



ANNUAL INTEGRATED REPORT 2023



gems

Government Employees
Medical Scheme

2023 AIR Rev 1



Part	The question we intend answering	Page
About this report	Important information on how to read the report. What is our reporting boundary and the material matters that informed the compilation of information for the report?	5
Organisational overview	What does GEMS do and what were its operating circumstances in 2023?	15
Chairperson overview and outlook	What are the main challenges and uncertainties we may encounter and their implications for our business model and future performance?	31
Creating value through the GEMS business model	What is our business model in the context of the GEMS value creation statement and what were the outcomes of our value creation process in 2023?	39
Managing key relationships	How did we leverage relationships to create value and what were the outcomes in 2023?	45
Strategy and allocation of resources	Where are we going and how do we plan to get there?	59
Risks and opportunities	What risks and opportunities affect our ability to create value?	65
Principal Officer overview on performance	To what extent did we achieve our strategic objectives and what are the outcomes for the capitals?	77
Statement of responsibility and extract from 2023 annual financial statements	What were the Scheme's summarised financial results for 2023? Note: The full set of annual financial statements is available	113
Audit Committee report	What significant matters were considered by the Audit Committee in 2023? What are the Audit Committee's views on audit quality?	119
Governance and remuneration	How does the GEMS governance structure support the Scheme's ability to create value?	125
	Statement of the Board of Trustees The Board's statement of its corporate governance responsibilities, including the responsibility for an integrated report	126
	Structures and processes for governance An overview of the committees set up by the Board, their terms of reference, membership and meetings in 2023	128

Part	The question we intend answering	Page
	Our Board members in 2023 GEMS Board members' professional qualifications and experience, demonstrating diversity	131
	Meeting attendance in 2023 The combined meeting attendance register per individual Board and committee member in 2023, also showing attendance by the GEMS Principal Officer at these meetings	143
	Governance of information and technology Our governance and management arrangements for information and technology together with key focus areas for 2023 and 2024	144
	Governance of ethics and compliance Our governance and management arrangements for ethics and compliance together with key focus areas for 2023 and 2024	145
	Remuneration report A background statement, an overview of the main provisions of the GEMS remuneration and performance award policies, and an implementation report of remuneration awarded to members of the Board and executive management in 2023	158
Basis of presentation	How we determine matters to be reported and how they are quantified and evaluated	169
Our people	An overview of employment equity statistics and union representation. A summarised profile of each member of the GEMS Management Committee (Manco)	173
Appendix 1	Independent assurance practitioner's limited assurance report on selected key performance indicators	190
Appendix 2	KPI definitions and criteria 2023	193
Other information	Contact details of Principal Officer and client liaison officers, administrators and pertinent advisers	204





ABOUT THIS REPORT

- 01 About this report
- 02
- 03
- 04
- 05
- 06
- 07
- 08
- 09
- 10
- 11
- 12
- 13
- 14

Reporting scope and boundary

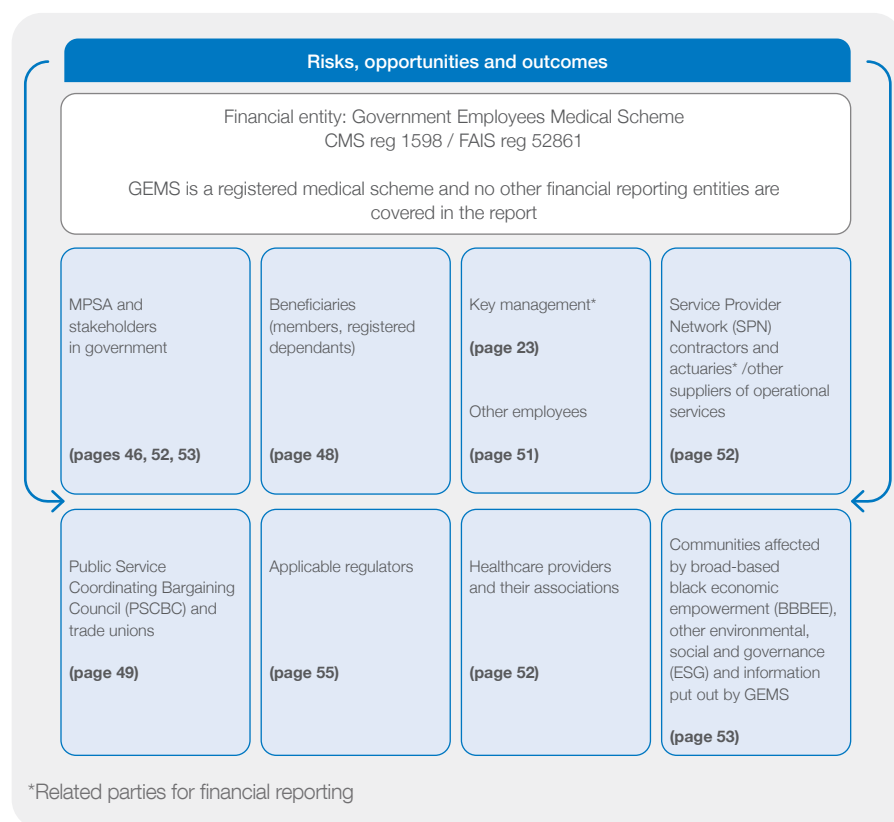
This section provides a guide to reading this report

This report is addressed to the members of the Government Employees Medical Scheme (GEMS), the Minister for the Public Service and Administration (MPSA) and the internal and external stakeholders of GEMS.

It covers the GEMS financial year from 1 January 2023 to 31 December 2023. The last annual integrated report published by the Scheme was the 2022 annual integrated report of June 2023, which is available on the Scheme's website at www.gems.gov.za.

The report provides information on our internal and external operating environment, strategy, risks and opportunities, performance, governance and prospects. Financial and non-financial information is provided and explained. To meet stakeholder information requirements holistically, the report includes information on material financial, healthcare and corporate governance performance objectives and outcomes.

Figure 1: Reporting boundary



There were no significant changes during the reporting period in the size, structure, boundaries or GEMS supply chain. The procurement process that led to contracts with all but one of the current providers of core operational services was finalised in 2022 and new provider contracts started on 1 January 2023. Wind-down periods for expired contracts ended mainly in quarter one of 2023. Significant contracts for operational services are concluded for contract periods from three to five years.

Restatement of information reported in the 2022 Annual Integrated Report:

The financial reporting landscape for insurers has undergone significant transformations recently, with various reporting aspects experiencing notable changes. The most significant recent change is the introduction of the newly issued IFRS 17 Insurance Contracts standard. IFRS 17 is a new standard that has been issued by the International Accounting Standards Board (IASB). This standard replaces IFRS 4 and sets out principles for the recognition, measurement, presentation and disclosure of insurance contracts for the Scheme. IFRS 17 is effective for annual reporting periods beginning on or after 1 January 2023. The primary objective of IFRS 17 is to ensure that financial statements provide a relevant and faithful representation of insurance contracts issued. This standard aims to give users of financial statements a basis to assess the impact of insurance contracts on the Scheme's financial position, financial performance and cash flows.

GEMS adopted IFRS 17 Insurance Contracts standard retrospectively, effective from 1 January 2023, and restated comparatives for the 2022 financial year. The implementation has substantially affected the Scheme's financial statements, necessitating revisions to accounting policies and a re-evaluation of how insurance liabilities and assets are recognised, measured and disclosed. These changes are particularly evident in the Statement of Comprehensive Income and the Statement of Financial Position. For detailed insights, please refer to the Scheme's financial statements.

No other material restatement of the disclosures in previous reports is contained in this report.

External assurance: Non-financial audit

A limited assurance engagement on selected key performance indicators (KPIs), as described on page 170, and presented in this report from page 77, for the year ended 31 December 2023 was conducted. A summary of the outcome is on page 170 with the assurance opinion available as Appendix 1 on page 190 of this report.

Reporting framework

Reporting follows the GEMS Integrated Reporting Policy, which is based on the International Integrated Reporting Framework, the Medical Schemes Act (MSA), the registered Rules of GEMS, the South African Institute of Chartered Accountants (SAICA) Accounting Guidelines for Medical Schemes and the King IV Report on Corporate Governance for South Africa 2016 (King IV). The information papers issued by the Integrated Reporting Committee of South Africa provide important guidance and we continuously align our reporting to these.

Reporting materiality

Material matters are issues that substantively affect, or have the potential to affect, the GEMS strategy, governance practices, performance and prospects over the short-, medium- and long term. The standard process followed by GEMS to identify, evaluate and prioritise material matters is demonstrated on page 170.

