



ANNUAL GENERAL MEETING REPORT

2016/17



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NOTICE IS HEREBY GIVEN THAT THE 2017 ANNUAL GENERAL MEETING (AGM)
OF THE FUND WILL BE HELD ON 24 NOVEMBER, AT AVANI HOTEL
2017 IN GABORONE AT 0900AM.

AGENDA

1. Notice and constitution of the meeting

2. Apologies

3. Adoption of the Agenda

4. Confirmation of the minutes of the previous Annual General Meeting held on 28 November 2016

- 4.1 Matters arising from the minutes of the previous Annual General Meeting held on 28 November 2016

5. Chairman's Opening Remarks

6. Consideration and adoption of the Report of the Board of Trustees to the Members for the year ended 30 June 2017

7. Consideration and adoption of the audited Annual Financial Statements for the year ended 30 June 2017 and the report of the External Auditors

8. Approval of proposed amendments of the Fund Rules and Notarial Deed of Trust

9. Appointment or Re-Appointment of Trustees

10. Appointment or Re-Appointment of External Auditors for the ensuing year

11. Any other business

12. Meeting closure

A member entitled to attend and vote, may appoint a proxy to attend and vote for him on his behalf and such a proxy shall be a member of the Fund. The instrument appointing such a proxy must be deposited at the registered office of the Fund at Plot 61918, Showgrounds Office Park, in Gaborone not less than 24 hours before the meeting.

By Order of the Board of Trustees

PROXY FORM

If you cannot attend the Annual General Meeting of the Pula Medical Aid Fund to be held on the 24 November 2017 at 09:00AM at Avani Hotel, in Gaborone, and you are entitled to vote at the Annual General Meeting, you may appoint a proxy to vote on your behalf. This proxy only applies to the Annual General Meeting, and any adjournment of that meeting.

A. YOUR DETAILS

FULL NAMES	
MEMBERSHIP NO.	
POSTAL ADDRESS	
EMAIL	

B. WHO DO YOU WANT TO APPOINT AS YOUR PROXY

I appoint as my proxy (tick one box only):

Chairperson of the Annual General Meeting

If you appoint the Chairperson as your proxy, and direct the Chairperson on how to vote, the Chairperson must call a poll on that vote and must vote the way you direct.

The following person

If you want to appoint someone else, give their details. If you do not provide a name, you will be taken to have appointed the Chairperson as your proxy.

FULL NAMES	
MEMBERSHIP NO.	
POSTAL ADDRESS	
EMAIL	

DATE: _____ **SIGNATURE:** _____

* A proxy nomination shall only be given to a member of the Fund.

* The duly completed Proxy Form must be deposited at the office of the Administrators of the Fund at the under mentioned address; not later than 24hrs before the time for holding the Annual General Meeting.

AFA House, Plot 61918, Showgrounds Office Park, P O Box 1212, Gaborone, Tel: 365 0500, Fax: 3951165

MINUTES OF THE ANNUAL GENERAL MEETING OF THE MEMBERS

HELD ON 28 NOVEMBER 2016, AT 09:00, AT CRESTA HOTEL, GABORONE

1. PRESENT:

1.1 Board of Trustees

M Mothibatsela
G Mahlaka
A Masunga
P Mmokwa
O Moroka
B Motubudi

1.2 Principal Officer's Office

T Moumakwa
T Bagopi

1.3 General Membership

There were 50 members who attended in person and 216 proxies. A total of 222 proxies had been received however 6 were spoilt.

2. IN ATTENDANCE:

2.1 ADMINISTRATORS - AFA BOTSWANA (PTY) LTD

D Thela
M Matome
J Buno
S Hlope
L Keloneilwe (Recording)

2.2 EXTERNAL AUDITORS

PricewaterhouseCoopers (PwC): W Makolage

The meeting was called to order at 09:15.

3. NOTICE AND CONSTITUTION OF THE MEETING

The notice of the meeting having been duly circulated was taken as read and approved, following a proposal by Mr Beni, seconded by Ms Van Niekerk. A quorum being present, the Chairman declared the meeting duly constituted.

4. APOLOGIES FOR NON ATTENDANCE

No apologies were received.

5. ADOPTION OF THE AGENDA

The agenda was adopted following a proposal by Mr Beni, seconded by Ms Van Niekerk after adding the following Agenda items proposed by Mr Beni and the Chairman respectively:

- Contravention of Fund Rules by Board of Trustees in Appointment of Board of Trustees; and
- PULA Governance Framework.

6. CHAIRMAN'S OPENING REMARKS

The Chairman welcomed all present to the meeting and thanked them for their attendance. The Chairman requested members to observe a moment of silence for the late Mr Peter Stevenson, former Chairman of PULA who passed on during September 2016. The Chairman further advised that the meeting would be in two (2) sessions being the formal proceedings followed by a question and answer session.

7. CONTRAVENTION OF FUND RULES BY THE BOARD OF TRUSTEES IN APPOINTMENT OF TRUSTEES

Mr Beni reported that there was contravention of the Fund Rules by the Board of Trustees in that they appointed Trustees during the year while the Rules did not afford them the power to do so, Mr Beni referred to the 2013/14 AGM Report particularly to the proposed Rules Amendments and pointed out that the proposed and approved Rules did not give the Board of Trustees the power to nominate or appoint Trustees and that there is inconsistency between rules adopted at the meeting and the current rules. It was clarified that in terms of the Rules, the Board would nominate for appointment during the year however the appointment was done or ratified by the members at the AGM. Mr Beni was not in agreement as his view was that there was no point in the members appointing or approving post appointment by the Trustees, that is, the members should not have to appoint after the fact. Mr Beni's argument was that Rule 25.1.2 which read as follows on the current Rule Book was not as was approved at the 2014 AGM, that is, did not have the phrase "... and appointed by the Board of Trustees":

"At least three (3) shall be independent members, with the relevant qualifications, skills and expertise to complement those of the major employer group representatives and appointed by the Trustees"

In his view, the above did not capture full accountability by Trustees to members but captured that members were accountable to Trustees.

It was explained that the above clause was in relation to independent members and that in terms of the Rules, members of the Board of Trustees, may nominate eligible candidates for appointment or approval by members at the AGM, to fill vacant positions of independent members in the Board of Trustees. It was further explained that there may have been an oversight on the report as the intention was not to remove powers of the Board of Trustees but to add clarity to the appointment of independent Board of Trustees. Mr Beni indicated that he disputes the conclusion made and the Chairman indicated that he notes the dispute.

8. PULA GOVERNANCE FRAMEWORK

The Chairman presented the PULA Governance Framework and highlighted the following:

PULA Medical Aid Fund was a trust constituted by virtue of the Pula Notarial Deed of Trust dated 28th May 1991 established in terms of the resolution of the Board of Trustees of the Pula Medical Aid Fund. The aims of the trust, inter alia, were to set up a medical aid fund in Botswana. The affairs of PULA were directed and overseen by a Board of Trustees consisting of ten (10) members, of whom at least five (5) are representatives of major employer groups contributing to the Fund, and at least three (3) were Independent. The Board of Trustees declared their direct and/or indirect interests at the beginning of every Board meeting and were expected to abstain from voting on resolutions or taking part in discussions on matters relating to any conflict of interests.

The Board has in place a Board Charter to clearly outline the structure of the Board and to define its role with the main focus being on strategic leadership, risk management and governance. The Board has delegated their powers and functions to well-structured Board Committees, which include but are not limited to the Finance and Audit Committee, Risk and Investment Committee, Remunerations and Nominations Committee. The Board of Trustees had in line with the Rules appointed a Principal Officer (PO) to manage and oversee the Fund. An Administrator had been appointed in line with the Rules, for the proper execution of the business of the Fund, for the time being, being Associated Fund Administrators Botswana. Other contracted third parties included among others Actuaries, Emergency Medical Services (EMS) providers and Auditors.

9. CONFIRMATION OF THE MINUTES OF THE ANNUAL GENERAL MEETING (AGM) HELD ON 27 NOVEMBER 2015

The minutes of the AGM held on 27 November 2015 having been duly circulated were taken as read. The minutes were approved as a true record of the proceedings on proposal by Mr Beni, seconded by Ms Van Niekerk subject to the following corrections:

- Page 1, change the year of the meeting from 2016 to 2015, to read 27 November 2015;
 - Page 7, Minute 9, first bullet, change "Mr P Makobo" to "Ms P Makobo";
 - Page 10, minute 13, bullet 1, insert the following comments by Mr Lekgowe (surname changed to Mr Beni):
1. Mr Lekgowe requested an explanation on how tariffs were developed especially the inputs and noted that the Fund should control costs (e.g. admin cost) as this would lead to tariff increases. He also requested that there be no tariff adjustments for the next financial year. The response was that a mathematical model was used to project costs and develop contribution tariffs and noted that the Board would look into not increasing costs.
 2. On the rule book, he pointed out that Rule 5.35 referenced service providers registered with the fund and recognised by the Board of Trustees and requested that the information be communicated to members e.g. on the website. The response was that a list of registered service providers was available on the website.
 3. Mr Lekgowe proposed that the following be made motions for the next AGM in that the following rules of the Fund be amended:
 - a. Rule 25, to make appointment of Administrator similar to appointment of External Auditors which the Board recommends and members approve at AGM, currently Board had sole authority to appoint administrators;

- b. Rule 44, recast it to include approval at AGM, as it is, Board can amend the rules without consulting members;
- c. Rule 38.1.3, replace submission of motions to administrators with submission of motions to Principal Officer or Board of Trustees

The response was that the motions would be looked into and that there was a procurement policy to cover all Procurement issues.

