section 35 (6) of the MSA for a period of three years effective from 09 March 2022. There was a gap in the exemption from 05 December 2021 to 08 March 2022.

## Committee assurance


The Risk Social and Ethics Committee is satisfied that it complied with its legal, regulatory and other responsibilities during 2022.



Dr SM Hlatshwayo  
Chairperson  
30 May 2023



ME Phophi  
Deputy Chairperson  
30 May 2023



Dr BOS Moloabi  
Principal Officer  
30 May 2023

# Remuneration report

## Introduction

The Board resolved on 28 February 2017 to adopt the King IV Report on Corporate Governance with effect from 1 January 2018.

The Scheme has a dedicated Board committee to oversee remuneration, inclusive of trustee and independent committee members' remuneration, remuneration of executives and general staff and related matters. Information on the mandate, composition and attendance of meetings held by the Human Resources and Remuneration Committee in 2022 is provided on page 125 of the report.

## Background

The key factors that influenced remuneration decisions during 2022:

### The impact of Covid-19:

For decision-making on salary adjustments for the 2023 financial year, the Board considered the impact of the country's economic conditions and the 2023 GEMS contribution increase.

### Other factors

#### SCHEME PERFORMANCE



The financial performance of the Scheme has had an influence on the performance management process and in turn employee performance bonuses for senior managerial employees.

#### RELEVANT INDUSTRY DATA



The consumer price index (CPI), the current economic climate and salary benchmarking had an impact as these factors are taken into consideration when determining annual remuneration adjustments.

#### KEY PRINCIPLES



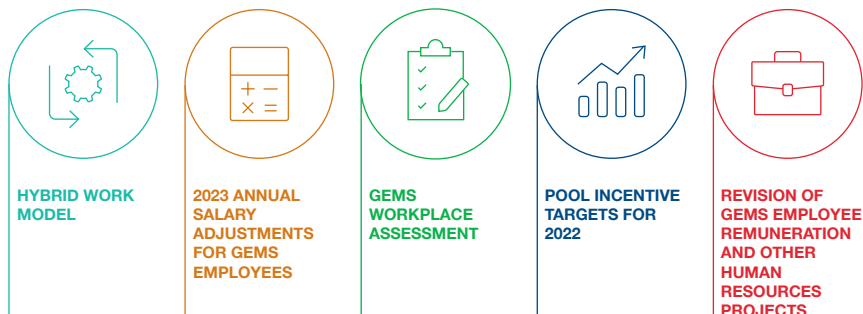
The responsibility of the board to ensure that remuneration is fair, equitable and justifiable found expression in the approval of salary increases based on a sliding scale for general staff, senior managers and executive management.

#### NEGOTIATIONS AND STAKEHOLDER CONSIDERATIONS



The salary determination process is also influenced by negotiations with NEHAWU for employees below senior management level. The Board of Trustees remained considerate of views expressed by the members and stakeholders of GEMS in respect of the trustee remuneration.

The key focus areas and key decisions of the Human Resources and Remuneration Committee in 2022 were:



## Using remuneration consultants

A benchmark remuneration salary survey was performed for general staff, senior managers, executive management and the Principal Officer under the auspices of the Human Resources and Remuneration Committee in 2022. The work was allocated to an organisation well versed in this area and the committee is satisfied with its independence and objectivity.

## Remuneration benchmarks

GEMS, as with other organisations, strives to attract and retain key talent, thereby driving business strategy with the right people. The risk of losing key talent is high in most organisations.

Variation in pay is one of the key determinants in retaining or losing key individuals. It requires a benchmarking exercise for organisations to determine if pay practices are aligned with those of other businesses. The GEMS benchmarking process is conducted against healthcare, financial and national industries as its products and services compare well to these.

## Meeting the stated remuneration policy objectives

GEMS is committed to developing, implementing and upholding remuneration strategies and practices that support its vision, mission, values and strategic objectives, while pursuing the best interests of the Scheme. It ensures that remuneration is fair, equitable and justifiable.

The committee is satisfied that the GEMS Employee Remuneration Policy has met its stated policy objectives in that it supports the Scheme's commitment to attracting and retaining highly skilled talent. The total reward packages and benefits offered contributed to attracting and retaining key talent. A low staff turnover rate of 5.56% was recorded for 2022. The GEMS Performance Management Policy and process entrench this commitment by rewarding high performers.

## Future focus areas

The GEMS Employee Remuneration Policy continues to evolve as the Scheme ensures that employees are paid according to market standards while considering the current economic environment. The success of the strategic plan is dependent on the Scheme's ability to attract and retain highly skilled talent. It strives to be an employer of choice and the policy is under review to ensure that it optimally supports the strategic plan. Key future focuses are talent attraction and retention.

## Key remuneration policy principles

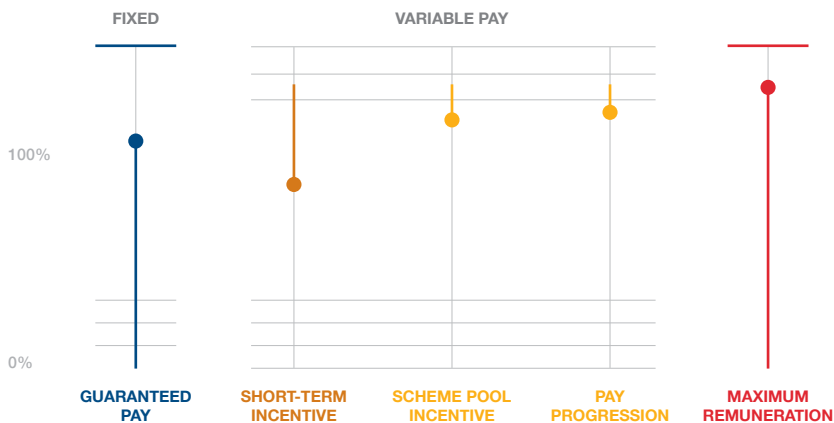
The remuneration philosophy reflects GEMS' commitment to attracting and retaining highly skilled, high-performing employees who enable organisational performance. The philosophy is aligned to the Scheme's business strategy, objectives and values and to achieving long-term sustainability. The GEMS Employee Remuneration Policy is based on this remuneration philosophy and strategy.

The Board of Trustees determines the remuneration and reward structures of employees in keeping with the policy and ensures that employees are appropriately compensated. In determining appropriate remuneration:



Remuneration is provided to employees in guaranteed and variable pay, namely performance bonuses and short-term incentives. Guaranteed pay includes basic salary and benefits. Variable pay is aligned to the achievement of business objectives and individual performance.

In addition to market-related remuneration, GEMS employees can earn an up to an additional 35% of guaranteed pay



Performance bonuses and short-term incentives are determined under the GEMS Performance Management Policy, which states that GEMS will strive to improve employee contribution by linking rewards and recognition with performance management outputs. The performance management system and practices support ongoing and aligned levels of employee motivation and retention of top talent. Performance management drives the achievement of strategic objectives and supports key performance indicators.

The relationship between remuneration, including short-term incentives, and value creation is shown under the heading below.

## Performance framework and measures

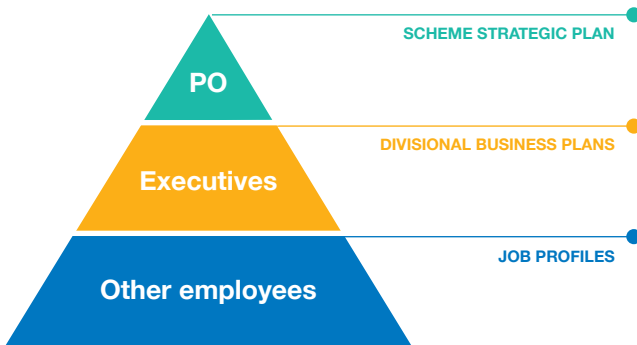
To achieve strategic objectives and positive outcomes, the Scheme uses a standardised and integrated three-tiered performance management system as an institutional framework for managing and linking Scheme performance to divisional and employee performance.

A standardised balanced scorecard measures performance in four areas:



The GEMS balanced scorecard is a key performance management tool to measure outputs and results against key performance indicators that are linked to GEMS’ strategic objectives.

The system ensures that performance is measured holistically at Scheme, divisional and individual employee levels as follows:



Annual employee performance contracting and assessment are done by performance scorecards based on key performance areas and competencies. The areas are aligned to the Scheme’s strategic objectives and competencies are linked to occupational levels. The allocation of weightings to both is depicted below:

**Table 19**

Level of management	Key performance areas	Core/management competencies	Values	Total weight in % of 100
Principal Officer	40	50	10	100
Executives	60	30	10	100
Senior management	80	10	10	100
Other employees	80	10	10	100

The Scheme promotes improved employee contribution to performance by linking rewards and recognition with performance management outputs. Employees are considered for performance rewards for sustained performance significantly above expectations. For the Principal Officer and executives, performance bonuses are dependent on a minimum individual performance rating, an unqualified audit report, the achievement of a surplus and a complaints ratio approved by the Board.

The table below illustrates the effect on total remuneration for executive management of applying the GEMS Performance Management Policy under minimum, on-target and maximum performance outcomes.

**Table 20**

Performance bonus percentage	0%	10%	30%
Total, including annual remuneration	R36 713 292	R40 384 622	R47 727 280

The Scheme's pool incentive and pay progression were implemented in 2020. Payment of the reward rests on the Board's consideration of annual performance against stretch targets for the reserve ratio, complaint ratio and external audit outcome. Pool incentives were not awarded for 2022

**Table 21:** Executive remuneration in 2022

	Annual earnings	Bonus 2022	Pool incentive bonus 2022	Total remuneration 2022	Total remuneration 2021
Jeannie Combrink*	R2 060 578	-	-	R2 060 578	R3 185 988.29
Karyna van Lingen	R3 909 661	R578 872	-	R4 488 532	R4 410 449.82
Gloria Nkadameng	R2 708 018	R266 904	-	R2 974 923	R2 796 139.50
Sam Lewatle	R3 664 354	R538 444	-	R4 202 798	R3 931 499.25
Vuyokazi Gqola	R3 658 200	R897 407	-	R4 555 607	R3 931 499.25
Evan Theys	R2 708 018	R266 904	-	R2 974 923	R2 796 139.50
Veni Singh	R2 719 934	R400 356	-	R3 120 291	R2 796 139.50
Stanley Moloabi	R5 369 736	R796 039	-	R6 165 775	R5 840 160.00
Phumelela Dhlomo	R2 669 042	R400 356	-	R3 069 399	R2 541 945.00
Selaelo Mamefja	R2 743 766	R400 356	-	R3 144 123	R3 018 187.09
Ingrid Poee**	R2 465 014	-	-	R2 465 014	-
Masingita Chavalala**	R1 579 677	R389 235	-	R1 968 912	-
Zaahir Elias***	R457 294	-	-	R457 294	-

\* Retired 30 September 2022

\*\* Pro-rata salary joined 1 June 2022

\*\*\* Pro-rata salary joined 1 November 2022

## Compliance statement

The Scheme complied with its approved Employee Remuneration Policy in 2022 without deviation. There are currently no voting results for the policy.

The GEMS Performance Management Policy is still being implemented. The Scheme complied without deviation with the components of the policy already implemented.

## Trustee remuneration in 2022

**Close oversight maintained by the Board is crucial to continued financial and operational performance as evidenced by the Scheme's track record of unqualified audits, sound procurement processes, responsiveness to member concerns and sound stakeholder relationships. The performance and effectiveness of the Board impact directly on the Scheme's ability to create value for its members, the Minister for the Public Service and Administration and stakeholders.**

**Effective oversight and intensified outcomes monitoring associated with the implementation of phase three of the five-year strategic plan for 2017 to 2021 informed the establishment of a new standing committee, the Oversight Committee for Special Programmes and Projects. An increase in the number of meetings needed for effective oversight was recorded in 2021 and continued in 2022.**

**During 2022, the Board and the GEMS executive management team undertook a programme to maintain constructive relationships, namely the RBO programme. The Board attended additional meetings in 2022 to participate in the RBO programme.**

The GEMS Board of Trustees and committees meet frequently to ensure effective oversight of the Scheme. Board and committee meetings are all necessary and convened to:

- Meet the Scheme's statutory obligations
- Adhere to corporate governance standards
- Meet governance requirements related to the Scheme's business model and requirements
- Guide Scheme management on stakeholder engagements considering the Scheme's complex stakeholder relations environment.



## Trustee and Independent Committee Member Remuneration Policy

Trustees and independent committee members are remunerated for attendance of Board and committee meetings. Trustees and committee members may also be reimbursed for travel and subsistence costs in the performance of their obligations. The Scheme commissions independent remuneration surveys to ensure that the remuneration paid is commensurate with the fiduciary obligations assumed by trustees and the expertise of trustees and independent committee members.

Trustees and committee members are remunerated for preparation for and attendance of meetings. They are not remunerated for the following:

- Meetings not attended
- Participating in the Scheme's Board effectiveness assessment
- Attendance of training sessions
- Attendance of Scheme events where trustees are not required to perform work
- Attendance of member and stakeholder information and communication sessions.

Trustees and committee members are paid a fixed daily meeting fee for each day of quarterly and interim meetings. The fee is based on an average meeting duration time of six hours and 12 hours' preparation time. Trustees are paid a reduced daily meeting fee for attending ad hoc meetings.

For meetings with the Minister for the Public Service and Administration and stakeholders, the fixed meeting fee is replaced by an hourly fee based on the number of hours in the meeting plus one hour's preparation time for each hour in the meeting.

Trustees receive a monthly stipend to cover expenses such as stationery, telephone and internet fees.

The remuneration of the Chairperson of the Board and chairpersons of the committees (including the independent Chairperson of the Audit Committee) is the trustee fixed daily meeting fee multiplied by 1.5.

The GEMS Trustee and Independent Committee Member Remuneration Policy is reviewed by the Board every three years, with the last review performed in 2020.

### Remuneration benchmarks

Trustee remuneration benchmarking compares remuneration from at least 10 of the largest closed and open medical schemes in the industry.

The Board decided in 2021 to increase the fixed daily meeting fee of trustees with effect from 1 January 2022.

## Trustee remuneration 2022

The remuneration paid in 2022 per trustee is shown below. Meeting fees, travel and accommodation costs, training costs and other disbursements are disclosed separately per trustee in accordance with Regulation 6A of the Regulations of the MSA, 1998, as amended.

### Board of Trustees' remuneration

2022

	Term end	Attendance fees R '000	Travel and accommodation R '000	Reimbursements and allowances R '000	Training R '000	Total R '000
NL Theledi	2022/12/04	1 253	133	11	26	1 423
Dr IJ van Zyl	2027/08/29	855	80	21	9	965
Dr C Moloko	2022/10/27	964	72	12	26	1 074
M Phophi (Deputy Chairperson)	2023/09/23	1 212	95	149	21	1 477
Dr SM Hlatshwayo (Chairperson)	2024/02/19	1 675	274	12	47	2 008
RA Manoko	2024/03/05	1 201	143	24	25	1 393
C Ntshane	2025/09/24	1 105	307	24	31	1 467
M Brand	2025/09/24	1 008	146	12	21	1 187
Dr N Tutu	2026/07/30	1 079	350	2	42	1 473
L Khumalo	2025/09/24	1 075	158	15	25	1 273
P de Villiers	2027/08/29	967	76	15	31	1 089
Dr J Smit	2027/08/29	970	260	60	25	1 315
		<b>13 364</b>	<b>2 094</b>	<b>357</b>	<b>329</b>	<b>16 144</b>

Trustee remuneration paid in 2022 was R16.1 million (2021: R11.2 million), an increase of 44.6%. Of this, R13.7 million (85.1%) was meeting fees and the monthly stipend. The balance of R2.4 million was for travel and accommodation costs and fees paid to trainers.