Table 1: The material matters prioritised for reporting based on our stakeholder engagement priorities in 2023 were:

Material matter	What we disclose about the matter (content topics)	Relevant capitals for GEMS	Part of the report
1. Volatility in the GEMS business environment	Impact of financial markets on GEMS' investment income	<ul style="list-style-type: none"> Financial 	<ul style="list-style-type: none"> Business model outcomes, page 43 Performance (performance against KPI 5), page 81 Performance (investment performance), page 108 Managing risk and opportunity, risk#7, page 75
	Claims experience post-Covid-19	<ul style="list-style-type: none"> Financial 	<ul style="list-style-type: none"> Outlook, page 34 Business model outcomes, page 43 Performance, claims experience, page 101, and prevention and screening, page 104. Managing risk and opportunity, risk#7, page 75
2. Positioning for Universal Health Coverage (UHC)	Strategy alignment to anticipated National Health Insurance (NHI) implementation scenarios	<ul style="list-style-type: none"> Social and relationship Intellectual 	<ul style="list-style-type: none"> Organisational overview (external operating environment), page 25 Key relationship management report, page 45 Strategy and resource allocation, page 59 Managing risk and opportunity, risk#1, page 69
	Expanding the GEMS membership	<ul style="list-style-type: none"> Social and relationship Financial 	<ul style="list-style-type: none"> Business model outcomes, page 43 Strategy and resource allocation, page 59 Key relationship management report, page 45 Managing risk and opportunity, risk#3, page 71 Performance against KPI 26, page 91

Material matter	What we disclose about the matter (content topics)	Relevant capitals for GEMS	Part of the report
2. Positioning for UHC	Building competitive advantage	<ul style="list-style-type: none"> Financial Social and relationship Intellectual 	<ul style="list-style-type: none"> Chairperson's overview and outlook, page 31 Strategy and resource allocation, page 59 Managing risk and opportunity, risk#1, page 69
	Preparing for diversification	<ul style="list-style-type: none"> Intellectual 	<ul style="list-style-type: none"> Chairperson's overview and outlook, page 31 Strategy and resource allocation, page 59 Key relationship management report – Financial Advisory and Intermediary Services (FAIS) Act compliance, page 55 Report of the Risk, Social and Ethics Committee – registration as a financial services provider (FSP), page 145
3. Optimal balancing of member value drivers	Emphasis on affordability amid the country's economic scenario: <ul style="list-style-type: none"> Giving back some of the Scheme reserves Emerald Value option (EVO) savings passed back to members by real reduction in contribution 	<ul style="list-style-type: none"> Financial Social and relationship Intellectual 	<ul style="list-style-type: none"> Chairperson's overview, page 31 Key relationship management report, page 45 Members and registered dependants, page 48 Managing risk and opportunity, risk#2, page 70
	Membership growth in the GEMS mandated market	<ul style="list-style-type: none"> Financial Social and relationship 	<ul style="list-style-type: none"> Managing risk and opportunity, risk#3, page 71 Performance against KPIs 24 and 25, page 91
	Member satisfaction survey outcome and affordability analysis	<ul style="list-style-type: none"> Social and relationship 	<ul style="list-style-type: none"> Chairperson's overview and outlook, page 31 Key relationship management report, relationship with MPSA, page 45 Members and registered dependants, page 48 Business model outcomes, page 43 Performance against KPIs 1 and 2, page 80 Managing risk and opportunity, risk#2, page 70

Material matter	What we disclose about the matter (content topics)	Relevant capitals for GEMS	Part of the report
3. Optimal balancing of member value drivers	GEMS' benefit richness communication (compared to that of the industry)	<ul style="list-style-type: none"> Social and relationship 	<ul style="list-style-type: none"> Organisational overview (a medical scheme of choice), pages 18 and 19 Business model outcomes, page 43 Managing risk and opportunity, risk#2, page 70 Key relationship management report, page 45 Members and registered dependents, page 48
	Improving beneficiary health outcomes	<ul style="list-style-type: none"> Social and relationship Intellectual 	<ul style="list-style-type: none"> Organisational overview (other key differentiators), page 19 Business model outcomes, page 43 Performance, page 77
	Co-payments	<ul style="list-style-type: none"> Social and relationship Intellectual 	<ul style="list-style-type: none"> Chairperson's overview and outlook, page 31 Strategy and resource allocation, page 59 Managing risk and opportunity, risk#2, page 70 Performance against KPI 17, page 86 and page 96
4. Business resilience	Response to regulatory compliance imperatives	<ul style="list-style-type: none"> Social and relationship Financial 	<ul style="list-style-type: none"> Key relationship management report – regulators, page 55, Report of the Risk, Social and Ethics Committee (compliance), page 147 Report of the Audit Committee, page 119 Annual financial statements Implementation of IFRS 17, page 7
	Cybersecurity	<ul style="list-style-type: none"> Social and relationship Financial 	<ul style="list-style-type: none"> Governance and remuneration report: information and technology governance, page 144 Managing risk and opportunity, risk#6, page 74
5. Building capacity in governance and corporate processes to enable the strategy	Critical skills and skills development	<ul style="list-style-type: none"> Human 	<ul style="list-style-type: none"> Key relationship management report – GEMS employees, page 51 Strategy and resource allocation, page 59 Governance and remuneration (remuneration report), page 158 Our people, page 173
	Integrating ESG factors	<ul style="list-style-type: none"> Social and relationship Human 	<ul style="list-style-type: none"> Chairperson's overview, page 31 Business model, page 43 Key relationship management report – communities, page 53 Performance against KPI 9, page 83, and KPI 30, page 94

Material matter	What we disclose about the matter (content topics)	Relevant capitals for GEMS	Part of the report
5. Building capacity in governance and corporate processes to enable the strategy	Embracing risk for sustainable value creation	<ul style="list-style-type: none"> All 	<ul style="list-style-type: none"> Managing risk and opportunity, page 65 Performance (investment performance), page 108
	Resource capacity	<ul style="list-style-type: none"> Social and relationship Human 	<ul style="list-style-type: none"> Strategy and resource allocation, page 59 Managing risk and opportunity, risk #4, page 72
	Scheme culture alignment – preparing the GEMS workforce for the future	<ul style="list-style-type: none"> Human Social and relationship 	<ul style="list-style-type: none"> Key relationship management report – GEMS employees, page 51 Strategy and resource allocation, page 59 Managing risk and opportunity, risk#4, page 72
6. Building the GEMS operating model(s) aligned to UHC	Capability building through insourcing and institution building	<ul style="list-style-type: none"> Intellectual Financial Manufactured 	<ul style="list-style-type: none"> Chairperson's overview and outlook, page 31 Strategy and resource allocation, page 59 Managing risk and opportunity, risk#4, page 72 Performance against KPI 20, page 88
7. Brand and reputation management	Response to contribution increase of 9.5% for 2024	<ul style="list-style-type: none"> Social and relationship 	<ul style="list-style-type: none"> Chairperson's overview, page 31 Key relationship management report, PSCBC, page 49 Managing risk and opportunity, risk#2, page 70
	Open regulatory matters (Section 59 investigation, corruption charges 2016, multivitamin provisioning)	<ul style="list-style-type: none"> Social and relationship 	<ul style="list-style-type: none"> Organisational overview, external operating context, page 25 Key relationship management – regulators, page 55 Managing risk and opportunity, risk#2, page 70 Report of the Risk, Social and Ethics Committee, page 145 Regulatory matters, page 150
	Responding to media requests on NHI impact on GEMS	<ul style="list-style-type: none"> Social and relationship 	<ul style="list-style-type: none"> Key relationship management report, communities, page 54 Managing risk and opportunity, risk #1, page 69 and risk #2, page 70
	Significant fraud waste and abuse legal matters	<ul style="list-style-type: none"> Social and relationship 	<ul style="list-style-type: none"> Key relationship management – healthcare providers, page 50 Managing risk and opportunity, risk#5, page 73

Material matter	What we disclose about the matter (content topics)	Relevant capitals for GEMS	Part of the report
7. Brand and reputation management	Complexity of insourcing tenders	<ul style="list-style-type: none"> Social and relationship Financial 	<ul style="list-style-type: none"> Chairperson's overview, page 31 Key relationship management – contractors, page 52 Managing risk and opportunity, risk#4, page 72
	Stakeholder engagement strategies	<ul style="list-style-type: none"> Social and relationship 	<ul style="list-style-type: none"> Managing key relationships, page 45 Managing risk and opportunity, risk#2, page 70

Reporting suite

The GEMS integrated report is part of the annual Board report and annual financial statements issued to members under the registered Rules of GEMS and in keeping with the CMS requirements. The Board report includes information that must be disclosed by the Board of Trustees (Board governance and remuneration report, page 125 and an **extract** from the 2023 annual financial statements). The full report is distributed electronically to members. Where members have opted out of electronic communication, an abridged version is printed and posted.

How we express and achieved value creation in 2023

GEMS is managed and governed to create and preserve value.

We have refined our definition of value creation based on our strategic ambition. The definition on page 40 still holds true to the mandate provided by Cabinet at our founding and our understanding of key stakeholder needs and expectations. Our strategy is aligned to these. Our business model gears us to achieve our strategic objectives expressed as outcomes. We identify and manage risks that may hamper achievement. We also identify and leverage risk opportunities. Our past and present performance is reported against strategic objectives, key performance indicators and targets to demonstrate value creation. We select these for reporting using the 10 strategic priority areas selected for close monitoring and oversight by the Board. The Board oversees our strategy development and how effectively we manage risks and achievements against the strategy. The Board drives the desired and appropriate behaviour through outcomes monitoring and reward structures.

Reporting feedback

- General member questions: call centre: 0860 004 367.
- AGM-related questions: AGM@gems.gov.za for the attention of Pierre Roux.
- Stakeholder questions: david@gems.gov.za for the attention of David Makgalo.
- Media questions: media@gems.gov.za for the attention of Munene Khoza.