- Page 10, minute 13, bullet 3, change “Mr Mambo” to “Mr Mukuruma”;

10. MATTERS ARISING FROM THE MINUTES OF THE ANNUAL GENERAL MEETING (AGM) HELD ON 27 NOVEMBER 2015

There were no matters arising from the minutes.

11. RECEIPT AND ADOPTION OF THE BOARD OF TRUSTEES REPORT TO THE MEMBERS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

The meeting was referred to the Report to the members for the year ended 30 June 2016, contained on page 15 of the 2015/2016 AGM Report. The Report had been circulated with the notice for the AGM, and was accordingly taken as read.

The Chairman asked the members if they had any comments or questions on the report and the following members sought clarification or commented as follows:

• Mr B Beni

On page 20 of the report, Table 6, Mr Beni enquired how many beneficiaries were on the Fund and highlighted that the number reported on Table 6 for 2014/15 was different from the one reported in the 2015/16 AGM Report. He further sought clarity on the numbers recorded under “average Contribution per Beneficiary per month” and “Average Claims Cost per Beneficiary per Month”. The PO explained that the numbers had been confirmed or verified by the Actuaries and external Auditors and were therefore correct as reported. The PO further explained that there was indeed a decrease in the number of beneficiaries due to losses of principal members. With respect to average contribution or claims per beneficiary per month, it was explained that there were different kinds of beneficiaries and rates varied depending on the kind of beneficiary and stratum the member belonged to. The PO confirmed that if the numbers on the report were different from the financial statements, it would be an oversight and they would be corrected accordingly. Mr Beni enquired if they are to adopt a report that has inconsistencies.

• Mr Mbebe

With respect to the estimation of PULA losing up to about 5% or more of its claims book per annum to fraud, waste and abuse, Mr Mbebe asked what the risk tolerance and appetite of PULA was and whether strategies to mitigate the financial risk were in place and if not in place when they would be put in place. In response the PO explained that Board HealthCare Funders of Southern Africa had conducted a study in Southern Africa and made inferences to the effect that South African medical aids were losing

between 10% and 20 % due to fraud, waste and abuse. With respect to other SADC countries, including Botswana, the same was estimated at 5%. The PO highlighted that with a quest to address the situation PULA conducted profiling of service providers to understand and manage risk to health costs and through profiling service providers found to be in breach or with claims patterns outside the reasonable norm were subjected to scrutiny and monitored and if behavior continued, eventually direct payment arrangement with them terminated. With respect to strategies being in place the PO explained that the Board had discussed the matter during their strategy session held during September 2016 and would prioritize mitigation of Fraud, Waste and Abuse as a strategic initiative.

The Chairman reminded the members that there was a questions and answer session after conclusion of the Agenda or AGM business where members would be afforded the opportunity to ask questions on any areas of concern, including operational matters. He explained that the purpose of the first session was to consider AGM business and make necessary resolutions or adoptions.

It was RESOLVED that the Board of Trustees report to members for the year ended 30 June 2016 be and is hereby adopted on proposal by **Mr B Reetsang** and seconded by **Mr M Mukuluma**.

12. RECEIPT AND ADOPTION OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 2016

The members were referred to the Audited Financial Statements for the year ended 30 June 2016 on pages 23 – 42 of the Report. The Chairman asked the members if they had any comments or questions on the financial statements and there were no questions raised. The Chairman therefore moved for the adoption of the Financial Statements for the year ended 30 June 2016.

It was RESOLVED that the audited Annual Financial Statements for the year ended 30 June 2016 be and are hereby adopted on proposal by Mr M Mpuang and seconded by Mr P Njua.

13. APPROVAL OF PROPOSED AMENDMENTS TO THE FUND

RULES AND NOTARIAL DEED OF TRUST

The PO presented the proposed amendments to the Fund Rules and Notarial Deed of Trust and took them as read. The PO went through each proposed Rule change and asked if there was any comment, suggestion or objection and there were no objections except for the following:

- **New Rule – 20.7.1 In an emergency the Fund should be notified within two (2) days of the admission or as per guidelines that may be agreed between the Fund and the admitting facility**

Mr Bojanala was of the view that the proposed two (2) days was too short as there were foreign claims to be considered. In response it was explained that the principle was to have pre-authorization for hospitalization to allow for proper case management, and that there would be exceptions in certain cases of emergency, provided there is reasonable justification/motivation. The PO advised that the objective was to get approval of the rule changes and that operational or specific cases be addressed during the question and answer session of the AGM.

- **New Rule 20.7.2 - where a claim is submitted for hospitalization without pre-authorization by the Fund 20.7.2b Penalties shall be applied at the discretion of the Board of Trustees**

Mr K Ebineng enquired whether there was a guideline informing the proposed penalties. It was explained that the Board of Trustees would consider the matters on a case by case basis however the suggestion to have guidelines was noted. In response Mr Ebineng proposed that the guidelines should first be established, before approval of the proposed penalties. In that regard, he proposed that Rule 20.7.2b be deferred pending formulation of guidelines. It was agreed that Rule 20.7.2b be deferred pending formulation of the guidelines and would be approved at the next AGM.

- **Rule 25.1.1** At least five (5) shall be representatives of major employer groups contributing to the Fund. **It shall be desirable that all appointees to the Board of Trustees be members or beneficiaries of PULA, however the Board of Trustees may at its own discretion appoint a major employer representative to the Board of Trustees who is not a member or beneficiary of PULA.**

Mr Beni was of the view that PULA should not appoint non-PULA members or beneficiaries to the Board of Trustees as they should be ambassadors of a product they are also utilizing. Mr Beni reiterated his view that Trustees should not appoint themselves but the members should appoint them. In response the PO advised that the intention or objective was to reserve the right to appoint a non-PULA member where there was a compelling case and required skill of someone who at the time was not a PULA member.

It was RESOLVED that the proposed amendments to the Fund Rules and Notarial Deed of Trust be and are hereby approved on **proposal by Ms Van Niekerk, seconded by Mr Reetsang**, save for proposed Rule 20.7.2b which should be deferred pending formulation of guidelines on penalties and to be approved at the next AGM.

13.1. Proposed New Benefit Options and Enhanced Deluxe Benefit Option

The PO presented the proposed new benefit options and enhanced Deluxe benefit Option which was noted and taken as read. On asking for questions, suggestions or objections the members responded as follows:

- Dr D Masire was of the view that the cost of psychiatric medication was very expensive and therefore the proposed amount of P15000 was not reasonable. She further asked if the amount covered the whole family. It was explained that the amount was per person covered in the family. On whether the member had a choice to choose between chronic cover and psychiatric medicines cover, it was explained that psychiatric medication cover was not included in chronic medicines cover i.e. the two (2) were mutually exclusive.
- Mr Tiro asked why there was no amount of fee or limit under Preventive Care and it was explained that the Preventive Care was an added benefit to the Deluxe option, had a list of approved services and that it was also approved at the last AGM. However, the benefit would be reviewed annually in line with internationally accepted standards.

It was RESOLVED that the Proposed New Benefit Options and Enhanced Deluxe Benefit Option be and are hereby approved as proposed, on proposal by **Ms Van Niekerk**, seconded by **Mr Mukuruma**.

13.2. Member Motions – submitted by Mr Beni on 10 November 2016, within the prescribed period of 14 days before the AGM

The motions which had been circulated were taken as read. The PO explained that the Board of Trustees had considered the motions and were of the view that they were operational in nature and were not member or AGM issues. The PO presented each motion to the members, asking each time if there were objections to adoption of the motion and the members objected the motions save for the following:

- **Cover Page to the Rules** to include effective date: dd-mm-yy and Issue number (date-month-year and issue number);
- **Minutes of meetings** – circulate minutes to attendants within twenty (21) days of the AGM for comments.

Rule 26 – Appointment of Administrators – the member proposed that the Board of Trustees should propose to members at the AGM or Special Meeting possible, candidates to be appointed as Administrators.

The PO explained that the Board of Trustees exercised their powers in terms of the Notarial Deed of Trust in appointing the Administrators and that they followed the Fund Procurement Policy in appointing all third parties or service providers. One of the members, Mr K Ebineng proposed that the motion be rejected as appointment of third parties was operational and the Board of Trustees was mandated to manage the Fund on behalf of the members. Mr M Mukuluma seconded the proposal, reinstating that members were not to be involved in the operational running of the Fund.

Rule 45.1 Amendment of the Rules or Annexure of the Fund Rules by the Board of Trustees – the member proposed that the Rule should include changes/amendments of policy and that members be given twenty one (21) days’ notice of proposed changes, before the Board of Trustees make the changes.

The PO explained that the Rules allowed the Board of Trustees to make amendments provided that no alteration, rescission or addition which affects the objects of the Fund or which increases the rates of contribution or decreases the extent of benefits by more than twenty-five (25) percent during any financial year shall be valid unless it has been approved by a majority of the members at the AGM. The PO explained that should it be necessary, members would be notified by publishing the information on the Fund website.

Proposed adoptions

- **All Fund Policies – the member proposed that the Board of Trustees or PO should present to members ALL Fund Policies and members to adopt all Fund Policies**

Mr K Ebineng was of the view that approval and management of policies was operational and therefore the motion should be rejected. Mr Mukuluma seconded the proposal.

- **Constitute an Adhoc Special Audit Committee of not more than ten(10) ordinary members and produce a report to all members within three(3) months**

The PO explained that the view was that there were already structures in place as earlier presented by the Chairman, including the Finance and Audit Committee and the Risk Committee which ensures assurance of compliance with required standards. It was also explained that there were external auditors and that underway, was procurement of internal audit services in the next financial year.

It was RESOLVED that the member motions be **rejected** save for the following:

- **Cover Page** to include effective date: dd-mm-yy and Issue number (date-month-year and issue number);
- **Minutes of meetings** – circulate minutes to attendants within twenty (21) days of the AGM for comments.

