PROFMED

Reg. No. 1194

Rules

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As at 08/02/2018

1. NAME

The name of the Scheme shall be "PROFMED" Medical Scheme, hereinafter referred to as the "Scheme".

2. LEGAL PERSONA

The Scheme shall be a body corporate and in its own name shall be capable of suing and being sued and of doing or causing to be done all such things as may be necessary for or incidental to the exercise of its powers or the performance of its functions in terms of these rules.

3. REGISTERED OFFICE

The Registered Office of the Scheme is situated at 15 Eton Road, Parktown, Johannesburg but the Board may change its Registered Office to any other location in the Republic of South Africa, should circumstances so dictate.

4. DEFINITIONS

In these rules, a word or expression defined in the Medical Schemes Act (Act 131 of 1998) bears the meaning thus assigned to it and, unless inconsistent with the context -

(a) a word or expression in the masculine gender includes the feminine;

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

(c) the following expressions have the following meanings:

4.1 "Act": the Medical Schemes Act, 1998 (Act No. 131 of 1998) and the regulations framed thereunder;

4.2 "Administrator": the Administrator of the Scheme accredited from time to time in terms of the Act;

4.3 "Admission Date": the date on which a person becomes a Member in terms of these rules;

4.4 "Affiliate": for the purposes of these rules, means any subsidiary of The Professional Provident Society Holdings Trust or any fund, scheme or entity controlled, managed, affiliated to or associated with The Professional Provident Society Holdings Trust or any of its subsidiaries;

4.5 "Auditor": an individual or firm that is registered as an Auditor in terms of the Auditing Profession Act (No 26 of 2005);

4.6 "Beneficiary": a Member or a person admitted as a Dependant of a Member;

4.7 "Board": the Board of Trustees constituted to manage the Scheme in terms of these rules;

4.8 "Child": a Member's natural Child or a step Child or legally adopted Child or a Child in the process of being legally adopted or a Child in the process of being placed in foster care with the Member, or a Child for whom the Member is responsible for family care and support or a Child who has been placed in the custody of the Member and is a Dependant or a Child who, due to a mental or physical disability, is

As at 08/02/2018

Dependent on the Member and in respect of whom the Member is liable for family care and support, and who is not a beneficiary of another medical scheme;

4.9 "Condition-specific waiting period": a period during which a Beneficiary is not entitled to claim benefits in respect of a condition for which medical advice, diagnosis, care or treatment was recommended or received within the twelve-month period ending on the date on which an application for membership was made;

4.10 "Continuation Member": a Member who retains his membership of the Scheme in terms of rule 6.2 or a Dependant who becomes a Member of the Scheme in terms of rule 6.3;

4.11 "Contribution": amount payable on a monthly basis as a membership fee to the Scheme in return for medical benefits and in accordance with the payment structures in Annexure A of these rules;

4.12 "Cost": in relation to a benefit, the net amount payable in respect of the service rendered or material obtained or pharmaceutical supplied in terms of Act 101;

4.13 "Creditable coverage": any period in which a Late Joiner was:

4.13.1 a Member or a Dependant of a Medical Scheme;

4.13.2 a Member or a Dependant of an entity doing the business of a Medical Scheme which, at the time of his membership of such entity, was exempt from the provisions of the Act;

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

4.13.4 a Member or a Dependant of the Permanent Force Continuation Fund, but excluding any period of coverage as a

As at 08/02/2018

Dependant under the age of 21 years.

4.14 "Date of Service":

4.14.1 In the event of a consultation, visit or treatment, the date on which each consultation, visit or treatment took place, whether for the same illness or not;

4.14.2 In the event of an operation, procedure or confinement, the date on which such operation or procedure was performed or confinement occurred;

4.14.3 In the event of hospitalisation, the date of each discharge from a Hospital, or date of cessation of membership, whichever date occurs first; or

4.14.4 In the event of any other service or requirement, the date on which such service was rendered or requirement obtained or received;

4.15 "Dependant":

4.15.1 For purposes of membership -

4.15.1.1 a Member's Spouse or a former Spouse or a Partner or former Partner of a Member who is not a Member or a registered Dependant of a Member of another Medical Scheme;

4.15.1.2 a Member's Child as defined in rule 4.8

4.15.1.3 the immediate family of a Member in respect of whom the Member is liable for family care and support;

4.15.1.4 such other persons who are recognised by the Board as Dependants for purposes of these Rules;

As at 08/02/2018

4.15.2 For purposes of calculating contributions -

4.15.2.1 a Child Dependant is:

4.15.2.1.1 a Member's Child who is younger than 21 years;

4.15.2.1.2 a Member's Child who is younger than 28 years and is a student at an academic institution and who is registered as a Dependant of the Member in terms of these rules for periods of not more than twelve (12) months at a time, and who is not a beneficiary of another medical scheme. Dependants who are studying part-time must submit proof of dependence. It is the responsibility of the Members to submit proof of study and dependence, which must be submitted annually by end February, failing which Contributions will be amended accordingly, with effect from 1 March.

4.15.2.2 an Adult Dependant is:

4.15.2.2.1 a Member's Spouse or Partner as defined in rule 4.15.1.1;

4.15.2.2.2 a Child Dependant who is 21 years or older;

4.15.2.2.3 a Dependant who, due to a mental or physical disability is Dependent upon the Member and in respect of whom the Member is liable for family care and support.

4.16 "Dependent": in relation to a person other than the Member's spouse or partner, a Dependant who is Dependent on the Member and in respect of whom the Member is liable for family care and support; and who is not in receipt of a regular remuneration of more than the maximum limit of the lowest contribution income band as contained in Annexure A.

As at 08/02/2018

4.17 “Designated Service Provider”: A provider (DSP) or network of providers (DSPN) who are contracted by the Scheme to provide services, treatment, medicine or facilities to members in terms of both Prescribed Minimum Benefits and non-Prescribed Minimum Benefit illnesses;

4.18 “Domicilium citandi et executandi”:

4.18.1 In respect of a Member, the Member’s last address registered with the Scheme;

4.18.2 In respect of the Scheme, the Scheme’s registered office in terms of rule 3;

4.19 “Emergency Medical Condition”: means the sudden and, at the time, unexpected onset of a health condition that requires immediate medical or surgical intervention, where failure to provide such medical or surgical treatment would result in serious impairment to health, or would place the person’s life in serious jeopardy;

4.20 [1]“Employer Group”: an organisation, firm, company, body corporate, association, partnership or statutory body that provides access to membership of the Scheme to its employees by virtue of their employment by such organisation, company, body corporate, association, partnership or statutory body and which employees are eligible for membership of the Scheme in terms of rule 6.1;

4.21 “Fit and proper”: skill, experience, character traits, diligence, honesty, integrity and judgement a responsible person shall possess to perform the duties of a trustee or principal officer;

4.22 “General waiting period”: a period in which a Beneficiary is not entitled to claim any benefits;

[1]Rule under review

As at 08/02/2018

4.23 “Hospital”: means a State Hospital, a Provincial Hospital, a Private Hospital/Clinic, a nursing home, maternity home, a day clinic, a hospice, a convalescent home or any similar registered institution established in terms of the law;

4.24 “Income”: for the purpose of calculating Contributions in respect of:

4.24.1 a Member who is an employee in terms of rule 6.1.4 - his gross monthly salary/pensionable Income from all sources;

4.24.2 an individual Member – gross monthly Income from all sources;

4.24.3 a Member who registers his Spouse or Partner as a Dependant – the higher of the Member’s or Spouse’s or partner’s income from all sources;

4.25 “Late Joiner”: an applicant or the adult Dependant of an applicant who, at the date of application for membership or admission as a Dependant, as the case may be, is thirty-five (35) years of age or older but excludes any Beneficiary who enjoyed coverage with one or more Medical Schemes as from a date preceding 1 April 2001, without a break in coverage exceeding three (3) consecutive months since 1 April 2001. Contribution loadings on Late Joiners remain in force for the duration of their membership on the Scheme;

4.26 “Managed Health Care”: clinical and financial risk assessment and management of health care, with a view to facilitating appropriateness and cost-effectiveness of relevant health services within the constraints of what is affordable, through the use of rules-based and clinical management-based programmes;

4.27 “Managed Health Care Organisation”: a person who has contracted with a medical scheme in terms of regulation 15A to provide a managed health care service;

As at 08/02/2018

4.28 "Material relationship": a relationship with or interest in a natural or juristic person that, in the view of a reasonable person, would interfere with the independent judgement of an officer of the Scheme or prejudice the interests of the Scheme or its Members;

