



Annual Report

2021/22

Council for Medical Schemes Presentation

Health Portfolio Committee
13 October 2022





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Parliamentary Programme

OPENING REMARKS AND INTRODUCTION

Dr Memela Makiwane - Chairperson of Council

PERFORMANCE INFORMATION PER PROGRAMME

Dr Siphon Kabane – Chief Executive & Registrar

ANNUAL FINANCIAL STATEMENTS & AUDIT OUTCOME

Ms Andisa Zinja – Chief Financial Officer

QUESTION AND ANSWER SESSION

Committee Chairperson

UTILISATION TRENDS

Mr Michael Willie – Executive: Research and Monitoring

FINANCIAL SUPERVISION

Ms Julindi Scheepers - SM: Financial Supervision

QUESTION AND ANSWER SESSION

Committee Chairperson

CLOSING

Dr Memela Makiwane - Chairperson of Council





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OPENING REMARKS

Dr Memela Makiwane
Chairperson: Council for Medical Schemes





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ANNUAL PERFORMANCE

Dr Siphon Kabane
Chief Executive & Registrar



Strategic Goals

Vision

To be an agile and transformative regulator in order to promote affordable and accessible healthcare cover towards universal health coverage.

Mission

The CMS regulates the medical schemes industry in a fair and transparent manner and achieves this by:

- Protecting the public and informing them about their rights, obligations and other matters in respect of medical schemes;
- Ensuring that complaints raised by members of the public are handled appropriately and speedily;
- Ensuring that all entities conducting the business of medical schemes, and other regulated entities, comply with the Medical Schemes Act (No. 131 of 1998);
- Ensuring the improved management and governance of medical schemes;
- Advising the Minister of Health of appropriate regulatory and policy interventions that will assist in attaining national health policy objectives; and
- Ensuring collaboration with other stakeholders in executing its regulatory mandate.

Values

The values of the CMS stem from those underpinning the Constitution and its specific vision and mission. Being an organisation that subscribes to a rights-based framework where everyone is equal before the law, where the right of access to healthcare must be protected and enhanced, and where access must be simplified transparently, the values below are critical requirements of all employees:

Regulatory philosophy (external)		Shared values (internal)	
Transparent	Cost-effective	Accountability	Honesty
Fair	Firm	Ubuntu	Respect
Equitable	Proactive	Professionalism	Responsive
Consultative	Independence	Integrity	



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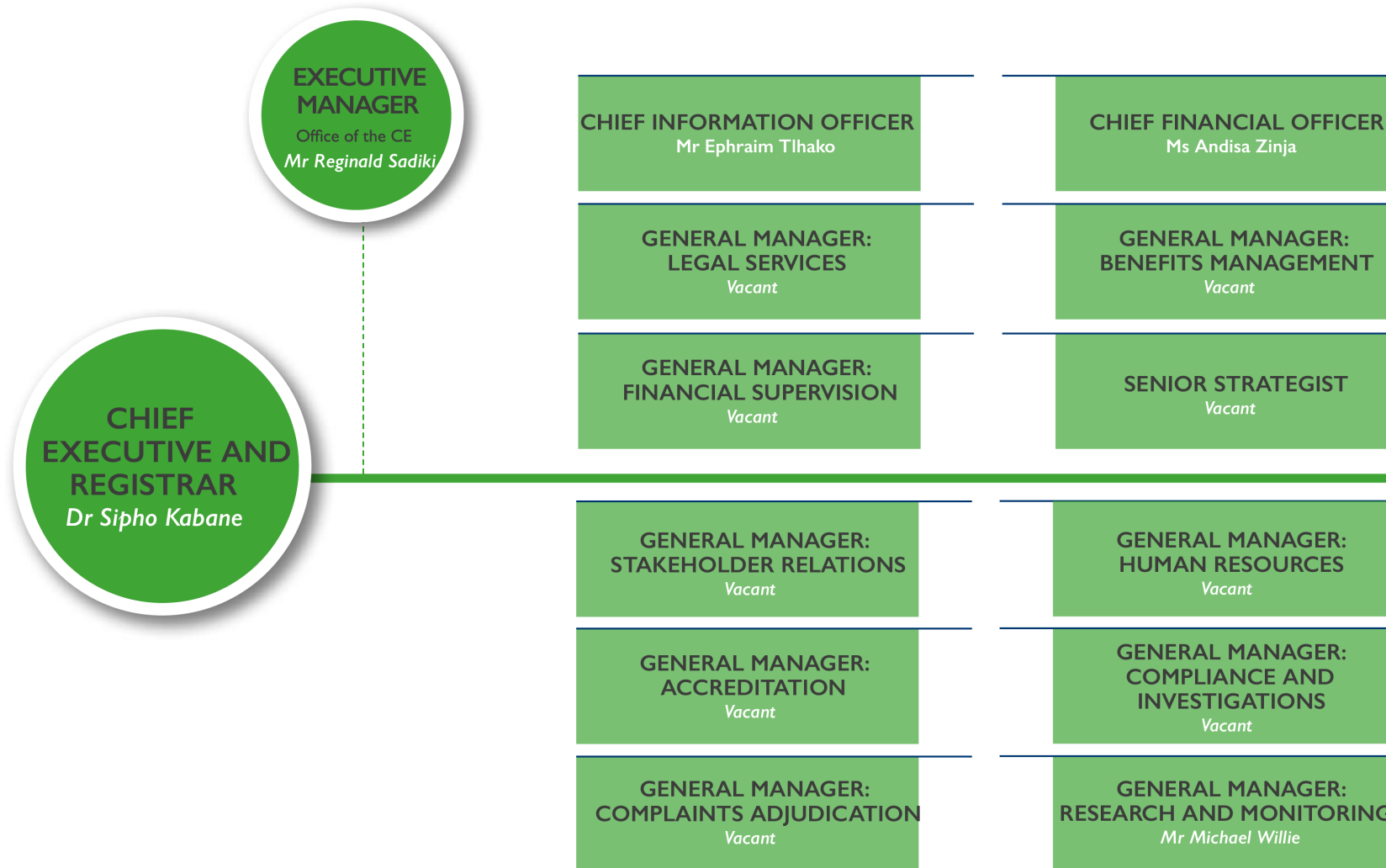


Organisational Structure



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Achievement of Strategic Objectives

PERFORMANCE ACHIEVEMENTS DURING 2021/22

- **Unqualified** audit report by the Auditor-General
- ICT network availability **99%** and **2 successful Disaster Failover Tests**
- CMS **exceeded** its employment **Equity Targets**
- **Clinical Opinions** for complaints delivered on time
- Increased **research projects** and **publications** in support of the National Health Policy
- **Increased stakeholder awareness** and training sessions maintained
- Improvement in the reduction **of the complaints backlog** during the year



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Highlights of CMS' performance

SUPPORT FOR THE INDUSTRY IN 2021/22

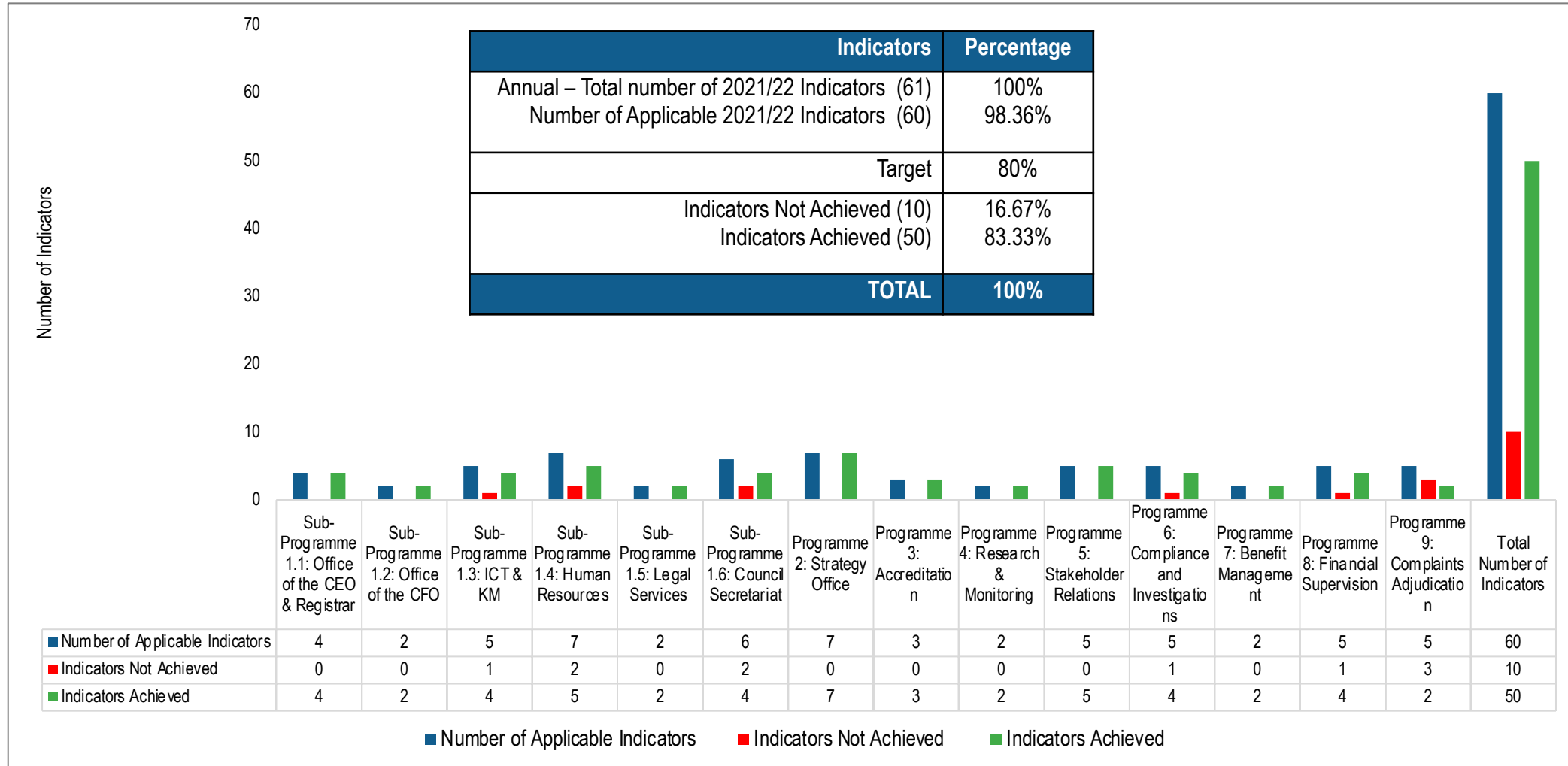
- CMS lodged a complaint with the Competition Commission that resulted in the reduction of **COVID-19 PCR test** to be reduced from R850.00 to R500.00 (**41%) reduction**
- Through the support of the CMS, **19 040** beneficiaries were granted contributions deferrals and **16 447** were allowed to use their savings accounts instead of direct contributions
- CMS supported the use of digital platforms to be used instead of face- to-face meetings for **50 scheme AGM's**



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Overall performance per programme



Aggregated Performance

- Performance on set objectives for CMS 2021/22
- The overall performance achievement for CMS in 2021/22 is **83.3%** vs the **80%** is the benchmark set by the AGSA
- CMS Annual Report Part B: Performance Information (pages 28-56).
- Negative variance:
 - Output 6.1: Network and Server Up-time: 99% vs 98% (-1%) [Slide 15](#)
 - Output 9.2: Turnaround time for filling vacant posts >120 days: [Slide 17](#)
 - Output 9.3: Talent Management Policy Framework: [Slide 17](#)
 - Output 14.1: Sitting of Appeal Board and Committee: [Slide 21](#)
 - Output 14.2: Rulings of Appeal Board and Committee: [Slide 21](#)
 - Output 26.1: Commissioned Inspections: [Slide 29](#)
 - Output 30.3: Audit Applications processed: [Slide 33](#)
 - Output 31.2: Complaints Adjudication 30 days: [Slide 35](#)
 - Output 31.3: Complaints Adjudication 60 days: [Slide 35](#)



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Strategies to address under-performance

- Improve target setting process to be aligned with our realities and constraints (energy and network)
- Ensure that targets are in-line with legislation
- Pay more attention to Target Indicator Definitions (TID's)
- Ensure that targets are SMART (Simple, Measurable, Achievable, Realistic and Timebound)
- Finalise the Migration from the old to the new structure and fill in the vacant funded post
- Reduce the number of operational targets in the APP and relegate these to operational plans



Sub-programme 1.1: Office of the Chief Executive & Registrar



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Sub-programme 1.1: Office of the Chief Executive Officer								
Outcome	Output	Output Indicator	Audited Actual Performance 2019/20	Audited Actual Performance 2020/21	Planned Annual Target 2021/22	Actual Achievement 2021/22	Deviation from Planned Target to Actual Achievement 2021/22	Reasons for Deviations
Outcome 4: To be a more effective and efficient organisation	Output 1: Ensure that reported performance information is in accordance with the Framework for Strategic and Annual Performance plans	Output Indicator 1.1: Ensure that overall performance of the entity is maintained at above 80%	New indicator	80%	80%	83.33%	3.33%	The annual overall performance target is exceeded because the CMS experienced overachievement in some programmes and sub-programmes.
		Output Indicator 1.2: Produce an Annual Performance Information report that is reliable, accurate and complete by 31 July each year	1	1	1	1	-	-



Sub-programme 1.1: Office of the Chief Executive & Registrar



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Sub-programme 1.1: Office of the Chief Executive Officer								
Outcome	Output	Output Indicator	Audited Actual Performance 2019/20	Audited Actual Performance 2020/21	Planned Annual Target 2021/22	Actual Achievement 2021/22	Deviation from Planned Target to Actual Achievement 2021/22	Reasons for Deviations
	Output 2: An effective, efficient and transparent system of risk management is maintained in order to mitigate the risks exposure of the CMS	Output Indicator 2.1: Number of strategic risk register reports submitted to the Council for monitoring	4	4	4	4	-	-
Outcome 6: To collaborate with local, regional and international entities	Output 3: Develop strategic relationships with other regulators and stakeholders	Output Indicator 3.1: Number of signed memoranda of understanding with local, regional and international regulators and stakeholders	New indicator	4	4	4	-	-



Sub-programme 1.2: Office of the Chief Financial Officer



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Sub-programme 1.2: Office of the Chief Financial Officer								
Outcome	Output	Output Indicator	Audited Actual Performance 2019/20	Audited Actual Performance 2020/21	Planned Annual Target 2021/22	Actual Achievement 2021/22	Deviation from Planned Target to Actual Achievement 2021/22	Reasons for Deviations
Outcome 4: To be a more effective and efficient organisation	Output 4: Ensure effective financial management and alignment of budget allocation with strategic priorities	Output Indicator 4.1: An unqualified opinion issued by the Auditor-General South Africa on the Annual Financial Statements by 31 July each year	1	1	1	1	-	-
	Output 5: Ensure that reported performance information is useful and reliable and in accordance with the Performance Management and Reporting Framework	Output Indicator 5.1: Produce a budget that is approved by Council by 31 January each year	1	1	1	1	-	-



Sub-programme 1.3: ICT and Knowledge Management



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Sub-programme 1.3: Information Communication Technology and Knowledge Management								
Outcome	Output	Output Indicator	Audited Actual Performance 2019/20	Audited Actual Performance 2020/21	Planned Annual Target 2021/22	Actual Achievement 2021/22	Deviation from Planned Target to Actual Achievement 2021/22	Reasons for Deviations
Outcome 4: To be a more effective and efficient organisation	Output 6: An established ICT infrastructure that ensures information is available, accessible and protected	Output Indicator 6.1: Percentage of network and server uptime	99%	99%	99%	98%	-1%	Migration to a new Internet Service Provider led to instability in network connectivity.
		Output Indicator 6.2: Percentage of IT security incidents (breaches)	5%	0.75%	5%	2%	3%	Fewer security incidents led to overachievement against the indicator.
		Output Indicator 6.3: Number of successful IT Disaster Recovery (DR) failover tests	1	2	2	2	-	-



Sub-programme 1.3: ICT and Knowledge Management



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Sub-programme 1.3: Information Communication Technology and Knowledge Management								
Outcome	Output	Output Indicator	Audited Actual Performance 2019/20	Audited Actual Performance 2020/21	Planned Annual Target 2021/22	Actual Achievement 2021/22	Deviation from Planned Target to Actual Achievement 2021/22	Reasons for Deviations
	Output 7: Provide software applications that serve both internal as well as external stakeholders and which improve business operations and performance	Output Indicator 7.1: Percentage of up-time, of all installed application systems where network access exists	99%	99%	99%	99%	-	-
	Output 8: Effectively provide information management services and organise and manage organisational knowledge with a view to enhancing knowledge sharing	Output Indicator 8.1: Percentage of requests for information received and finalised within 30 days	95%	95%	95%	99%	4%	Efficient process in responding to information requests led to the over-achievement.



