

## 2023 highlights

**Benefit Value Index:**

All **AMS plans in top three** of comparable options with more benefits per rand spent

Solvency ratio

2023 **469.1%** | 2022 **460.9%**

Average beneficiary age

2023 **41.5** | 2022 **41.7**

Average number of beneficiaries

2023 **17 706** | 2022 **17 708**

Beneficiary pensioner ratio

2023 **23.8%** | 2022 **24.1%**

Average liability for future members  
(previously accumulated funds) per member

2023 **R415 335** | 2022 **R376 991**

Total Medical Savings Account balance

2023 **R250.0m** | 2022 **R238.8m**

Interest earned on Medical Savings Account

2023 **R19.80m** | 2022 **R12.43m**

## Key performance indicators



**527 453** claims processed



**32 879** calls handled



**50 473** emails answered



**95.43%** service level



**9.44/10** average service rating by members

## Executive summary

2023 will be remembered for its record-high levels of load shedding, higher inflation and, consequently, higher than expected interest rate increases with lower GDP growth of 0.6%. Financial reporting of the business of the Scheme changed significantly. IFRS 17, an International Financial Reporting Standard, replaced IFRS 4 effective 1 January 2023 to ensure that the accounting treatment across the insurance sector was standardised. IFRS 17 has changed the measurement and presentation of insurance contracts and requires comparatives of financial statements to be restated. This requires opening balances for 2023 and the comparative 2022 to be recalculated and reported in the 2023 Annual Financial Statements. The financial impact of this implementation was that the 2022 restated accumulated funds at year-end reduced by R4.6 million, and the 2021 restated accumulated funds at year-end increased by R4 million.

The Scheme performed well and reported a surplus of R271.9 million for the year, up on the 2022 surplus of R68 million, largely due to an increase in investment income and movements in unrealised gains. The 2023 net asset value was reported to be R3.6 billion, slightly up on the 2022 asset value of R3.3 billion.

We realised a positive annual return on our investments of 11.4%, comfortably outperforming the benchmark of CPI + 3.5% in 2023, 0.8% behind the benchmark over a 5-year period. A lower-than-expected claims pattern, adjustment to the mortality assumption, and changes in membership and demographics resulted in an increase in the Long-Term Funding (LTF) ratio from 133.7% to 141.8%. The two main drivers impacting this ratio are the claims costs and investment returns. Even a small percentage variation in either component has a sizeable impact on the ratio when extended over the full 15- to 20-year period.

The Scheme's growth potential, as a restricted membership scheme, is linked to the ebb and flow of the employees of Anglo Corporate Services South Africa, Mondi South Africa and Mpac. Overall membership declined by 1.76% due to corporate activity. There was a marginal decline in the average beneficiary age to 41.5 years and a decline in the pensioner ratio to 23.8%

## Membership movements in 2023

154 ▼ fewer active memberships | Managed Care Plan (MCP) membership ▼ 6% | Standard Care Plan (SCP) membership 0% | Value Care Plan (VCP) membership ▲ 8%

(24.1% in 2022). While contributions were increased by 8% in 2023, the average gross insurance revenue (previously gross contribution income) per beneficiary per month increased by 4.1%, partly due to membership plan changes, with growth in membership of 8.4% on the Value Care Plan.

The Scheme annually compares and evaluates its position in the market to ensure it maintains its relevance and competitiveness, and the 2023 offering remained better than market equivalent options when measured against seven competitor products. The benefits provided scored higher than average across all three plans and were all offered at lower-than-average contribution rates.

The benefit option insurance service deficit of R91 million was reported for the year, reflecting the difference between the insurance revenue (contribution income), insurance service expenses (claims incurred and directly attributable expenses) and net income from reinsurance contracts (risk transfer arrangements). The 2023 average cost of claims per annum (p.a.) for members aged between 26 and 35 years old was R11 961, whereas for members above 65 years old, the average cost was R87 011 p.a.

The Scheme continued to maintain a sound system of risk management and internal control with the top two risks identified on our risk register in 2023 being essential service failure (total grid failure) and legislative risk (NHI).

The National Health Insurance (NHI) Bill was passed by the National Assembly and sent to the President for assent on 6 December 2023. The President can either sign it into law or refer it back to Parliament if there are concerns about its constitutionality or refer the Bill to the Constitutional Court for a decision on the Bill's constitutionality. We are watching developments closely to ensure that the interests of our members are protected as far as possible.

