

Q&A

Dear Member

I'll like to first thank all members who made the time to attend the Scheme's Information sharing meeting on Monday 15 April 2024.

The Rule Amendment

Upon receiving notification of the impending retrenchments and noting the lack of provisions in the Scheme's rules for the continuation of membership for retrenched employees, the Scheme sought an urgent rule amendment to incorporate provisions for such individuals. The Registrar of Council for Medical Schemes (CMS) office acknowledged the necessity and urgency of this request and subsequently granted approval.

Below is updated Rule 6.2 as approved by CMS:

6.2 **Retirees Continuation Members**

6.2.1 A member shall retain his/her membership of the Scheme with his/her registered dependants, if any, as a retiree Continuing Member in the event of his:

6.2.1.1 such member ~~he~~ retiring from the service of his the employer; or

6.2.1.2 his/her employment being terminated by his the employer on account of age, ill health or other disability; or

6.2.1.3 such member being retrenched from his/her employment with the employer.

6.2.2 The Scheme shall inform the member of her/his right to continue her/his membership for as long as such member remains unemployed for the reasons set out in 6.2.1.1 to 6.2.1.3 above and of the contribution payable from the date of retirement or retrenchment or termination of or from his/her employment. Unless such member informs the Scheme in writing of her/his desire to terminate her/his membership, she/he shall continue to be a member.



Questions and Answers from the Scheme 's Information Sharing Session with the Provisional Curator

The Provisional Curator promised that he will endeavor to answer to ALL questions raised during the information sharing session. Below please refer to the answers to questions received during the meeting; which included questions that came through the Question and Answer (Q&A) chat box that were not answered in the meeting.

Question 1: Can the MEDiPOS Scheme become an Open Scheme for anyone to join?

Answer: MEDiPOS is a Closed Scheme, also known as a restricted scheme, and membership is restricted to employees and pensioners of SAPO and its associate companies. The Scheme applied for an urgent rule amendment to cover retrenched employees, this was granted.

Question 2: Can the Government be held responsible for the agreement made with Postal Officials who retired prior to 1994 under the old system?

Answer: The Provisional Curator will address this question and concerns to the SAPO Business Rescue Practitioners (BRPs).

Question 3: I am 53 years of age and have opted for early retirement. Can I remain a member on MEDiPOS?

Answer: Yes, you are entitled to remain a member of the Scheme. You may contact our Client Services on 0860 100 078 or email enquiries@medipos.co.za and all our service consultants will be happy to assist you. Alternatively, you can download the debit order form found on the Scheme's website.

Question 4: Since SAPO has retrenched 50% of employees, will MEDiPOS survive.

Answer: (a) The Scheme currently has a healthy solvency level, and the Provisional Curator is continuing to engage with the BRPs to recover the historical debt in the business rescue process.

(b) The Scheme has received communication from the BRPs that, from the time of the placing of the SAPO in business rescue, the SAPO has been in discussions with the Department of Labour and Employment to include the SAPO in the Temporary Employer/Employee Relief Scheme in order to avoid retrenchments (the TERS process). Although we understand that an agreement has not been reached in the TERS process, the Scheme has received notification from the SAPO that the retrenchment of a number of employees will be reversed by the SAPO. The reversal of the retrenchment implies the reversal of termination of the Scheme membership of the affected employees. These employees will revert to being members of the Scheme in their capacities as employees of the SAPO. Once there is confirmation of the final number of members of the Scheme that will be affected by the retrenchments, if any, the Scheme will, in consultation with the Registrar and the members decide on its viability as a self-standing medical scheme.

Question 5: How many members will be lost due to the SAPO retrenchment process?

Answer: See response (b) to Question 4 above.

Question 6: Will the presentation delivered by the Provisional Curator on Monday 15 April 2024 be made available to members?

Answer: The presentation will be placed on the Scheme website. ([Click here](#))

Question 7: Can an email be provided to seek further clarity?

Answer: Yes, you can use fundmanagement@medipos.co.za

Question 8: What does the separation of Postbank and the Post Office mean for the Scheme?

Answer: Presently both entities' employees are eligible to be members of MEDiPOS.