Mr Beni informed the meeting that he was disappointed with the outcome and wished to highlight that his concern was that Administration costs were constantly increasing and that procurement of other Administrators following the tender process could assist in terms of costs or prices in the market, from other competitors. Regarding the Internal Audit function he was of the view that it was not enough for the function to be performed at Board level and that there was need for an independent person to perform the function. The PO noted his concerns and restated the position taken above.

14. APPOINTMENT OR RE-APPOINTMENT OF TRUSTEES

The Principal Officer presented on the appointment or re-appointment of Trustees and highlighted the following:

That in terms of the Deed of Trust, “the term of office shall be limited to five (5) years with a possibility of renewal at each Annual General Meeting; provided that no person shall serve on the Board for more than a total of 10 years.” Further that, “at each AGM, retiring Board members shall be eligible for re-appointment provided that no person shall have served on the Board for more than a total of 10 years”. The PO reported that the following Trustees were nominated and appointed for membership to the Board of Trustees during the year under review. Their appointment for a five (5) year term, was recommended to the members:

- Mr Anthony Masunga: representing Botswana Telecommunications Corporation Limited (BTCL)
- Ms Matlhogonolo Mponang :representing Botswana Accountancy College (BAC)
- Mr Phillip Mmokwa: representing Botswana Ash (BOTASH)
- Mr Geoffrey Mahlaka: Independent

The PO asked members if they had any comments or questions or objections and there were none.

It was RESOLVED on proposal by Ms Van Niekerk, seconded by Mr M Mpuang that the following trustees be appointed as Board of Trustees for a term of five (5) years with a possibility of renewal at each AGM.

- Mr Anthony Masunga: representing Botswana Telecommunications Corporation Limited (BTCL)
- Ms Matlhogonolo Mponang :representing Botswana Accountancy College (BAC)
- Mr Phillip Mmokwa: representing Botswana Ash (BOTASH)
- Mr Geoffrey Mahlaka: Independent

Furthermore, the PO reported that the following current Trustees were recommended to the members for re-appointment from the 2016 AGM to the 2017 AGM:

- Mr Maleho Mothibatsela
- Mr Batho Motubudi
- Mr Obakeng Moroka
- Ms Mukani Pelaelo
- Mr Anthony Masunga
- Mr Phillip Mmokwa
- Ms Matlhogonolo Mponang
- Mr Geoffrey Mahlaka
- Dr Bakani Thipe

15. APPOINTMENT OF EXTERNAL AUDITORS FOR THE ENSUING YEAR

It was reported that in terms of the Fund Rules, an external auditor shall be appointed, subject to the approval of the members at each AGM, to hold office from the conclusion of that AGM until conclusion of the next AGM. The Board of Trustees at its meeting held on 3 November 2014 appointed the external auditors for a further period of two (2) years subject to approval of the members. The members approved the appointment at the AGM held on 12 December 2014. Pricewaterhouse (PWC) was therefore appointed the external auditor of the Fund from conclusion of the 2014 AGM until conclusion of the next AGM (2015). At the 2015 AGM the external auditors were re-appointed for a period of one (1) year until conclusion of the 2016 AGM. It was therefore reported that with the approval of the members, the Fund would follow the procurement process to procure services of external auditors for the ensuing year.

The Chairman asked members if they had any comments or questions or objections and there were none.

It was UNANIMOUSLY RESOLVED that the procurement process be followed to appoint auditors for the ensuing year at a fee to be agreed upon.

16. ANY OTHER BUSINESS

The Chairman asked the members if they had any comments or questions on any issue that they wanted to be clarified by both the Trustees and Administrators and the members responded as follows:

• Ms Van Niekerk

Ms Van Niekerk thanked the Board, Principal Officer and the Administrators for their good work and urged the general membership to acknowledge and appreciate the Board as well as to trust them to manage the Fund in their best interests. Ms Van Niekerk also thanked Mr Beni for his contribution and urged other members to learn from him.

• Dr D Masire

Dr Masire commended the approval of pre-authorisation for hospitalization however advised that the changes be linked to when claims come in (in patient bills). She further acknowledged the regular updates of claims by sms but urged that the sms communication be improve to explain to members why certain payments were not made.

• Ms N Chikunda

Ms Chikunda was concerned about being informed of outstanding bills late (e.g. two (2) years later) and advised that it be rectified going forward.

• Mr Mambo

Mr Mambo was in agreement with Ms Mmutle's suggestion above and further sought clarity on how the auditors were appointed. Mr Mambo's view was noted and it was explained that the Fund appointed service providers in line with its Procurement Policy. Mr Lekgowe and Mr Moloji were also of the view that appointment of service providers, including the auditors should be in line with good corporate governance.

Mr Beni

- a. Noting previous responses on the issue of introducing incentives Mr Beni proposed that Pula look at the issue again and develop a model which then can be presented to members so that members to appreciate the money required. From a layman perspective it seems possible e.g. cashback of 1 000 with 17 000 members means around 17 million is required. Response was that the Fund will look into that.

- b) Mr Beni wanted the Board to justify Benefits to the Fund of appointing AFA and if all Fund procurement procedures were followed noting that we never saw a tender which means its selective tender. No response since board chair was not available

17. ADJOURNMENT

There being no other business to discuss, the Chairman declared the meeting closed at 10:15. The Chairman invited the members to a questions and answers session and advised that the Principal Officer and the Administrators would be available to address the questions.

Verified and Signed by the **Chairman** on this _____ day of _____ 2016.

M Mothibatsela

Item	Action	Update
13	New Rule 20.7.2b. Penalties to be applied to non pre-authorised claims. Management was asked to develop and present a penalty guideline before the proposed rule can be approved	To be dealt with in the proposed rule changes
13.2	Rule Book cover page to include effective date	New rule book has effective date
15	Procurement Process to be followed for selection and appointment of External Auditors	Open Tender process followed for the current Auditors

CHAIRMAN'S FOREWORD

INTRODUCTION

I am pleased to report that, the Pula Medical Aid Fund closed the year under review in surplus. This is despite the continued challenging macroeconomic environment, and sustained upward pressure on healthcare cost inflation.

In addition, out of an average of 42 310 beneficiaries that the Fund had during the year under review, the Fund as at June 2017 had fulfilled its principal mandate by assisting 39 317 beneficiaries (92.9% of total beneficiaries) to access private healthcare services during 2016/17. The latter was 3% higher than the 38 231 beneficiaries facilitated access to private healthcare services in 2015/16, and the year-on-year increase was largely due to the 1.4% growth in membership and increased benefit utilisation experienced during 2016/17.

I am pleased therefore, that the FUND, (operationally and strategically) through its Principal Officer, Administrators and the Board has been able to continue to balance the pressures of rising healthcare costs and claims on the one hand, and delivering value in a seamless manner to its members, on the other. This navigation of both internal and external pressures working against the means to consistently avail the ability to defray costs associated with accessing quality healthcare services, remains central to our responsibility to you as members.



MEMBERSHIP

For the year under review PULA experienced a net principal membership increase of 1.44% to end the year at 17 595 members. This is a significant net achievement for PULA when taking into account the loss of the BCL Group (Tati Nickel Mine) in November 2016 and the overall domestic economic context. Total lives covered by at the close of the year stood at 42 310 versus 41 201 in the prior year

FINANCIAL PERFORMANCE

I reported in the last financial year that PULA's key priority is to ensure a robust level of solvency in order to underpin our core mandate of defraying medical expenditure incurred by our members. I am therefore happy to report that PULA's solvency ratio had advanced albeit marginally from 32% to 33% as at June 2017. This indeed also remains a highly respectable solvency margin relative to the 25% industry benchmark.

In the year under review, gross contribution income grew by 5.4% to P265.8M: for 2015/16 the GCI was P252.1M. The increase was due mainly to an across the board contribution increase and the above stated net membership increase. Meanwhile, claims costs rose by 18.5% on the prior year to P230.1M, reflecting heightened utilisation, cost increases. Our claims ratio for the year under review was therefore higher versus the prior year, at 86.6%.

In the year under review PULA received P2.1m in investment income emanating from dividends from listed equity investments, interest on term deposits with commercial banks and other money market instruments. As reserves have continued to build up over the years, in the year under review, PULA outsourced the management of surplus reserves to Botswana Insurance Fund Management (BFIM) following a tender process. Through this, it is anticipated that investment capital appreciation and income from investments will continue to support both our balance sheet and indeed add to the strong free cash position of the Fund into the future.

An overall net surplus of P5.4M was recorded for the year under review, which is significantly less than the budgeted P14.2M. This difference is mainly attributable to higher than expected claims costs over the course of the year which we continue to monitor closely.

PULA STRATEGY

The 2016 financial year saw the formulation and adoption of the new PULA five (5) year strategic plan. The strategic plan has identified the following priority thrust areas, which will be addressed during the course of the strategy horizon (2016 – 2021). Broadly, these include;

- Enhancing the PULA product offering
- Intensify Marketing and ensure it is smart and targeted
- Diversifying the client base (and with particular focus on reducing mining sector exposure)
- Leveraging ICT- across all areas of the PULA operations
- Managing costs and combating fraud, waste and abuse
- Improving returns from Investment
- Improving Fund governance
- Increasing the capacity of the PULA office

REGULATORY UPDATE/ ENVIRONMENT

While PULA falls under the supervision of the Non-Banking Financial Regulatory Authority (NBFIRA), as per the revised NBFIRA Act 2016, the Fund still keenly awaits the promulgation of Medical Aid Funds (MAFs) specific regulations.

As indicated in the previous year, the PULA office through the Principal Officer continues to remain engaged with the NBFIRA on all matters of current and impending regulation. In this regard it is noteworthy here to mention that April 2017 saw the introduction of supervisory levies by the regulator, to which PULA is fully compliant.

