Rules of Alliance-Midmed Medical Scheme

Valid from 1 January 2025

2025

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ALLIANCE-MIDMED MEDICAL SCHEME

RULES

(With effect from 1 January 2025)

1 NAME

The name of the Scheme is ALLIANCE-MIDMED MEDICAL SCHEME, hereinafter referred to as the "**Scheme**".

2 LEGAL PERSONA

The Scheme, in its own name, is a body corporate, capable of suing and of 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 powers or the performance of its functions in terms of the Medical Schemes Act and Regulations and these Rules.

3 REGISTERED OFFICE

The registered office of the Scheme is Family Wellness Centre, Corner of Montagu and Chrome Street, Columbus Stainless, Middelburg, Mpumalanga, 1055, but the Board may transfer such 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, 1998, (Act No. 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*;

(c) the following expressions have the following meanings:

"Act", the Medical Schemes Act, 1998, (Act No. 131 of 1998), including any regulations under Section 67 thereof;

"administrator", a person, or body appointed by the Scheme, or the Scheme performing self-administration, including the support functions required to perform the administration, in terms of Rule 19.4;

"administrator dental management programme" (ADMP), a management tool that is built into the administrator's systems to cater for appropriate management of dental benefits using a specific clinical rule set. To be used to assess the validity and appropriateness of advanced and general dentistry services carried out on members of the Scheme;

"admission date", the date on which a person becomes a member, or in respect of a dependant, the date on which such dependant is admitted as a dependant in terms of these Rules and in the case of an employer, the date on which such employer participates in the Scheme in terms of these Rules;

"**Adult Dependant**"**,** a person who has reached the age of 26 in terms of these Rules;

"**Alliance Midmed Medical Scheme rate**" **– (Scheme rate),** a rate that is specifically set/negotiated by the Scheme with the relevant service providers, which shall have the same meaning as "**negotiated fee**";

"Alliance Midmed Reference Pricing" (AMRP), AMRP is the maximum amount that the Scheme will pay for any medicine with generic alternatives. Generic medicines are generally available at a lower cost than that of the original medicine. AMRP applies to products that are registered based on generic equivalence as well as those considered to be generically similar (products contain the same active ingredient, at same strength, and are intended to confer the same therapeutic benefit) but differ with respect to formulation and substance;

"Alliance-Midmed Tariff", 100% of the National Health Price list (NHRPL/RPL) for health services published by the Council for Medical Schemes in 2006, plus an annual inflationary factor as indicated:-

- 2007 4.9%
- 2008 5.4%
- 2009 10.7%
- 2010 7.9%
- 2011 5.5%
- 2012 7.5%
- 2013 6%
- 2014 6%
- 2015 6%,
- 2016 6%,
- 2017 6%,
- 2018 5,5%
- 2019 - 3%
- 2020 - 4,5%
- 2021 – 2.9%
- 2022 – 4.2%
- 2023 – 5.0%
- 2023 – 5.0%
- 2024 – 5.0%
- 2025 – 6.25%

hereinafter referred to as the scheme rate, recommended tariff, negotiated fee or agreed tariff.

"annual limit", the maximum benefits to which a member and his registered dependants are entitled in terms of these Rules, and shall be calculated annually to coincide with the financial year of the Scheme;

"approval", prior written approval of the Board of Trustees or its authorised representative;

"auditor", an individual or firm that is a registered auditor in terms of Section 1 of the Auditing Professional Act, 2005 and authorised by the Registrar;

"authorisation"

(a) in the case of hospitalisation; the authorisation by or on behalf of the Scheme for a case to be managed under the hospital benefit management programme and for which application has been made by or on behalf of a beneficiary prior to admission to a hospital or day clinic (including mental health and alcohol and drug dependency treatment facilities) or for such other specific services and or procedures as may be determined by the Scheme from time to time and such authorisation shall be deemed to authorise all procedures and services as may be necessary by that facility, provided that these have been clearly stipulated in the pre-authorisation request and approved;

(a)(1) Service providers that are not in the employment of the hospital or facility (including diagnostic, therapeutic, and other auxiliary services e.g., Dieticians, Physiotherapists, etcetera, must obtain pre-authorisation prior to the service being rendered, especially where the service was not included in the pre-authorisation request of the treating physician. The Scheme will consider the whole of the planned intervention and the individual services and approve the funding thereof separately.

(a)(2) In the event of other services that require a patient to stay over, including stepdown and hospice facilities, an all-inclusive request for all the services must be submitted for pre-authorisation.

(b) in the case of medication, the authorisation of a medicine prescribed for a chronic sickness condition based on the reimbursement guidelines set by the chronic medication programme or disease management programme;

"beneficiary", the member, or person admitted as a dependant of a member;

"Board", the Board of Trustees constituted to manage the Scheme in terms of the Act and these Rules;

"case", the treatment of a sickness condition required on an admission of a beneficiary to a hospital or day clinic and for any ongoing treatment stipulated under the hospital benefit management programme;

"**case management**"**,** a process whereby clinically indicated, appropriate and cost-effective healthcare, as an alternative where applicable or otherwise, is offered to individual beneficiaries with specific health care needs, on condition that the Scheme prescribes a beneficiary participation in a programme, or approves an application by a beneficiary for participation in the programme;

"**child dependant**"**,**

(a) a dependant up to age 26, provided such dependant is financially dependent on a principal member of the Scheme, is permitted under the Rules to be a Child Dependant; or

(b) having been born into the Scheme in a handicapped condition or having become handicapped whilst he or she is a Child Dependant, is permitted by the Board in its sole discretion to be treated under the Rules as a Child Dependant after reaching age 26.

"condition specific waiting period", a period not exceeding 12 (twelve) months 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;

"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;

"contribution", in relation to a member, the amount, exclusive of interest, payable by or in respect of the member and his registered dependants if any, on a monthly basis as membership fee to the medical scheme in return for medical coverage and in accordance with the payment structure in Annexure A of these Rules, for purposes of qualifying for benefits offered by the medical scheme in terms of these rules, and shall include contributions to personal medical savings accounts;

"co-payment", that percentage or portion of an admitted claim by a member or a specific amount in relation to such claim that the member concerned shall be required to pay;

"cost", in relation to a benefit, the total invoiced amount payable in respect of a relevant health service charged;

"**Council**", the Council for Medical Schemes established by Section 3 of the Act;

"creditable coverage", any period during which a late joiner was:

(a) a member or a dependant of a medical scheme;

(b) a member or a dependant of an entity doing the business of a medical scheme which, at the time of his/her membership of such entity, was exempt from the provisions of the Act;

(c) a uniformed employee of the South African National Defense Force, or a dependant of such employee, who received medical benefits from the South African National Defense Force; or

(d) a member or dependant of the Permanent Force Continuation Fund;

but excluding any period of coverage as a dependant under the age of 21 years.

"date of service",

(a) 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;

(b) in the event of an operation, procedure or confinement, the date on which such operation or procedure was performed, or confinement occurred;

(c) in the event of hospitalisation, the date of each discharge from a hospital or nursing home, or date of cessation of membership, whichever date occurs first;

(d) in the event of any other service or requirement, the date on which such service was rendered, or requirement obtained or received;

"dependant",

(a) a member's spouse or partner who is not a member or a registered dependant of a member of a medical scheme;
(b) a member's dependent child who is not a member or a registered dependant of a member of a medical scheme;
(c) an immediate family member of a member in respect of whom the member is liable for family care and support;
(d) such other persons who are recognised by the Board as dependants for purposes of these Rules;

"designated service provider", a healthcare provider or a group of providers selected by the Scheme as preferred provider/s to provide to the members, diagnosis, treatment, and care in respect of one or more Prescribed Minimum Benefit conditions, as well as other benefits if applicable;

"disease management programme", a programme adopted by the Scheme incorporating such clinical protocols as defined in relevant annexures to the contract between the Scheme and the institution contracted to perform such disease management for containing costs and/or ongoing review and monitoring of patients;

"dispensing fee" means the fee that a pharmacist or a person licensed to dispense medicine may charge to dispense medicines as contemplated and regulated in terms of the Medicines & Related Substances Act, (Act no. 101 of 1965) as amended or negotiated with the Scheme's designated service or preferred provider;

"domicilium citandi et executandi",

(a) the member's chosen physical address at which notices in terms of Rule 10 as well as legal process, or any action arising therefrom, may be validly served;

(b) the Scheme's registered office in terms of Rule 3.