4.29 "Medical Scheme": any Medical Scheme registered under Section 24(1) of the Act;

4.30 "Member": any person who is admitted as a Member of the Scheme in terms of these rules;

4.31 "Member Family": the Member and all his registered Dependants;

4.32 "Patient": Member or his Dependant receiving medical treatment in terms of the rules of the Scheme;

4.33 "Partner": a person with whom the Member has a committed and serious relationship akin to a marriage based on objective criteria of mutual dependency and a shared and common household, irrespective of the gender of either party;

4.34 "Pre-authorisation": shall have the meaning assigned to it in clause 17.1;

4.35 "Pre-existing Sickness Condition": a condition for which medical advice, diagnosis, care or treatment was recommended or received within the twelve (12) month period ending on the date on which an application for membership was made;

4.36 "Prescribed Minimum Benefits": the benefits contemplated in Section 29(1)(o) of the Act, and consisting of the provision of the diagnosis, treatment and care Costs of –

(a) the Diagnosis and Treatment Pairs listed in Annexure A of the Regulations to the Act, subject to any limitations specified in Annexure A; and

As at 08/02/2018

(b) any Emergency Medical Condition;

4.37 "Prescribed Minimum Benefit condition": a condition contemplated in the Diagnosis and Treatment Pairs listed in Annexure A of the Regulations to the Act or any Emergency Medical Condition;

4.38 "Prescription": all the medicine that a medical or dental practitioner or other person legally authorised to do so prescribes at one time for one person for his sickness, condition or treatment (and meets requirements determined in terms of the Medicines and Related Substances Act 101 of 1965);

4.39 "Principal Officer": the Principal Officer of the Scheme, or a person acting in that capacity by direction of the Board;

4.40 "Registrar": the Registrar or Deputy Registrar of Medical Schemes appointed in terms of Section 18 of the Act;

4.41 "SADC": Southern African Development Community;

4.42 "Spouse": the Spouse of a Member to whom the Member is married in terms of any law or custom; and

4.43 "Waiting Period": a period during which the relevant benefits shall not accrue or be available to a Member or Dependants, but during which period Contributions shall nevertheless be paid to the Scheme.

As at 08/02/2018

5. OBJECTS

The objects of the Scheme are -

5.1 to undertake liability in terms of rule 16, in respect of its Members and their Dependants, in return for a Contribution;

5.2 to make provision for the obtaining of any relevant health service;

5.3 to grant assistance in defraying expenditure incurred in connection with the rendering of relevant health services; and/or

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

6. MEMBERSHIP

6.1 [2] "Eligibility"

Membership of the Scheme is restricted to:-

6.1.1 Graduates with a degree and/or qualification, meeting one or more of the following criteria:

6.1.1.1 A degree of four years or more

6.1.1.2 A three-year degree with a post-graduate qualification

6.1.1.3 Two three-year degrees;

6.1.2 For the purposes of 6.1.1 above, each and every degree and/or qualification (whether post-graduate or not) is required to be of a duration of not less than one year, and obtained in South Africa from a public University and/or from a public University of Technology accredited by the Council on Higher Education;

6.1.3 Persons with a qualification from abroad equivalent to the qualifications set out in 6.1.1;

6.1.4 all full-time employees of Profmed, and The Professional Provident Society Holdings Trust and its subsidiaries.

As at 08/02/2018

[2] Rule under review

6.2. "Pensioners"

6.2.1 A Member shall retain his membership of the Scheme with his registered Dependants, if any, in the event of his retiring from the service of his employer or his employment being terminated by his employer on account of age, ill-health or other disability, or he retires from practicing his profession;

6.2.2 Unless such Member informs the Scheme in writing of his desire to terminate his membership, he shall continue to be a Member;

6.3 "Dependants of deceased Members"

6.3.1 The Dependants, in terms of rule 4.15, of a deceased Member who were admitted and registered with the Scheme as such at the time of such Member's death shall be entitled to membership of the Scheme without any new restriction, limitation or Waiting Period;

6.3.2 The Scheme shall inform such dependant or legal guardian of his right to membership and of the contributions payable in respect thereof. Unless such dependant or his guardian informs the Board in writing of his intention not to become a Member, he shall be admitted as a Member of the Scheme;

6.3.3 Such a Member's membership terminates if he becomes a member or a dependant of a member of another Medical Scheme;

6.3.4 Where Child Dependants have been orphaned, the oldest sibling shall be classified as the Member paying Child Dependant rates but subject to the provision of rules 4.15.2, and the younger siblings shall qualify as Child Dependants, subject to the provisions of the

As at 08/02/2018

rules.

7. REGISTRATION AND DEREGISTRATION OF DEPENDANTS

7.1 “Registration of Dependants”

7.1.1 A Member may apply for the registration of any one or more of his Dependants at the time that he applies for membership in terms of rule 8 or subject to rule 7.1.2, or at anytime thereafter;

7.1.2 A newborn must be registered on the Scheme within thirty (30) days of the date of birth of the Child. Benefits will accrue and increased Contributions shall then be due from the first day of the month of birth.

7.1.3 If a member applies to register a Child other than a newborn, or a newly-adopted Child, increased Contributions shall be due and benefits accrue from the Admission Date, subject to rule 8.3;

7.1.4 If a Member who marries subsequent to joining the Scheme applies to register his Spouse as a Dependant, increased Contributions shall then be due and benefits shall accrue from the Admission Date, subject to rule 8.3;

7.1.5 In the event of any person becoming eligible for registration as a Dependant other than in the circumstances set out in rules 7.1.1 to 7.1.4, the Member may apply to the Scheme for the registration of such person as a Dependant, whereupon the provisions of rule 8 shall apply *mutatis mutandis.*

7.2. “Deregistration of Dependants”

7.2.1 A Member shall inform the Scheme within thirty (30) days of the occurrence of any event which results in any one of his Dependants no longer satisfying the conditions in terms of which he may be a Dependant;

As at 08/02/2018

7.2.2 When a Dependant ceases to be eligible as such, he shall no longer be deemed to be registered as such for the purpose of these rules or entitled to receive any benefits, regardless of whether notice has been given in terms of these rules or otherwise; and

7.2.3 Subject to rule 6.3 the membership of a Dependant shall terminate immediately once the membership of the principal Member is terminated for any reason.

8. TERMS AND CONDITIONS APPLICABLE TO MEMBERSHIP

8.1 No person may:

8.1.1 be a member of more than one Medical Scheme;

8.1.2 be a dependant of more than one member of a particular Medical Scheme;

8.1.3 be a dependant of members of different Medical Schemes; or

8.1.4 claim or accept benefits in respect of himself or any of his dependants from any Medical Scheme in relation to which he is not a member or a dependant of a member;

8.2 A prospective Member shall, prior to admission, complete and submit the application forms required by the Scheme, together with copies of Identification Documents and/or Birth Certificates or other satisfactory evidence of age, Income, state of his health and the health of his Dependants and of any medical advice, diagnosis, care or treatment recommended or obtained within a period of twelve (12) months immediately prior to the date on which application to the Scheme was made. Proof of any prior membership of any other Medical Scheme must also be submitted.

As at 08/02/2018

8.3 Waiting Periods:

8.3.1 The Scheme may impose upon a person in respect of whom an application is made for membership or admission as a Dependant, and who was not a Beneficiary of a Medical Scheme for a period of at least ninety (90) days preceding the date of application:

8.3.1.1 a General Waiting Period of up to three (3) months, also in respect of PMB conditions; and

8.3.1.2 a Condition-Specific Waiting Period of up to twelve (12) months, also in respect of PMB conditions.

8.3.2 The Scheme may impose upon any person in respect of whom an application is made for membership or admission as a Dependant, and who was previously a Beneficiary of a Medical Scheme for a continuous period of up to twenty-four (24) months, terminating less than ninety (90) days immediately prior to the date of application-

8.3.2.1 a Condition-Specific Waiting Period of up to twelve (12) months, except in respect of any treatment or diagnostic procedures covered within the Prescribed Minimum Benefits;

8.3.2.2 in respect of any person contemplated in this subrule, where the previous Medical Scheme had imposed a General or Condition-Specific Waiting Period, and such Waiting Period had not expired at the time of termination, a General or Condition-Specific Waiting Period for the unexpired duration of such Waiting Period imposed by the former Medical Scheme.