GEMS trustees undertook additional duties voluntarily during 2022 to represent the Scheme at important stakeholder events and to support Scheme management at important engagements with key stakeholders such as unions.

In 2022, trustee fees as a percentage of contributions were 0.03% and as a percentage of the Scheme's non-healthcare costs, 0.65%.

## Conclusion

The Human Resources and Remuneration Committee recommended the GEMS 2022 remuneration report to the Board of Trustees. We are satisfied that the committee fulfilled its obligations in 2022.

The committee acknowledges the work performed by Scheme management and congratulate GEMS on its top employer status for a second consecutive year.



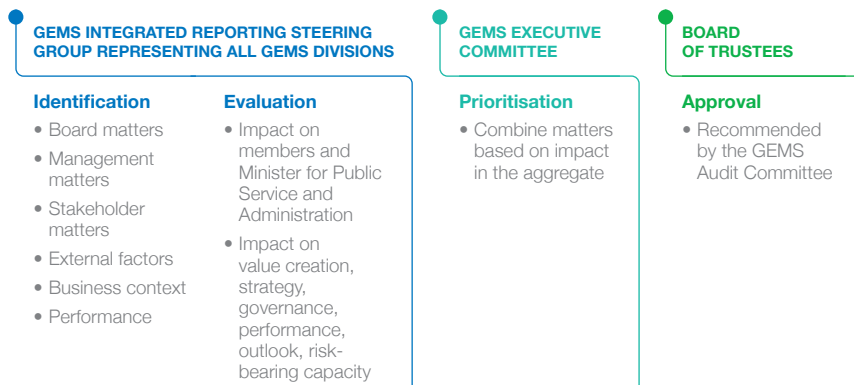
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**ME Phophi**  
**Chairperson:**  
**Human Resources and Remuneration Committee**



# **BASIS OF PRESENTATION**

Our standardised process for choosing material matters for reporting to the Minister and Deputy Minister and our stakeholders:



## Assurance on this report:

The Board received assurance from both internal and external assurance providers, overseen by the Audit Committee, on the content and processes listed below and their accuracy.

**Table 23**

Content and processes	Assurance provider	Outcome
Annual financial statements	External audit	Unqualified audit opinion
#4 Industry-initiated member survey results	External audit	Unqualified limited assurance conclusion
#8 Top employer accreditation	External audit	Unqualified limited assurance conclusion
#12 Increase in hospital admission rate relative to budget assumption	External audit	Unqualified limited assurance conclusion
#23 Data strategy implementation progress	External audit	Unqualified limited assurance conclusion
#25 Principal members registered on GEMS by the end of the financial year	External audit	Unqualified limited assurance conclusion
#2 Healthcare provider survey	Internal audit	No exception noted
#3 GEMS Industry member survey	Internal audit	No exception noted

Content and processes	Assurance provider	Outcome
#9 Sub-contracting spend on black- and black women-owned entities	Internal audit	No exception noted
#10 Progress on the insourcing of capabilities plan	Internal audit	No exception noted
#11 Average product affordability	Internal audit	No exception noted
#13 Reduction in the risk-adjusted hospital costs per admission on EVO relative to the conventional Emerald option	Internal audit	No exception noted
#14 Reduction in the case-mix-adjusted hospital cost per admission for Tanzanite One	Internal audit	No exception noted
#15 Percentage of out-of-pocket expenditure	Internal audit	No exception noted
#16 Annual percentage reduction on spending on sourcing (medicine, tariffs, devices) costs	Internal audit	No exception noted
#17 Percentage reduction in hospital spend relative to budget	Internal audit	No exception noted
#18 Percentage of alternative reimbursement models established	Internal audit	No exception noted
#19 Percentage primary network cost coverage	Internal audit	No exception noted
#20 Percentage specialist network cost coverage	Internal audit	No exception noted
#21 Percentage completion of the development of CIMS	Internal audit	Not applicable as the CIMS project was terminated
#22 Percentage progress on the implementation of the data management programme	Internal audit	No exception noted
#23 Percentage progress on the development and implementation of information security management capability	Internal audit	No exception noted
#26 Ethical risk residual level	Internal audit	No exception noted
#27 Unqualified audits (Yes/No)	Internal audit	No exception noted
#28 Number of community support programmes aligned to the UN SDG 3	Internal audit	No exception noted
Disclosure of trustee and independent committee meeting attendance	Internal audit	No discrepancy noted in the trustee and independent committee meeting attendance registers





13

**OUR  
PEOPLE**



The GEMS employee numbers and demographic distribution for the period 2017 to 2022 are shown below.

**Table 24**

<b>Total number of employees</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
GEMS	285	309	351	373	402
<b>Employees per office</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Head office	133	155	193	208	239
Client liaison office	152	154	158	165	163
<b>Total</b>	<b>285</b>	<b>309</b>	<b>351</b>	<b>373</b>	<b>402</b>
<b>Employees per contract type</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Contract	19	-	11	9	4
Permanent	266	309	340	362	398
Internship	-	-	-	2	0
<b>Total</b>	<b>285</b>	<b>309</b>	<b>351</b>	<b>373</b>	<b>402</b>
<b>Employees per gender</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Male	90	98	107	124	160
Female	195	211	244	249	242
<b>Total</b>	<b>285</b>	<b>309</b>	<b>351</b>	<b>373</b>	<b>402</b>
<b>Turnover</b>	<b>8.20%</b>	<b>4.80%</b>	<b>4.39%</b>	<b>5.5%</b>	<b>5.56%</b>

### Union membership

A total of 223 GEMS employees on levels A1 to D3, or 64% of the bargaining unit, belong to the union.

Table 25



## Dr Stanley Moloabi

Principal Officer

### Qualifications

Dr Moloabi is a qualified medical practitioner.

He obtained his MBChB at Medunsa, now Sefako Makgato University. He has a Diploma in Business Management from Damelin Management School. He also obtained the online Certificate in Global Health Delivery from Harvard University. He attended and participated in a short course on leading in health systems: integrating effort, improving outcomes, receiving a certificate from Harvard TH Chan School of Public Health, and in various other continuing professional development courses.

### Experience

Dr Moloabi rejoined GEMS on 1 June 2018. Until 31 January 2020, he was Chief Operations Officer.

He started his career as a medical officer in the public sector, then was a private family practitioner, successfully running a clinical practice for 13 years.

He joined the corporate sector in August 2005 and worked at MedScheme, occupying positions including member of the Managed Care Division Exco. He then joined GEMS as the Executive of Healthcare Management. He also served as GEMS Acting Principal Officer for a year, before moving to Medshield Medical Scheme as principal officer. He has been GEMS Principal Officer since 1 February 2020.

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## Dr Ingrid Pooe

Chief Operations Officer (COO)



### Qualifications

Dr Pooe has an MBChB from the University of KwaZulu-Natal. She has a Postgraduate Diploma in Anaesthetics (College of Medicine South Africa), HIV Management (College of Medicine South Africa) and Occupational Health (University of the Witwatersrand). She holds an executive MBA from Henley Business School: leadership, change management and corporate finance. She is an Independent Medical Examiner and an Advanced Master Independent Medical Examiner (American Board). She has a First-level Regulatory Certificate in Financial Services Providers (Sole Proprietors) and Key Individuals categories I, II, IIA and IV.

### Experience

Dr Pooe was appointed COO on 1 June 2022.

She is a registered occupational medical practitioner with more than 20 years of experience in the public healthcare industry.

She was a medical officer with clinical and occupational health experience in the mining industry in Botswana and South Africa.

Prior to her appointment at GEMS, she spent eight years at Rand Mutual Assurance as a regional medical manager and medical adviser

She is a member of the South African College of Anaesthetics and HIV, the Mine Medical Professional Association, the South African Society of Occupational Medicine and the International Commission of Occupational Health.



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## Evan Theys

Company Secretary and Legal Counsel

### Qualifications

Mr Theys has a BA LLB from the University of Western Cape, an LLM in Company Law and a Postgraduate Diploma in Tax Law from University of Cape Town and an MBA from Stellenbosch University.

### Experience

Mr Theys is an admitted attorney with experience in the life insurance industry and as a company secretary, and has been in various sectors of the medical schemes industry for the past 20 years. He joined GEMS on 1 February 2018 as Company Secretary and Legal Counsel.



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## Masingita Chavalala

Executive Manager: Office of the Principal Officer

### Qualifications

Ms Chavalala has an MBA (Regent Business School); Postgraduate Diploma in Programme Management (Cranefield); Programme in Advanced Strategic Management (Unisa); General Management Programme (GIBS); Organisational Leadership Programme (Harvard Business School) and completed a course in digital transformation strategy (University of Cape Town).

### Experience

Ms Chavalala has more than 18 years' professional experience in strategy and project portfolio management. She joined GEMS in 2015 as a Senior Manager: Project Management responsible for the establishment and management of the GEMS Project Management Office. She was appointed Executive Manager: Office of the Principal Officer on 1 June 2022 and drives the strategy management function and delivery of key strategic initiatives of the Scheme. She is a member of the Institute of Directors South Africa (IoDSA).

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## Gloria Nkadimeng

Chief Information Officer

### Qualifications

Ms Nkadimeng holds a Masters Degree in Automated Management Systems acquired in Havana, Cuba, and Certificate in Business Management from the Centre for Business Management, Unisa.

### Experience

Before joining GEMS, Ms Nkadimeng was group head information and communication technology at City of Johannesburg, public services business executive at Gijima, enterprise strategy consultant at Microsoft and general manager information management at City of Tshwane. Currently, she provides strategic leadership, vision and direction to the GEMS ICT Division.



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## Zaahir Elias

Chief Audit Executive

Appointed 1 November 2022

### Qualifications

Mr Elias holds a BAAcc and DipAcc (honours), is a chartered accountant – CA(SA), certified internal auditor, accredited external quality assurance reviewer, registered assessor with the Institute of Internal Auditors, registered training officer with the South African Institute of Chartered Accountants and certified valuer.

### Experience

Mr Elias has more than 24 years' experience in audit, risk management, corporate governance and forensic investigations — 14 at directorship level — in the chemical, mining, agricultural, transport and logistics and shipping industries. He has extensive experience in the public sector. He is responsible for the Scheme's internal audit function.





## Giovanna de Risi

Acting Chief Audit Executive

1 July 2021 to 31 January 2023

### Qualifications

Ms de Risi holds a BCom Accounting Sciences and BCom Honours Accounting Science. She is a chartered accountant – CA(SA), certified internal auditor, is certified in control self-assessment and in risk management assurance, and accredited in internal quality assessment.

### Experience

Ms de Risi has more than 21 years' audit experience, including managing fully outsourced and co-sourced internal audit engagements. She has specific experience in corporate governance, internal audit and risk management. She was responsible for the Scheme's internal audit function 31 January 2023.



## Dr Vuyokazi Gqola

Chief Healthcare Officer

### Qualifications

Dr Gqola holds a BSc and BSc Honours from the University of KwaZulu-Natal, MBChB (University of Cape Town) and MBA in Healthcare Leadership (Stellenbosch University).

In addition, she has obtained certificates in expert negotiation (Gordon Institute of Business Science), global health delivery (Harvard University) and executive development — strategy for healthcare delivery (Harvard Business School).

### Experience

Dr Gqola is a registered medical practitioner.

She has worked at various state health institutions, with particular experience in emergency medicine, paediatrics and HIV management. She joined the managed care industry in 2010 and was appointed GEMS Executive: Healthcare Management in September 2015. As GEMS Chief Healthcare Officer, her responsibilities include:

- Oversight of managed care services, including clinical risk management, hospital and ambulatory benefit management
- Medical advisory services and health policy
- Healthcare networks and provider relations
- Tariffs and billing rules management
- Tariff negotiations
- Healthcare strategic purchasing.

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## Karyna van Lingen

Chief Financial Officer

### Qualifications

Ms van Lingen is a CA(SA).

### Experience

Ms van Lingen has extensive experience in directing organisational finance, operations and compliance functions.

Career highlights include a five-year tenure as head of finance at the Competition Commission, responsible for strategic and business planning (finance area), people management, basic administration and compliance, policy implementation and service delivery.

She joined GEMS in 2007, where she implemented the Scheme strategy, in particular managing Scheme finances and investments, implementing and processing of financial, accounting and administrative requirements (including policies and related compliance matters) and directing and oversight of Scheme external audits.



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## Dr Selaelo Mametja

Chief Research Officer

### Qualifications

Dr Mametja has an FCPHM from Colleges of Medicine of South Africa, an MMED Public Health and a Postgraduate Diploma in Health Management from University of Cape Town and an MBBCh from University of the Witwatersrand.

### Experience

Dr Mametja is a public health medicine specialist with experience in health economics and healthcare financing, health policy, management and bioethics and law.

Before joining GEMS, in February 2020 she was head of knowledge management and research department at the South African Medical Association, during which time she served on various working groups of the World Medical Association.

She oversees product development, knowledge management and actuarial and analytical services, reinforcing the Scheme's competitiveness through innovative research and development programmes.





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## Dr Phumelela Dhlomo

Chief Marketing Officer

### Qualifications

Dr Dhlomo has a BPaed from University of Zululand (SSTD), a BCom (Honours), a Postgraduate Diploma in Media Management, an MBA, MCom and PhD.

### Experience

Dr Dhlomo is a qualified chartered marketer (CMSA) with more than 20 years' experience in corporate communications, strategic management and brand communication. His career has included working with major brands in Africa and globally in the fast-moving consumer goods, financial services, advertising, retail, tourism and public sectors. He joined the Scheme on 1 July 2019.



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## Dr Samuel Lewatle

Chief Corporate Services Officer

### Qualifications

Dr Lewatle has a Doctorate in Business Administration, an MBA, a National Education Diploma, Oxford executive leadership certificate and Board of Healthcare Funders trustee certificate. He is also a human resources management certified auditor, with certificates in leadership/strategic management and coaching. He is affiliated to the South African Board for People Practice as a master human resources practitioner, with the Broad-based Black Economic Empowerment Association, Africa Supply Chain Management in Action (ambassador), Coachers and Mentors of South Africa, Institute of Directors South Africa and Institute of People Management.

### Experience

Dr Lewatle has spent more than 20 years in senior and executive positions in both public and private sector organisations. Apart from his work in East Africa and West Africa, he has international training exposure in the USA, France, Germany and UK. He joined GEMS in March 2014, with key roles in human resources management, broad-based black economic empowerment, supply chain management/procurement, facilities management, travel management and internal communication.



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## Veni Singh

Chief Administration Officer

### Qualifications

Ms Singh has an MBA, MAP and diplomas in human resources management, training, business law and strategy, underpinned by clinical qualifications.

### Experience

Ms Singh has extensive experience in private and public institutions, having been in the healthcare industry for more than three decades, more than two decades of which were spent in the medical scheme industry in various executive roles.

In February 2018, she joined GEMS as a Healthcare Strategist delivering strategies in line with NHI. She was appointed Executive: Chief Administration Officer in November 2018, responsible for managing and providing strategy and leadership in rendering administration and transaction services to GEMS.



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## Jeannie Combrink

Chief Compliance Officer

(retired 30 September 2022)

### Qualifications

Ms Combrink has a BA in State Administration, Human Resource Management, Public Administration and Political Science, and a BA Honours in Public Administration.