"**documentation**", Scheme documents or forms, nomination forms, ballots, etcetera, can be submitted electronically, provided that the Scheme's verification criteria are met, e.g., a nomination form signed, scanned, and emailed to the correct email address will be

accepted as a valid nomination. A bank change notification must be accompanied by an original bank letter and account holder identification. A document transacted on a Scheme electronic platform, or a Scheme appointed provider (e.g., electronic voting system), will be accepted.

"emergency medical condition", the sudden and, at the time, unexpected onset of a health condition that requires immediate medical or surgical treatment, where failure to provide medical or surgical treatment would result in serious impairment to bodily functions or serious dysfunction of a bodily organ or part, or would place the person's life in serious jeopardy;

"employee", a person in the employment of an employer;

"employer", Columbus Stainless (Pty) Ltd, Thos Begbie, Middelburg Ferrochrome, Middelburg Technochrome, Palmiet Ferrochrome and any associated or affiliated company which has been admitted to participation in the Scheme;

"ex gratia", in relation to payment of a relevant healthcare service, means a discretionary payment, as approved by the Board, made on behalf of or to members to assist such members to meet commitments regarding any matter specified in the definition of business of a medical scheme in Section 1 of the Act;

"extended or chronic medication programme", the programme adopted by the Scheme for the management of claims in respect of medicines used by a beneficiary on a long-term basis or for an incurable or life-threatening disease, by applying the principles of clinical appropriateness, cost-effectiveness, and affordability from the perspective of the Scheme;

"extended or chronic sickness condition", a sickness condition requiring ongoing medicine or injection material for a period usually more than three months and as defined by the contracted extended or chronic medication programme;

"fit and proper", the regulatory eligibility of a person to hold an important position of trust in a medical scheme and the regulated entities with whom it contracts, including the person's character, integrity, competence, and ability to do the job;

"general waiting period", a period in which a beneficiary is not entitled to claim any benefits;

"guide", the guides to fees determined by the respective health care professions;

"hospital benefit management programme", the ongoing monitoring, by or on behalf of the Scheme, for a stipulated period of the treatment of a sickness condition of a beneficiary, and shall include a sickness condition which might occur whilst the beneficiary is in a private hospital or day clinic or a sickness condition for which the beneficiary was admitted in the first instance and which may extend beyond the stipulated period of hospitalisation by applying the principles of clinical appropriateness and cost-effectiveness;

"immediate family member",

(a) a member's spouse or life partner;
(b) a member's dependent children;
(c) a member's legally adopted children; or
(d) In the absence of a spouse, life partner or children, the member's siblings, and parents in respect of whom the member is liable for family care and support;

"income", *see Annexure A for definition of income;*

"**life stages benefit" (LSB),** a specific benefit that is housed within the major medical pool and used to pay for preventative/diagnostic treatments and tests;

"major medical pool" (MMP), the core or risk benefit of the Scheme that pays for major medical expenses as defined in Annexure B;

"managed health care", a health care delivery arrangement designed to provide accessible, quality, and effective health care, while measuring performance to contain the unnecessary utilisation of services and costs as referred to in paragraph C of the preamble to Annexure B;

"**maximum medical aid price" (MMAP),** the generic substitute that applies to all registered medicines where applicable;

"member", any person who is admitted as a member of the Scheme in terms of these Rules;

"Meeting", include Board Meeting, Annual General Meeting, Separate Annual General Meeting, Special General Meetings, meetings of the Disputes and Ex Gratia Committees, elections, voting and any other business of the Scheme may be conducted in terms of the Scheme Rules, in person, virtually or in a combination, provided that the participants are able to fully participate and are not prevented by the virtual option from participating in accessing or exercising their rights and obligations.

"member family", the member and all the registered dependants;

"minimum benefits", the benefits in respect of relevant health services as prescribed by the Minister in terms of Section 67(1) (g) of the Act;

"negotiated fee", a fee agreed to between the Scheme and providers of service in respect of relevant health services;

"negotiated professional charge", a charge agreed to between the Scheme and dispensers and preferred providers in respect of the dispensing of registered medicines;

"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;

"payment in full", in relation to a prescribed minimum benefit (PMB), means payment according to the service provider's invoice (i.e. cost) for relevant healthcare services rendered, subject to the use of protocols, designated service providers (DSPs), formularies, pre-authorisation or such other managed care initiatives in place and provided for in these Rules;

"personal medical savings account" (PMSA), a medical expenses account established in the name of the principal member and that is credited annually in advance by the Scheme to the member and which amount is owing by the member to the Scheme should the membership cease prior to expiry of the 12 (twelve)-month advance period;

"pre-authorisation" shall mean the Scheme's prior authorisation of the rendering of a relevant health service to a beneficiary;

"pre-existing sickness condition", a sickness 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;

"preferred provider", a provider of services or a group of providers of services contracted to the Scheme to deliver quality health care services and to participate in the managed health care process. The preferred providers are listed in Annexure B, Appendix 1;

"Prescribed minimum benefits" (PMB), the benefits contemplated in Regulation 7 of the Act which are available to beneficiaries as defined in Annexure D of these Rules.

"Prescribed minimum benefit condition", a condition contemplated in the Diagnosis and Treatment Pairs listed in Annexure A of the Regulations of the Act or any emergency medical condition;

"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 the sickness condition under treatment;

"prosthesis", an artificial substitute for a missing body part, or any device by which the performance of a natural function is augmented;

"recommended tariff"

(a) NHRPL or agreed tariff published by Alliance Midmed;

(b) A tariff as agreed upon, and amended from time to time by the Scheme or its managed healthcare providers and preferred providers;

(c) The dispensing fee for medicines as negotiated with the Scheme's designated or preferred providers;

"referral", shall mean the referral of a beneficiary to another provider of service for further management of a specified condition and for a specified period and/or number of visits;

"Registrar", the Registrar or Deputy Registrar/s of Medical Schemes appointed in terms of Section 18 of the Act;

"routine medication programme", the programme adopted by the Scheme for the management of claims in respect of routine medicine benefits, by applying the principles of clinical appropriateness, cost-effectiveness, and affordability from the perspective of the Scheme;

"scale of benefits", the scale of benefits in respect of relevant health services, as per the NHRPL;

"Single Exit Price "(SEP), means the price set by the manufacturer or importer of a medicine or scheduled substance in terms of the Medicines and Related Services Act Regulations combined with the logistics fee and Vat and is the price of the lowest unit of the medicine or Scheduled substance within a pack multiplied by the number of units in the pack;

"specialist rate", a rate that is calculated at 150% of NHRPL rates and paid to specialists for services rendered;

"spouse", the person to whom the member is married in terms of any law or custom;

"stipulated period", a period commencing on the date of application for admission to a private hospital or day clinic or re-admission for the same sickness condition to the date of discharge from a private hospital or day clinic; provided that where transfer from one private hospital to another for continuation of the treatment of the sickness condition for which the beneficiary was admitted, "**date of discharge**" shall be the date on which the beneficiary was finally discharged from the private hospital;

"subject to hospital benefit management programme", when applied to hospitalisation in a private hospital or admission to a day clinic shall imply that approval which is granted for admission and care covers all recognised services associated with that admission. Services which are subject to the hospital benefit management programme but are not associated with admission to a private hospital or day clinic cannot be approved on a global basis, and application must be made for every eligible service.

"supplier of services", all registered healthcare providers and institutions for the provision of relevant healthcare services;

"waiting period", a period of membership during which a member is liable to pay contributions but will not be entitled to claims any benefits for either a 3 (three) month and/or 12 (twelve) month period.

5 BUSINESS OF A MEDICAL SCHEME

5.1 The business of the Scheme is to undertake liability, in respect of its members and their dependants, in return for a contribution:

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

5.1.2 to grant assistance in defraying expenditure incurred in connection with the rendering of any relevant health service; and/or

5.1.3 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.

5.2 The Scheme's registered Rules are binding in terms of Section 31(4) of the Act.

6 TERMS AND CONDITIONS APPLICABLE TO MEMBERSHIP

6.1 Eligibility

6.1.1 Membership of the Scheme is restricted to person in the employment, or who has retired from the employment of the employer or its predecessor or successor in title as defined in these Rules or who qualify for membership in terms of Rule 6.2 and Rule 6.3, subject to such conditions as may be prescribed, after the death of a member and who were registered as such at the time of the member's death.

