

MEMBER COMMUNICATIONS

August 2023



Dear Member

MEDIPOS MEDICAL SCHEME (IN PROVISIONAL CURATORSHIP)

When considering the way forward for any medical scheme, the options can be condensed into three alternatives:

- Maintaining the status quo, and continuing to operate
- Liquidation
- Amalgamation.

Given the concerns around the sustainability of MEDiPOS, the Provisional Curator has started exploring possible amalgamation opportunities as one of the Scheme 's options. Following a market analysis done by one of the actuarial consultants, there are number of medical schemes that the provisional curator will consider for the exercise.

The Provisional Curator is now in the process of engaging these medical schemes, and performing analyses to determine the most appropriate amalgamation partner. Some of the factors that are considered by the Provisional Curator in this process include:

- Implications for employer subsidies and payment of contributions
- Sustainability of potential recipient schemes, by considering, amongst others, the demographic profile, financial results, solvency levels, governance concerns
- Benefit and contribution levels relative to MEDiPOS
- Appropriateness of available options to MEDiPOS members
- Conditions imposed by potential amalgamation partners

The amalgamation process can be summarized as follows:

The amalgamation process is regulated in Section 63 of the Medical Schemes Act.

Once the potential amalgamation partners have been identified and engaged, a decision is made on the most appropriate scheme, with which the amalgamation will be pursued further.

Then an exposition document will be drafted and signed by both schemes. This document will be based on detailed actuarial analyses. The document is published and open for public comment. The Registrar of Medical Schemes must consider representations made by any interested parties.

The MEDiPOS members will get an opportunity to vote on the transaction.

The amalgamation will be concluded once the approval of the Competition Commission and Council for Medical Schemes has been obtained.

The whole process will normally take 6 months.

Your faithfully

JUSTICE KUDUMELA (PROVISIONAL CURATOR)
FOR: MEDIPOS MEDICAL SCHEME (IN PROVISIONAL CURATORSHIP)