

HAPPINESS

# Our Values

Annual Operational Report 2015

GENTLENESS

strength

helpful  
*be safe*

LOVE

forgiveness

loyalty

BE ACTIVE

personal honesty

be nutri-wise

DEPENDABLE

empathy

responsibility

BE HEALTHY

respect

consistent

INSPIRING





Annual Operational Report 2015

# The Values of Bestmed.

Much has changed during the 52 years Bestmed has been in operation. But we're proud to say that one thing has remained constant: Our values.

Four of which we live, eat and breathe.

**Mutual.** We believe in a shared experience that includes our members. The spirit of partnership is inherent in everything we do. We invest in the community, put people before profit and we're always accountable for our actions.

**Seamless.** We close the gaps, we never play the blame game, and we equip our staff with a comprehensive knowledge and understanding of all our products, so that they in turn can provide a seamless service to our members.

**Principled.** Family values are at the heart of everything we do. Warmth, care, openness and loyalty are enshrined in our modus operandi. When we make a promise, we honour it. Above all, we always act in the best interests of our 100 000 members and their families!

**Passionate.** We are driven by a love of what we do. It gives us the energy to stay proactive, innovative, inspired and committed to exceeding our members' expectations. We're not just about making our members better, we're about making their lives better.

As you page through this report, you'll see how the values we live by have a direct impact on the value of our business.

"Your beliefs become your thoughts.  
Your thoughts become your words.  
Your words become your actions.  
Your actions become your habits.  
Your habits become your values.  
Your values become your destiny."

*Mahatma Gandhi*





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AVERAGE CALL CENTRE RESPONSE TIME  
**17.5 HOURS**

**9.86%**  
NON-HEALTHCARE EXPENDITURE OF RISK CONTRIBUTIONS

INCREASE IN FACEBOOK LIKES  
**466%**

**562 912**  
WEBSITE VISITS  
AVG MONTHLY 25 269

 **741**  
TWITTER FOLLOWERS

LOOK OUT FOR INFANT CARE PROGRAMME 2016



**2647**  
BESTMED BABIES BORN  
1372 MALES • 1275 FEMALES



BE HAPPY

**91.40%**

RELEVANT HEALTHCARE EXPENDITURE AS A PERCENTAGE OF RISK CONTRIBUTIONS



 **1430** REGISTERED MOMS ON THE BESTMED MATERNITY PROGRAMME (20 WITH MULTIPLE PREGNANCIES)

**3.66%**

MEMBERSHIP GROWTH RATE

**12.46%**  
OF BENEFICIARIES OLDER THAN 65 YEARS

**37.57**  
YEARS OLD  
AVERAGE AGE OF BENEFICIARIES

**1.11**   
DEPENDANTS PER MEMBER



**29** PREFERRED SERVICE PROVIDER NETWORKS  
**1467** INDIVIDUAL CONTRACTED BROKERS  
**412** CONTRACTED BROKERAGES

BE SAFE

 **191 894**  
TOTAL LIVES COVERED

 **3 097 302 236 CLAIMS PAID**

THE TOTAL FLU VACCINES CLAIMED FOR 2015 = 18 906 UNITS

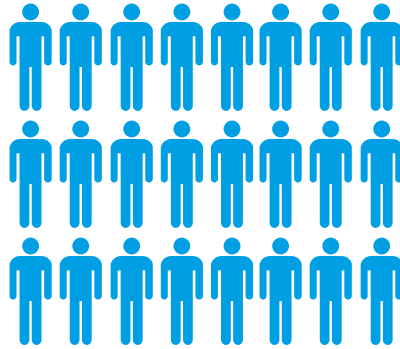
 **18**  
HOSTED  
SPORTING EVENTS

**28 635**  
PARTICIPANTS  
IN HOSTED  
SPORTING EVENTS



Bestmed  
in numbers  
2015

BE ACTIVE



**370**  
EMPLOYEES  
(INCLUDING TEMPS)

9 EXECUTIVES • 21 MANAGERS

3 814 803 E-MAILS RECEIVED 3 709 751 E-MAILS SENT



**25.58%**  
SOLVENCY RATIO

BE FIN-FIT

PRINCIPAL MEMBERS

**94 266**

104 639 NUMBER OF DEPENDANTS

BE NUTRI-WISE

R

**11.15%**  
INCREASE IN RISK  
CONTRIBUTIONS

**33 602 705**  
NETT SURPLUS  
FOR THE YEAR

**1021**

AVERAGE NUMBER OF  
NEW MEMBERS PER MONTH



**9.80%**  
INCREASE IN GROSS  
CONTRIBUTIONS

RESERVES

**1 145 631 151**



# Executive and Management Leadership



**Dries la Grange**  
Chief Executive Officer



**Riaan du Plessis**  
Executive Manager:  
Managed Healthcare



**Chris Luyt**  
Executive Manager:  
Marketing,  
Communications  
& Distribution



**Elmarie Jooste**  
Executive Manager:  
Client Relations



**Prof Jan Meiring**  
Executive Manager:  
Service Providers,  
Contracting & Research



**Rudolph Olivier**  
Executive Manager:  
IT & Risk



**Wicus Kotzé**  
Executive Manager:  
Finance



**Pieter van Zyl**  
Executive Manager:  
Operations



**Ntando Ndonga**  
Executive Manager:  
Legal, Risk &  
Corporate Governance



determined





# About Bestmed



personal



Just as a blacksmith spends a vast amount of time and effort working metal into something truly beautiful, Bestmed continues forging meaningful and intimate relationships with our members. As we look toward the future, we recommit ourselves to nurturing these relationships as a high-tech (technologically advanced), high-touch (focussing on our members' needs) medical aid that integrates itself into the lives of our members and potential members, personally. Our approach to healthcare excellence is "tailor-made" and Bestmed provides a service experience unique to member requirements. Bestmed is a Scheme for the member, by the member. Therefore we understand the importance of efficient client support and fast turnaround times with a personal level of care. These service standards set us apart from our competitors.

### **2015 -The year of you!**

Bestmed has held a competitive advantage in the healthcare industry for over 50 years because it has always sought to understand and interact with its members in a way that is important to them. As one of the top five open medical schemes in the country, Bestmed owes its success and continued growth to YOU, the member. Bestmed is by members, for members and this philosophy inspires ownership, trust, and high levels of quality, externally and internally. We at Bestmed continue to strive to be open, transparent and accountable to you, the member. Your contributions have helped us to be innovative, creative and passionate. Moving forward the focus will be on YOU and the value you add to the Bestmed brand.

### **YOU are the heart**

**We want to keep YOU beating**

**YOU keep us moving**

**YOU set the pace in motion**

**YOUR pounding pulse fuels our passion**

**YOU are the core**

**YOU help to keep us focused**

**YOU are for us**

**We are for YOU**

**For members, by members.**

**Bestmed.**

Bestmed continues to grow from strength to strength, from humble beginnings as a start-up, closed medical scheme to an award winning, top five open scheme in South Africa. The tough economic climate in South Africa, inflation and a rapidly evolving market, has not stopped us from striving to be the best we can be for our members.

Bestmed claimed two prestigious awards in 2015. The Healthcare Supplier of the Year Award at the 2015 Financial Intermediaries Association of Southern Africa (FIA) Awards and the highly acclaimed Top500: South Africa's Best Managed Companies of 2015 Award.

### **A look back into the past**

More than half a century ago, a humble start-up, closed medical scheme called the Statutory Organisations' Medical Scheme (SOMS) was registered by George Abrahams and Billy van Biljon. SOMS focused on meeting the healthcare needs of employees of statutory institutions - such as the University of Pretoria - which continues to be one of our longest serving employer groups.

## Worthwhile Mention: SOMS signed up 9 450 members in its first four years (1964 – 1968)! Wow!

After years of hard work and positive reinforcement, the organisation became the first medical scheme to introduce computer systems into South Africa in the 1970's, improving claims paying ability.

The year 1990 brought with it a renewed strategy and determination to provide healthcare not only to statutory institutions but also to the private sector. Registration to become an open medical scheme took place and SOMS became Bestmed Medical Scheme, a new brand, a new vision and an ocean of fortitude.

During the early 1990's, the Scheme started to decline in membership due to the fact that it could no longer afford to carry non-paying members. Pensioners therefore were asked to start paying subscriptions and this helped the Scheme avoid bankruptcy in future years.

Bestmed has faced many challenges throughout the years and no doubt will continue to face more in the future. The year 2000 saw an amendment to the Medical Schemes Act that required all schemes to build up reserves of 25% in only four years. Starting from zero, Bestmed achieved 32% solvency reserves in 2004 and principal membership of 29 708. From that point, Bestmed continued to prosper and with the amalgamation of TeleMed in 2010, principal membership soared to 64 201 and has climbed steadily since.

On 1 July 2012, Bestmed returned to self-administration - a highly significant change in direction. In an effort to deliver on our promise of giving our members value for money, we redesigned the Scheme's benefit options in order to ensure that Bestmed remains financially viable. Our strategy is based on ensuring that we continue to be the biggest self-administered Medical Aid of choice. With our extensive experience and exceptional expertise, we negotiate with service providers to offer members benefits and services that are Rand-for-Rand the best value compared to other large open medical schemes.

### **Looking toward the future**

Bestmed continues to focus on improvement and growth. It is paramount that we retain and continue to provide exceptional service to our current members now and in the long-term. We also aim to attract more corporate and private members through strategic and innovative opportunities, while continuing to find ways to add value to all our members.

Bestmed continues to aspire to being 100% electronic within the next decade without losing the human element and the Bestmed Touch. Bestmed's leadership is adamant that self-administration is a permanent feature of the organisation's future. We also maintain a strong operational focus on continuously driving costs down as we remain fully aware of our responsibility to contain increases in member contributions.

be safe

Scope and  
Boundary

Bestmed Medical Scheme, previously known as SOMS, was established in 1964 as a closed medical scheme for statutory organisations such as universities and research councils. As a result of developments in both government and industry, SOMS changed its name to Bestmed and entered the open medical schemes market in 1990. The Scheme is governed by the Medical Schemes Act, No 131 of 1998 as amended. Our head office is in Pretoria and we currently serve more than 190 000 beneficiaries from regional offices around the country.

The Scheme's Rules provide for thirteen benefit options that strive to address the full scope of our members' healthcare needs, ranging from structurally pointed healthcare plans to comprehensive benefit options. Benefit options are reviewed annually in a detailed product development process that includes thorough market analysis, input from intermediary groups and corporate group participation. This ensures that the Scheme's products stay relevant to our members. Bestmed's customer intimacy philosophy is specifically designed to ensure that the market receives accurate information, with transparency as the norm. Our customer touch-points include our contact centre and the self-help facilities on our website and mobi-site. The recent addition of the Bestmed smartphone app has added positive value to those members that are able to utilise it. These, combined with our brochures and product comparison tools, ensure that members and stakeholders have all the information they need to make effective and informed decisions.

This report highlights the impact of the current economic and social environment on our business model and our performance for the period 1 January 2015 to 31 December 2015.

Given the importance of good corporate governance in South Africa, this report aims to give Bestmed's stakeholders a holistic and integrated view of the Scheme's financial performance and overall sustainability. It also provides an overview of Trustees' activities, management functions, risk management, and sponsorship and social investment activities. For us here at Bestmed, implementing and adhering to business practices that are conducive to good governance are fundamental goals, as these ensure a viable scheme for our members.

The Scheme's leadership has established a strategic framework designed to identify the key risks arising from the prevailing business environment, strengthen strategic controls and enable the measurement of our performance. The purpose of

the strategy is to ensure that we maintain a sustainable risk profile. Our scope of operations is based on the value drivers of the strategic framework. We direct our business planning process to deliver results in the core areas of Sales, Marketing and Distribution; Operational Management; Key Accounts Management; Service Provider Management and Managed Healthcare. These are, in turn, supported by the key enablers of Human Resources Management and Financial Management. The role of Information Technology is of critical importance and we define it as a strategic imperative rather than as just an enabler. The Scheme's management identifies strategic customer value through setting objectives and implements strategic control in line with the principles of our strategic framework and business plan, which the Board of Trustees approve annually.

Our customer intimacy model, which is the backbone of our existence, is driven through a Key Accounts strategy. The Scheme communicates with all its stakeholders through channels such as our membership communications, the Top Living Magazine and service provider communication throughout the year. This ensures a high degree of transparency. Our service levels have been good and our systems and processes are enhanced continuously to meet the demands of a growing scheme.

Finally, our lifestyle and preventative care philosophy remains a key theme at Bestmed and aims to achieve two goals - enhance the quality of life of our members and simultaneously reduce the burden on our risk pool.



# Our Strategy

## Sound Strategic Management - The Basis of Bestmed's Success

Bestmed Medical Scheme's strategic management aims to ensure the Scheme's continued sustainability and relevance in South Africa's dynamic, fast changing and highly competitive healthcare arena.

The Bestmed Board of Trustees provides broad strategic direction to the Scheme's executive and management who interpret this into a robust strategic framework with a rolling three-year horizon. The previous year's analytics and strategic initiatives are revisited annually and refinements are made to account for any environmental, market and competitive changes of consequence. Bestmed's current strategic framework includes nine strategic pillars that ensure focus on those dimensions of the Scheme's operations that create sustainable competitive advantages and maximum benefits to our members.

- Growing membership, brand equity and market share;
- Delivery of competitive products;
- Management of health risks through innovative wellness initiatives;

- Excellent relationships within service provider networks;
- Operational excellence and world class client service;
- Deployment of information and communications technology;
- Nurturing a culture of innovation;
- Maintaining talented human capital that strives for excellence in all they do;
- Sound corporate citizenship through compliance to statutory and regulatory instruments that apply in the medical schemes industry.

Each of the strategic pillars comprises a series of strategic initiatives with measurable outcomes - the basis for effective strategic control.

The Scheme's executive management reports progress in relation to these strategic initiatives to the Board of Trustees on a quarterly basis, along with remedial action in the case of negative deviations from the desired end-state.





# be healthy

## Key Outcomes in 2015

Although economic conditions in 2015 remained difficult, exacerbated by increasing political uncertainty and social stress, Bestmed achieved a 3.66% growth in membership, to 94 266 principal members and over 190 000 beneficiaries.

That this occurred in a year where membership in the industry as a whole was reported to have shrunk, albeit marginally, is a key indicator of the soundness of our strategic approach. The members of Bestmed can be proud that their Scheme is one of very few that showed any growth in the open medical scheme sector.

The Scheme invests members' reserves according to carefully considered requirements of the Investment Committee of the Board of Trustees. R14.7 million of investment income was added to the reserves during 2015, bolstering the total amount under management to R1.2 billion.

Bestmed's unique wellness initiative, Health Check, gained significant traction in 2015 with thousands of our members,

mostly from participating employer groups, signing up and committing to Be Active, Be Safe, Be Nutri-Wise, Be Fin-Fit and last but not least, Be Happy.

Consistent monitoring and measurement, both internally and externally, confirmed that Bestmed's staff delivered on their collective commitment to operational and service excellence, with rating levels above 80% across all interfaces with members, employer groups, service providers and brokers.

The Scheme maintained a solvency level of 25.58% of its membership fees in reserve, which is above statutory requirements.



# Rule Amendments 2015



be active

## Changes to the Bestmed rules for the 2015 financial year

The following changes to the rules of Bestmed were approved by the Registrar of the Council for Medical Schemes for the 2015 financial year:

1.1. Additions and/or changes to the following definitions in order to clarify their meaning:

- Biological medicine or other high cost medicine;
- Business of a medical scheme;
- Bonus account;
- Claims;
- Co-payment;
- Designated service provider;
- Financial year;
- Late joiner penalty;
- Mediscor reference price (MRP);
- Medical practitioner, dentist or medical auxiliary replaced by new definition "4.36 "Health Practitioner";
- Medical savings account;
- 4.46 Member;
- 4.47 Network option;
- Non-CDL condition;
- Pre-authorisation;
- Preferred hospital provider network;
- Prescribed minimum benefits;
- Prescribed minimum condition;
- Preventative care;
- Relevant health service;
- Single exit price; and
- Subscription definition added contribution/premium.

1.2. Rule changes:

- Application to CMS and the Registrar for efficiency-discounted sub-benefit options (EDOs) for the Beat range.
- Removal of supplementary services definition as it is duplicated on the benefit options.
- Changes to rules relating to retirees, dependants of deceased members, de-registration of dependants, application forms and information required, payment of subscriptions and accrual of benefits and membership cards and membership certificates.
- Addition of condition of a voluntary termination by a

member of a participating employer which requires prior consent from that employer.

- Failure to pay amounts due to the Scheme. Changes were introduced to clarify actions the Scheme may take as a result of the aforesaid.
- Contravention to the Rules of the Scheme. Changes were introduced to clarify actions the Scheme may take as a result of the aforesaid.
- Various debit order dates for subscriptions now indicated in the Rules.
- Re-instatement of membership and benefits, changes introduced stipulate that reinstatement within three months can be done without a break in continuity and a new application with new underwriting can apply if payment is not up to date within three months.
- A new rule to provide for where funding guidelines or protocols have been drawn up, allowing the Scheme at its discretion to structure projects with providers around new technology in order to gauge results and/or finalise its funding guidelines.
- An addition on the duties of the Board of Trustees to notify the CMS within 30 days of the appointment of a new principal officer.
- Reimbursement of expenses and remuneration of Board, changes to meet the requirement of the Act and that of the office of Registrar.
- Changed by deleting "Provided further that the provisions of Rule 18.9.2(a) - (e) shall apply mutatis mutandis to the Principal Officer."
- Addition of condition by CMS not to quantify PMB conditions and full payment thereof if obtained at a DSP across all options and wherever a benefit amount is indicated.
- Amendment to the filling of the vacancies of the Board to make provision for extraordinary circumstances.
- Addition of requirements for the members of the Board to be vetted.
- Changes to powers of the Board which makes provision for member involvement in the appointment of an administrator.
- Changes to the number of members required to sign a special meeting request in order for the Principal Officer to call such a meeting, from 10% to at least 25 members.
- Changes to the reimbursement of expenses and remuneration of the Board.

- Change on the dependant definition removing the provision that allowed for the Board to decide on whether certain categories of people qualify as dependants.
- Removal of the rule requesting for a certified copy and travelling tickets for foreign claims exceeding R5 000.
- Change on the definition of Scheme tariff to indicate the level of reimbursement at which benefits will be paid.

### 1.3. Changes to Annexure B of the Rules (benefits):

- Introduction of efficiency discounted benefit options on the Beat range: Beat1 Network, Beat2 Network and Beat3 Network to offer members more choice to contributions for a given level of benefit subject to some restrictions. A R5 000 co-payment will apply on the voluntary use of non-designated services hospital network.
- Average increase = 9.50%.
- Reference to individual medical savings account changed to personal medical savings.
- References to bonus account and vested savings changed to bonus account (vested medical savings).
- Pace1 and Pace2 monthly savings change to annual savings.
- Percentage of the savings portion for Pace1 decreases from 22% to 21%.
- Percentage of the savings portion for Beat2 increases from 17% to 18%.
- An addition of Pacemaker dual chamber benefit on all benefit options.
- Introduce co-payment of R5 000 for the use of a non-DSP hospital for Pulse2.
- ER24 added to ambulance and emergency evacuation services and international emergency medical cover.
- Maternity benefits - 2 sonar and up to 12 antenatal consultations added to pay from Scheme risk benefits on Pulse2, Pace1, 2, 3 and 4.
- Speech appliances removed from the orthopaedic and medical appliances out of hospital for Beat3 and 4, Pace1, 2, 3 and 4 and Pulse2, as funding will be from external prosthesis benefit after review.
- Separate limit for hearing aid benefits Pace2, 3 and 4, and Pulse2.
- Separate limit for wheelchair and other appliances respectively.

- Wound care benefit to pay out of Scheme benefits not savings/day-to-day benefits on Beat4, Pace1, 2 and 4.
- Increase to multifocal and contact lense benefits on the Pace options.
- Combined benefit for basic and specialised dentistry subject to day-to-day overall limit Pace3.
- Supplementary services subject to day-to-day overall limit no longer limited to savings on Pace3.
- Age on HPV vaccinations changed from 9 - 13 to 9 - 26 years on Beat4, Pace 1, 2, 3 and 4.
- Wellness programme dietician consultation - single consultation per family per annum added to the preventative benefits on Beat4, Pace2, 3 and 4.
- Addition of the contraceptive benefit on Pulse2.
- Biometric screening providers proposed to preferred providers removing "pharmacy".

### 1.4. Changes to Annexure C - General Exclusions:

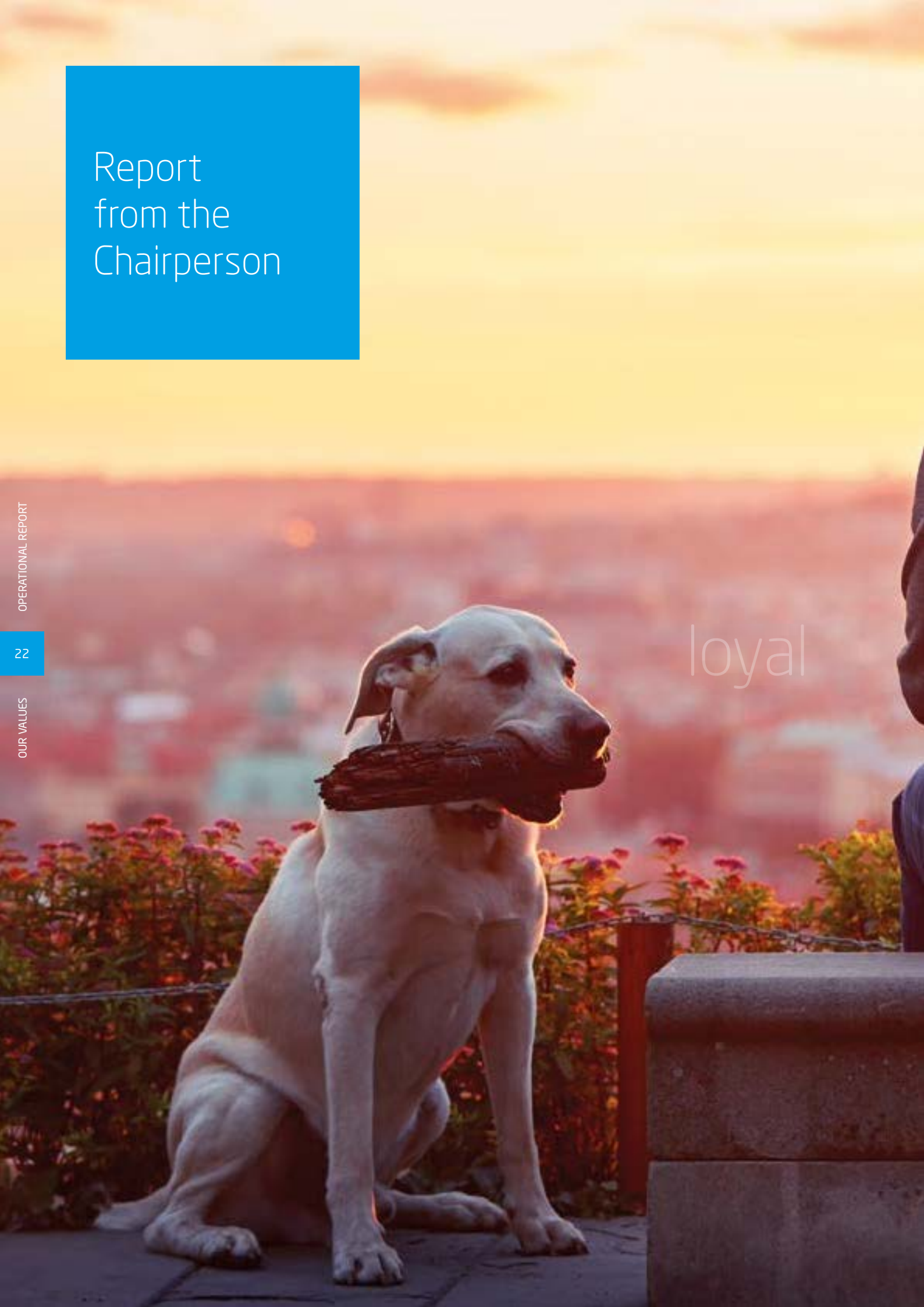
- Reference to the sub-benefit options added.
- The Human Tissues Act, 1983 (Act 65 of 1983) replaced with National Health Act (Act 61 of 2003)(NHA).
- Refractive surgery.
- Biological or other high cost medicine excluded on the Beat range, Pace1 and Pulse2.
- Beat Network range also included on the repercussions of a co-payment for voluntary use of non-DSP.

### 1.5. Changes to Annexure D - Prescribed Minimum Benefits:

- Added stipulation that co-payments in respect of PMB costs will not be paid from the medical savings account.

# Report from the Chairperson

loyal





### **The International and South African Economy**

On the economic front, 2015 was a difficult year both locally and globally. The local economy grew by only 1.3%, which is grossly insufficient to fund the growing needs of the country, and well below the growth target of 2.5% set by our National Treasury in order to finance all the priorities identified for South Africa. Low global growth and the ravages of the drought we suffered in 2015 both contributed to this poor performance. Unfortunately, the grim fact of not achieving this target, created a larger than anticipated budget deficit that further increased the already heavy burden of our national debt. As a result, instead of setting our sights on renewed growth this year, our government will have to concentrate on managing expenditure more prudently to ensure that it does not outstrip revenue in order to prevent an even bigger increase in the national debt in 2016.

Violent protests at academic institutions and the replacement of the Minister of Finance towards the end of the year intensified the pervasive uncertainty in the national economy. The markets reacted strongly and the value of our currency plummeted against all other major currencies. Given that we import most of our technological and other capital equipment, the constraints arising from the additional expenditure we will have to incur because of the weak currency will endure for a considerable period of time. These uncertainties certainly had a huge impact on the country's healthcare environment and on the medical scheme industry. In addition to a much bigger general demand for services by our members, we again witnessed an escalation in the cost of services rendered in respect of Prescribed Minimum Benefits, particularly concerning those providers who charge in excess of Scheme tariffs for these services. It could be expected that the weakening of the currency will also have an impact on the cost of hospitalisation as well as prescribed medicines over the longer term.

### **Governance**

In order to comply with the stipulations of the Medical Schemes Act, No 131 of 1998, the Trustees who were appointed to fill the vacancies in November 2014, decided that it would be in the best interest of members to call an election for three additional Trustees to the Board, rather than continue with the members appointed in November 2014. Together with the three existing elected Trustees who remained on the Board in November 2014, this would ensure that six Trustees were elected by members as required by the Rules of the Scheme. The Rules of the Scheme addressing election of Trustees had to be amended to provide

for this special election outside of the normal election cycle and thereafter appointment of six more Trustees, to bring the Board's composition to a total of twelve Trustees, 50% of whom were elected and 50% appointed as the rules of the scheme require.

The Trustee election process was finalised in May 2015 under the supervision of PricewaterhouseCoopers, which acted as an independent electoral body. The six elected Trustees then convened and agreed on a defined process to appoint the remaining six Trustees to the Board. Special attention was given to appointing persons with expertise in those areas where there were specific skills required. The newly constituted Board of Trustees, comprising the members listed below, was announced at the Annual General Meeting (AGM) held on Friday 26 June 2015:

| <b>Elected members of the Board</b> | <b>Appointed members of the Board</b> |
|-------------------------------------|---------------------------------------|
| Mr RF Camphor (Chairperson)         | Mr L Dlamini                          |
| Prof PA Delport (Vice-Chairperson)  | Mr GS du Plessis                      |
| Dr J Moncrieff                      | Mr C Mowatt                           |
| Mr WJ Myburgh                       | Mr P Kennedy                          |
| Mr E Steenkamp                      | Dr L Peterson                         |
| Rev JH Windell                      | Mrs S Stevens                         |

Soon after the reconstitution of the Board, all these Trustees participated in an induction course which provided material information on the healthcare industry, Bestmed as a scheme, as well as its organisation and operations. In addition, a strategic planning session was held with the Scheme's Executive Management prior to drafting the business plans for 2016.

For strategic and practical reasons, the Board of Trustees decided to use the following subcommittees to assist the Trustees in fulfilling their responsibilities.

- Audit Committee (a statutory committee prescribed by the Medical Schemes Act and regulations)
- Investment Committee
- Risk Management Committee
- Remuneration Committee

All of the Committees identified above operate within a written mandate given by the Board that determines the membership, responsibilities, duties and authority.

The Board also decided that it may be necessary from time to

time to establish non-standing committees to undertake a specific task. The Information Technology (IT) Subcommittee that was established close to the end of 2015 illustrates the need for such committees. This IT Subcommittee will have specific terms of reference and will guide the Board of Trustees during the period of strategic decision making on the migration of the Scheme's IT platforms going forward.

To our regret, Dr Peterson resigned from the Board at the end of 2015 due to ill health. The Board of Trustees will take a close look at its size and composition during the 2016 strategic planning session before considering the appointment of any additional Trustees.

The Board took the decision to assess progress made in the first six months of its term of office. The assessment of its performance was done towards the end of 2015. The results of this assessment will serve as a starting point to improve the functioning of the Board of Trustees in fulfilling the required role.

### **The White Paper on National Health Insurance**

The Department of Health has finally released its White Paper on the envisaged National Health Insurance (NHI) plan for South Africa. The first impressions are that the Paper lacks the vital detailed information that would be expected on the proposed benefit package and on how government intends to finance the NHI. Without this information, it is extremely difficult to evaluate the proposed NHI or its sustainability. The Board of Trustees will instruct management to prepare a response to the information provided in the White Paper and will monitor any progress with keen interest.

### **The Competition Commission Inquiry into the Cost of Private Healthcare**

Bestmed was invited, as a medical scheme, to participate in this public debate in 2015. The Inquiry's public hearings will now commence in 2016, and its first task is to identify the drivers of cost in private healthcare. For the average member it is of the utmost importance that, once this has been done, the Inquiry should also recommend remedial actions in this regard.

One of Bestmed's primary tasks is to offer affordable private healthcare to our members and we will do everything in our power to convey information to the Inquiry that may assist it in its quest to understand why the market in this industry is not functioning effectively and how it could possibly be remedied.



### Council for Medical Schemes

The newly constituted Board of Trustees considered the outstanding matters flowing from the directives issued against the Scheme by the Council for Medical Schemes (CMS) as one of its priority tasks. The CMS instructed that the marketing expenses incurred much earlier on two different events should be reported to the AGM.

As Chairperson of the Board of Trustees at the 2015 AGM, I personally made a presentation on this matter at the AGM held on 26 June 2015. The AGM was attended by the General Manager: Compliance of the CMS. On completing the presentation I deliberately asked him whether he was satisfied that Bestmed had complied with all the directives issued against it by the CMS on 13 July 2013 in this regard, and he replied in the affirmative. Notwithstanding this public acknowledgement, the CMS, by the end of the financial year 2015, has yet to assure the Board formally that the Council's directives have been dealt with as instructed and that these matters may now be regarded as closed. This written confirmation was however received later on in 2016 just prior to this report being drafted.