8.3.3 The Scheme may impose upon any person in respect of whom an application is made for membership or admission as

As at 08/02/2018

a Dependant, and who was previously a Beneficiary of a Medical Scheme for a continuous period of up to twenty-four (24) months or more, terminating less than ninety (90) days immediately prior to the date of application, a General Waiting Period of up to three (3) months, except in respect of any treatment or diagnostic procedures covered within in the Prescribed Minimum Benefits;

8.3.4 No Waiting Period may be imposed as a result of:

8.3.4.1 change of employment;

8.3.4.2 an employer changing or terminating the Medical Scheme of its employees, in which case such transfer shall occur at the beginning of the financial year, or (three) 3 months notice must have been furnished to the Scheme to which an application is made for such transfer to occur at the beginning of the financial year;

8.3.4.3 a Beneficiary who changes from one benefit option to another within the Scheme unless the Beneficiary is subject to a Waiting Period on the current benefit option in which case the remaining period may be applied;

8.3.4.4 a Child Dependant born during the period of membership. If the child is registered after thirty (30) days from date of birth, waiting periods will be imposed.

8.4 The registered Dependants must participate in the same benefit option as the Member;

8.5 Every Member will, on admission to membership, receive a detailed summary of these rules which shall include Contributions, benefits, limitations, and the Member's rights and obligations. Members and their Dependants, and any person who claims any benefit under these

As at 08/02/2018

rules or whose claim is derived from a person so claiming, are bound by these rules as amended from time to time; and

8.6 A Member may not cede, transfer, pledge or hypothecate or make over to any third party any claim, or part of a claim or any right to a benefit which he may have against the Scheme. The Scheme may withhold, suspend or discontinue the payment of a benefit to which a Member is entitled under these rules, or any right in respect of such benefit or payment of such benefit to such Member, if a Member attempts to assign or transfer, or otherwise cede, pledge, or hypothecate such benefit.

9. INTERCHANGEABILITY

9.1 The Board shall, at its discretion, admit to membership of the Scheme, without a waiting period or imposition of new restrictions on account of the state of his health or the health of any of his Dependants, any person who has been a member or the dependant of a member of any other registered Medical Scheme for a continuous period of at least two (2) years and who applies within three (3) months after the date on which he ceased to be a member or a dependant of such scheme, to become a Member or a Dependant; and

9.2 If the members of a Medical Scheme who are members of that scheme by virtue of their employment by a particular employer, terminate their membership of such scheme with the object of obtaining membership of this Scheme, the Board will admit as a Member, without a Waiting Period or the imposition of new restrictions on account of the state of his health or the health of any of his Dependants, any member of such first-mentioned scheme who is a Member or Continuation Member by virtue of his past employment with the particular employer and register as Dependant any person who has been a registered dependant of such employee of the particular employer.

10. MEMBERSHIP CARD AND CERTIFICATE OF MEMBERSHIP

As at 08/02/2018

10.1 Every Member shall be furnished with a membership card, containing such particulars as may be prescribed. This card must be exhibited to the supplier of a service on request. It remains the property of the Scheme and must be returned to the Scheme or destroyed on termination of membership;

10.2 The utilisation of a membership card by any person other than the Member or his registered Dependants, with the knowledge or consent of the Member or his Dependants, is not permitted and is construed as fraud, which shall entitle the Scheme, in addition to any other remedies it may have, to apply the provisions of rule 12.4; and

10.3 On termination of membership or on de-registration of a Dependant, the Scheme must within thirty (30) days of such termination, furnish such person with a certificate of membership and cover, containing such particulars as may be prescribed.

11. CHANGE OF DOMICILIUM AND/OR BANKING DETAILS OF A MEMBER

A Member must notify the Scheme within thirty (30) days of any change of domicilium and/or banking details. The Scheme shall not be held liable if a Member's rights are prejudiced or forfeited as a result of neglect to comply with the requirements of this rule.

12. TERMINATION OF MEMBERSHIP

12.1 A Member may terminate his membership of the Scheme on giving one (1) calendar month's written notice. All rights to benefits cease on conclusion of the last day of membership. Rule 8.3 will apply with regard to readmission as a Member;

12.2 A Member who resigns from the service of the participating employer shall, on the date of such termination, cease to be a Member and all rights to benefits shall thereupon cease, except for claims in respect of services rendered prior thereto;

As at 08/02/2018

12.3 If a Member fails to pay amounts due to the Scheme, his membership may, at the discretion of the Scheme, be suspended or terminated;

12.4 If a member presents false claims to the Scheme, makes material misrepresentation to the Scheme or fails to disclose material information to the Scheme or in any way defrauds or attempts to defraud the Scheme, his membership may, at the discretion of the Scheme, be suspended or terminated;

12.5 A participating employer may terminate his participation with the Scheme on giving three (3) calendar months' written notice.

13. CONTRIBUTIONS

13.1 The total monthly Contributions payable to the Scheme by or in respect of a Member are as stipulated in Annexure A. It shall be the responsibility of the member to notify the Scheme of changes in income that may necessitate a change in contributions in terms of Annexure A hereto;

13.2 Contributions shall be due monthly in advance and be payable by not later than the third day of each month. Where Contributions have not been paid by the third day of the month, they shall be in arrears and the Scheme shall have the right to suspend membership and all benefit payments in respect of claims which arose during the period of default, and to give the Member and/or employer notice that if Contributions are not paid up to date within fourteen (14) days, membership may be cancelled;

13.3 Where any other debt owing to the Scheme has not been paid within thirty (30) days of becoming due, the Scheme shall have the right to suspend membership and all benefit payments in respect of claims which arose during the period of default, and to give the Member and/or employer notice that if such debt is not paid up to date within fourteen (14) days, membership may be cancelled;

As at 08/02/2018

13.4 Where an employer pays or undertakes to pay a Member's Contributions, such Contributions shall be due monthly in arrears and be payable by not later than the thirtieth day of each month. Where such Contributions have not been paid by the thirtieth day of the month, they shall be in arrears and the Scheme shall have the right to suspend membership and all benefit payments in respect of claims which arose during the period of default, and to give the Member and/or employer notice that if Contributions are not paid up to date within fourteen (14) days, membership may be cancelled;

13.5 The suspension of a Member from benefits in terms of these rules shall not affect the liability for the payment of Contributions falling due by or in respect of the Member during the period of suspension, in the event of the suspension being lifted;

13.6 In the event that payments are brought up to date, benefits shall be reinstated without any break in continuity over the same period. If such payments are not brought up to date, no benefits shall be due to the Member from the date of default and any such benefit paid may be recovered by the Scheme;

13.7 When an employer undertakes to pay or pays a Member's Contribution to the Scheme, that employer does so as agent of the Member concerned and not as a collection or other agent of the Scheme. Payment of Member's Contribution to the Scheme shall take place only upon receipt of such payment by the Scheme, and not when such payment is made to the employer;

13.8 The Contribution to be paid by or in respect of a Member shall always be for a complete calendar month. If a Member dies or ceases to qualify for membership during a calendar month, membership, for the purpose of these rules, shall be deemed to terminate on the last day of that calendar month;

13.9 The Member shall supply to the Scheme all such evidence as may be reasonably required by the Board in order to determine the Income category of a Member when called upon to do so. Failure to comply

As at 08/02/2018

with the requirements aforesaid will entitle the Scheme to base the Member's Contribution on the maximum Income category which may be applicable;

13.10 All adjustments in the rates of Contribution arising from an increase or decrease in the number of Dependants are to be implemented on the first day of the following month. In the case of salary or income adjustments, the Contribution will be adjusted with effect from the month following the month in which the Scheme is notified of such adjustment;

14. LIABILITIES OF A MEMBER

14.1 The liability of a Member is limited to the amount of his unpaid Contributions together with any sum disbursed by the Scheme on his behalf or on behalf of his Dependants which has not been repaid to the Scheme;

14.2 In the event of a Member ceasing to be a Member, any amount still owing by such Member is a debt due to the Scheme and recoverable by it;

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

15. CLAIMS PROCEDURE

15.1 Every claim submitted to the Scheme in respect of the rendering of a relevant health service as contemplated in these rules, must be accompanied by an account or statement as prescribed;

15.2 If a correct or corrected account, statement or claim is received, as the case may be, the Scheme must, in addition to the payment contemplated in Section 59(2) of the Act, send to the Member a statement containing at least the following particulars:

As at 08/02/2018

15.2.1 the name and the membership number of the Member;

15.2.2 the name of the supplier of service;

15.2.3 the name of the Beneficiary who received the service;

15.2.4 the final date of service rendered by the supplier of service which is covered by the payment;

15.2.5 the amounts charged for the service concerned;

15.2.6 the amount of the benefit awarded for such service;

15.2.7 the procedure or tariff code(s) applicable to the service rendered;

15.2.8 the rejection codes indicating the reason for non-payment of a specific healthcare service or supply; and

15.2.9 benefits available for the remaining portion of the benefit year, if applicable.

