

DISCOVERY HEALTH MEDICAL SCHEME

MINUTES OF THE 16TH ANNUAL GENERAL MEETING OF THE DISCOVERY HEALTH MEDICAL SCHEME

WHERE AND WHEN

The Auditorium, Ground Floor, 155 West Street, Sandton
Thursday 24 June 2010 at 10:00

PRESENT

The attendance register was kept by PricewaterhouseCoopers Inc and is available at the office of the Principal Officer. 78 people, including members, trustees, members of the board sub- committees, auditors and other interested parties attended and signed the attendance register. Formal apologies were received from Mr de Villiers, Mr Lamprecht, Adv Graves, Dr Moodley, Prof Jacobson and Mr Gore.

1. Welcome and quorum

The chairman, Adv Mike van der Nest, welcomed everyone present at the 16th annual general meeting (“AGM”) of members of the Discovery Health Medical Scheme. The chairman declared that in terms of rule 25.1.1. there are more than 15 members present and therefore constitutes a quorum. The meeting was properly constituted and was declared open.

The chairman presented the agenda to the members and proposed that it be accepted with no change. The proposal was approved and seconded from the floor.

2. Confirmation of the minutes of the 2008 AGM held on 14 May 2009

The Chairman proposed that the minutes of the 15th AGM of the members of the Discovery Health Medical Scheme held on 14 May 2009 be confirmed. A draft copy of the minutes was submitted to the board of trustees who expressed the opinion that the minutes were an accurate reflection of the proceedings of the AGM held in 2009. The draft minutes had also been put on the website for the information and use of members in general. The minutes were approved and seconded from the floor

3. Tabling of the annual financial statements

The chairman requested that before he asks for the approval of the trustees report and the annual financial statements, Mr Milton Streak (Principal Officer of DHMS) would give the meeting more background on the financial highlights of the past year.

The Chairman thanked Mr Streak for the informative presentation.

Dr Jonathan Broomberg (CEO of Discovery Health (Pty) Ltd, the administrator of the Scheme) gave the meeting a presentation on the strategies that have been put in place by the administrator.

The Chairman thanked Dr Broomberg for the presentation.

The Chairman proposed that the report of the trustees and the annual financial statements for the year ended 31 December 2009 be tabled and accepted. The proposal was approved and seconded from the floor.

4. Election of Scheme board of Trustees

The Chairman informed the meeting that in terms of the rules of the Scheme retiring members are eligible for re-election except that no person can serve longer than two consecutive three year terms. Notwithstanding this, a trustee can serve more than two terms in his/her lifetime. The trustees that retire at this meeting today includes Adv van der Nest, Dr Sangweni, Mr Steve Handler, Prof Barry Jacobson and Mr Dale Cohen. With the exception of Adv van der Nest who has now served two consecutive terms of three years each, the rest of the trustees are eligible for re-election. It was noted that the rules of the Scheme provide that there will be no less than 5 trustees but no more than 8. The number of positions to be filled today by member election was 6 and 9 nominations have been received by the Nomination Committee. The candidates include those eligible for re-election namely Dr Sangweni, Mr Steve Handler, Prof Barry Jacobson and Mr Dale Cohen while new candidates include Mr Barry Stott, Mr Puke Maserumule, Dr Dhesan Moodley, Adv Noel Graves and Prof Zephne van der Spuy.

It was noted that all the candidates had signed declaration of interests which were checked by the Nomination committee. The abridged CV's of all the candidates were presented to the meeting.

The meeting noted that the results of the election will not be made known at the meeting as the counting and verifying process takes a while. The results will be published on the website and other communication channels utilised by DHMS in next few days.

Mr Mario Compagnoni said that he noticed that the people who nominated the various candidates were not available and requested that this be made available. Adv van der Nest said that the voting process was a public process available for all members and that was considered more important that the person who nominated the candidate. It was further felt that the person nominating a candidate could influence the vote for the candidate and this was considered to be unfair. The request from Mr Compagnoni received no support from those present.

The meeting were given the opportunity to cast their votes for the six trustee members to serve for the next three years.