### Allegations of Contraventions of the Medical Schemes Act and Regulations

The Board was advised by the CMS in 2015 that a person had contacted the CMS and alleged that the Scheme had contravened certain provisions of the Medical Schemes Act. The Board of Trustees viewed these allegations as a serious matter and appointed KPMG to conduct a forensic audit in regard to the alleged contraventions. Management was instructed to provide whatever support KPMG required to undertake the investigation. The report was finalised by KPMG by the end of the 2015 financial year and was forwarded to the CMS in 2016.

The majority of the alleged contraventions were found not to be substantiated by KPMG. In a few instances specific problems were identified and a number of housekeeping matters were also found to be in need of review and adjustment.

On receipt of the report the Board of Trustees instructed its Audit Committee to review the findings and make recommendations to rectify any possible contraventions to ensure that the Scheme's activities are all fully compliant with the stipulations of the Medical Schemes Act.

Those findings flowing from the KPMG forensic audit that indicated possible contraventions, as well as the action taken are disclosed in full in the Board of Trustees Report. The reason is that the notes to the Annual Financial Statements only contain the wording of the Act and the actual finding, while the Report of the Board of Trustees is more detailed. Most of the matters have been finalised. In a few instances there may still be further action required.

### The Board of Trustees' Continued Commitment to Bestmed's Members

It is once again my privilege to assure Bestmed's members that our first priority will always be to find the very best solutions to funding their healthcare needs. In attending to the governance matters that have taken centre stage in our report-backs to members over the past three years, the Board of Trustees has steadfastly protected and strengthened the Scheme to ensure that this primary aim, of delivering excellent benefits and remarkable service to members, may proceed without interruption.

### Conclusion

I would like to thank my colleagues, the members of the Board of Trustees, for their support and dedication to Bestmed and its members, their vigorous engagement with those grave issues they were confronted with during a difficult year, as well as for the energy and commitment with which they have taken up their tasks. Without your dedication and support this would have been much more difficult to bring Bestmed to where we are now.

To the CEO and his management team, and to every single employee of Bestmed, I wish to express my appreciation for their relentless, untiring pursuit of excellence in the service of our members. You do Bestmed proud and I wish to recognise that in public. Thank you for the work you do. I am confident that it is appreciated by the members as well as the Board of Trustees.



**RF Camphor**  
Chairperson

A man with short grey hair, wearing a grey suit jacket, a light blue shirt, and a light blue tie with small dark spots, is sitting in a large, blue, patterned armchair. He is looking directly at the camera with a slight smile. The background is a wall with a light-colored, repeating floral or leaf pattern. The floor is a dark wood or laminate.

## Report from the CEO



A superficial summary of the year that ended in December 2015 might suggest that this was a period of contradictions: of achievements and disappointments, of moving forward and standing still. At a deeper level, however, these are signs of an organisation that is undergoing a transition while steadily making its way towards the attainment of a set of long-term goals. The efforts made in the past have taken us along multiple pathways, and in 2015 some of these pathways came to an end while some changed direction. It was a year of starting afresh and of regrouping. These travels were nonetheless part of Bestmed's larger journey, and the vision that drives that journey has remained constant.

From this perspective, how do the outcomes of our 2015 travels fit in with our vision of becoming one of the country's top medical schemes, of always giving our members value for money, combined with a remarkable service delivery experience?

### **1. Healthcare Results for 2015**

These results were one of the disappointments we encountered this year. We budgeted for a small healthcare surplus but recorded a deficit of R44,6 million caused by far higher expenditure on claims than our models had predicted, particularly in the last six months of the year. With the addition of investment income, we ended the year with a net surplus of R33,6 million and the Scheme's reserves remained within the statutory limit of 25% of gross contribution income.

It is, however, important to point out that the rising claims trend that Bestmed experienced in 2015 seems to be in line with conditions experienced in the rest of the industry. The latest report released by the Council of Medical Schemes for the period ending 30 September 2015 shows a serious drop in the net healthcare results of open medical schemes. In fact, the average healthcare results of the industry as a whole declined by even more than those of Bestmed for the same period.

The unexpected deviation in the Scheme's claims expenditure and the surge in claims in the second half of the year have now been closely analysed, and the main contributing factors were as follows:

- (i) The cost of prescribed minimum benefits (PMBs) paid for by Bestmed increased. In addition, the total amount paid for PMBs at rates above the Scheme rates was considerably higher than in the past.
- (ii) Members depleted their savings accounts more quickly than in previous years. As a result, they started using the Scheme's pooled benefits much earlier, thereby increasing expenditure in this respect above what had been anticipated when drawing up the 2015 budget.

The regulations regarding PMBs make it virtually impossible to manage increases in these costs. However, with regard to the early utilisation of the Scheme's pooled benefits, we were able to make benefit changes in order to adjust structural issues in our benefit options that played a role in this development.

If we are to succeed in our ongoing endeavour to give all our members value for money, each of the Scheme's benefit options needs to be as self-supporting as possible. When this is not achieved, it becomes necessary to make changes either to members' benefits or to their contributions, and we implemented such measures in 2015. We will track the impact of those measures every month during the course of 2016 to ensure that the problem has been adequately addressed.

## 2. Total Non-Healthcare Cost

In contrast with the Scheme's healthcare cost, the total non-healthcare cost for 2015 was very satisfactory and is now well below the average cost within the industry. This cost consists of three elements, namely:

- Administration cost
- Managed healthcare cost
- Broker commission

By containing our non-healthcare cost, we improve our ability to give our members value for money, and we embarked on this pathway when we reverted to self-administration in 2012.

Bestmed's average non-healthcare cost per beneficiary per month increased from R158 in 2014 to R165 in 2015.

This represents an increase of just 4,4 % year on year, which is lower than inflation. For our members, this means that a larger portion of their contributions is available to them in the form of benefits.

Equally important is that, as a self-administered scheme, our ability to leverage economies of scale enabled us to continue to give our members the remarkable service delivery that is a key ingredient in our vision, and do this at a lower cost.

## 3. Growth in Membership

An even more striking contrast with the healthcare result was the growth in Bestmed's membership. By the end of 2015, Bestmed had become the fourth largest medical scheme in South Africa with our total membership standing at 94 266 principal members. This is a major stride along a pathway that forms part of our journey towards becoming one of the country's top medical schemes, and a force to be reckoned with in the industry. Bestmed is one of very few open schemes that could still record positive membership growth during the very tough economic times.

The strength of the Bestmed brand has been an important contributor to the Scheme's phenomenal growth over the past six years. When we changed our brand in 2010, we conducted a brand audit to establish a foundation benchmark against which we could monitor the growth and development of the brand. It was found that the brand ranked eighth among the "top of mind" brands in the medical scheme industry. Competitively, this was not an ideal position and we embarked on various activities to heighten the public's awareness of the brand.

Brand audits come at a fairly high cost, so a further audit was not conducted until five years later, in 2015, and then we commissioned only a mini-audit. This has revealed that the Bestmed brand now holds second place among the "top of mind" brands in the industry. This is a remarkable improvement in the five years since we launched the new brand. Although the mini-audit used a smaller sample of participants, the international researchers of Interbrand Sampson De Villiers are confident that this methodology, which they use with great success internationally, yields reliable results.

The mini-audit has also given us vital information about what members perceive as important in a medical scheme, and we have

launched a brand navigation process to create even more value from the Bestmed brand. In particular, we want our members to be aware of the value of the brand through their personal experience of what it represents.

#### 4. All Activities Under One Roof

The restructuring of our office accommodation this year is an example of a change of direction that started when the Scheme reverted to self-administration in 2012. At that time, various functional groupings of employees were housed in different premises, and this lack of cohesion soon became a challenge in terms of rendering quality services to our members. Bestmed's Board took a decision to bring all the Pretoria-based employees together at the Faerie Glen premises, and the logistics and other technical matters involved in this were finalised in 2015.

The Welkom offices also moved to the central town area and the provider network moved with them to the same premises.

These arrangements are more convenient for members, and smoother management of activities and the organisation's culture will add an extra sparkle to our service delivery performance.

#### 5. Information Technology

Another change of direction was the about-turn we made with the development of a new IT system. The Board, after much deliberation, felt that other options should be explored or reconsidered and then comprehensively tested. Accordingly, an independent IT specialist was appointed to investigate what is available in the market. In the interim we will continue to utilise the Medware system. The system is rugged as far as the core processes are concerned and we still have a good team of developers who maintain the system.

#### 6. Our members' wellbeing

This area, in which we have made a considerable investment of time, effort, and human and financial resources, has been one of our main focuses for some years now. On this road, we have learnt that wellbeing is influenced by a multitude of factors, some of which arise from our external environment. Globally, for example, there has been a steep increase in the prevalence of cancer and other serious, related diseases. We believe it is our responsibility to be aware of such trends so that we can develop new ways of managing their impact on our members and on the

Scheme itself.

In addition, we must help our members to follow healthy lifestyles so that they can optimise their own lives and those of their families. This is where internal factors within the individual also come into play and can enhance or diminish our wellbeing. For many of us, changing our lifestyles means identifying and changing a number of dysfunctional habits, and at the same time developing new habits that will support our health and wellbeing.

We at Bestmed have, over the years, piloted a number of projects to determine which approaches will deliver the end results we are determined to achieve. This pathway does not, however, have a fast lane. This is a long-term project that will take time and effort to bring to fruition. The return on our investment - in terms of both finance and changes in members' behaviour - is now just beginning to gather momentum.

#### So why, you may ask, is Bestmed so focused on wellbeing?

I have already highlighted the importance of behaviour change for our members as individuals. For the Scheme, the answer to that question takes us back to our vision - and back to the start of this CEO report when I spoke of our burgeoning healthcare expenses. The fact is that Bestmed also needs greater wellbeing as a medical scheme if it is to continue its journey to the top. As its members travel further on the pathway towards wellbeing and healthy lifestyles, their utilisation of the Scheme's resources will change and Bestmed will attain greater financial wellbeing. This will then enable the organisation to use its resources to sustain both its own wellbeing and that of its members.

This, ultimately, is the place to which we are travelling.

In conclusion, I wish to thank our members for their support, without which Bestmed would not be the robust entity it is today.



AM LA GRANGE  
CHIEF EXECUTIVE OFFICER

dependable

Legal and  
Corporate  
Governance  
Report



**Bestmed's Board, executive and employees have a fiduciary duty to govern the Scheme in the best interests of the Scheme and our members. It is therefore imperative that Bestmed ensures compliance to all applicable legislation including but not limited to the Medical Schemes Act and other associated and/or related legislation.**

Subsequent to the November 2014 section 46(1) removal of nine members of the Board, Bestmed leadership has progressed and made great strides in stabilising the Scheme and ensuring that our members have confidence that the Scheme remains sustainable. To this end, our employees and other stakeholders continue to contribute to growing the Scheme and its ability to fulfil its mandate in the best way possible.

The past year has been characterised by a mixture of successes and challenges alike as the Scheme is not immune to the impact of external factors and adverse economic conditions which our country is faced with.

## Board of Trustees

### Roelof Frederick Camphor (Chairperson)

*B.A. (Hons) Psychology*

Mr Camphor has his own consulting practice and specialises in the fields of industrial psychology, human resources and strategic change management. He served on the Bestmed Board of Trustees as Vice-Chairman for a considerable period and is thus well known to Bestmed. Mr Camphor is currently the Chairperson of the Bestmed Board of Trustees.

### Etienne Steenkamp

*CA (SA), B.Com.Hons, CMA, MBA (Herriot Watt), CFP*

After completing his articles with Deloitte Mr Steenkamp joined Dorbyl and served in various positions from internal auditor to divisional financial manager. He joined Sappi in 1999 and in 2000 was appointed as Executive Principal Officer for the Sappi Pension Fund, Provident Fund and Sappi Medical Aid Scheme. Following various legislative changes in 2010, he left the full time employment of Sappi and became the Independent Principal Officer for the three benefit funds listed above. He joined the Bestmed Board of Trustees in 2013 when Sappi's Medical Scheme amalgamated with Bestmed, and was elected as an individual member representative on the Board in 2014. He also serves on the Scheme's Investment Committee. He resigned as elected Board member on 24 March 2016.

### Willem Myburg

*MBA, BCom and HBA*

Mr Myburg is the Principal Officer of the Telkom Pension Fund, Telkom Retirement Fund and the Telkom Management Provident Fund. He was appointed to the Board of Trustees in 2012 and also serves on the Scheme's Investment Committee.

### Collin Mowatt

*BAcc, CA (SA), MBL, Global Executive Development Programme (EDP)*

Mr Mowatt was a previous chairman of the Sappi Medical Aid Fund until its amalgamation with Bestmed and is currently employed by Sappi Southern Africa as Financial Director-Sappi Southern Africa. His responsibilities include acting as Chief Financial Officer for Sappi Southern Africa and he is a member of the Regional Executive Committee, responsible for the region's financial and tax functions. He also represents Sappi on the PAMSA Executive Committee and serves as Trustee on the Sappi Employee B-BBEE Sefate Share Trust. During his career he was also responsible for various commercial functions, including merger and acquisition investigations, implementation of new management reporting systems and participation in new business opportunities. He also serves on the Scheme's Audit, Investment and Risk Management Committees.

### Dr Joan Moncrieff

*B.Sc Chemistry and Biochemistry, B.Sc Physiology and Human Biochemistry, M.Sc Physiology and Human Biochemistry, Ph.D Medicine (pharmacology)*

For many years, Dr Moncrieff was the only female council member of South African Chemical Institute (SACI). She was the founding member and chairperson of the South African Chromatographic Society (ChromSA). Her specialities include pharmacokinetics, pharmacogenetics, pharmacology, physiology, chemical pathology (body fluid and tissue analysis) and chromatographic analysis. Dr Moncrieff has over 90 international publications and presentations on physical chemistry, physiology, pharmacology and chemical analysis in her repertoire. Dr Moncrieff was elected as the pensioner/continuation member representative on the Board in 2014.

### Peter Murray Kennedy

*Dip. Datamatrix*

Mr Kennedy has extensive experience in cost accounting and began his career at IGI Life Assurance Company as an application programmer where he later became the General IT Manager.



Thereafter he moved to MediSwitch, serving as Managing Director for 18 years, where he played an instrumental role in developing it (from concept stage) into a multi-million Rand business that specialises in EDI (electronic data interchange) claims and Personal Health Records. Mr Kennedy is still serving as a consultant in an MD capacity. He also developed a pharmacy management and dispensing system for Link retail pharmacies and served as IT Director of the Drug Distribution division of SA Druggists (SAD). Mr Kennedy also serves on the Scheme's Risk Management Committee.

### **Prof Petrus Albertus Delport (Vice Chairperson)**

*HDip Tax, LLD*

Prof Delport has held positions on numerous highly recognisable boards over a period of 26 years. His influence in various institutions includes various major universities, 1 Military Hospital, Eskom, Momentum, Investec, Nedbank and other banks, SENWES, the Advertising Standards Authority, the Law Society of South Africa and the South African Institute of Professional Accountants, to name a few, and speaks towards his extensive knowledge and experience. Some of his submissions led to the amendment to the ASA Code of Advertising Practice, the Companies Amendment Act 35 of 1998 and Companies Amendment Act 37 of 1999. Prof Delport has contributed to over 60 publications and addressed more than 20 conferences at universities, banking institutions and various governmental bodies. Prof Delport wrote the New Companies Act Manual and is a specialist in the field of Commercial Law, which includes specialities such as Law of Contract, Labour Law, Tax Law, Law regarding Financial Institutions, Corporate Law as well as its development, Company Law, South African business Law, SA Corporate Business Administration and Freedom of Commercial Speech. Prof Delport is currently Vice-Chairperson of the Bestmed Board of Trustees and also serves as Chairman of the Scheme's Remuneration Committee.

### **Suzanne Stevens**

*BA (Hons), HDE*

Ms Stevens is the Executive Director: Marketing and a co-founder of BrightRock as well as the creator and custodian of the BrightRock Brand. Under her leadership, BrightRock has established a small but skilled multidisciplinary integrated marketing and communications team. BrightRock delivers in the key disciplines of brand strategy and brand management, content and digital marketing, below-the-line communication and point-of-sale, direct-to-consumer marketing media and public relations, above-the-line advertising and promotions, sponsorships,

merchandising, event management, and reputation management. Before leaving to start BrightRock in February 2011, Mrs Stevens headed up the Discovery South Africa Marketing division, where she was responsible for a division of 70 people and an annual marketing spend of approximately R250 million. Mrs Stevens is a Chartered Marketer registered with the Marketing Association of South Africa and serves on the National Council of the Vega Brand School. She also serves on the Scheme's Risk Management Committee.

### **Gerrit Steyn du Plessis**

*BCom (Accountancy); BCom (Hons) Accountancy & CTA, MCom Computing Auditing*

Mr Du Plessis is the Chief Executive Officer of ASG Sport Solutions. He is also a director of SERA and a director of Sera Fund Managers, which was the vehicle through which SERA invested in SAIP Fund. Mr Du Plessis serves as a Trustee of the South African Intellectual Property Fund, a venture fund created for the commercialisation of early stage South African Technologies. He also represents the Council for Scientific and Industrial Research (CSIR) on various Boards of start-up companies and ventures. Mr Du Plessis also serves on the Scheme's Audit and Investment Committees.

### **Leo Banele Dlamini**

*BCom (Accounting and Finance); MBL, Global Executive Development programme (GEDP)*

Mr Dlamini started his career as Manager: Corporate Business Planning with Eskom, and after four years, he assumed the position of General Manager: Corporate Strategy and Planning. At present, Mr Dlamini occupies the position of Senior General Manager: Office of the Chairman with Eskom. He is responsible for providing an overarching tactical advisory service to the non-Executive Chairman of the Board of Eskom and to provide support to Board members on substance and content pertaining to Eskom's strategic and operational functions. Mr Dlamini served as Energy Sector Co-Chair on the Nepad Business Foundation (NBF) from 2008 to 2010, and as Board member nominee on the NBF in 2011. He is currently a Board member of Pebble Bed Modular Reactor (Pty) Ltd. Mr Dlamini also serves on the Scheme's Remuneration Committee.

### **Johannes Hendrik Windell**

*BA; BA (Hons) Greek, BD*

Reverend Windell serves as minister in the Dutch Reformed Church Sonhoogte, Germiston. He is responsible for all pastoral care and ministry in the Congregation, the general administration

and financial management of the congregation with members of the church council. He also serves on the Board of the local old age home, Solheim Home for the Aged. He has been serving on the Synodal Commission in various capacities since 1995 and is Chairman of the Board of Directors of Metro Evangelical Services, a non-governmental organisation working in Johannesburg, Port Elizabeth, Cape Town and Kempton Park.

### **Ethics Performance**

The Board is satisfied that the Scheme's officers (Trustees and all staff) apply the standards prescribed in the Code of Ethics. No contraventions of the Code were reported during 2015.

### **Board Performance Assessment**

In compliance with the principles encapsulated in the King Code of Good Corporate Governance, the Board has committed itself to conducting ongoing performance assessment of the Board and its effectiveness in order to identify areas of improvement.

Some of the focus areas include but are not limited to:

- The relevance of discussions during Board meetings (the focus must be on strategic rather than operational issues).
- Ensuring sufficient time is spent on the significant matters that the Scheme faces during Board meetings.
- Ensuring that Board members are satisfied with the strategy development process and feedback.
- Ensuring that Board members are informed of what their duties as Board members involve, specifically with regard to their role in dealing with critical governance issues, and that they perform these duties effectively.

### **Bestmed Trustee Remuneration Policy**

In recognition of the expert services and time dedicated by each Board member as a fit and proper person, Bestmed remunerates its Board of Trustees members in accordance with the applicable laws and the rules of a medical scheme.

Remuneration may consist of:

- A retainer fee for holding specific office or being tasked with specific responsibilities;
- A fee or fees per board or committee meeting attended; or
- Attendance and accommodation costs of conferences and training events.

It is Bestmed's policy to remunerate its Trustees and Board Committee members fairly, responsibly and competitively taking affordability and the Scheme's ability to pay into consideration.

The Board will:

- Ensure that the Scheme subscribes to approved national salary surveys and that the positions are appropriately aligned with the market;
- At all times ensure that the best interests of the members are served in the consideration of remuneration levels of Trustees and other Board Committee members;
- Ensure that any amendments to the Trustee Remuneration Policy be tabled and approved by our members at the Scheme's annual general meeting, prior to the implementation thereof;
- Ensure that members and the CMS be provided with all information relating to the proposed principles and remuneration of our Trustees, with ample notice prior to our Annual General Meeting.
- Ensure that the annual financial statements of Bestmed contain complete information in relation to our Trustees' current reimbursement.

### **Board Committees**

The Board Committees for the 2015 period were:

- Investment Committee
- Audit Committee
- Risk Management Committee
- Disputes Committee (ad hoc committee)
- Nominations Committee (ad hoc committee)
- Remuneration Committee
- IT Subcommittee (established in December 2015. It will have specific terms of reference and will be active during the period of the strategic decisions on the migration of the Scheme's IT platforms)
- Disciplinary Committee (ad hoc committee)

The Committees do not assume the functions of management nor do they have any decision-making authority. These Committees meet during the year and make recommendations to the Board of Trustees which is ultimately responsible for decision making and instruction for implementation.

## Audit Committee

Subject to the provisions of Section 36(13) of the Medical Schemes Act, the Board of Trustees must appoint an Audit Committee of at least five members of which at least two shall be members of the Board of Trustees. This is to ensure that there is consistency between the functioning of the Board of Trustees and the functioning of the Audit Committee.

The Bestmed Audit comprises of the following members who meet regularly:

### Bestmed Audit Committee members

| Members                     | Status             |
|-----------------------------|--------------------|
| JFJ Scheepers (Chairperson) | Independent member |
| WJ Botes                    | Trustee            |
| S du Plessis                | Independent member |
| C Mowatt                    | Trustee            |
| Q Vorster                   | Independent member |

### July to December 2015

|                             |                    |
|-----------------------------|--------------------|
| JFJ Scheepers (Chairperson) | Independent member |
| S du Plessis                | Trustee            |
| C Mowatt                    | Trustee            |
| J Lachmann                  | Independent member |
| H Wolmarans                 | Independent member |

As prescribed by the Medical Schemes Act, three of the five Committee members, including the Chairperson, are not officers of the Scheme. The Principal Officer, the external auditor and the internal auditor attend all meetings of the Committee and have unrestricted access to the Chairperson of the Committee.

The Committee is mandated by the Board of Trustees by means of formal Terms of Reference as to its membership, authority and duties. The internal and external auditors formally report to the Committee.

The Committee has an independent role and is accountable to the Board. The role of the Committee is to:

- Ensure accurate, complete and timely financial reporting and oversee the integrated reporting of the Scheme.

- Understand how management develops interim financial information and the nature and extent of internal and external auditor involvement.
- Provide the Board of Trustees with advice on compliance with financial matters relating to:
  - The Medical Schemes Act, 131 of 1998, as amended.
  - The Regulations promulgated by the Minister in terms of the Act.
- Monitor compliance with relevant laws, regulations, the King III report and the Bestmed Trustee Guidelines.
- Assist the Board in its evaluation of the adequacy of internal control systems, accounting practices, information systems and auditing processes applied by the Scheme, in the day-to-day management of its business.
- Facilitate and promote communication and liaison regarding the matters referred to in the preceding paragraph or related matters between the Board, the Principal Officer, and, where applicable, the internal audit division.
- Recommend the introduction of measures which the Committee believes may enhance the credibility of the financial statements and reports concerning the affairs of the Scheme, including the safeguarding of assets.
- Advise on any matter referred to the Committee by the Board.
- Institute and oversee special investigations as needed.
- Obtain outside legal or independent professional advice (the cost of which will be carried by the Scheme) and such advisers may, at the request of the Committee, attend meetings as necessary.
- Review and discuss the audited annual financial statements with the external auditor and management.
- Recommend to the Board of Trustees for the annual financial statement to be approved and read with the audit report of the external auditor.
- Review and monitor the corporate governance practices, in particular the ethical conduct of the Scheme, its trustees and officials.
- Investigate any activity within its terms of reference.

The Committee has a formalised policy in respect of integrated and sustainability reporting. Apart from these two aspects, the Committee has satisfied its responsibilities for the year in accordance with the formal Terms of Reference including, providing the Board with:

- Assurance that internal controls are appropriate and effective.

- The terms of the external auditor's engagement and remuneration, and ensuing results emanating from the review process pertaining to the quality and effectiveness of the external audit process.
- Assurance that the external auditor is independent of the Scheme.
- Assurance that the expertise, resources and experience of the finance staff in our employment is appropriate for the Scheme's size and nature.

### **Risk Management Committee**

Bestmed has established a Risk Management Committee which includes the Principal Officer and senior management as attendees in the meetings.

The Committee is mandated by the Board of Trustees by means of formal Terms of Reference as to its membership, authority and duties.

The Risk Management Committee is responsible inter alia for assisting the Board to ensure that:

- Scheme management have implemented an effective policy and plan for risk management that will enhance the scheme's ability to achieve its strategic objectives.
- The risk policy is reviewed annually and recommended to the Board for approval.
- The reporting regarding risk is timely, relevant and comprehensive.
- Recommendations are made to the Board concerning levels of tolerance (or risk appetite) and monitoring that risks are managed within the tolerance levels set by the Board.
- Formal risk assessments are performed on at least an annual basis with informal updates including emerging risk identification taking place on a more regular basis.
- All emerging risks have been identified and are being mitigated or managed by assessing the register of key risks facing Bestmed together with management's responses to address these key risks.

### **Investment Committee**

The Committee met three times during the year. The Principal Officer and senior management attend meetings of the Committee.

The Committee is mandated by the Board of Trustees by means of formal Terms of Reference as to its membership, authority and duties.

The role of the Committee is to advise the Board of Trustees and management on:

- The best possible investments of a long-, medium- and short-term nature for the Scheme's resources available for that purpose.
- Amendments to, or the reinvestment of, existing investments.
- Possible steps that may be considered in respect of the investment of available funds.

### **Remuneration Committee**

The Committee met four times during the course of the year, the last on 2 November 2015.

The Committee is mandated by the Board of Trustees by means of formal Terms of Reference as to its membership, authority and duties.

The Committee has an independent role, to oversee an effective and efficient system of remuneration and make recommendations to the Board for its consideration and final approval.

The role of the Committee is to assist the Board to ensure that:

- The Scheme remunerates Trustees and senior management fairly and responsibly.
- Disclosure of Trustee and senior management remuneration is accurate, complete and transparent.
- Remuneration policy and practices are regularly reviewed.
- Salary survey information is interpreted in a responsible and sound manner.

### **Disciplinary Committee**

The Committee did not meet during the course of the year, as there were no complaints lodged during the year. The Committee is mandated by the Board of Trustees by means of formal Terms of Reference as to its membership, authority and duties.

The Committee is responsible for overseeing a fair disciplinary process and make recommendations to the Board for its consideration and final approval. The role of the Committee is to assist the Board in the handling of disciplinary complaints against a Trustee(s).

### **Nominations Committee**

The duties of this Committee are only required if and when there are appointed Board member vacancies to be filled in accordance with the provisions of our registered Rules. The Committee did not meet during 2015.

### **Disputes Committee**

The Board has established a Disputes Committee whose role it is to adjudicate disputes that may arise between a member, former member or person claiming against the Scheme. It was not necessary for the Committee to meet during 2015.

The Committee is mandated by the Board of Trustees by means of formal Terms of Reference as to its membership, authority and duties.

### **Internal Audit**

Bestmed maintains an effective risk-based internal audit function which was fully insourced in 2015. The Audit and Risk Committees are responsible for ensuring that the internal audit function is independent and functions in terms of an approved Internal Audit Charter. It also has the responsibility to ensure that the internal audit function has the necessary resources, standing and authority within the Scheme to discharge its responsibilities.

The internal audit function reports functionally to the Audit Committee. Internal audit's annual audit plan is approved by the Audit Committee and during the reporting period the internal audit function furnished the Audit Committee with various reports on the adequacy and effectiveness of the Scheme's internal audit control environment.

The internal audit function additionally provides an annual written assessment of the effectiveness of the Scheme's system of internal control and risk management to the Board of Trustees. The performance of the internal audit function is evaluated annually by the Audit Committee.

### **Information Requests**

There were no requests lodged with Bestmed for information in terms of the Promotion of Access to Information Act, 2000 during 2015.

### **Safeguards/Systems/Governance/Compliance Measures**

The Bestmed Ethics Hotline is operated by an external service provider and aims to enhance an honest work ethic. It simultaneously provides our employees with a mechanism to bring any unethical business practices to the attention of Scheme management.

The Bestmed Hotline successfully serves as an independent conduit between management, employees and the general public. All information is treated as confidential and the anonymity of callers is continuously protected. The hotline operates 24 hours a day, 365 days a year. We receive regular reports and investigations are launched where necessary.

A total of 12 Hotline complaints were lodged during 2015 and these included reports of fraudulent claims submitted by service providers and incorrect benefit payments. Some of the investigations revealed numerous submission errors relating to claims by service providers. Even though these errors were addressed during the investigation process, Bestmed strives to keep an eye on the submissions of the service providers.