Our focus remains on ensuring that we provide our members with even greater care and service. We released new digital tools in November 2023, e.g. the VCP smartphone app and WhatsApp, as a servicing tool for members, as we know your time is important and you need to have access to information and assistance for your healthcare needs whenever it is convenient for you.

We at AMS strive to deliver service excellence to our members and achieved an average rating of 95.43% across all the agreed service level measurements, with members rating their satisfaction at a similar level. This level of excellence is achieved with the help of our dedicated AMS team at the administrator, Client Liaison Officers and the Office of the Principal Officer.

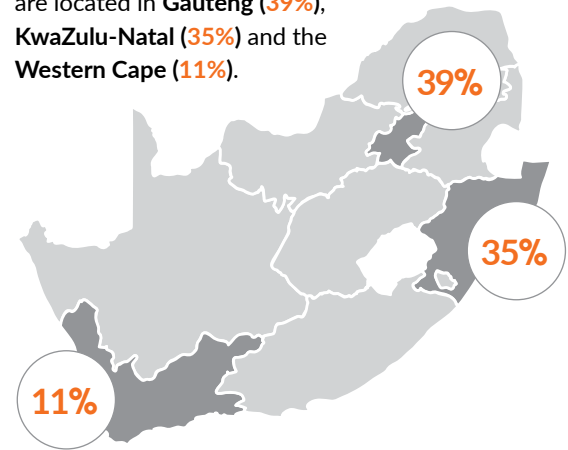
To learn more about the Scheme's performance in 2023, we encourage you to attend our AGM. Use our online RSVP tool in the AGM announcement box on the home page of [www.angloms.co.za](http://www.angloms.co.za).

## What our membership looked like in 2023



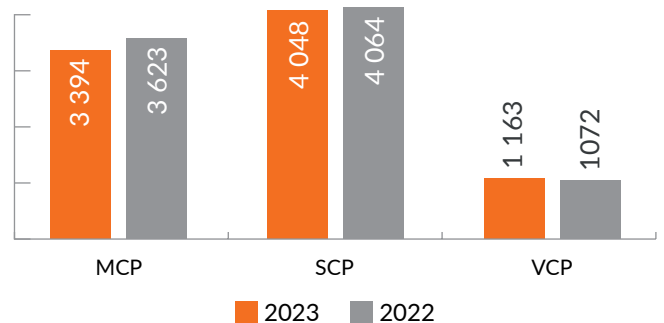
### Location

Our members are spread across South Africa, the majority of whom are located in **Gauteng (39%)**, **KwaZulu-Natal (35%)** and the **Western Cape (11%)**.



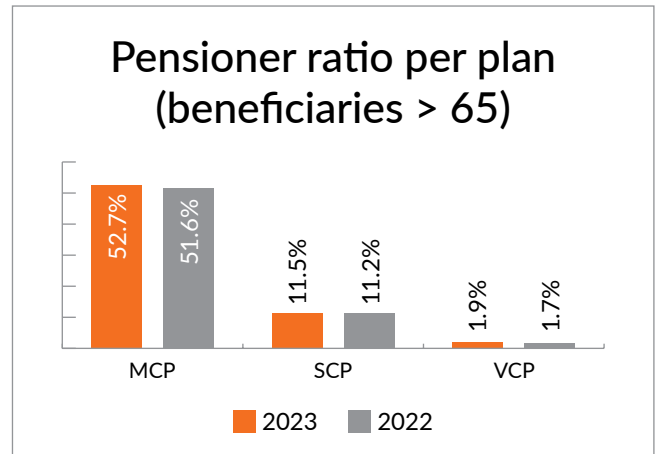
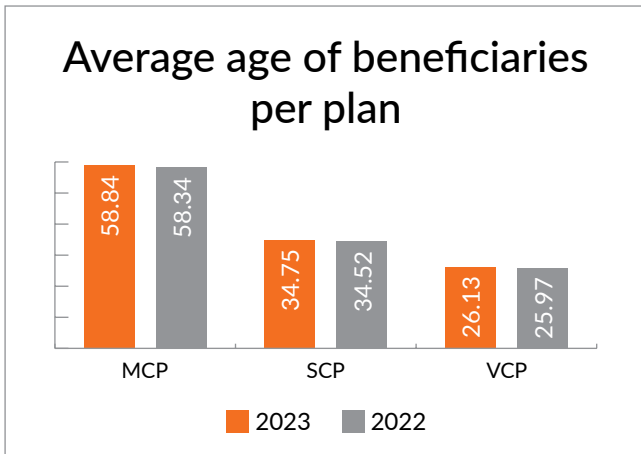
Average age: **41.5** Members: **8 605**  
Dependants: **9 001**