15.3 In order to qualify for benefits, claims must be submitted to the Scheme not later than the last day of the fourth month from the date on which the service was rendered;

15.4 Where a Member has paid an account, he must submit a receipt in support of his claim or indicate on the claim that the claim has been paid;

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

15.6 In the event that a Member or dependant requires medical services as a result of or arising out of a motor vehicle accident or any event for which the Member or dependant has received or is likely to receive compensation from any third party whatsoever, including travel insurance, the Member or dependant shall be entitled to such benefits as contemplated by his chosen benefit option and the Rules of the Scheme. This entitlement does not derogate from the Member's or dependant's right to institute a claim against the third party, for compensation of the costs of any related healthcare services performed and/or which in the future may be necessitated. In the event of instituting such claim, the Member shall –

As at 08/02/2018

15.6.1 promptly inform the Scheme of such claim against the third party;

15.6.2 arrange to include in such claim all payments made by the Scheme in respect of related healthcare services and/or medical expenses;

15.6.3 advise the Scheme of any undertaking by the third party to make payments of the costs of any past and/or future related healthcare services and/or medical expenses;

15.6.4 reimburse the Scheme with any payment made by the third party in respect of related healthcare serves and/or medical expenses which were paid by the Scheme;

15.6.5 ensure that all reimbursements due to the Scheme in terms of 15.6.4 are made within thirty (30) days of receipt of the payment from the third party, whether the payment was made to the Member or the Member's appointed attorney; and

15.6.6 make all reimbursements due to the Scheme in terms of 15.6.4 without any deductions.

15.7 Where the Scheme is of the opinion that an account, statement or claim is erroneous or unacceptable for payment, the Scheme must notify the Member and the health care provider accordingly within thirty (30) days after receipt thereof. The Scheme shall state the reasons why such claim is erroneous or unacceptable and afford such Member and provider the opportunity to return such corrected claim to the Scheme within sixty (60) days of the notice.

15.8 The account or statement contemplated in Section 59(1) of the Act must contain the following:-

(i) the surname and initials of the Member;

(ii) the surname, first name and other initials, if any, of the Patient;

(iii) the name of the Scheme;

(iv) the membership number of the Member;

As at 08/02/2018

(v) the practice code number, group practice number and individual provider registration number issued by the registering authorities for providers, if applicable, of the supplier of service and, in the case of a group practice, the name of the practitioner who provided the service;

(vi) the relevant ICD-10 and any other diagnostic codes as may be required from time to time and such other item code numbers that relate to such relevant health service, and by using the ICD-10 coding system in respect of the Chronic Disease List. Accounts submitted without ICD-10 codes will be rejected for payment;

(vii) the date on which each relevant health service was rendered;

(viii) the nature and Cost of each relevant health service rendered, including the supply of medicine to the Member concerned or to a Dependant of that member; and the name, quantity and dosage of and net amount payable by the Member in respect of the medicine;

(ix) where a pharmacist supplies medicine according to a Prescription to a Member or to his Dependant, a copy of the original Prescription or a certified copy of such Prescription may be requested;

(x) where mention is made in such account or statement of the use of a theatre:-

(a) the name and relevant practice number and provider number, contemplated in paragraph (v), of the medical practitioner or dentist who performed the operation;

(b) the name or names and the relevant practice number and provider number, contemplated in paragraph (v), of

As at 08/02/2018

every medical practitioner or dentist who assisted in the performance of the operation; and

(c) all procedures carried out together with the relevant item code numbers contemplated in paragraph (v);

(xi) in the case of a first account or statement in respect of orthodontic treatment or other advanced dentistry, a treatment plan indicating:-

(a) the expected total amount in respect of the treatment;

(b) the expected duration of the treatment; and

(c) the initial amount payable and the monthly amount payable.

15.9 No claim will be paid where a practitioner renders an account for services rendered by such practitioner to his Dependants, except for expense items paid to third parties, such as laboratory Costs;

15.10 Authorisation for Hospital events must be obtained prior to the date of that event. In the event of an after-hours emergency, authorisation must be obtained on the first working day after the admission; and

15.11 Treatment protocols and managed care tools can be applied to any event.

16. BENEFITS

16.1 Members are entitled to benefits during a financial year, as set out in Annexures B and C, and such benefits extend through the Member to his registered Dependants. A Member must, on admission, elect to participate in any of the available options, detailed in Annexure B;

16.2 A Member is entitled to change from one benefit option to another with effect from 1 January of any financial year, provided that:

As at 08/02/2018

16.2.1 application to change from one benefit option to another is in writing and lodged with the Principal Officer by not later than 31 December of the preceding year;

16.2.2 the Board may permit a member to change from one benefit option to another on any other date, subject to the conditions imposed;

16.3 The Scheme shall, where an account has been rendered, pay any benefit due to a Member, either to that Member or to the supplier of the relevant health service who rendered the account, within thirty (30) days of receipt of the claim pertaining to such benefit;

16.4 If a Member or his Dependant (referred to in this rule as "the Patient") intends to receive or has received treatment or hospitalisation for an illness or injury, the Board shall have the right to require the Patient, at the Scheme's Cost, to submit to an examination by any medical practitioner the Board may nominate and must communicate this to the attending practitioner. The Board, subject to the Prescribed Minimum Benefits, may disallow any further benefits for that particular illness or injury if the attending practitioner or the practitioner nominated by the Board advises that treatment or hospitalisation is not justified;

16.5 Should the results of the medical examination referred to in rule 16.4 differ from the attending practitioner, the matter will be referred to medical arbitration;

16.6 Any benefit option offered in Annexure B covers in full the Cost of the Prescribed Minimum Benefits rendered by a State Hospital or any other service provider designated by the Scheme from time to time in terms of Regulation 8 of the Medical Schemes Act 131 of 1998; and

16.7 The Scheme may exclude services from benefits as set out in Annexures B and C.

As at 08/02/2018

17. PRE-AUTHORISATION AND CASE MANAGEMENT

17.1 Pre-authorisation: in all cases where prior approval and authorisation by the Scheme ("Pre-authorisation") is required in respect of any benefit, even though such Pre-authorisation may be given by the Scheme, the payment of any claim relating thereto will always be subject to sufficient benefits being available to the Member at the time of payment, and further that his membership has not been terminated or suspended for any reason. Benefits that are subject to Pre-authorisation are subject further to the Scheme protocols and are set out in the annexures to this document; and

17.2 Case Management is the process carried out by trained healthcare professionals who ensure that Beneficiaries receive the optimum treatment for all hospital or related incidents at an appropriate facility and level of care, at the same time following the Scheme's protocols and applying Cost containment measures.

18. DISEASE MANAGEMENT PROGRAMMES

18.1 The Board has the right to introduce disease management programmes and treatment protocols from time to time. In terms of such programmes, certain medical conditions, inclusive of benefits in Annexure B, are subject to such management by the Scheme;

19. PAYMENT OF ACCOUNTS

19.1 Payment of accounts is restricted to the maximum amount of the benefit entitlement in terms of the applicable benefit and option elected;

As at 08/02/2018

19.2 The Scheme may, whether by agreement or not with any supplier or group of suppliers of a service, pay the benefit to which the Member is entitled, directly to the supplier who rendered the service;

19.3 Where the Scheme has paid an account or portion of an account or any benefit to which a Member is not entitled, whether payment is made to the Member or the supplier of service, the amount of any such overpayment is recoverable by the Scheme;

19.4 Notwithstanding the provisions of this rule, the Scheme has the right to pay any benefit directly to the Member concerned; and

19.5 Subject to the provisions of the Act and subject to any other law or regulation in force, the Scheme shall be entitled to offset against any amounts owed to that Member or his Dependant, any sum of money owed by that Member or Dependant to the Scheme and the Member and Dependant consents to this.