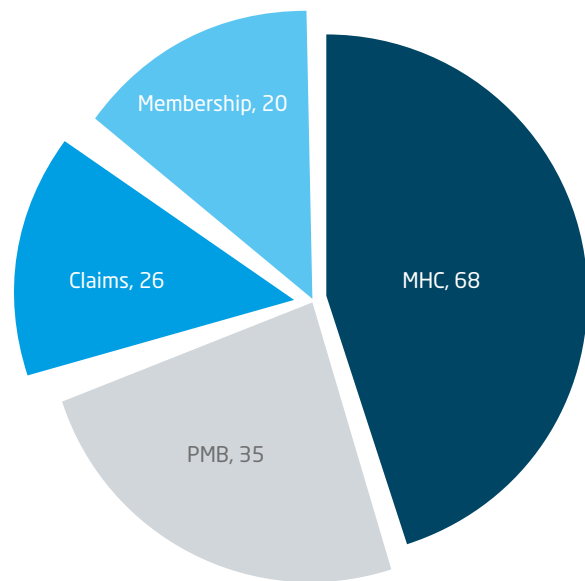
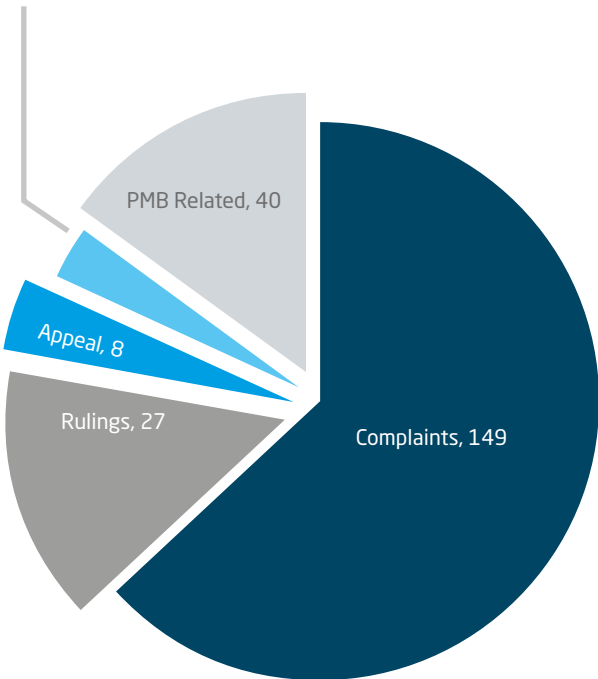
## Complaints

A total of 230 CMS communicues (which include complaints, refer backs, rulings and appeals hearing outcomes) were received from 1 January 2015 up to 31 December 2015. The table below indicates the complaints, rulings, appeals and directives from the Appeal Committee that were received during this period:

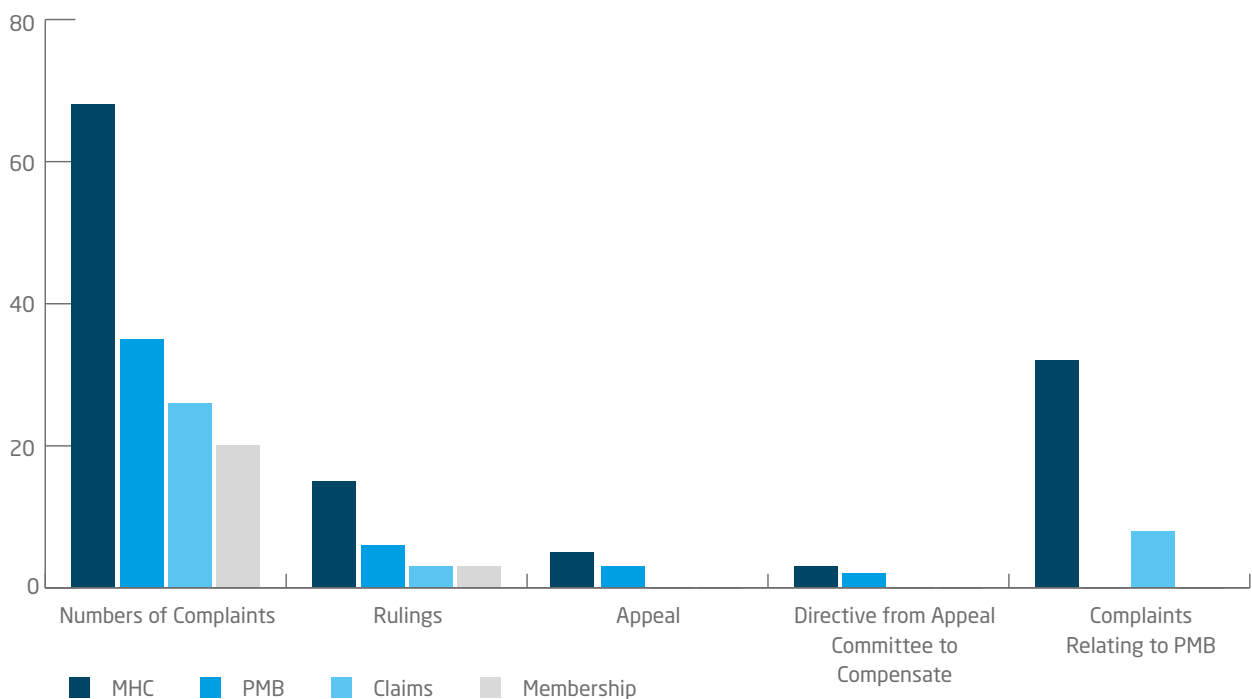
### CMS Complaints 2015 (Per department)

#### CMS Complaints 2015

Directive from Appeal Committee to Compensate, 6



#### CMS Complaints 2015



## Health and Safety

As part of its responsibility, the Legal and Corporate Governance Department oversees the risks that the Scheme faces in the areas of safety, health and the environment in all its offices. The matters we consider and pro-actively manage are a mixture of legal obligations arising from the South African legislation or regulatory environment as well as other actions we believe are necessary to demonstrate our commitment to being a good corporate citizen and a responsible employer.

The primary health and safety responsibilities include:

- Assisting management and the Board by ensuring that the Scheme is compliant in all matters relating to health and safety-related legal and regulatory requirements in the workplace, utilising aspirational standards and the implementation of a culture in which these standards are promoted and enforced.
- Providing feedback to management on health and safety matters (including, where relevant, public safety).
- Reporting to management on recent developments, trends and/or forthcoming significant legislation in relation to health and safety matters which may be relevant to the Scheme's operations, its members or employees.
- Ensuring a robust and independent assurance and/or audit process is implemented by management.
- Providing management with the Scheme's external health and safety reporting and regulatory disclosures.

### Health and Safety Activities in 2015

The health and safety team met eleven times during the year, where safety, health, environment, governance, regulatory and reporting matters were discussed.

An evacuation exercise was carried out successfully and system changes were introduced to ensure a more efficient evacuation and to reduce the evacuation time.

We can report that no major incidents, accidents or the like occurred during this period. Notwithstanding the aforesaid clean record, we constantly monitor and pro-actively implement measures to secure the safety and health of our employees and visitors.

Shortcomings are evaluated and guidance and assistance are given to successfully resolve urgent issues.

## New Products/Benefit Options

A medical scheme shall apply to the Registrar in terms of Section 33 of the Medical Schemes Act for the approval of any benefit option if such medical scheme provides members with more than one benefit option.

Prior to Bestmed applying for approval for any benefit option registration, extensive research and viability studies are conducted including specialist actuarial input in order to confirm, inter alia the financial soundness and viability of such potential benefit option.

During 2014, and after performing the aforesaid due diligence studies, Bestmed submitted an application to register efficiency-discounted options (EDOs) for the Beat range with the Registrar in terms of Section 33 of the Medical Schemes Act. The application was not timeously approved by the Council for Medical Schemes (CMS) for implementation on 1 January 2015. Nevertheless, subsequent to Bestmed submitting further information to substantiate the application, the CMS approved the application and registered the following EDOs: Beat1 Network, Beat2 Network and Beat3 Network.

The aforesaid Beat Network options were made available to members from 1 June 2015, which served to give enough time for Bestmed to inform members, brokers and employer groups that were affected by the delayed approval and registration of the Beat Network options.

### Implementation of New Legislation or Other Regulatory Initiatives which Impact/May Impact on the Scheme

In compliance with the provisions of the Protection of Personal Information Act (POPI), Bestmed also has a statutory duty, as contained in Section 57(4) (i) of the Medical Schemes Act, to take all reasonable steps to protect the confidentiality of medical records concerning the state of health of any of our members.

Bestmed has and continues to maintain its commitment not to share any confidential information including but not limited to banking details and the medical history of members with any third party, unless authorised thereto by the respective member or by law. We always endeavour to assure our members, that their confidential information will be handled in a manner that is accountable, lawful and reasonable with minimal intrusion

on their rights. We also confirm that any and all personal information will be treated with the strictest confidence.

### Private Healthcare Inquiry

On 29 November 2013 the Competition Commission (“the Commission”) first announced that it would conduct a private healthcare inquiry (“the PHI”).

The PHI terms of reference include:

- An analysis of the interrelationship between various markets in the private healthcare sector;
- An inquiry into the nature of price determination;
- Establishing a factual basis for recommendations that support the achievement of accessible, affordable, high quality and innovative private healthcare;
- Evaluating the nature of price determinations in relation to competition between different categories of providers and funders, bargaining power between the different providers and funders and the level and structure of process of key services including an assessment of profitability and costs;
- Evaluating and determining the factors influencing the increase in private healthcare prices and expenditure;
- Evaluating how consumers access and assess information regarding private healthcare providers and how they exercise choice; and
- Conducting a regulatory impact assessment that reviews the current regulatory framework and identifies gaps that may exist, including the interpretation of Prescribed Minimum Benefits and the introduction of risk equalisation funds.

During 2015, the Commission process continued with requests for more information from Bestmed. The information included claims data and payments relating to PMBs which were duly provided to the Commission.

Despite our commitment to participate and comply with this process, we can assure our members that every effort to protect their rights and maintain confidentiality of the information provided to the Commission has at all times been maintained. All the information provided to the Commission was de-identified (a term used for removing all personal details associated with the member concerned) to ensure that only the information necessary for the Commission to do its work is provided. Bestmed has, in addition provided legal submissions in order to provide its input and contribution to the process.

### Amendments of Fit and Proper Requirements in terms of the Financial Advice and Intermediary Services (FAIS) Act

The draft amendments of the Fit and Proper requirements for financial services providers, key individuals and representatives were published in December 2015. No changes were made to the existing requirements, but additional requirements were added. The proposed amendments are designed to meet the consumer protection objective of the FAIS Act and to ensure clarification of the applicable requirements.

The new requirements do not propose any amendment to the current categorisation of financial services providers as this is a matter that will be addressed through the Retail Distribution Review (RDR).

It further does not address those aspects of the competency framework that are currently under review by the Registrar of Financial Services Providers. Industry consultation on this framework is in progress, and the Registrar will issue a proposal for public consultation by mid-2016. The objective of the review is to build on the existing competency requirements by establishing an effective and balanced regulatory framework to ensure FSPs have the right levels of product-related knowledge, meet appropriate standards of professionalism and undergo continuous professional development where necessary.

“No country can really develop unless its citizens are educated” - Nelson Rolihlahla Mandela

### Looking ahead

Despite the challenges confronting Bestmed and the industry in its entirety, it is our informed and considered view that we continue to provide a high quality and competitive offering to our members. The heavily regulated environment in which we operate remains challenging from a governance and regulatory perspective. We continuously investigate inventive and creative ways to maximise benefits to our members and will strive to do so as far as practically possible. Bestmed remains a sound and sustainable scheme. We are confident that our culture and values will continue to provide our members, our Regulator and the public, with peace of mind that we will continue to act in the best interests of the Scheme and our members at all times.



Financial  
Advisory and  
Intermediary  
Services  
Compliance  
Report.

With the introduction of the new Acts we see that the Treating Customers Fairly (TCF) principles are now being entrenched into legislation.

Timelines for the implementation of the new Acts:

- The FSR Bill - effective July 2016 (Financial Sector Regulation Bill)
- The FSCA - effective end of 2016 (Financial Sector Conduct Act)
- COFI - no date given (Conduct of Financial Institutions Act). Once this Act is implemented the FAIS Act will no longer exist

The principles of the above:

- Being proactive
- Outcomes focussed
- Risk to the consumer based
- Comprehensive and consistent
- Intensive and intrusive legislation

### Retail Distribution Review (RDR)

RDR contains 55 proposals of which 14 of these proposals are to be implemented (phase 1). Some of the proposals in phase 1 are still in consultation with the parties involved, e.g. the categories of advisers.

A possible alternative to the current proposed categories of advisers will be two-tier licence categories (note that an adviser cannot be both):

1. Registered product supplier agent
2. Registered financial adviser

### There will be a shift back to the product supplier.

The main regulatory instruments that are going to be used to give effect to phase 1:

- The Long and Short Term Insurance Acts are going to be replaced with the Insurance Act
- The Policy Protection Rules (PPR) of the Long and Short Term Insurance Acts are going to be revised
- Revised Fit and Proper Requirements of FAIS
- Revised FAIS General Code of Conduct where conflict of interest is going to play a big role

Some of the legislative changes aimed at levelling the playing fields and protecting the customer:

- The definition of "intermediary services" by product suppliers (will client service centres of product suppliers be forced to be registered by the FSB?).
- Debarment is going to be industry wide and not just limited to the FSP.

### Supervision

Tick box compliance/supervision is a thing of the past. There will be a shift from one size fits all compliance to what the risk of your conduct is to your customer. Data collection and management is going to play an important role as proof is needed to show your compliance. Complaints as an example:

- What are the core reasons/cause for the complaints (look at trends)?
- How did you handle the complaint/ what actions did you take?
- How must products be amended to address the above (taking what is in the best interest of the customer into account)?
- Post sales issues?

From the above we see that the supervision will be focussed on the implementation of TCF.

### Level 2 Regulatory Exams and CPD

There is currently a general exemption to the Fit and Proper requirements for level 2 regulatory exams and CPD. Level 2 RE's are only focussed on product knowledge. It is planned that the product supplier take responsibility for the training and assessment of representatives in the various sub-categories.

Continuous Professional Development (CPD) will be made more cost effective by limiting the providers approved by the FSB to professional bodies only. Registration with the various professional bodies will not be needed.

protective



Human  
Resources  
Report

## Philosophy

Our human resources philosophy is all about engaging people mentally, emotionally and intellectually to increase awareness and improve value-adding at the point where it matters most - with the end-users, our members. We believe that organisations differ in the intention of their energy, hence we endeavour to create a consistent sense of urgency to unleash organisational energy in support of change initiatives, whether these are incremental or radical innovations. It requires consistent building and maintenance of reward and recognition programmes, specifically related to our three-tier recognition programme. To a large extent, human resources is involved in the process of unlocking the ability of our staff to act and execute the Scheme's strategic intent, and to understand the effect of the work climate on employee and organisational outcomes. We aim to influence the culture of the organisation by investing in and supporting intrinsic motivation initiatives, rather than extrinsic motivation.

## Important 2015 Indicators

| Category                        | 2014                         | 2015                         |
|---------------------------------|------------------------------|------------------------------|
| Current Employment Equity Ratio | 56%                          | 54%                          |
| Resignation Rate                | 11.55%                       | 10.87%                       |
| Separation Rate                 | 15.31%                       | 13.98%                       |
| Average No. of Employees        | 372                          | 386                          |
| No. of Training Interventions   | 1 110                        | 942                          |
| Average Performance Rating      | 3,38/5                       | 3,49/5                       |
| Best Employer to Work For       | Standard of Excellence Award | Standard of Excellence Award |

## 2015 Highlights

### TALENT ACQUISITION

#### Achievements 2015

- Full scale automation of the recruitment and selection process through the SCubed module, including all document flows and administration.
- Capturing of all job profile information on SCubed to facilitate easy retrieval, mapping and usage in the recruitment value chain.
- 19 of the 20 appointments as from August 2015 (which marks the start of our revised employment equity (EE) plan after a full EE audit) were EE candidates.

## Overview

The HR department undertook many larger development and automation projects in 2015. Most of these were rolled out successfully and implemented despite the numerous 'curve balls' that were thrown at us during the year. We look back at a highly challenging yet fruitful year. During 2016, we plan to address the outstanding automation issues and ensure that we put measures in place to enhance our compliance in all areas. The ongoing difficulty in finding suitable talent within our employment equity constraints remains our biggest challenge, together with ensuring that we spend effectively and sufficiently on training to achieve our B-BBEE targets as a business imperative. Our staff to member ratio is still significantly lower than those of some of our direct competitors.

- All positions now include assessments as standard practice.
- The Bestmed Integration programme has been reconfigured to fully integrate new personnel into the Bestmed way. The Integration programme commences on the first of every month for all new appointments. During this daylong session, new staff are introduced to the Bestmed mission and vision, the different Bestmed Departments, internal operational and HR processes and procedures.

### TALENT DEVELOPMENT

#### Achievements 2015

- AET programme implemented with many learners successfully completing the levels enrolled for, although

most learners experienced difficulty with the mathematics modules.

- Successful completion of the 2014/2015 learnership in the call centre, with seven out of the ten learners being employed permanently.
- The 2015 internship programme was successfully completed and we employed two candidates on a permanent basis and two on contract.
- We sourced and implemented STT, a simulation tool to assist us with operational training. The team has embarked on designing content and has made good progress.
- Development has commenced on SCubed to fully implement the learning management module.
- The talent optimisation programme was launched and phase 1 will be completed in August 2016.
- Successful roll-out of Phase 2 of the Team Growth Strategy with TBI.

### **TALENT WELLNESS**

Achievements 2015

- Continued support provided to staff via ICAS and IEMAS.
- Health check programme was well attended and received by staff.
- Ergonomic assessments done for all staff with a report and exercise programme for each.
- Stress management training was rolled-out and well attended.

### **TALENT PLATFORM**

Achievements 2015

- We have automated the recruitment and performance management process.
- We also rebranded the entire SCubed platform and branding of the talent team to staff.
- Many policies and procedures were reviewed, changed and edited in cooperation with Honeycomb Consulting to meet legislative requirements. These were submitted to executive management and the Employment Equity Forum (EEF) and approved.
- Successful implementation of the OHFB survey and the results were used during the performance assessments of managers.
- Roll-out of Autotask as our new management tool for all HR- and training-related tickets.

### **TALENT PERFORMANCE**

Achievements 2015

- Revision of contribution appraisal components and getting buy-in from stakeholders.
- Revised performance contracts were incorporated into SCubed and the automated evaluation process was successfully conducted in November 2015.
- The management compulsory components and the management incentive components were reviewed to incorporate elements of importance such as B-BBEE, Innovation, SCubed management and the OHFB survey. This is to ensure the implementation of these important processes within the Scheme.

### **TALENT REWARD AND RECOGNITION**

Achievements 2015

- Successful review process conducted by Bestmed's Retirement Fund Management Committee with Momentum as the chosen provider for the Pension Fund and Group Life benefits as from 1 January 2016.
- Salary survey data being readily available to assist with increase decisions.
- All 42 requests for job evaluations were conducted in-house. This process saves costs and ensures quick response and support to business. It also ensures sound remuneration practices and compliance to legislation regarding Equal Pay for Equal Work.
- Three rounds of quarter winners for the Best Pacesetter programme were identified and rewarded.
- Incorporated line management input into the Excellence Award winner nomination process to enhance buy-in.

### **TALENT RELATIONS**

Achievements 2015

- A comprehensive EE audit was completed by Honeycomb Transformation and actions implemented.
- Re-establishment of the EE Forum and campaign to promote work done in this space.
- The Scheme's revised EE plan was submitted to the Department of Labour after consultation and analysis processes were completed, as per legislative requirements.
- Review of our processes and templates, with feedback incorporated into revised and approved policies.
- The process to address sick leave abuse was tightened and is successfully monitored by HR.

# Operational Report

Our Membership (Corporate and Individual business units) and Claims departments render services relevant to the membership/reconciliation and claims database to the following member groups as at 31 December 2015:

| Category     | Number of Principal Members |               |
|--------------|-----------------------------|---------------|
| Corporate    | 62 179                      | (67%)         |
| Individual   | 29 272                      | (30%)         |
| Government   | 2 815                       | (3%)          |
| <b>TOTAL</b> | <b>94 266</b>               | <b>(100%)</b> |

Operations managed to exceed all the enhanced 2015 targets and organisational goals and the current performance remains consistent. No major incidents or disruptions occurred in the Operational division during the year. It is anticipated that we will continue to achieve and surpass our goals in 2016 subject to a stable system and interface foundation.



inspired

### 2015 Operational Performance Dashboard

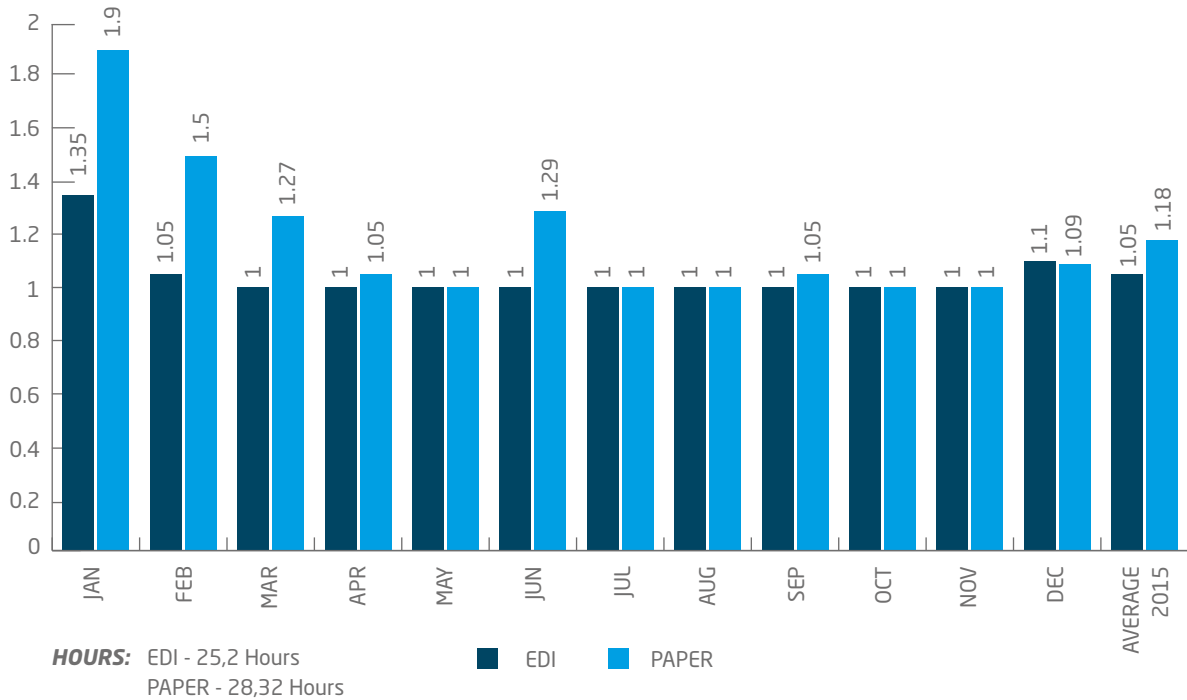
| Key Performance Area                                 | Goal             | 2015 Performance | % Variance | Change |
|--|------------------|------------------|------------|--------|
| <b>Claims</b>  |                  |                  |            |        |
| Paper claims: receipt to assessed (1 day = 24 hours) | < 40 Hours       | 28,32 hours      | 29,2%      |        |
| EDI claims: receipt to assessed (1 day = 24 hours)   | < 26 hours       | 25,2 hours       | 3,0%       |        |
| Claims error %                                       | 0,07%            | 0,04%            | 43%        |        |
| <b>Membership</b>                                    |                  |                  |            |        |
| Changes to membership status and new applications    | < 48 hours       | 42 hours         | 12,5%      |        |
| Reconciliation management: number of discrepancies   | < 800            | 360              | 55%        |        |
| Reconciliation management: R-value                   | < R1,5 mil debit | R98 085          | 100%       |        |

## Claims Processing

Our claims processing performance is totally reliant on a stable operating platform. Apart from a number of problems with EDI downloads and NAPPI codes not switching to Mediscor in June and July, no real crises were experienced.

The following performance indicators confirm that we are consistently processing EDI and paper claims on a same-day basis, meaning on the day that they are received in the department. Measurement across all the operational spaces is done in increments of 24 hours which equals one working day of eight hours.