Sub-programme 1.4: Human Resources Management



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Sub-programme 1.4: Human Resources Management								
Outcome	Output	Output Indicator	Audited Actual Performance 2019/20	Audited Actual Performance 2020/21	Planned Annual Target 2021/22	Actual Achievement 2021/22	Deviation from Planned Target to Actual Achievement 2021/22	Reasons for Deviations
Outcome 4: To be a more effective and efficient organisation	Output 9: Build competencies and retain skilled employees	Output Indicator 9.1: Minimise staff turnover rate to less than 15% per annum	<10%	18.3%	<15%	9.5%	5.5%	Staff turnover rate remained below 15% because, the CMS experienced fewer resignations for the period under review.
		Output Indicator 9.2: Turnaround time to fill a vacancy (turnaround time of 120 working days for each vacancy that exists during the year), excluding position of CEO	18 vacancies during the reporting period were filled within 120 days	70.8 days	120 days	492 days	-372 days	Vacancies for General Managers were not filled because of the approval of the new macro-micro structure.
		Output Indicator 9.3: Achievement of employment equity targets (according to the Broad- Based Black Economic Empowerment targets), annually	85%	108.57%	85%	101%	16%	Exceeded the target through the filling of vacancies in terms of the CMS equity targets and B-BBEE compliance.
		Output Indicator 9.4: Develop Talent Management Policy Framework	New indicator	New indicator	1	0	-1	During the period under review, the Talent Management Policy Framework was awaiting implementation.



Sub-programme 1.4: Human Resources Management



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Sub-programme 1.4: Human Resources Management								
Outcome	Output	Output Indicator	Audited Actual Performance 2019/20	Audited Actual Performance 2020/21	Planned Annual Target 2021/22	Actual Achievement 2021/22	Deviation from Planned Target to Actual Achievement 2021/22	Reasons for Deviations
	Output 10: Maximise performance to improve organisational efficiency and maintain high performance culture	Output Indicator 10.1: Percentage of employee' performance agreements signed by no later than 31 May of each year (excluding employees out of office on extended absence)	100%	100%	95%	100%	5%	Employees signed performance agreements within the target date.
		Output Indicator 10.2: Percentage of employees' performance assessment concluded, biannually (excluding employees out of office on extended absence)	100%	99.10%	95%	99.72%	4.72%	One hundred nine employees participated in the first performance appraisals. This number excludes employees out of the office on an extended leave of absence.
		Output Indicator 10.3: Number of Training and Development Sessions to Improve Employee Relations	New indicator	New indicator	4	4	-	-



Sub-programme 1.5: Legal Services



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Sub-programme 1.5: Legal Services								
Outcome	Output	Output Indicator	Audited Actual Performance 2019/20	Audited Actual Performance 2020/21	Planned Annual Target 2021/22	Actual Achievement 2021/22	Deviation from Planned Target to Actual Achievement 2021/22	Reasons for Deviations
Outcome 4: To be a more effective and efficient organisation	Output 11: Legal advisory and support services for effective regulation of the industry and operations of the office	Output Indicator 11.1: Percentage of written and verbal legal opinions provided to internal and external stakeholders, attended to within 14 days	80%	85%	85%	95%	10%	The unit exceeded its target due to working extended hours.
	Output 12: Defending decisions of the CMS and the Registrar	Output Indicator 12.1: Percentage of court and tribunal appearances in legal matters received and action initiated by the unit within 14 days	100%	100%	100%	100%	-	-



Sub-programme 1.6: Council Secretariat



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Sub-programme 1.6: Council Secretariat								
Outcome	Output	Output Indicator	Audited Actual Performance 2019/20	Audited Actual Performance 2020/21	Planned Annual Target 2021/22	Actual Achievement 2021/22	Deviation from Planned Target to Actual Achievement 2021/22	Reasons for Deviations
	Output 13: Corporate governance, Secretariat and Board administration Support and Legal Services for effective governance	Output Indicator 13.1: Develop an Annual Council Work Plan for Council and its Committees by 31 March	New indicator	New indicator	1	1	-	-
		Output Indicator 13.2: Develop and Review Council and Committees Governance Charters	New indicator	New indicator	6	6	-	-
		Output Indicator 13.3: Support execution of Statutory Council and Sub-committee decisions, resolutions and matters arising	New indicator	New indicator	100%	100%	-	-



Sub-programme 1.6: Council Secretariat



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Sub-programme 1.6: Council Secretariat								
Outcome	Output	Output Indicator	Audited Actual Performance 2019/20	Audited Actual Performance 2020/21	Planned Annual Target 2021/22	Actual Achievement 2021/22	Deviation from Planned Target to Actual Achievement 2021/22	Reasons for Deviations
	Output 14: Support Dispute Resolution Forums in furtherance of Council and MSA objectives	Output Indicator 14.1: Percentage of Appeal Committee and Appeals Board Scheduled within 14 days upon receipt of all supporting documents (as per schedule)	New indicator	New indicator	100%	75%	-25%	The target was not achieved due to a shortage of staff which has since been addressed.
		Output Indicator 14.2: Percentage of Appeals Committee and Appeals Board Rulings published on the CMS website within 14 days of issuing the ruling	New indicator	100%	100%	75%	-25%	The target was not achieved due to a shortage of staff which has since been addressed. The outcome indicator will be revised in the new year's APP to account for the dependencies.



Sub-programme 2: Strategy



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Programme 2: Strategy Office								
Outcome	Output	Output Indicator	Audited Actual Performance 2019/20	Audited Actual Performance 2020/21	Planned Annual Target 2021/22	Actual Achievement 2021/22	Deviation from Planned Target to Actual Achievement 2021/22	Reasons for Deviations
Outcome 1: To promote the improvement of quality and the	Output 15: Formulate PMB definitions to ensure uniform interpretation of the benefits and entitlements	Output Indicator 15.1: The number of benefit definitions published	10	10	10	10	-	-
		Output Indicator 15.2: Develop preventative and primary healthcare package to incorporate into the PMBs	Develop primary healthcare package for incorporation into the PMBs	Revised and updated PMB benefit package costed	Develop primary healthcare package for incorporation into the PMBs	Primary healthcare package in support of the review of the PMBs was developed	-	-
	Output 16: Provide clinical opinions to resolve	Output Indicator 16.1: Percentage of category 1* clinical opinions provided within 30 working days of receipt of a request from Complaints Adjudication Unit	90%	92.75%	90%	100%	10%	Extra efforts were expended by staff to exceed targets whilst clearing complaints backlogs.
		Output Indicator: 16.2: Percentage of category 2* clinical opinions provided within 60 working days of receipt of a request from Complaints Adjudication Unit	95%	100%	95%	100%	5%	Extra efforts were expended by staff to exceed targets whilst clearing complaints backlogs.



Programme 2: Strategy



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Programme 2: Strategy Office								
Outcome	Output	Output Indicator	Audited Actual Performance 2019/20	Audited Actual Performance 2020/21	Planned Annual Target 2021/22	Actual Achievement 2021/22	Deviation from Planned Target to Actual Achievement 2021/22	Reasons for Deviations
reduction of costs in the private healthcare sector	to resolve complaints and enquiries	Output Indicator 16.3: Percentage of category 3* clinical opinions provided within 90 working days of receipt of a request from Complaints Adjudication Unit	98%	100%	98%	100%	2%	Extra efforts were expended by staff to exceed targets whilst clearing complaints backlogs.
		Output Indicator 16.4: Percentage of clinical enquiries received via e-mail or telephone and responded to within 7 days	98%	100%	98%	100%	2%	Extra efforts were expended by staff to exceed targets.
	Output 17: Conduct research to inform appropriate national health policy interventions	Output Indicator 17.1: Number of research projects and support projects published in support of the National Health Policy	5	11	5	12	7	Special projects responding to research requests are often urgent and unpredictable. This is the reason for the achievement being above target.



Programme 3: Accreditation



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Programme 3: Accreditation								
Outcome	Output	Output Indicator	Audited Actual Performance 2019/20	Audited Actual Performance 2020/21	Planned Annual Target 2021/22	Actual Achievement 2021/22	Deviation from Planned Target to Actual Achievement 2021/22	Reasons for Deviations
Outcome 3: To ensure that all regulated entities comply with National Policy, the MSA and Regulations	Output 18: Accredit regulated entities based on their compliance with the requirements for accreditation in order to provide accredited services, and monitor legal compliance throughout the period of accreditation	Output Indicator 18.1: Percentage of broker and broker organisation applications accredited within 30 working days per quarter on receipt of complete information	80%	84.8%	80%	92.6%	12.6%	During the period under review, the programme received more complete applications than anticipated.
		Output Indicator 18.2: Percentage of Managed Care Organisation applications analysis completed and outcome communicated to applicants, within three months of receipt of complete information	100%	100%	100%	100%	-	-
		Output Indicator 18.3: Percentage of administrators and self-administered schemes' application analyses completed and outcome communicated to applicants, within three months of receipt of complete information	100%	100%	100%	100%	-	-



Programme 4: Research and Monitoring



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Programme 4: Research and Monitoring								
Outcome	Output	Output Indicator	Audited Actual Performance 2019/20	Audited Actual Performance 2020/21	Planned Annual Target 2021/22	Actual Achievement 2021/22	Deviation from Planned Target to Actual Achievement 2021/22	Reasons for Deviations
Outcome 5: To conduct policy driven research, monitoring and evaluation of the medical schemes industry to facilitate decision-making and policy recommendations to the Health Ministry	Output 19: Conduct research to inform appropriate policy interventions	Output Indicator 19.1: Number of research projects finalised	12	12	12	12	-	-
	Output 20: Monitoring trends to improve regulatory policy and practice	Output Indicator 20.1: Non- financial report submitted for inclusion in the Annual Report	1	1	1	1	-	-



Programme 5: Stakeholder Relations



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Programme 5: Stakeholder Relations								
Outcome	Output	Output Indicator	Audited Actual Performance 2019/20	Audited Actual Performance 2020/21	Planned Annual Target 2021/22	Actual Achievement 2021/22	Deviation from Planned Target to Actual Achievement 2021/22	Reasons for Deviations
Outcome 3: To ensure that all regulated entities comply with National	Output 21: To create awareness and collaboration with stakeholders, while enhancing the visibility and protecting the reputation of the CMS	Output Indicator 21.1: Number of stakeholder awareness activities conducted	21	55	25	67	42	The unit exceeded the target due to additional stakeholder interventions in response to a petition regarding breast reduction surgery and an initiative to make diabetes sensor technology available for all Type 1 Diabetics.
		Output Indicator 21.2: Percentage of stakeholder awareness of the CMS resulting from survey	50%	50%	55%	57%	2%	The target was exceeded because a member awareness survey was undertaken, which indicated that 57% of respondents were aware of the existence of the CMS.
	Output 22: CMS must ensure that an Annual Report is submitted to the Executive Authority five months after the end of a financial year	Output Indicator 22.1: Submission of Annual Report by 31 August to the Executive Authority	1	1	1	1	-	-



Programme 5: Stakeholder Relations



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Programme 5: Stakeholder Relations								
Outcome	Output	Output Indicator	Audited Actual Performance 2019/20	Audited Actual Performance 2020/21	Planned Annual Target 2021/22	Actual Achievement 2021/22	Deviation from Planned Target to Actual Achievement 2021/22	Reasons for Deviations
Policy, the MSA and Regulations	Output 23: To enhance knowledge and skills among stakeholders, in order to create an in-depth understanding of governance and compliance with the MSA, through education and training interventions	Output Indicator 23.1: Number of stakeholder education and training sessions	35	56	40	108	68	The target was exceeded due to the introduction of public training in partnership with professional bodies. The volume of interviews undertaken during the community outreach project impacted greatly on the targets achieved.
	Output 24: To provide customer care interventions by rendering effective and efficient services	Output Indicator 24.1: Percentage of customer care interventions resulting from calls and e-mailed queries handled by customer care centre	New indicator	New indicator	90%	100%	10%	The majority of calls were Accreditation-related queries that were not complex, and Customer Care was able to handle these queries more quickly.



Programme 6: Compliance and Investigations



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Programme 6: Compliance Investigation								
Outcome	Output	Output Indicator	Audited Actual Performance 2019/20	Audited Actual Performance 2020/21	Planned Annual Target 2021/22	Actual Achievement 2021/22	Deviation from Planned Target to Actual Achievement 2021/22	Reasons for Deviations
	Output 25: Inspect regulated entities for routine monitoring of compliance with the Medical Schemes Act, 1998 and all other related laws	Output Indicator 25.1: Number of routine inspections conducted	13	10	15	17	2	The unit undertook two more routine inspections than planned, resulting in overachievement.



Programme 6: Compliance and Investigations



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Programme 6: Compliance Investigation								
Outcome	Output	Output Indicator	Audited Actual Performance 2019/20	Audited Actual Performance 2020/21	Planned Annual Target 2021/22	Actual Achievement 2021/22	Deviation from Planned Target to Actual Achievement 2021/22	Reasons for Deviations
Outcome 3: To ensure that all regulated entities comply with National Policy, the MSA and Regulations	Output 26: Inspect regulated entities for alleged irregularity or non-compliance with the Medical Schemes Act (1998) and all other related laws	Output Indicator 26.1: Percentage of commissioned inspections conducted	80%	33%	80%	29%	-51%	<p>The programme did not reach its planned target for the reporting period due to:</p> <ul style="list-style-type: none"> • An inspection pending the appointment of a Statutory Manager to manage the affairs of the Medical Schemes. • Another inspection was re-instated so that the external inspector could incorporate certain aspects of the scheme's comments into the report before it is finalised. • One inspection was closed due to a Legal Opinion recommendation. <p>Therefore, two inspections were still ongoing during the period under review.</p>



Programme 6: Compliance and Investigations



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Programme 6: Compliance Investigation (continued)								
Outcome	Output	Output Indicator	Audited Actual Performance 2019/20	Audited Actual Performance 2020/21	Planned Annual Target 2021/22	Actual Achievement 2021/22	Deviation from Planned Target to Actual Achievement 2021/22	Reasons for Deviations
Outcome 3: To ensure that all regulated entities comply with National Policy, the MSA and Regulations	Output 27: Ensure enforcement action is undertaken against regulated entities	Output Indicator 27.1: Percentage of enforcement actions undertaken to ensure compliance with the Medical Schemes Act (1998)	100%	100%	100%	100%	-	-
	Output 28: Strengthen and monitor governance systems of medical schemes and other regulated entities	Output Indicator 28.1: Percentage of governance interventions implemented	100%	100%	100%	100%	-	-
		Output Indicator 28.2: Number of scheme member meetings attended (including virtual meetings)	40	26	42	51	9	The programme issued a Circular for Medical schemes to submit rule amendments to ensure that they make provision for convening virtual AGMs. This allowed the programme to observe the AGMs virtually, meaning that more AGMs could be observed, resulting in the planned target being exceeded.



Programme 7: Benefits Management



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Programme 7: Benefits Management								
Outcome	Output	Output Indicator	Audited Actual Performance 2019/20	Audited Actual Performance 2020/21	Planned Annual Target 2021/22	Actual Achievement 2021/22	Deviation from Planned Target to Actual Achievement 2021/22	Reasons for Deviations
Outcome 3: To ensure that all regulated entities comply with National Policy, the MSA and Regulations	Output 29: To ensure that rules of the schemes are simplified, standardised, fair and compliant with the Medical Schemes Act (1998)	Output Indicator 29.1: Percentage of interim rule amendments processed within 14 working days of receipt of all information	80%	96.8%	80%	80%	-	-
		Output Indicator 29.2: Percentage of annual rule amendments processed before 31 December of each year	90%	100%	90%	90%	-	-



Programme 8: Financial Supervision



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Programme 8: Financial Supervision								
Outcome	Output	Output Indicator	Audited Actual Performance 2019/20	Audited Actual Performance 2020/21	Planned Annual Target 2021/22	Actual Achievement 2021/22	Deviation from Planned Target to Actual Achievement 2021/22	Reasons for Deviations
		Output Indicator 30.1: Percentage of business plans processed in respect of Regulation 29 (which requires all schemes below statutory solvency to submit nature and causes of failure to the Registrar)	100%	0%	100%	100%	-	-
		Output Indicator 30.2: Percentage of business plans processed in respect of schemes with rapidly reducing solvency (but above statutory minimum)	100%	0%	100%	100%	-	-



Programme 8: Financial Supervision



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Programme 8: Financial Supervision								
Outcome	Output	Output Indicator	Audited Actual Performance 2019/20	Audited Actual Performance 2020/21	Planned Annual Target 2021/22	Actual Achievement 2021/22	Deviation from Planned Target to Actual Achievement 2021/22	Reasons for Deviations
Outcome 3: To ensure that all regulated entities comply with National Policy, the MSA and Regulations	Output 30: Monitor and promote the financial soundness of medical schemes	Output Indicator 30.3: Percentage of auditor applications analysed	100%	100%	100%	99%	-1%	The Platinum Health application submitted by the scheme was incomplete and could not be analysed (per the unit's operating procedures an incomplete submission is not considered a valid application). The scheme was requested to submit the outstanding information on 25 February 2022. The outstanding documentation was received on 19 April 2022, and the submission was only then considered complete and could be processed – the approval letter was dated 25 April 2022.