ORGANISATIONAL OVERVIEW

This overview provides important information on our purpose, vision, mission and values. We cover our products (and how they compare in the market), services, business activities, organisational structure and operating circumstances in 2023

GEMS is South Africa's largest restricted membership medical scheme, with over 844 000 principal members and 2.2 million beneficiaries, holding 51% of the restricted scheme market share. GEMS is the second largest scheme in the overall market.

The GEMS purpose, vision, mission and values:



Purpose:

GEMS was created specifically to provide healthcare cover for public service employees and our purpose is derived from the GEMS mandate received from government in November 2004: 'To ensure that there is adequate provisioning of healthcare coverage to public service employees that is efficient, cost-effective and equitable; and to provide further options for those who wish to purchase more extensive cover.'



Vision:

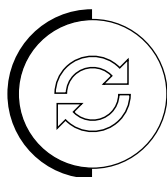
An excellent, sustainable and effective medical scheme that drives transformation in the healthcare industry, aligned with the principles of UHC.



Mission:

To provide all members with equitable access to affordable and comprehensive quality healthcare, promoting member wellbeing.

Values:



COLLABORATION



INNOVATION



MEMBER VALUE



EXCELLENCE



INTEGRITY

The establishment of GEMS was preceded by research and development, collective agreements in the PSCBC, Cabinet approval and registration by the CMS.

Our member product offering

GEMS offers five main benefit options and one efficiency discounted option based on the Emerald option (see EVO below). Our benefit option design process is part of our business activities and is a value driver aligned to our strategy.

The benefit options were designed using a rigorous analytical approach considering the CMS requirements, member affordability, our strategic direction, stakeholder engagement inputs and results, as well as benefit design assessment:



Tanzanite One: Developed with the PSCBC, our most affordable option offers members comprehensive benefits with access to private and public hospital facilities, subject to a hospital network and certain care coordination rules. Out-of-hospital care, such as visits to a general practitioner, dentist and optometrist, maternity care at private facilities and in-hospital care at public and private facilities are covered. This option is designed to be inexpensive, with the 2023 average family contribution after subsidy being R115 (2022: R100). The percentage of beneficiaries on this option was 22.7% at the end of 2023 (2022: 20%).



Beryl: A highly affordable, entry-level option providing comprehensive out-of-hospital benefits through a network of primary healthcare providers and in-hospital cover in both public and private hospitals. This product offers comprehensive in- and out-of-hospital benefits. The 2023 average family contribution after subsidy was R1 024 (2022: R940). The percentage of GEMS beneficiaries on this option was 9.6% at 2023 year-end (2022: 8.9%).



Ruby: Comprehensive in- and out-of-hospital benefits through a personal medical savings account (PMSA), a hospital benefit and a block benefit. The average 2023 family contribution after subsidy was R2 043 (2022: R1 830), with 20% of this contribution going towards the PMSA. The percentage of beneficiaries on this option was 14.8% at 2023 year-end (2022: 15%).



Emerald: Comprehensive cover with access to care at the member's chosen provider, subject to benefits and Scheme Rules. This is a benefit-rich option, with a 2023 average family contribution after subsidy of R2 739 (2022: R2 448). The percentage of beneficiaries on this option was 36.2% at 2023 year-end (2022: 40.9%).



Emerald Value: Introduced from 1 January 2017, this is an efficiency discounted sub-option of Emerald. These members pay discounted membership fees for adhering to care coordination rules (family practitioner nomination and specialist referral) and have to use the Scheme's hospital network. The average 2023 family contribution after subsidy was R1 983 (2022: R1 761) and the percentage of members on this option was 15.2% at 2023 year-end (2022: 14.8%).



Onyx: Our most comprehensive benefit option that offers extensive cover. Day-to-day benefits are funded from rich risk benefits without any network limitations. The 2023 average family contribution after subsidy was R4 099 (2022: R3 764) and 1.2% of members were on this option at end-2023 (2022: 2.6%).







A medical scheme of choice:

How our options compare on member value offering for each Rand spent on contributions:

We use our size and reach to negotiate competitive rates with service providers and healthcare providers.

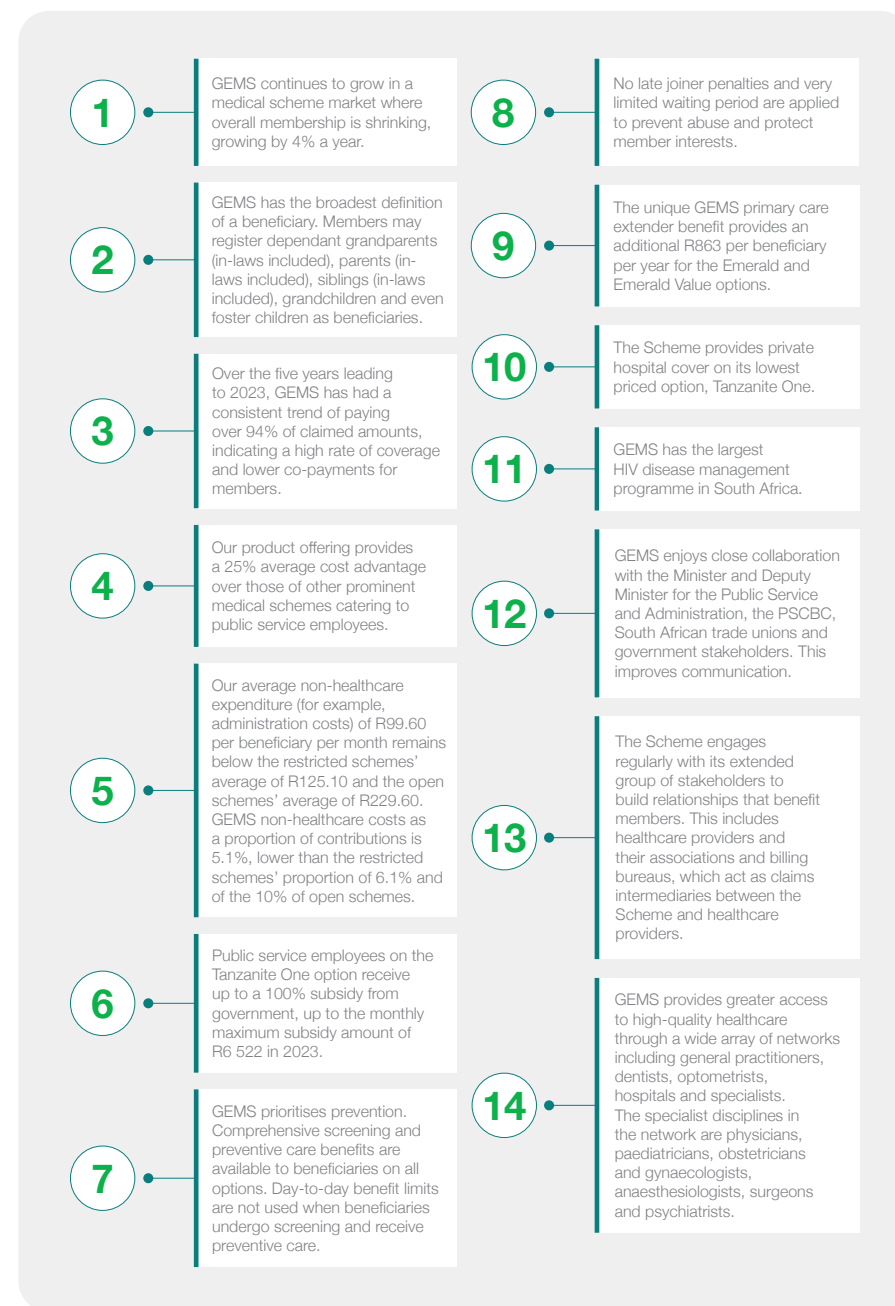
We perform a comprehensive analysis annually to assess market options, focusing on those similar to the GEMS options. Table 2 below shows how GEMS compares to similar medical scheme options from the five largest open and restricted medical schemes. For example, we show that GEMS Tanzanite One members, on average, enjoy a 97% discount for each Rand spent on contributions (after allowing for the public service subsidy) than they would have experienced on these competing options. Each of the GEMS options was found to be more cost effective than its competitors. On average we calculate the relative value for money on GEMS options to be 66% higher than the competing options.¹

Table 2: GEMS average affordability in 2023

Option	% difference between GEMS average family contribution and average family contribution of competing schemes before subsidy	% difference between GEMS average family contribution and average family contribution of competing schemes after subsidy
 Tanzanite One	38%	97%
 Beryl	17%	70%
 Ruby	5%	61%
 Emerald	24%	59%
 Emerald Value	34%	72%
 Onyx	25%	53%
All	25%	66%

¹ The assessment looks at open and restricted medical schemes, taking into account variations in income bands. To establish the average family contribution, we start by calculating the average contribution for each income band. A weighted average contribution is then calculated based on the distribution of GEMS membership in each income band for that option. The same method is used for competing options to ensure that we compare apples with apples. We assume that the GEMS option and its competitors have similar distribution of members across income bands.

Figure 2: Other key differentiators



Where and how to find us

The Scheme's head office, GEMS Vutomi House, is at the Menlyn Maine Precinct, 124 Mercy Avenue, Tshwane.