### Experience

Before joining GEMS, Ms Combrink was deputy director: conditions of service in the Department of Public Service and Administration. She served on the Public Service Commission from 1993 to 1999 and, before that, was part of the team that implemented PERSAL across the public service.

She was a member of the team that established GEMS and formally became a Scheme employee in 2006. She was responsible for the Scheme's integrated reporting, compliance and ethics, fraud, waste and abuse and enterprise risk management functions.





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## Andre Cowley

Acting Chief Compliance Officer  
(From 1 October 2022) and Senior Manager: Risk Management

### Qualifications

Mr Cowley has a BEng and MEng and is a certified risk management practitioner and a certified risk management professional.

### Experience

Mr Cowley has more than 20 years' experience in governance, risk, compliance, strategy, engineering, project management, business intelligence, knowledge management, information management and organisational restructuring. He has held positions as specialist, senior manager and functional manager and has been involved in large and multinational organisations, including medical schemes and consulting, manufacturing, construction and engineering, research and development and retail businesses.

Chief officers are supported by senior managers driving operational performance

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## Ramola Balmakhun-Lovell

Senior Manager: Office of the Principal Officer (resigned 30 September 2022)

### Qualifications

BSc in Mechanical Engineering, University of Cape Town; BEng Honours Technology Management and MEng Degree in Technology Management, University of Pretoria and Certificate in Strategies for Leading Successful Change Initiatives (Harvard University Extension School).

### Experience

Ms Balmakhun-Lovell has more than 17 years' professional experience. She started her career as a research and development railway engineer at Transnet Freight Rail (previously Spoornet) and then served as an operations and maintenance engineer at South African Breweries. She joined Deloitte in 2011 as a strategy and innovation consultant nationally and internationally at both public and private sector clients, then joined GEMS in 2017 as the Senior Manager in the Office of the Principal Officer.

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## Moathodi Modise

Senior Manager: Project Management and Strategic Support

### Qualifications

National Diploma in Electrical Engineering: Digital Technology; Master of Commerce in Project and Programme Management; Manager's Accelerated Progression Programme; Advanced Certificate in Management Practice; Praxis Framework Practitioner; Agile PM Practitioner.

### Experience

Mr Modise is a project, programme and portfolio management professional with more than 18 years' experience in the engineering, telecommunications, ICT and healthcare industries. He joined GEMS in 2018 as Project Manager: Strategic Support and now leads the Scheme's Project Management Office and provides strategic support to the office of the COO.

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## Lebohng Monyepao

Senior Manager: Business Optimisation

### Qualifications

MBA (current studies), Henley Business School; Postgraduate Diploma in Programme Management and Advanced Diploma in Project Management, Cranefield; National Diploma Information Technology (software development), University Of Johannesburg; Agile PM Practitioner, APMG International; Prosci-certified change practitioner.

### Experience

Mr Monyepao is a seasoned project management professional with more than 14 years of experience in leading and delivering complex transformational and strategic initiatives in the financial services, information technology and healthcare industries. His professional experience also includes roles as a delivery and transformation manager for Barclays during the Barclays and Absa merger, responsible for leading global teams to deliver transformation projects that span the business in support of the Barclays Africa technology strategy. During his tenure at GEMS, he has managed all Project Management Office processes, developing and managing project assurance and governance functions within the organisation. Mr Monyepao joined GEMS in 2017 as a project manager to provide coordination, project leadership and implementation of the Scheme's strategic projects.

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## Junilia Nunes

Senior Manager: Internal Forensics

### Qualifications

Association of Certified Fraud Examiners; Institute of Commercial Forensic Practitioners member; BCom Honours in Accounting, BCom in Accounting, and criminal and forensic justice diploma.

### Experience

Ms Nunes has more than 16 years' forensic investigation and fraud risk management experience obtained in both the public and private sectors. She completed three years of external accounting articles. She has specific experience in assisting organisations with execution and implementation of the fraud and risk management plans and conducted fraud, corruption and unethical behaviour investigations. She manages the Scheme's internal forensic function.

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## Thabo R Litabe

Senior Manager: ICT, Infrastructure Services and Operations

### Qualifications

BTech degree in Information Technology (application development and information systems) from Central University of Technology; senior management programme from Gordon Institute of Business Science; COBIT 5 and ITIL certification, APMG International, and Postgraduate Diploma in Information Resource Management (Honours), Unisa. He has completed several Microsoft, Cisco and other ICT infrastructure courses.

### Experience

Mr Litabe has more than 20 years of ICT, technical and management experience, with 10 years as senior manager in the public and private sectors. Before joining GEMS, he was senior manager/head of ICT department at South African Pharmacy Council, ICT manager at the National Gambling Board and senior technical specialist at various government departments.

He joined GEMS in April 2016 as Senior Manager ICT Infrastructure Services and Operations, responsible for ICT infrastructure services and operations, which includes ICT server and networking infrastructure, second-line and third-line support, video, telephonic infrastructure and cloud infrastructure.

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## Tshepo Given Rasekgothoma

Senior Manager: Information Technology

### Qualifications

BTech: Knowledge Management; National Diploma in Information Technology; COBIT 5 and PRINCE2 certification.

### Experience

Before joining GEMS, Mr Rasekgothoma was service delivery manager leading an application development and support team responsible for all key hospital applications or systems at Life Healthcare Group. He has more than 19 years' experience in ICT, digital and data, having held senior positions at organisations including State Information Technology Agency, South African Weather Service, the Department of Trade, Industry and Competition, the Department of Health, Department of Agriculture and Road Accident Fund. He joined GEMS in 2015 as Senior Manager: Application Development and is responsible for the implementation of modern solutions, which includes enterprise resource planning, customer relationship management, enterprise intelligence and multichannel solutions such as the mobile app and member portal.

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## Selloane Noko

Senior Manager: Governance and Secretariat Services

### Qualifications

Executive Development Programme (Wits Business School); Senior Leadership Development Programme, (Wits Business School); CIMB1 and 2, Gimt/Unisa; Diploma in Public Relations Practice, Damelin; N6 Computer Literacy and Programming.

She has completed a number of governance courses, including Diploma in Company Direction: Director Development, Institute of Directors South Africa; Trustee Development, Wits Business School, and Advanced Trustee Development, Gordon Institute of Business Science.

### Experience

Ms Noko started her career in communications and public relations.

She spent 10 years of her 21 years' working experience in the medical schemes industry in charge of secretariat compliance, corporate governance and corporate advisory services and worked in various private and public sector entities responsible for board and committee administration, corporate secretariat services, company registrations, director registrations and statutory compliance services.

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## Pierre Roux

Senior Manager: Legal and Compliance

### Qualifications

Baccalaureus Procuratoris (BProc Law), Unisa; admitted as an attorney of the High Court of South Africa; Qualified Lawyers Transfer Test; BPP Professional Education, United Kingdom; Law Society of England and Wales management course; National Diploma in Real Estate (Property Valuation), Technicon South Africa; Property Valuers Admission Examination, South African Council for the Property Valuers Profession.

### Experience

Mr Roux has more than 31 years' experience in the legal profession, which includes medical scheme insurance, corporate, commercial, civil, and criminal law.

Before joining GEMS, he served in a number of roles in the United Kingdom, the most recent being:

- Head of legal services, National Health Service Eastern and Coastal Kent Primary Care Trust
- Company/commercial solicitor, MTA Corporate Solicitors LLP, London
- Commercial legal adviser, Hospital Corporation of America International Ltd, London
- Lecturer in business law, Blake Hall College, London.

He joined GEMS in October 2010 and is currently managing the legal and environmental sustainability functions and the AGM.

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## Belinda Madengwane

Senior Manager: Finance

### Qualifications

CA(SA)

### Experience

Ms Madengwane has a solid background in financial management and extensive insight gained through diverse financial positions, lastly as head of finance for the southern African operations of a manufacturer of medical devices with a global presence. Her accounting and financial competencies include maintaining financial records, managing budgets, internal controls management, risk management and business strategy support.

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## Keneilwe Motsilanyane

Senior Manager: Accounting

### Qualifications

CA(SA)

### Experience

Ms Motsilanyane has more than a decade's experience in accounting and financial management with particular expertise in the banking sector at senior management level. This includes core banking, facilities management and human resources shared services. She joined GEMS in September 2022 as Senior Manager: Accounting.

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## Ishmael Mogapi

Senior Manager: External Forensics

### Qualifications

Biuris; LLB; Certificate in Forensics Examination; General Management Programme, Gordon Institute of Business Science; Practical Legal Training – Law Society of South Africa; Certificate of Proficiency – Attorneys Admission Exam.

### Experience

Mr Mogapi has more than 20 years' law enforcement and risk management experience in both the public and private sectors. His strategic managerial positions in the health administration business include advising and coordinating the fraud risk management activities of several medical schemes. He manages the GEMS fraud, waste and abuse function.

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## Yashwin Singh

Senior Manager: Compliance and Ethics

### Qualifications

BProc; LLM commercial law; Certificate in Advanced Labour Relations; Certificate in Pensions Fund Law; Compliance Practitioner South Africa.

### Experience

Mr Singh has more than 20 years' experience in governance, legal, risk compliance and ethics. He was previously senior legal consultant at the South African Reserve Bank, general secretary for the Printing Packaging and Newspaper Statutory Council, head of compliance and governance at Land Bank and director compliance and acting executive director risk and compliance at Unisa.

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## Dr Morwesi Mahlangu

Senior Manager: Medical Adviser

### Qualifications

MBChB; Postgraduate Certificate Travel Medicine; Postgraduate Certificate Aviation Medicine.

### Experience

Dr Mahlangu is an experienced general practitioner with a demonstrated history in the financial services industry and managed healthcare environment.

She is skilled in operations management, communication, airports, emergency medicine, aviation medicine, legislative drafting and International Civil Aviation Organisation technical standards.

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## Dr Carmen Whyte

Senior Manager: Health Policy

### Qualifications

MBChB (University of KwaZulu-Natal); FCPHM (SA); MMED (Wits); DCH (SA); Diploma in HIV Management (SA); DOMH (University of Pretoria); Management of HIV: Harvard University, Centre for Aids Research; monitoring and evaluation: Graduate School of Public and Development Management (Wits); advanced employee assistance programme (University of Pretoria); advanced wellness programmes (University of Pretoria); Certificate in Travel Medicine (SASTM); Certificate in Aviation Medicine (SACAA).

### Experience

Dr Whyte is a public health and preventive medicine specialist. She has worked in both the public and private healthcare sectors over the last 16 years, focusing on the healthcare of individuals, communities and defined populations to protect, promote and maintain health and wellbeing. Her experience is enhanced by a sound knowledge of epidemiology, biostatistics, environmental health, occupational medicine, planning, monitoring and evaluation of health services and the management of healthcare organisations. She joined GEMS Research and Development Division in April 2022 as the Senior Manager: Health Policy.

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## Dr Tryphine Zulu (resigned 31 August 2022)

Senior Manager: Disease Risk and Medicines Management

### Qualifications

PhD in Health Economics; MPH in Health Economics; MSc (Medicine) Pharmacotherapy; BPharm.

### Experience

Dr Zulu is a health economist and trained pharmacist with managed care experience and health policy expertise. She has worked as a health economist at National Treasury and the National Department of Health and as a clinical risk specialist in managed care at MedScheme. She joined GEMS in 2019 as Senior Manager for Disease Risk and Medicines Management. She also serves on the World Health Organisation's Advisory Group on the Governance of the Private Sector for Universal Health Coverage.

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## Thabiso Mphehlo

Senior Manager: Networks and Provider Relations

### Qualifications

Postgraduate Diploma in Public Health; Diploma in Primary Healthcare; Diploma in Nursing.

### Experience

Mr Mphehlo has worked at various state health institutions with particular experience in the military health services. He has also worked at Discovery Health's Integrated Care, Access and Innovation Division and at CMS as a clinical analyst. He joined GEMS in 2016 and is Senior Manager for Networks and Provider Relations.

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## Marjorie Nqala

Senior Manager: Tariffs and Billing Rules

### Qualifications

BSc in Physiotherapy; BTech in Business Administration; Masters in Business Administration

### Experience

Ms Nqala is a physiotherapist, with extensive experience as a clinician in both public and private healthcare sectors. She shifted her focus to managed care and healthcare funding when she joined Discovery Health as a clinical researcher in the Health Policy Unit. She then joined the Healthcare Management Division at GEMS in 2012 as a Manager: Healthcare Management where she worked in all managed care areas, including tariffs, contracts, clinical risk management and provider relations and network. She is currently a Senior Manager for Tariffs, Billing Rules, Alternative Reimbursement Models with emphasis on value-based care.

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## Ursula le Roux

Senior Manager: Strategic Sourcing

### Qualifications

Diploma in Nursing; Postgraduate Diploma in Health; Diploma in Health Management; various financial management certificates.

### Experience

Ms le Roux has extensive experience in both private and public healthcare. She was with the National Department of Health for more than 16 years in the NHI cluster, where her primary portfolio was to develop clinical and financial policies for patient user fees, diagnostic treatment pairs contract management, clinical case management, revenue management and revenue retention for the provincial health departments. She is a seasoned project manager and worked with the World Bank, World Health Organisation, national and provincial treasuries and the Government Technical Advisory Council on various projects. She was instrumental in amendments to the Road Accident Fund.



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## Baldwin Matsimela

Senior Manager: Marketing and Communication

### Qualifications

National Diploma in Public Management and Development; Postgraduate Diploma in Public Development and Management; Diploma in Payroll Administration and Development Communication.

He completed a Senior Management Development Programme through Stellenbosch Business School and several others in public relations, stakeholder management, community development and media relations through the Public Relations Institute of Southern Africa and Wits School of Journalism.

### Experience

Mr Matsimela has more than 20 years' experience in corporate communication, marketing, advertising, stakeholder management and media relations.

He was previously manager: marketing and communications for Johannesburg Water and head of communications and stakeholder relations with Sishen Iron Ore Company Community Development Trust. He was the company spokesperson for both organisations.

He joined GEMS in 2018 as Senior Manager: Marketing and Communication.

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## Munene Khoza

Senior Manager: Public Relations and Reputation Management

### Qualifications

MA Language and Linguistics; BA (Hon) English; film and media studies.

### Experience

Ms Khoza has extensive experience in strategic communications and project management counsel. She has partnered with and supported executives in managing reputation in both the private and public sectors, including at Discovery, Absa and most recently, GEMS. She is well versed in the development and execution of integrated communications and stakeholder engagement plans, skills honed during her time at Hill+Knowlton Strategies and Accenture Strategy. She also has an entrepreneurial spirit, having started her own corporate communications and language firm, MINT Language Consultancy. She joined GEMS in December 2022, focused on building its public relations and reputation management capability.

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## Lindiwe Ngcobo

Senior Manager: Client Liaison Office

### Qualifications

MBA (University of KwaZulu-Natal); Postgraduate Diploma in Marketing; Postgraduate Diploma in Business Management; Executive Excellence Leadership Programme (GIBS); BPaed.

### Experience

Ms Ngcobo has more than 20 years' experience in both the private and public sectors, including international marketing, sales and marketing, customer service, communications, stakeholder management, project management, strategic partnerships, accounts management and business tourism. She is currently GEMS Senior Manager: Client Liaison Office responsible for strategy implementation and operations oversight of all nine provinces.

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## Hape Lefalatsa

Senior Manager: Membership and Compliance

### Qualifications

Postgraduate Diploma in Business Administration; BCom; Certificate in Risk Management.

### Experience

Mr Lefalatsa has more than 15 years' experience in local and regional membership, compliance and contribution management.