20. GOVERNANCE

20.1 Composition of the Board

20.1.1 The affairs of the Scheme shall be managed according to these rules by a Board consisting of ten (10) persons who are Fit and Proper to be trustees and who will serve terms of office of three (3) years each. From the date of the 2018 annual general meeting the Board will reduce to eight (8) trustees;

20.1.2 Half of such trustees shall be elected by Members from amongst Members; and

20.1.3 Half of such trustees, with relevant experience, expertise and skills shall be appointed by the Board of the Scheme from amongst Members;

20.1.4 Trustees shall serve a term of three (3) years.

As at 08/02/2018

20.1.5 Trustees shall undergo formal orientation to become familiar with the operations of the Scheme, its structure, policies and procedures, and orientation shall take place within sixty (60) days from the commencement of a trustee's first term of office;

20.1.6 Trustees shall comply with the Trustees' Training Policy;

20.1.7 The Board shall annually review and determine the skills and experience required to fulfill its fiduciary duties and responsibilities as contained in the rules of the Scheme, the Profmed Charter and the Act;

20.1.8 The Board shall endeavour to ensure continuity of skill and experience on the Board;

20.1.9 The following persons are not eligible to serve as trustees:

20.1.9.1 a person under the age of twenty-one (21) years;

20.1.9.2 an employee, director, officer, consultant or contractor of the Administrator of the Scheme or any person contracted by the Scheme to provide administrative, marketing or managed health care services, or of the holding company, subsidiary, joint venture or associate of that Administrator;

20.1.9.3 a person who otherwise has a Material Relationship with any person contracted by the Scheme to provide administrative, marketing, broker, managed health care or other services, or with its holding company, subsidiary, joint venture or associate;

20.1.9.4 any person that is already serving as a trustee of any other registered medical scheme;

As at 08/02/2018

20.1.9.5 an employee of the Scheme;

20.1.9.6 the Principal Officer of the Scheme;

20.1.9.7 the Auditor of the Scheme;

20.1.9.8 a board member of The Professional Provident Society Holdings Trust and The Professional Provident Society Insurance Company Limited;

20.1.9.9 a broker or an employee, director, shareholder, officer, consultant or contractor of a person who provides broker services.

20.1.10 Retiring trustees are eligible for re-election or re-appointment, provided no trustee shall serve more than two (2) consecutive terms and no more than three (3) terms in total;

20.1.11 Should a casual vacancy of a trustee occur during a term of office, such vacancy will be filled as follows:

20.1.11.1 the vacancy of a trustee appointed in terms of rule 20.1.2 will be filled by appointment by the Board from Members. A person so appointed shall retire at the first ensuing annual general meeting; or

20.1.11.2 the vacancy of a trustee appointed in terms of rule 20.1.3 will be filled by appointment by the Board. A person so appointed shall serve the remaining period of the term of office of the trustee in whose place he is appointed;

As at 08/02/2018

20.1.12 The Board may co-opt a knowledgeable person to assist in its deliberations, provided that such person shall not have a vote;

20.1.13 Half of the trustees plus one (1) is a quorum at meetings of the Board;

20.1.14 If the number of trustees falls below the number necessary to form a quorum, the remaining trustee or trustees may continue to act, but only for the purposes of appointing additional trustees to constitute a quorum.

20.1.15 The Board shall elect from its number the Chairman at the first meeting of the Board of Trustees following an annual general meeting, the term of office will expire at the ensuing annual general meeting;

20.1.16 The Chairman may be voted out of office before the end of his term of office by a two-thirds majority;

20.1.17 The retiring Chairman is eligible for re-election;

20.1.18 In the absence of the Chairman, the trustees present shall elect one of their number to preside;

20.1.19 The Chairman shall preside over meetings of the Board and ensure due and proper conduct at meetings;

20.1.20 Matters serving before the Board shall be decided by a majority vote and in the event of an equality of votes, the Chairman has a casting vote in addition to his deliberative vote;

20.1.21 A trustee may resign at any time by giving written notice to the Board;

20.1.22 It is the responsibility of the Chairman to address any conduct by trustees that is considered undesirable by the Board;

As at 08/02/2018

20.1.23 The Board shall meet at least once every quarter or at more regular intervals, as circumstances require, or at such intervals as the Board may deem necessary;

20.1.24 The Chairman may convene a special meeting should the necessity arise. Any three (3) trustees may request the Chairman to convene a special meeting of the Board, stating the matters to be discussed at such meeting;

20.1.25 Trustees may be reimbursed for all reasonable expenses incurred by them in the performance of their duties as trustees;

20.1.26 Trustees may be remunerated as determined from time to time at the annual general meeting;

20.1.27 In the absence of the Chairman, his signing powers will be assumed by any other trustee/s mandated by the Board.

20.2 Nomination of Elected Trustees

20.2.1 Nominations to fill vacancies in respect of elected trustees, signed by the candidate signifying his consent to stand for election, shall be submitted to the Scheme by not later than 30 April of the year concerned and the election shall be carried out by the Members by means of a ballot vote to be received by the Scheme by a date determined by the Nominations Committee;

20.2.2 The nomination and election process will be undertaken under the direction of the Principal Officer;

20.2.3 A nominee may not nominate himself for election as a trustee;

20.2.4 Nominations and nominees shall be screened by the Nominations Committee to ensure that:

As at 08/02/2018

20.2.4.1 no conflict of interest exists;

20.2.4.2 nominees are eligible and Fit and Proper in terms of the rules of the Scheme, the Medical Schemes Act No. 131 of 1998, as amended, and the criteria identified by the Board from time to time;

20.2.4.3 all nominations are submitted in accordance with the stated criteria and requirements.

20.2.4.4 all nominees and proposers are fully paid-up Members of the Scheme on the date of nomination.

20.2.5 Nominations shall be:

20.2.5.1 submitted on the prescribed form and shall be signed and accepted by the nominee;

20.2.5.2 proposed and duly signed by the proposer, who shall be a Member;

20.2.5.3 accompanied by a curriculum vitae and a signed declaration of interests of the nominee.

20.3 Nomination of Appointed Trustees

20.3.1 The Board shall determine the requirements for nominations for appointment to the Board;

20.3.2 Trustees may propose a nominee to the Board for consideration in terms of the determined requirements;

20.3.3 Nominations shall be seconded by a trustee;

As at 08/02/2018

20.3.4 Nominees, proposers and seconders must be fully paid-up Members on the date of nomination;

20.3.5 Nominees may be interviewed by the Board at its discretion to establish the suitability of the nominees and to ensure nominees comply with the rules of the Scheme, the Medical Schemes Act No. 131 of 1998, as amended, and the skills, Fit and Proper and other criteria determined by the Board from time to time;

20.3.6 Nominees shall be appointed by a majority vote of the Board at a Board meeting.

20.4 Termination of a Trustee's Term of Office

20.4.1 A trustee may be removed from office by a majority vote of the Board at a Board meeting if he:

20.4.1.1 is absent within a twelve-month period from two (2) Board meetings without the permission of the Chairman and/or is absent from two (2) Board committee meetings without the permission of the chairman of the relevant Board committee;

20.4.1.2 is not acting in the best interests of the Scheme;

20.4.1.3 is destructive or improper in his attitude, participation and behaviour in meetings or in his general conduct as a trustee;

20.4.1.4 does not correct his conduct or a situation that has been addressed with him at least twice by the Chairman;

20.4.2 A trustee ceases to hold office if he:

As at 08/02/2018

20.4.2.1 becomes mentally ill or incapable of managing his affairs;

20.4.2.2 is declared insolvent or has surrendered his estate for the benefit of his creditor;

20.4.2.3 is convicted, whether in the Republic or elsewhere, of theft, fraud, forgery or perjury;

20.4.2.4 is removed by the Court from any office of trust on account of misconduct;

20.4.2.5 is disqualified from carrying on his profession;

20.4.2.6 is removed from office by the Council for Medical Schemes in terms of Section 46 of the Act;

20.4.2.7 is no longer a Member of the Scheme.