Programme 8: Financial Supervision

Programme 8: Financial Supervision								
Outcome	Output	Output Indicator	Audited Actual Performance 2019/20	Audited Actual Performance 2020/21	Planned Annual Target 2021/22	Actual Achievement 2021/22	Deviation from Planned Target to Actual Achievement 2021/22	Reasons for Deviations
		Output Indicator 30.4: Number of quarterly financial return reports published (excluding quarter four)	3	3	3	3	-	-
		Output Indicator 30.5: Number of financial sections prepared for the Annual Report	1	1	1	1	-	-



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Programme 9: Complaints Adjudication

Programme 9: Complaints and Adjudication								
Outcome	Output	Output Indicator	Audited Actual Performance 2019/20	Audited Actual Performance 2020/21	Planned Annual Target 2021/22	Actual Achievement 2021/22	Deviation from Planned Target to Actual Achievement 2021/22	Reasons for Deviations
Outcome 3: To ensure that all regulated	Output 31: Resolve complaints with the aim of protecting beneficiaries of medical schemes	Output Indicator 31.1: Percentage of Category 4 complaints adjudicated within 120 working days and in accordance with complaints standard operating procedures	65%	76%	70%	90%	20%	The programme exceeded the overall resolution target due to increased efforts and refocused attention on early initiation of investigations, weekly age analysis and continuous complex case discussions.
		Output Indicator 31.2: Percentage of Category 1 complaints adjudicated within 30 working days and in accordance with complaints standard operating procedure	New indicator	76%	70%	45%	-25%	Due to several external dependencies such as delayed and/or inadequate responses from regulated entities, as well as the need to source additional supporting evidence from complainants, the programme missed the target in this category.
		Output Indicator 31.3: Percentage of Category 2 complaints adjudicated within 60 working days and in accordance with complaints standard operating procedure	New indicator	76%	70%	67%	-3%	The reason for a 3% deviation from the target in this category is due to the residual impact of dependencies mentioned in Category 1.



Programme 9: Complaints Adjudication



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2021/22

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Programme 9: Complaints and Adjudication								
Outcome	Output	Output Indicator	Audited Actual Performance 2019/20	Audited Actual Performance 2020/21	Planned Annual Target 2021/22	Actual Achievement 2021/22	Deviation from Planned Target to Actual Achievement 2021/22	Reasons for Deviations
entities comply with National Policy, the MSA and Regulations	Schemes	Output Indicator 31.4: Percentage of Category 3 complaints adjudicated within 90 working days and in accordance with complaints standard operating procedure	New indicator	76%	70%	78%	8%	The programme exceeded the target by 8% due to early initiation of investigations, weekly age analysis and complex case discussions.
		Output Indicator 31.5: Percentage of rulings published on the CMS website within 14 days of issuing the ruling	New indicator	100%	100%	68%	-32%	The programme did not meet the target set for this indicator due to the need to comply with the three month appeal period stipulated in the Act. Consequently, a revised mechanism was implemented to allow the publication of some rulings subject to a disclaimer.
	Output 32: Appeal Committee hearings attended based on Council Secretariat schedules	Output Indicator 32.1: Percentage of Appeal Committee hearings attended based on Council Secretariat schedules	New indicator	100%	100%	N/A	-	During the period under review, the programme was not invited to participate in the appeal hearings.





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**THANK
YOU**





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AFS & AUDIT OUTCOME

Ms Andisa Zinja
Chief Financial Officer



Outline

- Audit report
- Statements
 - Financial Position
 - Financial Performance
- Notes to the Financial Statements



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Audit Report

- Report on the audit of the Financial Statements
 - Unqualified audit opinion with adjustments to the financial statements.
- Report on the audit of the Annual Performance Report
 - No material finding on usefulness and reliability of performance information.
- Report on the audit of Compliance with legislation
 - Internal control deficiencies
 - Non-compliance with section 55(1)(b) of the PFMA – irregular expenditure



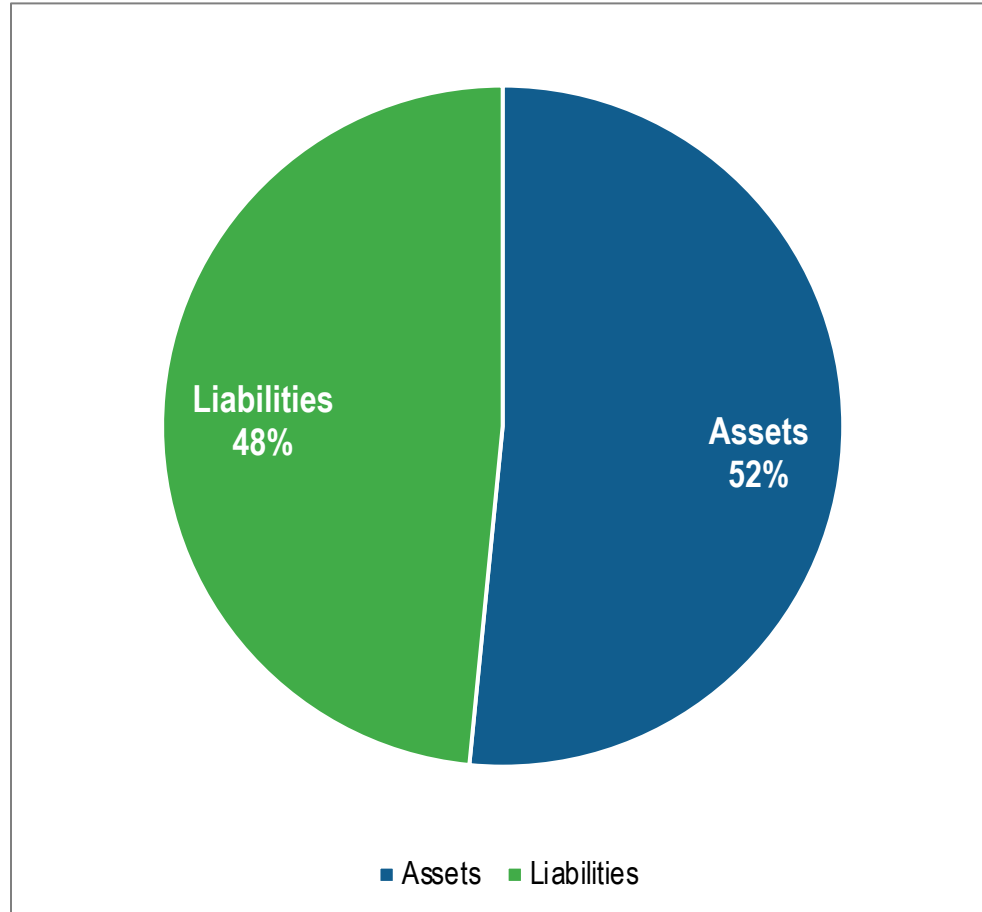
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Part E: Page 80

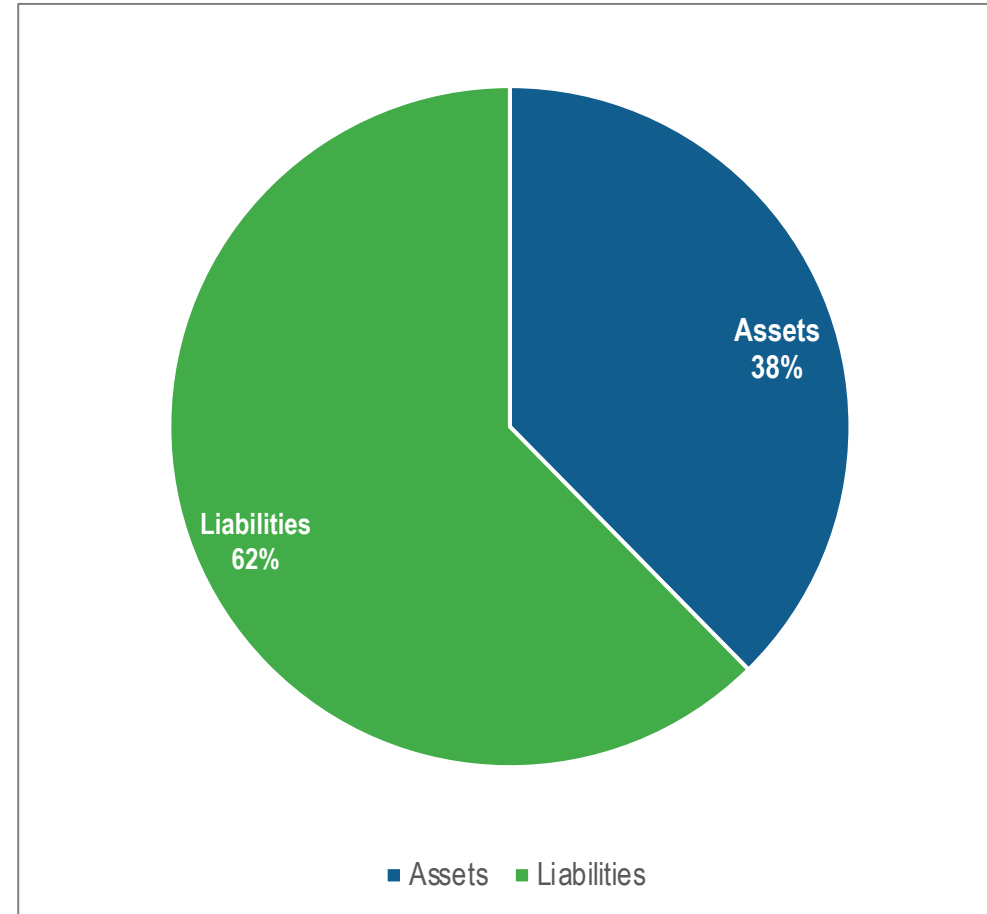


Statement of Financial Position

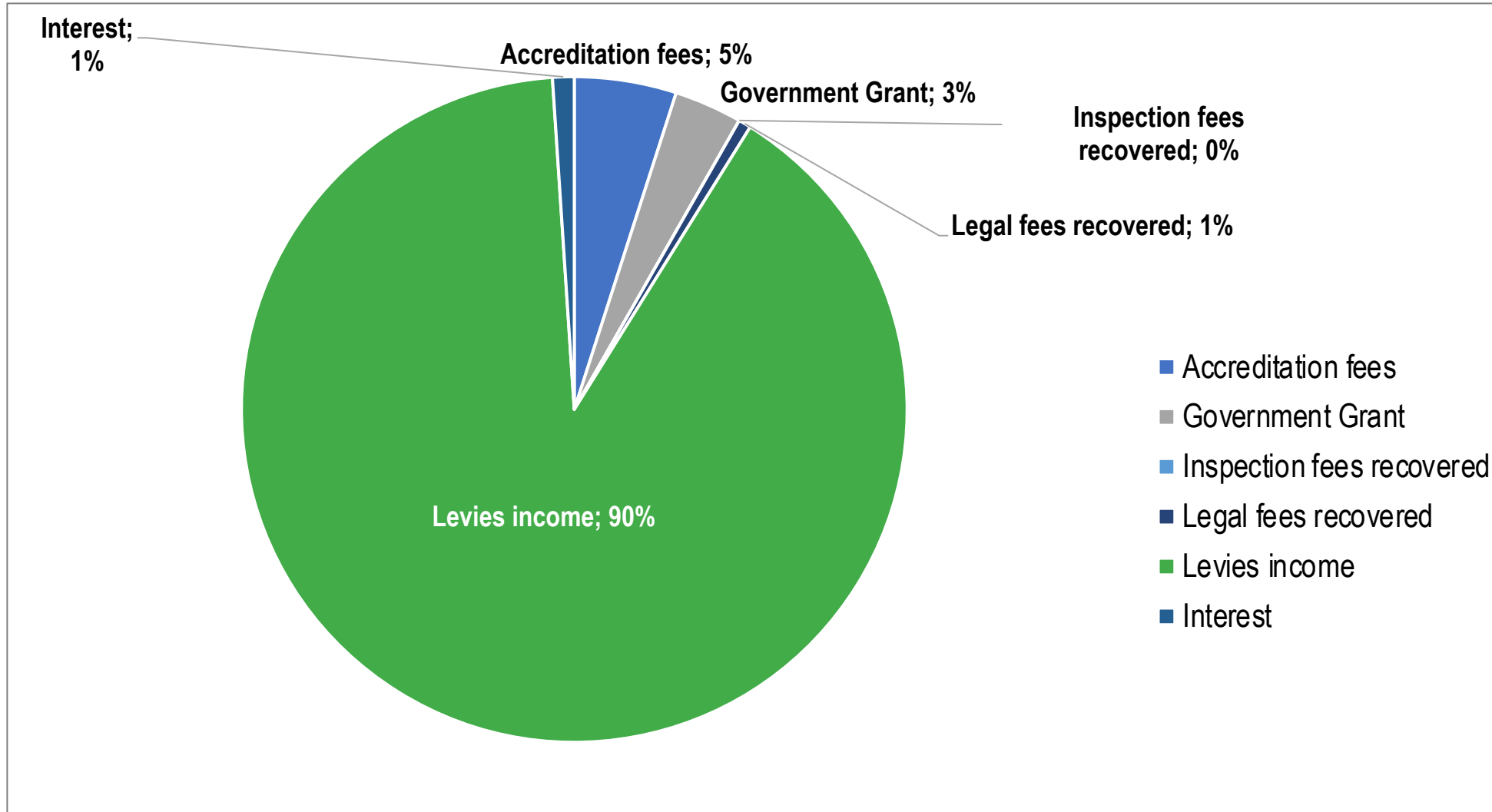
2021/2022



2020/2021



Statement of Financial Performance



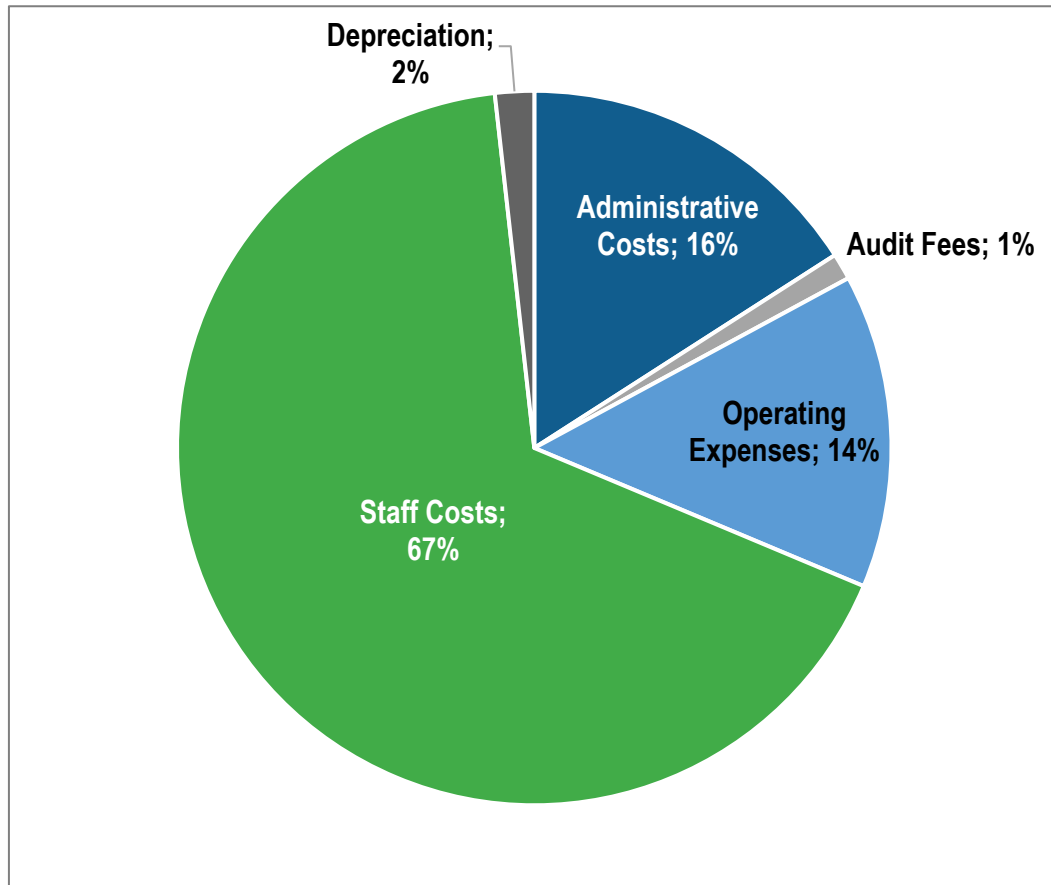
Statement of Financial Performance



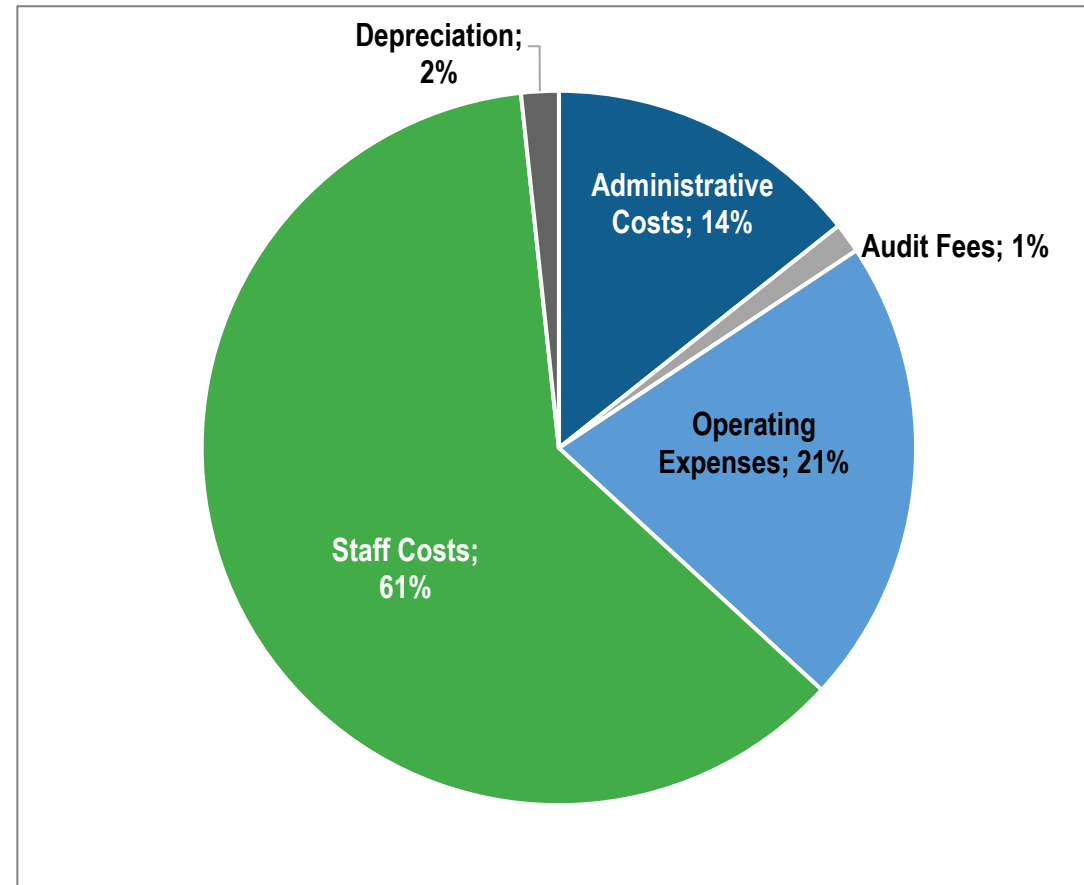
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Part E: Page 86