He previously managed membership and contributions at Bonitas Medical Fund and Legalwise Insurance. He joined GEMS in 2021 as Senior Manager: Membership and Compliance.

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## Malinda Lubbe

Senior Manager: Complaints Management

### Qualifications

BCom (Law); LLB; Higher Diploma in Tax; Diploma in Labour Law; Certificate in Income Tax.

### Experience

Ms Lubbe is an admitted attorney with more than 20 years' professional and operational experience in civil, criminal, corporate, commercial, labour, tax and intellectual property law, governance, risk, compliance and ethics management. She has served in various capacities in the legal and financial services industries.

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## Riana Bredell

Senior Manager: Supply Chain Management

### Qualifications

BA majoring in languages and covering subjects such as political science. She has completed several courses and published articles, made public appearances and delivered many papers on procurement.

### Experience

Ms Bredell has more than 37 years' local, regional and international experience in the procurement and supply chain management environments, including designing new procurement models and organisational structures, developing policies and procedures and inputs into legislation, supply chain management capacity building and rendering procurement management and support services, with extensive involvement in healthcare procurement.

Her focus is on B-BBEE, preferential procurement and the healthcare industry.

She joined GEMS in 2015 and is currently responsible for supply chain management and its strategy implementation while embedding transformation in its procurement processes.

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## Audrey Mareme

Senior Manager: Corporate Services

### Qualifications

Diploma Human Resources; Diploma Psychology; Degree Social Science; Degree Human Resources; Honours in Psychology and Masters in Human Resources.

### Experience

With more than 20 years' experience in various human resources and senior management roles, Ms Mareme has gained experience in human capital resourcing, talent retention, organisational development, employee relations, performance management, remuneration and human resources information systems. She has been group organisational development manager at Ericsson (Sweden and Sub-Sahara).

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## Annika Nair

Senior Manager: Human Resource Operations

### Qualifications

Bachelors in Psychology; Honours in Industrial Psychology; Masters in Human Resource Management.

### Experience

Ms Nair is a human resources professional with more than 15 years' experience in the telecommunications, consulting and healthcare environments. She has focused on talent attraction and retention, employee wellness, employee relations, remuneration and benefits, talent and performance management and employee engagement.

She joined GEMS in 2013 and currently leads the human resources operations team to ensure that high-quality solutions are delivered across the organisation.

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## Mabatló Semanya

Senior Manager: Data Analytics

### Qualifications

Senior Management Programme, Stellenbosch Business School: Executive Development; BCom Honours in Economics, Unisa; BCom in Economics and Finance, University of Cape Town.

### Experience

Mr Semanya has more than 14 years' data analytics experience in the medical scheme industry. He has worked at Metropolitan Health Group, Discovery and Medshield Medical Scheme and has used data analytics to drive continuous operational process improvement and strategic healthcare management initiatives. He joined GEMS Research and Development Division in 2021 to manage data analytics.

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## Lusanda Diba

Senior Manager: Administration and Transaction Services

### Qualifications

Postgraduate Diploma: Leadership Development (Stellenbosch Business School) BTech: Industrial Engineering (Tshwane University of Technology)

### Experience

Ms Diba is an industrial engineering professional, experienced in business optimisation and operations management, with particular focus on driving continuous process improvement through total quality management methodology.

She joined the healthcare industry in 2010 as GEMS Fund Manager before moving to the banking sector medical schemes, which culminated in her heading the client management (employer groups) division at Bankmed Medical Scheme. There she concentrated on retaining member banks and attracting new participants. She joined GEMS in August 2022.

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## Mapule Letshweni

Senior Manager: Knowledge Management

### Qualifications

Masters in Business Leadership, Graduate School of Business Leadership, Unisa; Bachelor of Information Science (Honours); Postgraduate Diploma in Information Management; BTech Degree in Library and Information Science; Diploma in Library and Information Science; and the Senior Management Development Programme from Stellenbosch Business School.

### Experience

Ms Letshweni has more than 15 years' experience in information management, knowledge management, learning and innovation. She served as a librarian for the Agricultural Research Council and the South African Bureau of Standards. At the Department of International Relations and Cooperation, she was deputy director: Web and information management. Other roles have included deputy director: Knowledge management at the South African Social Security Agency, deputy director: Knowledge management and innovation at City of Johannesburg and senior manager: Knowledge management and municipal innovation at the South African Local Government Association. She joined GEMS in October 2021 as Senior Manager: Knowledge Management.

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## Boldwin Moyo

Senior Manager: Actuarial Services

### Qualifications

BCom Honours Actuarial Science, National University of Science and Technology, Zimbabwe;  
Fellow of the Institute and Faculty of Actuaries; Fellow of the Actuarial Society of South Africa.

### Experience

Mr Moyo has more than nine years' experience. He worked for Reinsurance Group of America in various roles from 2016 to 2022. He was responsible for experience monitoring and providing support for the health insurance portfolios in several healthcare insurance markets.

He worked in consultancy roles at Sigma Synergy, African Actuarial Consultancy and Equisoft. He has exposure to multiple projects in pricing, reserving, analytics in both health and short-term insurance markets and cross-functional teams in development of various platforms.

He joined GEMS Research and Development Division on 1 July 2022 to lead the actuarial services function.

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## Nisha Chunnilall

Senior Manager: Clinical and Transaction Services

### Qualifications

Registered Nurse (General, Community, Psychiatry and Midwifery). Holds a diploma in Critical Care Nursing obtained from then Rand Afrikaans University. Completed Programs in Risk Management and Business Management from UNISA. Amongst other notable certificates are operational Management from University of Stellenbosch; Stepping up to Management from Harvard Business Publishing. pursuing studies for her Executive Master of Business Administration: Healthcare Management and Leadership.

### Experience

She has more than 25 years of Healthcare experience with over 16 years of private medical aid experience. Experienced amongst others: Operational Managed healthcare, Clinical Research, Health Technology assessment, Strategic Managed Care, Tariff file management, Clinical data analysis, Complaint and claims management. She has been working on GEMS related accounts since 2006 at service providers before joining GEMS in June 2019 and appointed as a Senior Manager within Administration Transaction Services division since 1 April 2022.



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**AGM  
MEETING PACK**

## AGENDA

### 17<sup>TH</sup> GEMS ANNUAL GENERAL MEETING

28 JULY 2023, 15H00

TO BE HELD VIRTUALLY VIA ZOOM

Item	Speaker
<b>1. Opening and Welcome</b>	Chairperson
<b>2. Announcement of Agenda as finalised in accordance with GEMS Rules 28.1.5.1 to 28.1.5.6</b>	Chairperson
<b>3. Opening remarks by the Chairperson followed by a presentation by the Principal Officer on the business of the Scheme for the financial year ended 31 December 2022</b>	Chairperson Principal Officer
<b>4. Matters for Decision</b>	
4.1 Confirmation and adoption of the Minutes of the 16 <sup>th</sup> GEMS Annual General Meeting held virtually on 29 July 2022	Chairperson
4.2 Receipt and adoption of the Annual Financial Statements for the financial year ended 31 December 2022, including the reports of the Board of Trustees and the external auditor of GEMS	Chairperson
4.2.1 Discussion of the highlights of the Annual Financial Statements for the financial year ended 31 December 2022	Mr Motshoanedi Johannes Lesejane (Independent Chairperson of the GEMS Audit Committee)
4.2.2 Discussion of the external audit process	Ms Kimmy Singh, Deloitte (GEMS external auditor)
4.3 Appointment of GEMS' external auditors for the financial year ending 31 December 2023 in terms of GEMS Rules 27.1 and 27.4	Chairperson Mr. Motshoanedi Johannes Lesejane (Independent Chairperson of the GEMS Audit Committee)
<b>5. Matters for Noting</b>	
5.1 Disclosure of the GEMS Trustee Remuneration for the financial year ended 31 December 2022	Deputy Chairperson

5.2	Addressing member issues raised at the 16 <sup>th</sup> GEMS Annual General Meeting	Deputy Chairperson
<b>6.</b>	<b>Question and Answer Session</b>  (General questions only please, as personal matters should be directed to GEMS via its Call Centre or walk-in centres, or by email or post.)	Chairperson
<b>7.</b>	<b>Summary of Decisions</b>	Chairperson
<b>8.</b>	<b>Closure</b>	Chairperson

**The attention of members who wish to place or object to matters for discussion and/ or resolution on the agenda of the meeting, is respectfully drawn to the provisions of GEMS Rule 28.1.5 as reproduced hereunder:**

*“28.1.5 Any Member wishing to add, or object to, a motion to/on the provisional AGM agenda, may do so, provided that:*

*28.1.5.1 Such proposed motion or objection must reach the Principal Officer no later than five (5) weeks before the date of the AGM;*

*28.1.5.2 The proposed motion or objection must be accompanied by a written explanation, which clearly explains why the proposed motion or objection must be considered and the background giving rise to the proposed motion or objection;*

*28.1.5.3 The proposed motion or objection is not in contravention of, or in conflict with, the Act, these Rules or the objectives of the Scheme;*

*28.1.5.4 The decision as to whether or not a Member has satisfied the conditions specified in Rules 28.1.5.1 to 28.1.5.3 to allow for the addition, amendment or deletion of an item to/on/from the provisional AGM agenda, shall be that of the Principal Officer, who must make such decision in consultation and with the approval of the Board;*

*28.1.5.5 If the Principal Officer, in consultation and with the approval of the Board as contemplated by Rule 28.1.5.4, decides that a proposed motion should be added as a new item to the provisional AGM agenda, or that an existing item on the provisional AGM agenda should be amended or deleted (as the case may be), then a second notice, containing the final AGM agenda and proxy form, recording all new, amended and deleted items, must be sent to Members, to reach them by no later than three (3) weeks prior to the date of the AGM. The non-receipt of such notice by a Member shall not invalidate the proceedings at the AGM, provided that the notice procedure followed by the Board was reasonable; and*



28.1.5.6 *Should the Principal Officer, in consultation and with the approval of the Board as contemplated by Rule 28.1.5.4, decide not to add a new item to the provisional AGM agenda, or not to amend or delete an existing item on/from the provisional AGM agenda, then he/she shall notify the Member of his/her decision and the reasons therefor, which notice shall be delivered to the Member no later than three (3) weeks prior to the date of the AGM. The non-receipt of such notice by the Member shall not invalidate the proceedings at the AGM, provided that the notice procedure followed by the Board was reasonable. Should the Member be aggrieved by the Principal Officer's decision, the Member may refer a dispute to the Scheme's dispute committee in terms of these Rules or to the Council for Medical Schemes in terms of the Act."*

Members wishing to propose additional motions to, or to object to any existing motions on, the provisional AGM agenda, are required to submit their proposals and objections to the Scheme by post to Private Bag X782, Cape Town, 8000, email to [enquiries@gems.gov.za](mailto:enquiries@gems.gov.za) or by facsimile to 0861 00 4367 for the attention of the Principal Officer under reference "2023 GEMS AGM Agenda". Such proposals and objections must reach the Scheme by 16h00 on 23 June 2023. Members are further encouraged to submit their proposals and objections in full compliance with the GEMS Rules reproduced above. Member proposals and objections that do not comply, cannot be placed on the AGM agenda, as we are compelled to adhere to the registered GEMS Rules.

An updated agenda and proxy form will subsequently be sent to members by 07 July 2023. Please make enquiries at 0860 004 367 or [enquiries@gems.gov.za](mailto:enquiries@gems.gov.za) if you have not received the agenda and proxy form by 07 July 2023. It is also important that members note GEMS Rule 28.1.6 which provides that motions passed at the AGM shall be by way of an ordinary majority vote of those members present in person or virtually and those represented by proxy at the AGM, provided that only proxies received by the Scheme no later than one (1) week prior to the date of the AGM shall be recognised. For this purpose, completed proxy forms must reach the Scheme by 16h00 on 21 July 2023 and can either be posted to Private Bag X782, Cape Town, 8000, emailed to [enquiries@gems.gov.za](mailto:enquiries@gems.gov.za) or sent by facsimile to 0861 00 4367 for the attention of the Principal Officer under reference "2023 GEMS AGM Proxy". To ensure timeous delivery, members are advised to fax or email their AGM proxy forms to the Scheme.

In keeping with the GEMS Rules, attendance at the AGM will be limited to members, officers of the Scheme and individuals or organisations who are expressly invited by the Scheme to attend. A quorum in terms of Rule 28.1.3 is required to ensure that the meeting may proceed. In accordance with GEMS Rule 29.6, the Board of Trustees stipulates that, upon members' receipt of the updated agenda and proxy form by 07 July 2023, members wishing to attend the AGM will be required to register online for the AGM by 15h00 on 28 July 2023. Members who fail to register as such, will not be admitted to the meeting. By order of the Board of Trustees.

**Chairperson**  
**Date**

## Minutes of the 16<sup>th</sup> GEMS Annual General Meeting

29 July 2022, 15h00

The Capital Hotel (194 Bancor Avenue, Menlyn Main, Tshwane) via ZOOM

### 1. Opening and Welcome

- 1.1. The Chairperson of the GEMS Board of Trustees, Dr Sebayitseng Millicent Hlatshwayo, opened the 16<sup>th</sup> Annual General Meeting of the members of GEMS (the meeting) at 15h00 on 29 July 2022 and welcomed the members in attendance. On behalf of GEMS, the Chairperson expressed her sincerest gratitude to each and every one for taking the time to attend this year's Annual General Meeting.
- 1.2. The Chairperson acknowledged:
  - 1.2.1. The acting Minister for the Public Service and Administration, Thulas Nxesi;
  - 1.2.2. The Deputy Minister for the Public Service and Administration, Dr Chana Pilane-Majake, the Director General, Yoliswa Makhasi and DPSA officials;
  - 1.2.3. The Public Service Coordinating Bargaining Council (PSCBC) and affiliated unions;
  - 1.2.4. The Council for Medical Schemes' officials;
  - 1.2.5. The Scheme's Board of Trustees, Principal Officer, Scheme executive and all Scheme officials;
  - 1.2.6. The members of the service provider network present; and
  - 1.2.7. The Scheme's most important stakeholder - its valued members.
- 1.3. The Company Secretary and Legal Counsel referred to the housekeeping rules of the meeting and advised that:
  - 1.3.1. The chat section on the Zoom platform was deactivated and that members would be allowed to voice their questions or comments under agenda items 4 and 6;
  - 1.3.2. For questions or comments, members are to make use of the 'raise your hand' option and once members have raised their hands, they should please wait for their names to be called out by the Chairperson;
  - 1.3.3. Once a member's name is called out, the member should please wait for the prompt to unmute himself/herself, from where he/she would be able to voice his/her comments or questions;
  - 1.3.4. No members would be allowed to voice their questions or comments, unless recognised by the Chairperson and given the opportunity to unmute themselves; and
  - 1.3.5. It is important to keep questions and comments brief and to the point in order for the AGM to be run efficiently and for all the matters to be dealt with timeously.
- 1.4. The Company Secretary and Legal Counsel referred to the voting instructions and advised the members on the process:
  - 1.4.1. The members were informed that three motions will be put forward for consideration, and if there is a need to vote on motions, the voting protocols applicable to each motion are as follows:
    - 1.4.1.1. When a motion is put forward, all eligible members of the Scheme will be given the opportunity to cast their vote by way of a show of hands;

- 1.4.1.2. The internal auditors will count and announce the number of votes in respect of a motion voted on after each motion; and
  - 1.4.1.3. It is important to note that persons who are not members of the Scheme must refrain from taking part in the voting so that the credibility of the process can be maintained.
- 1.5. The Company Secretary and Legal Counsel reminded the members that any questions of a personal nature, or relating to any challenges a member might have experienced with the Scheme, should be addressed to the Scheme via the call Centre at 0860 00 4367, by email to enquiries@gems.gov.za, by post to Private Bag X782, Cape Town, 8000, via the walk-in centres, or via the client liaison officers (CLOs).
  - 1.6. The Chairperson requested the Internal Auditors to confirm whether the AGM was quorate, to which Ilse-Mari Bosch responded that the Rules of the Scheme required 78 or more members in good standing for the meeting. It was confirmed that with the current 104 members, the AGM was quorate.