### Claims Processing Turnaround Times 2015

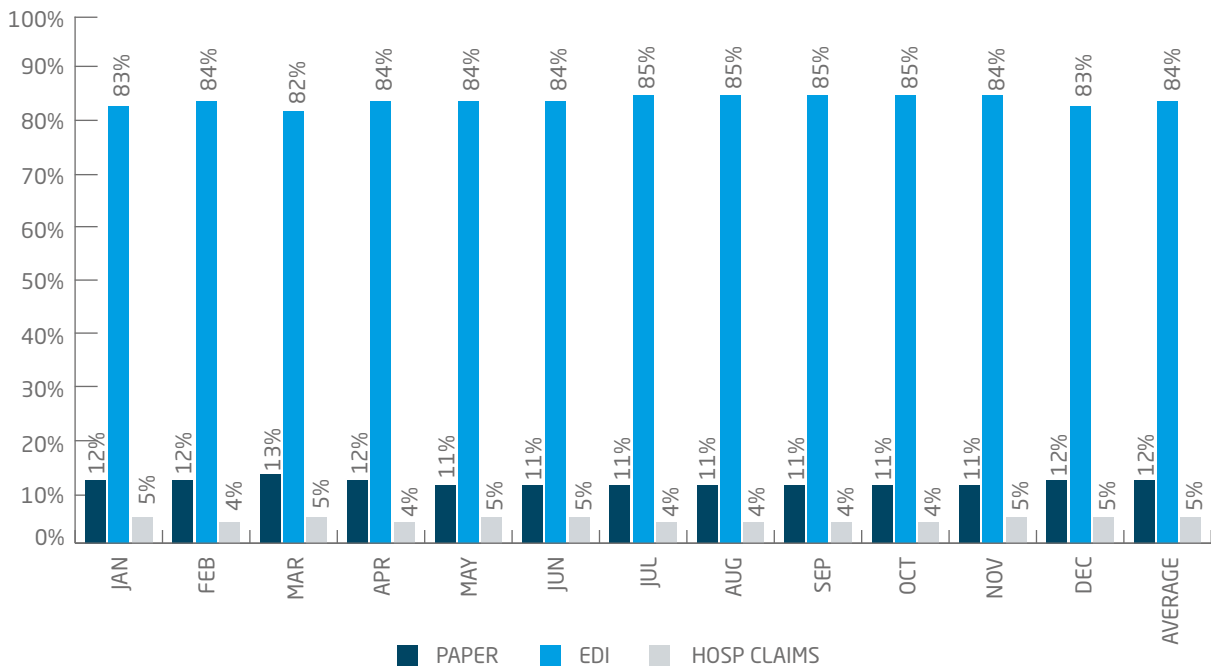


### Claims Processing Error Rate 2015

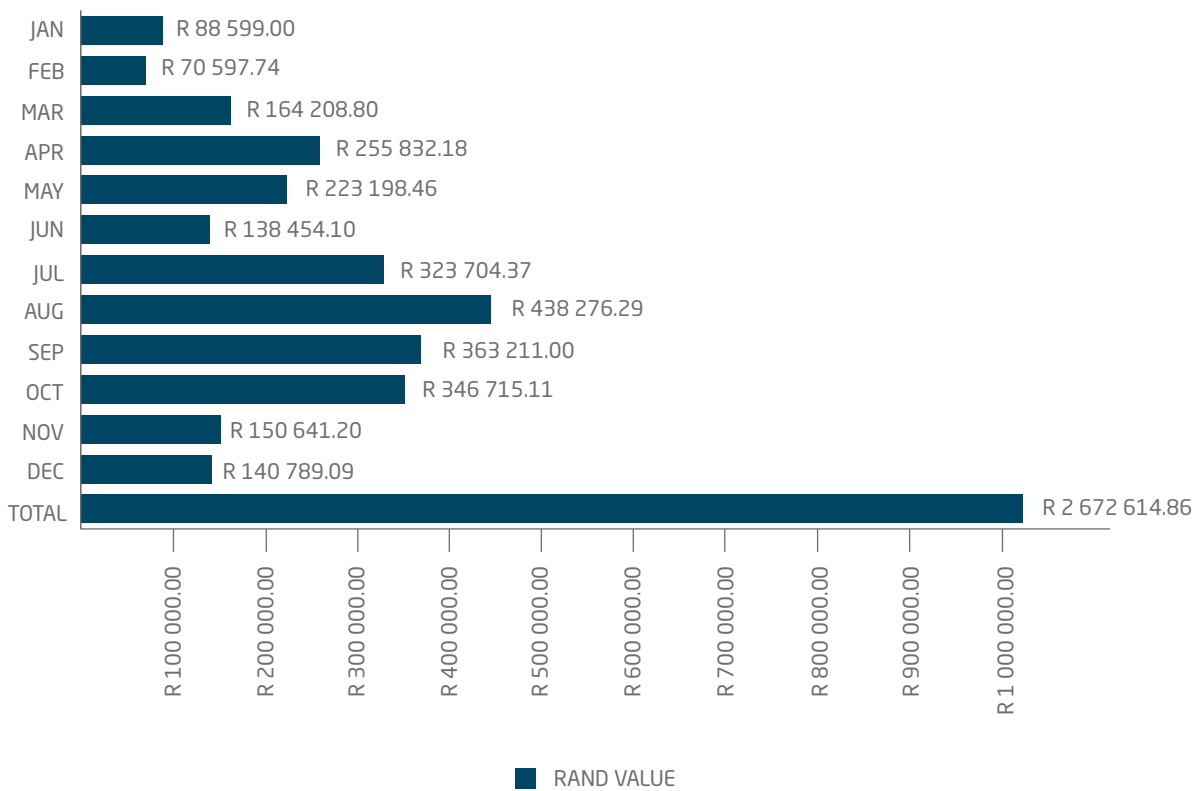




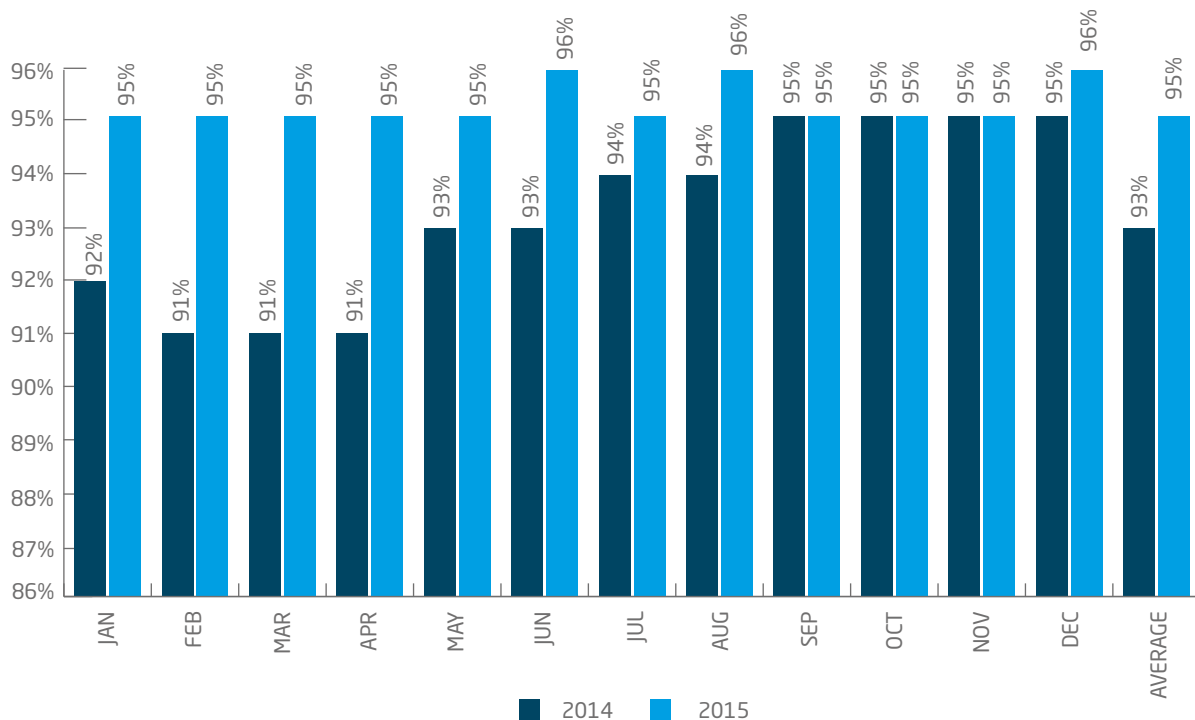
### Breakdown of Claim Types 2015



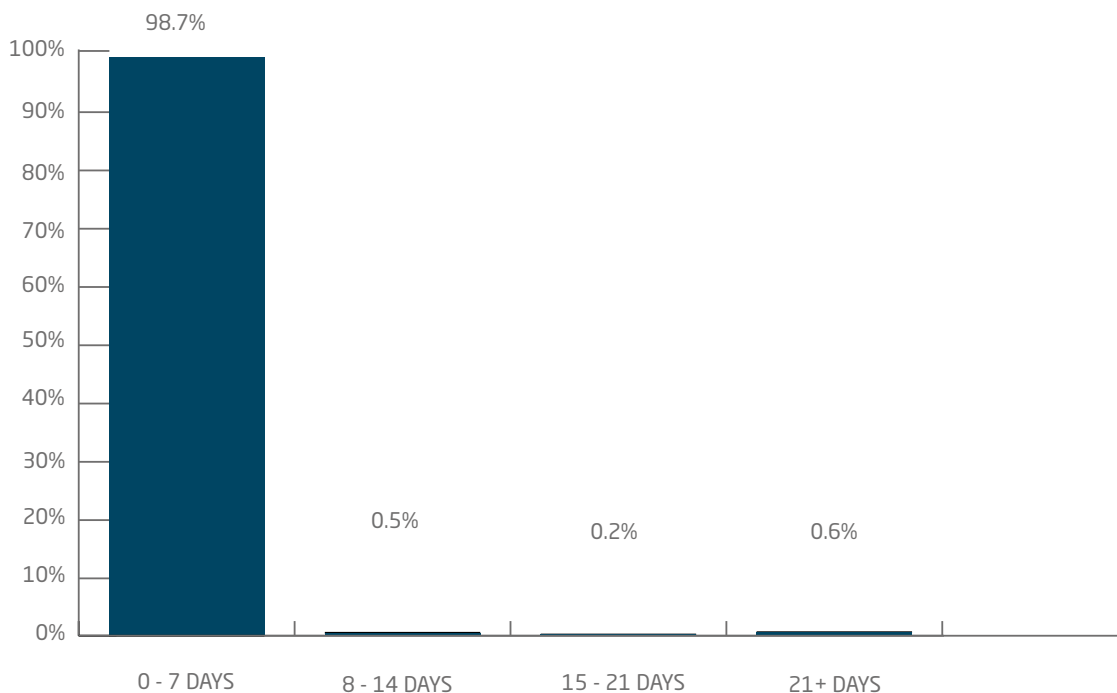
### Ex Gratia Payments 2015



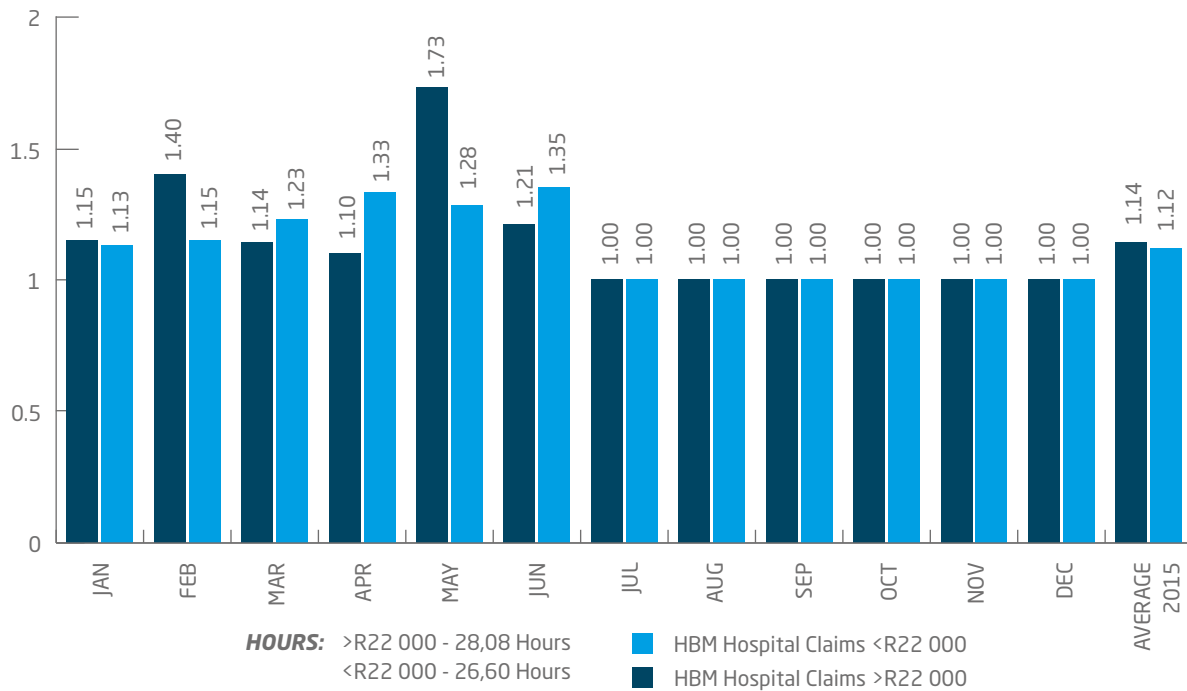
### Percentage EDI Claim Lines 2015



### Claims Age Analysis 2015

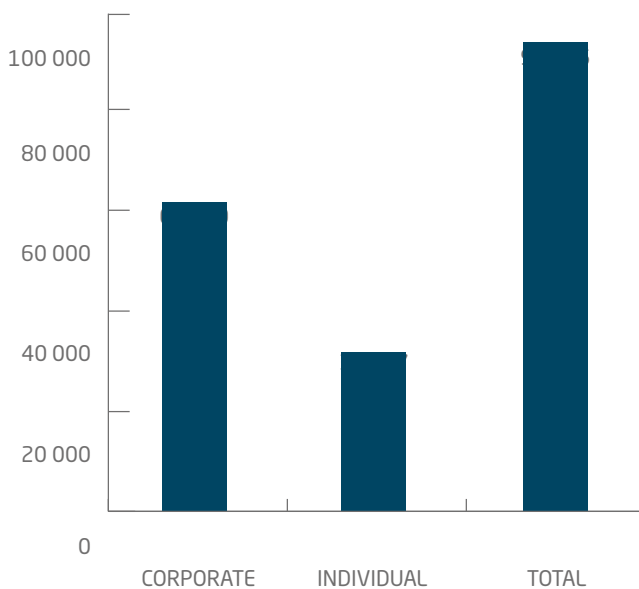


## Hospital Claims Turnaround 2015



### Membership

The Membership Department comprises two separate business units, namely Membership Corporate Business (responsible for 67% of the total member base) and Membership Individual Business (responsible for the remaining 33% of the member base).



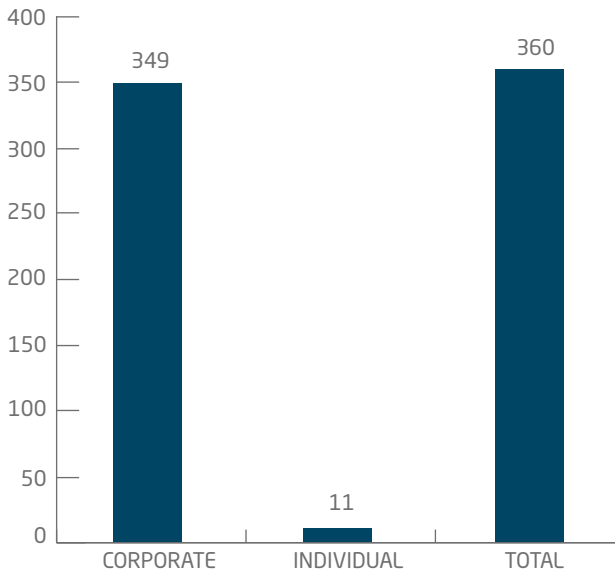
The status of our membership administration, which involves the processing of new applications and changes to membership status, remains highly satisfactory and it would not be possible to execute these administration functions faster without

compromising quality. The fact that we have managed to create an almost completely paperless environment in both membership divisions is something we are very proud of. Reconciliation management represents one of the most important business differentiators. Regardless of the many manual interventions required, credit should be given to a very stable operating system, being the foundation of our administration and reconciliation performance.

Different methods are used to collect subscriptions in the two business units, which pose different challenges. Membership Corporate Business is fully reliant on the cooperation and support of participating employers to manage and correct the discrepancies at a member level. In the case of Membership Individual Business, we collect subscriptions electronically via ACB (debit order). It is evident that corrections were made and the number of discrepancies has reduced since January. Bestmed follows a very lenient reconciliation strategy with our participating employers and will not summarily suspend benefits in the case of short payments or no payments. These discrepancies are followed up with the employers and they are granted a three-month opportunity to correct their database and payments.

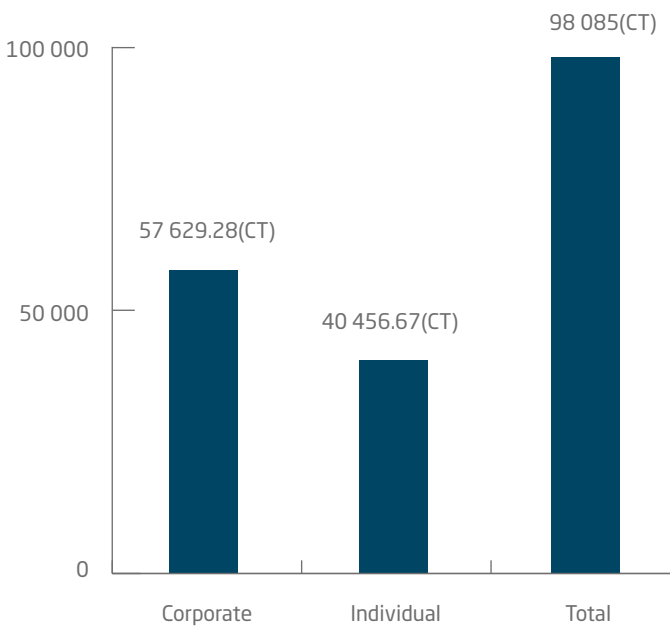
We are confident that the manner in which we contract this business imperative by means of number of discrepancies and Rand-value of discrepancies, contributes to the highly satisfactory status of the subscriptions profile.

### Reconciliation Discrepancies per Category - Dec 2015



### Rand Value of Discrepancies per Category - Dec 2015

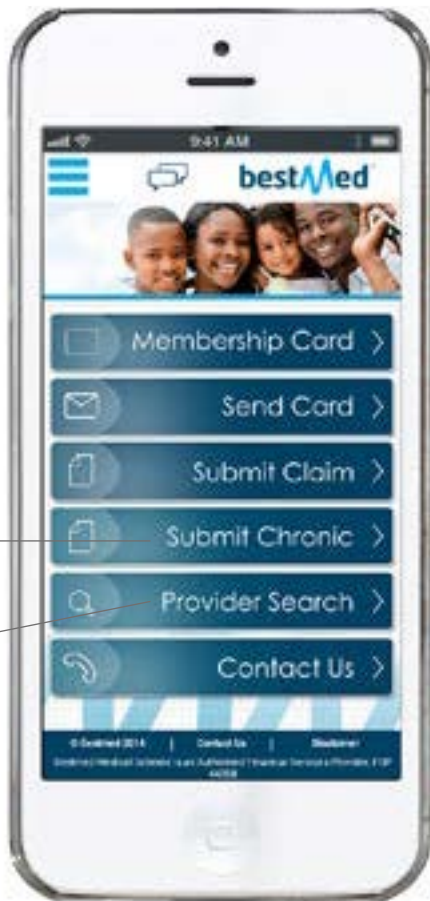
The reconciliation management process used for our corporate clients allows membership a 90-day period to ensure that corrections and inputs are done by all stakeholders (HR, payroll and consultants), meaning that suspension of benefits/membership only becomes relevant once this period has lapsed. The results of all inputs are reflected on a monthly age analysis summary. Payment balances for individual members will be automatically adjusted and rectified with the next ACB debit order run and are obviously less challenging because of its automated status.



## Innovation in Progress

Phase 2 of the Bestmed app has been rolled-out to members by Operations and handed over to the marketing department as a further value addition.

### Home Screen



New -  
Submit Chronic

New -  
Provider Search

### Additional Functionalities



Update Details

View Benefits

Tax Certificate

Messages

Logout

We are more than satisfied with our operational performance in all three business units in 2015. The consistency in our performance and the non-debatable daily, weekly and monthly monitoring of measurable results in every operational space are evidence of our commitment to deliver excellent service to our clients. Operational risk factors have been further reduced in 2015. We will continue to face challenges and confront surprises, but we are confident in our ability to overcome these and know our planning, forecasting and coordinated action will

culminate in client experiences second to none in the industry. Our challenge going forward is to increasingly pay attention to our clients' needs, to find integrated and automated system solutions, in principle to remove the "pain" from their lives and to continue with our drive to automate and change processes.

**"Success in the Operational space is 20% strategy and 80% execution"**

be happy

Client  
Relations  
Report



## Overview

This report summary reflects the performance of the following units for the period January to December 2015:

- Client service centre
- Key account division
- Wellness unit

The focus of the client relations department in 2015 was on ensuring that services rendered via the different channels and contact points were characterised by consistency in and of:

- Responsiveness
- Quality of service rendered
- Professionalism
- Ease of access

These service criteria and standards were then implemented not only towards each service channels but each of the channels had to be customised to accommodate the four client groups or service audiences, namely:

- Brokers/intermediaries
- Providers
- Members
- Employer groups

2015 was also the first year that the satisfaction of all of these four target audiences or client groups was measured separately. The results of these surveys are being included in this report.

## Client Contact Centre Performance

The Client Contact centre's main client groups are:

- Service providers
- Members
- Brokers

The department consists of four different sections:

- Reception - resolves walk-in-queries
- Call centre - focuses on telephone queries
- Back-office or the communication department - focus on all written, email and online queries
- Quality, Escalations and social media

At present the performance of these sections are as follows:

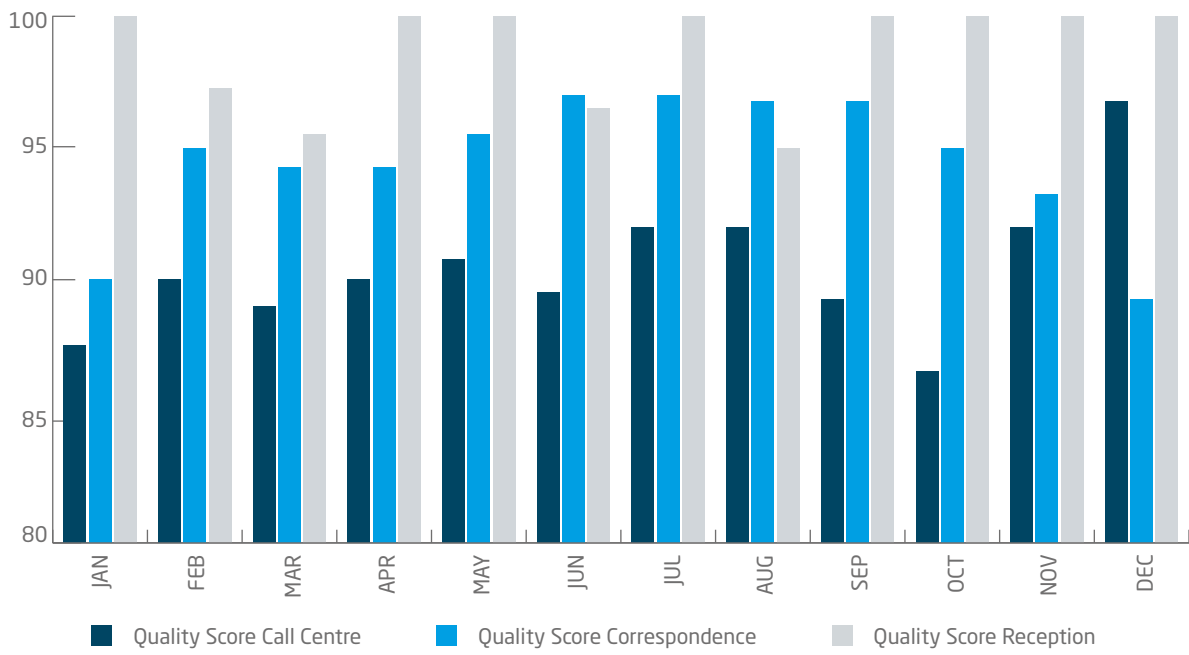
| Channel                      | Number of employees | Average queries per day per agent | Quality score measured in 2015 |
|------------------------------|---------------------|-----------------------------------|--------------------------------|
| Walk-in-queries (Reception)  | 3                   | 15                                | 99%                            |
| Telephone queries            | 39                  | 85                                | 91%                            |
| Back-office (correspondence) | 15                  | 65                                | 95%                            |

## Call Centre Performance

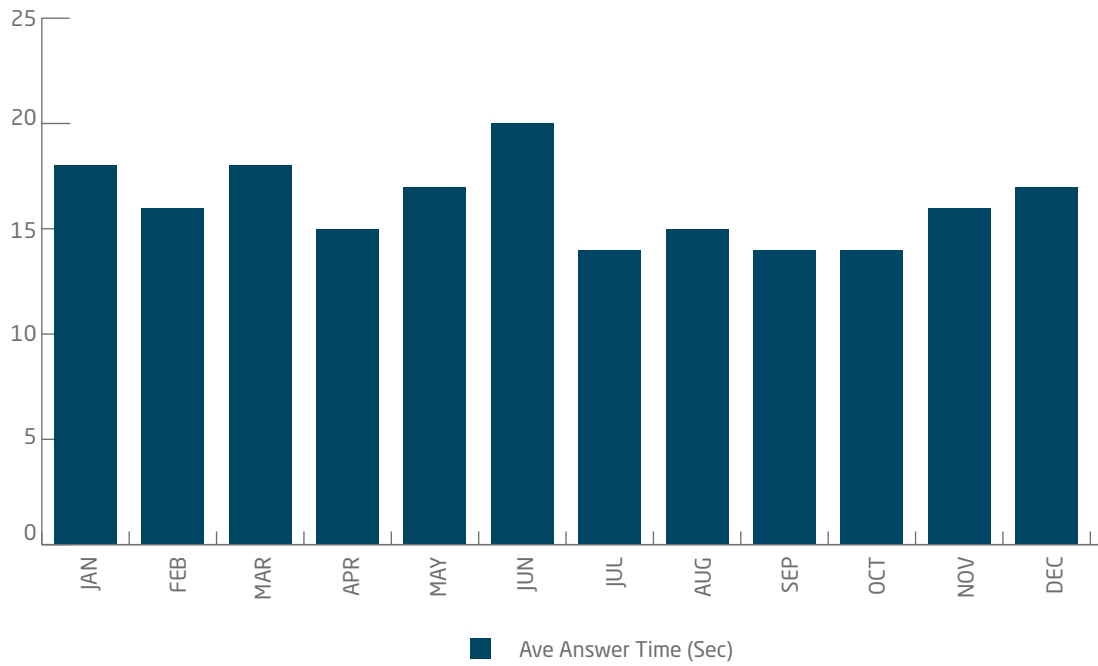
| Call Centre                        | SLA    | Year to Date |
|------------------------------------|--------|--------------|
| Calls Received                     |        | 583,977      |
| Calls Answered                     |        | 565,174      |
| % Service Level                    | 85.0%  | 84.9         |
| Ave Answer Time (Sec)              | 20 sec | 16           |
| % Abandoned                        | 5%     | 3.1          |
| % Call Transferred                 | 5%     | 1.3          |
| Quality Score Call Centre          | 90%    | 91           |
| <b>Correspondence</b>              |        |              |
| Fax                                |        | 487          |
| Email                              |        | 267048       |
| Mail/Docs                          |        | 24956        |
| Average Wait to Answer (hrs)       | 48 Hrs | 18:07:04     |
| Quality Score Correspondence       | 90%    | 95           |
| <b>Reception</b>                   |        |              |
| Number of Walk-ins                 |        | 8213         |
| Quality Score Reception            | 90%    | 99           |
| <b>95MHC</b>                       |        |              |
| Calls Received                     |        | 181,685      |
| Calls Answered                     |        | 176,452      |
| % Service level                    | 85.0%  | 86.7         |
| Ave Answer time (Sec)              | 20 sec | 15           |
| % Abandoned                        | 5%     | 2.8          |
| <b>Combined Call Centre</b>        |        |              |
| Calls Received                     |        | 765,662      |
| Calls Answered                     |        | 741,626      |
| % Service Level                    | 85.0%  | 85.3         |
| Ave Answer time (Sec)              | 20 sec | 16           |
| % Abandoned                        | 5%     | 3.0          |
| <b>Hello Peter Complaints</b>      |        |              |
| Received                           |        | 121          |
| <b>Web Online Service</b>          |        |              |
| Web Usage for Month                |        | 308,522      |
| Members Registered                 |        | 29,695       |
| Providers Registered               |        | 20,068       |
| Brokers Registered                 |        | 558          |
| Live Chat - Call Centre            |        | 1,499        |
| <b>One Stop Shop</b>               |        |              |
| Ave % >90% on Quality              |        | 73           |
| Ave % >90% on One Stop Assessments | 75%    | 72           |
| % FTQR on Quality Evaluations      | 75%    | 91           |
| <b>Average</b>                     |        | <b>79</b>    |



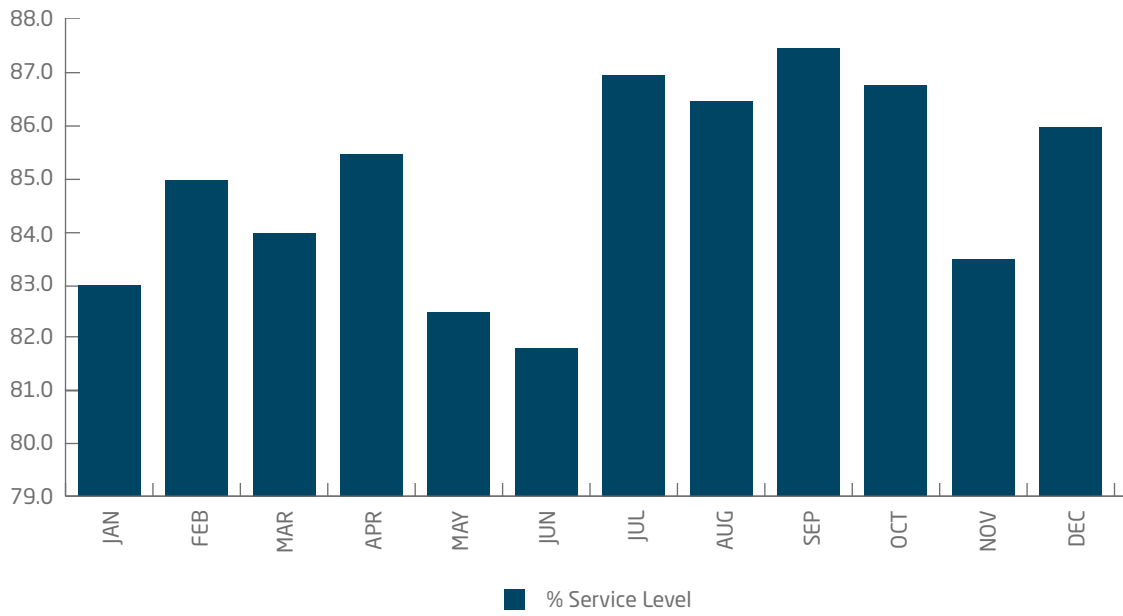
### Quality Scores



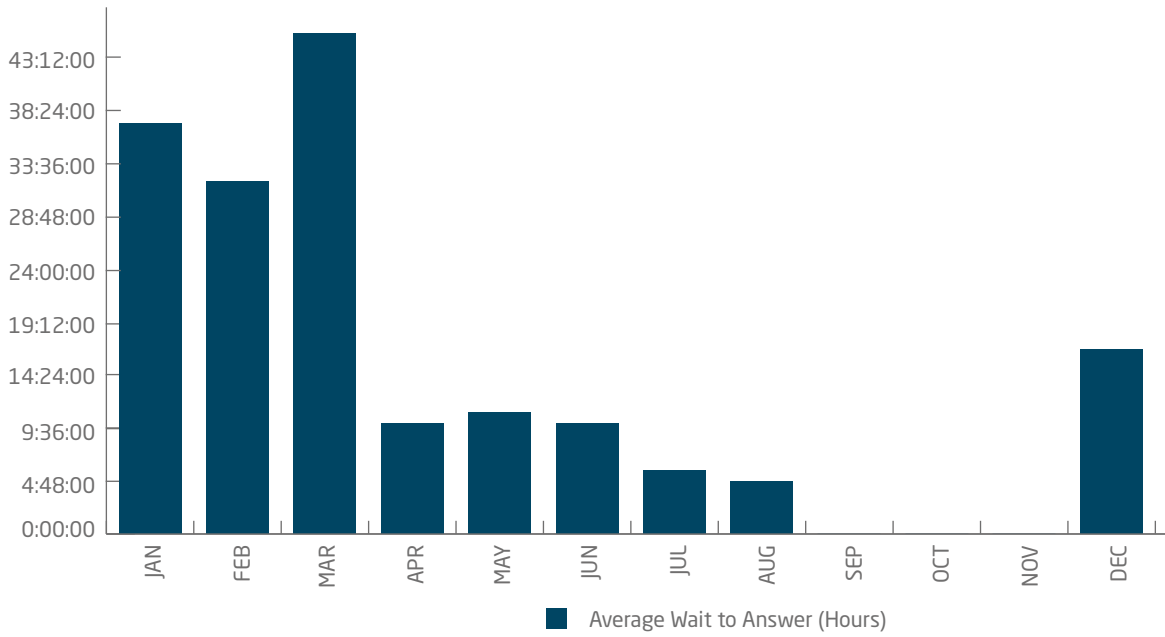
### Average Answer Time Call Centre (Sec)



### % Service Level

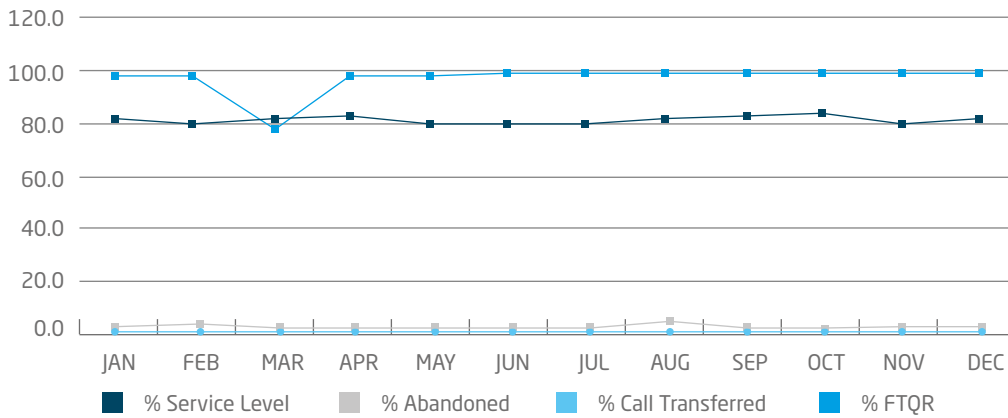


### Average Wait to Answer - Email (Hours)

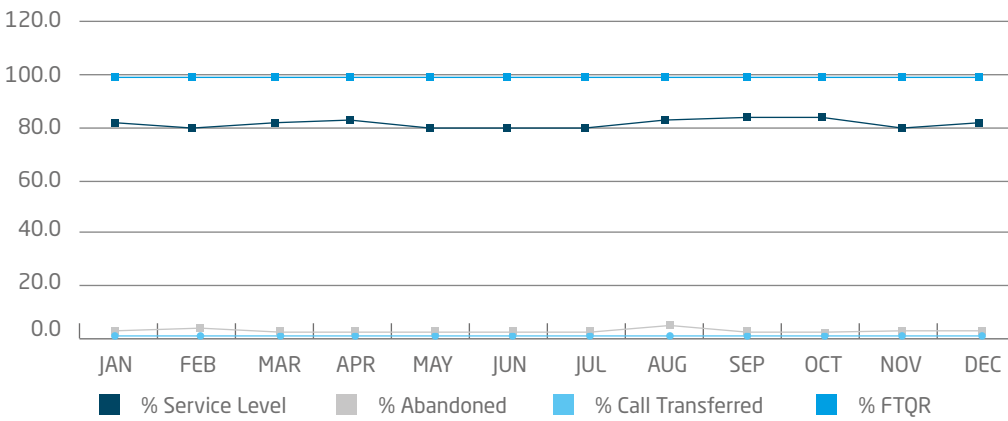


## Call Centre Performance - 2014 vs. 2015

### 2014



### 2015



### Correspondence Unit

|               | Totals   |
|---------------|----------|
| FAX           | 1053     |
| EMAIL         | 248389   |
| MAIL/DOCS     | 7712     |
| Response Time | 20:38    |
| SLA           | 48       |
| AVE. Staff    | 12.75    |
|               | Totals   |
| FAX           | 487      |
| EMAIL         | 267048   |
| MAIL/DOCS     | 24956    |
| Response Time | 1807:04  |
| SLA           | 24:00:00 |
| AVE. Staff    | 15       |

## Performance Targets/Standards - 2016

The following performance targets/goals have been negotiated with employees:

### Service Level - Call centre

- Service level - 80% of calls answered within 20 seconds.
- First contact resolution - 90% of calls resolved at first contact.
- Quality score - 90% of calls answered, resolved accurately.
- Transfer of calls - minimum of 5% of calls to be transferred.
- Satisfaction score - 8.0 out of possible 10 (overall).

### Service standards - back office (correspondence unit)

- Response time - 90% of email enquiries resolved within 48 hours.
- Quality score - 90% of emails answered, resolved accurately.
- Implementation of personalised email inboxes - Implementation of first 10 by 1 March 2016, thereafter 3 every month.

### Specialist Units

- Integration of specialist units into back office (email unit) - June 2016.
- Response time - dental quotations - 90% of quotation requests to be resolved within 5 to 7 days (2015 - 5 to 7 days).
- Response time - prosthesis quotations/motivations - 80% of requests resolved within 5 to 7 days (2015 - 7 to 10 days).

### Other goals/strategic action plans

- Improve attendance from 90% of staff present according to schedule to 93% according to schedule.
- Participation on Health Check (wellness program) - improve from 50% participation to 75%.
- Employee satisfaction score - improve from 3.6 out of 5 to 3.8 out of 5.

### Online facilities/ website

- Improve website utilisation by brokers, providers and members with at least 10% within each target audience.