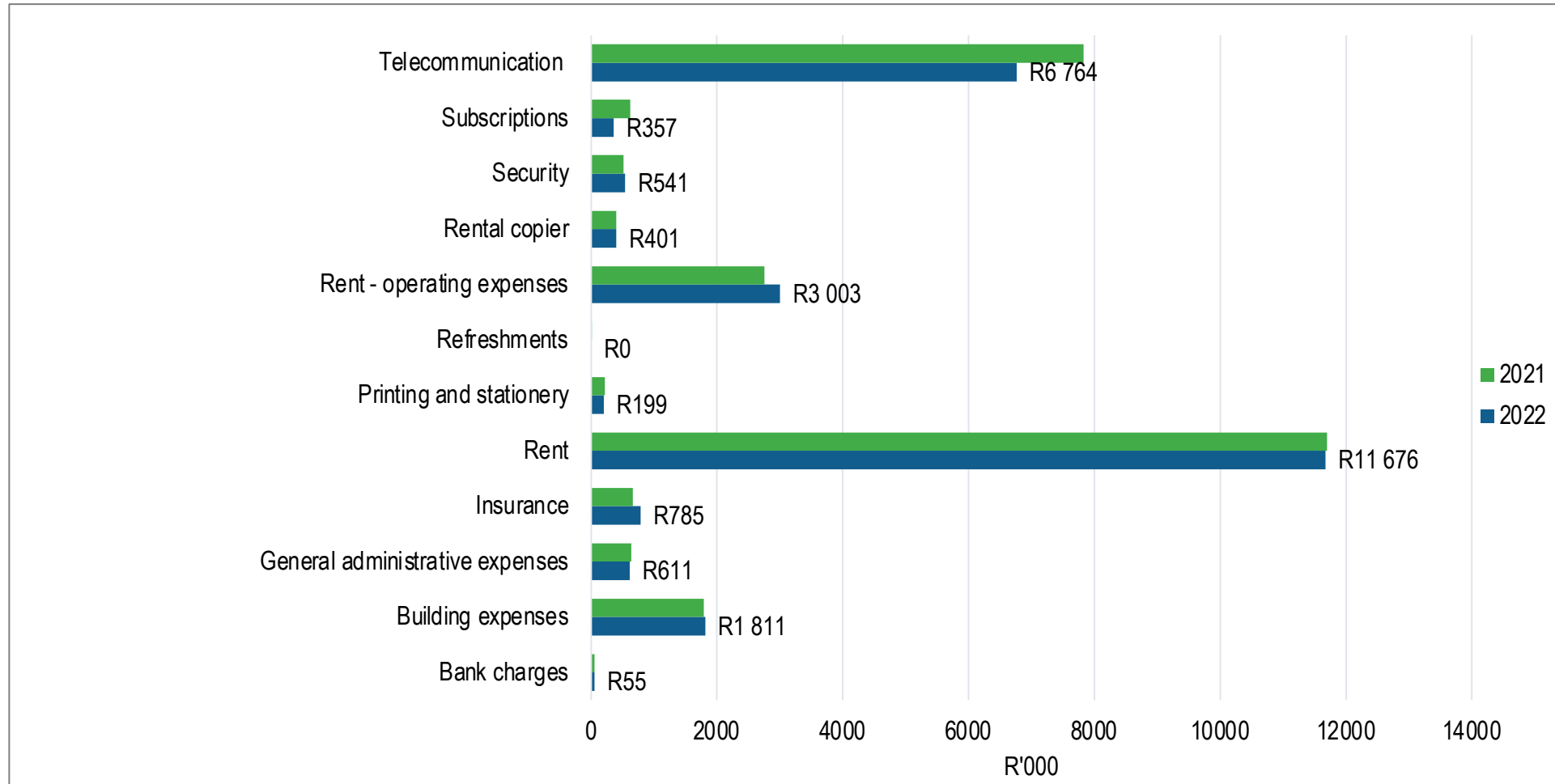
2021/2022



2020/2021



Statement of Financial Performance – Administrative costs



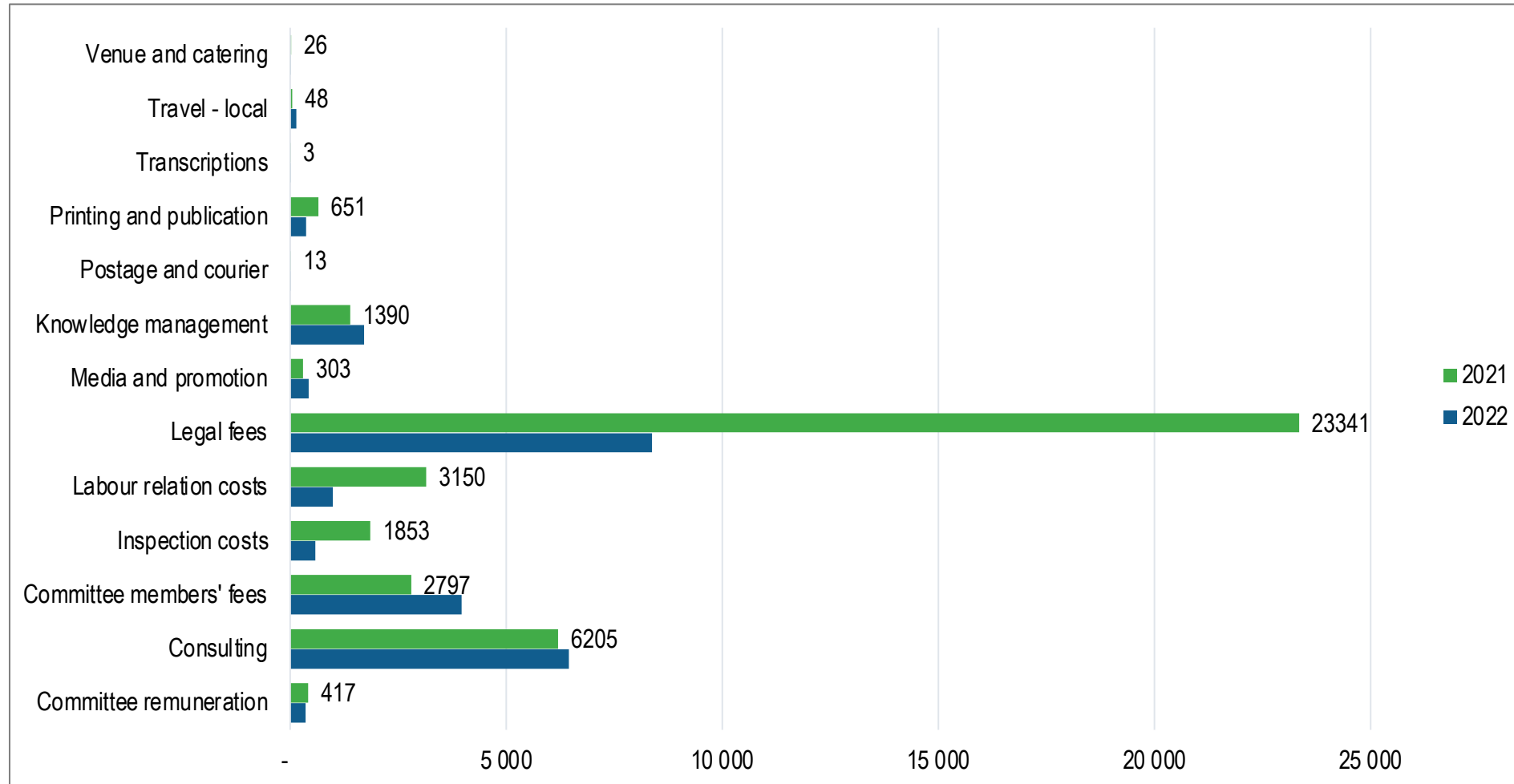
Statement of Financial Performance –

Operating costs



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Part E: Page 108



Notes to the Annual Financial Statements

- Fruitless and wasteful expenditure – *Page 115*
 - **Relates to SARS penalties and interest – allowed to write off by SARS**

- Irregular expenditure – *Page 116*
 - **Non-compliance with section 55(1)(b) of the PFMA**

Part E: Page 100

	2021/2022	2020/2021
Classification	R'000	R'000
Irregular Expenditure	57 801	67 971
Fruitless and Wasteful	328	567



Conclusion

- CMS **liquidity position** is starting to improve as cash and cash equivalents constitute 48,6% (2021:15%) of total assets and 60% (2021: 11%) of current liabilities.
- A **surplus** of R24,137 million was incurred showing a positive change from **deficit** of R4,785 million in prior year.
- **Accumulated deficit** as a result has decreased significantly, moving CMS to an accumulated surplus position for the 1st time in 3 years.
- CMS is working on a **long-term financial sustainability model**.





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QUESTIONS AND DISCUSSION





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UTILISATION TRENDS

Mr Michael Willie
Executive: Policy, Research and Monitoring



Outline of presentation

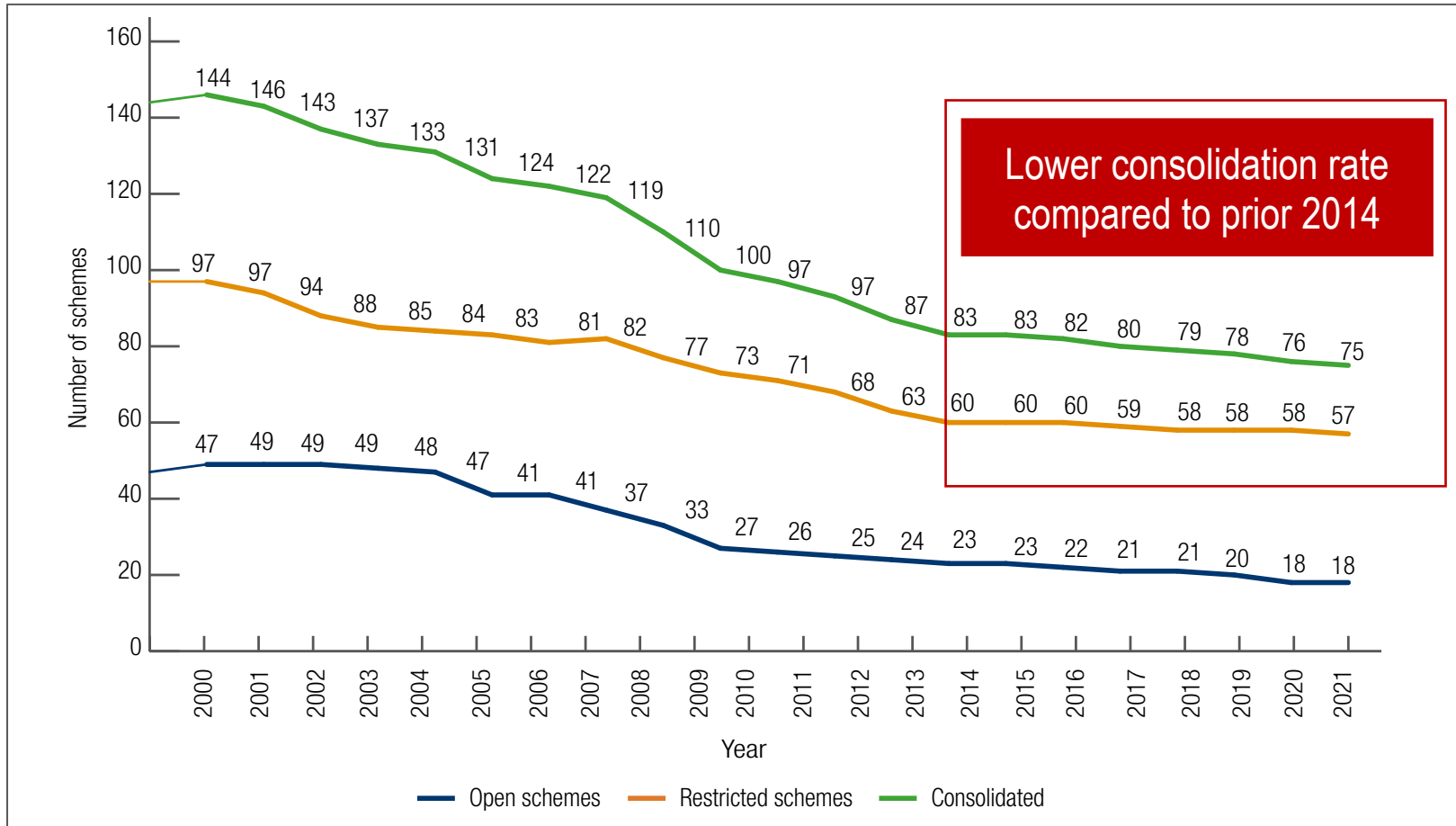
- Number of schemes
- Benefit options
- Membership
- Demographics
- Benefits paid
- Utilisation of services
- Closing remarks



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Number of schemes



Number of schemes in operation in 2020 (2021):

Consolidated: **76 (75)**

Open schemes: **18 (18)**

Restricted schemes: **58 (57)**



Membership

Membership as % of the population declined thus an indicator of lower exposure to medical schemes:

- **16%** in 2000 vs **14.86%** in 2021.
- **Open schemes** accounted for more than half of the medical scheme's population (**54.03%**), while restricted schemes accounted for the balance (45.97%) in 2021.
- **Open schemes** generally saw a slight **decline (0.01%)** in the number of beneficiaries covered in 2021 compared to 2020.
- **Restricted schemes** saw an **increased (1.09%)** number of beneficiaries covered in 2021 compared to 2020.
- Overall, the **industry increased by 0.5%** between 2020 and 2021