6.1.2 Membership shall be compulsory for all employees of an employer for whom membership is a condition of employment.

6.1.3 After consultation with the Board, the employer may exempt an employee from such requirement on conditions determined by the employer.

6.1.4 No person may be a member or dependant of more than one medical scheme or claim or accept under the name of another beneficiary, therefore where an employee whose spouse or partner is or becomes a member of another medical scheme and the employee elects to be registered as a dependant on the spouse's or partner's medical scheme, the employee shall not during the period of such registration as a dependant, be registered as a member of the Scheme.

6.1.5 Former employment is relevant for continuation member, who retired from this service of the employer or whose employment is terminated by the employer on account of age, ill health or other disability, and his/her dependants.

6.1.6 A member whose membership is terminated for any reason other than those stipulated in Rule 6.2 below, does not qualify as a continuation member on the Scheme.

6.1.7 A minor may become a principal member with the consent of the minor's parent or guardian.

6.1.8 Prospective members shall, prior to admission, complete and submit the application forms required by the Scheme, together with satisfactory evidence in respect of himself and his dependants, of age, income, state of health and of any prior membership or admission as a dependant of any other medical scheme. The Scheme may require an applicant to provide it with a medical report in relation to any proposed beneficiary 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. The cost of any medical test or examination required to provide such medical report will be paid for in full by the Scheme. The Scheme may however designate a provider to conduct such tests or examinations.

6.1.9 Every member will, on admission to membership, receive a detailed summary of these Rules which shall include contributions, benefits, limitations and exclusions, the member's rights, and obligations.

6.2 Retirees

6.2.1 Except where a member voluntarily resigns, a member who had been a member of either the Scheme or another scheme for five consecutive years prior to retirement shall retain his or her membership of the Scheme with his or her registered dependants, if any, in the event of him or her retiring from the service of his or her employer.

6.2.2 Except where a member voluntarily resigns, a member shall retain his or her membership of the Scheme with his or her registered dependants, if any, in the event of him or her being placed on the company nominated Disability Scheme on account of ill-health or medical disability.

6.2.3 To ensure that members are aware, the member will be advised by the Scheme of information regarding his or her rights to continue his/her membership and of the contribution payable from the date of retirement or placement on the company nominated Disability Scheme. Unless such member informs the Board in writing within 30 days of his or her desire to terminate his/her membership, he or she shall continue to be a member.

6.3 Surviving Dependants

6.3.1 The dependants of a deceased member, who are registered with the Scheme as dependants at the time of the member's death, shall be entitled to continued membership of the Scheme without any new restrictions, limitations or waiting periods, if the deceased member had been a member of the Scheme for five consecutive years immediately prior to his/her death.

6.3.2 The Scheme shall inform such dependant of his/her right to continued membership and the contribution payable in respect thereof. Unless such dependant informs the Board in writing within 30 days of the member's death of his or her desire not to become a member, he/she shall be admitted as a member of the Scheme.

6.3.3 A member, who is entitled to membership in terms of Rule 6.3.1, will have his or her membership terminated if he or she becomes a member or dependant of a member of another medical scheme.

7 REGISTRATION AND DE-REGISTRATION OF DEPENDANTS

7.1 Registration of Dependants

7.1.1 A member may apply for the registration of his dependants at the time that he applies for membership in terms of Rule 6.

7.1.2 A member whose marital status changes after joining the Scheme and who elects to register or withdraw dependants because of such change or who withdraws any other registered dependant is required to notify the Scheme within 30 (thirty) days thereof. Contributions at the amended rates shall be payable from the first day of the month following such registration or withdrawal. Benefit limits will be adjusted from the date of registration of an additional dependant.

7.1.3 Members who marry after joining the Scheme who fail to notify the Scheme in terms of this Rule will not be entitled to any benefits in respect of their additional dependant/s until they have given the required notice and paid the applicable contribution.

7.1.4 A member who wishes to register a new-born or adopted child as the member's registered dependant shall notify the Scheme within 30 (thirty) days of the birth or adoption of a child and shall apply to the Scheme to register the child as a dependant. Increased contributions shall be due as from the first day of the month following the birth or adoption. Benefits however shall be adjusted as from the date of birth or adoption.

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 7.1.3, the member may apply to the Scheme for the registration of such person as a dependant, whereupon the provisions of Rule 6 shall apply *mutatis mutandis*.

7.2 De-Registration of Dependants

7.2.1 A member shall inform the Scheme within 30 (thirty) 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. Where a dependant is withdrawn, benefit limits will be adjusted following the date of such withdrawal.

7.2.2 When a dependant ceases to be eligible to be a dependant, 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.

8. WAITING PERIODS

8.1 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 90 (ninety) days preceding the date of application:

8.1.1 a general waiting period of up to 3 (three) months; and

8.1.2 a condition specific waiting period for up to 12 (twelve) months.

8.1.3 Prescribed minimum benefits (PMBs) may also be excluded during the waiting period.

8.2 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 24 (twenty-four) months, terminating less than 90 (ninety) days immediately prior to the date of application:

8.2.1 a condition specific waiting period of up to 12 (twelve) months, except in respect of any treatment or diagnostic procedures covered within the prescribed minimum benefits;

8.2.2 in respect of any person contemplated in this sub-paragraph, 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 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 more than 24 (twenty-four) months, terminating less than 90 (ninety) days immediately prior to the date of application, a general waiting period of up to three months, except in respect of any treatment or diagnostic procedures covered within the prescribed minimum benefits.

8.4 No waiting period may be imposed on:

8.4.1 a 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, terminating less than 90 (ninety) days immediately prior to the date of application, where the transfer of membership is required because of:

8.4.1.1 change of employment; or

8.4.1.2 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 reasonable 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.

Where the former medical scheme had imposed a general or condition specific waiting period in respect of persons referred to in this Rule, and such waiting period had not expired at the time of termination of membership, the Scheme may impose such waiting period for the unexpired duration of a waiting period imposed by the former medical scheme.

8.4.2 a child dependant born during the period of membership. If the member fails to register the child within the allowed period as set out in Rule 7.1.4, a waiting period may be imposed.

8.5 A common law spouse or partner and / or children that are dependents registered on another medical scheme that joins the contract holders Scheme (Alliance-Midmed) within one month of getting engaged or marrying the contract holder or of the contract holder joining the Scheme.

8.6 The child of the contract holder who is over 21 years of age and still studying provided that he/she joins the Scheme within one month of the contract holder joining the Scheme.

8.7 Every member shall, on admission to membership, receive a detailed summary of these Rules, which shall include contributions, benefits, limitations, the member's rights, and obligations. Members and their dependants, and any person who claims any benefit under these Rules or whose claim is derived from a person so claiming is bound by these Rules as amended from time to time.

8.9 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 or to pledge or hypothecate such benefit.

8.9 Nothing in these Rules shall be construed as altering in any way an employer's right to terminate the service of an employee who is a member of the Scheme or altering any agreement between the employer and the employee regarding conditions of service.

9 MEMBERSHIP CARD AND CERTIFICATE OF MEMBERSHIP

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

9.2 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 an abuse of the privileges of membership of the Scheme. In such events of fraud, the provisions of Rule 11.5 will be instituted.

9.3 On termination of membership or on de-registration of a dependant, the Scheme shall, within 30 (thirty) days of such termination, or at any time on request, furnish such person with a certificate of membership and cover, containing such particulars as may be prescribed.

10 CHANGE OF ADDRESS OF MEMBER AND CONTACT INFORMATION

A member shall notify the Scheme within 30 (thirty) days of any change of address and contact information including his *domicilium citandi et executandi*. The Scheme shall not be held liable if a member's rights are prejudiced or forfeited because the member neglected to comply with the requirements of this Rule.

11 TERMINATION OF MEMBERSHIP

11.1 Resignation

11.1.1 A member, who, in terms of his conditions of employment is required to be a member of the Scheme, may not terminate his membership while he remains an employee without the prior written consent of his employer.