### Satisfaction Ratings

| Target Audience   | 2015 Score |
|-------------------|------------|
| Members           | 8.2/10     |
| Providers         | 8.0/10     |
| Brokers           | 8.0/10     |
| Corporate clients | 8.7/10     |
| Corporate brokers | 8.3/10     |

## Member Satisfaction Ratings

A member satisfaction survey was conducted across 4 354 respondents.

| General Service   | Industry Average | Bestmed    |
|---|------------------|------------|
| Overall quality of service  | 7.9              | 8.2        |
| Benefits are easy to understand   | 7.8              | 8.1        |
| Procedures are easy to follow   | 8.0              | 8.2        |
| Information is received in time to make decisions                               | 7.7              | 8.0        |
| Adequate information about changes to benefits                                  | 8.0              | 8.2        |
| Ease of understanding of written communication                                  | 7.8              | 8.2        |
| Adequate communication about premium changes                                    | 7.9              | 8.2        |
| <b>Average</b>  | <b>7.9</b>       | <b>8.2</b> |
| Call Centre   |                  |            |
| Overall quality   | 8.3              | 8.2        |
| Understanding directions given by the call centre                               | 8.0              | 8.0        |
| Efficiently dealing with your queries   | 8.2              | 8.1        |
| Easy to connect to the correct department                                       | 8.1              | 8.0        |
| Staff professionalism   | 8.4              | 8.3        |
| Staff knowledge about benefits and procedures                                   | 8.3              | 8.2        |
| Understand needs  | 8.1              | 8.0        |
| Treating you with respect   | 8.4              | 8.2        |
| Consistency of service experience   | 8.1              | 8.0        |
| Ability to resolve issue within satisfactory time                               | 8.1              | 8.1        |
| <b>Average</b>  | <b>8.2</b>       | <b>8.1</b> |
| Claims  |                  |            |
| Overall quality of service  | 8.3              | 8.2        |
| Efficiency in processing your claims  | 8.3              | 8.3        |
| Ease of understanding the claims statement                                      | 8.1              | 8.0        |
| Feedback about the processing of your claim                                     | 8.1              | 8.2        |
| Ease of submitting claims   | 8.3              | 8.4        |
| Explanations given when claims are rejected                                     | 8.1              | 8.0        |
| Query was resolved in a satisfactory time period                                | 8.0              | 8.0        |
| Efficiency in the payment of claims   | 8.0              | 8.0        |
| <b>Average</b>  | <b>8.2</b>       | <b>8.1</b> |
| Chronic medication  |                  |            |
| Overall quality of service  | 8.3              | 8.3        |
| Staff treating you with respect   | 8.4              | 8.4        |
| Efficiency in applying for chronic medication                                   | 8.1              | 8.2        |
| Receive relevant communication  | 7.8              | 7.8        |
| Efficiency of applying for repeat medication                                    | 8.2              | 8.2        |
| Staff professionalism   | 8.3              | 8.4        |
| Timely feedback on application for chronic medication                           | 7.9              | 7.9        |
| <b>Average</b>  | <b>8.1</b>       | <b>8.1</b> |
| Pre Authorisation   |                  |            |
| Overall quality of service  | 8.3              | 8.3        |
| Professionalism of the staff you dealt with                                     | 8.3              | 8.3        |
| The staff were knowledgeable  | 8.4              | 8.3        |
| Staff understood your needs   | 8.4              | 8.4        |
| Efficiency of the preauthorisation process                                      | 8.4              | 8.4        |
| Treated you with respect  | 8.4              | 8.5        |
| You understood the technical and medical terms used by the staff                | 8.3              | 8.3        |
| You were informed about potential costs that would not be covered by the scheme | 8.0              | 7.9        |
| The staff you dealt with were empathetic and understanding                      | 8.4              | 8.4        |
| <b>Average</b>  | <b>8.3</b>       | <b>8.3</b> |
| <b>Average for all processes</b>  | <b>8.2</b>       | <b>8.2</b> |

## Other Ratings

| Phrase Association   | Industry average | Bestmed |
|--|------------------|---------|
| Professional service   | 8.1              | 8.0     |
| Operates with integrity  | 7.8              | 7.9     |
| Assists in solving queries   | 8.0              | 8.0     |
| Good claims procedures   | 8.0              | 8.0     |
| Ideal medical aid  | 7.6              | 7.8     |
| Meets your needs   | 7.8              | 7.9     |
| Encourages you to look at wellness holistically                        | 7.4              | 8.0     |
| Offers good benefits   | 7.6              | 7.8     |
| Affordable premiums  | 7.4              | 7.7     |
| <b>Overall Value Offering</b>  |                  |         |
| Overall Offering   | 7.9              | 7.9     |
| Overall Benefits   | 7.6              | 8.0     |
| Value for Money  | 7.8              | 7.8     |
| <b>Rating of Benefits</b>  |                  |         |
| Ordinary day-to-day doctor consultations and benefits                  | 7.9              | 8.1     |
| Specialist doctor benefits   | 7.7              | 8.0     |
| Hospital benefits  | 8.2              | 8.2     |
| Day-to-day medicine benefits (acute)                                   | 7.7              | 7.9     |
| Chronic medicine benefits  | 8.1              | 8.2     |
| Dentistry benefits   | 7.1              | 6.9     |
| Spectacle benefits   | 7.2              | 7.7     |
| Health examinations that promote wellness                              | 8.3              | 8.6     |
| <b>Website</b>   |                  |         |
| Ease of access to the website  |                  | 7.9     |
| Overall appearance of the website (attractive and pleasing to look at) |                  | 7.8     |
| The website is easy to navigate (easy to find information)             |                  | 7.4     |
| Quality of the information on the website                              |                  | 7.6     |
| Ability to find information that answers your questions                |                  | 7.1     |

Issues identified that need to be improved on during 2016:

- Website - access to information, online facilities, ease of use
- Third party contracts and service level agreements - Carecross, PPN, ER24
- Promotion of Health Check and preventive benefits

### Third party contracts - Carecross and PPN

It became clear that the third party contracted providers might have a negative impact on members' experience of Bestmed. The results from the member survey, particularly Pulse1 members indicated that Pulse1 members had the lowest satisfaction measured of all our members.

It was therefore decided to determine the reasons for this by having a separate survey of Pulse1 members. The purpose of this survey will be to determine the reasons for the low satisfaction score and to determine what can be done to improve this. This research will be done by Ask Afrika and the final report will be ready and shared at the April 2016 BOT meeting.

**Provider Ratings: Number of interviews - 300**

| Evaluation of Website                                   | Industry   | Bestmed    |
|---|------------|------------|
| Overall appearance of the site                          | 8.0        | 8.1        |
| Website is easy to access                               | 7.9        | 8.1        |
| Quality of information on the website                   | 8.1        | 8.2        |
| Easy to navigate  | 8.0        | 8.2        |
| Ability to find information that answers your questions | 7.9        | 8.2        |
| <b>Average</b>  | <b>8.0</b> | <b>8.2</b> |
| General Evaluation of the Medical Scheme                | Industry   | Bestmed    |
| Personal feelings toward the medical scheme             | 7.9        | 8.0        |
| Provider practices are treated fairly                   | 8.0        | 8.0        |
| Easy to interact with the medical scheme                | 8.0        | 8.2        |
| Medical scheme is solution focussed                     | 7.9        | 7.9        |
| Medical scheme is provider focused                      | 7.9        | 8.0        |
| <b>Average</b>  | <b>7.9</b> | <b>8.0</b> |
| Evaluation of administration and preauthorisation       | Industry   | Bestmed    |
| Meets your service expectations                         | 7.8        | 8.0        |
| Operates with business integrity                        | 7.9        | 7.9        |
| Reputation in the industry                              | 7.9        | 7.9        |
| <b>Average</b>  | <b>7.9</b> | <b>7.9</b> |
| Pre Authorisation                                       | Industry   | Bestmed    |
| Calls are answered promptly                             | 8.0        | 8.0        |
| Professionalism   | 7.9        | 7.9        |
| Efficiency  | 7.8        | 7.9        |
| Knowledgeable   | 7.8        |            |
| Processing of pre authorisation                         | 8.0        | 8.1        |
| <b>Average</b>  | <b>7.9</b> | <b>7.9</b> |
| Call Centre   | Industry   | Bestmed    |
| Prompt answering of calls                               | 7.8        | 7.9        |
| Efficiency dealing with queries                         | 7.7        | 7.8        |
| Dealing with queries in a reasonable time               | 7.7        | 7.7        |
| Connecting to the correct department                    | 7.8        | 7.9        |
| Professionalism   | 7.9        | 8.0        |
| Understanding your needs                                | 7.8        | 7.9        |
| Treating you with respect                               | 7.9        | 8.1        |
| Using a language you are comfortable with               | 8.1        | 8.2        |
| Being friendly and helpful                              | 7.9        | 8.2        |
| Knowledgeable   | 7.8        | 7.9        |
| Explanations are easy to understand                     | 7.8        | 7.9        |
| Being solution focussed                                 | 7.9        | 7.9        |
| <b>Average</b>  | <b>7.8</b> | <b>8.0</b> |
| Claims processing                                       | Industry   | Bestmed    |
| Overall efficiency                                      | 7.8        | 7.9        |
| Response time to telephonic queries                     | 7.8        | 7.8        |
| Efficiency when dealing with queries                    | 7.8        | 7.8        |
| Solution focussed                                       | 7.9        | 7.9        |
| Turnaround time on claims                               | 7.8        | 7.7        |
| Validity of account queries                             | 8.0        | 7.9        |
| Efficiency in dealing with claims audits                | 7.9        | 7.8        |
| Validity of rejected claims                             | 7.8        | 7.8        |
| Professionalism of staff                                | 8.0        | 7.8        |
| Regularity of receiving remittances                     | 8.0        | 8.0        |
| <b>Average</b>  | <b>7.9</b> | <b>7.8</b> |
| <b>Average for all processes</b>                        | <b>7.9</b> | <b>8.0</b> |

Issues to be addressed or improved on during 2016:

- Ease of access to information via website.
- Self-help facilities/ 24/7 access to information/online facilities.

### Broker Ratings: Number of interviews - 500

| General Rating of Scheme   | Industry   | Bestmed    |
|--|------------|------------|
| Reputation in the industry   | 8.1        | 8.2        |
| Ability to access the relevant management when needed              | 7.9        | 7.9        |
| How you feel towards the medical scheme in general                 | 7.9        | 7.9        |
| How fairly the scheme treats healthcare brokers                    | 7.9        | 7.9        |
| How easy it is to interact with the medical scheme                 | 8.0        | 8.1        |
| A scheme that is solution focused                                  | 8.1        | 8.2        |
| A scheme that is broker focussed                                   | 8.2        | 8.2        |
| Proactively informing broker about the industry                    | 8.2        | 8.1        |
| Quality of documentation supplied to broker                        | 8.0        | 8.0        |
| Operate with business integrity                                    | 7.9        | 7.8        |
| Meeting your service expectations                                  | 8.1        | 8.0        |
| Efforts needed to interact with the scheme                         | 7.4        | 7.5        |
| <b>Average</b>   | <b>8.0</b> | <b>8.0</b> |
| Call Centre Rating   |            |            |
| Overall quality of service - call centre                           | 8.1        | 8.2        |
| Speed of connecting to the call centre is acceptable               | 8.0        | 8.0        |
| Expertise of broker call centre                                    | 8.0        | 8.1        |
| Professionalism of broker call centre agents                       | 8.1        | 8.1        |
| Using language you are comfortable with                            | 7.9        | 8.0        |
| Broker call centre agents ability to resolve issues the first time | 7.8        | 7.9        |
| Friendly and helpful   | 8.1        | 8.3        |
| Feedback when unable to resolve the query immediately              | 8.0        | 8.0        |
| Solution focussed  | 7.9        | 7.9        |
| <b>Average</b>   | <b>8.0</b> | <b>8.1</b> |
| New Business Processes   |            |            |
| Overall quality of service - new business                          | 8.1        | 8.2        |
| Awareness of brokers needs with regard to new business             | 7.9        | 8.0        |
| Expertise of new business consultants                              | 8.0        | 8.1        |
| Value of interaction with broker regarding new business            | 7.9        | 8.1        |
| Understand brokers' client needs                                   | 7.9        | 8.0        |
| Underwriting flexibility   | 8.0        | 8.1        |
| Efficiency with new business quotes                                | 8.1        | 8.2        |
| Issuing of policy documentation                                    | 8.0        | 8.2        |
| Accuracy of policy wording   | 8.2        | 8.2        |
| Adherence to SLA's for underwriting                                | 8.1        | 8.2        |
| Efficiency in issuing membership cards                             | 8.0        | 8.0        |
| Efficiency of membership confirmation                              | 8.1        | 8.0        |
| Competency of staff  | 8.0        | 8.0        |
| Efficiency in resolving queries                                    | 8.1        | 8.1        |
| Ability to resolve queries regarding new membership first time     | 8.0        | 8.2        |
| <b>Average</b>   | <b>8.0</b> | <b>8.1</b> |



|  |            |            |
|--|------------|------------|
| <b>Administration and Commission Payments</b>                      |            |            |
| Overall quality of service - administration and commission payment | 8.0        | 8.1        |
| Reliability of administration systems                              | 8.1        | 8.1        |
| Awareness of brokers needs with regard to existing business        | 7.9        | 7.9        |
| Value of interaction with broker with regard to existing business  | 7.9        | 7.9        |
| Adherence to SLA for existing business                             | 7.8        | 7.9        |
| Availability of relevant claims statistics                         | 8.0        | 7.9        |
| Efficiency in resolving and paying problem claims                  | 7.9        | 8.0        |
| Competency of staff  | 8.0        | 7.9        |
| Efficiency in loading broker information                           | 7.9        | 8.0        |
| Commission statement accuracy                                      | 8.0        | 8.0        |
| Commission statement sent out promptly                             | 8.1        | 8.1        |
| Resolving commission queries                                       | 7.8        | 7.9        |
| Efficiency in paying commissions                                   | 8.0        | 8.3        |
| <b>Average</b>   | <b>8.0</b> | <b>8.0</b> |
| <b>Relationship manager / Broker consultant</b>                    |            |            |
| Overall quality of service   | 8.1        | 8.1        |
| Expertise of corporate account manager                             | 8.0        | 8.0        |
| Expertise of broker consultants/relationship managers              | 8.0        | 8.1        |
| Regularity of contact by broker consultants                        | 8.0        | 8.0        |
| Broker consultants' ability to make decisions                      | 7.9        | 8.0        |
| Broker consultants' availability                                   | 7.9        | 8.0        |
| Value added by broker consultants                                  | 8.0        | 8.0        |
| Broker consultant support of brokers strategy                      | 7.9        | 8.1        |
| <b>Average</b>   | <b>8.0</b> | <b>8.0</b> |
| <b>Average all processes and touch points</b>                      | <b>8.0</b> | <b>8.0</b> |

Issues to be improved on during 2016

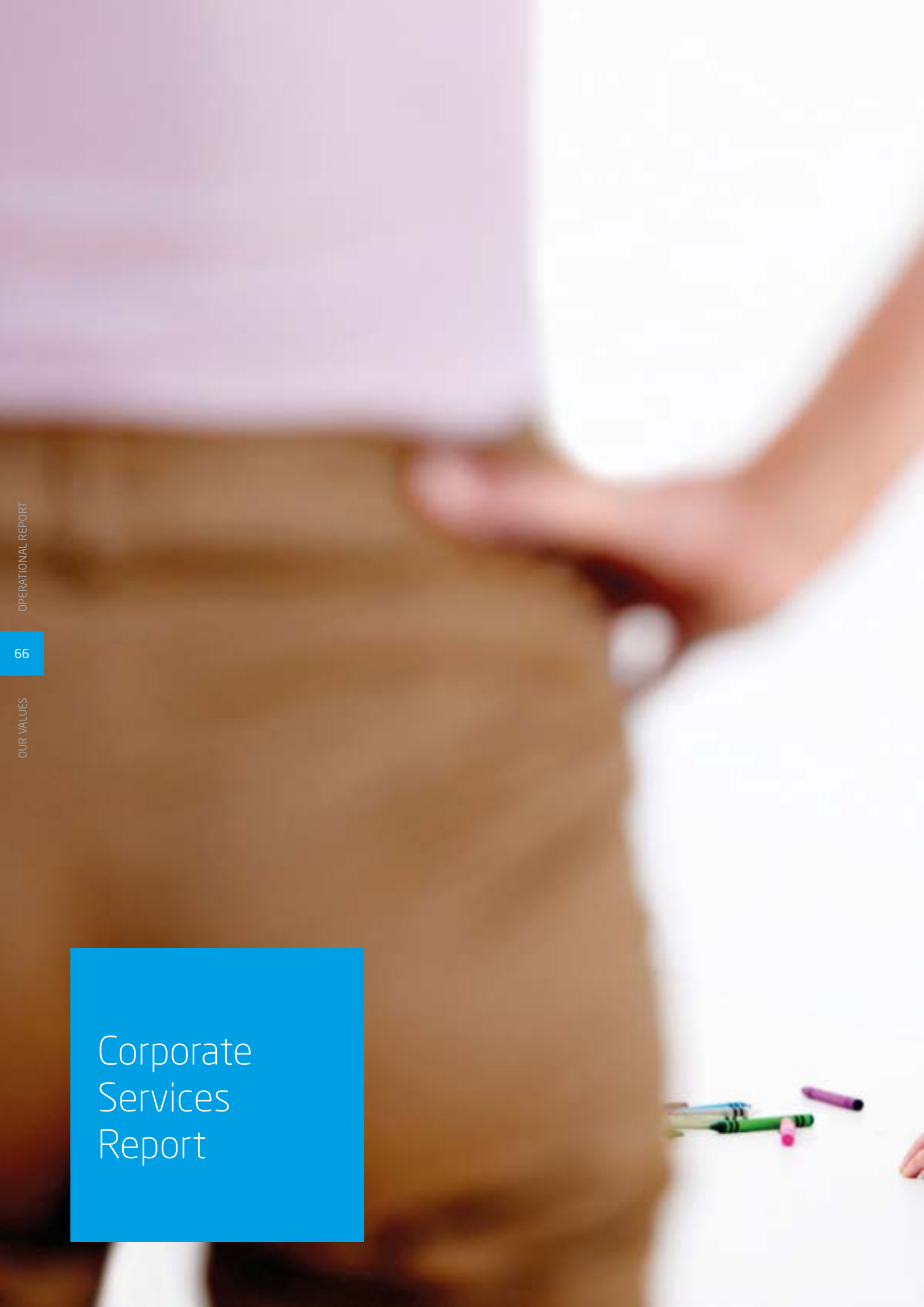
- Service strategy supporting smaller broker houses and tied agents.
- Product comparison tool (online tool assisting brokers to advise members on best product based on health care needs).

### Broker Support Unit

The broker support unit (previously within the call centre) was transferred to the Key Account unit from 1 February 2016. The three consultants in the unit will now be responsible for answering all queries from smaller broker houses, broker consultants (Bestmed employees) and will also provide administrative support to the key accounts, especially during year-end-periods or when they are not office bound.

Service standards

- Response time on email queries - 80% answered within two hours
- Quality - 95% of all emails resolved, to be accurately answered



# Corporate Services Report

forgiving



The overall service strategy of Bestmed with regard to corporate clients is based on a customer intimacy model which is managed by highly qualified and experienced key account managers and executives. The overall function and objective of a key account executive is to provide services to the corporate client in a way that will exceed the client's expectations.

Our customer intimacy is not a "one size fits all" approach, but rather a "tailor-made" service which meets a specific company's needs. Each executive determines the company's needs and then develops a unique service strategy based on the client's requirements. These strategies could vary from the provision of an on-site service to deal with enquiries to the development of corporate wellness strategies since a healthier workforce leads to higher productivity.

Our corporate clients are not merely regarded as names, we view the relationship between the company and Bestmed as a personal relationship based on mutual respect. Our key accounts executives are there to:

- Identify and prioritise employer group needs.
- Strengthen representation of the Bestmed brand within the corporate environment.
- Focus on member retention within the employer groups through brand presence and key account integration.
- Maintain a service offering that truly meets the requirements of corporate management and national brokerages.
- Assist members in upgrading to more suitable or comprehensive options.
- Render an on-site enquiry service at the premises of participating organisations, where members' queries are resolved online and in real time, as key account executives are directly linked to the Bestmed system.

Provincial key account executives make regular scheduled visits to all sites.

The client service programme ensures that members always have access to relevant information, which includes:

- On-site enquiry sessions with Bestmed representatives.
- Product training sessions at each organisation at the start of a benefit year.
- Information sessions for new employees.
- Management information reports regarding membership profile, claims, health profile, and many more.

Efficient client support and fast turnaround times have always been the important attributes by means of which we differentiate ourselves from our competitors. As a scheme managed by members for members, we will never be satisfied with delivering anything but the best to our clients - as they are entitled to expect from us.

The service strategy focuses on providing a service to our corporate organisations that exceeds their expectations. Other services of value that we offer include:

- Giving presentations to newly-appointed employees as well as existing members.
- Providing on-site enquiry services.
- Coordinating health days.
- Facilitating and supporting the year-end benefit option choice process.
- Providing relevant industry information on an on-going basis.
- Providing benefit option training and assistance.
- Arranging personal appointments with members on request.

We believe that member education and communication are vital elements to any corporate organisation. From initial registration onwards we keep our members well-informed of what is happening at Bestmed by means of continual communication from our key account executives and corporate communication department.

Our corporate communication and education programme is utilised for proactive communication and to educate members with regard to the use of self-service facilities to obtain any information they may require.

An extra added-value offering is that we communicate in the member's preferred language.

### Service Schedules

The following is a guideline in determining what services will be offered to corporate clients:

Corporate Groups: members 10 +

- Monthly courtesy calls from broker support consultant
- Monthly newsletters

Corporate Groups: members 50 +

- Monthly courtesy calls from broker support consultant
- Monthly courtesy telephone calls
- Monthly newsletters
- Quarterly management reports

Corporate Groups: members 100 +

- Quarterly onsite visit
- Monthly newsletters
- Monthly courtesy telephone calls
- Quarterly management reports
- Year-end benefits training and option change
- Monthly courtesy calls from broker support consultant
- Wellness - health check level 1 (biometric screening only)

Corporate Groups: members 500 +

- Assigned key account consultant to group
- Monthly inductions
- Monthly onsite visit
- Monthly newsletters
- Quarterly management reports
- Year-end benefits training and option change
- Wellness - health check level 2

Corporate Groups: members 1 000 +

- Assigned key account consultant to group
- Monthly inductions
- Monthly onsite visit
- Dedicated email address
- Year-end benefits training and option change
- Quarterly management reports
- Monthly newsletters
- Wellness - health check level 3

### Satisfaction ratings

Satisfaction ratings are obtained from:

- Employer organisations (management) - overall score = 8.7/10 (Goal: 8.5).
- Corporate brokers - overall score = 8.3/10 (Goal: 8.5).
- The average rating for both client groups was 8.5/10.

Service aspects identified to be improved during 2016:

- Reports (management reports to brokers and corporate clients) - Target date April 2016.
- Customised/personalised service strategy per employer group - Target date February 2016.

## Health Check (Corporate Wellness Program)

### Overview

The objective of the programme is to create an awareness of behavioural modification through various core principles. These principles are to inform, educate and support the employee's decision to improve their health profile.

The combined goal of Bestmed and the different participating employer groups is to enable higher productivity - improving the overall health profile by implementing small lifestyle-related changes, early diagnoses of life-threatening diseases and to attract and acknowledge and or retain members with healthier lifestyles.

### Process Description

The wellness programme is structured into quadrants, which are:

1. A Health Risk Assessment (HRA)
2. An intervention plan
3. Re-evaluation
4. Acknowledgement

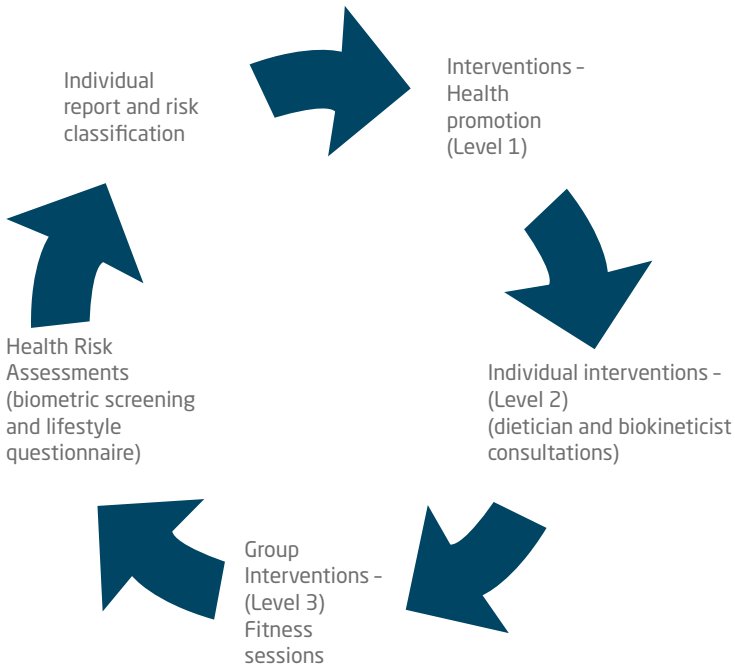
Registration for the programme is done by means of a Health Risk Assessment (HRA). The HRA process comprises a lifestyle questionnaire and biometric screenings. The lifestyle questionnaire consists of general health questions, as well as questions based on claims data received. The distribution of the lifestyle questionnaire occurs electronically with personal assistance provided to those who do not have access to the internet.

Once employees have completed the lifestyle questionnaire they are eligible for biometric screenings. Personal biometric screenings include body mass index (BMI), blood pressure measurement and rapid tests for glucose and cholesterol levels.

Employees are registered once they have completed both the lifestyle questionnaire and biometric screenings. After the final screening results are captured, personal feedback is provided and all Bestmed members receive an individual report. These reports will remain strictly confidential.

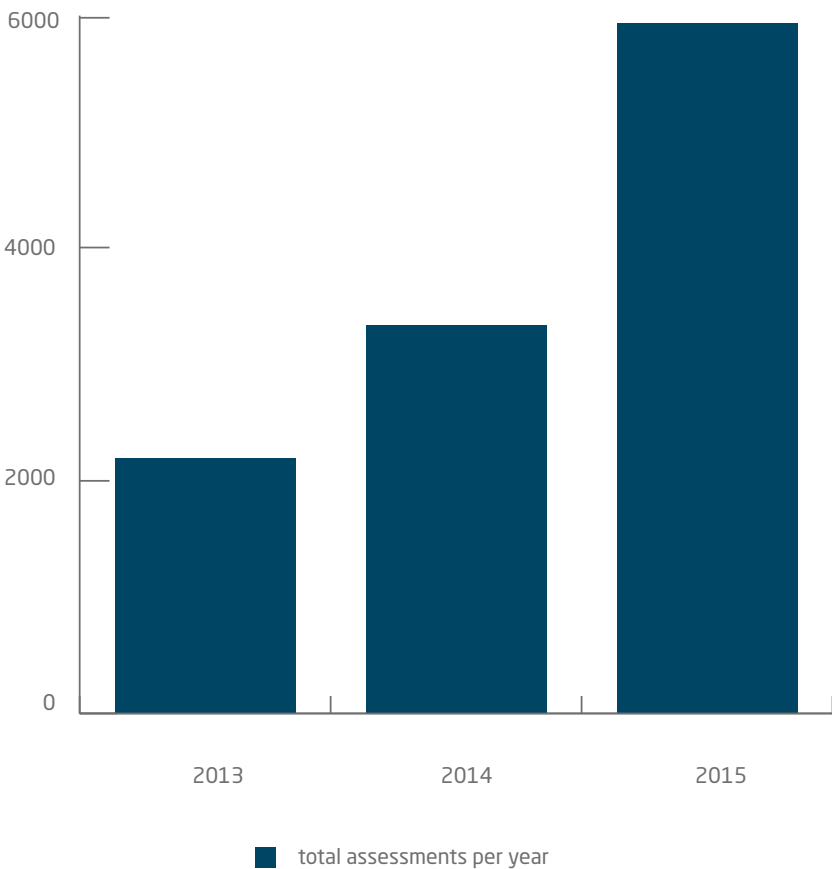
A participant's report states whether they have any risk factors. If risk factors are present they are categorised into low, medium or high risks and Bestmed provides education relevant to these risks.

The Health Check process consist of the activities shown in the diagram below.

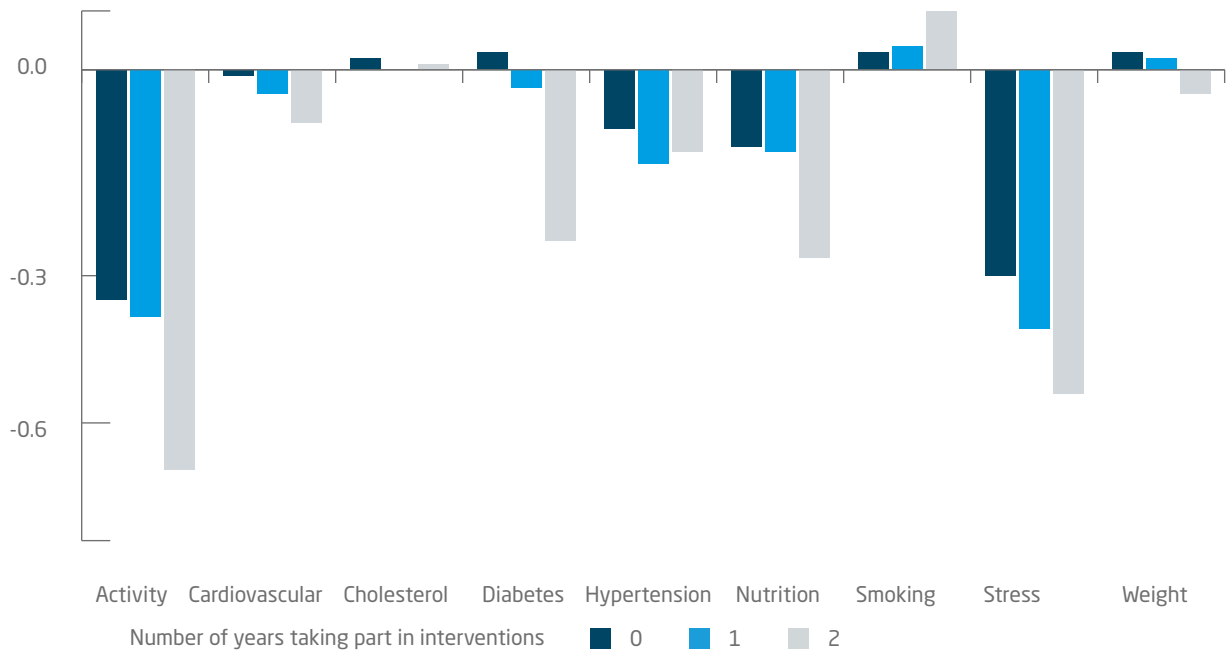


### Results Obtained From Participation in the Wellness Program

Bestmed started their wellness programme in 2011 with a few pilot groups and has since rolled it out across more members. During 2015, 5 937 health risk assessments were conducted, 969 unique member visits were recorded and 3 431 interventions were attended. Members recorded 430 biokineticist visits and 825 dietician visits.



Over most categories, risks were found to have decreased, with a larger effect the longer the intervention period.