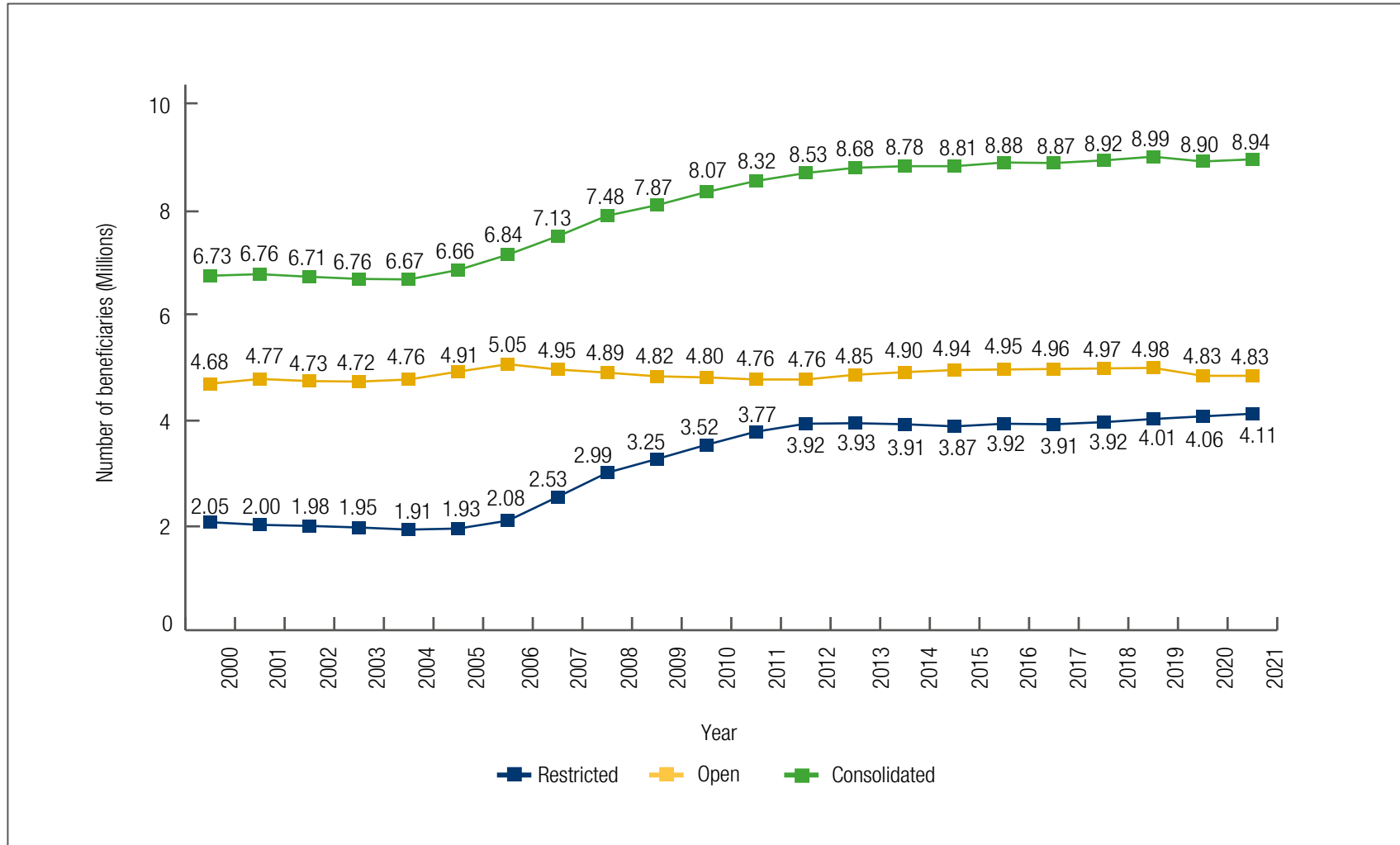


Membership



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Membership



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Scheme type	Year	Members	Dependants	Beneficiaries	%Change
Open schemes	2020	2,328,963	2,501,199	4,830,162	-0.01%
	2021	2,348,765	2,480,673	4,829,438	
Restricted schemes	2020	1,693,472	2,371,518	4,064,990	1.09%
	2021	1,707,273	2,402,161	4,109,434	
All schemes	2020	4,022,435	4,872,717	8,895,152	0.49%
	2021	4,056,038	4,882,834	8,938,872	

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Membership - select schemes

Membership year-on-year increases were only in **six schemes**, which grew by **more than 5%** over the period:

- Sizwe Medical Fund (27.1%) which grew as a result of a merger with Hosmed Medical Scheme,
 - Umvuzo Health Medical Scheme (8.8%),
 - Platinum Health (7.7%),
 - TFG Medical Aid Scheme (6.1%),
 - MBMed Medical Aid Fund (5.8%) and
 - Fishing Industry Medical Scheme (5.5%)
- **GEMS** contributed to the increase in restricted schemes and registered 72 344 beneficiaries, with less than a 5% year-on-year growth (3.6%).
 - Restricted schemes generally saw an increase in the number of beneficiaries covered in 2021 compared to 2020.



Demographics - 2021 (2020)



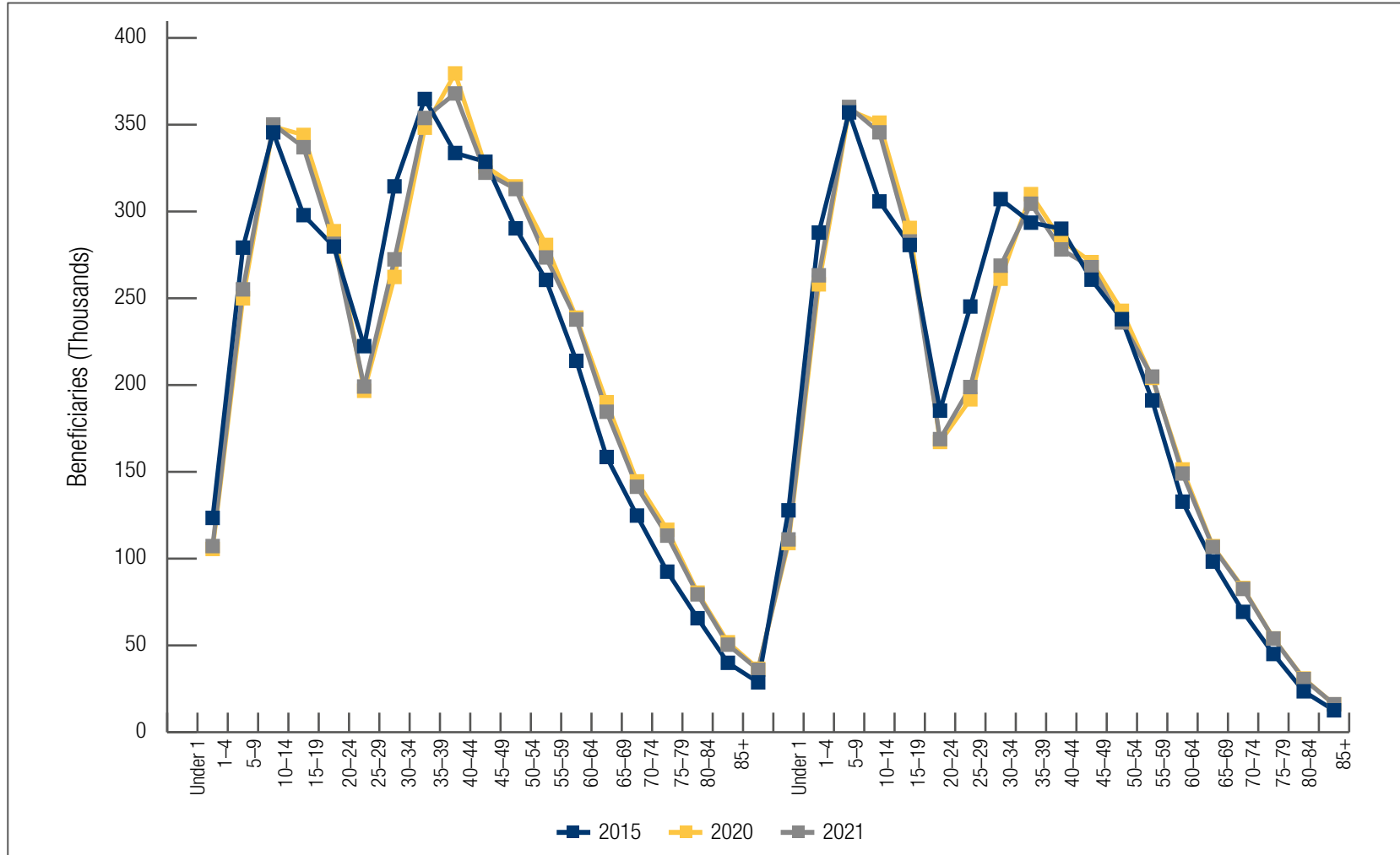
Age (years)
33.6 (33.4)



Pensioner Ratio (%)
9.0 (8.9)



Dependency Ratio:
1.20 (1.21)

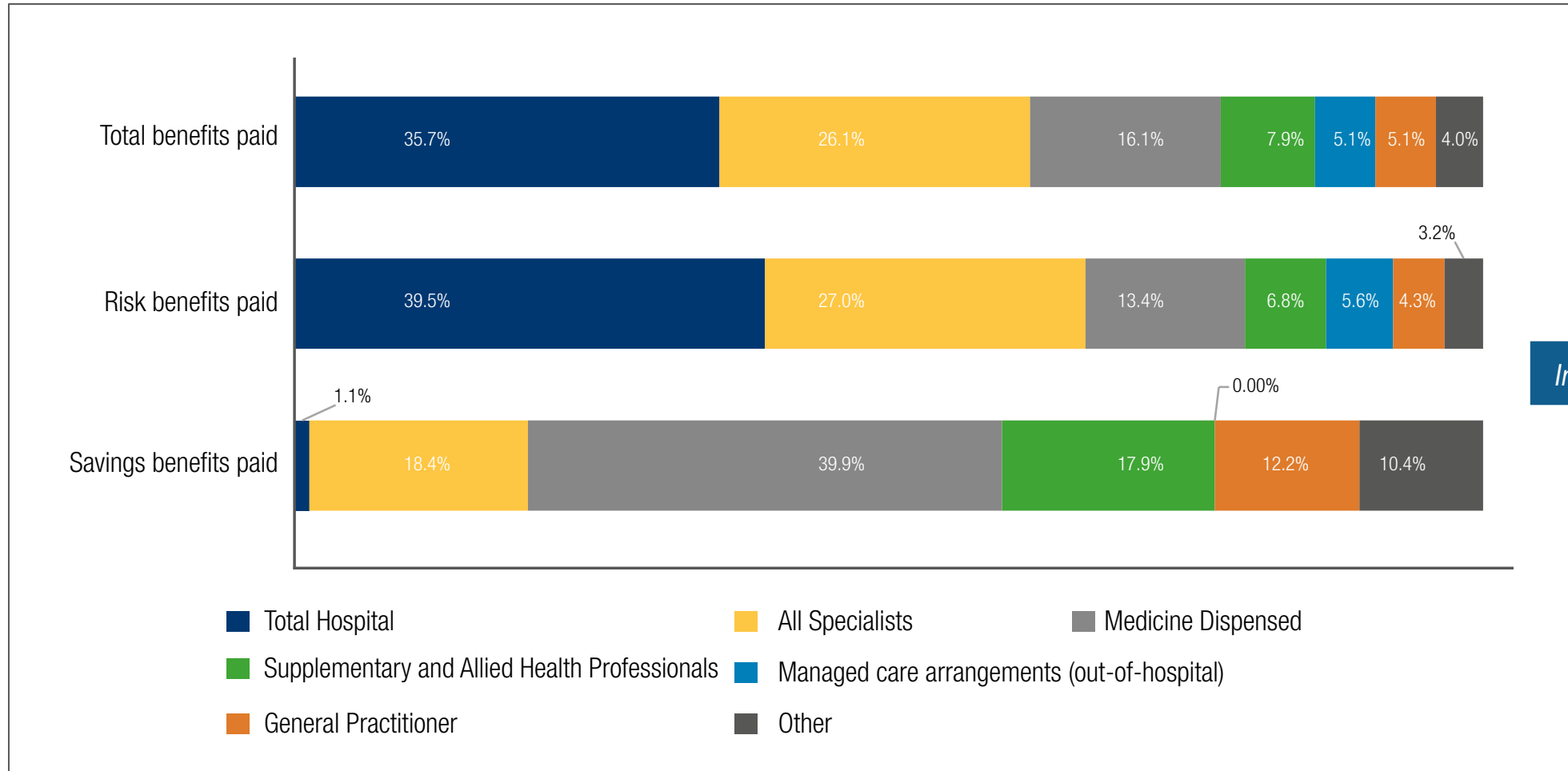


Benefits paid: 2021 (2020)

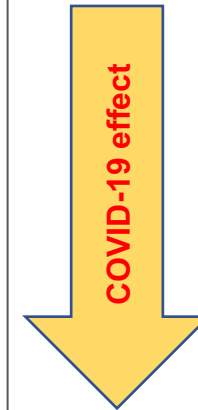
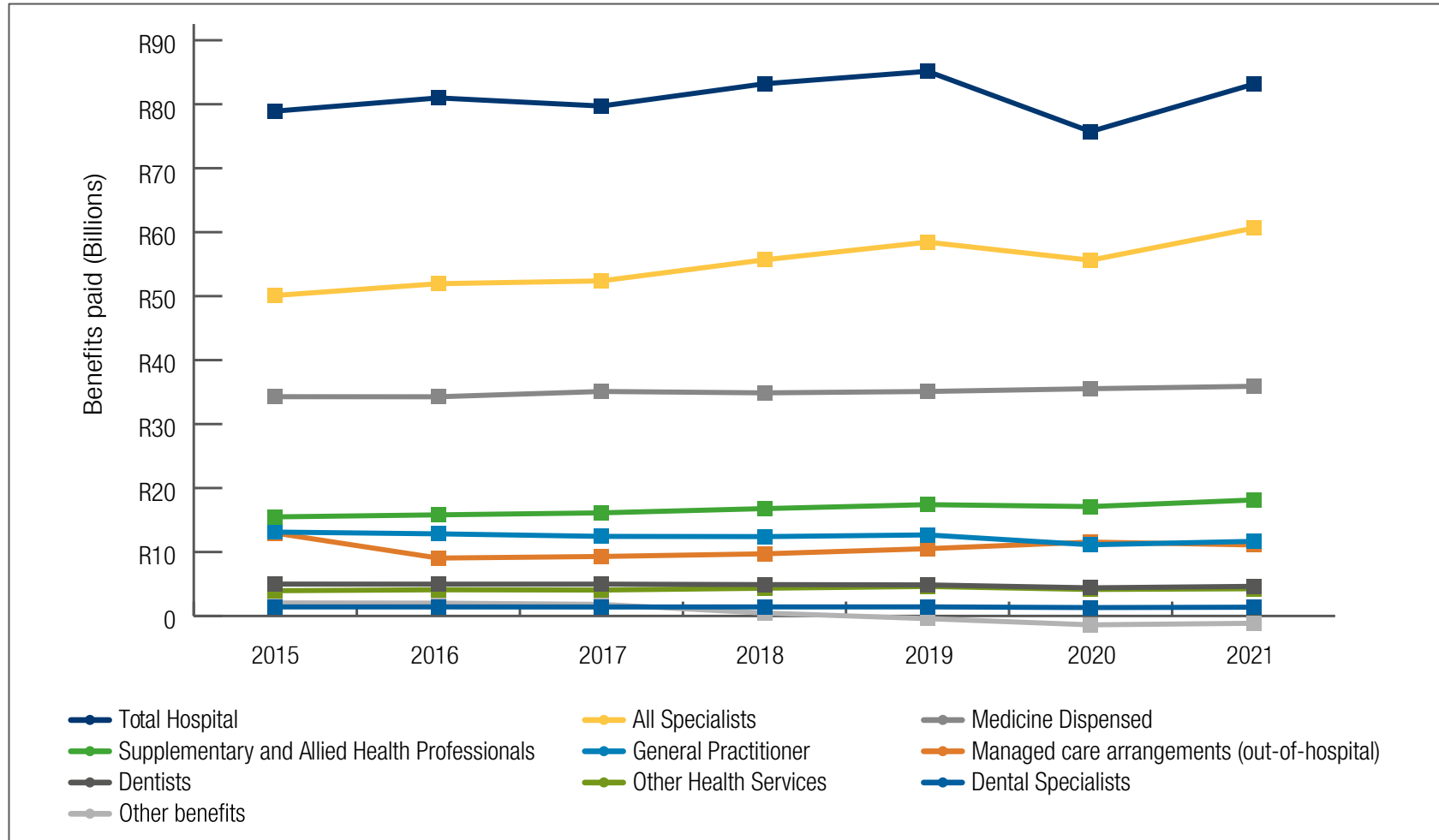
- Total healthcare expenditure on benefits paid:
 - R205.3 billion (R178.05 billion), **up by 15.32%**
- **Risk benefits** paid was R159.8 billion at **90%** of total benefits
- **Saving benefits** paid was R20.0 billion at **10%** of total benefits
- **Total and Risk Benefits paid per average beneficiary per annum (pabpa)**
 - **Total Benefits : R23 060.79 (R20 017.43) increased by 15.20%**
 - **Risk Benefits : R20 810 (R17 972,01) increased by 15.79%**
- **Average amount paid from medical savings accounts pabpa increased by 10.02% to R2 250,41**