11.1.2 A member who resigns from the service of the participating employer, or whose employment is terminated by the participating employer shall, after receipt of one month's notice from the participating employer, cease to be a member and all rights to benefits shall thereupon cease, except for claims in respect of services rendered prior thereto.

11.2 Voluntary termination of membership

11.2.1 A member registered as a dependant of the member's spouse on another medical Scheme will be entitled, subject to the provisions of Rule 6, to rejoin the Scheme at a later date.

11.2.2 A continuation member in terms of Rule 6.2 or Rule 6.3 may, on 1 (one) month's written notice, resign from the Scheme. All rights to benefits shall cease after the last day of membership.

11.2.3 A participating employer may terminate his participation with the Scheme on giving three months' written notice.

11.3 Death

11.3.1 Membership of a member terminates on the last day of the month within which he/she died.

11.4 Amounts due to the Scheme (Involuntary termination)

11.4.1 Where contributions or any other debt owing to the Scheme have not been paid on the due date, the Scheme shall implement the following procedure to protect its rights and recover outstanding contributions or any other debt owing: -.

11.4.1.1 Contact the member telephonically, advising that the contributions remain outstanding;

11.4.1.2 Should the contributions or any debt remain outstanding to the Scheme for a 30 (thirty) day period, a written notice shall be sent by prepaid registered post to the member at his/her *domicilium citandi et executandi* or by any agreed electronic means, advising that should the arrears amounts not be settled within 15 (fifteen) days, the Scheme will suspend all benefit payments in respect of claims that arose during the default period;

11.4.1.3 Should the contributions or any debt remain outstanding to the Scheme for a 60 (sixty) day period, the Scheme will terminate the member's membership and in the discretion of the Board, take the necessary steps to recover outstanding contributions and debts due to the Scheme.

11.4.2 If payments are brought up to date, and provided membership has not been cancelled in accordance with Rule 11.4.1.3 above, benefits shall be reinstated without any break in continuity subject to the right of the Scheme to levy a reasonable fee to cover any expenses associated with the default. 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 benefits paid may be recovered by the Scheme.

11.4.3 No refund of any assets of the Scheme or any portion of a contribution shall be paid to any person where such member's membership or cover in respect of any dependant terminates during the month.

11.5 Submission of fraudulent claims, committing of any fraudulent act and/or non-disclosure of material information.

11.5.1 An applicant is obliged to disclose all material information to the medical scheme with regards to any matter concerning the state of health or medical history of the member concerned or that of any of his/her dependants, which arose or occurred during the period 12 (twelve) months preceding the membership application date.

11.5.2 The Board may suspend or terminate the membership of a beneficiary who submitted fraudulent claims, committed any fraudulent act, or failed to disclose material information when applying for membership.

11.5.3 In such event the Scheme may institute legal proceedings against the member to recover any sum which, but for his abuse of the benefits or privileges of the Scheme, would have been disbursed on his behalf.

11.5.4 Fraudulent acts referred to in Rule 11.5.1 shall include, without limitation: -

11.5.4.1 the use of a membership card by any person other than the Member or his registered Dependants, where the Member or Dependants knows, or ought reasonably to have known of such use, it being deemed, unless the Member or Dependant proves to the contrary, that any use of a membership card was with the knowledge of the Member or Dependant;

11.5.4.2 where the Member or Dependant makes or causes to be made any claim for the payment of any Benefit allegedly due in terms of the Rules, and the Member or Dependant knows, or ought reasonably to have known, such claim to be false, the onus being on the Member to prove that the claim is true and correct;

11.5.4.3 where the Member or Dependant, makes or causes to be made a false representation of any fact that is material to the Scheme in determining whether any right to a Benefit is due in terms of the Rules, the onus being on the Member to prove that the representation is true and correct.

11.5.4.4 where the Member or Dependant fails to disclose to the Scheme any fact or occurrence affecting his right to receive any Benefit, in order to obtain from the Scheme a Benefit to which he or she is not entitled or a larger Benefit than that to which he is entitled, the onus being on the Member to prove that any such non-disclosure was not done in order to obtain the Benefit or larger Benefit, as the case may be;

11.5.4.5 where the Member or Dependant renders a false statement, account, or invoice to the Scheme, and knows or ought reasonably to have known, that such statement, account, or invoice is false, the onus being always on the Member of Dependant to prove that he had no such knowledge; and

11.5.4.6 any other act or omission which, in the circumstances, amounts to a fraudulent act or omission.

12 CONTRIBUTIONS

12.1 The total monthly contributions payable to the Scheme by or in respect of the 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 contribution in terms of Annexure A hereto.

12.2 Failure to provide proof of income when requested by the Scheme will result in the Scheme billing the highest contribution on the contribution table as stipulated in Annexure A.

13 LIABILITIES OF EMPLOYER AND MEMBER

13.1 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.

13.2 The liability of a member to the Scheme 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.

13.3 The Scheme shall not be liable for the payment of any costs incurred by a member, which arose or may have arisen, because of the actions or omissions of another party. When the Scheme elects to effect payment of any costs incurred by the member arising from the actions or omissions of any other party, then in such event the member shall be liable to repay to the Scheme all amounts paid by the Scheme and recovered by or on behalf of the member from the party responsible to compensate such member, free of any legal costs or deductions that may have been incurred in the recovery of such amount.

13.4 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.

13.5 Accidents and Injuries, Including Motor Vehicle Accidents (MVAS)

The Scheme will pay medical costs / expenses relating to accidents/ injuries and motor vehicle accidents at 100% of Scheme Rate in accordance with the benefits as laid out in Annexure B. Members are encouraged to submit a claim relating to motor vehicle accidents to the Road Accident Fund. Any amounts recovered from a third party for medical expenses paid by the Scheme must be refunded to the Scheme.

14 CLAIMS PROCEDURE

14.1 Every claim submitted to the Scheme in respect of the rendering of a relevant health care service as contemplated in these Rules, shall be accompanied by an account or statement which shall contain the following particulars as prescribed in Regulation 5 of the Act:

14.1.1 the surname and initials of the member;

14.1.2 the surname, first name and other initials (if any) of the patient;

14.1.3 the name of the Scheme;

14.1.4 the membership number of the member;

14.1.5 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;

14.1.6 the relevant diagnostic (ICD10 code) and such other item code numbers that relate to such relevant health service;

14.1.7 the date on which each relevant health service was rendered;

14.1.8 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, dosage of and net amount payable in respect of the medicine;

14.1.9 Where A pharmacist supplies medicine according to a prescription to a member or a dependant, a copy of the original prescription or a certified copy of such prescription;

14.1.10 where mention is made in such account or statement of the use of a theatre -

14.1.10.1 the name and relevant practice number and provider number contemplated in Rule 14.1.5 of the medical practitioner or dentist who performed that operation;

14.1.10.2 the name or names and the relevant practice number and provider number contemplated in Rule 14.1.5 of every medical practitioner or dentist who assisted in the performance of the operation; and

14.1.10.3 all procedures carried out together with the relevant item code number contemplated in Rule 14.1.6; and

14.1.11 in the case of a first account or statement in respect of orthodontic treatment, or other advanced dentistry, a treatment plan indicating –

14.1.11.1 the expected total amount in respect of treatment;

14.1.11.2 the expected duration of the treatment;

14.1.11.3 the initial amount payable; and

14.1.11.4 the monthly amount payable.

14.2 If an account, statement, or claim is correct or where a corrected account, statement or claim is received the Scheme shall, in addition to the payment contemplated in Section 59(2) of the Act, dispatch to the member a statement containing at least the following particulars -

14.2.1 the name and the membership number of the member;

14.2.2 the name of the supplier of service;

14.2.3 the surname, first name and other initials (if any) of the beneficiary to whom the service was provided;

14.2.4 the final date of service rendered by the supplier of service on the account or statement which is covered by the payment;

14.2.5 the total amount charged for the service concerned; and

14.2.6 the amount of the benefit awarded for such service.

14.3 The Scheme must inform the member of erroneous or unacceptable accounts within 30 (thirty) days, where after the member must resubmit the corrected accounts to the Scheme within 60 (sixty) days.

14.4 To qualify for benefits, any claim shall, unless otherwise arranged, be signed, and certified as correct and shall be submitted to the Scheme not later than the last day of the fourth month following the month in which the service was rendered. It is the member's responsibility to ensure that the account is submitted by the healthcare provider. The Board may approve payment of benefits in respect of the late submission of claims if the Board is satisfied that the delay was caused by circumstances beyond the control of the member.