Member services are provided from our expansive member servicing and communication platforms:

Table 3

Face to face	Telephonic services	Online services
18 walk-in centres – two per province.	Call centres operating across the SPN on 0860 00 4367	Enquiries@gems.gov.za Complaints@gems.gov.za
Our client liaison officers (CLOs) visit members at work. We have client liaison offices in all nine provinces, supplemented by a mobile office. Find CLO addresses on page 206	Find CLO contact details on page 206	GEMS member app and portal hosted on the GEMS website. Find information on accessing and downloading on the back page
Our provider liaison officers (PLOs) visit healthcare providers	Find PLO contact details on the back page	PLO@gems.gov.za

Figure 3: The activities performed under our business model drive value creation (demonstrated further on page 42 and 43 and our performance against our strategic plan (page 77)



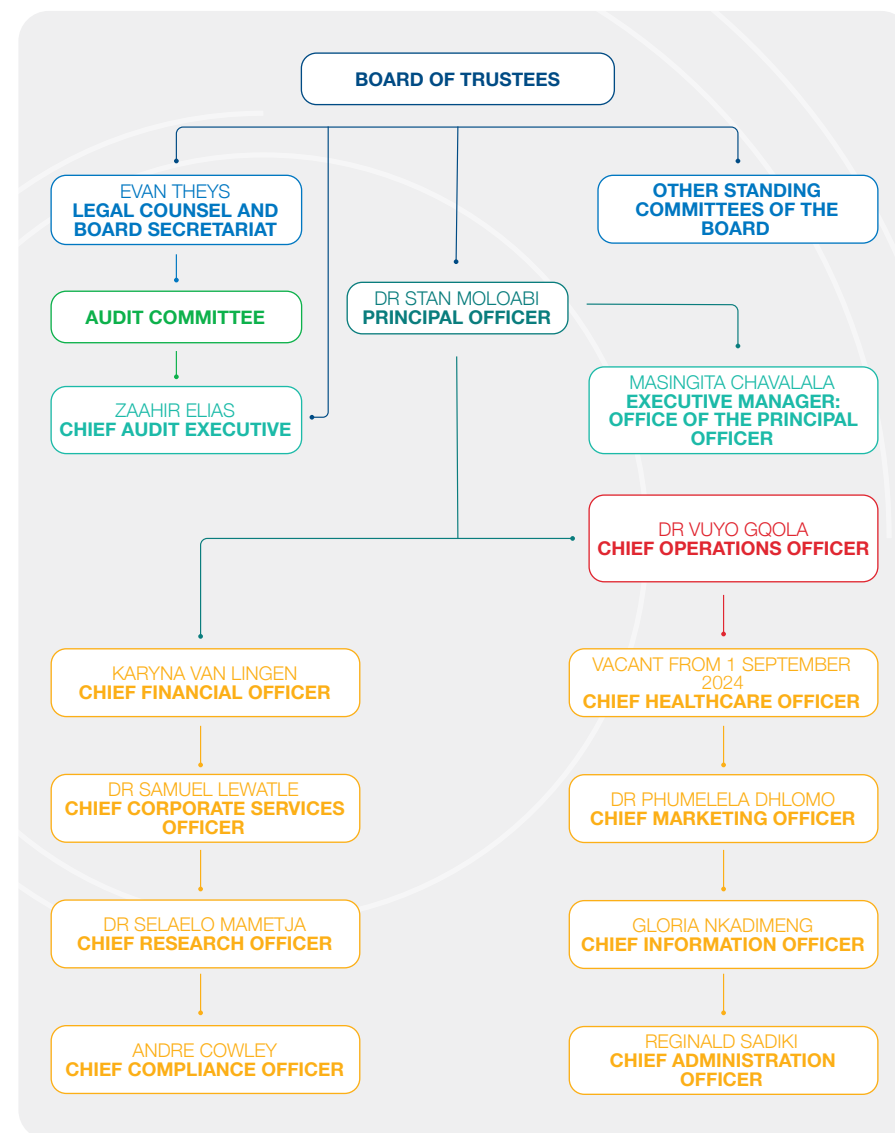
Outsourced member services

Our member services (administration and managed care) and contracted healthcare provider network are made possible by effective procurement and contract management processes. Routine and periodical assurance is obtained on compliance to the GEMS Supply Chain Management Policy and Provider Performance Management Policy:

Table 4

Category	Contracted services	Service provided in 2023 by:
SPN for member services	Member acquisition and financial advisory services	ASI
	Member and claims administration	Metropolitan Health
	Contribution and debt collection	Medscheme
	Managed care services: <ul style="list-style-type: none"> General managed care services Pharmaceutical benefit management Pharmacy benefit management Strategic managed care Optical management Dental management Emergency medical services management 	Medscheme Medikredit Universal Universal Opticlear DENIS Europ Assistance
Healthcare provider services	Out-of-hospital care: <ul style="list-style-type: none"> Specialist networks Primary networks (general practitioner network, optometry network, dental network, pharmacy network, emergency medical services, chronic back and neck rehabilitation network) 	Information on the GEMS healthcare networks is available from www.gems.gov.za .
	In-hospital care: <ul style="list-style-type: none"> Hospital network applicable to Tanzanite One and EVO 	Information on contracted hospitals is available from www.gems.gov.za
	Courier pharmacy	Medipost Marara

Figure 4: The GEMS leadership structure:



For information on our Board of Trustees go to page 131 and Manco (chief officers and senior managers) page 175.

External operating environment in 2023

Important developments in our external operating environment were considered to determine their possible impact on our ability to create value. A summary of key trends and issues is in Table 5.

Macro environment

South Africa's economic, political and social challenges continue to mirror global challenges. Cost-of-living challenges have created discontent both globally and locally. These were driven primarily by supply-side shocks such as high oil and food prices due to ongoing global geopolitical tensions. Global and local central banks responded by raising interest rates, which exerted further pressure on consumers. The effect of climate change continued in the year under review, manifested in heavy rainfall causing flooding and disruption in the operating environment. Statistics South Africa (Stats SA) reported a 4% decrease in electricity distribution in 2023, compounding the 2.8% decrease of 2022. This continued energy crisis prevents the country from achieving desired economic growth to reduce unemployment and improve the government fiscus. The South African National Treasury estimates that expected government revenue between 2024/25 and 2025/26 will fall short of the 2023 budget by R121.4 billion. The constrained fiscus may negatively affect future adjustments of GEMS members' medical assistance subsidy provided by the government. The International Monetary Fund (IMF) forecasted global gross domestic product growth at 3% in 2023 and 2.9% in 2024, while the local forecasts are 0.9% and 1.8%, respectively. Government employment grew by an average of only 0.4% in 2023 and is expected to grow by a mere 0.7% in 2024 and decline by 0.3% in 2025, creating a constrained macro-operating environment for the medical schemes industry.

The focus of policymakers remains economic recovery. Other priorities include ongoing trials in some state-owned enterprises, rising national debt, increasing fiscal imbalances and the systemic risk of loadshedding continuing into 2024 and beyond, which will hinder the country's recovery.

Progress in transformation, diversity, social inclusion, corruption and fraud prevention and mitigation remains inadequate.

Key trends and issues

The key trends and issues shaping the medical schemes industry were identified in the development of our annual performance plan for executing the GEMS strategy. The key trends are summarised below. Our response is represented by intersecting strategic priorities forming part of the GEMS Strategic Framework (page 60). These priorities are pursued through functional strategies and strategic projects and programmes to achieve financial, healthcare and corporate governance objectives and outcomes.

Table 5

External operating environment	GEMS capitals mainly affected, including those potentially affected, in the short-, medium- and long term	Our response as demonstrated in the 10 strategic priorities. For connectivity of information, we link these to our list of material matters
<p>Legal and regulatory</p> <p>National Health Insurance Bill and implementation: On 13 June 2023, the National Assembly passed the NHI Bill. The National Council of Provinces subsequently approved the Bill on 6 December 2023 and it was subsequently signed into law by the President. The timeline is uncertain. Section 33 of the Act limits the role of medical schemes under NHI. Based on the interim arrangements of the Act, it can be expected that the package of benefits that may be funded by medical schemes will reduce over time. Healthcare budget cuts contribute to uncertainty about NHI implementation timelines.</p> <p>Open industry regulatory matters: The Section 59 Investigation: After the response of the medical schemes industry to the Section 59 Investigation Interim Report, the Investigation Panel held additional public hearings in June 2023, followed by new requests for information, including data from affected parties. In November 2023, the panel released revised statistical findings to which affected parties were asked to respond and comment. These parties are expected to respond by 31 January 2024. It's unclear when the final report will be released.</p> <p>The matter affects relationships in the medical schemes industry and the brand and reputation of medical schemes.</p>	<ul style="list-style-type: none"> Financial Social and relationship Intellectual <ul style="list-style-type: none"> Social and relationship 	<p>Strategic priority: Our strategic priority to build fit-for-purpose capabilities to align to UHC and NHI is pursued through the GEMS insourcing of capabilities project</p> <p>Material matter: Positioning for UHC</p> <p>Content topic: Strategy alignment to anticipated NHI implementation scenarios</p> <p>Strategic priority: Stakeholder satisfaction: We seek to enhance member satisfaction, strengthen key stakeholder relationships and communicate benefits to members</p> <p>Material matter: Brand and reputation management</p> <p>Content topic: Open regulatory matters</p>