GOVERNANCE

I am pleased to report that the PULA board is now fully constituted with both the main board and supporting governance committees working well.

CONCLUSION

Despite the lower financial outturn for the year, I am more than pleased that PULA posted positive operational results and has maintained a solid solvency position while also ensuring consolidation of fundamentals to long term sustainability of the Fund.

On this note, let me once again thank the Board of Trustees, the Fund office staff and its leadership, Administrators and various other service providers for their continued commitment to PULA that has contributed to our current performance and indeed, overall continued strong financial and operational position.

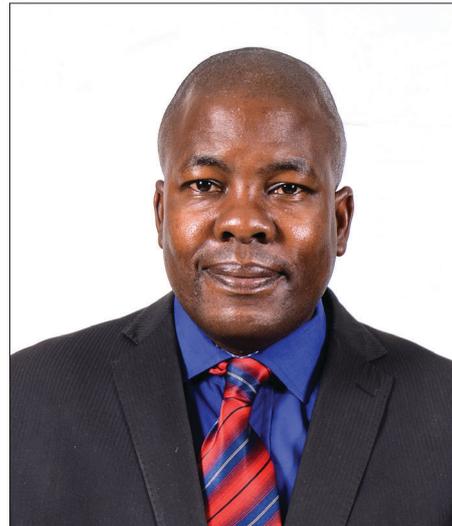


Maleho Mothibatsela

BOARD OF TRUSTEES



Mr Maleho Mothibatsela
CHAIRMAN



Mr Obakeng Moroka
Debswana Diamond Company



Dr Bakani Thipe
Vice-Chairperson



Ms Mukani Pelaelo
Botswana Unified Revenue Services

BOARD OF TRUSTEES



Mr Phillip Mmokwa
Botswana Ash



Ms Matlhogonolo Mponang
Botswana Accountancy College



Mr Anthony Masunga
BTC



Mr Batho Motubudi
Independent



Mr Geoffrey Mahlaka
Independent

BOARD OF TRUSTEES REPORT TO THE MEMBERS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

1. INTRODUCTION

On behalf of the Board of Trustees, I would like to present the 26th PULA Annual Report to the members. The report covers all aspects of the Fund business, which is premised on the mandate to facilitate access to quality healthcare services for members and their dependants, by providing assistance in defraying costs related to these services. The abridged Annual Audited Financial Statements are also attached to provide further detail of the Fund's financial performance.

2. PULA STRATEGY

The year 2016 ushered in a new five (5) year PULA Strategic Plan, whose objective is to consolidate the position of PULA in the market as a leading and premier health partner to our members.

The revised vision statement captures the Fund's desired future position and provides a picture of what success will look like.

PULA Vision: *"To Be Your Premier Health Partner"*

The revised mission statement defines why the Fund exists and the Fund's fundamental purpose being to meet the unfulfilled for our members:

PULA Mission: *"To Promote the Wellbeing and Health of Our Members through Innovation"*

The Values that underpin the character of PULA are the following:

- o Integrity: To promote and uphold ethical practice
- o Innovation: To continuously look for ways to improve our service, products, processes
- o Transparency: To conduct our business in an open and honest way
- o Compassion: To have a deep connection with our members and staff with a desire to help

The priority areas of the Strategic Plan are:

- Enhancing the PULA product offering
- Intensify Marketing and ensure it is smart and targeted
- Diversifying the client base (and with particular focus on reducing mining sector exposure)
- Leveraging ICT- across all areas of the PULA operations
- Managing costs and combating fraud, waste and abuse
- Improving returns from Investment
- Improving Fund governance
- Increasing the capacity of the PULA office

All the priority areas have strategic initiatives to be implemented over the 5 year strategy horizon period to ensure PULA goals are met. Progress and performance of the various initiatives will be tracked and reported on an ongoing basis.

Key to delivery of the strategy plan, is an organisational structure that is effective and efficient, whilst also satisfying best practice corporate governance principles.

3. GOVERNANCE

The Affairs of the Fund are directed and managed by the Board of Trustees, and the Office of the Principal Officer respectively. The Board structures are fully constituted and governed through rules as set out in the PULA Rule Book. The Operational Structure of PULA is now the subject of an Operations Review & Organisational re-design exercise which will be completed in the 2017/2018 financial year, to further enhance governance and ensure organisational effectiveness, to support and deliver the new Strategic Plan.

The Board of Trustees meets every quarter to consider the financial and operational performance of the Fund. During the course of the year, special meetings of the Board of Trustees are also called to consider special items, such as the budget, audit results and special projects.

In addition to the Board of Trustees, the Board delegates some of its powers and functions to its Committees. The Committees act in accordance with the mandates delegated to them by the Board. The following are the committees of the Board:

- o Finance & Audit (FAC)
- o Risk & Compliance (RAC)
- o Remuneration & Nominations (REMNUM)
- o Procurement & Asset Disposal
- o Investment Committee (IC)
- o Ethics Committee (EC)

All the Committees meet regularly to consider various matters of the Fund, and make recommendations to the Board for approval and adoption.

A tally of attendance for all Board and Board Committee meetings by members during the year under review, including their remuneration, is shown in the table below:

Table 1. Board and Committee meeting attendance

Trustee	Board	Special Board	FAC	RAC	REMNUM	IC	Procurement	Strategy	Remuneration
M Mothibatsela	4/4	3/3				3/3		1/1	138,000.00
M Pelaelo	3/4	2/3			3/3			1/1	13,000.00
B Thipe	3/4	2/3						1/1	65,000.00
O Moroka	4/4	3/3	3/3	0/2				1/1	
B Motubudi	4/4	2/3		2/2			4/4	1/1	144,000.00
G Mahlaka	4/4	3/3		2/2	3/3		4/4	1/1	152,500.00
A Masunga	3/4	3/3	1/3					1/1	78,000.00
M Mponang	4/4	3/3			3/3	2/3		1/1	131,000.00
P Mmokwa	3/4	3/3				0/3	2/4	1/1	32,500.00
O Sebonego	1/4	1/3	3/3			3/3		1/1	87,500.00
G Siamisang (alt.)	1/4	1/3						1/1	

Trustee fees remained unchanged for the past four (4) years. The fees are based on a meeting attendance fee structure, as set out table below:

	2016/2017
Chairman	P7500 (taxable) per meeting
Other Trustees	P6500 (taxable) per meeting

Board Secretary

Through an open tender process, PULA selected and appointed as Board Secretary, Kelobang-Godisang Attorneys (KGA). However, due to the need to serve a notice of termination of six (6) months on the previous service providers (AFA), this decision could only be effected on 01 October 2017. This development strengthens the position of Fund on issues of separation, and independent Board advice and support, hence better Governance.

Risk Disclosure

PULA recognises that driving strategy and sustaining performance are inseparable from issues of (combined) assurance. Hence we have worked hard over the past two (2) years to develop and entrench the discipline of Enterprise Risk Management.

Some of the priority risk areas identified and that are continually being mitigated include the following:

- Membership growth and diversification of same
- Claims Risk – increasing claims costs and medical inflation
- Chronicity – increasing disease burden due to both communicable and non-communicable diseases
- Fraud, Waste and Abuse

4. SUMMARY OF FINANCIAL PERFORMANCE

The table below summarise the financial key indicators for 2016/2017:

Table 3. Key Financial Indicators

	2015/2016 (BWP)	2016/2017 (BWP)	Variance (%)
Risk Contribution Income	252,052,178	265,774,746	5.44
Incurred Claims	201,872,271	236,688,524	17.25
Gross Underwriting Result	50,179,907	29,086,222	-42.04
Management Expenses	22,988,640	24,993,515	8.72
Operation Surplus	26,556,120	3,315,429	-87.52
Finance Income	2,696,127	2,103,239	-21.99
Net Surplus	29,252,247	5,418,668	-81.48
Solvency %	32%	33%	

Income/Revenue

PULA contribution income increased by 5.44%, driven by an escalation in membership premiums effected 01 July 2016 and membership growth of 1.44% year on year.

Claims Cost

The claims ratio including IBNR movement and recoveries stood at **86.6%**, which was higher than the **80%** recorded for the prior financial year (**2015/16**). This was due to membership growth, increased utilisation and severity of claims. A higher than normal year on year growth in claims costs was also experienced on optometry claims.

This claims experience points towards a need to implement targeted health risk management interventions/ programs with agreed objectives and outcomes that would allow bankable impact in the short, medium and long term.

Member Related Expenses

The member benefits (EMS, funeral benefits and travel insurance) at **2.4%** of Gross Contribution Income (“GCI”) were 1.1% lower than that recorded in the prior year (2015/16), despite the introduction of the Premium Waiver during 2016/17.

Management Expenses

Non-Health Care Costs (NHCC) stood at **9.7%** of GCI for the year under review, whereas in the prior year (2015/16) these stood 9.5% of GCI.

The **Gross Administrative Expenses (“GAE”)**, which includes member related expenses and management expenses stood at **12.1%** of GCI for the year under review and was within the target range of **10 – 15%** of GCI.

Other Income

Other income is predominantly made up of income from investments. For the second consecutive year, returns on investments underperformed against budget as a result of poor performance of the financial markets and lower than budgeted interest rates from commercial banks.

PULA has employed the services of Botswana Investment Fund Managers (BIFM) to improve asset management, and is looking to review its Investment Policy and Strategy to achieve better performance of investment. Overall, the investment portfolio grew from **P81.6M** at June 2016 to **P86.4M** as at June 2017, representing a year on year growth of **5.6%**.