14.5 Where a member has paid an account, he shall, in support of his claim, submit a receipt.

14.6 Accounts for treatment of injuries or expenses recoverable from third parties shall be supported by a statement setting out particulars of the circumstances in which the injury was sustained. The member undertakes to submit the third-party claim and refund the Scheme. The Scheme however remains liable for such claims when first received until a settlement is made, there after the Scheme would be reimbursed.

14.7 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 rights to a benefit which he/she may have against the Scheme. The Scheme may withhold, suspend, or discontinue the payment of any benefit, or any right in respect of such benefit under these Rules, if a member assigns, transfers, cedes, pledges, or hypothecates such benefit.

15 BENEFITS

15.1 Unless suspended in terms of Rule 11.4.1.2 or placed on a waiting period in terms of Rule 8, members are entitled to benefits during a financial year, as per Annexure B, and such benefits extend through the member to his dependants.

15.2 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 30 (thirty) days of receipt of the claim pertaining to such benefit.

15.3 Any benefit set in Annexure B covers the cost of services rendered in respect of the prescribed minimum benefits, in accordance with Annexure D.

15.4 No limitations or exclusions, other than those prescribed, will be applied to the prescribed minimum benefits.

15.5 The Scheme may exclude services from benefits as set out in Annexure C.

15.6 The benefit for any valid claim accepted by the Scheme in terms of these Rules in respect of services provided outside the Republic of South Africa will be determined in accordance with the scales of benefit or at the cost of services whichever the lower is and payment will be made in terms of Rule 16.5.

15.7 Pre-authorisation is a clinical decision based on the information provided and not a guarantee of payment of relevant healthcare services rendered.

16 PAYMENT OF ACCOUNTS

16.1 Payment of accounts or reimbursement of claims is restricted to the net amount payable in respect of such benefit and the maximum amount of the benefit entitlement in terms of the applicable benefit as follows: -

16.1.1 Self-insured up to the relevant benefit limit payable at Scheme tariff; and

16.1.2 In full for prescribed minimum benefits.

16.2 The Scheme may, whether by agreement or not with any supplier of service, pay the benefit to which a member is entitled, directly to the supplier who rendered the service, unless the member informs the Scheme that the amount due to the provider has been paid by the member in which event the amount shall be reimbursed to the member.

16.3 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 to the supplier of service, the amount of any such overpayment is recoverable by the Scheme from the member.

16.4 Notwithstanding the provisions of this Rule, the Scheme has the right to pay any benefit directly to the member concerned.

16.5 Any valid claim accepted by the Scheme in terms of these Rules in respect of services provided outside the Republic of South Africa will be paid in the currency of the Republic of South Africa.

16.6 The Scheme may deduct any amounts from any benefit payable to a member or supplier of services, which a member or supplier of services is not entitled to or where the Scheme has suffered loss due to theft, fraud, negligence, or any misconduct which the Scheme became aware of.

17 GOVERNANCE

17.1 The affairs of the Scheme shall be managed according to these Rules by a Board consisting of six persons who are fit and proper to be Trustees.

17.2 Three Trustees shall be appointed by the employer, (hereinafter referred to as the "**employer representatives**"); and

17.3 Three Trustees (who shall be members of the Scheme), shall be elected by members in accordance with Rule 17.8 (hereinafter referred to as the "**member representatives**").

17.4 The employer and member representatives shall hold office for a period of 3 (three) years.

17.5 Retiring members of the Board shall be eligible for re-election or re-appointment, as the case may be, provided that a member may not hold office for more than 5 (five) terms, calculated from the date of his election or appointment with effect from 2018 or thereafter: -

17.5.1 provided that such Board member may resign at any time by giving written notice to the Board of his intention to resign as a member of the Board; and

17.5.2 provided further that such Board member shall be obliged to resign if he ceases to be a member of the Scheme.

17.6 Persons so elected/appointed shall disclose at every meeting all interests they have in relation to the Scheme.

17.7 The following persons are not eligible to serve as members of the Board:

17.7.1 a person under the age of 21 years;

17.7.2 an employee, director, officer, consultant, or contractor of the administrator of the Scheme or of the holding company, subsidiary, joint venture, or associate of that administrator;

17.7.3 a broker;

17.7.4 any employee of the Scheme;

17.7.5 the Principal Officer of the Scheme; and

17.7.6 the authorised auditor of the Scheme.

17.7.7 Any person that provides any service to the Scheme or has done so in the past twelve months.

17.8 Member representatives shall be elected as follows:

17.8.1 the Scheme shall make available nomination forms to members of the Scheme 2 (two) months prior to the election date which falls in July of every third year. Each member shall be entitled to nominate one member of the Scheme for members' election to the Board, (including continuation members) at the employer. The person so nominated shall confirm acceptance of his nomination. The nomination form shall be completed and returned to the Scheme on or before a date to be determined by the Board;

17.8.2 the Scheme shall prepare a list of nominees as soon as possible after the return date and the list shall be displayed on the Scheme website, at the time offices of the employers and furnished to continuation members. All nominees must accept their nomination in writing before their nomination will be added to the Ballot List. If a nominee does not inform the Principal Officer one way or the other, the nomination shall be considered as withdrawn;

17.8.3 voting for members of the Board shall take place by members of the Scheme at the sites of the employers, and/or virtually at such times and dates as may be determined by the Board from time to time. The Board may make such arrangements, as it may deem appropriate to enable members who cannot attend, to cast their votes.

17.8.4 Board members shall be elected from the full membership list without establishing sub-groups.

17.9 When a Trustee vacancy arise due to such member resigning in terms of Rule 17.5 or ceasing to hold office in terms of Rule 17.11 and/or Rule 17.29, the vacancy will be filled by the qualifying member who amassed the next most votes during the previous trustee election process.

17.10 The Scheme must inform the Registrar of the persons so elected and/or appointed within 30 (thirty) days of such elections/appointments.

17.11 A prospective nominee cannot hold office, or a current member of the Board shall cease to hold office if: -

17.11.1 he /she is in terms of any other legislation, declared mentally ill or incapable of managing his/her affairs;

17.11.2 he is declared insolvent or has surrendered his estate for the benefit of his creditors;

17.11.3 he is convicted, whether in the Republic or elsewhere, of theft, fraud, forgery or uttering of a forged document or perjury;

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

17.11.5 he is disqualified under any law from carrying on his profession;

17.11.6 he ceases to be a member of the Scheme;

17.11.7 he absents himself from three consecutive meetings of the Board without the permission of the chairperson;

17.11.8 he is removed from office by the Council in terms of Section 46 of the Act or any other legislation;

17.11.9 he is removed from office in terms of Rules 17.29 or 17.31.

17.12 save for the provisions of Rule 17.11.6, the provisions of Rules 17.11.1 to 17.11.7 apply *mutatis mutandis* to the Principal Officer, except that the Principal Officer must be any person who meets the fit and proper requirements of the Rules and the Act.

17.13 The chairperson must be elected by members of the Board from among itself after each Trustee election process.

17.14 Should the chairperson resign or cease to be a member of the Board or be removed from office on a vote of no confidence by the Board, the Board shall fill the vacancy thus created for the remaining period for which the previous incumbent was elected.

17.15 The Board shall meet at least once every three months.

17.16 Ten working days' notice of a Board meeting, unless otherwise agreed by the Board, shall be given to each member of the Board and such notice shall, as far as possible, contain a statement of the business to be transacted at such meeting.

17.17 The chairperson may convene a special meeting of the Board should the necessity arise.

17.18 Any two members of the Board may request the chairperson to convene a special meeting of the Board; provided the matters to be discussed at the meeting are clearly stated in the request.

17.19 Upon receipt of the request the chairperson shall within 7 (seven) days after such receipt convene a special meeting of the Board to deal with the matters stated therein. The provisions of Rule 17.16 regarding notice shall apply.

17.20 In the absence of the chairperson at a meeting of the Board, the Board members present must elect one board member to preside at that meeting.

17.21 50% plus one of the members of the Board present in person shall constitute a quorum for a meeting of the Board.