Distribution of healthcare benefits paid 2021



Benefits paid - trend



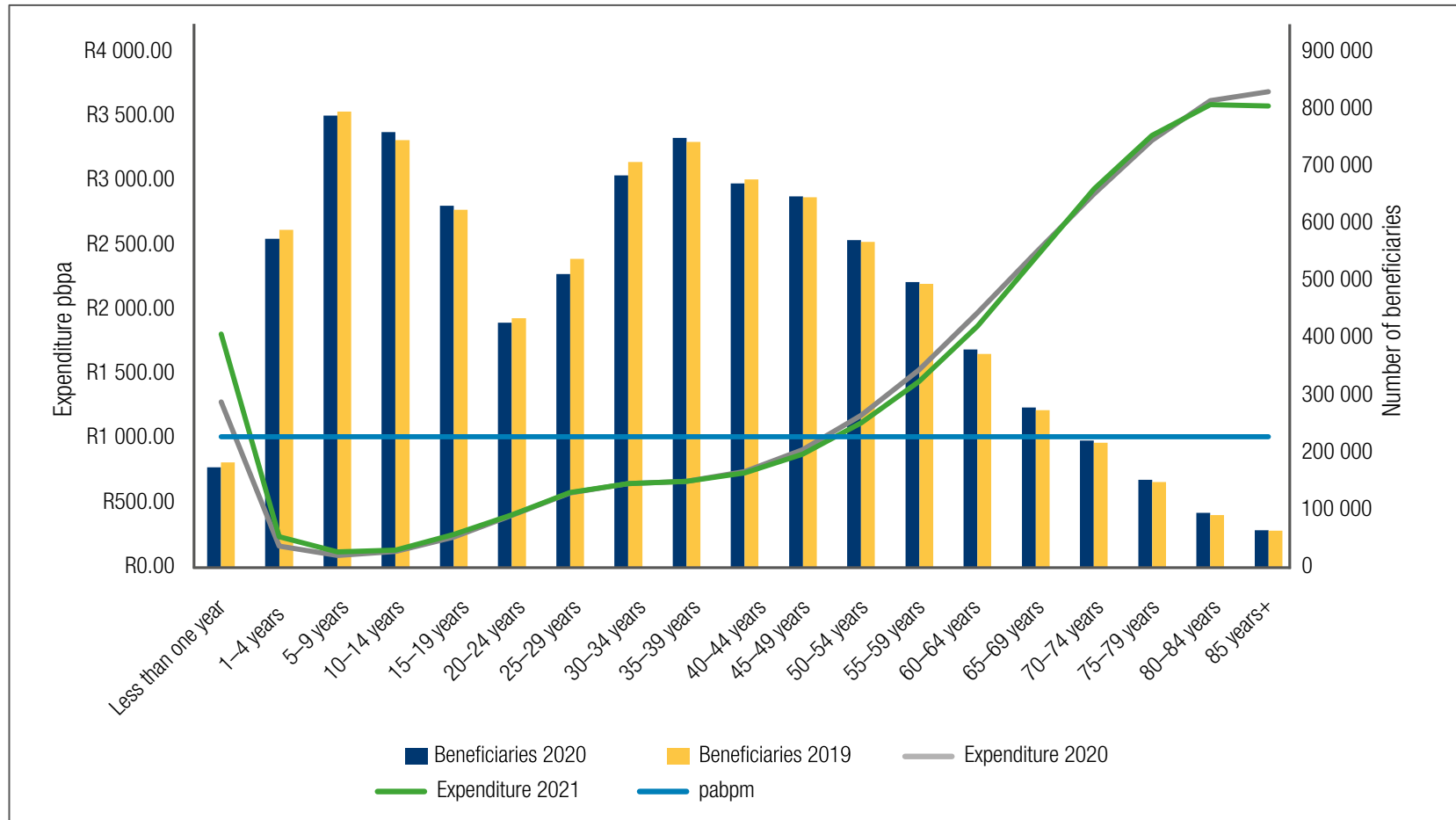
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Benefits paid – adjusted 2021 (2020)

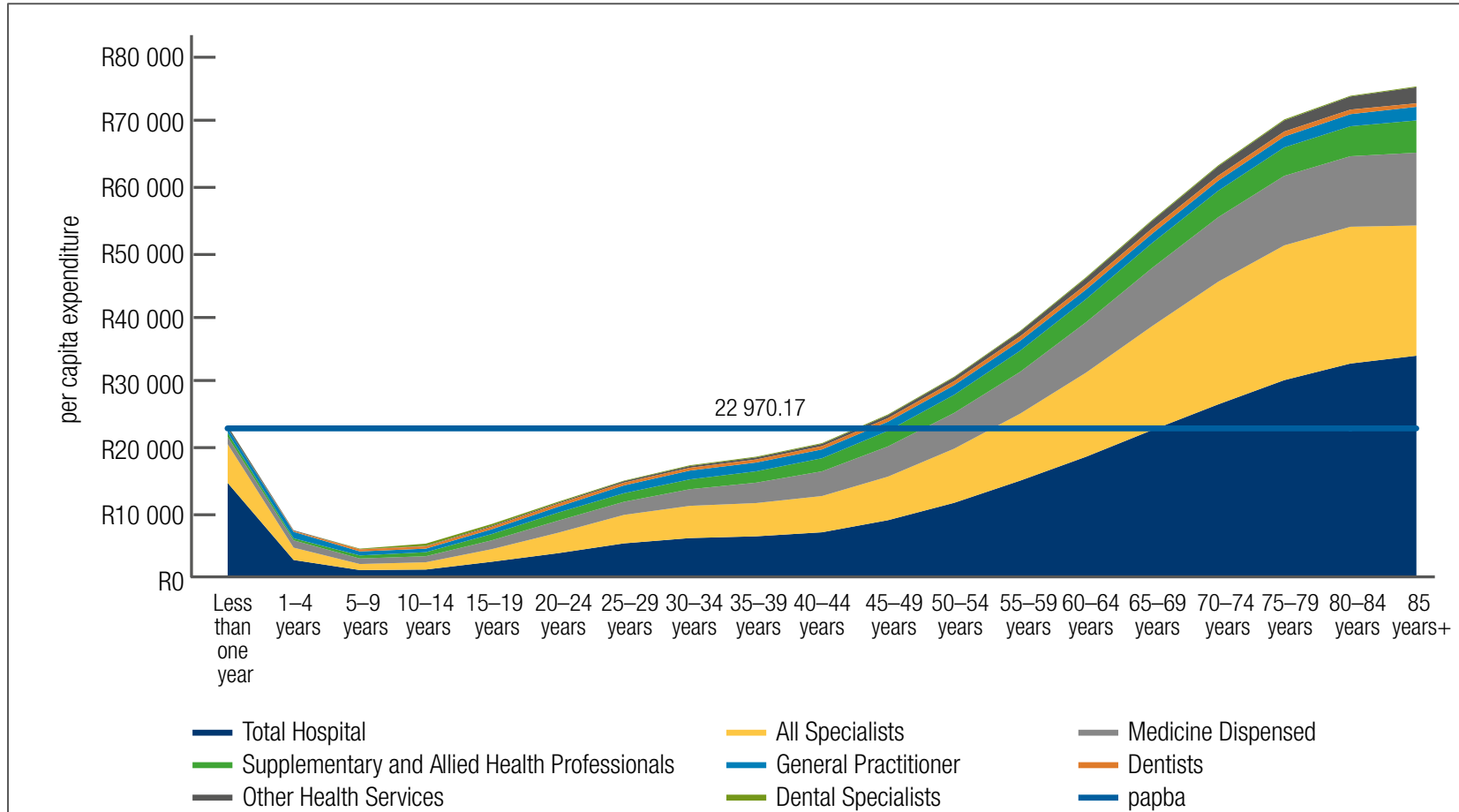
- Expenditure on private hospitals **increased by 10%** in real terms
 - R74.3 billion (R67.3 billion)
- The proportion of benefits paid toward private hospitals has averaged around 36.6% between 2015 and 2021
- The amount paid in real terms on private hospitals **increased by 9.8%** R8 314 (R7 573)
- Amount spent on **specialists increased (9.0%)** in real terms from R5 562 pabpa in 2020 to R6 063 pabpa in 2021

PMB expenditure pabpm 2020/2021



Healthcare benefits paid per age band

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- Expenditure for beneficiaries over the age of **44 years rose above the average cost** per beneficiary of R22 970
- The expenditure peaks for beneficiaries in the age band **80 to 84 years at R75 811 per average beneficiary.**



Closing remarks

- The rate of consolidation slowed down: consolidation was more at option level than at the scheme level, however, the number of options remained stable in 2020/21
 - ❑ Fragmentation of risk pools

Post COVID-19 pandemic (2021):

- slight **increase in membership** increased
- a slight **decline in dependency ratio** was observed (few dependants covered)
- A notable overall **increase in benefits** paid
- **Increase in utilisation** of health services





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QUESTIONS AND DISCUSSION





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FINANCIAL PERFORMANCE

Ms Julindi Scheepers
SM: Financial Supervision



Outline of presentation

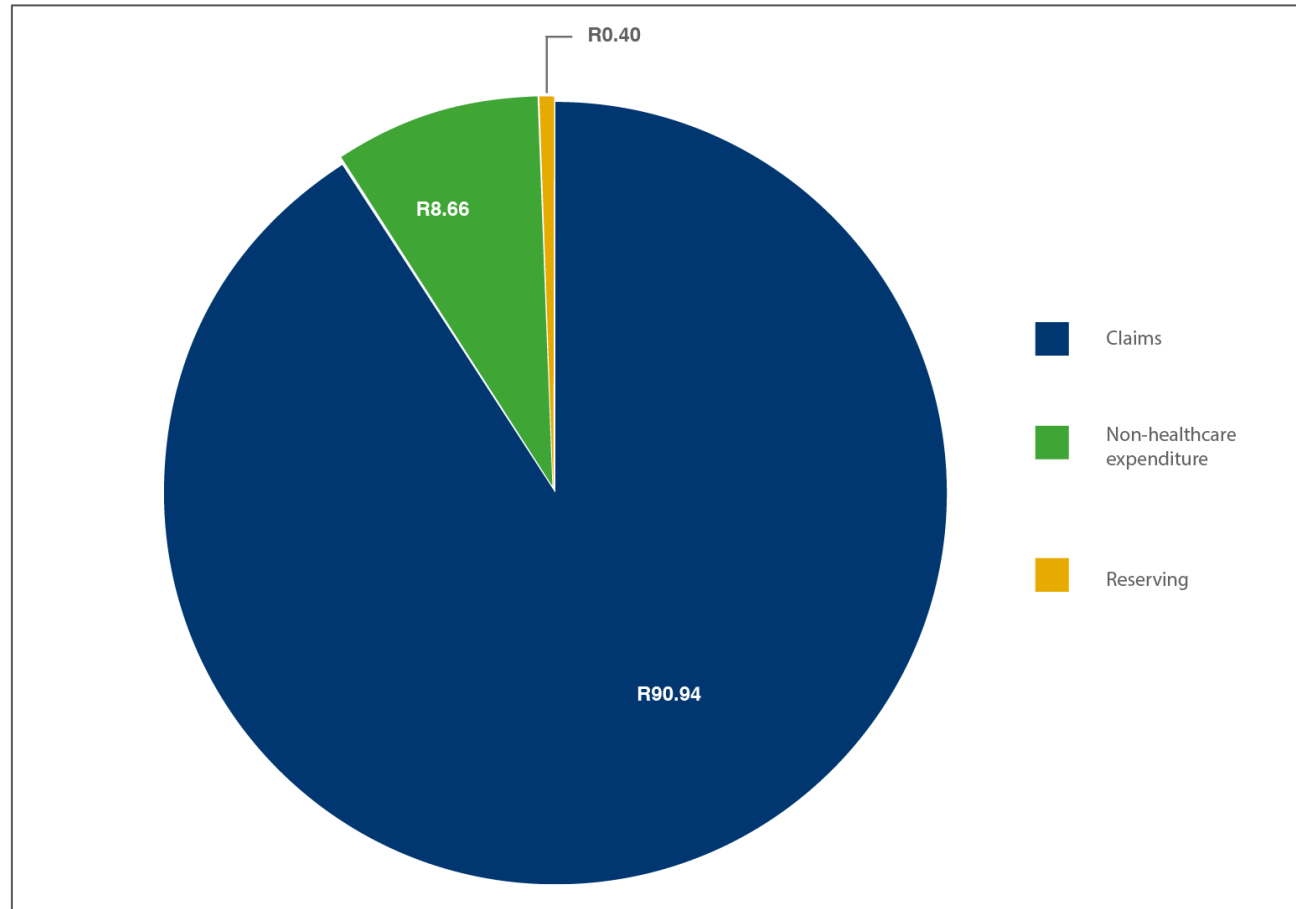
- Snapshot: distribution of healthcare Rand
- Contributions and claims
- Non-healthcare expenditure (NHE)
- Scheme results
- Solvency
- Investments
- Administrator market share
- Conclusion



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Snapshot: Distribution of the healthcare Rand

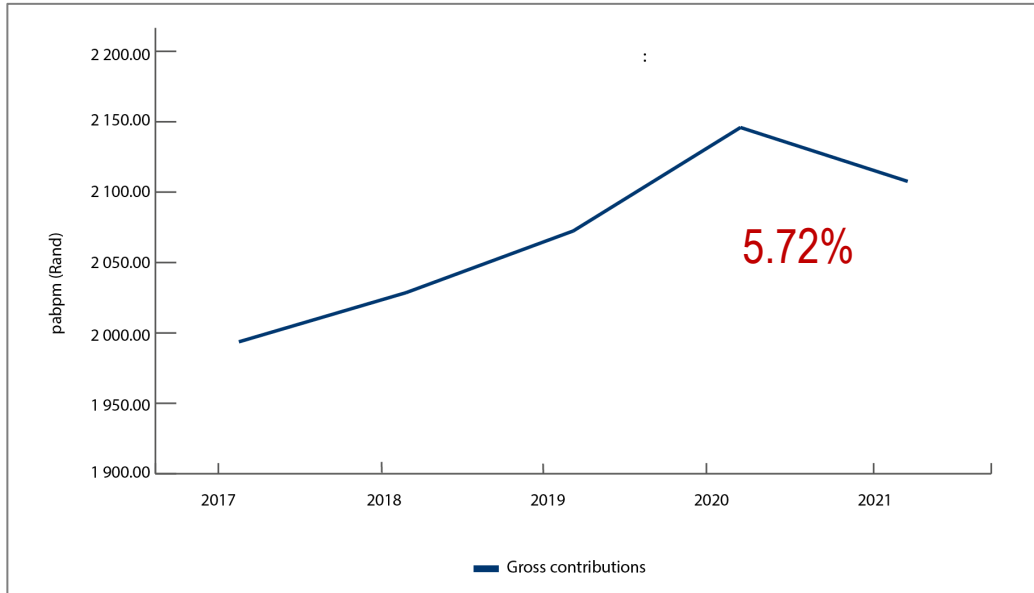


Gross: contributions and claims

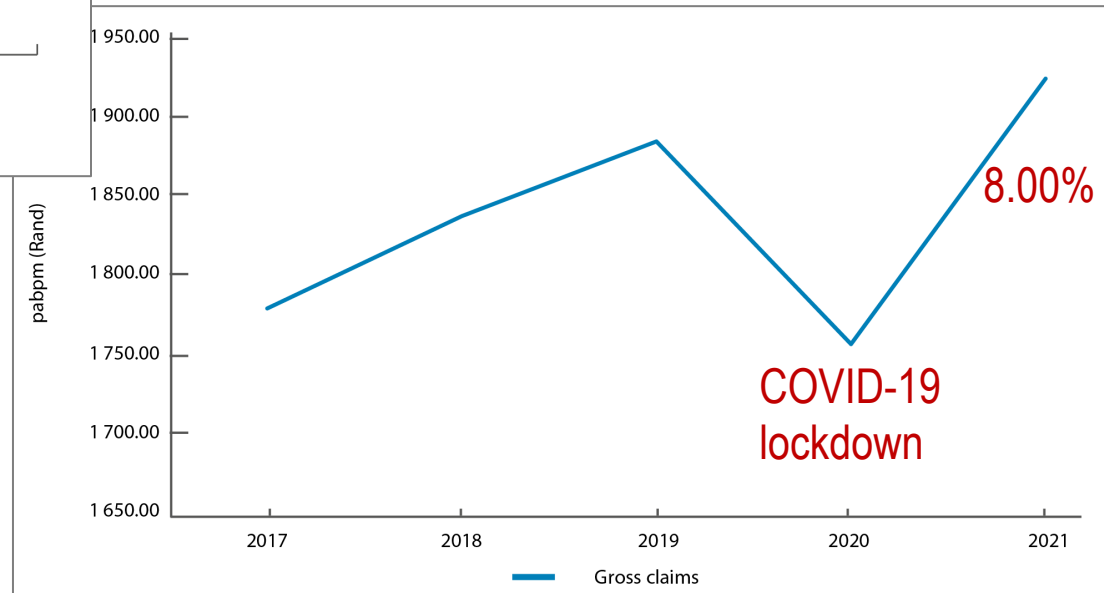


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51,52



2021 GCI of R225.65 billion



2021 gross claims of R205.80 billion



Savings: contributions and claims

- Savings contributions of R20.95 billion
 - 10.55% of gross contribution income
 - Open schemes: 95.32% paid out in claims
 - Restricted schemes: 88.23% paid out in claims
- Open schemes: represents 13.33% of claims
- Restricted schemes: represents 6.30% of claims