# Service Provider, Contracting and Research Report







be nutri-wise

The establishment of the Healthcare Service Provider, Product Supplier and Service Networks have been a significant focus area for Bestmed over the last four years. These networks ensure members have access to high quality, suitable quantity (availability) and cost-effective healthcare services which are sustainable (cost containment) and do not discomfort the members.

Bestmed is delighted to have established 29 provider networks over the past four years, with over 8 500 contracted individuals in place. The following healthcare providers are on board:

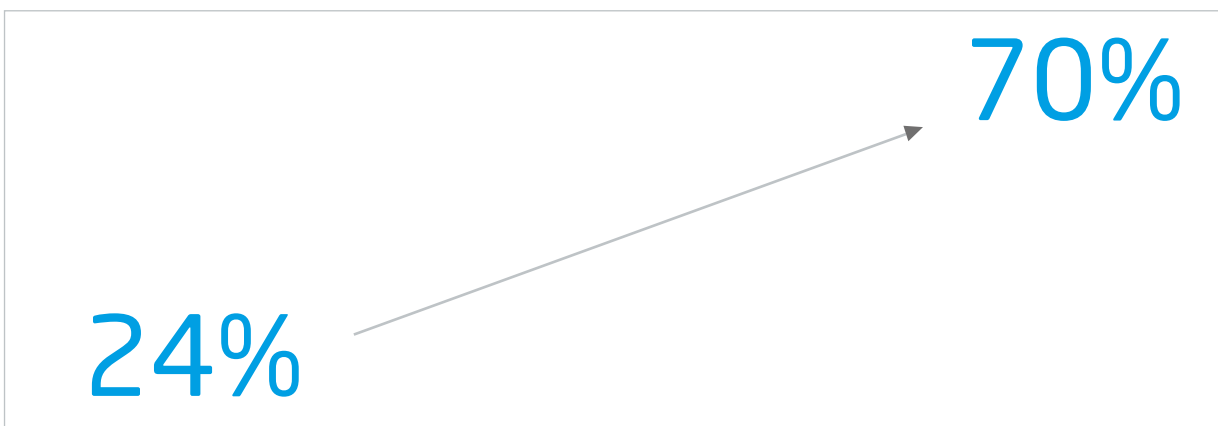
| Healthcare Service Provider Networks |                    |               | Ancillary Networks            |                                  |                |
|--------------------------------------|--------------------|---------------|-------------------------------|----------------------------------|----------------|
| General Practitioners                | Pharmacies         | Specialists   | Midwives                      | Dieticians                       | Biokineticists |
| Oncologists                          | Dentists           | Orthodontists | Psychologists                 | Physiotherapists                 |                |
| Dental Therapists                    | Dental Technicians | Pathologists  | Occupational Therapists       | Audiologists & Speech Therapists |                |
| Product Supply Networks              |                    |               | Service Networks              |                                  |                |
| Stents & Pacemakers                  |                    |               | Drug & Alcohol Rehabilitation |                                  |                |
| Orthopaedic Prostheses               |                    |               | Renal Dialysis                |                                  |                |
| Oxygen Suppliers                     |                    |               | Wound Therapy                 |                                  |                |
| Stoma Suppliers                      |                    |               | Home nursing                  |                                  |                |

While the number of service providers is important, the utilisation of the network is even more so. This can be measured through the money spent inside of the network compared to the money spent outside of the network. The in-network spend shows the percentage of all claims paid to network and non-network providers. Significant growth can be seen since implementation on all of the networks.

The Bestmed Pharmacy Network is the Scheme's flagship network, with an 84% in-network spend. Through various campaigns members are invited to make use of the participating network pharmacies, reducing dispensing fees and co-payments for members.



Other networks also showed excellent growth, and the Family Practitioner Network grew from 24% to 70%.



With the assistance of Bestmed's actuarial consultants, a network performance index was developed. The index summarises the overall network performance. The network performance indicator of 75% shows a mature network with adequate network coverage, in-network spend and a reduction in expected costs. Different weights are allocated to a range of metrics, which include availability, quality and preventative measures. Bestmed reached a network performance indicator of 85.3% by the end of 2015.

### **Bestmed's Designated Service Provider Network for Prescribed Minimum Benefits**

In terms of the Medical Schemes Act (MSA) of 1998 and its accompanying regulations, medical schemes must provide cover for defined Prescribed Minimum Benefits (PMBs). Furthermore, medical schemes are obliged to fund the treatment of these conditions at cost, regardless of the medical scheme option.

#### **What is a Prescribed Minimum Benefit (PMB)?**

As defined in the Medical Schemes Act (MSA) OF 1998:

1. Defined benefits to ensure that all scheme members have access to certain minimum health services, regardless of the benefit option they have selected.
2. Schemes have to cover the costs related to the diagnosis, treatment and care.
3. These conditions are:
  - A defined set of 270 medical conditions (including cancers);
  - Any emergency medical condition; and
  - 25 chronic conditions defined in the Chronic Disease IIST (CDL).
  - Majority related to specialist disciplines.

In order to manage the funding of PMBs, medical schemes may appoint Designated Service Provider (DSP) Network(s) through which the scheme can offer services/treatment in respect of PMB conditions.

When a member makes use of the services of a designated service provider, all claims are paid in full. This means you will not have to make out of pocket payments at these providers for medical treatment and service.

The Bestmed Specialist Network includes all the major specialist disciplines. Currently there are 1 500+ specialists on the network who are located across the country with rooms close to or in many of the general private hospitals. The coverage of this network continues to grow with more and more providers joining each month. Bestmed members should therefore be able to easily access the specialists on the network.

With this in mind, the Bestmed Board of Trustees has decided to appoint the Bestmed Specialist Network providers as Designated Service Providers (DSPs) for all Prescribed Minimum Benefits (PMBs), with effect from 1 May 2016.

This means that from 1 May 2016 members are encouraged to use a specialist from the Specialist DSP Network for services related to PMB conditions and such services will be charged and paid at the agreed DSP rate. Extensive effort was put into building the network during 2015 to ensure readiness to implement in 2016.

Service provider interaction with mutual respect, benefits and advantage to both parties, and seamless interaction with the Scheme, became the priority and norm. Our dedicated provider consultation service proved to provide a direct line of communication to contracted providers and is a great asset to resolve difficult, multiple and lengthy enquiries, with a satisfaction score of 8/10.

Our future objectives and strategy will continue to focus on the healthcare provider environment in which Bestmed currently excels. Our efforts aim to improve the quality of healthcare offered, harnessing member feedback on healthcare experiences, and ensuring Bestmed members receive top quality healthcare that is accessible and affordable.



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Managed  
Healthcare  
Report



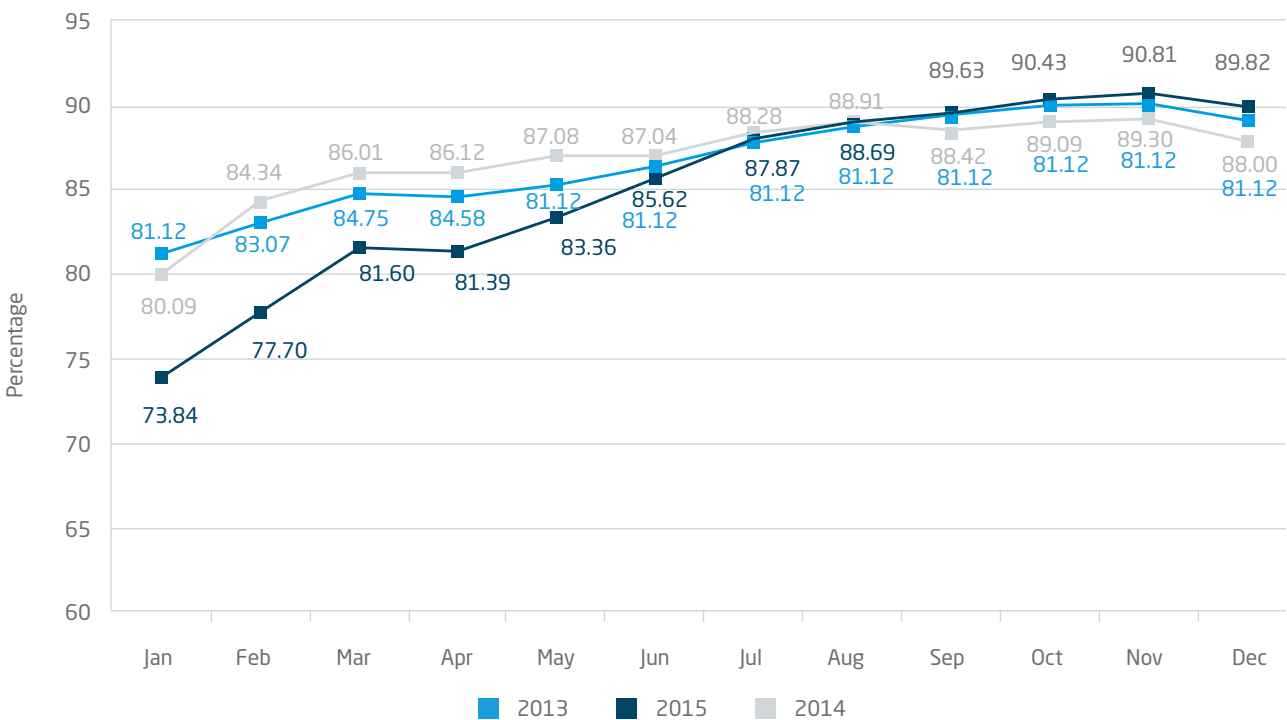
## Approach and objective

The Scheme applies a holistic approach in order to keep medical cover affordable over the long term and to promote client satisfaction. The benefit options of the Scheme must remain competitive in terms of both pricing and in fulfilling members' healthcare needs.

## Average claims ratio

The average claims ratio for 2015 was 89,82%. This is 0,75% higher than the average claims ratio of 89,15% in 2014 and 2,07% higher than that of 2013 (88%). This increase in the claims ratio is due to a decrease in the average risk contribution income received and a high increase in claims, especially during the months of June, July and September. The reasons for the high increase in claims can be attributed to an increase in the utilisation of day-to-day benefits and major medical costs, as well as an increase in PMB claims.

### Average claims ratio: All options (Service date statistics)

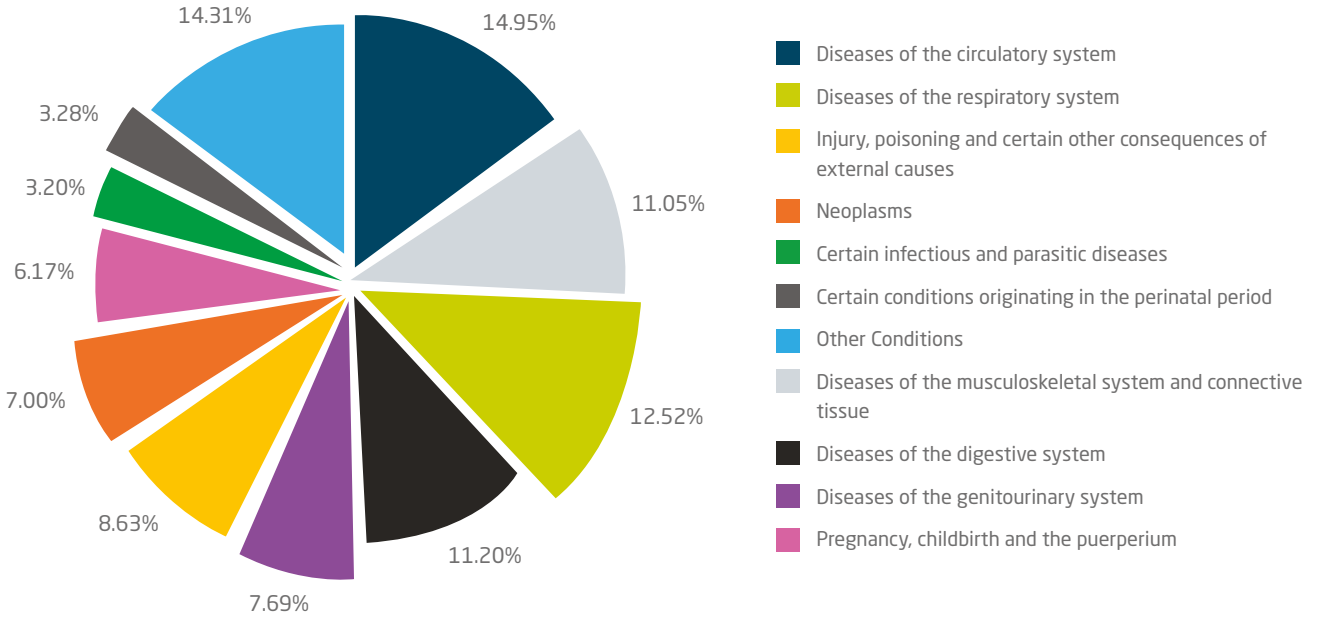


## Hospital benefit management

Hospitalisation constitutes the most critical element in the healthcare system, and is clearly the most expensive. Due to the high cost associated with hospitalisation, it significantly influences subscription increases and therefore requires the application of effective managed healthcare measures. These clinical and financial initiatives focus on ensuring appropriate admission, levels of care and duration of stay in accordance with best practice protocols, and is affected by skilled clinical personnel.

The benefit cost for hospitalisation increased by 12,1% from R1 314 million in 2014 to R1 473 million in 2015. An analysis of the percentage of hospital expenditure per diagnosis is shown in the graph above.

**Distribution of Hospital Cost Jan - Dec 2015**

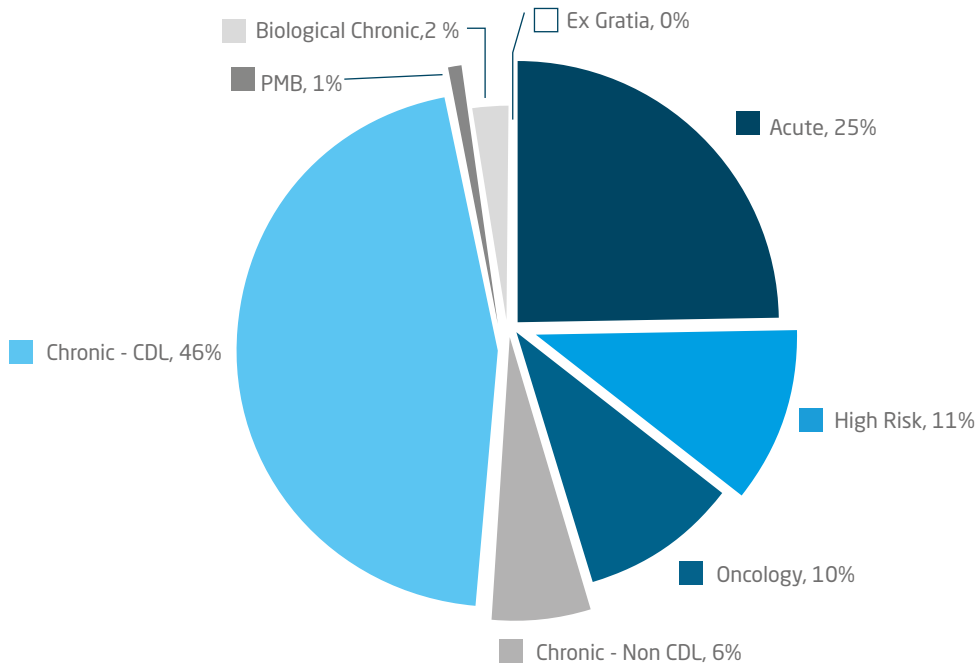


The average hospital cost per beneficiary is an indicator of all risk factors associated with hospitalisation, and includes the incidence of hospital events, the cost per admission as well as the length of stay per hospital event. As shown in the table below, the average cost per 1 000 lives has increased by 8,4% for 2015, despite the fact that the length of stay has decreased marginally. A breakdown of the increase is shown in the following table.

|  | 2014     | 2015     | % Increase (decrease) |
|--|----------|----------|-----------------------|
| Average cost per admission               | R17 786  | R18 431  | 3,6%                  |
| Number of admissions per 1 000 lives     | 32,97    | 34,48    | 4,6%                  |
| Average cost per 1 000 lives             | R586 416 | R635 544 | 8,4%                  |
| Average number of bed days per admission | 2,69     | 2,61     | (2,6)%                |

**Pharmaceutical benefit management**

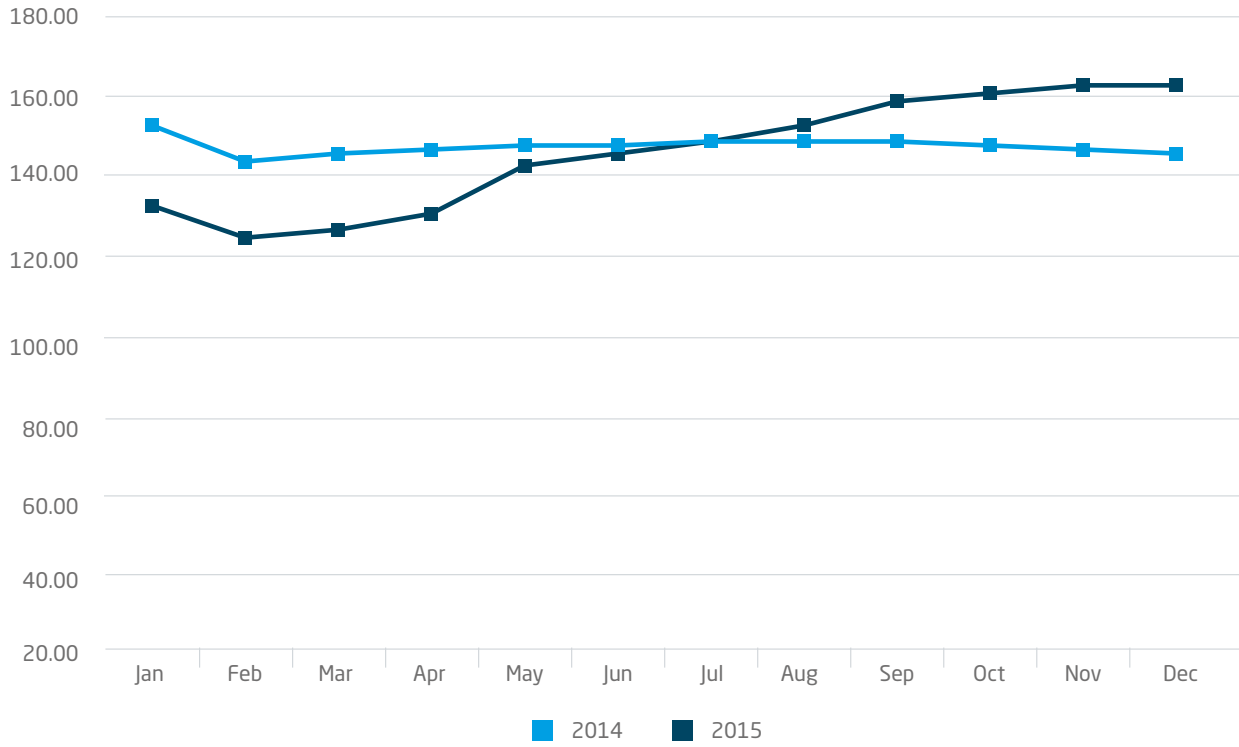
The total medicine cost for the year under review amounted to approximately R372 million. This was distributed as indicated in the graph below.



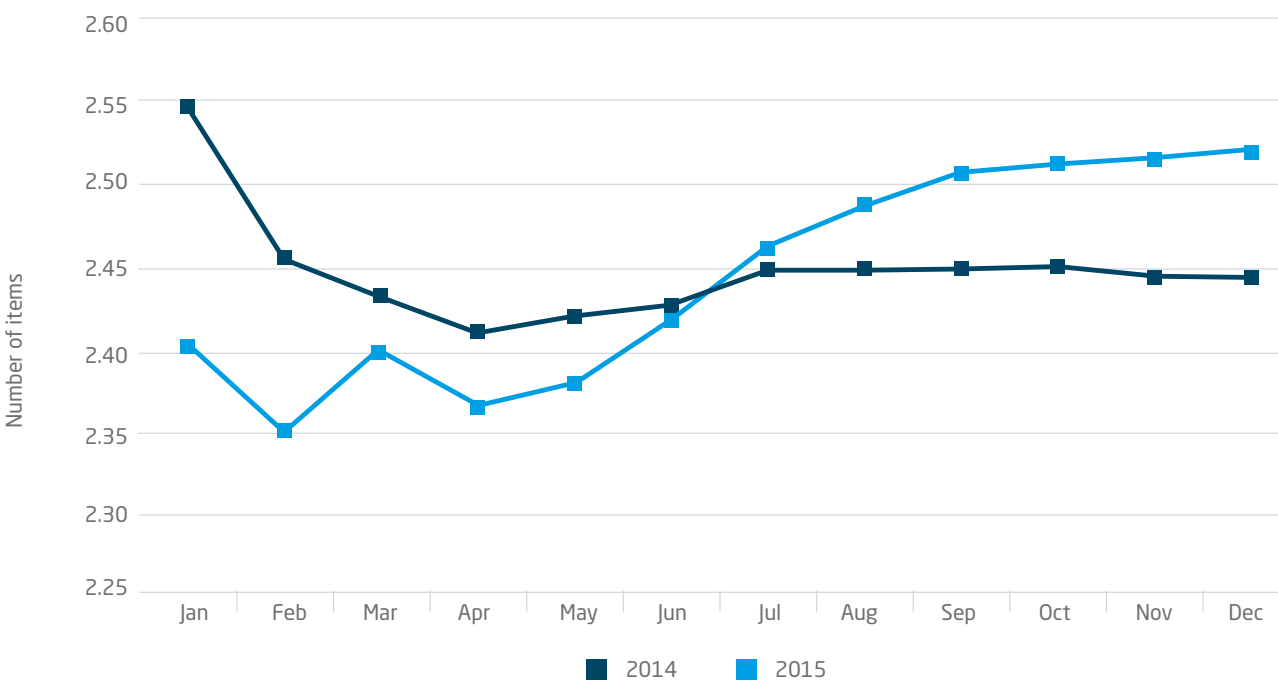
The average benefit expenditure per beneficiary per month increased by approximately 9,4%. This is mainly due to an increase in the cost per item.

Prevalence (the percentage of claiming beneficiaries) increased by 3,1%, and intensity (the number of items claimed per patient) decreased by 1,7%. These trends are depicted in the graphs below.

**Expenditure trend - Average cost per beneficiary YTD**

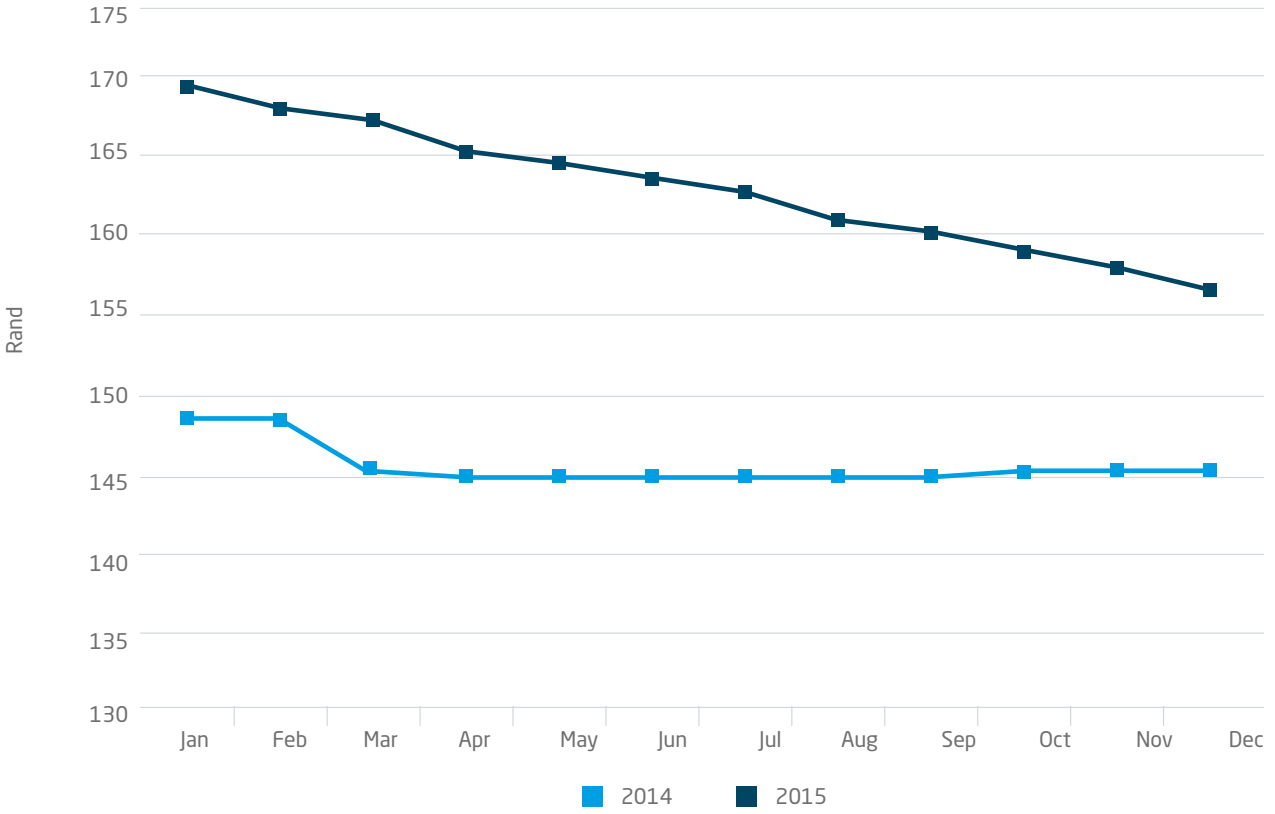


**Intensity trend - Average number of items per utilising beneficiary YTD**

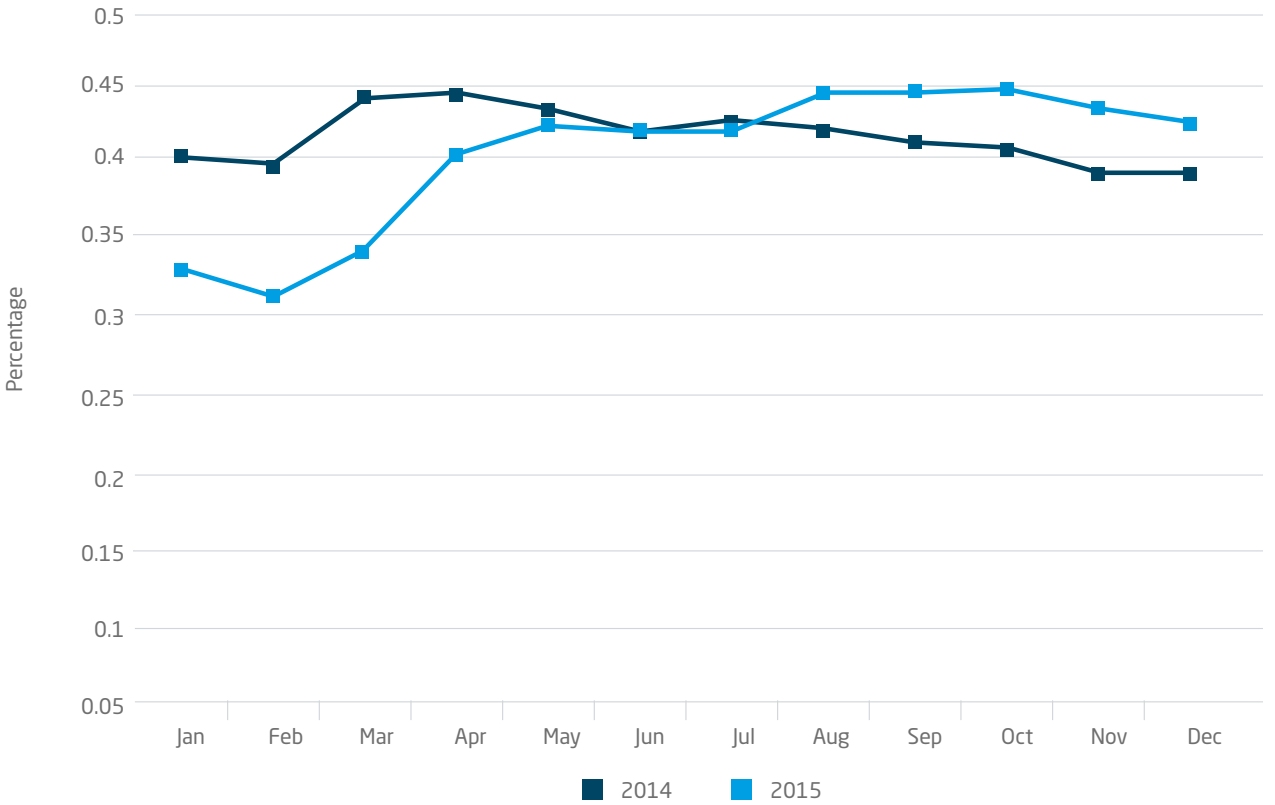




**Cost trend - Average cost per item YTD**



**Prevalence trend - Utilising beneficiaries per total beneficiaries YTD**



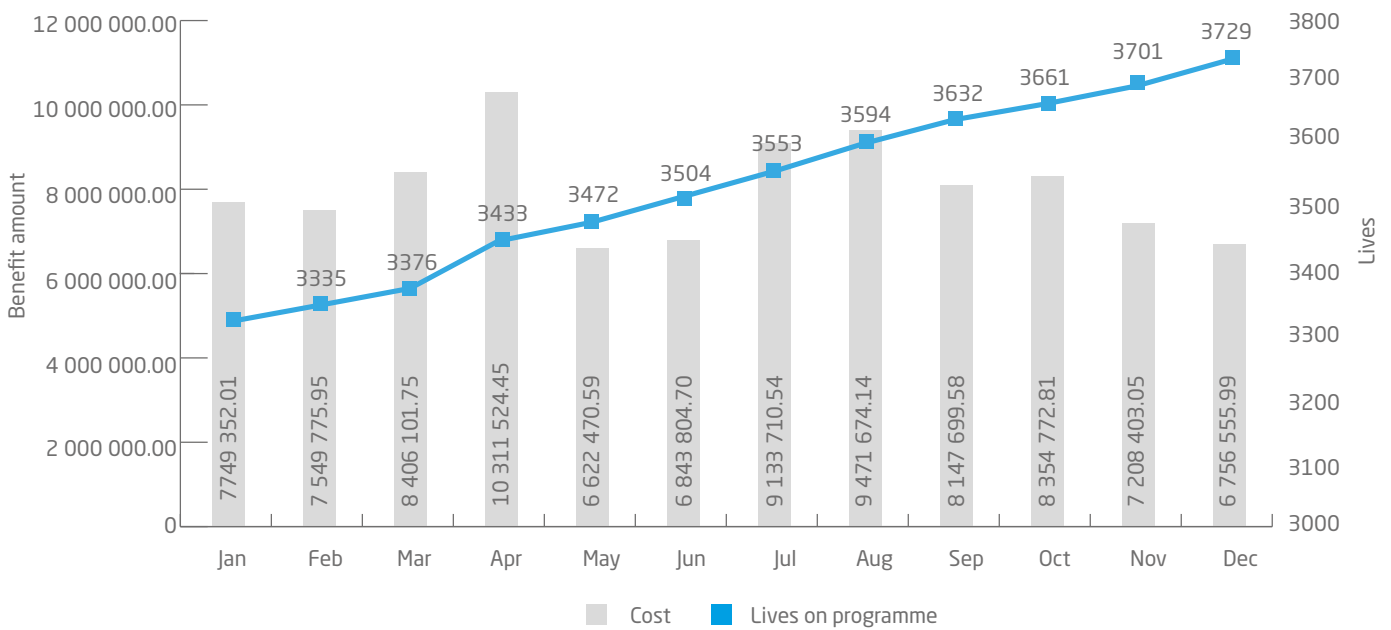
## Disease management

The results of the most prominent disease programmes, namely HIV/AIDS and oncology, indicate that increases in the prevalence rates are the main reasons for the increase in the benefit expenditure of the treatment of HIV/Aids and cancer.