## Change in membership per plan

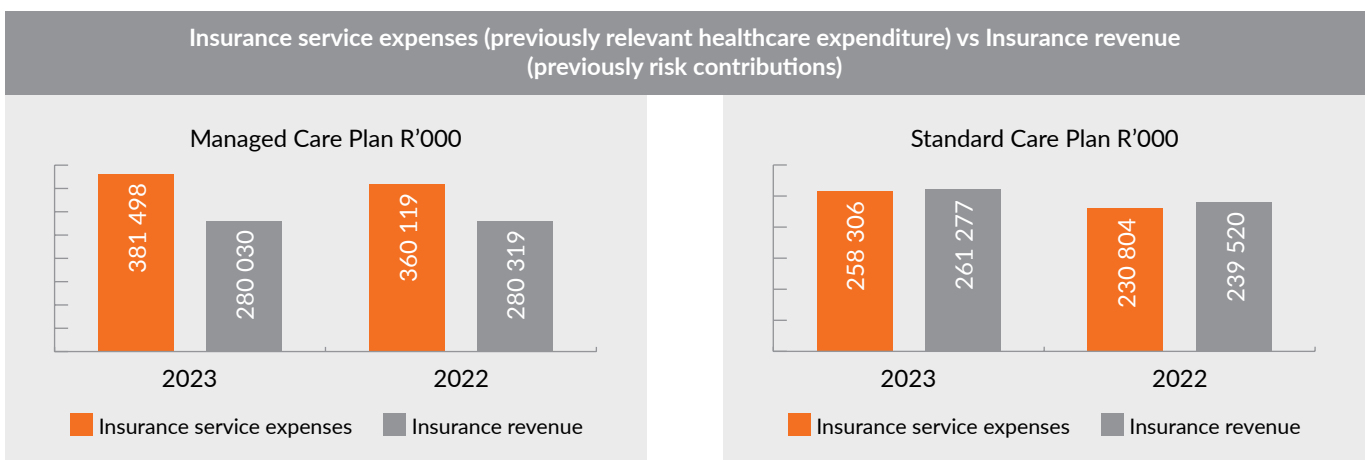


## Principal participating employers

The principal participating employer groups are Anglo Corporate Services South Africa (Pty) Limited, Mondi South Africa (Pty) Limited and Mpact Limited.



## Performance per plan



## Note about IFRS 17

The Scheme’s performance and strategy has not changed, but you will notice that our financial reporting will look different. The International Accounting Standards Board has introduced IFRS 17, a new mandatory standard for our industry, which will impact our financial reporting effective 1 January 2023 and may influence how you interpret our annual financial report. Some key implications include:

**Accounting changes:** We have changed how we recognise and measure insurance contracts, and this impacts our financial statements.

**Financial impact:** We evaluated our insurance liabilities and financial position and the impact was immaterial.

**Disclosures:** We have to provide more detailed information about our insurance contracts and the risks associated with them. This will provide stakeholders with a better understanding of our financial position and performance.

### Changes in terminology

IFRS 17 uses new vocabulary as you will see in our Annual Report.

Old terminology	New terminology
Contribution income	Insurance revenue
Relevant healthcare expenditure	Insurance service expenses
Outstanding claims provision	Liability for incurred claims (LIC)
Accumulated funds	‘Liability owed to future members of the Scheme’ represents a commitment or obligation that the Scheme has towards members who will benefit from the accumulated funds/reserves in the future. Future members refers to all members registered on 1 January of the following year.

If you would like to learn more about IFRS 17, find more information in the full set of our AFS, visit [www.ifrs.org](http://www.ifrs.org), or attend our AGM on 22 May 2024.