Surplus & Solvency

PULA recorded a net surplus of **P5.4M** for the year under review (2016/17), which is a significant reduction when compared to the **P29.3M** reported last year (2015/16). This is due to a higher rate of increase in claims costs. Notwithstanding the above, the Fund’s financial performance was satisfactory, resulting in a movement of the Fund’s solvency by **1%** from **32%** to **33%** for the year ended June 2017.

5. MEMBERSHIP

The Fund achieved membership growth of **1.44%** year on year, despite the loss of the BCL Group (Tati Nickel Mine), which was one of the largest employer groups, plus termination of small to medium enterprises for non-payment of contributions and other voluntary member terminations. The slow economic recovery and reduced commodity prices has had a negative impact on PULA's ability to grow and retain membership.

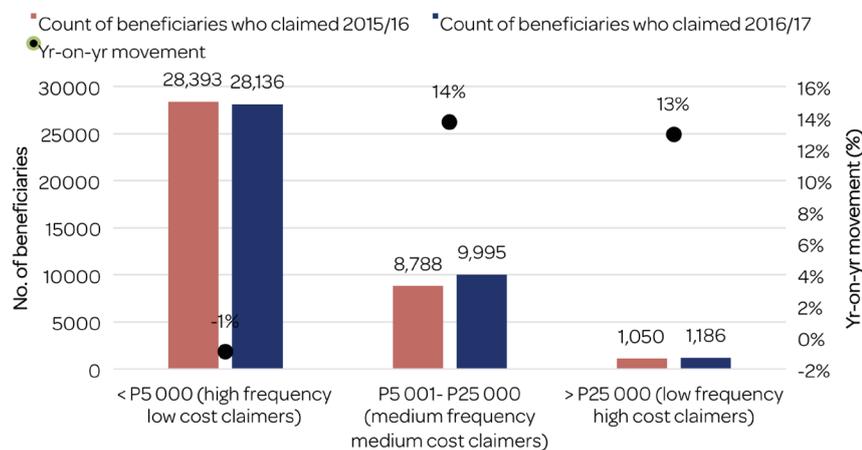
The Deluxe Benefit Option contributed **82%** of membership, Standard Benefit Option **16%** and the Executive Option 2% as at June 2017.

The average age of beneficiaries (members and dependants) remained stable as shown by a minimal change from **27.53 years** in 2015/2016 to **27.47** in 2016/2017. However the pensioner ratio (members over 60 years of age) grew by **8.9%** from **2.24%** to **2.44%**.

6. FACILITATING ACCESS TO PRIVATE HEALTH CARE SERVICES

The Fund had **42 310** beneficiaries as at June 2017 and fulfilled its principal mandate by assisting **39 317** beneficiaries (**92.9%** of total beneficiaries) to access private healthcare services during 2016/17. The latter was 3% higher than the **38 231** beneficiaries facilitated access to private healthcare services in 2015/16. The year-on-year increase was largely due to the **1.4%** growth in membership experienced during 2016/17.

Figure 1. Distribution of beneficiaries accessing services by claims paid



The figure above shows that the number of members who had high frequency low cost claims (**<P5 000**) reduced by **1%** year-on-year, whilst the numbers of those who had medium frequency medium cost claims and low frequency high cost claims increased by **14%** and **13%**, respectively; resulting in a significant increase (18.5%) in claims costs and claims ratio (**86.6%**) 6.6% higher than that which was recorded in the preceding year.

7. CHALLENGES

- a. A significant percentage of PULA members are from the mining sector, which puts PULA at a risk given the current uncertainties in the mining sector. However, PULA continues to actively pursue attracting members from other economic sectors in order to diversify membership. It may also be noted that the general subdued recovery and growth in the global and local economy continues to be a challenge with respect to membership retention, growth and diversification.
- b. **Fraud, waste and abuse**

Although the Fund is able to recover “unduly” claimed funds; fraud, waste and abuse continue to be a cause of concern for the Fund. Apart from working on strategies to reduce fraud, waste and abuse the Board of Trustees would like to remind members to be prudent with their medical aid and ensure that all invoices are checked for services actually provided before signing them off.
- c. **Other challenges of note:**
 - Proliferation of private practices and licenses issued without a clear scope of practice / services leading to service provider driven demand, which is not necessarily related to clinical need.
 - Increasing disease burden (HIV/AIDS and NCDs) and higher claims ratio than is expected.
 - Student VISA issue to study in RSA
 - Optometry claims – 72% increase year-on-year resulting in the Board introducing risk management to contain costs.

8. RULES REVIEW

PULA Rules are reviewed on an annual basis in response to member needs, the demands of a changing private healthcare environment and also in line with continuing to position PULA as the private medical aid of choice while also balancing these with long term sustainability.

In accordance, please see attached proposed rule changes (Refer to contents table) for proposed rule changes, for the AGMs consideration and approval, after which the approved rule changes will be implemented from 01 July 2018.

9. APPOINTMENT OR RE-APPOINTMENT OF TRUSTEES

In terms of the PULA Rule Book, the term of office for Trustees shall be limited to five (5) years with a possibility of renewal at each Annual general Meeting, provided that no person shall serve on the Board for more than 10 years. Further that, at each AGM, retiring Board members shall be eligible for re-appointment provided that no person shall serve on the Board for more than ten (10) years.

During the year under review, the following Trustee who was previously an employer group representative Trustee under Tati Nickel Mine Company, was nominated and appointed for membership to the Board of Trustees as an Independent Trustee. His appointment is hereby recommended to the members for ratification:

- o Dr Bakani Thipe

Furthermore, the following Alternate Trustee was nominated and appointed for membership to the Board of Trustees as an Independent Trustee. His appointment is hereby recommended to the members for ratification:

- o Mr Oteng Sebonego

The following current Trustees are hereby recommended to the members for re-appointment from the 2017 AGM to the 2018 AGM.

- o Mr Maleho Mothibatsela
- o Dr Bakani Thipe
- o Mr Batho Motubudi
- o Mr Obakeng Moroka
- o Ms Mukani Pelaelo
- o Mr Anthony Masunga
- o Ms Matlhogonolo Mponang
- o Mr Geoffrey Mahlaka
- o Mr Oteng Sebonego

10. OUTLOOK

The domestic economic/ fiscal outlook is characterised by declining GDP growth over the past five (5) years. This is because of headwinds of patchy economic recovery in the developed world: the slow down of China; structural realignment in Europe due to Brexit; poor domestic and foreign policy direction in the US, all having a direct impact on the recovery of commodity prices. This in turn has put tremendous pressure on the financial performance of the Fund.

Effective execution of the strategy: management of enterprise and health risks; targeted marketing; responsive products; good customer experience and controlled costs, will position PULA to meet future challenges with renewed optimism.

11. CONCLUSION

Claims costs continue to be of concern during the year under review and there is need to review the effectiveness of existing risk management interventions/ programs, and introduce additional health risk management programs to protect the continued sustainability the Fund.

Notwithstanding, the operational and financial performance of the Fund was satisfactory for the year under review as the Fund experienced another surplus, adding to the sustainability and growth of its reserves, as well as meet ongoing obligations.

Dr. T Moumakwa
Principal Officer- Pula Medical Aid Fund
30th June 2017



ABRIDGED ANNUAL FINANCIAL STATEMENTS

2016/17



GENERAL INFORMATION FOR THE YEAR ENDED 30 JUNE 2017

Country of incorporation and domicile	Botswana
Principal activity	Pula Medical Aid Fund (the "Fund") provides assistance to its members and their dependents in defraying expenditure incurred in relation to medical and related services.
Trustees	Maleho Mothibatsela Bakani Thipe Batho Motubudi Geoffrey Mahlaka Oteng Sebonego Mukani Pelaelo Matlhogonolo Mponang Phillip Mmokwa Anthony Masunga Obakeng Moroka
	Alternates Grace Siamisang
Registered office	Plot 61918 AFA House Showgrounds Office Park Gaborone
Postal address	PO Box 1212 Gaborone Botswana
Principal Officer	Dr Thato Moumakwa
Administrators	Associated Fund Administrators Botswana (Proprietary) Limited
Bankers	First National Bank Botswana Limited BancABC Limited Bank of India Limited Barclays Bank of Botswana Limited
Auditors	PricewaterhouseCoopers
Registration	The Fund was registered in Botswana under the Notarial Deed of Trust (registration reference MA 22/91)
Investment managers	Botswana Insurance Fund Management Limited
Lawyers	Armstrongs- Attorneys Notaries & Conveyancers

ABRIDGED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

The reports and statements set out below comprise the abridged annual financial statements presented to the trustees:

Trustees' Responsibilities and Approval	30
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Trustees' Report	31
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Statement by Management on Abridged Financials	33
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Statement of Financial Position	34
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Accounting Policies	38 - 42
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Notes to the Abridged Annual Financial Statements	43 - 46

TRUSTEES' RESPONSIBILITIES AND APPROVAL FOR THE YEAR ENDED 30 JUNE 2017

The Board of Trustees is responsible for the preparation of the abridged annual financial statements and all other information presented therewith. Their responsibility includes the maintenance of true and fair financial records and the preparation of abridged annual financial statements in accordance with International Financial Reporting Standards (IFRS).

The Board of Trustees acknowledges that it is ultimately responsible for the system of internal financial control established by the Fund and places considerable importance on maintaining a strong control environment. To enable the Board to meet these responsibilities, the Board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Fund and all employees of the administrator company are required to maintain the highest ethical standards in ensuring the Fund's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Fund is on identifying, assessing, managing and monitoring all known forms of risk across the Fund. While operating risk cannot be fully eliminated, the Fund endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints. Nothing has come to the attention of the Board to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

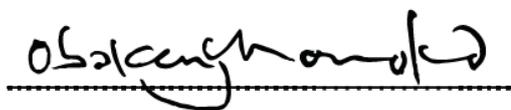
The Board of Trustees is of the opinion, based on the information and explanations given by the administrators, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the abridged annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The going concern assumption has been applied, in the preparation of the abridged annual financial statements. The Board of Trustees has no reason to believe that the Fund will not be a going concern in the foreseeable future based on forecasts and available cash resources.