Social		
<p>Poverty and inequality: Poverty is high in South Africa, with more than 55% of the population living below the poverty line. This contributes to health problems including malnutrition, infectious diseases and chronic conditions. In addition, it limits access to high-quality healthcare, as many people cannot afford to pay for medical care or transportation to healthcare facilities.</p>	<ul style="list-style-type: none"> • Social and relationship • Financial 	<p>Strategic priorities:</p> <ol style="list-style-type: none"> 1. Our strategic priority on stakeholder satisfaction includes communication to optimise the use of healthcare benefits available to members 2. Our healthcare strategic purchasing priority seeks to eliminate co-payments, making healthcare affordable <p>Material matter: Optimal balancing of member value drivers</p> <p>Content topics:</p> <ol style="list-style-type: none"> 1. Emphasis on affordability given the country's economic scenario 2. Member satisfaction survey outcome and affordability analysis 3. Improving beneficiary healthcare outcomes
<p>Education and literacy: Education and literacy are challenges, with significant disparities among different socioeconomic groups. Lower education and literacy levels hinder individuals' ability to make informed choices about their health, understand medical information and navigate the healthcare system effectively.</p>	<ul style="list-style-type: none"> • Social and relationship • Financial 	<p>Strategic priority: Stakeholder satisfaction: Enhance member satisfaction, strengthen key stakeholder relationships and communicate benefits to members. Our initiatives for preventive care, healthcare management, marketing of products/options and member engagement all contribute to member health education</p> <p>Material matter: Optimal balancing of member value drivers</p> <p>Content topic: GEMS' benefit richness communication (compared to the industry)</p>
Public health		
<p>The impact of Covid-19 and its potential after-effects, together with climate change, are expected to continue, with the ultimate magnitude unknown. Funders are more sensitised to pandemics, which is expected to continue, informed by global mobility, poverty, sanitation, access to healthcare and progress on the United Nations Sustainable Development Goals (SDGs)</p>	<ul style="list-style-type: none"> • Financial 	<p>Strategic priorities:</p> <ol style="list-style-type: none"> 1. Financial strength: Maintain a financially healthy scheme compliant with regulations 2. Healthcare strategic purchasing <p>Material matters: Volatility in the GEMS operating environment Optimal balancing of member value drivers</p> <p>Content topics: Claims experience post-Covid-19 Improving beneficiary healthcare outcomes</p>

Economic		
<p>The cost of healthcare in South Africa has been steadily increasing, outpacing inflation and straining both the public and private healthcare systems. This trend is driven by several factors, including the ageing population, the increasing prevalence of chronic diseases and the rising cost of medical technology. This is worsened by slow economic growth, high unemployment and persistently high inflation, which saw increased interest rates during 2023 that constrained the household budgets of medical scheme members.</p>	<ul style="list-style-type: none"> • Financial • Social and relationship 	<p>Strategic priorities:</p> <ol style="list-style-type: none"> 1. Financial strength: Maintain a financially healthy scheme compliant with regulations 2. Healthcare strategic purchasing – Eliminate co-payments <p>Our fraud waste and abuse prevention and mitigation activities form part of our claims risk activities.</p> <p>Material matter: Volatility in the GEMS operating environment</p> <p>Content topics:</p> <ol style="list-style-type: none"> 1. Impact of the financial markets on GEMS' investment income 2. Claims experience post-Covid-19
<p>Despite significant progress in recent years, South Africa faces significant disparities in access to quality healthcare driven largely by socioeconomic factors, with poorer communities having less access to affordable and high-quality healthcare services.</p>	<ul style="list-style-type: none"> • Social and relationship 	<p>Strategic priorities: Our strategic priorities advance affordability and membership growth</p> <p>Material matter: Optimal balancing of member value drivers</p> <p>Content topics:</p> <ol style="list-style-type: none"> 1. Emphasis on affordability given the country's economic scenario 2. Member satisfaction survey outcome and affordability analysis
Political		
<ul style="list-style-type: none"> • The national election in 2024 may affect government policy on the implementation of UHC and the NHI. • Potential political leadership changes in 2024 need ongoing focus to build constructive relationships. • Public service employee wage negotiations. • BBBEE and transformation have not been adequately addressed, requiring ongoing investment by entities in the medical schemes industry. 	<ul style="list-style-type: none"> • Social and relationship • Financial 	<p>Strategic priorities:</p> <ol style="list-style-type: none"> 1. Stakeholder satisfaction: Enhance member satisfaction, strengthen key stakeholder relationships and communicate benefits to members 2. BBBEE transformation: Create shared value 3. Social responsibility: Support the communities in which we do business (aligned to SDG 3) <p>Material matters:</p> <ol style="list-style-type: none"> 1. Building capacity in governance and corporate processes to enable the strategy 2. Brand and reputation management <p>Content topics:</p> <ol style="list-style-type: none"> 1. Integrating ESG 2. Stakeholder engagement strategies

Information and technology

- Covid-19 intensified the need for digital member experiences and a digitally enabled workforce. A key role of digitalisation is to achieve cost efficiencies while driving business transformation.
- New technology: The industry is transforming rapidly through technological advancements. Technologies such as artificial intelligence, big data, telehealth and wearable devices improve member care, streamline operations and reduce costs, but are increasing competition in an already competitive landscape.
- Advances in analytics help organisations better understand evolving member needs and preferences and support an increasing focus on risk.
- Cybercrime and data protection: Cybercrime is prevalent, facilitated by growing digitalisation, reliance on cloud services, a shift to remote working and the impact of a shortage of cybersecurity skills in South Africa.

- Social and relationship
- Intellectual

Strategic priority:

ICT infrastructure optimisation: Advance Intelligems as a strategic enabler

Material matters:

1. Business resilience
2. Building capacity in governance and corporate processes to enable the strategy

Content topics:

1. Cybersecurity
2. Critical skills and skills development
3. Embracing risk for sustainable value creation





CHAIRPERSON'S OVERVIEW AND OUTLOOK

CHAIRPERSON'S OVERVIEW



In this section, we provide a snapshot of the state of GEMS, information on the challenges and uncertainties we encounter and their implications for our business model and future performance

The Board's focus in 2023 was on preparing GEMS for the future, acknowledging that potential upcoming scenarios are dependent on the path to and the pace of NHI implementation. Under the transitional measures of the NHI Act, these depend on financial resource availability, which is not known at present.

In anticipation of the enactment of the NHI Bill, our strategic focus has shifted from being a blueprint for NHI to being a strategic partner in pursuit of UHC. Our strategy acknowledges the expected gradual changing role and scope of medical schemes but remains aligned to global and national priorities for achieving UHC, notably SDG 3, Agenda 2063 – 'The Africa we want' – and NHI.

GEMS has identified three distinct possible scenarios that consider the phased-in implementation of NHI. Growth, diversification and partnering are key concepts that will enable us to adjust our plans as scenarios materialise.

In the aftermath of the Covid-19 pandemic, new challenges and issues arose locally and internationally, increasing uncertainty and volatility. In this challenging environment, GEMS seeks to be a constant and reliable safety net for beneficiaries and partner to the government and stakeholders. The Scheme's value-creating capacity and capability are significant, and its desire is to contribute optimally and be an excellent medical scheme in synchronisation with the implementation of NHI.

We previously reported on work initiated in 2022 to maintain and build high-quality relationships and reconnect with stakeholders. The relationship-by-objective (RBO) programme for trustees and executive management continued in 2023 with robust and constructive engagements. The GEMS hybrid working model for employees was firmly entrenched during the year and in-person Board, Board committee and Executive Committee (Exco) meetings continued. For meetings that would require travel for several people – such as forums with contracted providers – virtual meetings remained to keep our carbon footprint and costs as low as possible. The Board actively participated in key stakeholder meetings during 2023.

The Scheme achieved differing results in the 10 strategy priority areas closely monitored by the Board. Progress in four areas – stakeholder satisfaction, information and communications technology (ICT) infrastructure optimisation, fit-for-purpose (future) capability build and social responsibility – is deemed to be at risk, thus greater resources will be allocated for success. Favourable results were reported in membership growth, financial strength, healthcare strategic purchasing, ethics culture and consolidation of schemes. The Scheme met all strategic targets in the priority area of BBBEE transformation, yet here we seek not only to meet expectations but exceed them.

The Scheme's average contribution increase for 2024 impacted on member satisfaction. The Board composition matter affected stakeholder satisfaction and trust. The contribution increase follows two years of lower-than-required increases that supported members in the adverse economic climate. Through the lower contribution increases of 2.02% and 5% for 2022 and 2023 respectively, members paid R5 billion lower contributions than would have been expected had increases been in line with healthcare inflation. This R5 billion was funded through member reserves. Lower contribution increases for 2024 would have put the Scheme's financial sustainability at an intolerable risk level, which would again have influenced future increases. The Board-approved budget for 2024 requires an average contribution increase of 9.5%. Under the approved budget, the Scheme's reserve ratio will decrease to 31.7% but remain healthy and sustainable. To limit contribution increases, benefit enhancements for 2024 were kept to essential improvements. In Rand terms, member contributions for 2024 increased on average by R511 per family before subsidy (and R243 per family on average after subsidy). On the lowest option, Tanzanite One, members are paying on average R302 more per family before subsidy (and R30 more per family on average after subsidy).