## **2. Announcement of agenda as finalised in accordance with GEMS Rules 28.1.5.1 to 28.1.5.6**

- 2.1. The Chairperson presented the agenda for the 16<sup>th</sup> GEMS Annual General Meeting and confirmed that the agenda was finalised, approved and shared with all members as part of the notice of the 16<sup>th</sup> AGM in accordance with the GEMS Rules 28.1.5.1 to 28.1.5.6.

## **3. Opening remarks by the Chairperson followed by a presentation by the Principal Officer on the business of the Scheme for the financial year ended 31 December 2021**

- 3.1 The Chairperson again welcomed everyone in attendance and expressed her, the Board's, the Principal Officer's, the Scheme executives' and the entire GEMS team's gratitude and appreciation for same.
- 3.2 The Chairperson, on behalf of her fellow trustees, conveyed their special greetings and compliments to all the GEMS members in attendance at the AGM. In addition, she brought warm and kind wishes from the entire staff complement of GEMS and said that everyone was really overjoyed to be hosting this occasion.
- 3.3 The Chairperson extended greetings to all the distinguished guests and the entire audience, and noted that an occasion such as the AGM was set up to account and exchange ideas, and that the programme's main features were well structured for this purpose.
- 3.4 The Chairperson stated that the purpose of the meeting was for the Scheme to report on the results of the past year's operations, as GEMS last interacted with its membership at the 2021 AGM, which was also hosted virtually from The Capital Hotel in Pretoria, Gauteng Province.
- 3.5 The Chairperson provided the members and stakeholders with a brief overview of the Scheme's performance and activities that unfolded in 2021 and reiterated the Scheme's aim to be the number one medical scheme in South Africa. She emphasised that members should be proud of their Scheme and highlighted:
  - 3.5.1 That this year's AGM is of particular significance as it not only provided a report on the strategic performance of the Scheme for the past financial year, but also the past five years as the Scheme concluded its five-year

strategy of which the Scheme had embarked on the journey from 2017 and completed same in 2021. The Chairperson took the opportunity to thank the members for patiently walking this five-year journey with the Scheme, as well as the GEMS staff members and members of the service provider network for their tireless efforts in working towards building a brilliant Scheme for its members. The Chairperson also thanked the Scheme Management who have driven the team and guided the strategy over the past five years to meet the targets that were set to achieve over the five-year period;

- 3.5.2 The Scheme's gratitude to the PSCBC and strategic stakeholders from the different Government departments attending this AGM for their continued support and being available for engagements that have shaped GEMS over the years. She highlighted that they all played a crucial role in developing and strengthening the work of the Government Employee Medical Scheme;
  - 3.5.3 That it was not an easy journey but, together we have weathered the storms and shaped what has become the largest closed medical Scheme in the country and the second largest medical Scheme overall in South Africa, which is among the most well-managed, having achieved clean audits for 16 consecutive years.
- 3.6 The Chairperson reaffirmed that the Agenda for the AGM will focus on communicating the performance of the Scheme for the reporting period, which is the 2021 financial year, and to also provide an update on the performance of GEMS against the five-year strategy that was launched in 2017 and implemented during the period from 01 January 2017 to 31 December 2021. She highlighted that:
- 3.6.1 The five-year strategic plan has served as a tactical roadmap to position GEMS towards becoming the blueprint for NHI in South Africa. This important plan was developed in response to a changing external operating context best illustrated by the impending National Health Insurance (NHI) and the challenging internal operating context reflected by the historical low reserve ratio in 2016 and governance challenges;
  - 3.6.2 The successful execution of this project encourages GEMS to take stock of its progress and develop a sequel to the strategic plan, which will be implemented from 2022 to 2026;
  - 3.6.3 In summary, the five-year plan entailed developing and implementing corrective processes to ensure regulatory compliance, improve efficiencies and to achieve financial sustainability for the Scheme. The Chairperson was pleased that the concerted effort made over the past five years were bearing fruit in achieving and maintaining financial sustainability and regulatory compliance to meet member needs and serve as a springboard for the attainment of universal healthcare coverage (UHC);
  - 3.6.4 Over the past five years, the Scheme's reserves have grown from around 6.99% in 2016 to the current 46.6% in 2021, attributed to the sound risk mitigation measures that were put in place;
  - 3.6.5 These efforts would not have been possible without the inputs from whistle-blowers and without engagements with strategic partners, e.g. the PSCBC, who have played a crucial role through engagements and effective representation of member interests;

- 3.6.6 Engaging with the Scheme’s stakeholders has been crucial in driving the success of the Scheme, and the Scheme believes that these stakeholder relationships have been key to the Scheme’s understanding and achievement of value creation, as well as preventing the erosion of that value;
- 3.6.7 While the Scheme performed well in terms of its overall management, it was not smooth sailing and unfortunately, during this difficult time in the history of GEMS, the Scheme lost more members than ever before due to the devastating impact of the Covid-19 pandemic. During the year under review, the Scheme lost 12 353 members to the pandemic and our hearts and prayers continue to go out to all the families of those members who lost their loved ones;
- 3.6.8 Apart from the Covid-19 pandemic, people are living during challenging times as we all first-hand witnessed the devastating impact of climate change. The impact of human activity on the climate has culminated in erratic and extreme weather patterns such as soaring temperatures, torrential rains and crippling droughts. The devastating floods that have ravaged KwaZulu-Natal and parts of the Eastern Cape were a grim testament to the reality of the times we are living in. Hundreds of thousands of families were displaced by this natural calamity, infrastructure was damaged, and hundreds of lives were lost in the aftermath of these floods;
- 3.6.9 The loss of life from both the Covid-19 pandemic and the recent weather-related disasters were tragic therefore, the Chairperson requested a moment of silence for the members, families and loved ones lost during these tragedies.
- 3.6.10 The Scheme salutes the Government employees in Healthcare and all public sector workers who risked their own health and wellbeing to serve our nation during the height of the Covid-19 pandemic. The Scheme, its employees and members took their hats off to you, heroes of our society, and to the ordinary men and women who braved through the challenging and often life-threatening conditions to alleviate the plight of those who were affected by the Covid-19 pandemic and the floods.
- 3.7 The Chairperson thanked the Scheme principals who served during this part of the reporting period, Honourable Ayanda Dlodlo, the former Minister for the Public Service and Administration and former Deputy Minister for the Public Service and Administration, Honourable Sindisiwe Chikunga.
- 3.8 The Scheme continued to enjoy the support of the Principal, the Employer, represented by the Acting Minister for Public Service and Administration, the Honourable Thulas Nxesi and the Honourable Dr Pilane-Majake, the Deputy Minister for the Public Service and Administration, Yoliswa Makhasi, the Director-General Public Service and Administration and the officials of the Department of Public Service and Administration who regularly engaged the Scheme in 2021. The meeting heard that despite the switch to virtual meeting platforms in 2021, GEMS continued to enjoy constructive discussions and guidance.
- 3.9 The Chairperson thanked the PSCBC Chairperson, Ingrid Dimo and the PSCBC General Secretary, Frikkie de Bruin, for their willingness to engage with the Board and the Scheme. She informed the meeting that the discussions were not always easy, but that the parties nevertheless managed to find solutions that balanced beneficiary interests and GEMS sustainability.

- 3.10 The meeting heard that the Scheme recognised and appreciated the leadership of the Unions represented at the PSCBC, and appreciated all the stakeholders, the National Department of Health, the Government Pension Administration Agency, and National Treasury for the constructive working relationship enjoyed in 2021.
- 3.11 The Chairperson informed the meeting that the Scheme's partnerships with the aforementioned stakeholders should ultimately contribute to achieving the national health objectives.
- 3.12 The Chairperson continued to inform the meeting that the Scheme also valued its membership of the Board of Healthcare Funders and have partnered with this industry body on promoting awareness on the important matter of fraud, waste and abuse, which is critical to the sustainability of medical schemes.
- 3.13 The Chairperson thanked the Registrar for Medical Schemes, as the Scheme's Regulator, for the Scheme engagements on various regulatory matters dealt with by the Scheme during the reporting period.
- 3.14 The Chairperson thanked the GEMS trustees for their ongoing support in engaging stakeholders. The meeting heard that during 2021, the Trustees were confronted with difficult decisions and an ever-complex stakeholder landscape, but that they demonstrated their willingness to engage robust discussions to address challenges decisively, to protect the interests of GEMS beneficiaries. She advised that the Board maintained a results-driven approach and strived for ethical leadership.
- 3.15 In her closing statement, the Chairperson invited the members to follow the proceedings closely, and highlighted that the Scheme was built on the information flowing from the deliberations of these meetings, as the Scheme appreciated the yearly insights and feedback received from its members. She indicated that the Scheme once again looks forward to insightful and informative contributions from the meeting.
- 3.16 The Chairperson called upon the Principal Officer, Dr Stanley Moloabi to present on the Scheme's performance for the 2021 financial year.
- 3.17 The Principal Officer commenced the presentation with an overview of the business environment within which the Government Employees Medical Scheme operated during the 2021 financial year and emphasised that:
  - 3.17.1 During the reporting period, the Scheme continued to operate under the public health threat of Covid-19 and that the country's existing economic, political and social challenges were amplified by the effects of the pandemic with the restrictions on business and the lockdowns that in general also resulted in job losses. As a result, unemployment, poverty and inequality continued to be compounded by the Covid-19 pandemic;
  - 3.17.2 At the time of the pandemic, the procurement of personal protective equipment challenges increased the need for heightened governance and surveillance both internally and externally. In the Scheme's environment, it was necessary to ensure that this equipment was properly procured;
  - 3.17.3 Transformation, diversity and social inclusion continued to reflect inadequate progress in the country in general, hence these remained matters of concern. The ongoing trails such as performance of some of the State-owned enterprises, rise in national debt, the increase of fiscal balance imbalances and load shedding were expected to continue beyond 2022 and hence have a negative impact on the country's recovery; and

- 3.17.4 These macro forces that impacted the Scheme forced the Board and Executives to rethink some of the approaches in guiding the business through this turbulent environment.
- 3.18 The Principal Officer focused on the Scheme's key highlights for 2021 and advised the meeting that:
- 3.18.1 The Scheme continued to grow and increased its membership by over 72 000 beneficiaries and in excess of 22 000 principal members;
  - 3.18.2 The member satisfaction survey was increased to 89% of which the Scheme at some stage reached above 90%;
  - 3.18.3 The financial stability led to GEMS acquiring an AA stable global credit rating;
  - 3.18.4 The Scheme managed to enhance the benefits for Tanzanite One and EVO, as both these two Options were being promoted because of care coordination;
  - 3.18.5 GEMS supported the Covid-19 vaccinations, and at the time of reporting, 70% of its members have been vaccinated at a cost of R190 million, which was paid by the Scheme;
  - 3.18.6 The contribution increase of 2.02% from 2020 to 2021 was amongst the lowest in the industry;
  - 3.18.7 GEMS participated in the Absa Supplier Development Awards. The Scheme spent R2.6 million on the supplier development programme and participated in internship and training programmes; and
  - 3.18.8 The Scheme received the Top Employer Award Certified Excellence in Employee Practices.
- 3.19 The Principal Officer presented on the key challenges in 2021 and advised the members that:
- 3.19.1 The Scheme's reputation was adversely affected by the interim findings of the Section 59 Report. However, the Scheme responded to the interim report findings and was still awaiting the outcome; and
  - 3.19.2 In respect of the media reports of the 2016/2017 tender corruption investigation, the Scheme provided extensive information on the historical background to this matter and on the steps that were taken by the Board to prevent, detect and correct corruption in order to protect the Scheme. The Board took decisive action to terminate the employment of the staff members that were associated with the contractors where the wrongdoing was confirmed by the Scheme's Forensic Investigators. This matter was handed over to the Hawks and a civil recovery process was currently underway.
- 3.20 As alluded to by the Chairperson, the reporting was based on the 2021 financial year. The Scheme's five-year strategy from 2017 to 2021 came to an end, therefore, as part of the strategic update, the members were advised on the three main strategic focus areas, whereafter the Principal Officer reflected on the highlights of the 2017 to 2021 strategic programme under each of the three key areas:
- 3.20.1 Phase 1: Stabilising for Financial Sustainability:
    - 3.20.1.1 Through the Claims Management Programme the risks which the Scheme was exposed to were identified and addressed, resulting in a turnaround of the reserve ratio and at the same time earning a global credit rating of AA. The Scheme's outlook

- was stable and this year, the Scheme achieved a 16<sup>th</sup> unqualified audit.
- 3.20.2 Phase 2: Redesigning for Growth and Sustainability:
    - 3.20.2.1 The established Service Management Forum looked at product development and benefit design. This resulted in consistent growth, improvement in the member satisfaction levels to 89%, and alignment of products to the NHI principles. Tanzanite One was specifically developed in partnership between the business and the PSCBC. The Emerald Value Option was showing significant savings for members due to care coordination.
  - 3.20.3 Phase 3: Innovate Member Value Proposition:
    - 3.20.3.1 The Scheme looked at the introduction and the launching of the Insourcing of Capabilities programme, which seeks to insource services that are currently outsourced;
    - 3.20.3.2 To ensure that the Scheme builds capabilities, a work study was undertaken to guide the Scheme in appointing personnel with suitable capacity;
    - 3.20.3.3 Thus far, four services have been fully insourced, mainly in the Corporate Services environment. The managed care services were clustered for efficiency; and
    - 3.20.3.4 The Scheme commenced the establishment of digital online member services to make it easier for members to interact with the Scheme without the need for face-to-face engagements at the walk-in centres.
  - 3.20.4 The Board approved the 2022 to 2026 strategy and the high-level areas for the Scheme to focus on were in respect of:
    - 3.20.4.1 Phase 1: Progress for Transformation;
    - 3.20.4.2 Phase 2: Leverage Stakeholder Inclusivity; and
    - 3.20.4.3 Phase 3: Ownership and Success.
  - 3.20.5 The future GEMS model featured a rigorous insourcing programme, which is a crucial business transformation programme aligned to the Scheme's strategic journey to self-administration. This journey will be executed through a risk-led approach to:
    - 3.20.5.1 Identify a fit-for-purpose capability, talent and skills;
    - 3.20.5.2 Ensure bespoke ICT solutions;
    - 3.20.5.3 Develop business process re-engineering to ensure that the model depicts that which the Scheme endeavours to achieve;
    - 3.20.5.4 Ensure that financial sustainability is sustained;
    - 3.20.5.5 Ensure data analysis and governance;
    - 3.20.5.6 Ensure that the business becomes agile, whilst continuing to pursue service excellence;
    - 3.20.5.7 Ensure business integration and innovation; and
    - 3.20.5.8 Ensure organisational change management.
  - 3.20.6 Thus, the clustering of services would lead to less duplication and improved efficiencies. The Scheme will build internal capabilities to promote transparency and to build internal property. There is a need for GEMS to invest in healthcare information systems for greater responsiveness and improved member outcomes;