Question 9: The AGM may be too late for members who have been retrenched to make a decision regarding MEDIPOS?

Answer: If you elect to remain on the Scheme, you will be involved in the decision-making process.

Question 10: Will you share the options the members need to choose prior to the AGM

Answer: All options will be included as part of the AGM pack which will be forwarded to members prior to the AGM.

Question 11: As a result of the SAPO retrenchments will there be an increase in contribution?

Answer: No, presently the reserves are healthy and retrenched members may elect to remain on the Scheme.

Question 12: What are the uncertainties as described in the Provisional Curator's presentation and what does the transfer refer to?

Answer: The uncertainties for consideration are those surrounding SAPO, the options that members need to consider and the unknown regarding the SAPO stance in PRMAs.

The Transfer of members implies that the members are transferred to another Scheme that is interested in amalgamating with the Scheme. This will only be done if it appears that the Scheme will not be viable as a self-standing medical scheme.

Question 13: What are the criteria to be eligible to remain on the Scheme?

Answer: Presently if you retire or take early retirement you may remain on the Scheme and if you are retrenched from employment with the employer, provided you are not employed by another entity.

Question 14: Will the Post Office compensate members for the subsidy deducted from members who took on paying for medical aid contributions in full?

Answer: This issue needs to be addressed via your SAPO employee channels.

Question 15: How does the SAPO retrenchments effect medically boarded members?

Answer: Medically boarded members are eligible to remain on the Scheme.

Question 16: Will MEDIPOS send out communication to those members who are eligible to remain on the Scheme?

Answer: Emails and SMSs will be sent out to eligible members with a debit order form and link to the form, for members to continue paying their monthly contributions.

Question 17: Can the debit order day be changed from 1st of the month to 26th of the month?

Answer: As contributions are paid in arrears the file for debit orders are loaded on the last day of the month.

Question 18: There are employees who received emails and SMSs in 2022 requesting outstanding debt payment by the Scheme yet employee medical aid deductions were made from their salaries. Should SAPO not be liable for this debt?

Answer: SAPO are liable for this historic debt and this forms part of the creditors payments to be made to MEDIPOS by the BRPs.

Question 19: In October 2022, members received letters to say their membership would be suspended as contributions were not up to date. In order to avoid suspension some members paid the outstanding contribution. Will these members be refunded these amounts paid?

Answer: The reasons for paying all outstanding contributions were unique to a few members, after the suspension period members were advised to contact Client Service for guidance. On request outstanding contributions paid over in full were reimbursed to the members. Contact needs to be made directly with Clients Services for resolution.

Question 20: I am on pension and paying my full contribution. Can I remain on the medical aid?

Answer: Pensioners paying their full contribution either through a deduction from their pension fund via Sanlam or by direct debit order are eligible to remain on the Scheme.

Question 21: I have been retrenched and I am taking early retirement, what will my contribution be if I fill in the debit order form to remain on the Scheme?

Answer: You will remain on your existing Option and income band. Once you complete a declaration of income your income band will be adjusted accordingly. Any over deduction of contributions will be reviewed upon submission of the applicable evidence.

Question 22: If you have children dependents on the Scheme will they be able to stay on with the necessary documentation?

Answer: The children that are dependent on you may remain on the Scheme provided proof of dependency documentation is submitted if they are over 21 years of age, although their contributions will be billed at an adult dependent rate.

Question 23: When will the amalgamation take place and does this impact members who pay their own contribution? **Answer:** An amalgamation is one of the options to be considered at the AGM. If an amalgamation takes place all MEDiPOS members will be transferred to the new scheme.

Question 24: I received a termination letter stating I will be liable for outstanding contribution debt against my membership?

Answer: This debt is historic contribution debt, and you are not liable for this debt. The Provisional Curator is engaging with the BRPs regarding this debt.

Question 25: Is there a different contribution rate for pensioners or retrenched members going forward?

Answer: There are no differences in contribution rates for pensioners or retrenched members. If a member remains on the Scheme they will remain on the same Option. Option changes can only be instituted on 1 January each year as per the Rules of the Scheme. If your income band has changed then a declaration of income form can be submitted, and an adjustment made. The form is available on the Scheme's website.