As mentioned, Board composition affected stakeholder satisfaction and trust. This matter merits urgent and serious attention as developing a solution remains constrained due to the provisions in the MSA for forming a board of trustees. We will continue working with stakeholders to build mutual understanding and to develop possible solutions for CMS consideration.

Building fit-for-purpose capabilities is integral to achieving our strategic ambitions. During 2023, progress was made in the Board-approved insourcing of capabilities programme and the Board standing committee overseeing the work is now well established. Implications of NHI implementation scenarios for the insourcing programme were assessed and the Board approved a revised approach in October 2023. This approach is sensitive to the products and services that GEMS will provide in each scenario. New in-house services include the management of health and wellness services and healthcare provider liaison. An important achievement in 2023 was our FSP registration, allowing our qualified employees to advise members on choosing a GEMS benefit option.

In a first for GEMS, the Board approved an ESG framework in December 2023. With this, we will pull together all existing related activities and pursue full ESG integration, including effective Board oversight. This will form part of the annual integrated report as sustainability reporting going forward. The Scheme is now developing an ESG strategy to be followed by implementation.

AGM

The 2023 AGM was held virtually on 28 July 2023, with members in attendance. All motions placed before the meeting for resolution were adopted. The Board and Principal Officer engaged meaningfully with members and virtual meetings will remain a permanent fixture, as they allow participation for members from all parts of the country.

Board of Trustees

The term of our Deputy Chairperson, Mfariseni Phophi, ended in September 2023. With vacancies that arose since 2022 for employer-appointed trustees and those that may arise in 2024, the MPSA is expected to make five appointments to the Board in 2024.

For member-elected trustees, an unscheduled vacancy arose when Marthinus Brand resigned on 31 December 2023. The vacancy is filled for the unexpired portion of the term by Dr Henk Punt, who was the next candidate with the most votes in the Scheme's most recent trustee election (held in 2021). Our next trustee election will take place in 2025.

Outlook

Global Credit Rating Company ratings increased our national scale financial strength rating to AA+(ZA) with outlook: Stable. From a rating of A+ outlook: Positive in 2019, the steadily increasing rating reflects our sustained improvement in reserves in keeping with MSA requirements. Our consistent credit rating assures members and stakeholders that the Scheme has sufficient funds to meet and pay claims in a volatile and uncertain future.



Post-Covid-19 claims expectations

The Scheme experienced an increase in claims costs in the aftermath of Covid-19. The claims loss ratio increased from 89% in 2019 to 96% in 2022 and 102% in 2023. Hospital admission rates across most options have also increased and are more closely in line with the pre-Covid-19 experience. These trends are expected to continue in the medium term given the Scheme's burden

of disease. More than 43% of the Scheme's principal members are living with one or more chronic conditions. The claims costs incurred by members living with three chronic conditions are generally more than double the costs incurred by members with just one such condition. Also notable is the continuous increase in mental health claims costs for more members than was the case pre-Covid-19.

The Scheme will continue to enhance and advance preventive and primary healthcare benefits for its members to mitigate the impact of the disease burden in the medium- to long term. Mental health benefits and programmes will endure to support members' wellbeing outcomes. These will be addressed using the GEMS product development and benefit design processes.

How GEMS will achieve success in strategic priority areas where targets were not met fully and/or where performance must be sustained:

Table 6

Priority	How we will achieve our targets
Stakeholder satisfaction (KPIs 1 and 2, page 80)	Our key relationships are discussed on pages 48 to 55. We are required to enhance member satisfaction, strengthen key stakeholder relationships and communicate benefits to members. We will achieve this through execution of our strategic stakeholder relationship and engagement strategy. Our planned future key focus areas are listed on page 56. Members can look forward to improved services as we continuously innovate using constantly advancing ICT. Our Service Management Forum will continue to improve services based on root cause analysis and service level agreement enforcement.
ICT infrastructure optimisation (KPI 21, page 89)	We are required to advance Intelligems as a strategic enabler. We will achieve this through our ICT strategy and portfolio of ICT projects. Our planned future focuses are detailed on pages 144 to 145.
Fit-for-purpose (future) capability build (KPI 20, page 88)	We are required to build internal capabilities to align to UHC and NHI. We will implement our revised approach to insourcing modelled on NHI implementation scenarios. Insourcing of capabilities remains a key strategic project.
Social responsibility (KPI 30, page 94)	We are required to support the communities in which we do business aligned to SDG 3. The activities involved will be expanded with Board oversight and outcomes measurement. We will implement our new ESG framework and strategy to achieve full ESG integration.
Priority	Maintaining performance/exceeding performance expectations
Membership growth (KPI 24, KPI 25, page 91)	We are required to advance our membership acquisition and retention strategy. Our marketing remains focused on growing the GEMS membership and encouraging member movement to our flagship products, currently Tanzanite One and Emerald Value. For this, focused marketing campaigns built on our understanding of public service employees achieve continued membership growth.
Financial strength (KPI 4, KPIs 5 and 6, page 81)	We are required to maintain a financially healthy scheme compliant with regulations. Under our agile finance strategy, matters that affect the Scheme's financial position are carefully monitored, with adjustment to ensure that the target reserve ratio is achieved in the long term. We have processes and structures such as the GEMS Claims Management Forum to manage claims.

Priority	Maintaining performance/exceeding performance expectations
Healthcare strategic purchasing (KPIs 11 to 17, page 85 to 86)	We are required to eliminate co-payments. As part of the strategy to provide high-quality healthcare while improving the health outcomes of members, GEMS is striving for value-based care through care coordination, reimbursement arrangements, healthcare networks and active disease risk management.
BBBEE transformation (KPI 9, page 83)	We are required to create shared value. The GEMS BBBEE strategy ensures the recruitment of interns in rural areas, training of CLOs on wealth management, implementation of strategies through the Supply Chain Management (SCM) Policy and the implementation of reporting systems and software that better track and monitor BBBEE projects. We continue to adhere to the GEMS BBBEE Policy.
Ethics culture (KPI 27, page 92)	We are required to detect, prevent and mitigate fraud, waste and abuse and maintain an appropriate ethics culture. We achieve this by implementing our ethics management strategy and plan and our Fraud, Waste and Abuse Policy and revised processes. We have applied relevant recommendations in the interim Section 59 Investigation Report and will adhere similarly to the final report.
Consolidation of schemes (KPI 26, page 91)	We are required to advance the GEMS growth strategy. Changes were made to our rules and policies to accommodate members from the broader public sector beyond the public service. We will continue to liaise with stakeholders to advance growth in an expanded market.

Appreciation: A special note from the GEMS outgoing Chairperson: Dr Millicent (Millie) Hlatshwayo:

Serving as GEMS' Chairperson since 2019 was a wonderful and transformative experience. The road was not always smooth, but serving GEMS' membership is a highlight of my professional and personal life. I sincerely thank the members for entrusting us with their healthcare coverage and for serving our magnificent nation. I thank you, too, for attending the AGM and other Scheme events and for your ongoing input, which is crucial in improving our services and benefits.

I thank the Honourable Thembelani Nxesi (former Acting Minister for the Public Service and Administration), the Honourable Noxolo Kiviet (MPSA) and the Honourable Dr Chana Pilane-Majake (Deputy Minister for the Public Service and Administration), Yoliswa Makhasi (Director-General of the Department of Public Service and Administration) and department officials for constructive discussions and guidance during the year.

My sincere appreciation goes to PSCBC Chairperson, Ingrid Dimo, and General Secretary, Frikkie de Bruyn, for working with us and enabling us to understand the real issues experienced by members. We look forward to continued PSCBC participation in our journey to UHC. We recognise the leadership and wisdom of the unions admitted to the PSCBC as well as the National Department of Health (NDoH) and National Treasury, as we constantly seek enduring partnerships to achieve national health objectives.

GEMS trustees again demonstrated willingness to deal with complex decisions and always sought the best way to protect members' interests. The Board continued introspective discussion to strengthen GEMS' corporate governance. Thank you, trustees, for your hard work and support in stakeholder meetings.

The chairpersons of the Board committees continued their immense contributions in 2023 to strengthen corporate governance across the Scheme. I thank Dr Nomzamo Tutu (Finance and Investment Committee), Mfarizeni Phophi (Risk, Social and Ethics Committee), Dr Izak Van Zyl

(Human Resources and Remuneration Committee), Constance Ntshane (Oversight Committee on Special Projects and Programmes) and the independent chairperson of the Audit Committee, Joe Lesejane, who continued to offer frank and forthright advice and guidance to bolster assurance functions and corporate governance. Also deserving of mention are Aziza Galiel and Pritish Dala, who served on the Audit Committee as independent committee members.

Dr Stanley Moloabi led the GEMS team through a period of growth and solutions development in 2023. As always, the Board acknowledges his expertise, visible leadership, superior loyalty to GEMS and success in building an appropriate ethics culture. We pledge our continued support to him and the entire GEMS team.

I am grateful to the Exco and staff of GEMS and the SPN for enabling us to maintain business continuity and thrive during another challenging year.

Without the strategic relationship we have built with the healthcare sector – including healthcare practitioner societies, hospital groups, pharmacy and pathology groups and claims switching bureaus – we would not have successful networks, improved health outcomes and enhanced benefit offerings and member services. Your involvement is greatly appreciated.