21. FIDUCIARY DUTIES OF BOARD OF TRUSTEES

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

21.2 The Board must act with due care, diligence, skill, and in good faith;

21.3 Trustees must avoid conflict of interest, and must declare any interest they may have in any particular matter serving before the Board;

21.4 The Board must apply sound business principles and ensure the financial soundness of the Scheme;

21.5 The Board shall appoint a Principal Officer who is Fit and Proper to hold such office and within 30 days of such appointment give notice thereof in writing to the Registrar. The Board shall determine the terms

As at 08/02/2018

and conditions of service of the Principal Officer and the employment policies of the Scheme;

21.6 The Board may authorise the appointment of any staff by the Principal Officer which, in its opinion are required for the proper execution of the business of the Scheme and must determine the terms and conditions of service of any person employed by the Scheme;

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

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

21.9 The Board must ensure that adequate and appropriate information is communicated to the Members regarding rights, benefits, Contributions, obligations and duties in terms of the rules;

21.10 The Board must take all reasonable steps to ensure that Contributions are paid timeously to the Scheme in accordance with the Act and the rules;

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

21.12 The Board must obtain expert advice on legal, accounting, clinical and business matters as required, or on any other matter of which the trustees may lack sufficient expertise;

21.13 The Board must ensure that the rules and the operation and administration of the Scheme comply with the provisions of the Act and all other applicable laws;

21.14 The Board must take all reasonable steps to protect the confidentiality of the personal information under its control as may be required by the Protection of Information Act No. 4 of 2013 or any other applicable

As at 08/02/2018

law;

21.15 The Board must approve all disbursements subject to rule 22.19;

21.16 The Board must cause to be kept in safe custody, in a safe strong room at the registered office of the Scheme or with any financial institution approved by the Board, any mortgage bond, title deed or other security belonging to or held by the Scheme, except when in the temporary custody of another person for the purposes of the Scheme;

21.17 The Board must make such provision as it deems reasonable and desirable, and with due regard to applicable legislation, normal practice and recommended guidelines pertaining to retention of documents, for the safe custody of the books, records, documents and other effects of the Scheme;

21.18 The Board must take all reasonable steps to ensure that the interests of Beneficiaries in terms of the rules of the Scheme and the provisions of the Act are protected at all times and with impartiality in respect of all Beneficiaries;

21.19 The Board shall ensure that the recommendation to Members on trustee remuneration is tabled at the annual general meeting.

21.20 The Board shall disclose annually in writing to the Registrar, any payment or considerations made to them in that particular year by the Scheme;

21.21 The Board shall appoint an auditor and audit committee annually;

21.22 The Board of Trustees shall ensure that the annual financial statements are prepared in compliance with all statutory requirements pertaining thereto;

21.23 The Board shall undertake a self-evaluation annually and an independent assessment every (3) years with due regard to normal

As at 08/02/2018

practice and recommended guidelines pertaining to improving the Board's effectiveness.

22. POWERS OF THE BOARD

The Board has the power:-

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

22.2 to take all necessary steps and to sign and execute all necessary documents to ensure and secure the due fulfillment of the Scheme's obligations under such appointments;

22.3 to appoint a committee consisting of such trustees and/or members of staff and/or other experts as it may deem appropriate and to delegate to any such committee any powers that vest in the Board in terms of these rules and/or the Act which the Board considers may be more practically applied and administered by a committee;

22.4 to appoint a duly accredited Administrator on such terms and conditions as it may determine, for the proper execution of the business of the Scheme. The terms and conditions of such appointment must be contained in a written contract which complies with the requirements of the Act and its Regulations;

22.5 to appoint, compensate and determine the level of services of any accredited broker for the introduction or admission of a Member to the Scheme;

22.6 to contract with Managed Health Care Organisations subject to the provisions of the Act and its Regulations;

22.7 to purchase movable and immovable property for the use of the Scheme or otherwise, and to sell it or any of it;

22.8 to let or hire movable or immovable property;

As at 08/02/2018

22.9 to provide administration services to other Medical Schemes;

22.10 in respect of any monies not immediately required to meet current charges upon the Scheme and subject to the provisions of the Act, and in the manner determined by the Board, to invest or otherwise deal with such monies upon security and to realise, re-invest or otherwise deal with such monies and investments in accordance with the categories of assets listed in Annexure B of the Regulations to the Act:

22.10.1 in such other form of investment as may be approved, after consultation with the valuator and with professional financial advisors approved by the Board, by seventy-five (75) per cent of the trustees present at the Board meeting at which are present not less than seventy-five (75) per cent of the trustees entitled to vote;

22.11 to delegate to professional financial advisors the management of its investments upon such terms as it may deem fit;

22.12 with the prior approval of the Council for Medical Schemes, to borrow money for the Scheme from the Scheme's bankers against the security of the Scheme's assets for the purpose of bridging a temporary shortage;

22.13 subject to the provisions of any law, to cause the Scheme, whether on its own or in association with any person, to establish or operate any pharmacy, Hospital, clinic, maternity home, nursing home, infirmary, home for aged persons or any similar institution, in the interests of the Members of the Scheme;

22.14 to donate to any Hospital, clinic, nursing home, maternity home, infirmary or home for aged person in the interests of all or any of the Beneficiaries;

As at 08/02/2018

22.15 subject to the terms of the Scheme's protocol, to grant *ex gratia* payments on behalf of Members in order to assist such Members to meet commitments in regard to any matter specified in rule 5, provided that it is satisfied that undue financial hardship would otherwise be imposed upon the Member;

22.16 to contribute to any fund conducted for the benefit of the employees of the Scheme;

22.17 to reinsure obligations in terms of the benefits provided for in these rules provided that all such reinsurance arrangements are fully disclosed to the Council for Medical Schemes, including full details of premiums, commissions and benefits due under such arrangements;

22.18 to authorise the Principal Officer and/or such trustees as it may determine from time to time, and upon such terms and conditions as the Board may determine, to sign any contract or other document binding or relating to the Scheme or any document authorising the performance of any act on behalf of the Scheme;

22.19 to authorise any of the trustees or Principal Officer to effect disbursements on behalf of the Scheme;

22.20 to contribute to any association instituted for the furtherance, encouragement and co-ordination of Medical Schemes; and

22.21 in general, to do anything which it deems necessary or expedient to perform its functions in accordance with the provisions of the Act and these rules.

23. DUTIES OF PRINCIPAL OFFICER AND STAFF

23.1 The employees of the Scheme must ensure the confidentiality of all information under the control of the Scheme as may be required by the Protection of Personal Information Act No. 4 of 2013 or any other legislation.

As at 08/02/2018

23.2 The Principal Officer is the executive officer of the Scheme and as such shall ensure that:

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

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

23.2.3 the Board is sufficiently and timeously informed of the affairs of the Scheme which relate to the duties of the Board as stated in Section 57(4) of the Act;

23.2.4 the Board is sufficiently and timeously informed concerning the affairs of the Scheme so as to enable the Board to comply with the provisions of Section 57(6) of the Act; and

23.2.5 he does not take any decisions concerning the affairs of the Scheme without prior authorisation by the Board and that he at all times observes the authority of the Board in its governance of the Scheme;

23.3 The Principal Officer shall be the accounting officer of the Scheme charged with the collection of and accounting for all moneys received and payments authorised by and made on behalf of the Scheme;

23.4 The Principal Officer shall ensure the carrying out of his duties as are necessary for the proper execution of the business of the Scheme. He must attend all meetings of the Board and any other duly appointed committee where his attendance may be required, and ensure proper recording of the proceedings of all meetings;

23.5 The Principal Officer shall be responsible for the supervision of the staff employed by the Scheme unless the Board decides otherwise;

As at 08/02/2018

23.6 The Principal Officer shall ensure that the Administrators keep full and proper records of all moneys received and expenses incurred by, and of all assets, liabilities and financial transactions of the Scheme;

23.7 The Principal Officer shall ensure that the Administrators prepare annual financial statements and must ensure compliance with all statutory requirements pertaining thereto;

23.8 The following persons are not eligible to be a Principal Officer:

23.8.1 an employee, director, officer, consultant or contractor of any person or entity contracted by the Scheme
to provide administrative, marketing or managed healthcare services, or of the holding company, subsidiary, joint venture or associate of such person or entity; or

23.8.2 a broker or an employee, director, officer, consultant or contractor of any person contracted by the Scheme to provide broker services;

23.8.3 a principal officer or office bearer of another medical scheme; or

23.8.4 any other person who otherwise has a material relationship with any person contracted by the Scheme to provide administrative, marketing, broker, managed healthcare or other services or with its holding company, subsidiary, joint venture or associate.

24. INDEMNIFICATION AND FIDELITY GUARANTEE

24.1 The Board and any officer of the Scheme must be indemnified by the Scheme against all proceedings, Costs and expenses incurred by reason of any claim in connection with the Scheme, not arising from their negligence, dishonesty or fraud;

As at 08/02/2018

24.2 The Board must ensure that the Scheme is insured against loss, above a reasonable amount determined by the Scheme's Auditors, resulting from the dishonesty or fraud of any of its officers (including trustees) having the receipt or charge of moneys or securities belonging to the Scheme.