17.22 The Board may, subject to participation by sufficient members to form a quorum, discuss and resolve matters by telephone or electronic conferencing means and may adopt resolutions on that basis.

17.23 Matters serving before the Board shall be decided by a majority vote and in the event of an equality of votes the chairperson of the meeting shall have a casting vote in addition to his deliberative vote.

17.24 Notwithstanding any vacancy on the Board, the continuing members thereof may act on its behalf;

provided that if and so long as their number is reduced below that fixed for a quorum by the Rules such members may act only for the purpose of increasing the number of members of the Board to that number or for summoning a general meeting of members but for no other purpose.

17.25 A resolution in writing signed by all available Board members or, if a Board member is not available, by his alternate, being not less than a quorum, shall be as valid and effectual as if it had been passed at a meeting of the Board duly called and constituted.

provided that one of the signatories shall be the chairperson, or in his absence the stand in chairperson.

Any such resolution may consist of several documents in like form; each signed by one or more of the signatories contemplated in this Rule.

17.26 The Board may co-opt up to three persons to assist in its deliberations. A person so co-opted may participate in the deliberations of the Board but shall have no vote.

17.27 In the event of a vacancy in the member representatives, the Board shall appoint the candidate who received the most votes after the Board member who had initially been appointed to the Board.

17.28 Members of the Board are not entitled to any remuneration, honorarium, or any other fee in respect of services rendered in their capacity as members of the Board.

17.39 If the Board of Trustees suspends or removed the Principal Officer or a Trustee from office in terms of Rule 17.31 and that person(s) is aggrieved by the decision, he/she may lodge a complaint in writing with the Registrar.

17.30 On receipt of a written complaint mentioned in Rule 17.29 above:-

17.30.1 The Registrar shall investigate the basis of the complaint; and

17.30.2 If he/she finds that the complaint has merit, the Registrar or the Council shall take such steps as may be necessary in terms of the powers provided for by the Act to address the concerns raised in the complaint.

17.31 A member of the Board who acts in a manner which is seriously prejudicial to the interest of the beneficiaries of the Scheme may be removed by members of the Board after following due process that is consistent with the provisions of Section 46 of the Act or of the provisions of just administrative action; by way of a special resolution taken at a special general meeting, provided that:-

17.31.1 Special notice shall be lodged with the Board accompanying the requisition at date of lodgement, and on receipt of notice of such a proposed resolution, the Board shall forthwith delivery a copy thereof to the Trustee concerned, who shall be entitled to be heard on the proposed resolution at the meeting.

17.31.2 The notice convening the special general meeting containing the agenda and proposed special resolution must be furnished to members at least 14 (fourteen) 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, provided that the notice procedure followed by the Board was reasonable.

17.31.3 Where the Trustee concerned makes representation in writing which is of a reasonable length and requests dissemination to members, the Board shall, unless the representation are received by it too late for it to do so, state that such representations have been made in its notice to members in terms of Rule 17.31.2 and send a copy of the representations to all members, whether such notice was sent before or after the receipt of representations by the Board.

17.31.4 Where the representation was not sent to due to late receipt, the Trustee concerned may require that the representation be read at the meeting.

17.31.5 50% plus one member of the Board of Trustees present in person shall constitute a quorum.

17.31.6 The resolution to remove the Trustee/s must be passed by at least 3 (three) of the Board members present in person or by proxy, who are entitled to vote.

17.31.7 Rules 17.11 applies *mutatis mutandis*.

18 FIDUCIARY DUTIES OF BOARD OF TRUSTEES

18.1 The Board is responsible for the proper and sound management of the Scheme, in terms of these Rules and must consider all options including self-administration

18.2 The Board shall act with due care, diligence, skill and in good faith.

18.3 Members of the Board shall avoid conflicts of interests and shall declare any interest they may have in any matter serving before the Board.

18.4 The Board shall apply sound business principles and ensure the financial soundness of the Scheme.

18.5 The Board shall appoint a Principal Officer who is a fit and proper person to hold such office and must, within 30 (thirty) days of such appointment, give notice thereof in writing to the Registrar. The Board must determine the terms and conditions of employment of the person so appointed.

18.6 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.

18.7 The chairperson shall preside over meetings of the Board and ensure due and proper conduct at meetings.

18.8 The Board shall cause to be kept such minutes of all resolutions passed, accounts, entries, registers, and records as are essential for the proper functioning of the Scheme.

18.9 The Board shall ensure that proper control systems are employed by and on behalf of the Scheme.

18.10 The Board shall ensure that adequate and appropriate information is communicated to the members regarding their rights, benefits, contributions, and duties in terms of the Rules.

18.11 The Board shall take all reasonable steps to ensure that contributions are paid timeously to the Scheme in accordance with the Act and the Rules.

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

18.13 The Board must obtain expert advice on legal, accounting and business matters as required, or on any other matter of which the members of the Board may lack sufficient expertise.

18.14 The Board shall ensure that the Rules, operation, and administration of the Scheme comply with the provisions of this Act and all other applicable laws.

18.15 The Board must take steps to ensure the integrity of all documents, data and information transferred to a new administrator/managed care organization or to the Scheme as the Board may determine. The change in administrator or to self-administration must comply with the Board Notice (BN) 73 of 2004.

18.16 The Board shall take all reasonable steps to protect the confidentiality of medical records concerning any member's state of health in terms of the Protection of Personal Information Act.

18.17 The Board shall approve all disbursements but may delegate its authority to any members of the Board or any other persons nominated by the Board to effect disbursements on behalf of the Scheme.

18.18 The Board shall prepare annual financial statements and shall ensure compliance with all statutory requirements pertaining thereto.

18.19 The Board shall cause to be kept in safe custody, in a safe or 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.

18.20 The Board shall make such provision as it deems desirable, and with due regard to 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.

18.21 The Board shall disclose annually in writing to the Registrar, any payment or consideration made to them in that particular year by the Scheme.

18.22 The Board shall cause to be done a "Board Effectiveness self-assessment" on an annual basis and an independent assessment very 3 (three) years with due regard to normal practice and recommended guidelines pertaining to improving the Board's effectiveness.

18.23 The Board must appoint the authorised Auditor annually and the Audit, Risk and Compliance Committee every three (3) years in line with the Board election process.

18.24 The Board shall ensure that every existing and new appointed/elected Board member undergoes trustee training in the form of induction training and attendance of the accredited skills programme provided by the Council.

19 POWERS OF THE BOARD

The Board has the power:

19.1 to suspend or remove the Principal Officer or a Trustee from office on good cause shown and to cause the termination of the services of any employee of the Scheme.

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

19.3 to appoint a subcommittee consisting of such Board members and other experts as it may deem appropriate;

19.4 to self-administer or 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 the administrator appointment or the appointment of support services in the event of self-administration, shall be contained in a written contract which complies with the Act and the Regulations;

19.5 to appoint, contract with and compensate any accredited managed health care organisations, subject to the provisions of the Act and the regulations;

19.6 to purchase movable and immovable property for the use of the Scheme or otherwise and, subject to Section 63 of the Act, to sell movable and immovable property of the Scheme subject to sound business practices and fair value principles;

19.7 to let or hire movable or immovable property;

19.8 in respect of any moneys 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 to deal with such moneys upon security and to realise, re-invest or otherwise deal with such moneys and investments;

19.9 with the prior approval of the Council, 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;

19.10 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;

19.11 to donate to any hospital, clinic, nursing home, maternity home, infirmary, or home for aged persons in the interests of all or any of the beneficiaries;

19.12 to make ex-gratia payments on behalf of or to members to assist such members to meet commitments regarding any matter specified in the definition of "business of a medical scheme" in Rule 5;

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

19*.14 to reinsure obligations in terms of the benefits provided for in these Rules;

20.15 to authorise the Principal Officer and/or such members of the Board 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;

19.16 to contribute to any association instituted for the furtherance, encouragement, and co-ordination of medical schemes;

19.17 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.

20 DUTIES OF PRINCIPAL OFFICER AND STAFF

20.1 The staff of the Scheme must, in terms of the Protection of Personal Information Act, ensure the confidentiality of all information regarding its members.