- 3.20.7 The Principal Officer continued his presentation and focused on environmental, social and governance (ESG). He advised the members that these are an integral part of the GEMS corporate strategy and that the targets were now part of the Scheme's performance targets, working towards SDG3 dealing with health. The Scheme's contribution through its activities in the ESG strategy should contribute towards the Sustainable Development Goals (SDGs);
- 3.20.8 The Principal Officer then reflected on the 2022 strategic priorities leading to the following years, which included the following:
- 3.20.8.1 Stakeholder Satisfaction: Enhance member and provider satisfaction and to strengthen key stakeholder relationships and communication to members on benefits;
  - 3.20.8.2 Financial Strength: Maintain financial stability and focus on Broad-Based Black Economic Empowerment (B-BBEE) transformation;
  - 3.20.8.3 Support the Realisation of UHC: Focus on the Insourcing of Capabilities;
  - 3.20.8.4 Agile and Data-driven Scheme: It is critical for members that co-payments be eliminated; therefore, the Scheme is building and advancing Intelligems as an enabler of the Scheme's strategic intent;
  - 3.20.8.5 Retain and Grow Membership: It is important to retain and grow membership and to widen the eligibility criteria; and
  - 3.20.8.6 Corporate Citizenship: To improve on ethical culture.
- 3.21 In the next part of the presentation the Principal Officer reflected on the Scheme's performance and advised the members of the following:
- 3.21.1 Selected Key Strategic Targets:
- 3.21.1.1 Complaints Ratio: The Scheme had achieved 0.09% and that this result was better than the set targets;
  - 3.21.1.2 Complaints received from CMS per 1000 lives: The target was set at 0.35 and the Scheme achieved 0.007;
  - 3.21.1.3 Reserve Ratio: This was projected at 33.27% for the end of 2021, however, the Scheme ended 2021 with 46.11%;
  - 3.21.1.4 Emerald to EVO membership: The target was set at 25% of members that should convert to EVO and as at the end of 2021, the Scheme achieved 26.5%;
  - 3.21.1.5 Specialists Contracted: The set-up of networks was important and based on the agreements with the healthcare providers, they would only charge the Scheme's tariffs, thus, reducing co-payments. The members were continuously encouraged to use contracted healthcare providers, whether it be for primary healthcare or the specialist network, including dental and optometry;
  - 3.21.1.6 Member Digital Services Adoption: GEMS launched its digital services in 2022 such as the member app and portals on the GEMS website. A base was set with the main aim of an increase by 50%. As at the end of 2021, the Scheme had reached 41%;

- 3.21.1.7 Healthcare Provider Digital Services Adoption: This referred to a chat board where healthcare providers can interact with the Scheme. Although this was not launched by the end of 2020, the Scheme is progressing with this tool; and
- 3.21.1.8 Level 1-5 Enrolments: This was in respect of the lowest earning members in the public sector and against a target set of 55%. The Scheme achieved 66%.
- 3.21.2 Financial Performance:
  - 3.21.2.1 Contribution Income: The R46 billion was in relation to the money that the Scheme had received from the members. In 2020, the contribution income amounted to just over R44 billion;
  - 3.21.2.2 Healthcare Costs: An amount of R41 billion was used to pay for healthcare costs, thus giving the Scheme an underwriting surplus of R4.6 billion;
  - 3.21.2.3 Non-healthcare Costs: This amounted to just over R2.2 billion;
  - 3.21.2.4 Nett Healthcare Surplus: As at the end of 2021, R2.4 billion was reported;
  - 3.21.2.5 Investment Income: The reserves were invested on behalf of the members of which the investment income for 2021 reflected R1.8 billion; and
  - 3.21.2.6 Net Surplus: An amount of R4.2 billion was recorded for the year under review.
- 3.21.3 Key Financial Ratios
  - 3.21.3.1 Claims Ratio: This was in respect of the amount of money that the Scheme paid for claims against 100%, resulting in 90% paid for 2021. There was a significant difference of 5% when compared to 2020 when more surpluses were built as a result of underutilisation during the lockdown period;
  - 3.21.3.2 Non-healthcare Ratio: The spent reflected 4.8% of total contribution income and was amongst the lowest in the industry.
- 3.21.4 The members were advised that although the reserve ratio might currently be high, certain factors in the short-term to medium-term would cause downward pressure on the reserves. This included aspects such as:
  - 3.21.4.1 Economic Pressure: Healthcare costs expected to increase higher than CPI;
  - 3.21.4.2 Supplier Induced Demand: Above CPI increases in healthcare costs;
  - 3.21.4.3 Elective Surgeries: The healthcare utilisation has moved In-line with historic experience;
  - 3.21.4.4 Insourcing: The insourcing of capabilities programme would require money to start, but will have to run concurrently with service providers increasing non-healthcare costs;
  - 3.21.4.5 Building Construction: Capital to be funded from cash investments, and as the Scheme grow and hire more people for insourcing, there is a need for building space;
  - 3.21.4.6 Capital Costs: This related to insourcing and will reduce reserves;

- 3.21.4.7 Salary Adjustments: This was in respect of personnel increases;
  - 3.21.4.8 Consolidations and Amalgamations: This may attract members that have a more adverse risk profile;
  - 3.21.4.9 Eligible Widening: The significant member growth may strain solvency;
  - 3.21.4.10 Non-healthcare Costs: This would also increase in-line with CPI;
  - 3.21.4.11 Investment Strategy: If reserves go down the investment income also reduces as the Scheme would be investing less; and
  - 3.21.4.12 Affordability: Maintaining low contribution increases may decrease reserves.
- 3.21.5 In order to advise the members on the long-term projections, an illustration was presented featuring insourcing, which made allowance for insourcing costs as well as systems development costs.
- 3.21.6 The members were further taken through an illustration of long-term projections with a lower contribution increase. The example of a 5.5% contribution increase per annum was used without allowing for the strategic initiatives.
- 3.21.7 The Scheme has maintained consistent growth despite the fact that there were job losses, and the membership increased due to stable employment in the public sector. However, as the country continued to face challenges in relation to the economy, the Scheme is sensitive to the fact that these challenges have also impacted its members;
- 3.21.8 Despite these difficult economic conditions, GEMS remains affordable. When looking at the 2021 to 2022 contribution increase, it was capped at a very low 2.02% and benefits increased by 4.3%. The employer increased the medical subsidy during 2020 to 2021 to 8.51%, resulting in an average contribution increase of less than R79-00 out-of-pocket per person in 2021. Furthermore, some of the initiatives incurred was the switch from Emerald to EVO, which led to a contribution reduction of about R843-00;
- 3.21.9 The Principal Officer referred to his presentation slide where affordability meets value at GEMS, and informed the members that the average relative value for money on a GEMS option was 24% higher when compared to similar options in the industry in general;
- 3.21.10 In respect of co-payments, the Scheme has launched the Service Management Forum to address the issue of co-payments. Based on a claims analysis in 2017, about 6.9% of GEMS members were faced with co-payments; however, in 2021 this has reduced to 4.4%. The Board seeks the elimination of co-payments, and the Scheme is working on means of ensuring that the downward trend continues until co-payments are completely eliminated;
- 3.21.11 Regarding the managed care indicators, GEMS is a member of the independent organisation, Health Quality Assessment (HQA), and based on the assessment of diabetes management, apart from the statins, GEMS was better in the other outcomes that monitor diabetes, compared to the industry. However, of concern to the Scheme was the fact that 'screening

- tests paid by the Scheme' was not performing well. Accordingly, the Scheme endeavour to improve on preventive care and screening;
- 3.21.12 The member satisfaction outcomes reflected that GEMS was doing much better, as complaints have reduced now that service management activities have been put in place to improve member outcomes; and
- 3.21.13 Regarding the member servicing improvements and education, the Scheme has identified education as an important aspect; hence, various platforms were being used such as the member app and web portal. The Scheme also advertised on certain media platforms, and the GEMS News is a regular feature on the website.
- 3.22 As far as stakeholder relationships were concerned, the Principal Officer advised the members of the Scheme's relationship with the employer – the Ministry of Public Service and Administration, and that the discussions in 2021 focused on:
- 3.22.1 The value proposition of GEMS in terms of the work being done to make GEMS a catalyst for universal healthcare;
- 3.22.2 The Scheme's response to Covid-19 and the support for the vaccination of public service employees;
- 3.22.3 Updates on the progress made in addressing the Section 59 Interim Report findings;
- 3.22.4 The investigation into the tender corruption and what the Scheme has done;
- 3.22.5 The GEMS 2022 benefits and contribution increases; and
- 3.22.6 The ongoing transformation and full implementation of PSCBC Resolution 4 of 2017.
- 3.23 The Principal Officer reflected on certain pertinent matters and alluded the members to the following:
- 3.23.1 Covid-19 impact on GEMS by the end of 2021:
- 3.23.1.1 The Scheme paid for 1.3 million tests with over 777 984 members being tested; and
- 3.23.1.2 During the reporting period, 261 546 members tested positive, over 57 000 members were hospitalised, and unfortunately, just over 12 000 members passed away.
- 3.23.2 The Scheme has undertaken several activities to progress B-BBEE, which were incorporated into the policies and strategy of GEMS. This included:
- 3.23.2.1 An evaluation criteria which included 30% for B-BBEE;
- 3.23.2.2 In the subsequent years, bonus points and penalty points being added or subtracted, depending on the Scheme's adherence to B-BBEE;
- 3.23.2.3 The development of a supplier development programme;
- 3.23.2.4 An extension of the time that bids are open so that small companies would have more time to prepare their bid; and
- 3.23.2.5 A compulsory increase in SPN sub-contracting to 30%, focusing on African and Black women.
- 3.24 The Principal Officer continued with his presentation and focused on 'People'. He indicated that as much as the members were important to the Scheme, so was its employees:
- 3.24.1 The GEMS employee graduates were part of an internship programme for a period of 12 months, funded through a SETA discretionary grant;

- 3.24.2 The CLOs attended the Wealth Management Learnership at NQF level, and
- 3.24.3 Since 2007, the employees increased from 310 to 373 of which 67% are female and 33% male. The CLO environment hosted 165 employees and head office 208.
- 3.25 In his final closing remarks, the Principal Officer reflected on the following:
  - 3.25.1 The external operating environment continues to have a huge impact on the Scheme's ability to create value for GEMS members; however, the Scheme maintained fiscal prudence to ensure financial sustainability;
  - 3.25.2 Despite the global Covid-19 pandemic which adversely affected the health of GEMS members, the Scheme was able to comprehensively cover and pay for members' healthcare needs at a time when members were most vulnerable;
  - 3.25.3 Governance and entrenching an ethical culture underpinned by regulatory compliance, are business imperatives pursued relentlessly by the Scheme's governing body, the Board;
  - 3.25.4 The GEMS programme, insourcing of capabilities to ensure that GEMS remains a relevant and appropriate entity in the achievement of UHC into the future, is well underway;
  - 3.25.5 Ensuring that members derive value from the Scheme through quality, comprehensive and affordable healthcare benefits, remains the core business of GEMS;
  - 3.25.6 Recognising and acknowledging the contribution of GEMS employees to its success will always be a top priority for the Scheme; and
  - 3.25.7 Stakeholder inclusivity and engagement remains critical to the success of GEMS.
- 3.26 The Principal Officer acknowledged:
  - 3.26.1 The Board of Trustees' support, guidance and oversight received through the direction provided to the Scheme;
  - 3.26.2 The independent committee members of the Scheme and all Exco members who lead the day-to-day activities of GEMS;
  - 3.26.3 The GEMS family – our staff, for demonstrating a professional pedigree by successfully implementing the 2017 to 2021 strategy plan despite many challenges that the Scheme had faced;
  - 3.26.4 The various healthcare partners, the healthcare providers who see the members of GEMS as their patients; and
  - 3.26.5 Most importantly, each and every GEMS member, those who are in this AGM and even those who have not attended, for entrusting their health in GEMS, as the Scheme was working towards healthier GEMS members.
- 3.27 The Chairperson thanked the Principal Officer for the insightful presentation to the members.
- 3.28 The Chairperson enquired from the members if there were any questions to the Principal Officer.
- 3.29 In the absence of any questions, the Chairperson progressed to the next item on the agenda.

#### 4. Matters for Decision

##### 4.1 Confirmation and adoption of the Minutes of the Combined 14<sup>th</sup> and 15<sup>th</sup> GEMS Annual General Meeting held virtually on 31 August 2021

- 4.1.1 The Chairperson referred to the Minutes of the Combined 14<sup>th</sup> and 15<sup>th</sup> GEMS Annual General Meeting held virtually via Zoom on 31 August 2021 at The Capital Hotel, Pretoria, Gauteng Province, which were circulated with the AGM Notice documents, and presented same for adoption by the AGM.
- 4.1.2 Yassiem Mohamed, a member of GEMS in good standing, moved for the adoption of the Minutes of the Combined 14<sup>th</sup> and 15<sup>th</sup> GEMS Annual General Meeting.
- 4.1.3 Member Shazi, a member of GEMS in good standing, seconded for the adoption of the Minutes of the Combined 14<sup>th</sup> and 15<sup>th</sup> GEMS Annual General Meeting.

##### Resolution:

**The Minutes of the Combined 14<sup>th</sup> and 15<sup>th</sup> GEMS Annual General held on 31 August 2021 at The Capital Hotel, Pretoria, Gauteng Province, were adopted by the members of the Scheme as being a true reflection of what was discussed at that meeting, after a motion and a secondment in favour of such adoption were received from two respective members in good standing with the Scheme, without any of the other members at the meeting having objected to same.**

##### 4.2 Receipt and adoption of the Annual Financial Statements for the year ended 31 December 2021, including the reports of the Board of Trustees and the External Auditor of GEMS

###### 4.2.1 Discussion of the highlights of the Annual Financial Statements for the financial year ended 31 December 2021

- 4.2.1.1 The Chairperson called upon the Independent Chairperson of the GEMS Audit Committee, Johannes (Joe) Lesejane, to present the highlights of the Annual Financial Statements (AFS) for the year ended 31 December 2021.
- 4.2.1.2 Mr Lesejane thanked the members for the opportunity to present the AFS for the year ending 31 December 2021 and noted that as some of the information was already mentioned by the other presenters, a synopsis thereof would be provided to the meeting, and that the members would ultimately be requested for the approval of these AFS.
- 4.2.1.3 Mr Lesejane referred the members to the AFS for the year ended 31 December 2021 and proceeded to provide the rationale behind the numbers:
  - 4.2.1.3.1 The contributions in 2020 amounted to R44 billion, but increased to R46.5 billion in 2021;
  - 4.2.1.3.2 The claims paid increased from R36.4 billion in 2020 to R40.8 billion in 2021;
  - 4.2.1.3.3 A surplus of R4.8 billion was achieved compared to the R5.6 billion in 2020;