25. FINANCIAL YEAR AND BENEFIT YEAR OF THE SCHEME

The financial year and benefit year of the Scheme extends from the first day of January to the thirty-first day of December of that year.

26. BANKING ACCOUNT

The Scheme must maintain a banking account with a registered commercial bank. All moneys received must be deposited directly to the credit of such account not later than the business day following the date of receipt thereof and all payments must be made either by electronic transfer or by cheque under the joint signature of not less than two (2) persons duly authorised by the Board.

27. AUDITOR AND AUDIT COMMITTEE

27.1 An Auditor (who must be approved by the Registrar in terms of Section 36 of the Act) must be appointed by resolution at each annual general meeting, to hold office from the conclusion of that meeting to the conclusion of the next annual general meeting;

27.2 The following persons are not eligible to serve as Auditors of the Scheme:

27.2.1 a trustee of the Scheme;

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

27.2.3 an employee, director, officer or contractor of the Scheme's Administrator, or of the holding company, subsidiary, joint

As at 08/02/2018

venture or associate of the Administrator;

27.2.4 a person not engaged in public practice as an Auditor;

27.2.5 a person who is disqualified from acting as an Auditor in terms of Section 90 of the Companies Act, 2008;

27.2.6 any person who has a material relationship with the Scheme or any of its contractors.

27.3 Whenever for any reason an Auditor vacates his office prior to the expiration of the period for which he has been appointed, the Board must within thirty (30) days appoint another Auditor to fill the vacancy for the unexpired period;

27.4 If the Members of the Scheme at a general meeting fail to appoint an Auditor required to be appointed in terms of this rule, the Board must within thirty (30) days make such appointment, and if it fails to do so, the Registrar may at any time do so;

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

27.6 The Auditor must report to the Members of the Scheme on the accounts examined by him and on the financial statements laid before the Scheme at a general meeting;

27.7 The Board must appoint an audit committee as prescribed by the Act, consisting of at least five (5) members of whom at least two (2) must be trustees of the Scheme;

27.8 Three (3) members of the audit committee is a quorum at meetings of the audit committee;

As at 08/02/2018

27.9 the audit committee shall be responsible for recommending the appointment of the external auditor to the Board of Trustees as well as overseeing the external audit process.

28. GENERAL MEETINGS

28.1 Annual General Meeting

28.1.1 The annual general meeting of Members must be held not later than 30 June of each year; on a date which may be shown to permit reasonable attendance by members;

28.1.2 The Chairman shall preside over the annual general meeting. If he is unavailable, the meeting must elect a chairman from amongst those present to preside over the meeting;

28.1.3 The notice convening the annual general meeting and the agenda must be dispatched to Members at least twenty-one (21) days before the date of the meeting. The non-receipt of such notice by a Member does not invalidate the proceedings at such meeting;

28.1.4 The agenda, the annual financial statements, Auditors' report, annual report, all the information pertaining to the proposed trustees' remuneration for the ensuing year and financial information must be made available to members and furnished to the Registrar at least twenty-one (21) days before the date of the meeting;

28.1.5 At least 1 per 10 000 Members of the Scheme or a minimum of 30 whichever is the highest, present in person constitute a quorum. If a quorum is not present after the lapse of thirty (30) minutes from the time fixed for the commencement of the meeting, the meeting must be postponed to a date determined by the Board, and Members then present constitute a quorum;

As at 08/02/2018

28.1.6 The financial statements and reports specified in rule 28.1.4 must be laid before the meeting; and

28.1.7 Notices of motions to be placed before the annual general meeting must reach the Principal Officer not later than seven (7) days prior to the date of the meeting.

28.2 Special General Meeting

28.2.1 The Board may call a special general meeting of Members if it is deemed necessary;

28.2.2 On requisition of at least ten (10) percent of Members of the Scheme, the Board must cause a special general meeting to be convened within thirty (30) days of the deposit of their requisition. The requisition must state the objects of the meeting and must be signed by all the requisitionists and deposited at the registered office of the Scheme. Only those matters forming the objects of the meeting may be discussed.

28.2.3 The notice convening the special general meeting, containing the agenda, must be dispatched to Members at least fourteen (14) days before the date of the meeting. The non-receipt of such notice by a Member does not invalidate the proceedings at such a meeting; and

28.2.4 At least thirty 1 per 10 000 Members of the Scheme or a minimum of 50 whichever is the highest, present in person constitute a quorum. If a quorum is not present at a special general meeting after the lapse of thirty (30) minutes from the time fixed for the commencement of the meeting, the meeting is regarded as cancelled;

28.2.5 The Chairman shall preside over the special general meeting. If he is unavailable, the meeting must elect a chairman from amongst those present to preside over the meeting.

As at 08/02/2018

29. **VOTING AT MEETINGS**

29.1 Every Member who is present at a general or special meeting of the Scheme, has the right to vote, or may, subject to this rule, appoint another Member of the Scheme as proxy to attend, speak and vote in his stead;

29.2 The instrument appointing the proxy must be in writing, in a form determined by the Board and must be signed by the Member and the person appointed as the proxy;

29.3 The Chairman must determine whether the voting must be by ballot or by a show of hands. In the event of the votes being equal, the Chairman, if he is a Member, has a casting vote in addition to his deliberative vote.

30. **COMPLAINTS AND DISPUTES**

30.1 Members must first lodge their complaints, in writing, to the Scheme. The Scheme shall also communicate, provide and maintain a dedicated telephone number which may be used for dealing with telephonic complaints;

30.2 All complaints received in writing will be responded to by the Scheme in writing within thirty (30) days of receipt thereof;

30.3 In the event that a complaint lodged with the Scheme is not resolved to the satisfaction of the Member, the Member has the right to refer the complaint to the Council for Medical Schemes for adjudication;

30.4 A disputes committee comprising of three (3) persons, who may not be trustees or officers of the Scheme, employees of the Administrator or the managed care organisation of the Scheme, but who may be Members of the Scheme, must be appointed by the Principal Officer to serve on an ad hoc basis. At least one (1) of such persons shall be a person with legal expertise. The remaining two (2) persons should possess expertise and experience relevant to the dispute. The

As at 08/02/2018

remuneration of the disputes committee shall be determined annually by the annual general meeting;

30.5 A dispute, which may arise between a Member, prospective Member, former Member or a person claiming by virtue of such Member and the Scheme or an officer of the Scheme may, on request by the member, be referred by the Principal Officer to the disputes committee for adjudication;

30.6 On receipt of a request in terms of rule 30.5, the Principal Officer may convene a meeting of the disputes committee by giving not less than twenty-one (21) days notice in writing to the complainant and all the members of the disputes committee, stating the date, time and venue of the meeting and particulars of the dispute;

30.7 The disputes committee may determine the procedure to be followed and must advise the parties to the dispute of any such determination at least seven (7) days before the commencement of the hearing;

30.8 The disputes committee shall, unless otherwise agreed between the parties, deliver its ruling and the reasons for that ruling, no later than six (6) weeks after the conclusion of the hearing. The ruling shall be in writing and shall be signed by all members of the disputes committee or, if the decision is not unanimous, by the majority of the members of the disputes committee. In the computation of the six (6) weeks there shall be excluded the second week of December to the second week of January following;

30.9 The parties to any dispute have the right to be heard at the proceedings, either in person or through a representative;

30.10 An aggrieved person has the right to appeal to the Council for Medical Schemes against the decision of the disputes committee. Such appeal must be in the form of an affidavit directed to the Council for Medical Schemes and must reach the Registrar not later than three (3) months after the date on which the decision concerned was made;

As at 08/02/2018

30.11 Each party to the dispute is responsible for its own costs.

31. TERMINATION OR DISSOLUTION

31.1 The Scheme may be dissolved by order of a competent court or by voluntary dissolution;

31.2 Members in a general meeting may decide that the Scheme must be dissolved, in which event the Board must arrange for Members to decide by ballot whether the Scheme must be liquidated. Unless the majority of Members decide that the Scheme must continue, the Scheme must be liquidated in terms of Section 64 of the Act;

31.3 Pursuant to a decision by Members taken in terms of rule 31.2, the Principal Officer must, in consultation with the Registrar, dispatch to every Member a memorandum containing the reasons for the proposed dissolution and setting forth the proposed basis of distribution of the assets in the event of winding up, together with a ballot paper; and

31.4 Every Member must be requested to return his ballot paper duly completed before a set date. If at least fifty (50) per cent of the Members return their ballot papers duly completed and if the majority thereof is in favour of the dissolution of the Scheme, the Board must ensure compliance therewith and appoint, in consultation with the Registrar, a competent person as liquidator.