## Statement of Comprehensive Income

for the year ended 31 December 2023

	2023 R'000	2022 R'000
Insurance revenue	565,356	539,569
Insurance service expense	(929,680)	(674,077)
Net income from reinsurance contracts	1,389	61
<b>Insurance service result</b>	<b>(362,935)</b>	<b>(134,447)</b>
Interest income from financial assets not measured at fair value through profit or loss	3,713	2,288
Investment income from investments held at fair value through profit or loss	135,611	125,995
Fair value gains from investments held at fair value through profit or loss	274,918	45,867
<b>Net investment income</b>	<b>414,242</b>	<b>174,150</b>
Finance expenses from insurance contracts issued – Personal Medical Savings Account (PMSA)	(19,803)	(12,434)
<b>Net insurance finance expense</b>	<b>(19,803)</b>	<b>(12,434)</b>
<b>Net insurance and investment result</b>	<b>31,504</b>	<b>27,269</b>
Asset management fees	(15,444)	(14,020)
Other operating expenses	(17,693)	(15,297)
Sundry income	1,633	2,048
<b>Net result for the year</b>	<b>0</b>	<b>0</b>

## Statement of Changes in Funds and Reserves

as at 31 December 2023

	R'000
Balance at 1 January 2022 (as previously reported)	3,230,062
Transition restatement (see Note 1.2, impact of the adoption of IFRS 17)	(3,230,062)
<b>Balance at 1 January 2022 (restated)</b>	<b>-</b>

## Statement of Financial Position

as at 31 December 2023

	2023 R'000	31 Dec 2022 restated R'000	1 Jan 2022 restated R'000
<b>ASSETS</b>			
Investments held at fair value through profit or loss	3,702,884	3,381,965	3,349,525
Financial assets at amortised cost	2,437	2,477	3,667
Cash and cash equivalents	154,667	199,623	147,123
<b>Total assets</b>	<b>3,859,988</b>	<b>3,584,065</b>	<b>3,500,315</b>
<b>LIABILITIES</b>			
Total insurance contract liability	3,857,226	3,581,522	3,497,594
Insurance liability for current members*	283,266	279,461	263,498
Insurance liability for future members*	3,573,960	3,302,061	3,234,096
Financial liabilities at amortised cost	2,762	2,543	2,721
<b>Total funds and liabilities</b>	<b>3,859,988</b>	<b>3,584,065</b>	<b>3,500,315</b>

\* See Mutual Entity disclosure under Note 1.3

### Liability for incurred claims (previously outstanding claims provision)

The outstanding risk claims provision (best estimate liability) is an estimate of healthcare costs that have occurred but haven't been reported to the Scheme by the reporting date. We regularly review and adjust our assumptions to determine this provision. At 31 December 2023, this provision was R25.8m (2022: R34.2m).

## How we measured our performance

- ✓ **Sufficient reserves** ensure we can cover member healthcare costs. Our liability for future members (formerly accumulated funds) at the end of 2023 was R3.574 billion, leading to a Long-Term Funding ratio of 141.8% (2022: 133.7%).
- ✓ Our aim is to align **contribution increases and benefits** with the industry average and the medical inflation rate of CPI + 3%. In 2023, we achieved this with an average annual contribution increase per member of 8.0%.
- ✓ We aim to offer better **value for money** than our competitors. In 2023, independent evaluations showed that all three of our plans scored higher than average in benefits and were offered at lower-than-average contribution rates, demonstrating better value than what's available in the market.
- ✓ We gauge **service excellence** by measuring first-call resolution, same-day task completion, service levels, claim processing times and member satisfaction. In 2023, our administrator, Discovery Health, maintained service levels above the required 90%.
- ✓ We aim to keep our **non-healthcare costs** below 10%, as required by the Council for Medical Schemes. In 2023, these costs were at 6.2%.

## AMS's investments and capital management

### Our investment strategy

Our investment strategy aims to maximise returns while managing risk, following legal guidelines. We do this by holding a mix of safe and varied investments that protect against inflation. Our goal is to earn a return that beats inflation by at least 3.5% per year over five years.

Period	Portfolio performance	Consumer price index	CPI plus 3.5% p.a.
1 January to 31 December 2023 (p.a.)	11.4%	5.6%	9.1%
5 years (p.a.)	7.8%	5.1%	8.6%
23 years (p.a.) (since inception)	10.4%	5.5%	9.0%

### Total investments held at year end (R'000)

<b>2023</b>	<b>R3 702 884</b>	<b>2022</b>	<b>R3 381 965</b>
-------------	-------------------	-------------	-------------------

## Investment performance

Globally, 2023 was volatile but resilient, with a year-end rally in all asset classes due to positive sentiment and falling inflation in many economies. This led central banks to end their interest rate hiking cycles, as opposed to the consensus view at the start of the final quarter that interest rates would remain higher for longer. Global equities, primarily seven US AI tech stocks, outperformed all local asset classes with the MSCI World Index up 23.8% in USD and 33% in rands.