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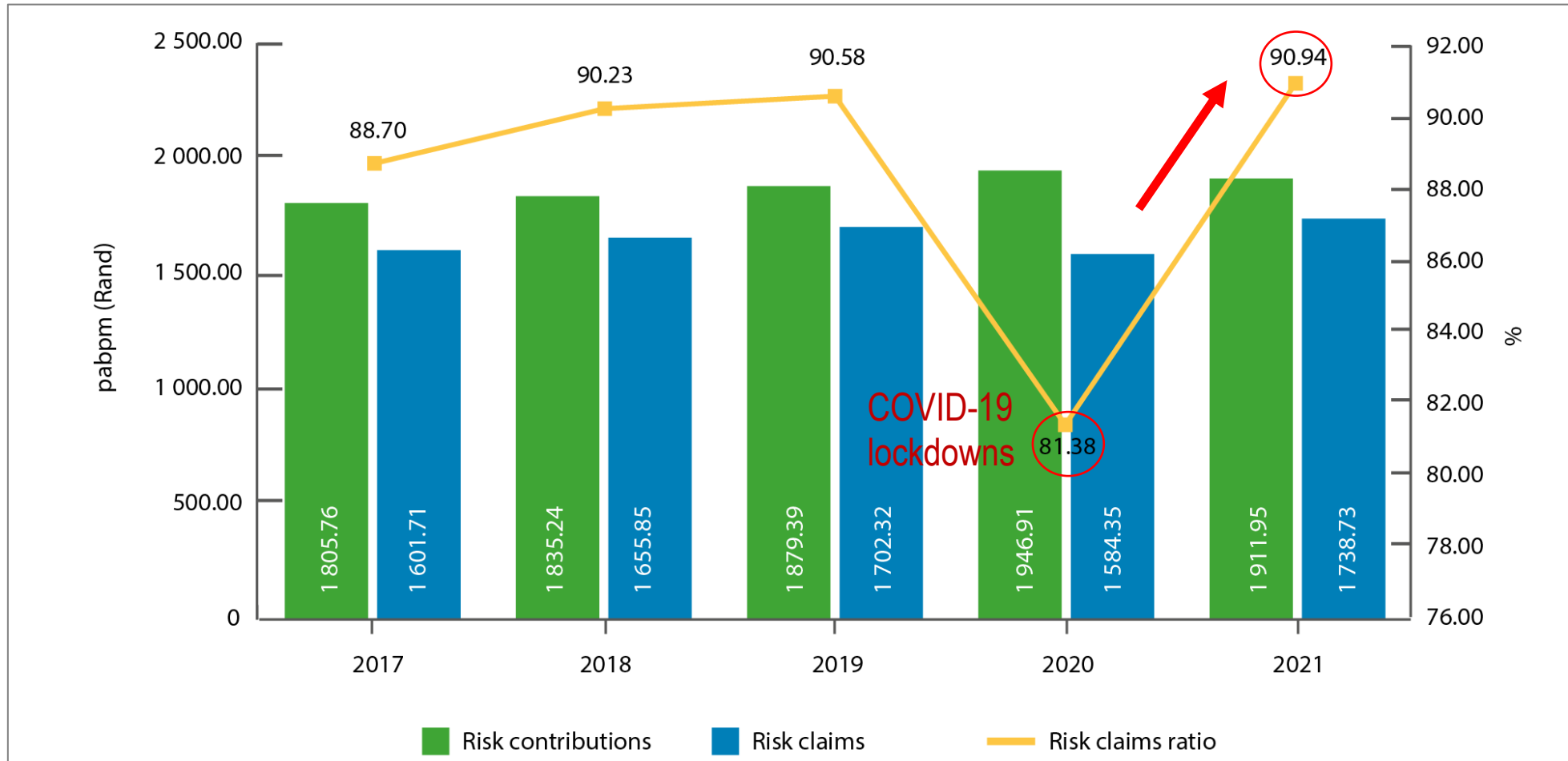


Risk: relationship between contributions and claims

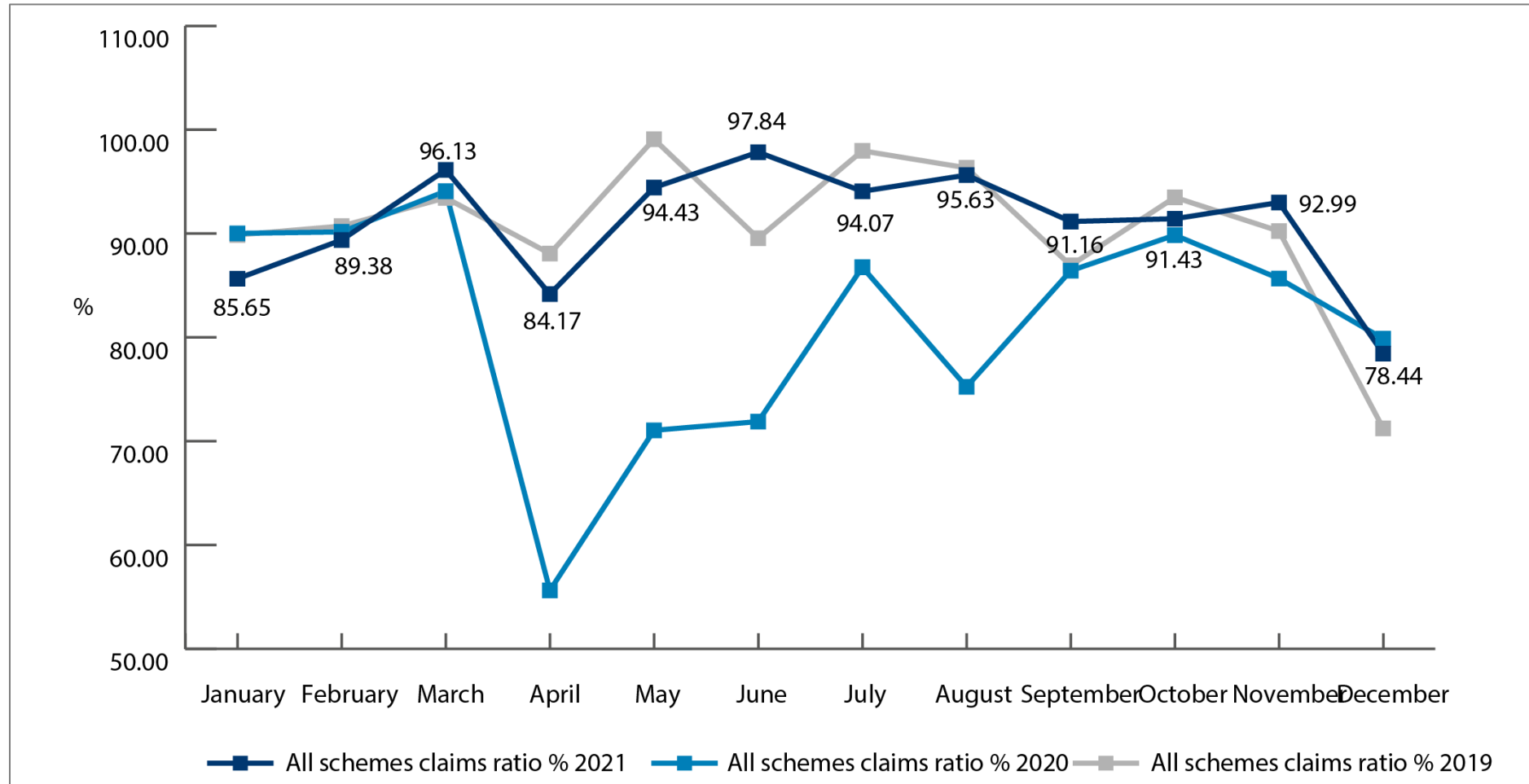
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2021 RCI of
R204.69 billion