The abridged annual financial statements and additional schedules set out on pages 34 to 46, which have been prepared on the going concern basis, were approved by the board on 15 September 2017 and were signed on its behalf by:



Chairperson



Trustee

ABRIDGED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

Trustees' Report

The trustees have pleasure in submitting their report on the abridged annual financial statements of Pula Medical Aid Fund for the year ended 30 June 2017.

1. Nature of business

Pula Medical Aid Fund (the "Fund") was registered on 31 July 1991 under a Notarial Deed of Trust to provide assistance to members of the Fund and their dependents in defraying expenditure incurred in connection with medical and related services. The fund is domiciled in Botswana.

There have been no material changes to the nature of the fund's business from the prior year.

2. Review of financial results and activities

The abridged annual financial statements have been prepared in accordance with International Financial Reporting Standards. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the fund are set out in these abridged annual financial statements.

3. Contact information

Registered office	Plot 61918 AFA House Showgrounds Office Park Gaborone
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Postal address	PO Box 1212 Gaborone Botswana
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4. Going concern

The abridged annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

5. Events after the reporting period

The trustees are not aware of any material event which occurred after the reporting date and up to the date of this report.



ABRIDGED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

6. Board of trustees

The trustees in office at the date of this report are as follows:

Trustees	Designation
Maleho Mothibatsela	Chairperson
Bakani Thipe	Vice Chairperson
Batho Motubudi	Independent Trustee
Geoffrey Mahlaka	Independent Trustee
Oteng Sebonego	Independent Trustee
Mukani Pelaelo	Representing Botswana Unified Revenue Services
Matlhogonolo Mponang	Representing Botswana Accountancy College
Phillip Mmokwa	Representing Botswana Ash
Anthony Masunga	Representing Botswana Telecommunications Corporations Limited
Obakeng Moroka	Representing Debswana Diamond Company

Alternates

Grace Siamisang Employer Group Representative - Alternate to Mukani Pelaelo

7. Auditors

PricewaterhouseCoopers continued in office as auditors for the Fund for 2017.



Medical Aid Fund

STATEMENT BY MANAGEMENT ON THE ABRIDGED ANNUAL FINANCIAL STATEMENTS

The financial statements are summarised from a complete set of the Financial Statements on which the Independent Auditors, PricewaterhouseCoopers, have expressed an unqualified audit opinion, which is available for inspection at the Fund's registered office.

This report is extracted from audited information, but is not itself audited. The Auditor's Report does not necessarily report on all of the information contained in this report. Members are therefore advised that in order to obtain a full understanding of the nature of the Auditors engagement they should obtain a copy of the Auditor's Report together with the accompanying financial information from the Fund's registered office.

The Trustees of Pula Medical Aid take full responsibility for the preparation of this report and that the financial information has been correctly extracted from the underline annual financial statements. A copy of the Annual Financial Statements that have been summarised in this report can be obtained from the Fund's registered office.

Plot 61918 | AFA House
Showgrounds Office Park
Gaborone
P.O. Box 1212 | Gaborone
Call Centre: 365 0500 / 365 0586 |
Fax: 395 1165

Plot 31966 | Unit 2 | Ground Floor
Baines Avenue Francistown
P.O. Box 323 | Francistown
Call Centre: 241 229 / 241 2390

www.pulamed.co.bw

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

	Notes	2017 P	2016 P
ASSETS			
Current assets			
Financial assets at fair value through profit or loss	2	64,608,077	20,644,189
Trade and other receivables	3	4,791,867	4,351,904
Cash and cash equivalents	4	41,606,622	82,698,298
Total assets		111,006,566	107,694,391
EQUITY AND LIABILITIES			
Equity			
Accumulated surplus		87,934,520	82,515,852
Current liabilities			
Provision for outstanding claims	5	13,700,000	14,000,000
Trade and other payables	6	9,372,046	11,176,641
Bank overdraft	4	-	1,898
Total liabilities		23,072,046	25,178,539
Total equity and liabilities		111,006,566	107,694,391

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2017

	Notes	2017 P	2016 P
Income from contributions			
Claim expenditure		265,774,746	252,052,178
Net contribution surplus	7	(236,688,524)	(201,872,271)
		29,086,222	50,179,907
Dividends income		1,529,764	20,809
Other income		198,532	418,026
Fair value loss on financial assets at fair value through profit or loss		(2,505,574)	(1,073,982)
Administrative expenses	7	(24,993,515)	(22,988,640)
Operating surplus		3,315,429	26,556,120
Finance income	8	2,103,239	2,696,127
Surplus before taxation		5,418,668	29,252,247
Taxation		-	-
Surplus for the year		5,418,668	29,252,247
Other comprehensive income		-	-
Total comprehensive income for the year		5,418,668	29,252,247

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2017

	Accumulated surplus P	Total equity P
Balance as at 01 July 2015	53,263,605	53,263,605
Surplus for the year	29,252,247	29,252,247
Other comprehensive income	-	-
Total comprehensive income for the year	29,252,247	29,252,247
Balance as at 01 July 2016	82,515,852	82,515,852
Surplus for the year	5,418,668	5,418,668
Other comprehensive income	-	-
Total comprehensive income for the year	5,418,668	5,418,668
Balance as at 30 June 2017	87,934,520	87,934,520

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2017

	Notes	2017 P	2016 P
Cash flows from operating activities			
Cash receipts from members		264,664,293	251,173,138
Cash paid for claims and other benefits and in respect of administrative expenses		(262,917,612)	(224,523,664)
Cash generated from operations	9	1,746,681	26,649,474
Interest received		2,103,239	2,696,127
Net cash flows from operating activities		3,849,920	29,345,601
Cash flows from investing activities			
Dividends income		1,529,764	20,809
Purchase of financial assets		(46,469,462)	(21,718,171)
Net cash flows from investing activities		(44,939,698)	(21,697,362)
Total cash movement for the year			
Cash at the beginning of the year		82,696,400	75,048,161
Total cash at the end of the year	4	41,606,622	82,696,400

SIGNIFICANT ACCOUNTING POLICIES

GENERAL INFORMATION

Pula Medical Aid Fund (the “Fund”) was registered on 31 July 1991 under a Notarial Deed of Trust to provide assistance to members of the Fund and their dependents in defraying expenditure incurred in connection with medical and related services. The Fund is domiciled in Botswana.

The abridged annual financial statements set out on pages 34 to 46 have been approved by the Board of Trustees on 15 September 2017.

1. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these abridged annual financial statements, which have been applied on a consistent basis with those of the previous year, are set out below.

1.1 Basis of preparation

The abridged annual financial statements have been prepared in accordance with International Financial Reporting Standards. The financial statements have been prepared under the historical cost convention as modified by the revaluation of financial assets and liabilities held at fair values through profit or loss.

The preparation of abridged annual financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of income and expenses during the reporting period. Although these estimates are based on management’s best knowledge of current events and actions, actual results may differ from those estimates.

1.2 Financial assets

1.2.1 Classification

The Fund classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

a. Financial assets at fair value through profit or loss

These include financial assets that the entity either holds for trading purposes or upon initial recognition it designates as at fair value through profit or loss. A entity may use this latter designation when doing so results in more relevant information by eliminating or significantly reducing a measurement or recognition inconsistency (an accounting mismatch) or where a group of financial assets and/or financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the assets and/or liabilities is provided internally to the entity’s key management personnel.

SIGNIFICANT ACCOUNTING POLICIES

b. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the reporting date. These are classified as non-current assets. The Fund's loans and receivables comprise 'loans and advances', 'trade receivables', 'other receivables' and Cash at bank and cash equivalents in the statement of financial position (Notes 3 and 4).

c. Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date.

1.2.2 Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade date, the date on which the Fund commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the statement of comprehensive income.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the statement of comprehensive income within 'investment income' in the period in which they arise. Changes in fair value of monetary and non-monetary securities classified as available-for-sale are recognised in the statement of changes in reserves.

1.2.3 Off-setting financial instruments

Financial assets and liabilities are off-set and the net amount reported in the statement of financial position when there is a legally enforceable right to off-set the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

SIGNIFICANT ACCOUNTING POLICIES

1.3 Impairment

The carrying amounts of the Fund's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive income. The impairments of financial assets are done in accordance with financial asset recognition and measurement criteria.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

1.4 Contributions receivable

Contributions receivable are amounts due from customers for insurance cover provided in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Contributions receivable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of contributions receivable is established when there is objective evidence that the Fund will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the contributions receivable is impaired. The amount of the provision is the difference between the carrying amount and the recoverable amount. Bad debts are written-off to the statement of comprehensive income during the year in which they are identified.

1.5 Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash at bank net of bank overdrafts and deposits held at call with banks. Bank overdrafts are given under short term borrowings in the statement of financial position

1.6 Foreign currencies

a) Functional and presentation currency

Items included in the abridged annual financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The abridged annual financial statements are presented in Botswana Pula, which is the Fund's functional and the presentation currency.

b) Transactions and balances

A foreign currency transaction is recorded, on initial recognition in Pula, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

SIGNIFICANT ACCOUNTING POLICIES

At each reporting date:

- Foreign currency monetary items are translated using the closing rate;
- Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in statement of comprehensive income in the period in which they arise.

When a gain or loss on a non-monetary item is recognised directly in reserves, any exchange component of that gain or loss is recognised directly in reserves. When a gain or loss on a non-monetary item is recognised in statement of comprehensive income, any exchange component of that gain or loss is recognised in statement of comprehensive income.