- 4.2.1.3.4 From a cash and investment perspective, these have increased from R18.6 billion to R22.2 billion;
- 4.2.1.3.5 As far as investments were concerned, income increased, but was under pressure, hence, the Scheme could not reach the target of CPI+3.86% due to the market issues experienced in the 2021 year;
- 4.2.1.3.6 The Scheme's reserves increased to 46.48% from the 41.10% in 2020;
- 4.2.1.3.7 The Scheme's membership increased by 3% and approximately 22 578 principal members and 49 767 dependants joined the Scheme during the year under review;
- 4.2.1.3.8 The non-healthcare costs for the open and closed Schemes were 11.33% and 5.6% respectively, with an industry total of 8.6%. With 4.81%, GEMS was much lower;
- 4.2.1.3.9 The reserve ratio for the open and closed Schemes were 42.69% and 52.51% respectively, with an industry total of 44.55%. The Scheme's reserve ratio reflected 46.48%;
- 4.2.1.3.10 With the growth in cash and investments since 2016, the Scheme was able to build cash reserves and returns over the last couple of years;
- 4.2.1.3.11 The impact of the 2021 improved financial position on members led to:
  - 4.2.1.3.11.1 Increased contributions by an average of 2.02% for 2022;
  - 4.2.1.3.11.2 Enhanced benefits by R185 million in 2022, and the introduction of a Multivitamin Programme for qualifying beneficiaries;
  - 4.2.1.3.11.3 Further improvement in the credit rating from AA-(ZA) to AA(ZA), with outlook deemed stable;
  - 4.2.1.3.11.4 Payment of R4.7 billion in costs related to the testing and treatment of Covid-19; and
  - 4.2.1.3.11.5 Vaccinations funded at a cost of R316 million.
- 4.2.1.3.12 M Lesejane referred to the long-term projections with lower contribution increases, and indicated to the members that if the Scheme kept the increase at an assumed 5.5%, then claims would come under pressure. As GEMS was bound to pay claims, if the claims ratio utilisation is high, it will put pressure on the Scheme if trying to keep the contributions low. The impact of strategic initiatives without

- contribution increases as well as the impact on reserves if not having any strategic initiatives were illustrated to the members; and
- 4.2.1.3.13 Mr Lesejane further highlighted the key areas that would have an impact on claims such as economic pressure which drives healthcare costs higher than CPI, supplier induced demand above CPI, elective surgeries going back to pre-Covid-19 periods and insourcing of capabilities.
- 4.2.1.4 Mr Lesejane concluded and confirmed that:
- 4.2.1.4.1 The AFS were approved by the Board of Trustees;
- 4.2.1.4.2 The AFS were approved by the Council for Medical Schemes;
- 4.2.1.4.3 The Scheme achieved an unqualified audit opinion for 2021; and
- 4.2.1.4.4 The members are to approve the AFS for 2021.
- 4.2.1.5 The Chairperson thanked Mr Lesejane for the presentation to the members on the Scheme's financial position.
- 4.2.1.6 The Chairperson enquired from the members if there were any question to Mr Lesejane.
- 4.2.1.7 Yassiem Mohamed asked if an opinion on the audit query was obtained.
- 4.2.1.7.1 Mr Lesejane responded by indicating that there was no audit query in his dealings with the auditors throughout the entire process, hence it was presented to the members that the Scheme had received a clean audit.
- 4.2.1.8 Mr Mohamed enquired as to the number of members on each of the Scheme's benefit options.
- 4.2.1.8.1 The Principal Officer responded that as at the end of 2021, EVO had 100 339 members, Tanzanite One 96 018, Beryl 61 196, Ruby 115 028, Onyx 22 695 and Emerald 378 237 members.
- 4.2.1.9 Nova 9 asked whether there was a limit in the number of times that a member can change his/her nominated general practitioner (GP).
- 4.2.1.9.1 The Chief Healthcare Officer responded that members may nominate or change their nomination of a GP every six months, and that this was applicable to the main member as well as his/her dependants.
- 4.2.1.10 Nova 9 asked whether the main member or his/her dependant would incur the costs when the dependant consults a non-network doctor.
- 4.2.1.10.1 The Chief Healthcare Officer indicated that she was not sure whether the member was referring to a non-nominated GP or a non-network GP, but nevertheless responded that the cost is incurred



by the main member as the account was typically opened under the main member's name when consulting a doctor. However, it is possible for the dependant at the point of consultation to then pay the shortfall or co-payment.

4.2.1.10.2 The Chief Healthcare Officer advised the members that should there be a need for an EVO or Tanzanite One member to utilise a non-nominated or non-network GP, they should contact the call centre, especially in the case of an emergency or where the member was out of town and unable to reach the nominated practitioner.

4.2.1.11 Jacobus van der Merwe asked if he was correct in saying that on the investment income in 2026, the Scheme was expecting a -R700-'something' million, and if so, could this be clarified.

4.2.1.11.1 Mr Lesejane responded that the investment income would be decreasing because of the investments being depleted as well as the cash reserves, hence the reason for a negative number in 2026. Thus, in 2026 the Scheme would rather be borrowing than having investments.

#### **4.2.2 Discussion of the external audit process**

4.2.2.1 The Chairperson then called upon Kimmy Singh from Deloitte & Touche, the Scheme's external auditors to take the members through the discussion on the external audit process.

4.2.2.2 Ms Singh introduced herself to the meeting and confirmed that Deloitte & Touche, with OMA Chartered Accountants Incorporated, are the joint external auditors of GEMS, appointed by the Board. The meeting heard that the objective of the presentation was to provide a brief overview of the audit, the objectives and the audit approach for the prior financial year. Ms Singh further indicated that she would also focus on the responsibility statements and the reporting responsibilities pertaining to GEMS:

4.2.2.2.1 Deloitte & Touche performed an audit procedure on the financial statements, also known as a statutory audit, as well as on the regulatory returns;

4.2.2.2.2 The statutory audit covered the following aspects:

4.2.2.2.2.1 Risk assessment procedures to identify key audit risk, setting the materiality levels for both the planning and final phases of the audit, assessment and testing of the key business processes and key controls, and the performance of detailed substantive audit procedures on material account balances that enabled the external auditors to

derive their opinion on the financial statements. The audit opinion was unmodified, meaning that it was a clean audit opinion; and

- 4.2.2.2.2 In addition, the external auditors also performed the regulatory audit on the statutory return, as required by the CMS.
- 4.2.2.2.3 It was emphasised to the members that the external auditors were engaged by the Board of Trustees, hence their accountability to the Board;
- 4.2.2.2.4 In terms of the scope of the audit work performed for the financial statements audit, Deloitte & Touche concluded that the financial statements fairly represent, in all material respects, the financial position, the financial performance and the cash flows in accordance with the International Financial Reporting Standards (IFRS) as well as the Medical Schemes Act;
- 4.2.2.2.5 The members further noted that certain audit procedures were performed on certain parts of the regulatory returns, and that it was reported on accordingly. In addition, the external auditors were required to issue a report pertaining to the Scheme's regulatory compliance with certain aspects of the Medical Schemes Act;
- 4.2.2.2.6 Deloitte & Touche also performed certain audit procedures and issued an ISAE 3000 report in respect of some of the key performance indicators that were included in the 2021 GEMS annual integrated report;
- 4.2.2.2.7 The members were taken through the objective and audit approach, which started with a preliminary engagement procedure to form an understanding of the entity and the environment in order to conduct a risk assessment, which allows the external auditors to calculate its materiality. This was followed by walk-throughs of the business processes and internal controls, which provided an opportunity to identify risks of material misstatement. Following this, the external auditors were able to design appropriate audit procedures to assess the risks of material misstatement, which culminated in either performing tests of control, analytical procedures or detail substantive procedures. Based on these procedures, the results were evaluated to reach a conclusion and to form an audit opinion;

- 4.2.2.2.8 The trustees were responsible for ensuring the preparation and fair presentation of the financial statements, as well as compliance with IFRS, the Medical Schemes Act and all applicable laws and regulations;
- 4.2.2.2.9 The members were informed that the Trustees were also responsible for ensuring the preparation and submission of the annual statutory return, for monitoring the necessary internal controls for the preparation of the AFS, and for the overall governance of the Scheme;
- 4.2.2.2.10 Based on the interaction with GEMS and the audit work performed, the external auditors confirmed that there were no unethical matters identified that required the attention of the Board;
- 4.2.2.2.11 The meeting heard that no material litigation were identified that could have potentially had a material impact on the AFS. It was also confirmed that no reportable irregularities were identified during the audit process; and
- 4.2.2.2.12 On behalf of Deloitte & Touche, Ms Singh confirmed that:
  - 4.2.2.2.12.1 Both Deloitte & Touche and OMA maintained their independence of GEMS and complied with all the required ethical requirements and standards that auditors were required to comply with;
  - 4.2.2.2.12.2 Both Deloitte & Touche and OMA had no disagreements with the Management of the Scheme, and that neither of the two entities have performed non-audit services in the current financial year for the Scheme; and
  - 4.2.2.2.12.3 In terms of legal and regulatory compliance, the management of the Scheme is responsible for same, and the external auditors' procedures did not identify any material areas of non-compliance with any laws or regulations that were not already reported on in the financial statements.
- 4.2.2.3 The Chairperson thanked Ms Singh for her presentation and for the confirmation to the members.
- 4.2.2.4 The Chairperson enquired whether any of the members had any questions pertaining to the AFS.

- 4.2.2.5 In the absence of any questions, the Chairperson progressed and called on the members at the meeting for the adoption of the annual financial statements for the financial year ended 31 December 2021.
- 4.2.2.6 Adrian Prangley, a member of GEMS in good standing, moved for the adoption of the Annual Financial Statements for the financial year ended 31 December 2021.
- 4.2.2.7 Keith Howson, a member of GEMS in good standing, seconded for the adoption of the Annual Financial Statements for the financial year ended 31 December 2021.

#### **Resolution:**

**The Annual Financial Statements of the Government Employees Medical Scheme for the financial year ended 31 December 2021 were adopted by the members of the Scheme, after a proposal and a secondment in favour of such adoption was received from two respective members in good standing with the Scheme, without any of the other members at the meeting having objected to same.**

#### **4.3 Appointment of GEMS' external auditors for the financial year ending 31 December 2022 in terms of GEMS Rule 27.1 and 27.4**

- 4.3.1 The Chairperson called upon the Chairperson of the GEMS Audit Committee, Johannes (Joe) Lesejane, to provide an overview of the appointment of the Scheme's external auditors for the year ending 31 December 2022.
- 4.3.2 Mr Lesejane indicated that the external auditors would be recused from this part of the AGM discussion to which the Company Secretary and Legal Counsel confirmed that the external auditors have logged out of the virtual AGM.
- 4.3.3 The members were advised that the Scheme appointed Deloitte & Touche and OMA Chartered Accountants Incorporated in terms of a competitive bidding process, for a five-year period. The Scheme's Audit Committee assessed and was satisfied with the external auditors' performance, and reported same to the Board. The Trustees accordingly supported the reappointment of the external auditors for a further year; hence, the members of the AGM were requested to grant the final approval for the reappointment of the external auditor's for their last year of service.
- 4.3.4 Mr Lesejane advised that:
  - 4.3.4.1 The Scheme would again embark on a competitive bidding process; and
  - 4.3.4.2 The Scheme requested that the current appointment should allow the Scheme to utilise the external auditors for the financial services provider (FSP) registration which GEMS is planning in terms of the 2022 to 2026 strategic plan.
- 4.3.5 The Chairperson enquired from the members if there were any questions on the reappointed of the Scheme's external auditors.
- 4.3.6 Yassiem Mohamed proposed that the Scheme should timeously commence with the procurement process for the appointment of new

external auditors, which proposal was then duly noted by the Chairperson of the Audit Committee.

- 4.3.7 The Chairperson then called on the members at the meeting for the approval of the appointment of Deloitte & Touche, with OMA Chartered Accountants Inc, as the Scheme's external auditors for the year ending 31 December 2022 in terms of GEMS Rule 27.1 and 27.4.
- 4.3.8 The proposal in favour of such an appointment was received from Yassiem Mohamed, a member in good standing with the Scheme, and seconded by Adrian Prangle and Keith Howson, both members in good standing with the Scheme.

#### **Resolution:**

**The appointment of Deloitte & Touche, with OMA Chartered Accountants Inc. as their sub-contractor, as the Scheme's external auditors for the financial year ending 31 December 2022, in terms of GEMS Rule 27.1 and 27.4, was approved by the members of the Scheme, after a proposal and a secondment in favour of such adoption was received from two respective members in good standing with the Scheme, without any of the other members at the meeting having objected to same.**

## **5. Matters for Noting**

### **5.1. Disclosure of the GEMS Trustee Remuneration for the financial year ended 31 December 2021**

- 5.1.1. The Chairperson invited Mpariseni Erasmus Phophi, the Deputy Chairperson of the GEMS Board of Trustees, to brief the members on the matters for noting in respect of: (1) The disclosure of the GEMS trustee remuneration for the financial year ended 31 December 2021, and (2) the issues raised by members at the Combined 14<sup>th</sup> and 15<sup>th</sup> GEMS Annual General Meeting.
- 5.1.2. The Deputy Chairperson of the GEMS Board of Trustees, Mpariseni Phophi, presented an overview of the GEMS Trustee Remuneration Policy and remuneration paid to the Board of Trustees in 2021, and the progress made against the 2021 AGM Action List.
- 5.1.3. The Deputy Chairperson reflected on the GEMS Board of Trustees' fiduciary responsibilities and informed the members that the Board members are jointly and severally liable and take on significant personal risk, and that the Board shall:
  - 5.1.3.1. Take all reasonable steps to protect the interests of beneficiaries;
  - 5.1.3.2. Act with due care, diligence, skill and in good faith;
  - 5.1.3.3. Avoid conflicts of interest; and
  - 5.1.3.4. Act with impartiality in respect of all of the Scheme's beneficiaries.
- 5.1.4. Furthermore, the Deputy Chairperson reflected on the Trustees' core values, i.e. to:
  - 5.1.4.1. Provide oversight;
  - 5.1.4.2. Ensure competitive outsourcing and insourcing of capabilities;
  - 5.1.4.3. Advance B-BBEE;
  - 5.1.4.4. Enable new entrants and the best of breed providers;

- 5.1.4.5. Secure low non-healthcare costs.
- 5.1.5. The Deputy Chairperson referred to the Trustee Remuneration Policy and advised the members that:
  - 5.1.5.1. The trustees and independent committee members are remunerated for preparing and attending Board and committee meetings, which remuneration:
    - 5.1.5.1.1. Comprise a fixed daily meeting fee and a monthly stipend;
    - 5.1.5.1.2. Is determined through independent benchmarking surveys;
    - 5.1.5.1.3. Is based on 18 hours of work per meeting; and
    - 5.1.5.1.4. Is not paid for additional duties undertaken on a voluntary basis.
- 5.1.6. The meeting noted that the Trustee remuneration were as follows:
  - 5.1.6.1. The Trustees' fees as a percentage of contribution was 0.02%;
  - 5.1.6.2. The global amount paid in 2020 was R8.3 million and R11.2 million in 2021;
  - 5.1.6.3. The global expenditure is informed by the number of Board and Committee meetings and the number of Committees supporting the Board.
- 5.1.7. The Deputy Chairperson further advised that the Board is driven by regulatory requirements as well as the business cycle and requirements of the Scheme.
- 5.1.8. The Deputy Chairperson highlighted that the six Committees of the Board are informed by:
  - 5.1.8.1. Regulatory requirements (i.e. the Audit Committee);
  - 5.1.8.2. Corporate governance benchmark, as informed by the King IV Report (i.e. the Human Resources and Remuneration Committee, Risk, Social and Ethics Committee and Oversight Committee on Strategic Projects and Programmes); and
  - 5.1.8.3. The GEMS Business Model and the requirement to add value (i.e. the Finance and Investment Committee and the Clinical Governance and Administration Committee).