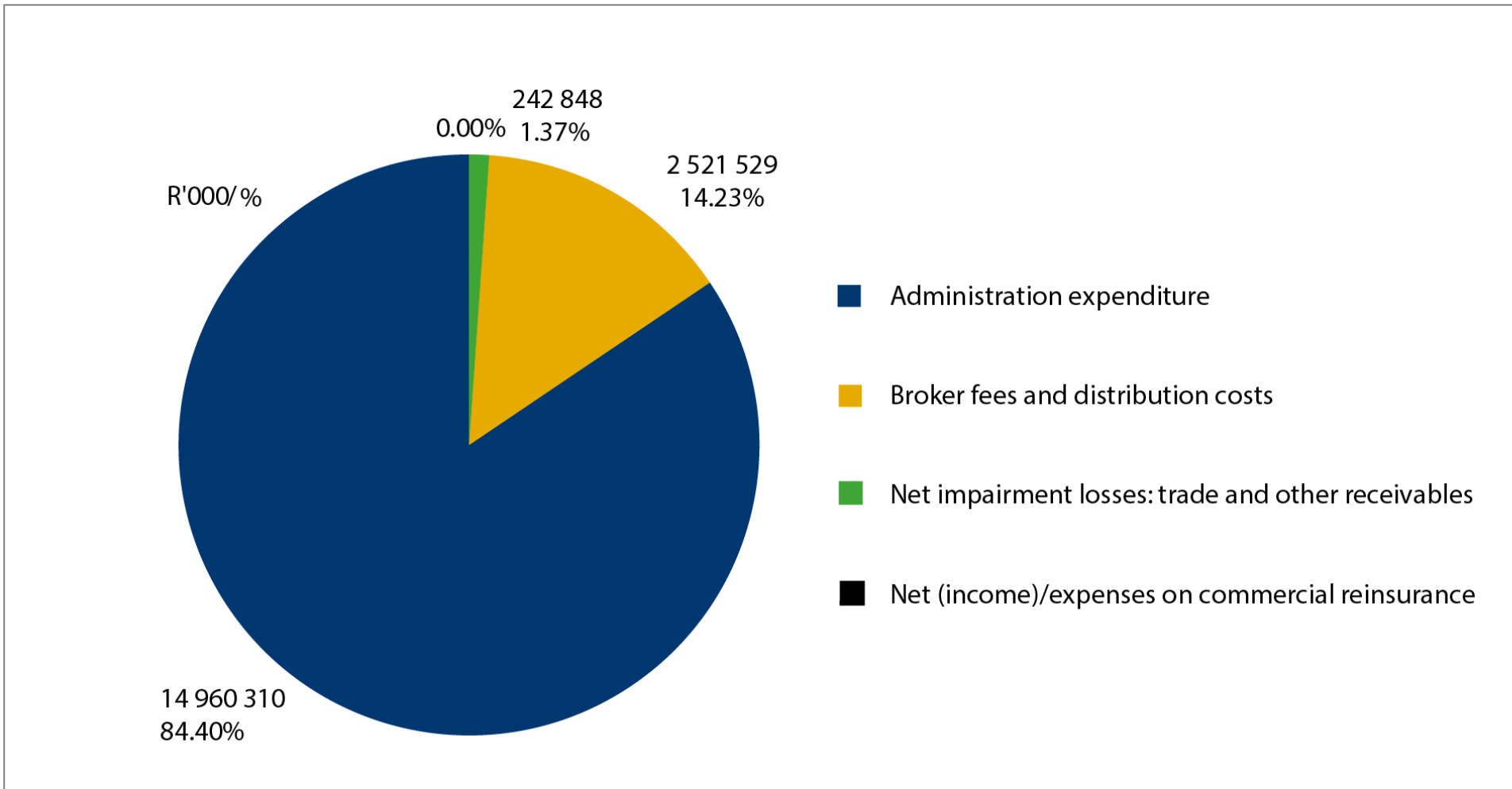
2021 risk claims
of R186.15 billion



Claims seasonality



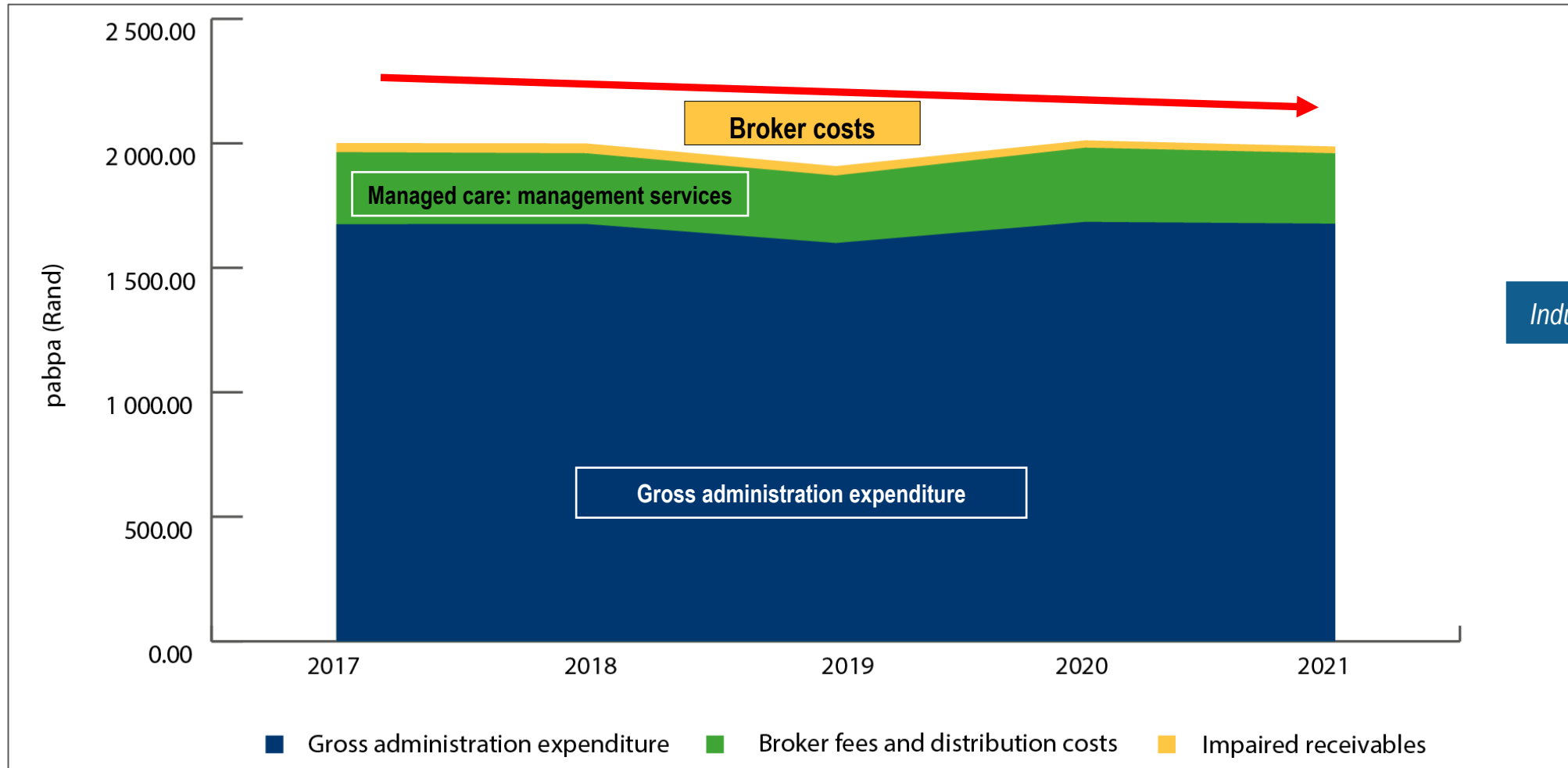
Components of NHE: 2021



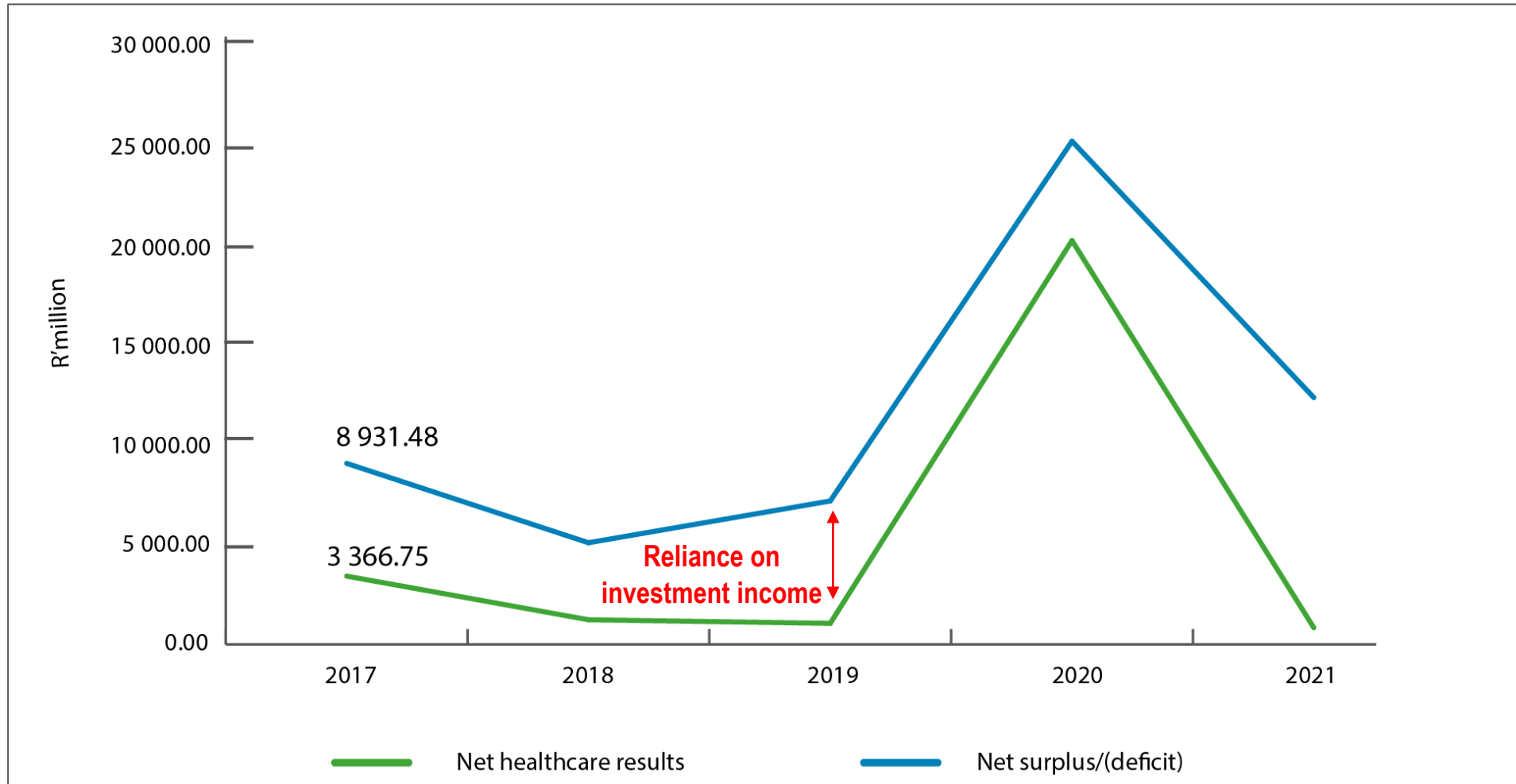
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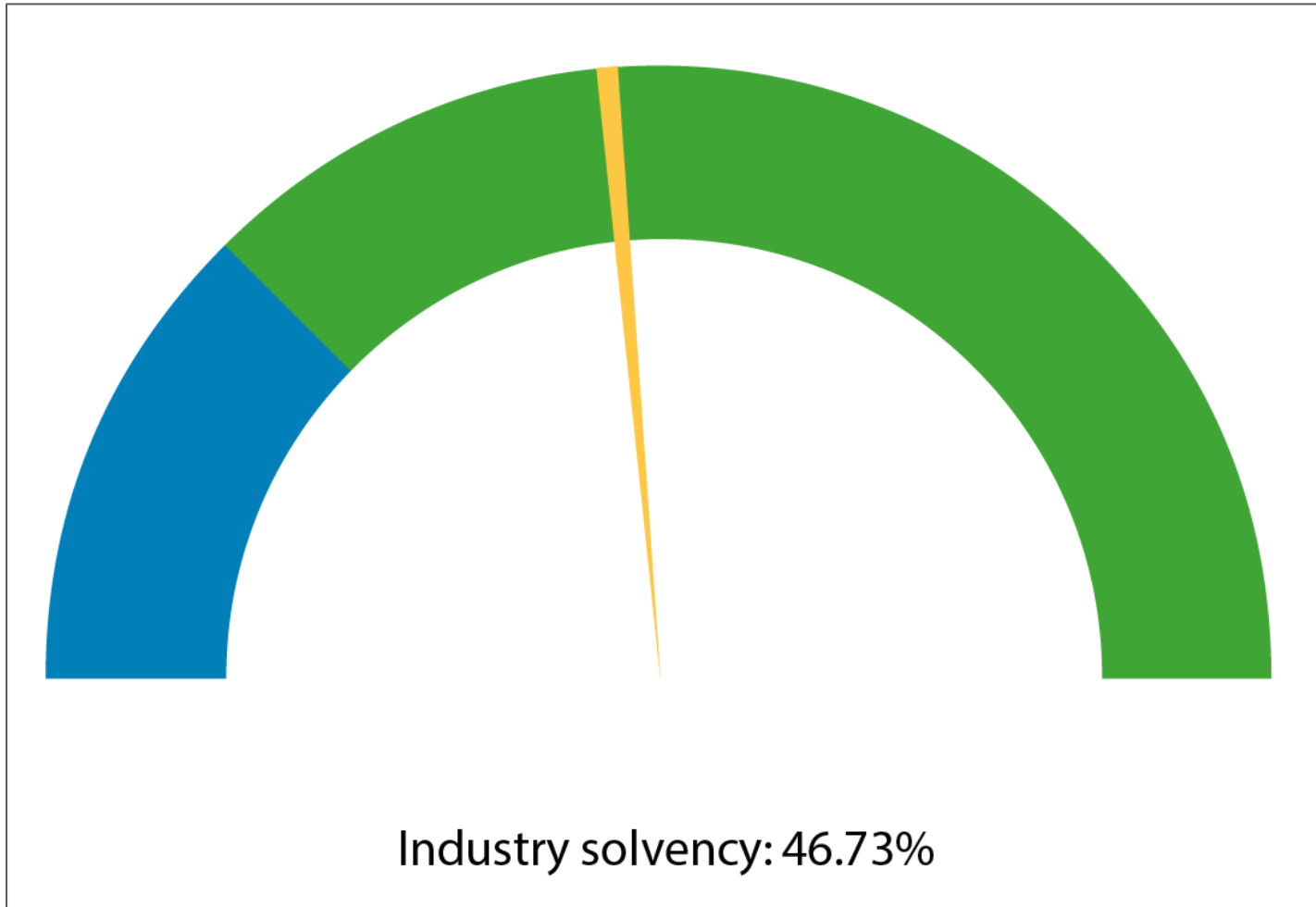
Trends in NHE



Net healthcare results and net surplus



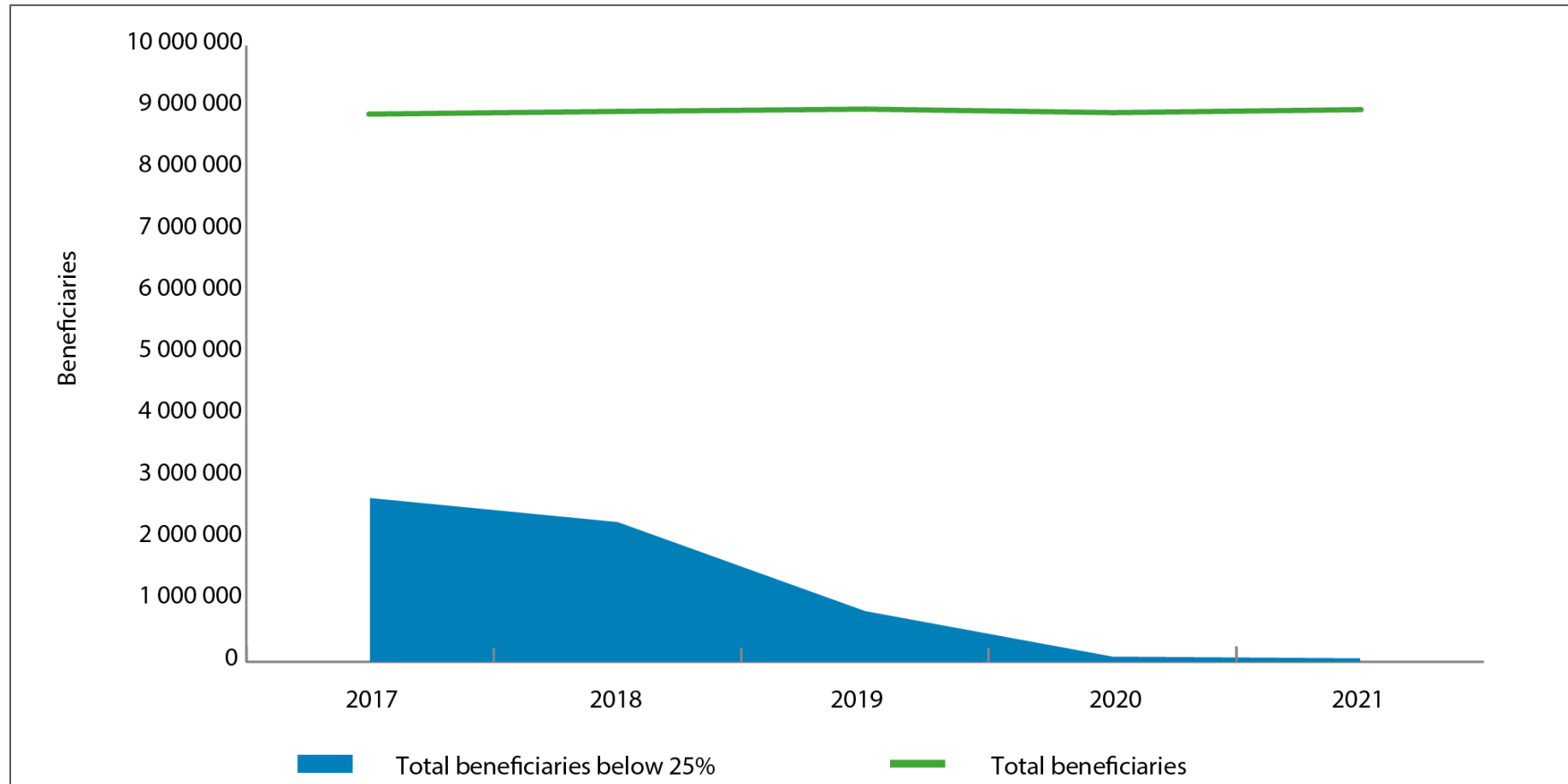
Solvency



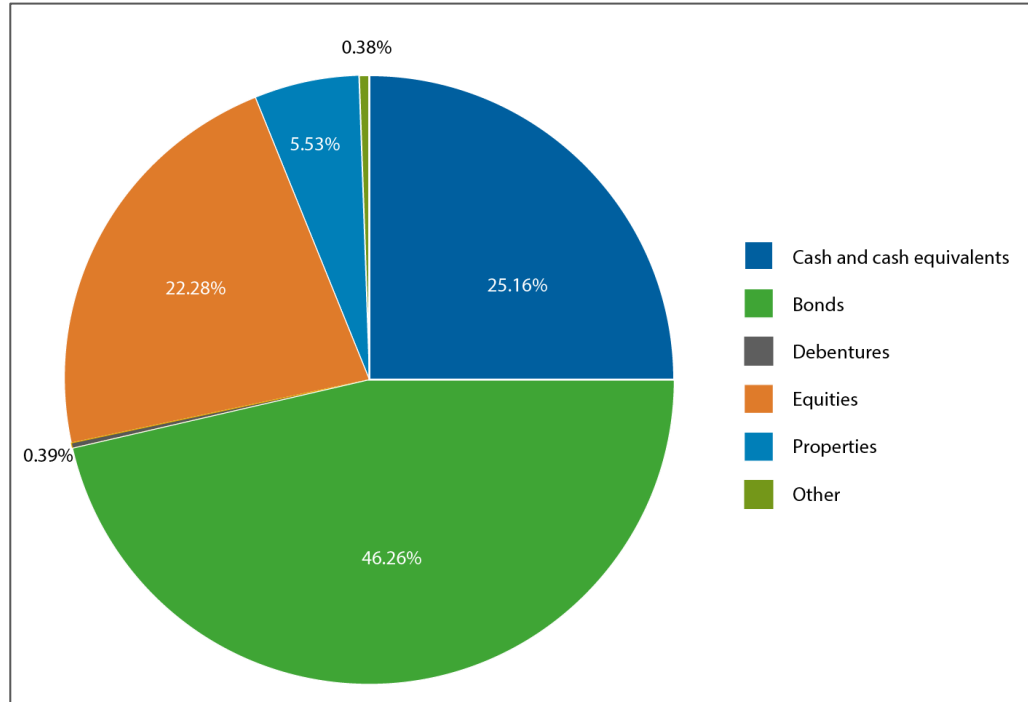
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Prescribed solvency and number of beneficiaries



Scheme investments

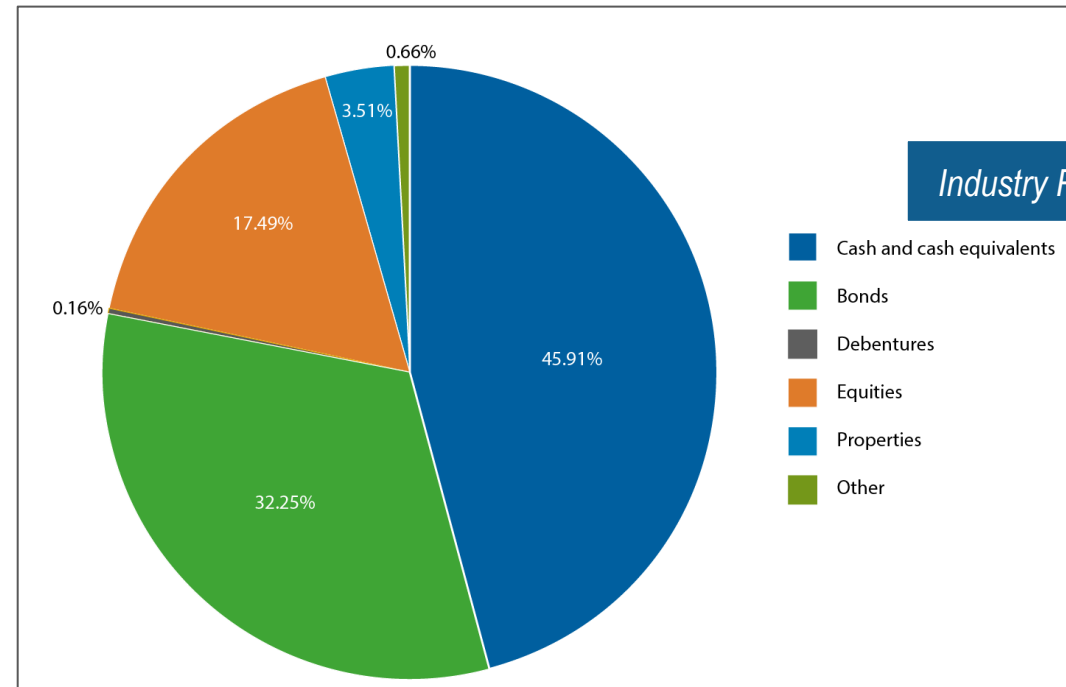


Open schemes: R68.10 billion:

- 95.70% local
- 4.32% foreign

Restricted schemes: R66.51 billion:

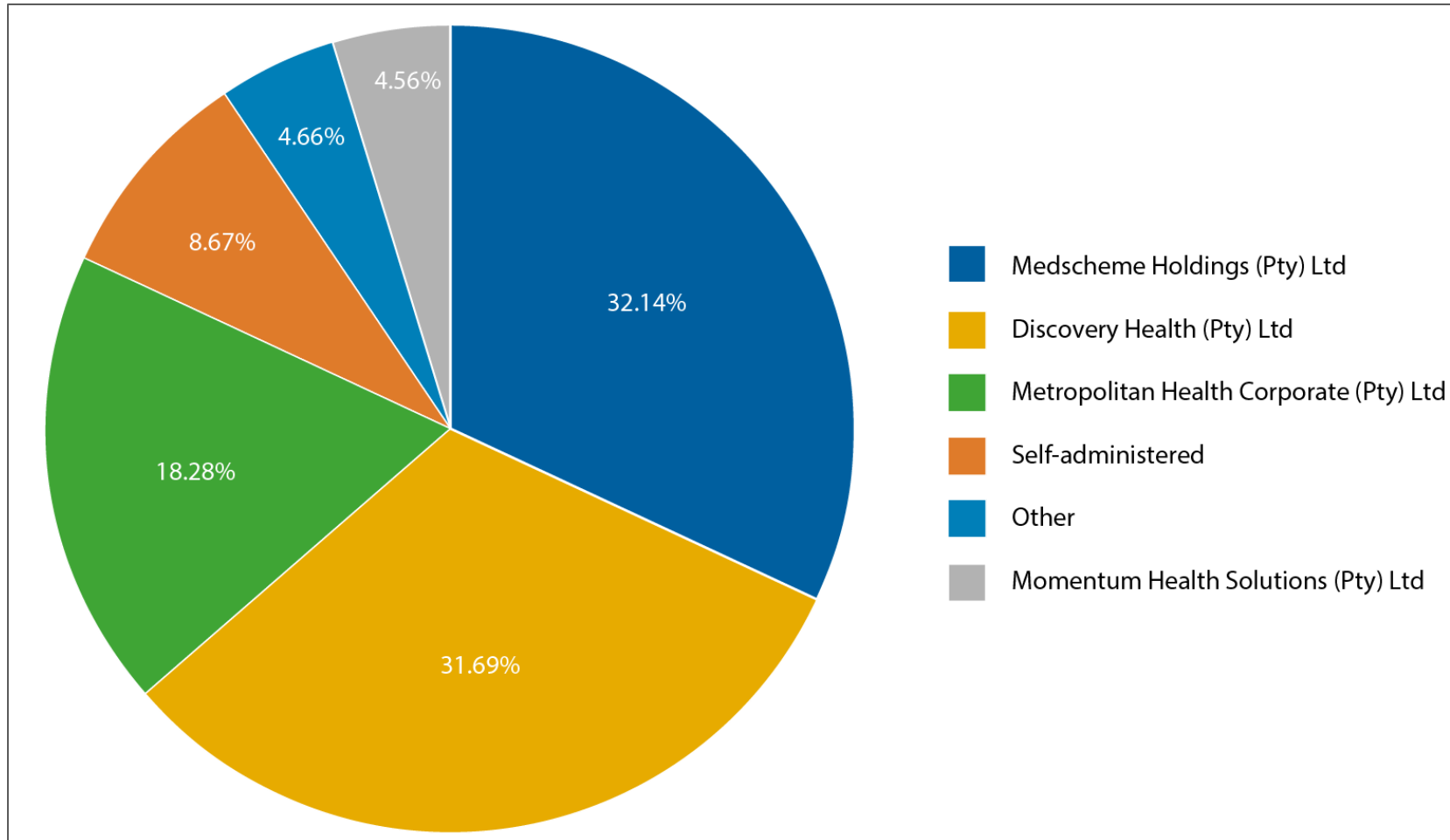
- 96.72% local
- 3.28% foreign



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Administrator market share: 2021



Conclusion

- The medical scheme industry remains financially sound.
- The long-term effects of the pandemic on scheme reserves is still unclear.



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QUESTIONS AND DISCUSSION