31.5 The Registrar may, on good cause shown, ratify a lower percentage.

32. AMALGAMATION AND TRANSFER OF BUSINESS

32.1 The Scheme may, subject to the provisions of Section 63 of the Act, amalgamate with, transfer its assets and liabilities to, or take transfer of assets and liabilities of any other Medical Scheme or person, in which event the Board must arrange for Members to decide by ballot whether the proposed amalgamation should proceed or not;

As at 08/02/2018

32.2 If at least fifty (50) per cent of the Members return their ballot papers duly completed and if the majority thereof is in favour of the amalgamation or transfer then, subject to Section 63 of the Act, the amalgamation or transfer may be concluded.

32.3 The Registrar may, on good cause shown, ratify a lower percentage;

33. RIGHT TO OBTAIN DOCUMENTS AND INSPECTION OF DOCUMENTS

33.1 Any Beneficiary must on request be supplied by the Scheme with a copy of the following documents free of charge:

33.1.1 the rules of the Scheme;

33.1.2 the latest audited annual financial statements, returns, Trustees reports, Auditors report and annual report of the Scheme; and

33.1.3 the management accounts in respect of the Scheme and all of its benefit options;

33.2 A Beneficiary is entitled to inspect free of charge at the registered office of the Scheme any document referred to in rule 33.1 and to make extracts therefrom.

34 AMENDMENT OF RULES

34.1 The Board is entitled to alter or rescind any rule or annexure or to make any additional rule or annexure;

34.2 No alteration, rescission or addition which affects the objects of the Scheme or which increases the rates of Contribution or decreases the extent of benefits of the Scheme or of any particular benefit option by more than twenty-five (25) percent during any financial year, is valid unless it has been approved by a majority of Members present in a general meeting or a special meeting or ballot;

As at 08/02/2018

34.3 A copy of such amendment must be made available to Members within fourteen (14) days after registration thereof. Should a Member's rights, obligations, Contributions or benefits be amended, such Member shall be given thirty (30) days advance notice of such change; and

34.4 The Board must, on request and to the satisfaction of the Registrar, amend any rule that is inconsistent with the provisions of the Act or any other applicable legislation.

As at 08/02/2018

ANNEXURE C

EXCLUSIONS

The Scheme will pay in full, without co-payment or use of deductibles, the diagnosis, treatment and care costs of the Prescribed Minimum Benefits in accordance with the provisions of Regulation 8 of the Act. Furthermore, where a protocol or a formulary drug preferred by the Scheme has been ineffective or would cause harm to a beneficiary, the Scheme will fund the cost of the appropriate substitution treatment without a penalty to the beneficiary as required by Regulations 15H and 15I of the Act.

1. In respect of expenses not covered by the Prescribed Minimum Benefits, expenses incurred in connection with any of the following will not be paid by the Scheme:

1.1 Treatment which is not:

1.1.1 medically necessary or clinically appropriate, and inconsistent with the diagnosis or condition;

1.1.2 rendered in a cost-effective manner and type of setting appropriate to the supply of the service required for purposes other than comfort or convenience;

1.1.3 consistent in type, frequency and duration with scientifically based guidelines of medical practice and of demonstrated medical value, unless authorised by the Scheme;

1.2 Costs for operations, medicines, treatment and procedures for cosmetic purposes, and any medicines, treatment and procedures resulting from such surgery;

1.3 Purchase of:

1.3.1 applicators, toiletries and beauty preparations;

1.3.2 APS therapy machines or similar equipment;

1.3.3 bandages, cotton wool and other consumable items;

As at 08/02/2018

1.3.4 bedpans, pillows, cushions, sheepskins and waterproof sheets, mattresses, waterbeds, special beds and chairs;

1.3.5 household and biochemical remedies;

1.3.6 humidifiers;

1.3.7 kidney belts;

1.3.8 medic alert bands;

1.3.9 motorised mobility devices;

1.3.10 nutritional supplements or food supplements;

1.3.11 patented foods, including baby foods;

1.3.12 replacement batteries for medical appliances or devices, e.g. hearing aids;

1.3.13 retail health shoes, e.g. Green Cross;

1.3.14 self-medication or drugs and preparations as advertised to the public;

1.3.15 sunglasses, and optical lens tinting, solution kits for contact lenses;

1.3.16 tonics and slimming preparations;

1.4 Healthcare services related to the following (including direct and indirect expenses):

1.4.1 Bio-stress assessments;

1.4.2 Breast reduction or augmentation, and gynaecomastia surgery;

1.4.3 Care for the frail, infirm or chronically ill;

1.4.4 Colonic irrigations;

1.4.5 DNA testing;

1.4.6 Educational therapy, IQ tests and learning problems;

1.4.7 Elective cosmetic surgery and scar revision;

1.4.8 Excessive use of drugs and alcohol;

1.4.9 Harvesting of donor organs where the recipient is not a beneficiary of Profmed;

1.4.10 Holidays for recuperative purposes;

1.4.11 Medical examinations for the purpose of taking out insurance cover;

1.4.12 Organs or human tissue harvested outside South Africa;

1.4.13 Psychometry and group therapy;

1.4.14 Repairs of durable medical goods;

As at 08/02/2018

1.4.15 Travel expenses not covered in terms of Annexure B;

1.4.16 Treatment of erectile dysfunction;

1.4.17 Treatment of obesity, e.g. gastroplasty;

1.5 Costs that are more than the annual maximum benefit to which a Member is entitled in terms of the rules of the Scheme;

1.6 Charges for appointments which a Member or Dependant of a Member fails to keep;

1.7 Services rendered by:

1.7.1 persons not registered with a recognised professional body constituted in terms of a Southern African Development Community (SADC) country's Act of Parliament; or

1.7.2 any institution, nursing home or similar institution, except a State or Provincial Hospital, not registered in terms of any law, unless rendered in terms of the international travel benefit;

1.8 Interest charges on overdue accounts or legal fees incurred as a result of delayed or non-payment of accounts;

1.9 Treatment and medication of an experimental nature;

1.10 Drugs which are not registered with the Medicines Control Council and drugs administered for a condition for which they are not registered ("off-label");

1.11 Fees for services rendered by the Member in respect of himself or any of his Dependants;

1.12 Benefits for healthcare services related to infertility in respect of ART, IVF, GIFT, ZIFT and ICSI. For the purpose of this rule the word "infertility" shall mean inability to conceive without medical intervention;

As at 08/02/2018

1.13 Admission to hospital for the sole purpose of undergoing investigations which are normally done on an outpatient basis;

1.14 Any elective or anticipated service or treatment given to a Member or his Dependants outside the borders of the SADC region;

1.15 Medical expenses, while travelling internationally, incurred after ninety (90) days from date of departure;

1.16 Benefits in respect of medicines obtained from a wholesale pharmacy.

2. LIMITATION OF BENEFITS

2.1 Members admitted during the course of a financial year are entitled to the benefits set out in Annexure B, with the maximum benefits being adjusted in proportion to the period of membership calculated from the date of admission to the end of the particular financial year;

2.2 Costs of whatsoever nature incurred for treatment of sickness conditions or injuries sustained by a Member or Dependant for which a third party is liable and for which a Member or Dependant receives reimbursement from the third party. Such monies must be reimbursed to the Scheme;

2.3 Benefits in respect of medicines obtained on a prescription are limited to one month's supply for every such prescription or repeat thereof;

2.4 No benefits will be available for:

(i) telephone consultations;

(ii) hospitalisation or institutionalisation for recuperation or frail care;

(iii) operations, medicines, treatment and procedures for cosmetic purposes or of the person's own choosing where this has no connection with any illness, presumed illness, accident or other

As at 08/02/2018

medical disability or any complications directly or indirectly arising from any of the aforesaid;

2.5 Members requiring chronic medication are required to register their chronic condition with the Managed Care Provider appointed by the Board of Trustees from time to time in order to access authorisation for medication on the Condition Medicines List. Formulary drugs will be authorised and reference pricing will apply where formulary drugs are unavailable;

2.6 The treatment of chronic conditions, in terms of consultations and procedures, on the Chronic Disease List in terms of the Act are subject to the treatment protocols as implemented by the Managed Care Provider appointed by the Board of Trustees from time to time; and

2.7 Authorisations for any procedure will remain valid only for three (3) months after authorisation date.

As at 08/02/2018