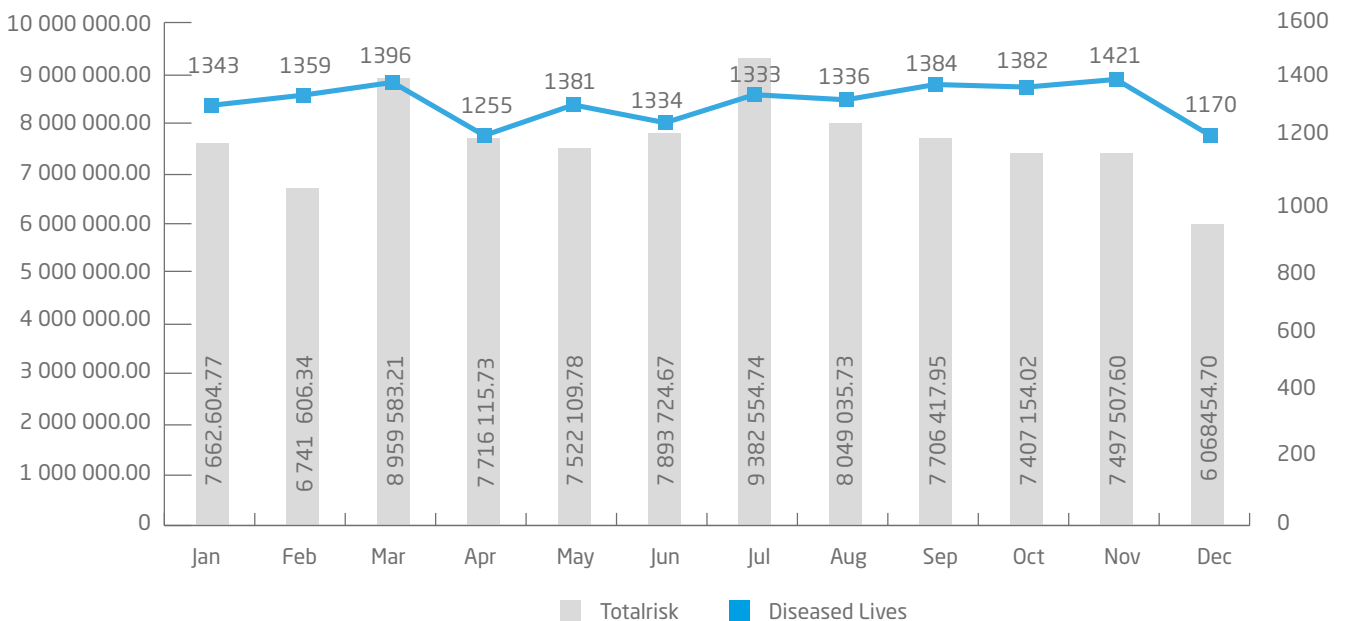
The total benefit expenditure relating to the treatment of HIV/AIDS and cancer amounted to approximately R30,9 million and R92,5 million respectively.

The following graphs depict these trends.

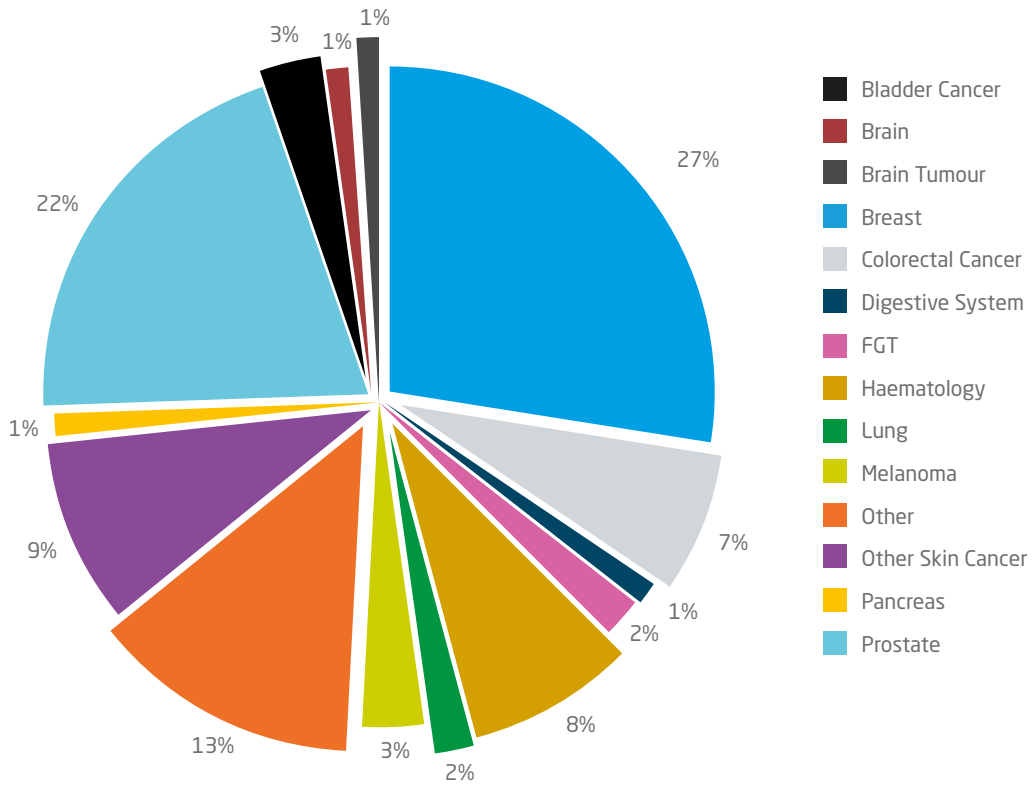
**2015 - HIV Programme: Total HIV patients and benefit cost per month**



**2015 - Oncology Programme: Total Oncology patients and benefit cost per month**



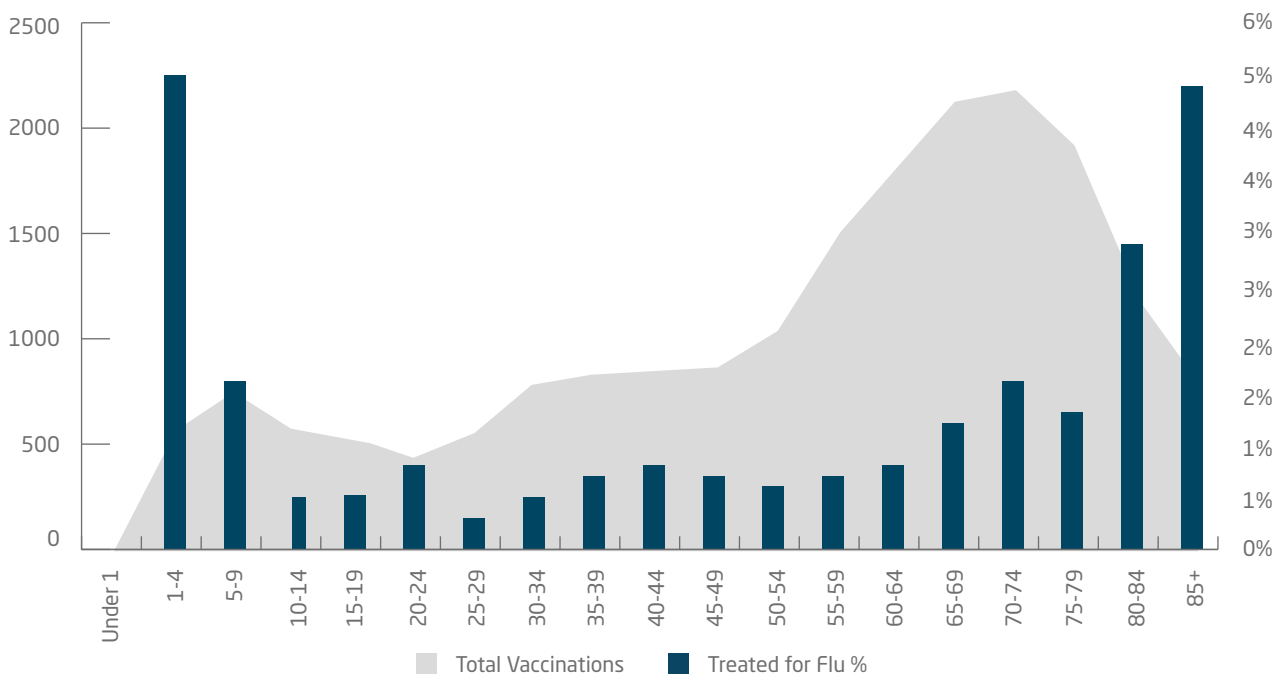
The following graph depicts the percentage benefit expenditure for the various cancer types:



**Preventative care programmes**

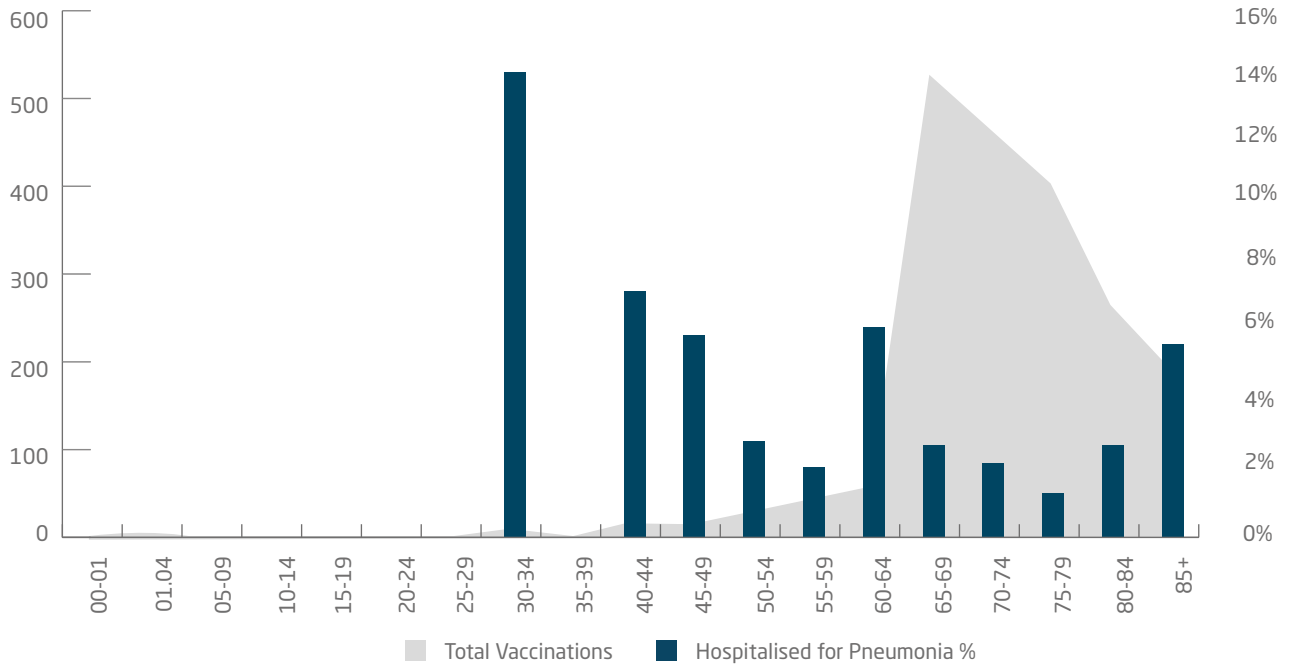
Bestmed annually makes provision for members and their beneficiaries to receive flu vaccinations. An analysis of the data indicates that the flu vaccinations are most effective for the age group 10 to 80, as the percentage of lives that contracted flu following vaccination was far lower than the average.

**2015 Effectiveness of Flu vaccinations**



The Scheme has also provided a vaccination programme in accordance with an internationally accepted guideline developed to prevent the occurrence of pneumonia. These vaccines remain effective for a five-year period, and as such have a cumulative effect on the prevalence of pneumonia in the targeted population. The results of the 2015 vaccination programme indicate that it is most effective for the age group 65 to 85, as can be seen in the graph below.

**2015 Effectiveness of Pneumonia Vaccinations**



loving

Marketing,  
Sales and  
Distribution  
Report

The primary role of the distribution team is to grow Bestmed's membership organically and to improve our risk profile in the process. This is achieved by expanding the footprint of the distribution channels deployed into our target market segments and corporate clients. Each Bestmed employee active in these channels is an expert in our options and our administration processes and, with this as a platform, seeks to provide excellent service to our external distribution partners (for example, brokers). Engagement with brokers also involves implementing measures to retain the members in their portfolios pro-actively, thereby growing their business.

All of the marketing and communication activities in this report were deployed to support Scheme growth.

### Growth

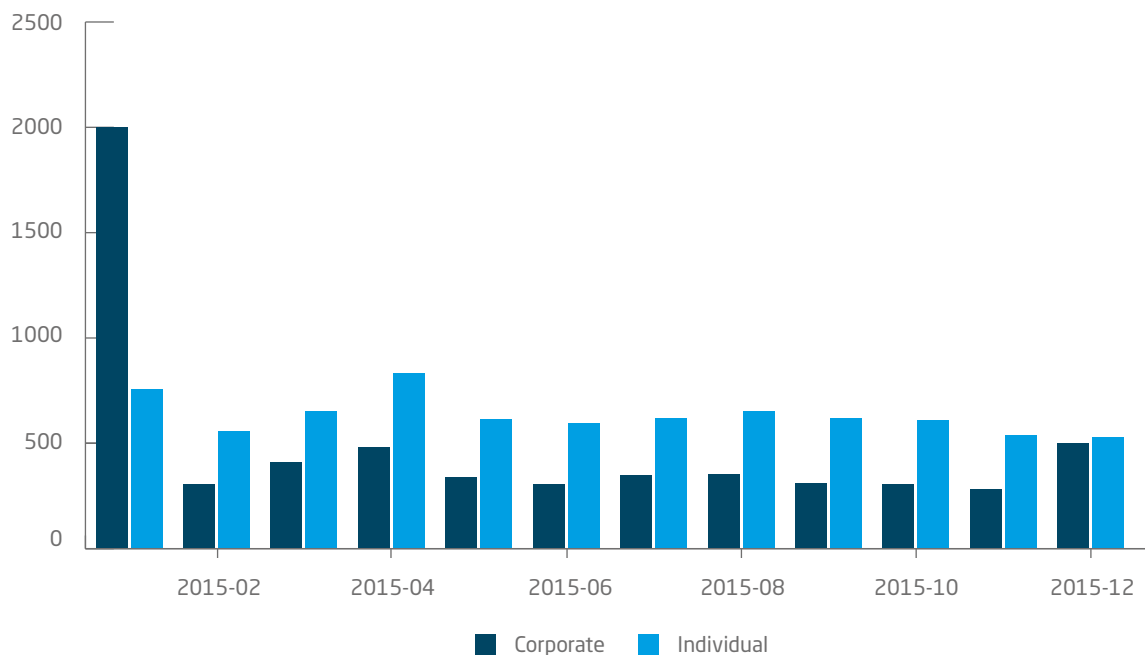
Growth during the year (approximately 3,66%) has been slower than we expected, which can be largely attributed to the current negative economic conditions. Considering that South Africa's economy is only expected to show 0,8% growth and that the medical aid industry showed negative growth in the latter part of 2015, Bestmed is proud that we surpassed the 190 000 beneficiary mark during the year.

The average age of beneficiaries for 2015 is 25,4 years compared to 26 years in 2014 - attracting younger members is a growing trend.

Our average gross contribution increase was 9.8% for 2016 and the benefit option ranges increased between 9.39% and 11.89%. This increase compares favourably to other medical aid schemes. This illustrates how Bestmed continues to raise the bar in the medical aid industry and how we have grown our membership to reach the fourth overall position and the largest open self-administered medical aid scheme in South Africa.

The individual market has continued the trend of growing at a faster rate than the corporate market, as reflected in the following graphic, due to employers not including medical scheme membership as a condition of service as widely as before.

### Corporate vs Individual Registrations 2015



### Our Brand - It's much more than a name

Bestmed is an award-winning scheme today because of a remarkable idea in 1964 that became the Bestmed brand. Bestmed's brand messaging has grown and evolved over the past 52 years, but this intrinsic idea remained the same.

2015 marked a year of great transformation and change for the

Bestmed marketing department with the formation of a brand division for the first time. Since September 2015, Bestmed's valuable and cherished brand is protected, enhanced and disseminated by a team of four brand and design specialists.

A brand is more than a logo, company name, slogan, design or font that is used. Our brand is our voice in the marketplace.

It is our promise to our members. It is how we choose to tell our story. As Bestmed's newly formed brand team, we are passionate about the Bestmed story. We have a vision for the Scheme's brand and future and our aim is to equip the Scheme, stakeholders and members to join us on this journey.

### **Brand strategy**

InterBrand Sampson De Villiers performed an in-depth brand strength assessment in the first half of 2015, consisting of internal and external research, as well as a visual and verbal audit. The research showed that the Bestmed brand is strong and successful, but that there are four key areas that Bestmed can focus on in order to remain relevant and enhance its brand. This phase of the project focused on providing a snapshot of Bestmed's brand strength.

Based on the findings of this research, Bestmed is embarking on a strategic brand journey in 2016 and 2017 to reposition the brand in a unique space and to then entrench the brand - and its constituents - within the organisation. As part of this project, a core brand strategy team, as well as an internal brand panel, has been appointed, consisting of key stakeholders within the Scheme. Together these teams are conceptualising and refining the brand and its constituents. The resulting brand promise and experience promise will be actively embedded within the organisation through workshops, activations, team-building activities and campaigns. New elements will be introduced and existing elements/programmes will be aligned.

This strategic brand project will enable Bestmed to not only grow and expand its brand, but also to implement more efficient, cost-effective and impactful marketing strategies.

### **Awards and recognition**

#### **FIA Awards**

On 4 June 2015, Bestmed was honoured with the Healthcare Product Supplier of the year award at the prestigious 17th annual Financial Intermediaries Association of Southern Africa (FIA Awards).

This award was previously held by Discovery Medical Aid for the last 16 years. This is evidence that the Bestmed brand is moving in the right direction and is becoming even more relevant and competitive as one of the top five schemes in South Africa.



#### **Top500 Award**

Following closely after our win at the Financial Intermediaries Association (FIA) awards, Bestmed went on to win the highly-acclaimed Top500 award for South Africa's Best Managed Companies for 2015.

The Top500: South Africa's Best Managed Companies was conceptualised to recognise the crème de la crème of business in South Africa. As an organisation, Top500 employs a team of research analysts who gather information from over 4 000 companies annually and analyse this data to find the most successful companies from 100 business sectors. The formula for this is simple: The Top 5 companies from 100 business sectors equal the Top500.

We believe that this win is due to the fact that the brand consistently strives to invest in its staff, thus ensuring service excellence to both stakeholders and members.

#### **Reader's Choice Award**

Pretoria News readers voted Bestmed Medical Scheme as the best medical scheme for 2015. The Pretoria News Readers' Award was launched over 15 years ago, where a survey is run for six weeks in the publication calling for readers' responses to the different categories.

This year's survey received over 4 500 entries, where 62% of respondents voted in the medical aid category and rated Bestmed as the best medical scheme in South Africa.



**Brand exposure through internal and external programmes**

**Health Check**

In 2016, the Health Check programme will be presented in four unique and distinctive campaigns. An overall identity was conceptualised for the programme, as well as differentiated identities and collateral for the different campaigns, including mascots, icons, newsletters, flyers and posters.



**Athletics Club**

Early in 2016, the Athletics Club was re-energised with new branding and collateral as part of Bestmed’s renewed commitment to promoting health and wellness within and outside the organisation. A unique and striking programme identity was introduced, with event collateral and exciting gear and clothing for club members. Going forward, the club aims to continue featuring brand ambassadors for Bestmed, promoting brand awareness and the importance of healthy and active living within communities.



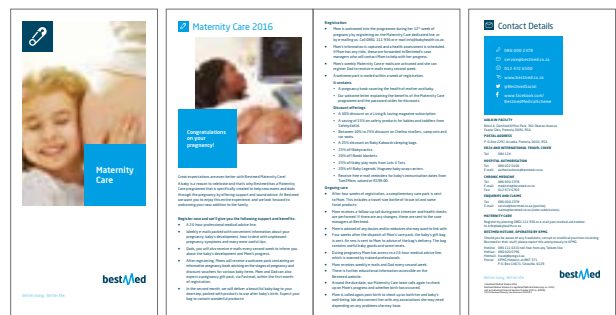
**TBC Bestmed Club**

In 2015 Bestmed partnered with a prominent name in the cycling community - The Bicycle Company - to establish the Bicycle Company Bestmed (TBC) Club. This new partnership is an expansion of Bestmed’s current wellness strategy that focuses on wellness through sport and activity, which continues to build a healthier South Africa



**Maternity Care and Infant Care brand and identity**

The Maternity Care programme helps Bestmed moms and dads through the pregnancy and the first two years with a new little one in the home - without missing a beat. This programme was restructured and rebranded in 2015 to be more valuable and relevant to expecting Bestmed members. Similarly, the Infant Care programme is being designed and introduced to support parents of young children.





## Visual communication

As part of our excellent service offering to our colleagues and members, Bestmed continuously strives to present information in accessible and innovative ways. This means that we transform the valuable information communicated to our stakeholders into practical, simple and visually pleasing material. Through media such as our Top Living magazine, product collateral, newsletters, the app and our website we ensure that our members are informed, educated, inspired and entertained. Similarly, we communicate with our colleagues through creative and appealing media - stimulating innovation and passion throughout the organisation.



## Advertising

### CI direction and review

As part of the brand team's responsibility to protect and enhance the Bestmed brand and its elements, the team reviews every item that is produced or distributed under Bestmed's name. This process ensures that all Bestmed collateral conforms to the Bestmed corporate identity and that the quality of the collateral lives up to Bestmed's prominent name in the industry. As a result, all communication - in the form of brochures, guides, booklets, newsletters, magazines, presentations, online material, calendars and campaigns - is reviewed and/or conceptualised by the brand team. Similarly, all event and promotional collateral is reviewed and/or conceptualised in line with Bestmed's unique identity - such as invitations, banners, gazebos, chairs, clothing, vehicle branding, posters and campaigns.

### Internal Brand and Communication

Effective internal communication is a critical part of any successful organisation. Clear and transparent lines of communication with management and leadership can help staff members feel valued, trusted and engaged. It creates a sense of community within an organisation, improves morale and promotes a sense of equality, which can strongly tie into the company's philosophy and principles, and empowers staff members to become brand ambassadors, both internally and externally. Furthermore, internal communication keeps staff members informed of organisational goals, strategic priorities and important messages, which boosts the overall effectiveness of an organisation.



At Bestmed we believe in practical, effective and exciting internal communication. The internal newsletter, Pillars2Posts, Bestmed Notice, multi-media screens and internal communication processes aim to motivate Bestmed staff to make a difference and to understand that they are part of something bigger. "What have you done today, to make you feel proud?" has become a motto that all staff members live by. It has a ripple effect that is felt not only by members but also the industry, because our members receive a service that is

personal and they know that Bestmed is a medical scheme run by members, for members. We are the fastest-paying scheme in South Africa, with 100% of complete claims being paid within 15 days. This speaks of incredible operations, but also of staff members who care. Behind every statistic, number, graph and achievement there is a passionate group of people who made it happen - a group of people who have been given purpose and direction through our internal communication processes. With the aid of training, induction and brand ambassador programmes, we encourage our staff members to show innovative and out-of-the-box thinking, to improve our service delivery and to reinvent our award-winning products, to suit our members' needs even better. Bestmed is an award-winning scheme, not only because of our great products, but also because of remarkable ideas effectively communicated both internally and externally. At Bestmed, communication is the key to maintaining a healthy relationship with our staff members. Our Pillars2Posts newsletter contains information from various departments and helps Bestmed staff stay on top of critical information. In 2015, staff members received 241 Pillars2Posts. We also send out additional communications through traditional methods and the multi-media screens.

The My Bestmed intranet portal helps staff manage data, policies, procedures, guidelines, protocols, resources, corporate documents and branding. It encourages best practice when it comes to collaborative projects and sharing of information and also assists with improved customer service by providing staff members with access to consistent and accurate information.



Health awareness and corporate CSI are important parts of the Bestmed philosophy and we take our internal campaigns to heart. We do not only see these campaigns as events to educate and create awareness, but as opportunities to stand together for a worthy cause. Each year we conceptualise and execute impactful internal campaigns such as Movember, Shavathon, Casual Day, Slipper Day, Tekkie Tax and Spring Day, to name but a few.



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We also have various internal campaigns on training programmes and the rewards system, such as the Best Performance programme (Best Innovate, Best Technical and Best Pacesetter) and the internal online recognition system. As part of internal brand and communication, various internal platforms and programmes are also conceptualised and aligned, such as our human resources platform - Scubed, the online performance measurement interface and the TOP programme.

**Bestmed site experience**

In order to maintain our excellent service levels and continue delivering on members’ ever-increasing needs, Bestmed is expanding and evolving as an organisation. Due to this rapid expansion, Bestmed’s head office was modified and a new branch was established in Cape Town. In order to enhance our valuable members’ visits to our friendly offices, we revamped our corporate branding and signage to make the experience as user-friendly as possible.

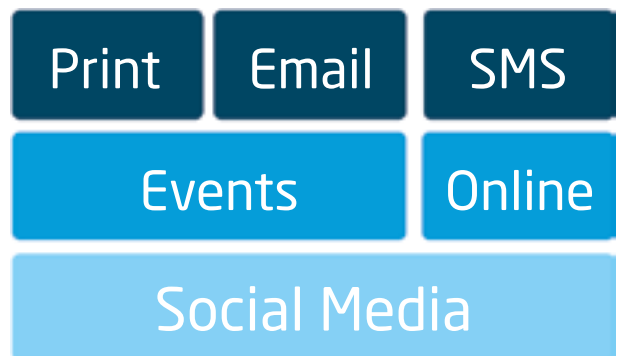
**Communication: The foundation of quality interaction...**

Communication remains an important part of any business but especially when it comes to medical schemes. Bestmed prides itself on being a proactive thought leader in its communication strategy and when communicating to its members and stakeholders, we endeavour to be transparent, accurate and accessible.

We have developed a clear strategy to empower members with up-to-date, informative and practical information on lifestyle,

Scheme and industry-related matters. The communication team engages internal and external stakeholders alike, in line with Bestmed’s marketing strategy, making extensive use of the various communication platforms available to members. The common thread that runs through all the collateral is Bestmed’s commitment to exceeding members’ expectations. We also added extra value to members by making communication available in both English and Afrikaans, thus allowing members their choice of language when we communicate with them.

**Platforms used in communication and branding**



**Member Communication**

In an effort to keep Bestmed members informed, updated and entertained, the Scheme has adapted a proactive form of communication. We achieve this by consistently and regularly communicating with members.

Member communication is handled through two tiers: formal and informal communication. Formal communication revolves around communicating important medical and scheme information to members by proactively informing them about Scheme rules and regulations, medical scheme benefits and other important information and news that members need to be aware of. Informal communication revolves around newsletters and the Top Living magazine that apart from filtering important information through to members, also strives to keep members informed and entertained with light-hearted, value-added or thought-provoking articles. In this regard, Bestmed continues to go from strength to strength.

### Service Provider Communication

When communicating with service providers, our strategy ensures clear and concise dissemination of information to general practitioners, pharmacy groups, allied health professionals and specialists groups. This assists not only service providers but through the service providers ensures safeguarding information to members. This has also allowed us to better track public relations - both in the corporate space and in sports PR.

The service provider department has enriched its communication visually with the implementation of a new identity in 2015, to personalise and differentiate their communication to service providers and members.



### Corporate (key accounts) communication

Bestmed's corporate department believes that, while member communication vital, so is the education of members. To facilitate this, we have incorporated proactive communication in the form of the Health Check newsletter and we continue to make great strides in reaching members through the communication of preventative care.

### The Health Check Programme

Health Check is a service Bestmed offers to selected corporate clients that aims to create an environment in the workplace that will enable employees to focus on making healthier

lifestyle choices. After the participants are made aware of their individual risks, the programme educates participants on which changes they can make in order to address these risks. Individual counselling and personal consultations are arranged to provide individuals with the necessary information in order to understand exactly what it is that they need to change.

### Public Relations & Sport Sponsorship

With renewed vigour, Bestmed kick-started 2015 on a high note. We officially became the title sponsor of The Cycling Club now known as The Bicycle Company Bestmed Club (TBC Bestmed Club). This new partnership is an expansion of Bestmed's current wellness strategy that focuses on wellness through sport and activity which should result in a healthier South Africa.

### Bestmed Tuks Athletics Stadium

Another one of Bestmed's greatest additions to our brand properties is the fact that Bestmed and TUKS athletics joined hands. The stadium on the varsity grounds was renamed on 21 February 2015 and is now officially called the Bestmed Tuks Athletics stadium.

The Bestmed ACE (Athletics Club Eesterus) race saw a staggering 3 000 participants which recruited disadvantaged people in an effort to involve and uplift the community. The ACE race consists of a 5km fun run, 10km and 21km races.



The Bestmed Tuks Race attracted an estimated 7 500 participants hit the ground running. This was the fifth year that Bestmed sponsored one of the largest races in Gauteng. The focus was on community and family participation, which included a 1km walk (proceeds went to CANSA), 5km, 10km, 21.1km races and a 10km wheelchair race.

### Bestmed Pro Ladies Team & Social team

Team Bestmed-ASG-Multihull is a progressive South African women’s cycling team. They were established in 2013 and the team’s core focus is on developing promising young local talent with a future eye on the international stage. The riders represent all racing categories - from U16 to veteran - and aim to be competitive across the track, mountain biking and road cycling disciplines. Equipped with top-of-the-range bicycles and gear by ASG Sport Solutions, they compete at races across the country with infrastructural support from Multihull Group.