Question 26: What will the impact of an amalgamation be for my adult dependent and our chronic conditions for which we are registered.

Answer: In an amalgamation scenario all members and their dependents are transferred to the new scheme. Where members are registered for chronic conditions the history of chronic conditions for which members are registered for is also transferred to the new scheme to assist with the smooth transition for members, although the benefits available and conditions covered etc, will be as per the rules of the amalgamated scheme.

Question 27: Will the former Board of Trustees and the current and past Board members of the Post Office be held accountable for the failure of the SAPO to pay over contributions to the Scheme over time?

Answer: After my appointment as a provisional curator, I was approached by the Hawks who requested me to provide them with assistance in relation to an investigation that they had initiated in relation to the failure of the SAPO to pay over contributions to the Scheme. I ensured that the Scheme provides the Hawks with all the information that it had in this regard, including:

- I. the amount that was not paid over by the SAPO to the Scheme,
- II. the communications between the Scheme and the SAPO on the failure of the SAPO to pay over contributions to the Scheme which include admissions of this failure, and
- III. the litigation that was launched by the Scheme and by one of the unions relating to this failure and judgments against the SAPO for payment of the outstanding amounts to the Scheme.

Outside of ensuring full cooperation with the Hawks investigation, the Scheme cannot be seen to be putting undue pressure on the Hawks. The law enjoins the Hawks and other law enforcement agencies to act independently and be seen to act independently, without any fear or favour. The outcomes of the investigation by the Hawks will determine who will be held accountable for these things.

The Hawks investigation was initiated by Parliament and, if Parliament is unhappy with the progress of the investigation or the outcomes of the investigations, it will be incumbent on it to ensure that there is no delay and/or that the persons that must be held accountable are held accountable.

On the other hand, the Provisional Curator provides monthly reports in terms of the court order that placed

the Scheme in provisional curatorship. These reports may form a basis for the holding of the relevant persons accountable by the relevant authorities including the Registrar of Medical Schemes and Parliament for any violations of the Public Finance Management Act.

The primary focus of the provisional curator has been on stabilising the Scheme, ensuring the financial health of the Scheme and providing confidence in the Scheme by health care providers to ensure that members are welcomed by health care providers and provided treatment. This had to be done in a highly volatile environment of the Scheme and the employer of the members of the Scheme.

Question 28: How can the provisional curator say that the financial status of the Scheme is healthy in circumstances where the Scheme is only receiving 18 cents in a Rand for the historic debt?

Answer: The financial health of any scheme is measured according to such scheme's solvency level. In terms of Regulation 29 of the Medical Schemes Regulations, the Scheme is obliged to maintain "accumulated funds expressed as a percentage of gross annual contributions for the accounting period under review [of] not ... less than 25%". To make up this calculation of accumulated funds (normally referred to as a solvency level), the Scheme calculates the reserves every month to ensure that it does not fall below the minimum prescribed solvency level of 25%. The Scheme also measures itself against the performance of the industry as well as the advice of the Scheme's actuaries. The Scheme's actuaries advise is the most important measure as it is based on, amongst others, the Scheme's membership profile and size.

- I. According to the Scheme's actuaries, the Scheme will be safe if it maintains a solvency level of at least 50%.
- II. According to the latest Council for Medical Schemes Industry Report (2022), the 2022 industry solvency level was 47.21%, (compared with 46.73% in 2021). The solvency level of open schemes was 38.00% (compared to 39,71% in 2021) and the solvency level of restricted schemes (the Scheme is a restricted scheme) was 56.53% (compared to 56.1% in 2021).

The Scheme's current solvency level is 57.65% this is above:

- I. the actuarially recommended solvency level and
- II. the latest solvency level of restricted schemes.

This solvency level was achieved notwithstanding the fact that the historic debt is still outstanding. Based on the current numbers, the payment of the historic debt is expected to have the following effect:

- I. the payment of the initial 12 cents in a Rand will take the Scheme's solvency level to well over 70%.
- II. if the R3,8 billion appropriation to the SAPO is approved by National Treasury, a further 18 cents in a Rand will be payable to the Scheme and this will bring the Scheme's solvency level to at least 80%.