South African equities returned a muted 7.9% due to growth pessimism, fuelled by load shedding, its weakening logistics networks and a political landscape that became ever more complex. South African nominal bonds returned 9.7%, compared to cash at 8.1% and inflation at 5.1%. The local listed property sector was the best performing local asset class, up 10.1%, as the market believed the interest rate hikes had peaked.

Over the 12 months, AMS earned a net return of 11.4%, outperforming inflation by 6.3%. However, over the five-year period the Scheme's net real return was just 2.8% p.a. ahead of inflation, underperforming the target real return of 3.5% p.a. It is important to note that over this period the best performing local asset class (SA equity) delivered a real return of just 3.9% p.a., SA bonds 3.2% p.a. and SA cash 0.9% p.a. Global equities delivered the highest real return by far over five years; however, the Scheme was precluded from investing in this asset class until 2020.

Investments per asset allocation	2023 R'000	2022 R'000
Bonds	1,309,975	1,149,238
Collective investment schemes	613,440	483,540
Commodities	54,860	58,908
Equities	1,145,118	1,118,310
Linked insurance policies	389,896	444,042
Money market instruments	189,595	127,927
	<b>3,702,884</b>	<b>3,381,965</b>
<b>Investments per investment manager</b>		
Coronation Asset Management (Pty) Ltd	681,674	598,243
Allan Gray South Africa (Pty) Ltd	567,108	511,992
Ninety One SA (Pty) Ltd	1,805,187	1,705,402
Abax Investments (Pty) Ltd	648,915	566,328
	<b>3,702,884</b>	<b>3,381,965</b>

### How we managed our capital

According to Regulation 29(2) of the Act, the Scheme must keep a minimum amount of reserves, equal to 25% of all the money it gets from members, to ensure it can cover its costs. This is how this required amount is calculated:

Liability for future members per the Statement of Financial Position	3,573,960	3,302,061
Less: cumulative unrealised net gain on measurement of investments to fair value	(572,030)	(470,889)
Accumulated funds per Regulation 29	3,001,930	2,831,172
Gross contribution income (R'000)	639,892	614,208
Solvency margin = Accumulated funds/gross contribution income x 100	469.1%	460.9%

## A robust risk management framework

Our system for managing risks and controlling internal processes is designed for reasonable assurance and to help us achieve our goals. We use different methods to understand and track risks, like internal models and analyses that look at different scenarios. Everything we do is checked carefully to make sure it's working well. We also have a whistleblowing process for people to report any concerns they have.

### How we share our risk

The Scheme has agreements with other companies to share risks, which helps keep costs down. This means that if there's a risk, the Scheme can work with another company to reduce it. The idea is that both companies agree on how much they could lose from potential claims, and in exchange, one company gets the exclusive right to provide the service.

Organisation	Services capitated	Plan
Kaelo Prime Cure (Pty) Ltd	Provides primary healthcare services at healthcare centres and contracted network service providers, including a limited hospital benefit.	Value Care Plan
Netcare 911 (Pty) Ltd	Provides emergency transport services and other ambulance services.	Managed Care Plan Standard Care Plan
Centre for Diabetes and Endocrinology (CDE)	Provides diabetes-related medical services including related hospitalisation expenses.	Managed Care Plan Standard Care Plan
Dental Risk Company	Provides a network of dentists providing dental-related medical services.	Standard Care Plan

## Related-party transactions

The Scheme is overseen by a Board of Trustees appointed by employers or elected by members. Key management personnel, including the Board and Principal Officer, are responsible for planning and controlling Scheme activities. Close family members of these individuals are also considered related parties.

### The following parties are considered to have significant influence over the Scheme

- Discovery Health (Pty) Ltd – has annually renewable administration and managed care arrangements in place.
- Medikredit (Pty) Ltd – has an annually renewable managed care arrangement in place.
- Kaelo Prime Cure (Pty) Ltd – has a risk transfer arrangement in place.
- Anglo Corporate Services South Africa (Pty) Ltd – has a head office rental arrangement in place.