Adv van der Nest briefly explained the composition of the audit and risk committee, the investment committee and the clinical governance committee.

5. Appointment as auditors

The chairman proposed that PricewaterhouseCoopers Inc be appointed as the auditors for the ensuing year. The proposal was approved and seconded from the floor.

6. Amalgamation with the Edcon Medical Scheme

Adv van der Nest requested that Mr Emile Stipp, the chief health actuary, give the meeting actuarial background on why it would be in the interest of the scheme to continue with the amalgamation. After the presentation the meeting had the opportunity to vote if the amalgamation should be approved or not. It was noted that the outcome, similar to the results on the election of trustees, will only be announced after close of the meeting and will be made available on the website.

7. General

The chairman said that the Principal Officer had received 1 motion from Mr Mario Compagnoni. In summary he requested that the members support DHMS and other medical schemes in their efforts to eradicate over servicing, over prescribing, over claiming and any other form of fraud within the framework of the existing legislation. In addition a concern was expressed on the threat issued by SAMA objecting to medical schemes taking the mentioned action. The motion was carried.

Ms I Benjamin complimented DHMS on the work being done in the medical scheme environment. However, she queried the fact that authorisation was withheld on certain operations or procedures. The meeting noted that in her case an operation was suggested but the clinical department declined the authorisation. She had the operation on her own expense and the operation was a big success resulting in her having stopped all existing medication. Dr Broomberg gave the meeting some information on clinical policies that Discovery has in place as far as new technology was concerned. The process is considered very efficient and robust and also includes the funding approach. The procedure that Ms Benjamin underwent was only recently introduced into SA. The final decision on funding is taking in consultation with the relevant external professional society. Dr Broomberg gave the meeting information on all of the appeal procedures that are in place for the use of members.

Member NM Awa had a complaint on services being paid from her benefits which was not rendered. The information was also shared in a call to one of the Discovery agents but this person had never returned the call.

It was agreed that Mr Streak will discuss the details of the complaint after the meeting. She had another complaint on Discovery Life protection plan which will also be dealt with after close after the meeting.

A Member who's name could not be heard had similar problems with services being charged incorrectly and said that in all cases feedback to her never happened and incorrect charges had never been corrected. Dr Broomberg gave the assurance that her problem will be addressed and feedback given.

Mr Roelof van der Merwe from Stellenbosch said that his perspective was that the doctors in Stellenbosch had in general a negative attitude towards Discovery and that he was effected by having to pay for consultations and then claiming back afterwards. He requested if the relationship with the medical community in the Western Cape could be restored. Dr Broomberg said that he was aware of the relationship problem and gave the assurance that the relationships have in fact improved tremendously and have personally visited the area often to improve the situation. However, Dr Broomberg pointed out that a large proportion of the community in the area have chosen to charge rates much higher than Discovery rates. As a result of this Discovery follows the principle to not follow balance billing and pays the Discovery rate directly to the member who remains liable to the doctor directly.

Mr Compagnoni said that he wanted to leave the board and management with a general and six specific thoughts. On the general side he expressed the opinion that the scheme was managed exceptionally well and that no other bench mark was available. He suggested that a measurement be found where further improvement could be demonstrated.

Specific suggestions included:

1. That some of the KeyCare product attributes be introduced into the higher plans
2. That the cost versus value add of some professional charges be demonstrated going forward
3. That brokers be motivated to inform members of changes to the products and that brokers be incentivised to regularly (annually) contact their client members to give updates on product enhancements.
4. That two measures be introduced going forward and they are lower contributions and lower self payment gaps.
5. The increase for the new year be no higher than 8,2%
6. That more work be done on the funding of “essential care” for advanced illness patients to reduce unnecessary care and waste.

Mr Streak said that as mentioned earlier in the meeting, the term of office of Adv van der Nest was coming to an end. He thanked him for his chairmanship and especially for his exceptional leadership during his term.

There being no further questions, the chairman thanked all those who attended the meeting and declared the meeting closed.

Confirmed a reasonable reflection of the discussions at the meeting.

CHAIRMAN