According to the information in the Scheme's possession, the Scheme is in the healthiest position that it has ever been in the recent past. The Scheme should celebrate this position because it bodes well for the future of the Scheme whether as a self-standing scheme or if the Scheme decides to amalgamate with another scheme.

Question 29: The viability of Medipos. A major portion of pensioners are members of Medipos since the establishment of such. Pensioners (all members) experience Medipos as a good medical scheme coupled with good benefits, therefore the sustainability of the Scheme is important to them.

Answer: See answer to Question 27 above.

The viability of the Scheme forms a central part of the monthly report that the Provisional Curator submits to the Registrar's office. The law obliges the Provisional Curator to notify the Registrar as soon as the solvency level shows a concerning decline and to state the nature and causes of the decline and propose a course of action to stem the decline.

This is a very important metric, and it is jealously guarded. As soon as there is a concern in this regard, members will also be advised accordingly.

Question 30: Medical Aid subsidy. As previously indicated this issue is perhaps the most important for pensioners – specially the pensioners in their eighties and higher – is the group (who retired before 1995) with small pensions and the higher subsidies. Recently I had an enquiry from a pensioner with an income of less than R10 000.00 per month but the subsidy for him and his wife is more than R14 000.00 per month. Thus without subsidy he cannot afford a medical aid. 70% of SAPO pensioners receive less than R10 000.00 per month.

Answer: The Scheme has made enquiries with the Business Rescue Practitioners of the SAPO (the BRPs) on what the SAPO intends to do with these subsidies. The Scheme has been advised by the BRPs that the SAPO is currently undertaking a verification exercise to understand the financial implications of maintaining these subsidies, after which the Scheme will be informed of next steps in this regard. At the moment, this matter is in the hands of the BRPs and the Scheme is constantly making enquiries with them and has offered assistance with the verification exercise. The BRPs have indicated to the Scheme that they did not require any assistance with the verification exercise.

Question 31: Of course, the issue of subsidy is applicable to all post office pensioners who belong to any of the recognised medical schemes by SAPO. We are aware that the retrenchment exercise by the BRP's could also have a major influence to the membership numbers of Medipos and bring its own challenges to the fore.

Answer: the Scheme is watching this retrenchment process closely to assess how the number of members that remain after the retrenchment process is finalised will impact the viability of the Scheme as an independent scheme. The latest in this process is that the payroll department of the SAPO has provided the Scheme with a substantial number of members who will continue to be members of the Scheme by virtue of their employment at the SAPO. These are members that the Scheme had been asked by the payroll department to furnish them with termination letters because of their retrenchment. It therefore appears that, if any employees of the SAPO are retrenched, the numbers of the affected employees will not be as high as previously stated.

As a result of the retrenchment process, the Scheme sought an urgent rule amendment to provide cover to retrenched employees. The Registrar considered this urgent rule amendment application and granted it. This rule amendment means that retrenched employees will be eligible for membership of the Scheme.

Question 32: Possible merger with another medical scheme. Feedback from pensioners is that they are aware of this option, but what is important to them is, i) such scheme's benefits and cost structure could match that of Medipos, ii) that no waiting periods are coupled with such a merger and iii) continuous subsidy payments.

Answer: The members can be assured that any discussions with any scheme for purposes of amalgamation will have to take into account the entirety of the profile of the current members as well as the benefits of the members. The idea of amalgamation will be to endeavour to place members in a position that is not too dissimilar to the position that they are currently in. Currently the Scheme is financially in the healthiest position that it has been in the recent past. The financial health of the Scheme that we have worked to ensure, will assist in any negotiations that may be held to avoid any major changes or waiting periods. However, a more accurate answer to this question will be arrived at if there are amalgamation negotiations and closer to the conclusion of those negotiations.

Yours faithfully,

JUSTICE KUDUMELA
PROVISIONAL CURATOR - MEDIPOS MEDICAL SCHEME

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SEND US YOUR SUGGESTIONS!

Please send us your suggestions on how you think the Scheme can improve its service delivery and benefits.

Report fraud to:
MEDIPOS Anti-fraud Hotline Tel: 0800 112 811 or SMS: 33490
Email: information@whistleblowing.co.za

Your suggestions may be emailed to
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