20.2 The Principal Officer is the executive officer of the Scheme, including all the functions required to self-administer or to contract with third party administrators to, and as such shall ensure that:

20.2.1 he always acts in the best interest of the member of the Scheme;

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

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

20.2.4 he keeps the Board 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;

20.2.5 he keeps the Board sufficiently and timeously informed concerning the affairs of the Scheme to enable the Board to comply with the provisions of Section 57(6) of the Act;

20.2.6 he does not take any decisions concerning the affairs of the Scheme without prior authorisation by the Board and that he always observes the authority of the Board in its governance of the Scheme.

20.3 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.

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

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

20.6 The Principal Officer shall, with the concurrence of the Board, cause the termination of the services of any employee of the Scheme.

20.7 The Principal Officer shall keep full and proper records of all monies received and expenses incurred by, and of all assets, liabilities, and financial transactions of the Scheme.

20.8 The Principal Officer shall prepare annual financial statements and shall ensure compliance with all statutory requirements pertaining thereto.

20.9 The following persons are not eligible to be a principal officer:

20.9.1 an employee, director, officer, consultant, or contractor of any person 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.

20.9.2 a broker or an employee, director, officer, consultant, or contractor of any person contracted by the Scheme to provider broker services

20.9.3 A principal officer or office bearer of another medical scheme;

20.9.4 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.

20.10 Save for the provisions of Rules 17.12.6, the provisions of Rules 17.12.1 to 17.12.7 apply *mutatis mutandis* to the Principal Officer.

21 INDEMNIFICATION AND FIDELITY GUARANTEE

21.1 The Board and any officer of the Scheme shall be indemnified by the Scheme against all proceedings, costs and expenses incurred by reason of any claim against/by the Scheme, not arising from their negligence, dishonesty, or fraud.

21.2 The Board must ensure that the Scheme is insured against loss resulting from the dishonesty or fraud of any of its officers (including members of the Board).

22 FINANCIAL YEAR OF THE SCHEME

22.1 The financial year of the Scheme extends from the first day of January to the 31st day of December of that year.

23 BANKING ACCOUNT

23.1 The Scheme shall establish and maintain a banking account in the name of the Scheme and under its direct control with a registered commercial bank. All monies received shall be deposited to the credit of such account and all payments shall be made either by electronic transfer, tape exchange or by cheque under the joint signature of not less than two persons duly authorised by the Board**.**

24 AUDITOR AND AUDIT, RISK AND COMPLIANCE COMMITTEE

24.1 The Board must appoint the Audit, Risk and Compliance Committee comprising of at least 5 (five) members of whom at lease 2 (two) shall be members of the Board.

24.2 The quorum for the Audit, Risk and Compliance Committee meeting will be 3 (three) persons, provided that one of them is a Trustee.

24.3 The Audit, Risk and Compliance 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.

24.4 An auditor (who shall be authorised and approved in terms of Section 36 of the Act), who is a registered auditor as defined in the Auditing Profession Act, 2005, must be recommended by a Board resolution and appointed by the members at every annual general meeting, to hold office from the conclusion of that meeting to the conclusion of the next annual general meeting.

24.5 The following persons are not eligible to serve as auditor of the Scheme:

24.5.1 a member of the Board;

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

24.5.3 an employee, director, officer, or contractor of the Scheme's administrator, or of the holding company, subsidiary, joint venture, or associate of the administrator;

24.5.4 a person not engaged in public practice as an auditor;

24.5.5 a person who is disqualified from acting as an auditor in terms of the Companies Act, 1973.

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

24.7 If the members of the Scheme at a general meeting fail to appoint an auditor required to be appointed in terms of this Rule and Section 36(1) of the Act, the Board must, within 30 (thirty) days, recommend to the Registrar for an appointment in terms of Section 36(9) of the Act.

24.8 The auditor of the Scheme always 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 officers of the Scheme such information and explanations as he deems necessary for the performance of his duties.

24.9 The authorised auditor must report to the Audit, Risk and Compliance Committee of the Scheme on the accounts examined by him and on the financial statements laid before the Scheme at a general meeting.

25 GENERAL MEETINGS

25.1 Annual general meeting

25.1.1 The annual general meeting of members shall be held not later than 30 June of each year, or on such date as allowed by circumstances and agreed with the Registrar, at such time and place as the Board may determine, noting that any and all activities referred to in this clause, and that relates to annual general meetings, may be (depending on the circumstances) conducted virtually on an auditable electronic platform that records every step of the process and allows for unrestricted member participation, for the purpose described in this clause, including:-

25.1.1.1 receiving and adopting the annual financial statements together with the auditor's report and the report of the Board as required by the Act;

25.1.1.2 the appointment or reappointment of the auditor;

25.1.1.3 any other business for which due notice has been given.

25.1.2 The notice convening the annual general meeting, containing the agenda and all financial information, shall be dispatched to continuation members, pay points and the Registrar not less than 21 (twenty-one) days before the date of the meeting. In the case of the notice sent to employers, it shall be duly exhibited in a conspicuous place in the premises of such employers and in the case of continuation members it shall be sent to the last address of such members known to the Scheme. The non-receipt of such notice by a member and/or the Registrar does not invalidate the proceedings at such meeting provided that the notice procedure followed by the Board was reasonable.

25.1.3 The financial information mentioned in Rule 25.1.2 above shall consist of a full set of the Annual Financial Statements, comprising the Trustees' report, Auditor's report, Annual report and audited annual financial statements.

25.1.4 The quorum for such meeting shall be 30 (thirty) members and only members in good standing will be permitted to attend the meeting on presentation of membership.

25.1.5 If there is no quorum present within 30 (thirty) minutes after the time fixed for commencement of the meeting, that meeting must be postponed to a date determined by the Board, but such date is to be no later than 14 (fourteen) days after the date of the failed meeting. The notice of such postponed meeting shall be reissued in terms of Rule 25.1.2 and members then present will constitute a quorum.

25.1.6 Notice of motions to be submitted to the annual general meeting, shall reach the Principal Officer at least 14 (fourteen) days before the meeting. Such motions shall be included in the agenda of the meeting and only matters included in the agenda shall be discussed at the annual general meeting. The final agenda of the meeting shall be available for inspection 7 (seven) days before the meeting.

25.1.7 The financial statements and reports specified in Rule 25.1.3 must be laid before the meeting. A full set of the Annual Financial Statements (comprising the Trustees' report, Auditor's report and AFS) will be made available to the meeting.

25.1.8 A unanimous decision shall be considered as supported by all the members present at the meeting and the administrator shall record the number of votes.

25.2 Separate Annual General Meeting

25.2.1 The Board may decide that the annual general meeting shall consist of more than one meeting to be held in a place or places assigned by the Board. The meetings shall be concluded within the period of no more than 14 (fourteen) days and the Board shall determine the sequence of the meetings and the date of each.

25.2.2 The Administrator shall notify members of the meetings.

25.2.3 The period of notice in Rule 25.1.2 shall be valid from the date of notice to the first of the meetings.

25.2.4 The same agenda shall be used for the meetings.

25.2.5 A quorum for each meeting shall be 30 (thirty) members at each venue.

25.2.6 If there is no quorum present within 30 (thirty) minutes after the time fixed for commencement of the meeting, that meeting must be postponed to a date determined by the Board, but such date is to be no later than 14 (fourteen) days after the date of the failed meeting. The notice of such postponed meeting shall be reissued in terms of Rule 25.1.2 and members then present will constitute a quorum.

25.2.7 A unanimous decision shall be considered as supported by all the members present at the meeting and the administrator shall record the number of votes.

25.3 Special general meeting

25.3.1 A special general meeting of members may be called at any time by the Board if deemed necessary.

25.3.2 Notice of a special general meeting with full details of the purpose of the meeting shall be given twenty-one days in advance, as provided in Rule 25.1.2, *mutatis mutandis*.

25.3.3 The time and venue of the meeting shall be determined by the Board.

25.3.4 A special general meeting of members shall be convened on receipt by the Principal Officer of a request signed by at least ten per cent of all the members.

25.3.5 Such meeting shall be convened within 14 (fourteen) days after receipt of the request. The requisition must state the objects of the meeting and must be signed by all the members requesting the special general meeting and deposited at the registered office of the Scheme. Only those matters forming the object of the meeting may be discussed.

25.3.6 The requisitionists may convene a special meeting within 30 (thirty) days after such request if the Board fails to convene a meeting within 14 (fourteen) days after receipt of such request; provided that no decision at such a meeting shall be binding and final unless it is confirmed at the following meeting which shall be convened by the Board within one month of the date of the first meeting.