## **5.2. Addressing member issues raised at the Combined 14<sup>th</sup> and 15<sup>th</sup> GEMS Annual General Meeting**

- 5.2.1. The Deputy Chairperson informed the meeting that the Combined 14<sup>th</sup> and 15<sup>th</sup> GEMS Annual General Meeting Action List comprised of the issues raised by members at the AGM held on 31 August 2021
- 5.2.2. The Deputy Chairperson proceeded to provide members with a high-level overview of the Scheme's progress in respect of same:
  - 5.2.2.1. The Scheme compiled an Action List based on the issues raised by the members at the AGM. The issues were extracted based on the member discussion at the AGM held on 31 August 2021, namely:
    - 5.2.2.1.1. System Changes: Notification of benefit limits;
    - 5.2.2.1.2. Product Development: Simplification of benefits, reduction in co-payments and benefit enhancements; and

5.2.2.1.3. Member satisfaction surveys.

5.2.3. The Chairperson thanked the Deputy Chairperson for the presentation on the Matters for Noting, and for the transparency and disclosure thereof to the AGM.

**6. Question and Answer Session**

- 6.1. The Chairperson informed the meeting that the question and answers would be facilitated by the Scheme, and for ease of reference, requested the Company Secretary and Legal Counsel to rehash on some of the Housekeeping Rules.
- 6.2. The Company Secretary and Legal Counsel advised that:
- 6.2.1. For any questions or comments, please make use of the 'raise your hand' function;
  - 6.2.2. Once you have raised your hand, please wait for your name to be called out;
  - 6.2.3. Once your name has been called out, please wait for the prompt to unmute yourself, from where you will be able to voice your comment or question; and
  - 6.2.4. No members will be allowed to voice any questions or comments unless recognised by the Chairperson and they have been given the opportunity to unmute themselves.
- 6.3. Ms Mabaso enquired if there was funding for intense mental issues.
- 6.3.1. The Principal Officer confirmed that the Scheme do have funding for mental issues.
  - 6.3.2. The Chief Healthcare Officer confirmed that the Scheme do have mental health benefits for in- and out-of-hospital. Should there be consultation with a psychologist or psychiatrist, those benefits are covered by the Scheme as well as hospitalisation. It was further advised that once a person was diagnosed with a chronic illness and registered on chronic, there were additional benefits that are activated in order for members to get the proper treatment and referrals or tests that might be needed.
  - 6.3.3. The members were encouraged to download the GEMS APP as the APP shows on the various benefits that members have. Further details could also be obtained from the call centre or website.
- 6.4. Maile Rasekgotoma asked a question on the need for a GP nomination because as he is in Limpopo Province and already nominated a GP and needs to go to Mpumalanga Province to consult, must the GP be nominated or could it be a random GP.
- 6.4.1. The Chief Healthcare Officer responded that on Tanzanite One and EVO which are network Options, there is a mandatory requirement that a member nominate a GP and this GP would be the first point of contact when seeking care.
  - 6.4.2. The reasons for nominating a GP is that the GP would prevent any unnecessary specialist consultancy if he is able to treat the condition, the healthcare outcomes are much improved if a member actually have one doctor looking after him/her as opposed to multiple doctors, and the health of a patient is better managed.
  - 6.4.3. EVO members usually have a much lower contribution increase because of the savings from just having one GP coordinating all the healthcare needs.

- 6.4.4. If a member has a nominated GP in one province and the member needs to go through to another province, the member could call the call centre who would be able to provide an exception, for the member not to incur a co-payment. In case of an emergency where you need to see a doctor and you cannot get to the nominated GP, the call centre would be able to override that co-payment to make sure that the member do not incur any co-payments for that consultation.
- 6.5. Rose Motsipe referred to the maternity programme and the utmost importance of having a first trimester screening; however, she mentioned that the medical aid does not cover tests such as for Down Syndrome. A question was then raised if the Scheme would rather spend more money on treatment or on preventing the symptoms.
  - 6.5.1. The Principal Officer responded that there are criteria that needs to be met at in terms of managed care. The TAP test would be paid for if it meets the criteria for increased risk of Down Syndrome over a certain age. Unfortunately, sometimes these tests are done by the treating healthcare providers even if the criteria were not met, hence the rejection of these claims.
  - 6.5.2. The Principal Officer further advised the members that in the case of a member being at risk for, for example prostate cancer, screening could be done and the Scheme would pay for the amniocentesis.
- 6.6. Rose Motsipe indicated that the walk-in centres were experiencing a challenge where the system was rejecting claims for being stale, and asked where these claims could be escalated to outside of the walk-in centres.
  - 6.6.1. The Principal Officer confirmed that the stale claims could be escalated beyond the walk-in centres and that amounts above R1 000-00 can be submitted as an ex-gratia request.
- 6.7. Lindsay Lazarus enquired why the number of network hospitals have been reduced.
  - 6.7.1. The Chief Healthcare Officer responded that the number of hospitals on the network have not reduced, but have actually increased since the implementation of the new network.
  - 6.7.2. The Member was encouraged to obtain the complete and up-to-date list of network hospitals from the website, i.e. for the area in which the member resided.
- 6.8. Lindsay Lazarus requested clarity on why certain hospitals in which Network surgeons practice are not on the GEMS hospital network.
  - 6.8.1. The Chief Healthcare Officer responded that the GEMS network for surgeons and the one for hospitals are different networks, and that hospitals do not really employ the doctors that work in their hospitals. These doctors have rights in terms of practising in that hospital, but are not really employed by the hospital. Furthermore, a hospital on the GEMS Hospital Network cannot compel a doctor to join the GEMS network of surgeons.
  - 6.8.2. However, if you are in a situation where you have been seeing a surgeon that is not on the GEMS Surgeons Network for quite some time, and the hospital that he is in is not a network hospital, you can call the Scheme, as an exception management processes were put in place. The member



- could request the call centre to waive the co-payment, as the Scheme would prefer its members not to change from one surgeon to another.
- 6.8.3. In cases where non-network surgeons operate in networks hospitals, the Scheme always work together with the hospitals to try and encourage the doctors as much as possible to join the GEMS Surgeons Network. However, not everybody is willing to join the network.
- 6.9. Jacobus van der Merwe commended the Scheme for looking after its members and further thanked the Scheme for the EVO care-coordination programme and savings realised to members.
- 6.9.1. The Chairperson acknowledged the compliments raised by the member.
- 6.10. Jacobus van der Merwe suggested that for the call centre number of 0861, the Scheme to consider providing a landline number, linked to the 0861 number as this would benefit members who make use of a Telkom landline, especially as Telkom excludes the 0861 numbers. Also, members phoning from their cellphone numbers incurred tremendous costs when phoning the call centre on the 0861 number.
- 6.10.1. The Principal Officer responded that the Scheme have dealt with the issue of the 0861 number in the past, however, would again endeavours to investigate this issue, for a report back to the members at an appropriate time.
- 6.11. Jacobus van der Merwe appreciated the 'thank you' SMSes and emails coming through immediately following a communication or correspondence, however proposed that this be linked with something, even if it is part of the heading in an email. It is sometimes confusing which SMS belong to which communication.
- 6.11.1. The Principal Officer referred to the auto response email and in order to be efficient, the Scheme acknowledge and commit itself to that 48-hour turnaround time and within five days to answer questions, thus the indication to the members that the Scheme had received correspondence from the members.
- 6.11.2. The Principal Officer further noted that as the Scheme was committed to serving the members, the Scheme would not do away with the automation.
- 6.12. Jacobus van der Merwe indicated that he might be wrong, but apparently EVO is available only to members in parts of Gauteng, and the he would appreciate if EVO could be rolled out to other parts of the country such as Cape Town for all members to benefit.
- 6.12.1. The Principal Officer responded that EVO is available in all provinces.
- 6.13. Jacobus Van der Merwe referred to the monitoring and evaluation of challenges such as communication and responses to same, and noted that GEMS is prompt to acknowledge receipt and to indicate that there would be a response within 24 to 48 hours, and if not, there would be a telephone call. Unfortunately, Mr van der Merwe informed the Scheme that during the past two years, his experience was contrary to what the Scheme was indicating to members. A further question was raised whether complaints that were lodged were in fact resolved, as Mr van der Merwe was aware of an outstanding claim for more than one year and notwithstanding several follow-ups, no response was received.
- 6.13.1. The Principal Officer responded to this question as part of the question raised by Mr van der Merwe under item 6.11 above.

- 6.14. Yassiem Mohamed referred to the issue of generic medication, and as much as he appreciated scientific experiments taking place, he found that with certain generic medication an extra dosage needs to be taken, thus incurring additional costs. However, when taking original medication, there is no problem and one would heal sooner, and the price difference is very negligible. It was therefore suggested that the Scheme investigate ways of funding original medication, which tends to be more effective than generic medication.
- 6.15. Yassiem Mohamed appreciated that GP nomination is an EVO requirement, but noted that in the case of a GP leaving and a member being unhappy about the services received by another GP, that the Scheme should not be sending out regular reminders every second week to change your Option, as at the end of the day, it is a member's choice.
- 6.15.1. The Principal Officer responded that that there were several physicians attending the AGM, and noted Mr Mohamed's sentiments. It was understood that generics have the same bioavailability as the originator, otherwise SAHPRA would not register it if the bioavailability was not similar.
- 6.16. Simphiwe Mogati referred to the family limit and beneficiary limit, particularly for optometry, and asked why, in instances where only one member of a family unit requires a particular service, the Scheme does not allow for that member to use the entire amount of the benefit. Accordingly, the Scheme should leave the management of access to the family benefit limit to the family members themselves.
- 6.16.1. The Principal Officer explained that when contributing to a medical aid, money is not saved for something, but a benefit is bought. Members are not allowed to use another beneficiary or family member's sublimit as it was not money put in a kitty, but a benefit entitlement.

## 7. Summary of Decisions

- 7.1. The Chairperson thanked the members for their active participation in the AGM and for supporting the Scheme.
- 7.2. The Chairperson provided a summary of the resolutions taken at the AGM and confirmed that the Minutes of the 16<sup>th</sup> GEMS AGM would reflect that:
- 7.2.1. The Minutes of the Combined 14<sup>th</sup> and 15<sup>th</sup> GEMS Annual General Meeting held virtually via Zoom on 31 August 2021 at The Capital Hotel, Pretoria, Gauteng Province, were adopted by the members of the Scheme as being a true reflection of the proceedings of that meeting;
- 7.2.2. The Annual Financial Statements of the Government Employees Medical Scheme for the financial year ended 31 December 2021 were adopted by the members of the Scheme; and
- 7.2.3. Deloitte & Touche, with OMA Chartered Accountants Inc as its sub-contractor, was reappointed the external auditors of the Scheme for the financial year ending 31 December 2022.

## 8. Closure

8.1. After all matters on the 2022 GEMS AGM Agenda were duly disposed of, the Chairperson delivered a closing statement:

"As we conclude the 2022 AGM, I would like to take this opportunity to thank all our stakeholders and partners represented here today, especially organised labour, the role you continue to play is immeasurable. We acknowledge your commitment to the Scheme and the contributions you have made.

I am encouraged that, despite the challenging operating environment due to the Covid-19 pandemic, GEMS was able to post a strong financial performance, which puts the Scheme in a good position to adequately respond to the needs of all our members and beneficiaries, especially within the context of the current and anticipated future healthcare challenges. We are also sensitive and alive to the economic challenges that all of us are facing and will remain conscious to this as we take prudent decisions as the Board in overseeing the business of GEMS.

As we conclude today's meeting, we have taken down your recommendations and contributions and welcome them. We take them with us, and I believe we will come back next year and report on improvements and on having implemented all of your inputs made today, where possible. Without a doubt, working together we can do a lot more towards improving our Scheme.

I would finally like to take this opportunity to thank the entire AGM organising team that made today's AGM possible. Well done for a great job.

The past 11 months have presented unparalleled challenges to many families across our communities. I am sure that some of us has lost family or friends to the Covid-19 pandemic and recent floods that affected parts of KwaZulu-Natal and Eastern Cape provinces, and we know this has not been an easy journey. Our hearts go out to everyone who has lost family and friends to these catastrophes.

While the days may seem dark, we want to appeal to you to remain resilient and hopeful for better days that are still to come.

This 16<sup>th</sup> GEMS Annual General Meeting is now officially closed.

Until the next AGM, please continue to stay safe. I thank you."

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**Date of approval by the members of the Scheme**      **Chairperson**

**Date:** \_\_\_\_\_

**Action list on member issues raised at the 2022 GEMS AGM**  
**Held virtually via zoom on 29 July 2022 AT 15h00**

No.	Issue (short description)	Classification of Issue	Responsible Lead	Scheme Response / Action Required	Progress	Status
1.	Members requested the Scheme to consider introducing a landline number that is linked to the 0861 Call Centre number, as this would benefit members who make use of a Telkom landline, especially as Telkom excludes the 0861 numbers.  Also, members phoning from their cell phones incur tremendous costs when phoning the Call Centre on the 0861 number.	Call Centre	CAO	The Scheme responded that it has dealt with the issue of the 0861 Call Centre number in the past, but will again investigate the impact of the 0861 Call Centre number on Members calling from a Telkom landline or from their cell phones.	TBC	Work to commence
2.	Members requested the Scheme's compliance with the 24-48 hour turnaround time for Member complaints/queries to be addressed, and to call members should such compliance not be possible, as stated in the automated response received by members upon submitting complaints/queries to the Scheme.	Quality and standard of member services	CAO	The Scheme responded that it was committed to serving its members and that it will use its best endeavours to ensure compliance with the wording of its automated response(s).	TBC	Work to commence
3.	Members requested the Scheme to implement a system to properly track the receipt and resolution of members complaints/queries in order to ensure that all complaints/queries are finalised in good time.	Quality and standard of member services	CAO	The Scheme responded that it was committed to serving its members and that it will use its best endeavours to ensure that Member complaints/queries are resolved in good time.	TBC	Work to commence

**Action list on member issues raised at the 2022 GEMS AGM  
Held virtually via zoom on 29 July 2022 AT 15h00**

No.	Issue (short description)	Classification of Issue	Responsible Lead	Scheme Response / Action Required	Progress	Status
4.	Members requested the Scheme to develop and implement mechanisms for the funding of original medication (instead of generic medication), as original medication tends to be more effective, although more expensive.	Product Development and Benefit Design	CRO	<p>The Scheme responded that generic medication has the same bioavailability as the originator, and that SAHPRA will not register generic medication if the bioavailability was dissimilar.</p> <p>Attempt to develop mechanisms to ensure the viability of funding original medication (instead of generic medication).</p>	TBC	Work to commence
5.	Members requested the Scheme to consider deleting the beneficiary limit and to only retain the family limit applicable to some benefits, as this would empower principal members to better manage their and their dependants' healthcare funding needs insofar as the particular benefits are concerned.	Product Development and Benefit Design	CRO	<p>The Scheme responded that when contributing to a medical aid, money is not saved for something, but a benefit is bought. Members are not allowed to use another beneficiary or family member's sublimit, as it was not money put in a kitty, but a benefit entitlement.</p> <p>Consider the viability of deleting the beneficiary limit and to only retain the family limit applicable to some benefits in order to empower principal members to better manage their and their dependants' healthcare funding needs insofar as the particular benefits are concerned.</p>	TBC	Work to commence



# OTHER INFORMATION

### **Principal Officer's office and postal address**

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### **Medical Scheme administrator during the year, office and postal address**

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### **Actuaries' office and postal address**

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### **Auditors' office and postal address**

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5. Sanlam Investment Management (Pty) Ltd  
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KwaZulu-Natal	187 Shackleton House, Hoosen Hafejee Street, Pietermaritzburg 3201	033 342 0525
Limpopo	1 <sup>st</sup> Floor Kwane Chambers, 29 Hans Van Rensburg, Polokwane, 0699	015 291 2428
Mpumalanga	Riverside Office Park, Building 1, Aqua Street, Mbombela, 1200	013 757 0529
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