Transactions with parties with significant influence over the Scheme	2023 R'000	2022 R'000
<b>Statement of Comprehensive Income transactions</b>		
Discovery Health (Pty) Ltd		
• Administration fees	22,844	21,710
• Managed Care: management services fees	12,328	10,517
Medikredit (Pty) Ltd – electronic checking fees	1,389	1,315
Kaelo Prime Cure (Pty) Ltd – risk transfer arrangement fees	20,303	16,356
Anglo Corporate Services South Africa (Pty) Limited		
• Head office rental and management fees	485	467
<b>Statement of Financial Position</b>		
Balance due to Discovery Health (Pty) Ltd	2,694	2,664
Balance due to Medikredit (Pty) Ltd	221	110
Indirect investment in employers	79,034	67,142

## Non-compliance with the Medical Schemes Act – exemptions

1. **Outstanding contributions** should be received within three days of their due date as per the Scheme's rules. Late payments are sometimes caused by discrepancies between employers and the Scheme. However, the risk of default is low due to the limited nature of the Scheme and employer base. Suspension policies are in place for members with outstanding contributions beyond their employer's obligations.
2. The Scheme had **investments in participating employer groups** through pooled investment vehicles, which are permitted under an exemption from Section 35(8)(a) of the Act. This exemption is valid until 30 November 2025.
3. The Scheme had **investments in administrators** through pooled investment vehicles, which is permitted under an exemption from Section 35(8)(c) of the Act. This exemption is valid until 30 November 2025.
4. **Each benefit option must support itself financially** and in terms of membership. As of 31 December 2023, the Managed Care Plan had a deficit before investment income. The Board of Trustees ensures competitive benefits and contributions, but due to the Scheme's demographics, it proves difficult to ensure. To address this, participating employers historically pre-funded additional liabilities caused by changes in employee demographics. This helps the Scheme maintain benefits and contributions. The Scheme uses reserves to cover expected claim costs exceeding contributions, ensuring members' needs are met. The Trustees regularly review investment returns to ensure sustainability. The Council for Medical Schemes approves the Scheme's strategy annually without requiring corrective action.
5. **Member or provider claims should be settled within 30 days of submission**, but some settlements took longer. Delays can happen when accounts need clinical audits or other investigations, but these are exceptions. The Scheme tries to comply with the requirements, but some complex claims may take longer to process, which is common in the industry.
6. **Investments are prohibited in equities outside South Africa**. However, the Scheme has investments in territories outside South Africa through its Ninety-One investment portfolio. The Scheme applied for, and received an exemption from this rule, with a renewal application submitted to the Council for Medical Schemes.
7. The co-payment for the non-network GP on the Value Care Plan was incorrectly reflected as 20% in the member benefit brochure instead of 30% as per the registered Rules. This was corrected in 2024.

## Board of Trustees

Member Elected	Member Elected – Alternate trustee	Employer Appointed	Employer Appointed – Alternate trustee
Elliott CC (resigned as Chairman 24 March 2023) Fox Dr FH (Vice-Chairman) Farrell MR Hosking S Mason-Gordon NJ Mhlongo QP	McKie Thomson CMT Preston GP Ragolane NS	Coetzer JP (appointed Chairman 24 March 2023) Liston JB Mamabolo NM Moodley R Thompson HM van der Bijl BD	Ameer KN Matemera TS van Vugt TD

## Statement of responsibility

The Trustees are responsible for the preparation and fair presentation of the annual financial statements of the Anglo Medical Scheme (the Scheme), set out on pages 32 to 83, comprising the statement of financial position at 31 December 2023, the statement of comprehensive income, statement of cash flows for the year then ended and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with IFRS® Accounting Standards and the requirements of the Medical Schemes Act of South Africa. In addition, the Trustees are responsible for preparing the report of the Board of Trustees.

The Trustees are also responsible for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management. The Trustees have reviewed the Scheme's budget for the year ending 31 December 2024. The Trustees have made an assessment of the Scheme's ability to continue as a going concern and have no reason to believe the business will not be a going concern in the year ahead.

The auditor is responsible for reporting on whether the financial statements are fairly presented in accordance with the applicable financial reporting framework.

### Approval of the annual financial statements

The annual financial statements of Anglo Medical Scheme, as identified in the first paragraph, were approved and authorised for issue by the Trustees on 3 April 2024 and are signed on their behalf by:



Mr JP Coetzer  
Chairman



Dr FH Fox  
Vice-Chairman



Ms JC le Roux  
Principal Officer

## Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), which are set by the International Accounting Standards Board (IASB). The financial statements are also prepared in accordance with the Act, which requires additional disclosures for registered medical schemes.

### Find out more

This special edition of MediBrief is a summary of the key information in our 2023 Annual Financial Statements. If you would like the full set of financials with their corresponding detailed notes on our annual financial statements, please get in touch with us.

Call us: 011 638 2939 | Email us: Yvonne.Landsberg@angloamerican.com  
Download: [www.angloms.co.za](http://www.angloms.co.za) > My Scheme > Annual Financial Statements