25.4 Subject to Rule 25.3.4, not less than 50 (fifty) members of the Scheme who are personally present shall comprise a quorum for a special general meeting. If a quorum is not present after 30 (thirty) minutes from the time laid down for the commencement of the meeting, the meeting shall be adjourned to the same day and time of the following week and the members then present shall form a quorum; provided that if the same day of the following week is a public holiday, the meeting shall be adjourned to the first working day after the public holiday.

25.5 The chairperson of the Board shall be entitled to take the chair at every general meeting. In his absence or refusal to act, the members shall elect another member of the Board as chairperson, or if no members of the Board are present or if all the members of the Board refuse to take the chair, the members who are present in person shall elect one as chairperson.

25.6 The chairperson of a general meeting where a quorum is not present, may with the consent of the meeting (and shall if so, directed by the meeting) adjourn the meeting to a date not earlier than seven nor later than twenty-one days after the date set down for the meeting, and the Board shall within three days give notice of the adjournment in the manner set out in Rule 25.1.2 stating:

25.6.1 the date, time and place to which the meeting has been adjourned;

25.6.2 the matter before the meeting when it was adjourned; and

25.6.3 the grounds for the adjournment.

25.7 No matters shall be transacted at any adjourned meeting other than the business left unfinished at the meeting at which the adjournment took place.

26 VOTING AT MEETINGS

26.1 Every member who is present at a general meeting of the Scheme has the right to vote, or may, subject to this Rule, appoint another member of the Scheme as proxy, who are in good standing, to attend, speak and vote in his stead.

26.2 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.

26.3 Except as explicitly otherwise provided by the Act or by these Rules, all questions, matters and decisions arising at or submitted to any general meeting shall be decided by a majority vote and, in the first instance, shall be decided on a show of hands unless a poll is demanded (before or with the result of the show of hands) by -

26.3.1 the chairperson of the meeting, or

26.3.2 not less than ten per cent of all the members who have the right to vote at the meeting.

26.4 A statement by the chairperson of the meeting that a decision on a show of hands has been unanimously accepted or has been accepted or rejected by a particular majority, or has not been accepted by a particular majority, shall be final and binding on all the members.

26.5 In the event of an equality of votes, the chairperson shall, on both a show of hands and a poll and if he is a member, have a casting vote in addition to his deliberative vote.

26.6 If a poll is demanded as aforesaid, it shall be taken in such a manner and at such a place and time as the chairperson of the meeting shall direct, and either immediately or after an interval or adjournment. The demand for a poll may be withdrawn.

26.7 Two scrutineers shall be elected to count the votes and to declare the result of the poll and their declaration which shall be announced by the chairperson of the meeting, shall be deemed to be the resolution of the meeting at which the poll was demanded.

26.8 In the case of any dispute as to the admission or rejection of a vote, the chairperson of the meeting shall determine the same, and the determination of the chairperson made in good faith shall be final and conclusive.

26.9 The demand for a poll shall not prevent the continuation of a meeting for the transaction of any business other than the question on which a poll has been demanded.

27 COMPLAINTS AND DISPUTES

27.1 Members must first lodge their complaints, in writing, to the Scheme. The Scheme or its administrator shall also provide a dedicated telephone number which may be used for dealing with telephonic enquiries and complaints. Reference in this clause to administrator will include self-administration / the Scheme.

27.2 All complaints received in writing shall be responded to and decided by the Principal Officer or any person appointed by the Principal Officer to deal with complaints, in writing within 30 (thirty) days of receipt thereof.

27.3 A disputes committee of 3 (three) members, who may not be members of the Board, officers of the Scheme, the administrator or the managed care organisation, shall be selected from a panel appointed by the Board to settle any complaints or disputes. At least one of such members shall be a person with legal expertise.

27.4 Any dispute, which may arise between a member, prospective member, former member or a person claiming by virtue of such member and the Scheme, shall be referred by the Principal Officer to the disputes committee for adjudication.

27.5 On receipt of a request in terms of this Rule, the Principal Officer shall convene a meeting of the disputes committee by giving not less than 21 (twenty-one) days' notice in writing to the complainant and all members of the disputes committee, stating the date, time and venue of the meeting and particulars of the dispute.

27.6 The disputes committee may determine the procedure to be followed.

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

27.8 The decision taken in terms of Rule 27.2 or that of the disputes committee must be communicated to all parties in writing and where a dispute arise, this must be lodged in writing with the Registrar, indicating their right to appeal in terms of Section 47 of the Act.

27.9 The operation of any decision which is the subject of an appeal under Rule 27.8, shall be suspended pending the decision of the Registrar/Council.

28 TERMINATION OR DISSOLUTION

28.1 The Scheme may be dissolved by order of a competent court or by voluntary dissolution.

28.2 An employer may, on giving three months' written notice to the Board, reduce, suspend or terminate its contributions to the Scheme. The Board shall thereupon arrange for members to decide by ballot whether the Scheme shall continue business without the employer's contributions or with its reduced contributions, or whether the Scheme shall be liquidated. Unless a majority of members decide that the Scheme shall continue, the Scheme shall be liquidated in accordance with the provisions of Rule 28.3.

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

28.4 Pursuant to a decision by members taken in terms of Rule 28.3 the Principal Officer shall, in consultation with the Registrar, furnish 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.

28.5 Every member shall be requested to return his ballot paper duly completed before a set date. If at least 50 (fifty) percent 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 shall ensure compliance therewith and appoint, in consultation with the Registrar, a competent person as liquidator.

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

29 AMALGAMATION AND TRANSFER OF BUSINESS

29.1 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. Before such event the Board shall arrange for members to decide by ballot whether the proposed amalgamation should be proceeded with or not.

29.2 If at least 50 (fifty) percent 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.

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

29.4 The amalgamating Board must submit signed copies of a final audited set of financial statements and annual statutory returns to the CMS.

30 RIGHT TO OBTAIN DOCUMENTS AND INSPECTION OF DOCUMENTS

30.1 Any beneficiary shall on request and on payment of a fee of R2,50 per page, be supplied by the Scheme with a copy of the following documents:

30.1.1 the Rules of the Scheme;

30.1.2 the latest audited annual financial statements, returns, Trustees' report and auditors' report of the Scheme; and

30.1.3 the management accounts in respect of the Scheme.

30.1.4 Protocols and formularies documents.

30.2 A beneficiary is entitled to inspect free of charge at the registered office of the Scheme any document referred to in Rule 30.1 and to make extracts therefrom.

30.3 This Rule shall not be construed to restrict any other person's rights in terms of the Promotion to Access to Information Act, No 2 of 2000.

31 AMENDMENTS TO RULES

31.1 The Board is entitled to alter or rescind any Rule or annexure or to make any additional Rule or annexure.

31.2 Members must be furnished with an erratum of such amendments within 14 (fourteen) days after registration thereof. Should a member's rights, obligations, contributions or benefits be amended, he shall be given 30 (thirty) days advance notice of such change.

31.3 Notwithstanding the provisions of Rule 31.1 above, the Board shall, on the request and to the satisfaction of the Registrar, amend any Rule that is inconsistent with the provisions of the Act.

31.4 No amendments, rescissions or additions which affect the following matter is valid unless it had been approved by the majority of the members present in a general meeting or by ballot:-

31.4.1 The business of the Scheme;

31.4.2 The constitution of the Board;

31.4.3 The period of office of the Trustees;

31.4.4 The percentage of members voting in the case of dissolution of the Scheme and amalgamation or transfer of business.

31.5 No alteration, rescission or addition shall be valid unless it has been approved and registered by the Registrar in terms of the Act.

32 NOTICES

32.1 Any notice to a Member or an Employer shall be deemed to have been validly given if:-

32.1.1 it has been sent by pre-paid post to his latest known address; or

32.1.2 it has been delivered to him personally;

32.1.3 it has been transmitted electronically via email to the last known email address provided; or

32.1.4 it has been published in two national Sunday newspapers.

32.2 Posted notices shall be deemed to have been received by the addressee on the day of their delivery to the post office for posting or on the electronic transmission date via email, and notices published in terms of Rule 32.1.4 shall be deemed to have been received by all Members on the last date of publication.