Finally, I thank the members of the GEMS Integrated Reporting Steering Committee, representing all the GEMS business divisions. GEMS was the winner in the public sector category of the Chartered Governance Institute of Southern Africa and JSE Integrated Reporting Awards 2023. We are proud of this achievement, while noting that our integrated reporting journey continues.

The Board is satisfied with the Scheme's operational results for the period ended 31 December 2023 and has confidence in the team to deliver excellent performance in 2024.



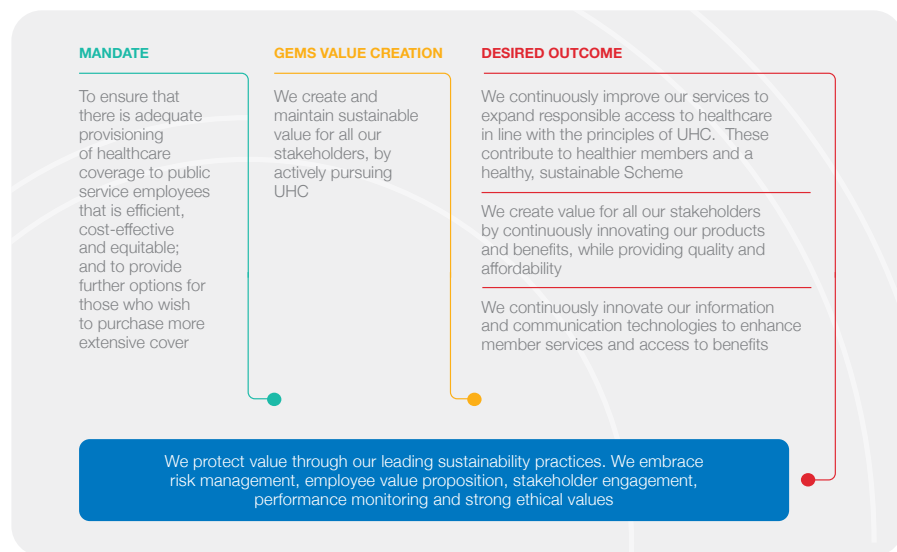


CREATING VALUE THROUGH THE GEMS BUSINESS MODEL

In this section, we outline the GEMS value creation imperatives and how they were met in 2023 through our business model

The GEMS mandate expresses the key expectations and interests from the MPSA, GEMS members and key stakeholders:

Figure 5: Creating value through the GEMS business model



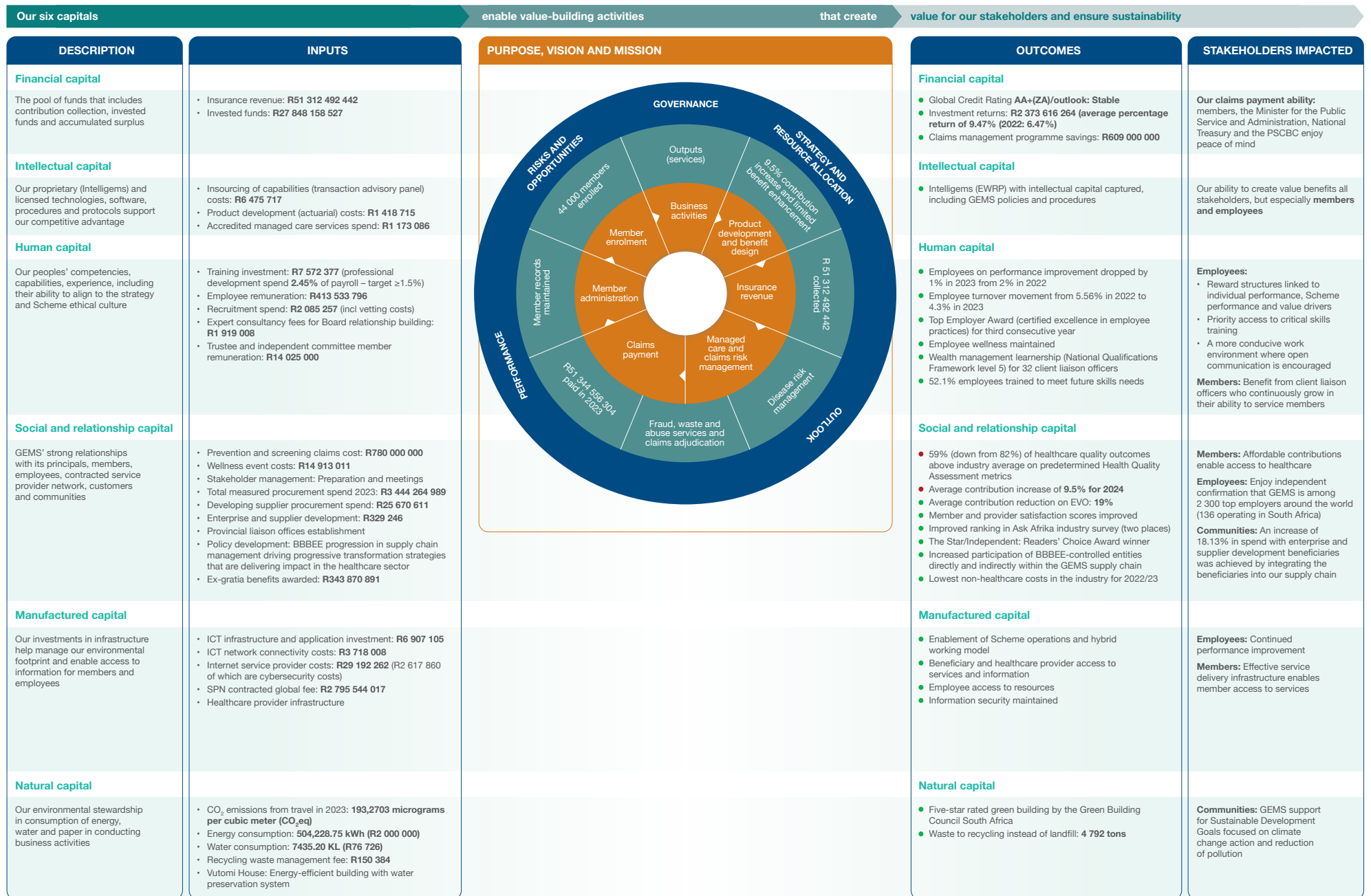
Through our business activities, we use and transform financial, social and relationship, intellectual, human, manufactured and natural capital to create value for our members and stakeholders. Capitals are stocks of value that are increased, decreased or transformed through the activities of organisations. Financial capital, for example, is increased when an organisation makes a profit, while the quality of human capital is improved when employees become better trained.²

More information on our main business activities, being the core of our value-creation process, is provided in the organisational overview on page 15.

² International Integrated Reporting Framework 2021

Figure 6: Value-creation outcomes in the GEMS business model:

● Value creation ● Value preservation ● Value erosion





MANAGING KEY RELATIONSHIPS

In this section, we explain how we leverage relationships to create value and explore the outcomes of this work for 2023

Relationship with the MPSA

Strategic objective 1: An organisation that is effective in communication and decision-making.

Strategic risk#2: Inadequate stakeholder inclusivity to realise Scheme strategic competitive advantage.

GEMS is registered as a restricted membership scheme under the MSA, with membership eligibility determined by employment. Under the Rules of GEMS, the 'employer' is defined as the government of the Republic of South Africa represented by the MPSA, that is affected by the activities, outputs and outcomes of GEMS.

The Scheme is governed by an independent Board of Trustees in keeping with the MSA. In view of the Minister's significant interest and influence in the affairs of GEMS, s/he, or a delegated official, appoints 50% of the Board of Trustees.

GEMS does not meet the legal definition of an 'organ of state' but provides services exclusively for the benefit of public service employees and employees of Public Finance Management Act (PFMA) entities who join the Scheme as participating employers. Membership of GEMS is encouraged through the medical assistance subsidy, which is a key condition of service for public-service employees. The Minister determines the subsidy for public service employees through the PSCBC collective bargaining process. PFMA entities have their own employer subsidy policies.

The Board of Trustees, supported by Scheme management, liaised during 2023 with the former Acting MPSA, Thembelani Nxesi (until 6 March 2023) and newly appointed Minister, Noxolo Kiviet, from 6 March 2023.

A close working relationship was maintained with the Deputy Minister for the Public Service and Administration, Dr Chana Pilane-Majake, through regular meetings, quarterly reports and presentations, briefing notes on topical matters and other correspondence.

Discussions in 2023 focused on the Scheme's value proposition, strategic direction and progress, the building of administrative capabilities to achieve insourcing, the application of the GEMS BBBEE Policy in the appointment and contracting of service providers, the composition of the Board of Trustees, the potential registration of GEMS as a public entity under the PFMA, the potential consolidation of public sector medical schemes, the potential implications of NHI implementation for the medical assistance subsidy policy, the Scheme's financial performance and using the positive reserve ratio towards benefit improvement, community support initiatives, preventive care and screening programmes, expected media exposure, 2024 benefits and contribution increases and the Scheme's expanded eligibility rules for employers under the PFMA.

Future engagements will centre on consolidating public sector medical schemes, technical support from GEMS for the turnaround strategies of selected public entities, building administrative capabilities to support NHI, ongoing transformation and full implementation of PSCBC Resolution 4 of 2017 (review of GEMS and establishment of the joint PSCBC/GEMS working committee) and Resolution 1 of 2022 (Adoption of the Declaration on the Public Service Coordinating Bargaining Council Summit on Collective Bargaining – implementation of NHI, insourcing and improving product development).