Cash flows arising from transactions in a foreign currency are recorded in Pula by applying to the foreign currency amount the exchange rate between the Pula and the foreign currency at the date of the cash flow.

1.7 Revenue recognition

1.7.1 Income from contributions

The Fund obtains monthly contributions from its members. These contributions are recognised in the statement of comprehensive income on an accrual basis. The premiums include adjustments to premiums from backdated termination and registrations.

1.7.2 Investment income

Investment income comprises interest receivable on funds invested, realised investment value and dividend income from investments. Interest income is recognised in the statement of comprehensive income, using the effective interest rate method, and taking into account the expected timing and amount of cash flows. Interest income includes the amortisation of any discounts or premiums or other difference between the initial carrying amount of an interest bearing instrument and its amount at maturity, calculated on an effective interest rate method. Dividend income is recognised in the statement of comprehensive income when the right to receive payment is established. The accumulated fair value adjustments of available-for-sale investments are included in the income statement as gains and losses from investment securities, at the time of disposal. Please refer note 1.3 for basis recognising fair value gains/losses on arising on investment classified as fair value through profit or loss.

SIGNIFICANT ACCOUNTING POLICIES

1.8 Claims and administration fees

Claims incurred

Claims incurred consist of claims paid during the financial year together with the movement in the provision for outstanding claims.

The provision for outstanding claims comprises the Fund's estimate of the cost of settling all claims incurred but not intimated at the reporting date.

Whilst the trustees consider that gross provisions for claims are fairly stated on the basis of the information currently available to them, the ultimate liability will vary as a result of subsequent information and events and may result in significant adjustments to the amounts provided.

Adjustments to the amounts of claims provisions established in prior years are reflected in the financial statements for the period in which the adjustments are made. The methods used to value these provisions, and the estimates made, are reviewed regularly.

Administration fees

Administration fees relate to amounts paid to the Fund's administrators. The fees are charged to the statement of comprehensive income as the services are provided.

1.9 Current income tax

The normal Botswana tax has not been made as the Fund is registered under a Notarial Deed of Trust and according to part 1, paragraph (v) of the second schedule of the Income Tax Act, 1995, the Fund is exempt from income tax.

1.10 Borrowings

Borrowings are recognised initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective yield method. Any difference between proceeds (net of transaction cost) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings.

1.11 Provisions

Provisions are recognised when the Fund has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Provision is made for estimated outstanding claims incurred during the financial year, which are payable in the succeeding financial year.

1.12 Trade payables

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less from the reporting date. If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using effective interest rate method.

NOTES TO THE ABRIDGED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

	2017 P	2016 P
2 Financial assets at fair value through profit or loss		
Listed equity securities	64,608,077	20,644,189

Financial assets at fair value through profit or loss, wholly comprise of marketable equity securities listed on the Botswana Stock Exchange. These are fair valued annually and at the close of business on 30 June 2017. For these financial assets traded in active markets, fair value is determined by reference to stock exchange last traded price.

Reconciliation of financial assets at fair value through profit or loss - 2017

	Opening balance	Additions	Fair Value Loss	Closing Balance
Listed equity securities (P)	20,644,189	46,469,462	(2,505,574)	64,608,077

Reconciliation of financial assets at fair value through profit or loss - 2016

Listed equity securities (P)	-	21,718,171	(1,073,982)	20,644,189
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3 Trade and other receivables

Contributions receivable	5,263,752	4,446,184
Less: Provision for impairment	(801,012)	(387,234)
	4,462,740	4,058,950
Prepayments	6,375	6,375
Sundry receivables	312,060	286,579
Dividends receivable	10,692	-
	4,791,867	4,351,904

Contribution receivable is stated at amortised cost less provision for impairment. The impairment loss represents the Board of Trustees' best estimate of the contributions raised and not likely to be recovered.

Fair value of trade and other receivables

	4,462,740	4,058,950
Trade receivables	312,060	286,579
Sundry receivables	10,692	-
Dividends receivable	4,785,492	4,345,529

Trade and other receivables impaired

The amount of the provision was P (801 012) as of 30 June 2017 (2016: P (387 234)).

The ageing of the impaired receivables is as follows:

60 - 90 days	43,036	154,894
More than 90 days	757,976	232,340
	801,012	387,234

NOTES TO THE ABRIDGED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

3 Trade and other receivables (Continued)	2017	2016
	P	P
Reconciliation of provision for impairment of trade and other receivables		
Opening balance	387,234	738,390
Additional/(reversal) provision for impairment	413,778	(351,156)
	801,012	387,234

4 Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents include total cash assets less bank overdrafts:

Bank balances	41,606,622	82,698,298
Bank overdraft	-	(1,898)
	41,606,622	82,696,400
Current assets	41,606,622	82,698,298
Current liabilities	-	(1,898)
	41,606,622	82,696,400

Surplus funds are retained in both the current account and the call account. The call account bears interest at current commercial bank rates. As there is a right to set-off, the settlement accounts are included in cash and cash equivalents.

The overdraft reflected at the reporting date represents a temporary book balance which arose pending the transfer of funds from the Fund's call account under its standing sweeping facility with the bank.

5 Provision for outstanding claims

Reconciliation of provision for outstanding claims - 2017

	Opening balance	(Decrease)/Increase	Closing balance
Provision for outstanding claims (P)	14,000,000	(300,000)	13,700,000

Reconciliation of provision for outstanding claims - 2016

	Opening balance	(Decrease)/Increase	Closing balance
Provision for outstanding claims (P)	19,911,761	(5,911,761)	14,000,000

The provision for outstanding claims represents the Trustees' best estimate of claims, with the assistance of actuaries, that have been incurred during the current financial year but which are payable after the year-end.

The following are key assumptions used in the computation of claims which were incurred but not reported (IBNR) as at 30 June 2017.

NOTES TO THE ABRIDGED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

2017
P

2016
P

5 Provision for outstanding claims (continued)

Membership growth: Executive option 39% per annum, Standard option -0.13% per annum (2016: 0.24%) and Deluxe option 4% per annum (2016: 2%)

Inflation rate	- 3.1% per annum (2016: 3.8%)
Investment return	- 2.4% per month (2016: 0.3%)
Assumed bad debts	- 0.5% per annum (2016: 0.5%)
Contribution increase	- 5% per annum (2016: 9%)

6 Trade and other payables

Creditors for claims	2,374,891	1,857,128
Administration fees payable	2,104,687	2,256,828
Contributions received in advance	3,146,770	5,712,566
Other accounts payable	1,745,698	1,350,119
	9,372,046	11,176,641

Creditors for claims represents claims that have been processed and approved for payment but have not yet been paid at the reporting date.

The fair values of accounts payable balances approximate their carrying amounts due to their short term nature.

7 Analysis of expenses by nature

Claims expenditure	236,688,524	201,872,271
Actuarial consultancy fees	840,750	751,633
Administration fees	16,038,331	15,466,439
Audit fees	313,372	292,472
Bad debts written off	256,712	-
Consultancy fees	43,647	23,354
Fidelity insurance	73,570	98,900
Other administrative expenses	1,847,384	1,639,044
Principal Officer's remuneration	1,262,020	1,257,856
Promotions and advertising	698,426	1,585,787
Provision/(reversal) of impairment of debtors	413,778	(351,155)
Travel insurance	1,239,847	1,205,364
Trustees' fees	1,842,163	1,004,351
Trustees' training	123,515	14,595
Total administrative expenses	24,993,515	22,988,640
Total expenses	261,682,039	224,860,911

8. Finance income

Interest income on short-term bank deposits	2,103,239	2,696,127
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NOTES TO THE ABRIDGED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

9 Cash generated from operations

	2017 P	2016 P
Surplus before taxation	5,418,668	29,252,247
Adjustments for:		
Dividends income	(1,529,764)	(20,809)
Interest income	(2,103,239)	(2,696,127)
Fair value adjustments on financial assets	2,505,574	1,073,982
Increase/(decrease) in debtors provision	413,778	(351,155)
Movements in provision for outstanding claims	(300,000)	(5,911,761)
Changes in working capital:		
Trade and other receivables	(853,741)	(332,597)
Trade and other payables	(1,804,595)	5,635,694
	1,746,681	26,649,474

MEMORANDUM

From: Board of Trustees

To: PULA Members

Date: 24 October 2017

PROPOSED RULE CHANGES TO THE PULA MEDICAL AID FUND RULE BOOK TO BE TABLED AT THE PULA MEDICAL AID FUND ANNUAL GENERAL MEETING 2017

The Rules provide under Rule 45 (Amendment of Rules) that,

“Unless otherwise provided for in these Rules, the Board of Trustees shall be entitled to alter or rescind any Rule or Annexure or to make any additional Rule or Annexure, provided that no alteration, rescission or addition which affects the objects of the Fund, or which increases the rates of contribution or decreases the extent of benefits by more than twenty-five (25) percent during any financial year shall be valid unless it has been approved by a majority of members present or represented by proxy at a meeting of members convened in the manner provided for... The Board of Trustees may in its discretion amend these Rules from time to time for the improved efficiency of the Fund.”

In light of the above, the Board of Trustees are requesting members to approve the Rule amendments below, which shall be implemented effective 01 July 2018, subject to approval by NBFIRA.

The proposed Rule changes are presented overleaf.

