

:CXC IC' 7 76133.62.

TUEDIIESE LPSKEFHK

PEG \$KR MEDIICKL 3D 5CHETUE

Reg.No. A21/4/1454

ADMINISTRATEURS : MEDSKEMA (EDMS) BPK.

ADMINISTRATORS : MEDSCHEME (PTY) LTD.

Reg.NO. 78/02829/07

(

Sr.

0

f5

6 (021) 23 7001 Kaapstad / Cape Town

/ 5 25245

Fax: (021) 22-1759

IE 16323 Vlaeberg 8018

Sste Verdieping / 8th Floor

NBS Waldorf

St. George's Man 80 St. George's Mall

Kaapstad / Cape Town 8001

LETTER TO ALL PARTICIPATING EMPLOYER GROUPS

OF THE PRO SANO MEDICAL AID SCHEME

The Chairman of the Pro Sano Medical Aid Scheme was presented with a letter from the Union of Teachers

Associations of South Africa (UTASA) dated the 10 February 1992. The letter was signed by Mr J S G

Strauss, in his capacity as Utasals Representative.

In this letter, an allegation was made that the Chairman had instructed that certain payments be made in

respect of the attendance of the Bi-Annual Congress of the International Federation of Health Funds held

in Hong Kong during 1990 and that this instruction had not been authorised by the Management Council. It

was also requested that the matter be tabled at a special meeting of the Management Council.

A Special Meeting was subsequently called at short notice and held on the 13 February 1992.

As the Chairman was personally involved in this matter, he vacated the Chair in favour of the

Vice-Chairman of the Scheme, Mr L Kearns. A full discussion followed during which all the members of the

Management Council, including the Representative from UTASA, were asked to express their opinions and

views on the allegation. After a protracted discussion, during which all members actively participated and

which lasted for approximately three hours, the Council concluded that the Chairman had beyond all

doubt, acted within his powers and according to the decisions made by the Management Council prior to

1990, which were minuted.

In the light of the evidence submitted, the Council concluded that the allegation was unfounded and that

the matter was therefore regarded as closed.

The Council wishes to emphasise that the attendance of Pro Sano delegates at Congresses such as the

International Federation of Health Funds 15 in no manner whatsoever, a holiday. These Congresses are

very demanding and delegates have to participate actively in discussions and share experiences related to

the healthcare movement in other countries with other delegates. Experience is gained by this exposure

and expertise developed. Study visits to other health funding systems in other countries is incorporated

with the bi-annual overseas study trips. '

The value to the Pro Sano Medical Aid Scheme of the overseas study trip in 1990, can be seen in the fact

that the implementation of fundamental changes to address the ever-increasing cost escalation of

healthcare in the scheme, were the direct outcome of this fact finding mission by the Council.

Members of the scheme will recall that during 1991, certain changes to the Rules of the Scheme were implemented and the overall cost containment measures which were introduced and implemented by the Council resulted in strikingly positive results. The Pro Sano Medical Aid Scheme increased its reserves during 1991 by R19.2M to a percentage reserve level of 16%. Compared to the previous year, which was well below 10% this was a major positive trend, considering that the fund was for the first time in many years reaching the required level of reserves of 25% as recommended by the Registrar of Medical Aid Schemes. Because of the success of the cost savings campaign of the scheme during 1991, the Council unlike all other schemes in South Africa was able to delay mid-year increases to accommodate general cost escalations and the implementation of Value Added Tax, towards the end of last year. These additional costs were funded from the surpluses of the scheme. The Management Council is also very proud that as a result of the success of these cost containment measures and the resulting surpluses, funds available for investments had increased substantially and consequently, income from effective investment strategies amounted to R3.18M during 1991. The outcome was that the overall investments of the Pro Sano Fund increased to R60M during 1991. Pro Sano therefore prides itself on this achievement under the leadership of the Chairman and with the dedication of the members serving on the Council. Any allegation or referral to misconduct against the Management Council is therefore categorically refuted. All expenditures incurred during the overseas programme were duly authorised and minuted as such in the Management Council records and endorsed by their auditors. The tremendous time and effort that goes into the attendance of Council meetings very often goes unnoticed. It is a fact that the activity of the Pro Sano Management Council is extremely demanding and requires on average, in excess of 100 days p.a. of members own time to meet formally and to promote the interests and the welfare of the scheme for which no honorarium is paid. Only travelling expenses incurred are met. Apart, from the Management Council itself, four committees have been formed which specialise in the various areas and research projects in order to at all times meet the demands of members as far as possible. The members of the Pro Sano Management Council therefore continue to sacrifice their own time for the benefit of all the members of the scheme, which is reflected in the very sound financial position that the fund finds itself today. The Pro Sano Council also prides itself on the fact that it has always conducted the business of the scheme in a very "open-book" fashion and as in the past, a comprehensive annual report was circulated to all members of the scheme during 1991 reflecting the financial position of the fund at the end of 1990. Contained therein were all expenditures as well as the costs incurred for the attendance of the International Federation of Health Funds, meeting in Hong Kong. This matter was also raised and discussed and ratified by the members attending the Annual General Meeting of the Scheme which was held on the 18 July 1991. In fact, those costs were authorised, minuted and accepted without qualification by the auditors. The Pro Sano Medical Aid Scheme is today without doubt, one of the most financially stable funds in the country with an extremely successful track record. Under the leadership of the Chairman of the Fund,

with the able assistance of the Council members representing various employer groups, Associations" and members, the Fund has been successfully administered by Medscheme Administrators (Pty) Ltd since its inception during the 1970s.

MR L KEARNS
VICE-CHAIRMAN
20 MARCH 1992