Together with Bestmed Medical Scheme, the team promotes values of a healthy active lifestyle.

### Special Campaigns

In October 2015, we took preventative healthcare education to the rural communities in South Africa. Bestmed kick started a 42-day roadshow in Mpumalanga that ran for three weeks throughout rural communities in South Africa. Professional healthcare nurses did biometric screenings such as cholesterol, BMI and blood sugar. This campaign saw a significant rise in new memberships.

The year ended off with a fun campaign launched to schools, the We’ve got the Power (WGTP) campaign. Bestmed invited schools across the country to create fun music videos highlighting healthy lifestyle activities in their daily routine. The exciting challenge required schools to create a short music video incorporating popular folk musician Jeremy Loops’ music and the five Bestmed wellness pillars: Be Happy, Be Nutri-Wise, Be Fin-Fit, Be Active and Be Safe. Videos had to be filmed using a smartphone and had to be fun and unique.

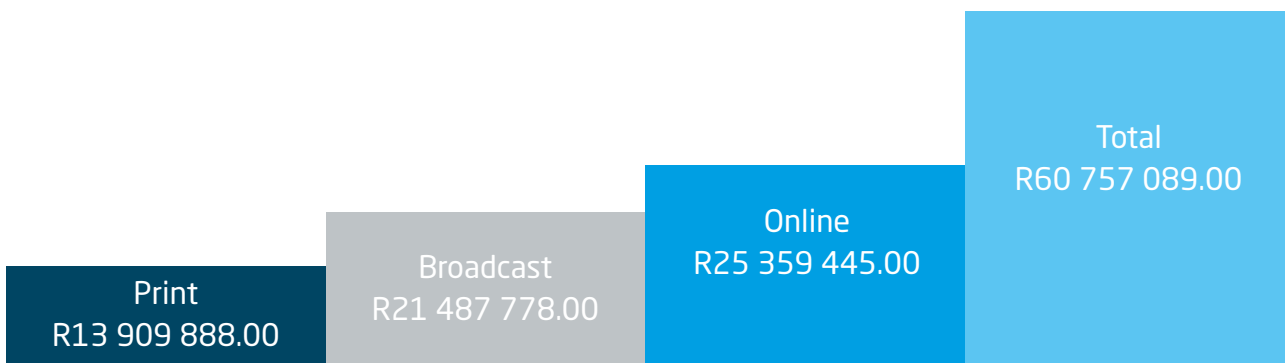
### Online Public Relations

Bestmed fared well in online PR during 2015. Facebook saw a rise from 2 931 likes (January 2015) to 16 615 likes (December 2015). Total followers on Twitter rose to 741.

### Advertising Value Equivalency

Advertising Value Equivalency (AVE) measures the benefit to a client from media coverage of a PR campaign. The graph below shows the AVEs for print, broadcast and online for 2015. The total AVE is a staggering 1 058% more than that of 2014, which had a total AVE of R5.2 million. This value rose steadily month on month during 2015 due to the optimistic nature of the press releases.

### Advertising Equivalent for 2015



The increase in business to business (B2B) and business to consumer (B2C) public relations can be attributed to the awards we received as well as the rural outreach roadshow and WGTP campaign. Sport remains one of the key media interests for Bestmed due to our well-positioned national events calendar, as well as our professional female and social cycling teams.

## Corporate Social Investment

### Partners for Possibility

Bestmed together with many other corporate clients embarked on a journey through partnerships with school principals in an attempt to influence a change in the educational landscape of our country. Each school was assigned a manager or executive from ten different companies to transfer skills enabling disadvantaged schools to become more sustainable with some coaching from business leaders. Bestmeds' direct sales manager was appointed to assist St. Anne's Primary School Principal, Mr S. Maboe.

### St Anne's Primary School

November 2015 saw Bestmed staff roll up their sleeves and head out to St Anne's Primary School in Atteridgeville, Pretoria. The school was identified through the programme "Partners for Possibility" and Bestmed took a day off to spend time with and add value to those less privileged.

Bestmed staff painted the school walls in colourful Disney artwork representing our five wellness pillars: Be Active, Be Safe, Be Nutri-wise, Be Happy and Be Fin-Fit. The focus was to create an environment where learners can not only excel in academics but also in overall well-being.

Activities throughout the day included face-painting, educational games, an informative and interactive play called "Healthy Habits" and healthy food parcels were handed to the children. There was also a performance by well-known entertainer, Karen Ferreira.

Older learners were encouraged to take part in brand facilitation sessions where they were taught to perceive themselves as brands and learn about how to take care of and nurture that brand. The aim of these sessions was for them to acknowledge the choices they make and how these choices can affect them. Bestmed also recognised learners from the school that excelled in Math and English, which will continue to be a regular event.

### Digital Marketing

Technology plays a vital role in our daily lives and looking toward the future this will become more prominent. As a brand we look forward to thinking ahead in order to not only remain relevant but to become a thought leader in the industry, unique and innovative. Therefore we will continue to strive towards ensuring that we take advantage of trends that complement our brand, empower our members and help us stay abreast of the clutter and noise.

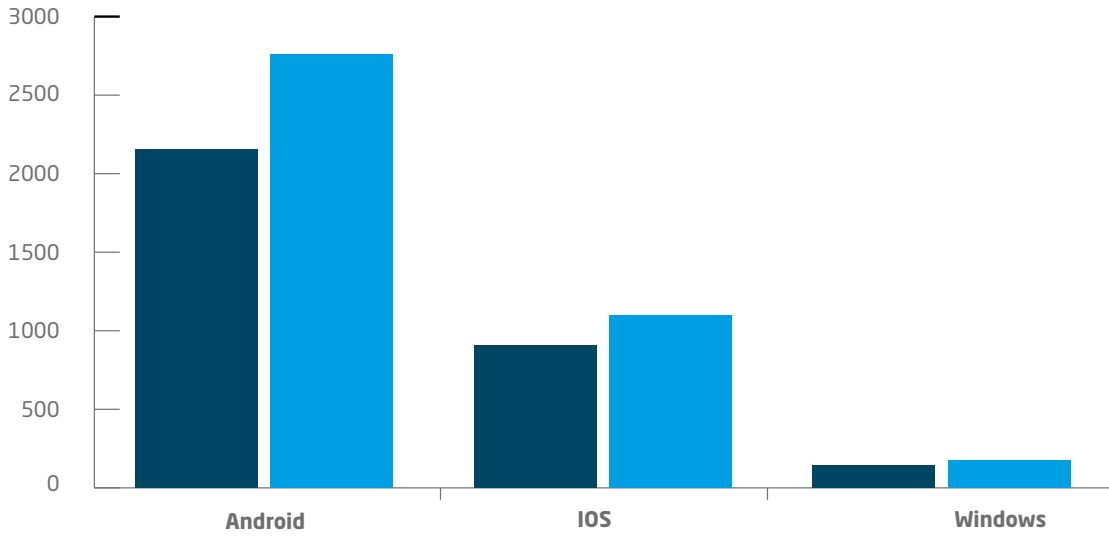
## Bestmed Mobile App

As we continue signing on new members we have realised the importance of being a scheme that is agile and responsive not just through face-to-face and telephonic interactions with our members but through the use of technology as well. Online and social media interactions are leading consumers in every aspect of life as more and more people consume online content via their smart and feature phones. Our members need us to keep up with the times and focus on reaching them where and how they are most comfortable engaging. This is why Bestmed continues to focus on becoming the high-tech (technologically advanced) and high-touch (personalised) medical aid scheme of choice.

With this in mind, the Bestmed Mobile App was developed and phase 1 of the app was launched in 2014 to address the immediate need for new and existing members to receive their membership cards that could not be delivered due to the SA Post Office strike. We soon realized that the app had the potential to service our members on a greater level, so in 2015 we began to market the app as a tool to improve client services and effective customer interaction.

The Bestmed app has become fundamental in helping us improve customer satisfaction. New features and functionalities were added to the app and in November 2015 we launched phase 2 of the app. By the end of 2015 over 4 000 members had downloaded the app onto their smart and feature phones. Building on phase 1, phase 2 in 2015 focused on providing members with an even more interactive yet personal touch. This included increasing app functionality and navigational ease, allowing members to search for specialised service providers in any location. Tax certificates are now available via the app and members can submit chronic medication requests in a fast and effective manner. The app now also allows members to update their personal details in a fast and timeous manner.

**Bestmed Mobile App 2015**



|          | Android | IOS  | Windows |
|----------|---------|------|---------|
| March    | 2152    | 909  | 145     |
| December | 2761    | 1096 | 178     |





**Bestmed Website**

The Bestmed website continues to increase our online brand visibility. People who hear about Bestmed often seek more information about our offerings through our website. Our website has become the point of entry for lead generation and customer retention. In 2015 there were 303,233 user visits to the Bestmed website, 49.4% of the users were new and 50.6% returning.

We acquired more direct traffic than paid traffic and a large volume of organic traffic during 2015. It is interesting to note that although social media comprises a small percentage of web traffic acquisition, visitors from social media sites spend more time on our website, averaging 2:57 minutes. Referral websites have the greatest conversion rate at 68%, meaning that members or the general public spend more time on the Bestmed website if they access it via social media or another website that has a click through to the Bestmed website.

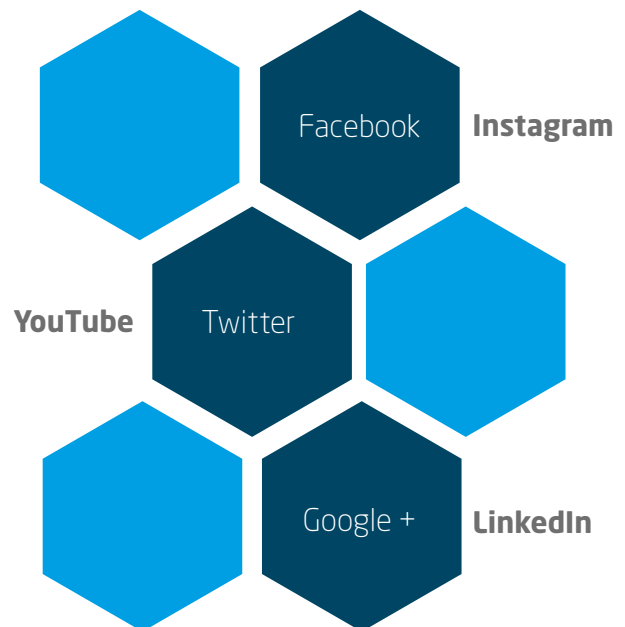
We have generated 12 136 leads through sales support channels such as Google Search and display campaigns, advertising on selected websites and lead campaigns with lead suppliers and e-mail marketing campaigns.

**Highlights of the campaigns include:**

|   |   |
|---|---|
| Over 1,1million ad impressions (number of times an ad was viewed) at a click-through rate of 1.68% (increase of 1.28% compared to 2014) | We had 49,960 ad sessions                     |
| A total of 379 317 people interacted with our ads   | Our website has had a total of 2,469,230 hits |

**Bestmed Social Media**

Social Media is a highly personalised and interactive channel of communication, which can increase the effectiveness of exchanges between business and the consumer, heightening the brand experience and leading towards greater business awareness. As a brand Bestmed has been active on various social media platforms since 2013. We recognise that social media has changed the way that people communicate, share information, and interact with brands. Social media marketing has enhanced our relationship with our members, stakeholders, potential members and has featured us as a leading healthcare brand.



Bestmed’s social media community has grown phenomenally since 2014, and thus Bestmed has launched its own online live chat, featured on the Bestmed website, as a channel of communication between website visitors and client service



consultants. This mode of communication is fast, personal and user friendly, satisfying website visitors' need for live engagement and personalised attention.

#### Highlights of our social media activity include:

- Facebook likes between January 2015 - December 2015 increased by 466%
- 58.7% of our Facebook likes are as a result of the Facebook ads
- 41% of our Facebook likes are organic
- 62% of our Facebook followers are university graduates
- The majority of fans live in Johannesburg, Pretoria and Cape Town.
- Sponsorships and events, including the Bestmed Tuks Race, Ace Race and cycling sponsorships - are creating a lot of social media engagement.
- By the end of 2015 we had over 740 followers on Twitter
- We had the biggest level of engagement on Twitter in November 2015
- 83 Tweets
- 29 000 Tweet impressions
- 709 Profile visits
- 31 new followers
- 116 mentions
- 90 778 people have searched for Bestmed on Google Plus
- 12 418 people have viewed our Google Plus page
- 122 subscribers on YouTube
- 35 507 views of the Bestmed MND #whynotme video

#### Bestmed Events - Focusing on getting South Africa healthy

##### Bestmed Events in numbers:

- 18 sports events in 2015
- Cycling - participants 11 235
- Running - participants 17 400 (two events)

Bestmed prides itself on the continuous promotion of health and wellness through our active involvement in national sports events, which include cycling and running. A part of our wellness strategy, Bestmed has significantly contributed to the upliftment and development of the sports industry through strategic partnerships and sponsorship.

Our focus has not only been on sponsoring sports events but also giving back to the community through social responsibility/CSI initiatives.

The backbone of our support to sport and sport development in South Africa is underpinned by the five wellness pillars (Be

Active, Be Safe, Be Nutri-Wise, Be fin Fit and Be Happy). Bestmed continuously encourages and educates our current and potential members on the importance of staying active and maintaining a healthy lifestyle, thus improving their personal health and wellness.

#### 2015 Event Highlights Include:

##### 1. Annual Bestmed Golf Day

- The 2015 Golf Day was held at the Pecanwood Country Club. We managed to raise R36 500. All proceeds were donated to The Cancer Association of South Africa and the J9 Foundation (supporting MND research).

##### 2. The Bestmed Tuks Race

- The Bestmed Tuks Race continues to grow in participation every year, with over 7 500 registered runners in 2015.
- This number increased by 1 800 compared to 2014.
- The race is currently perceived as the biggest race in Tshwane.

##### 3. Inaugural Bestmed Capital Classic Road Cycling

- The first ever Bestmed Capital Classic proved to be successful with over 2 500 registered riders.
- Bestmed will position this as a key race for Gauteng similar to the Cape Town Tour (previously called the Argus Cycling race).

##### 4. Captains of Industry

- While Bestmed's major focus is on supporting sports events, we also strive to educate and motivate our corporate members to promote the health and well-being of their employees in the workplace. This results in increased productivity.
- In September 2015, we hosted our first Captains of Industry event where prolific speakers in the industry demonstrated the importance and vitality of wellness and health in the workplace and the positive results thereof. A range of these sessions will be facilitated in 2016 to support the thought leadership Bestmed is embarking on.

##### 5. Cycling

2015 was the year in which Bestmed launched their Bestmed National Cycling Series, which was well received by all professional and social cyclists. The Mountain Bike Series concluded with the Bestmed Paarl MTB Classic in November 2015 and the 2015 series of road events comes to a close with the Bestmed Tour of

Good Hope on 29 February - 4 March 2016 - with the grand finale set to provide lots of excitement.

### Cycling Races

| MONTH     | DATE  | RACE                                | PROVINCE       | TYPE |
|-----------|-------|-------------------------------------|----------------|------|
| March     | 2-6   | Bestmed Tour De Boland              | Cape Winelands | Road |
| May       | 17    | Bestmed Pretoria Capital Classic    | Gauteng        | Road |
| May       | 23    | Bestmed Walkerville MTB Classic     | Sedibeng       | MTB  |
| June      | 27-28 | Bestmed Sondela MTB Classic         | Limpopo        | MTB  |
| July      | 17-18 | Bestmed Jock Tour                   | Mpumalanga     | Road |
| July      | 18    | Bestmed Jock Cycle Classic          | Mpumalanga     | Road |
| July      | 26-27 | Bestmed Forever Resort Badplaas MTB | Limpopo        | MTB  |
| August    | 15    | Bestmed Lost City Classic           | northwest      | Road |
| August    | 16    | Bestmed Lost City MTB Classic       | northwest      | MTB  |
| September | 5     | Bestmed Makro Cycle Tour            | Eastern Cape   | Road |
| September | 6     | Bestmed Makro MTB Tour              | Eastern Cape   | MTB  |
| October   | 17    | Bestmed Satellite Cycle Classic     | northwest      | Road |
| October   | 18    | Bestmed Satellite MTB Classic       | northwest      | MTB  |
| November  | 14    | Bestmed KZN Expedition              | KZN            | MTB  |
| November  | 21    | Bestmed Paarl MTB Challenge         | Cape Winelands | MTB  |



**MTB:**



**Road:**

The Road Series commenced with the Bestmed Jock Tour and Classique on 15-17 July 2015, culminating in the Bestmed Tour of Good Hope in March 2016



**Bestmed Series Rules:**

- A total of R30 000 in cash is allocated across all categories for 2016 (R15 000 for the Road Series and R15 000 for the MTB Series) while ASG sponsors a further R20 000 in product prizes.
- Only the long distance option on every event counts towards the series, with the exception of the Jock Tour and the Classique.
- Riders have to complete at least four events (four road events for the road rankings and four MTB events for the MTB rankings) to get full benefit on the ranking system.
- If you only complete three events, your ranking index drops 25%, if you only do two events it drops 50% and so on.
- Riders who complete more than four events will see their best four results count towards the rankings.
- Every rider who completes four events in the road series and/or four events in the MTB series will receive a special finisher's series blazer pin.
- Every rider who completes four events in the road series and/or four events in the MTB series will receive 20% discount vouchers on a range of ASG sport brands, including Rudy Project, SIDI and SCICON.

**6. Road Running Races**

| MONTH    | DATE | RACE              | PROVINCE | TYPE    |
|----------|------|-------------------|----------|---------|
| January  | 17th | Bestmed Ace Race  | Gauteng  | Running |
| February | 21st | Bestmed Tuks Race | Gauteng  | Running |

**Other Clubs**

**The Bestmed TBC Cycling Club**

Bestmed is in close partnership with TBC in the TBC Bestmed Cycling club. The club is being regionally promoted by the TBC Cycling shops which are currently in the following regions:

1. Pretoria (Centurion and Lynwood branches)
2. Johannesburg (Krugersdorp)
3. Polokwane
4. Nelspruit

The Cycling club is co-branded with Bestmed which elevates Bestmed brand exposure.

**Benefits of Belonging to a TBC Bestmed Cycling Club:**

The TBC Bestmed Club is a community-driven club with unlimited

possibilities – a family-orientated club with a caring attitude. Some of the benefits of being a TBC Bestmed club member include the following:

- A 5% discount on a purchase at any The Bicycle Company retail store.
- Saturday club rides with support vehicles and marshals.
- A get-together after club rides once a month with free coffee and muffins.
- Club hospitality tents at the Cape Town Cycle Tour, Momentum 94.7 Cycle Challenge and at selected races.
- Club gazebos at selected races/events.
- Beginner clinics.
- Monthly social events with presentations on technical, nutrition, training, health, and other topics.
- Weekly newsletters.
- 15% discount on ICE ID.
- 10% off all Bestmed Cycling Races.
- All Bestmed Medical Scheme members get a free goody bag.

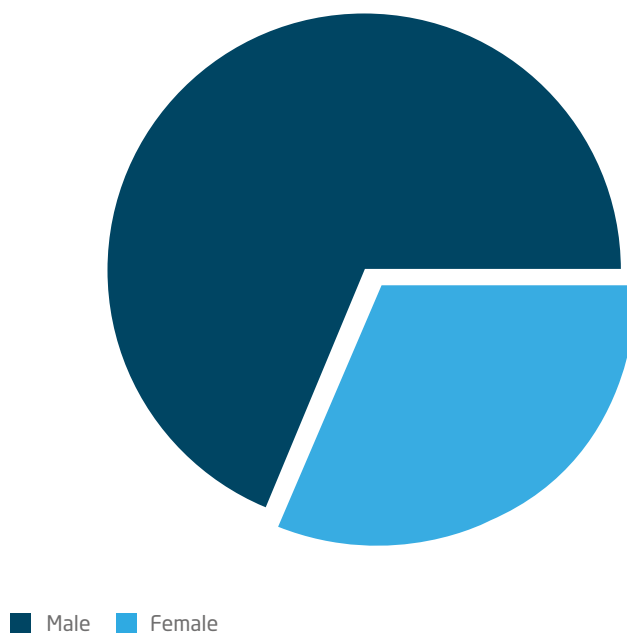
### Bestmed Athletics Club

Bestmed launched the Bestmed Athletics Club in 2014 with the aim of introducing health and activity to its staff members. Since then we have managed to continuously grow the club and awareness of physical activity within the company. The idea behind the club was to have a platform within Bestmed that aligns with our five pillars, enhances health and promotes an active lifestyle. The Bestmed athletics club is not limited to Bestmed staff and members only, thus creating an opportunity to introduce new people to the Scheme and Bestmed behaviours. As the Bestmed Athletics Club is an open club, employees in the club use the athletics club as an opportunity to network on a business and social level, while living and showing the Bestmed behaviours. Going forward, the club aims to continue being brand ambassadors for Bestmed, promoting awareness and the importance of healthy and active living within communities.

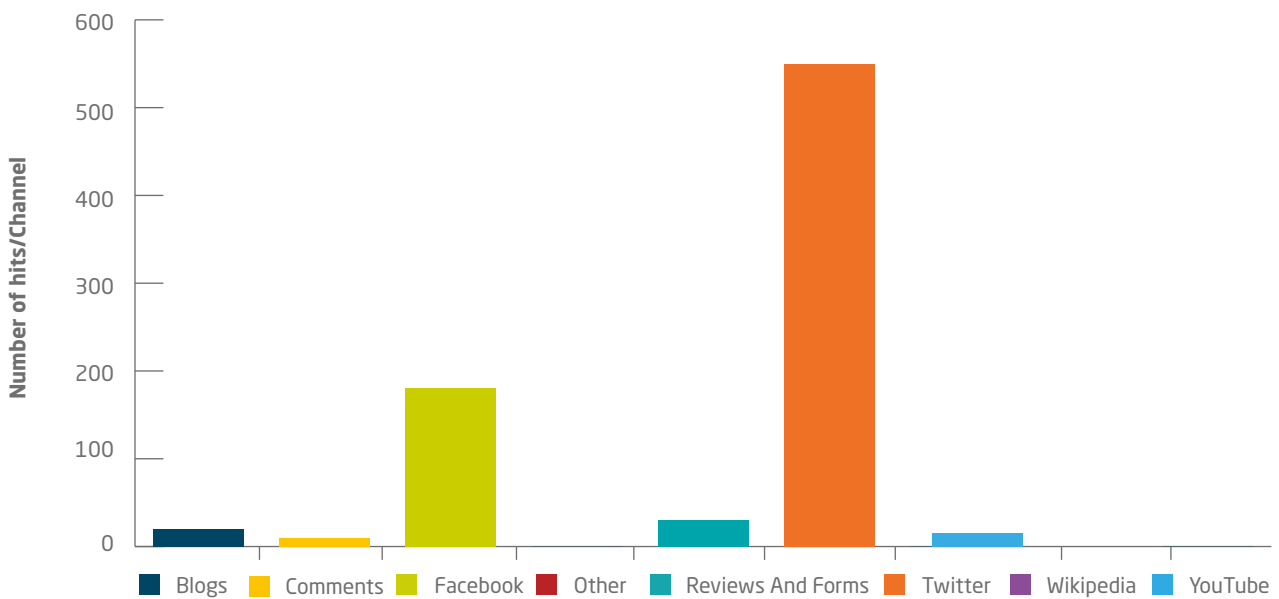
### How Bestmed events create conversation through Social Media platforms

The Bestmed events are also important for us to create conversation within different sports communities and properties. The following will indicate how well our sports events assisted in doing just that. The international attraction is mostly due to the Tour of Good Hope, which attracts many international riders.

### Social Media Engagement Demographics



## Social Media Conversations by Channel



## Other Marketing Campaigns

### Rural Research Campaign

A year-end campaign was rolled out via a roadshow into the rural areas, to counter losses at Transnet and Eskom. It was also a strong research-based campaign to understand the needs of that market segment better. During the roadshow we had a medical trailer to offer Bestmed members free health screenings in those communities. We completed 643 surveys and did 728 health screenings during this campaign.

### We Got The Power Schools Campaign

The project was implemented to affect a healthy living mindset change within South African school children, by creating a platform from which they can discover the power of living a healthy balanced life. The challenge was launched at 63 schools around the country which in turn were encouraged to invite/challenge other schools to participate in the initiative. Each school that participated also automatically received five trees as part of the Green POP Initiative. Schools had to submit a video on how they see the five wellness pillars, which can be illustrated by staff and students in a fun and interactive way. The winning school received a personal private Jeremy Loops concert.

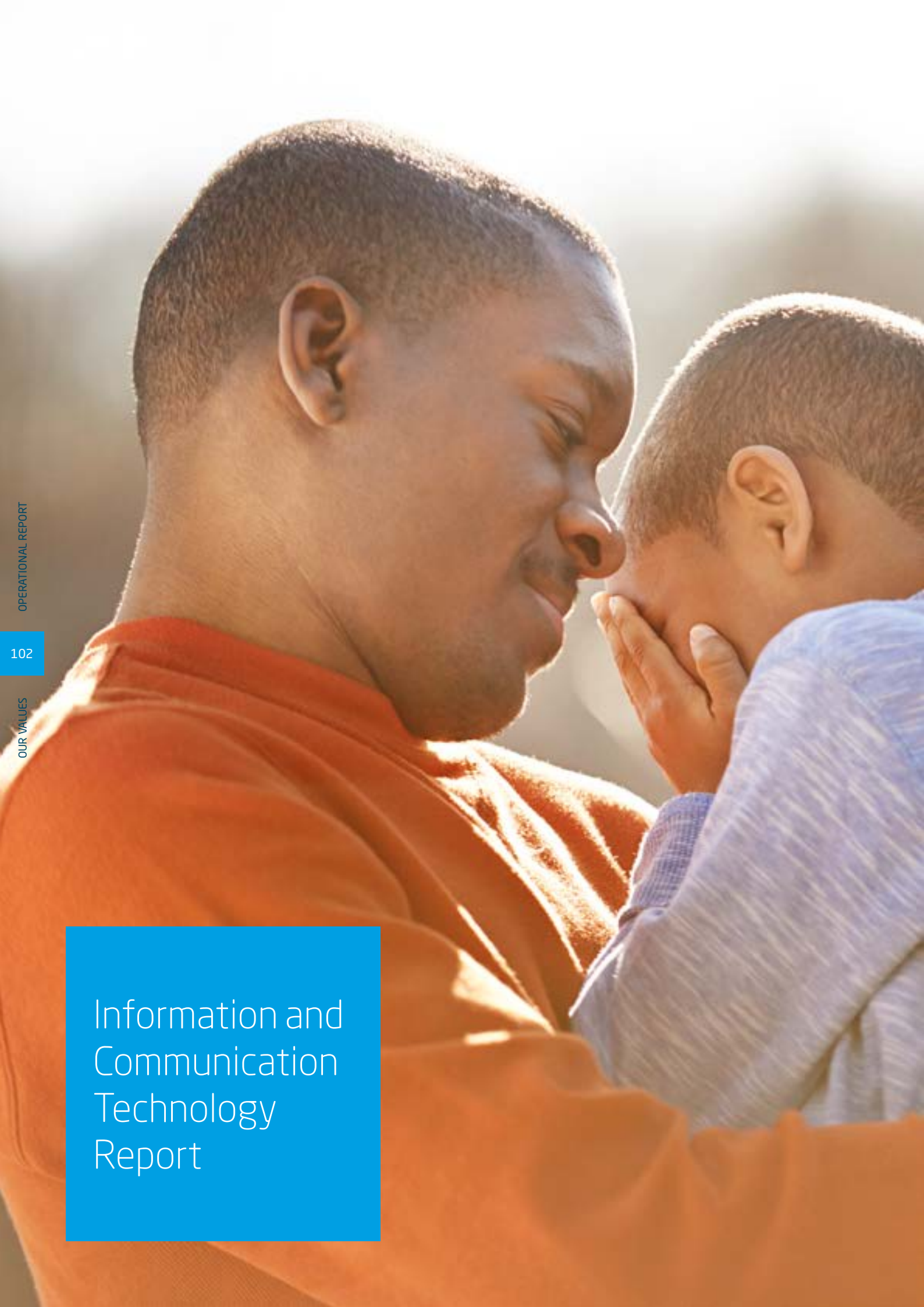
### Branded Moms Campaign

As a support to the schools campaign, Bestmed also ran a "branded mom" school campaign. Moms were identified from the targeted schools and their cars were branded with Bestmed branding. This was a great conversation starter and the feedback was incredibly positive.

### Trade for Development - Reaching Higher

"Reaching Higher" is a groundbreaking programme developed to assist students to achieve greater performance in the classroom, lecture theatre, exams and in life. The programme originally consisted of 12 academic skills and 18 essential life skills. An extra chapter "Health and Wellness" has been added to the programme. Bestmed was included in the book as a chapter sponsor and the book was printed in South Africa. It speaks directly to millions of students, the parents of students and also corporate South Africa while enforcing the message of "better living, better life".

Corporate South Africa, parents, schools, universities and colleges have embraced this project as "reaching higher", which deals with the critical and urgent, social and academic needs in South Africa. The book will be available for purchasing at news outlets such as the CNA.



Information and  
Communication  
Technology  
Report



empathetic

Bestmed's Information and Communication Technology (ICT) strategy provides a holistic view of the current ICT environment, the future directions and the initiatives required to achieve the desired future environment. It strives to enable nimble, reliable and efficient responses to strategic objectives. The output of this process is an ICT strategic roadmap that stems from an analysis between current and desired states. Our strategy definition does not begin with technology, but always ties ICT strategy back to our business objectives.

We constantly prioritise ICT initiatives and order them to recognise dependencies and synergies. Furthermore, our ICT strategy ensures the wise investment in ICT initiatives that help achieve business goals and objectives. We also aim to drive lower costs, increase output and create a competitive advantage through the alignment of ICT activities with drivers of business success. As the ICT department fulfils a support role, our strategy not only is flexible in order to conform to changing business needs, but also supports innovation as it happens in Bestmed.

It is clear that Bestmed has, over time, become more and more reliant upon complementary networks of hardware and software that we use to collect, filter, process, create and distribute data. The information system primarily aims to support operations, management and decision making and is used not only to provide information and communication technology, but also to be the primary way in which employees interact with this technology in support of business processes - the outcome being internal and external service levels.

The importance of integrated systems, as opposed to stand-alone applications, cannot be overemphasised. Direct interfaces are essential where suppliers link directly with the work system in which activities are devoted to capturing, transmitting, storing and the manipulation of data. The importance of the achievement of superior service levels has reached a stage where we cannot afford or tolerate the slightest disruptions in linkages, slow responses or reliance upon third parties and their integration capabilities. It means that we have over time created a situation in all the operational spaces where transaction-turnaround is measured and reported on.

The current hardware and software solutions, presented to staff by ICT, are of high standing quality. These include support to business and we have certainly experienced immense progress in this space since returning to self-administration. The question relating to ownership and our dependence upon the current service provider and their legacy system, in terms of the current licensing agreement, is being addressed.





honest