PROPOSED RULE CHANGES FOR CONSIDERATION AT THE 2017 ANNUAL GENERAL MEETING

PROPOSED AMENDMENT / PROPOSED NEW RULE	BACKGROUND	PROPOSED RULE	REASON FOR PROPOSED CHANGE
<p>New Rule 20.8, resubmission (ref: to 2016 AGM Report) save for the penalty clauses</p>	<p>The BoT approved implementation of Hospital Case Management in December 2011 as part of the PULA turnaround strategy and with passage of time and given that hospitals / service providers / members were not routinely obtaining pre-authorization prior to non-emergency / elective admissions and thus not providing opportunity for proper and full implementation of Case Management, the Administrators motivated for implementation of an “incentive” to ensure pre-authorisations are done for elective cases.</p> <p>The objectives of Case Management are to ensure that patients are managed appropriately and cost effectively without affecting clinical outcomes (Length of Stay, Level of Care & related interventions) i.e. optimisation of both financial and clinical outcomes.</p> <p>Case Management is a world-wide accepted concept and process within the health insurance / medical aid industry; more so because it affords benefits to both the Funder and beneficiary (patients).</p>	<p>20.8 In order to be covered within the hospitalisation benefit limit, the Fund shall require the member to obtain pre-authorization for any hospital admission that is not an emergency (i.e. that which is planned ahead of time or an elective).</p> <p>Exemption for penalty (Emergency)</p> <p>20.8.1 In an emergency the Fund should be notified within 48 hours (excluding concurrent public holidays in the Republic of Botswana) of the admission or as per guidelines that may be agreed between the Fund and the admitting facility.</p> <p>(This provides for 48hrs / 2 days within which the Fund should be notified of an emergency admission)</p>	<p>The BoT proposed at the 2016 AGM that there be a penalty for hospital claims that were not pre-authorized. The essence of the Rule change is to encourage pre-authorization and case management (i.e. provide an “incentive” in the form of penalties for pre-authorization).</p> <p>The proposed Rule was previously discussed at the 2016 AGM but was deferred by the members, subject to presentation of the envisaged penalties</p> <p>Members resolved that the BoT should first submit to the members the penalties that were being envisaged. Consequently, these penalties are being proposed as part of the Rule changes.</p>

PROPOSED AMENDMENT / PROPOSED NEW RULE	BACKGROUND	PROPOSED RULE	REASON FOR PROPOSED CHANGE
<p>New Rule 20.8, resubmission (ref: to 2016 AGM Report) save for the penalty clauses</p>	<p>Currently about 80% of Fund's admissions are being pre-authorized or authorised during admission, which does not optimise benefits that members and the Fund can derive from Case Management services.</p>	<p>Penalties for non-preauthorisation:</p> <p>20.8.2 The following penalties shall apply where claims are submitted outside of Rules 20.8. and 20.8.1:</p> <p>a. Where a claim is submitted for hospitalisation without pre-authorization by the Fund but notification, (whether through the presentation of a claim or otherwise), is given post 48 hours and whilst a beneficiary is still hospitalised, a penalty of 5% shall apply.</p> <p>The above penalty is expected to be borne by the admitting facility – engagement on the expected process will be undertaken</p> <p>b. Where notification, through the presentation of a claim or otherwise, is submitted post hospitalisation, a penalty of 15% shall apply.</p> <p>The responsibility to obtain a pre-authorization is shared: beneficiary, service provider and hospital.</p>	

PROPOSED RULE CHANGES FOR CONSIDERATION AT THE 2017 ANNUAL GENERAL MEETING

PROPOSED AMENDMENT / PROPOSED NEW RULE	BACKGROUND	PROPOSED RULE	REASON FOR PROPOSED CHANGE
<p>New Rule 8.2.3</p>	<p>Introduction of non-continuing member “Individual Membership”. Conditions to be applied</p> <ul style="list-style-type: none"> • Pre-payment as opposed to payment in arrears as is currently applied. • Appropriate determination of contributions, with consideration for medical exam based on prospective member demographic and clinical profile as provided in the Rule 9.3. • Normal underwriting for Pre-existing conditions and waiting periods to apply per Rules 	<p>8.2.3 Individual member shall include a person who is not a continuing member of the Fund nor a previous member of any recognised medical aid scheme.</p> <p>Provides for admission to membership of any person wishing to join the Fund (including an individual who has not been part of any PULA member employer group)</p> <p>8.2.3.1 A person envisaged in Rule 8.2.3 shall be subjected to the following conditions at the time of application to be a member and throughout their membership:</p> <p>8.2.3.1.1 payment of premiums in advance, failure of which the individual member shall not be eligible to benefit and may be suspended or terminated in accordance with these Rules;</p> <p>Provides for pre-payment and suspension of benefits (cover) should there be arrears. The membership will be suspended in the first month of arrears and termination will result per Rule 10.5 (i.e. non receipt of contribution for 3 months)</p>	<p>To allow the Fund to introduce “private” individual membership to facilitate membership growth and allow membership for any individual wishing to join the Fund, subject to demonstrated ability to pay premiums and underwriting.</p> <p>This Rule will also ensure that families can join PULA without being split between PULA and other medical aid schemes that provide this facility / option.</p>

PROPOSED AMENDMENT / PROPOSED NEW RULE	BACKGROUND	PROPOSED RULE	REASON FOR PROPOSED CHANGE
		<p>suspension of benefits (cover) should there be arrears. The membership will be suspended in the first month of arrears and termination will result per Rule 10.5 (i.e. non receipt of contribution for 3 months)</p> <p>8.2.3.1.2 individual members may choose any benefit option in accordance with Rule 18.2;</p> <p>Provides choice of any current benefit option</p> <p>8.2.3.1.3 before admission, individual members shall be subjected to the conditions set in Rule 6.30 or elsewhere in these Rules as regards pre-existing conditions and other waiting periods.</p> <p>Provides for underwriting with respect to the prospective member, pre-existing conditions and applicable waiting periods</p>	

PROPOSED RULE CHANGES FOR CONSIDERATION AT THE 2017 ANNUAL GENERAL MEETING

PROPOSED AMENDMENT / PROPOSED NEW RULE	BACKGROUND	PROPOSED RULE	REASON FOR PROPOSED CHANGE
<p>New Rule 9.5</p>	<p>The suggested Rules provide for the Fund to apply membership waiting periods on members who wish to join the Fund in order to immediately use its comprehensive benefits.</p> <p>Such has been experienced, largely, where corporates / organisations have opened up medical aid service provision to more than one provider.</p> <p>The proposed Rules would apply to Corporate and Individual memberships.</p> <p>Corporate membership would be impacted by member waiting period(s) (as opposed to condition based exclusion(s) or waiting period(s)); only if the prospective member/beneficiary had not been a member of a medical aid for a continuous period of less than 12months.</p> <p>Individual members would be similarly affected, save for longer waiting periods.</p>	<p>9.5 Subject to Rules 9.1, 9.2, 9.3, 9.4 the Board of Trustees may admit to membership the following persons:</p> <p>Rules 9.1 – 9.4 deal with current application for membership, conditions (incl. waiting periods and exclusion of pre-existing conditions). These Rules add conditions to deal with underwriting at member / beneficiary level for immediate major events</p> <p>9.5.1 individuals seeking membership under Rule 8.1 and have made full disclosure of pre-existing condition(s) or elective procedure(s) that require(s) major intervention(s) within 3 months of joining the Fund, may be subjected to a 12 months’ waiting period, (subject to Rule 9.1);</p> <p>This Rule sets out waiting periods for corporate membership members who wish to join the Fund to immediately use its comprehensive benefits; provided they had been a member of any recognised medical aid scheme for a period less than one (1) year</p>	<p>The current Fund Rules do not provide for underwriting for admission of members with immediate major events. Rule 9.4 applies only to conditions and not to persons. The Board of Trustees must reserve the right to exclude an individual from immediate benefit for pre-existing major events</p>

PROPOSED AMENDMENT / PROPOSED NEW RULE	BACKGROUND	PROPOSED RULE	REASON FOR PROPOSED CHANGE
		<p>9.5.2 individuals seeking membership under Rule 8.2.3 (this is on the assumption that proposed Rule 8.2.3 will be approved) and have made full disclosure of pre-existing condition(s) or elective procedure(s) that require(s) major intervention(s) within 3 months of joining the Fund, shall be subjected to a 24 months waiting period; (subject to Rule 9.1);</p> <p>9.5.3 individuals with elective or ongoing pre-event(s) that require(s) major intervention(s) within 3 months of joining the Fund, that may not have been known but ought to have been known based on the individual's clinical data, may be subjected to a 6 months' waiting period. Where an account has been paid in accordance with Rule 20, the member shall be liable to repay to the Fund, the full amount; and</p> <p>9.5.4 all individuals who are admitted to membership while in-patients, shall be subjected to a 24 months waiting period</p> <p>Proposed Rules 9.5.2 – 9.5.4, above, sets out waiting periods for Individual Membership members who wish to join the Fund to immediately use its comprehensive benefits, including those that would have been a member of any recognised medical aid scheme for a period less than one (1) year. However, Rule 9.5.3 would also be applicable for Corporate Membership</p>	

PROPOSED RULE CHANGES FOR CONSIDERATION AT THE 2017 ANNUAL GENERAL MEETING

PROPOSED AMENDMENT / PROPOSED NEW RULE	BACKGROUND	PROPOSED RULE	REASON FOR PROPOSED CHANGE
<p>Amendment of Rule 9.1</p>	<p>The Rule already exists, but is being amended as highlighted.</p>	<p>9.1 Subject to the terms and conditions applicable to the admission of other members, the Board of Trustees shall admit to membership of the Fund, without a waiting period, entrance fee or imposition of new restrictions on account of the state of his health or the health of any of his dependants, any person who has been a member or a dependant of a member of any medical aid scheme for a continuous period of at least one (1) year and who applies to become a member within three (3) months after the date on which he ceased to be a member or a dependant of a member of such a scheme; provided that the prospective member or dependant is not hospitalised at the time of application in which case Rule 9.5.4 shall apply.</p>	<p>To provide for waiting periods for members who want to join PULA in order to immediately use hospitalisation benefit.</p>



Pula Medical Aid Fund

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