Arrangements for governing and managing key relationships

GEMS has multiple internal and external stakeholders and appreciates that the risks, opportunities and outcomes of these stakeholders have an impact on GEMS' ability to create value. Relationship management and engagement are essential to the Scheme's understanding of value creation and to preventing value erosion.

The stakeholder management roles and responsibilities of the Board, the Clinical Governance and Administration Committee, Risk, Social and Ethics Committee and the Principal Officer are set out in the GEMS Board Charter, committee terms of reference, Principal Officer delegations and the approved GEMS Stakeholder Management Policy that are reviewed every three years by the Board of Trustees.

The Stakeholder Management Policy was revised and approved in 2023. Under our stakeholder management policies and processes, we strive for outcome-based engagements, ensuring meaningful feedback for stakeholders.

Figure 7: Summary of our key stakeholder management activities:

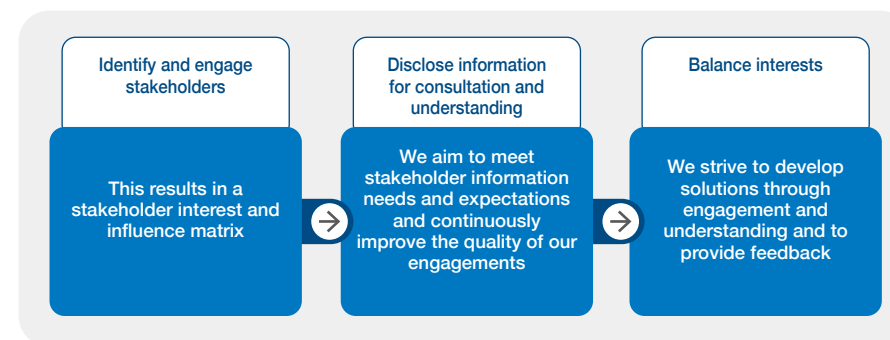
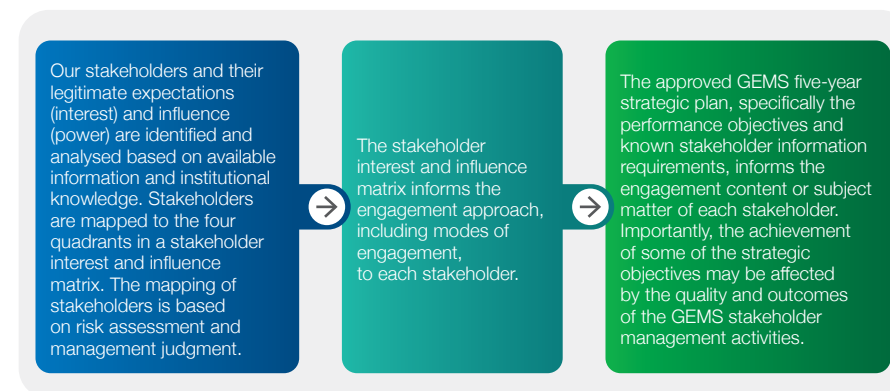


Figure 8: Our annual stakeholder management strategy and engagement plan process:



The state of our key relationships: The risks, opportunities and outcomes of our key stakeholders' impact on our ability to create value.

A detailed disclosure on our relationship with the Minister and Deputy Minister and Department for the Public Service and Administration is on page 46.

Link to strategy and risk management Our stakeholder engagement activities in 2023 mainly advanced the achievement of **strategic objective 1** (an organisation that is effective in communication and decision-making) and treating **strategic risk#2** (inadequate stakeholder inclusivity to realise Scheme strategic competitive advantage).

Other strategic objectives and risks relevant to the status of our key relationships are shown below.

Table 7: Key focus areas 2023:

Material matter	Relationship	Link to strategy and risk management	Key focuses for 2023	Outcomes (linked to business model and performance disclosure)
#3: Member value drivers	Members and registered dependants	Strategic objectives 3 and 5 Strategic risks #2 and #6	In 2023 we focused on increasing member satisfaction levels, reducing the number of member complaints and improving health outcomes through targeted member communication and education across a range of communication platforms. Trustees engaged directly with members in three provinces during provincial roadshows. Our CLOs engaged 293 472 members and resolved 94% of member queries onsite. Education sessions reached 18 316 members. Our Service Management Forum focused on strengthening the quality of member services, based on member complaints and areas for improvement highlighted by our monthly member satisfaction survey outcomes. For improved health outcomes and a reduction in avoidable co-payments, we encouraged optimal access to and correct use of benefits, and increased prevention and screening. Our discussion with members on affordability also focused on the expected experience of the 2024 contribution increase on households and the benefits of switching to our EVO and Tanzanite One options	Social and relationship capital: We achieved 50% of strategic objective 1 and 100% of strategic objective 5 targets. Tanzanite One is now our second largest option. In August 2023, City Press and Daily Sun ranked GEMS third medical scheme of choice in the category: financial services – medical aid. GEMS received gold and silver status from readers of the two newspapers respectively. Our CLOs received a 95% satisfaction score from members. Intellectual capital: We achieved 75% of strategic objective 3 targets

Material matter	Relationship	Link to strategy and risk management	Key focuses for 2023	Outcomes (linked to business model and performance disclosure)
#3: Member value drivers	PSCBC (comprising unions and the state as employer) and individual trade unions	Strategic objectives 2 and 3 Strategic risk#1	The achievement of GEMS and PSCBC strategic objectives (health outcomes, member affordability, member satisfaction and sound labour relations) is closely related. We liaised with the PSCBC and unions to improve members' experience and share information. Actuarial assessment of the richness of the GEMS benefit options against those of open medical schemes was shared. The PSCBC was dissatisfied with the weighted average contribution increase of 9.5% for 2024 in the context of the Scheme's affordability mandate. A need for greater transparency in the GEMS product development and benefit design process, specifically on stakeholder inputs, is a PSCBC focus. The PSCBC strongly supports the GEMS insourcing programme and wants to see reduced non-healthcare costs and less reliance on and control by third parties over GEMS. Board composition remains unresolved.	Social and relationship capital: We achieved 50% of strategic objective 1 and 100% of strategic objective 5 targets Intellectual capital: We achieved 75% of strategic objective 3 targets

Material matter	Relationship	Link to strategy and risk management	Key focuses for 2023	Outcomes (linked to business model and performance disclosure)
#3 Member value drivers	Healthcare providers and their associations	Strategic objective 3 Strategic risk#1	Providers are among our key member interfacing channels. We consulted with providers of healthcare across all disciplines and their associations according to GEMS healthcare provider relationship strategies and the newly established PLOs. Our focus in 2023 was to increase provider satisfaction levels. Thus we encouraged use of new engagement platforms such as the GEMS practitioner app/portal and pre-authorisation channels. We improved our claims submission systems and processes, reduced billing errors, advanced value-based healthcare and prevented and mitigated fraud, waste and abuse. We recognise the importance of building capacity and efficiency in public sector healthcare to improve our members' experience and move to UHC. We helped the provincial departments of health to improve their billing efficiency and briefed them on claims efficiency monitoring outcomes. This included onsite training at Steve Biko, George Mukhari, Kalafong and Helen Joseph hospitals. Routine engagements continued with billing bureaus to improve billing efficiency, reduce errors and prevent and mitigate fraud, waste and abuse.	Social and relationship capital: We achieved 50% of strategic objective 1 targets Intellectual capital: We achieved 75% of strategic objective 3 targets

Material matter	Relationship	Link to strategy and risk management	Key focuses for 2023	Outcomes (linked to business model and performance disclosure)
#5 Building capacity in governance and corporate processes to enable the strategy #3 Business resilience	GEMS employees	Strategic objective 2 Strategic risk#4	People empowerment, optimal use of human resources and employee alignment to strategic objectives and organisational culture are integral to achieving our goals and performing to expectations. The Principal Officer hosted employee town hall meetings and roadshows on the GEMS strategy and strategic priorities. The importance of adherence to in-house training requirements and use of available opportunities and systems was promoted. In the fourth quarter of 2023, all employees underwent cybersecurity training based on the Cybercrimes Act and all Scheme officers were provided with updated Protection of Personal Information Act (POPIA) training. Employee RBO engagements continued where required in 2023. The GEMS values were promoted quarterly on the intranet platform Gemzito, with each value being relaunched.	Human capital We achieved 70% of strategic objective 2 targets, but notably 100% of our people empowerment targets. FAIS Act learning stream: <ul style="list-style-type: none"> 98.8% certified in class of business – health benefits (FAIS accreditation) 80% (108/135) enrolled for RE5 online training 27% CMS accreditation Technical training: <ul style="list-style-type: none"> 98% year-end benefits and rules training 100% PLO induction training 40% reskill head office on GEMS products and services 100% value-based care training (through provider PPO Serve) 100% inter-SPN train-the-trainer 40% of executives were mentored and coached

Material matter	Relationship	Link to strategy and risk management	Key focuses for 2023	Outcomes (linked to business model and performance disclosure)
#5 Building capacity in governance and corporate processes to enable the strategy #3 Business resilience	Contractors in the GEMS SPN	Strategic objectives 2 and 4 Strategic risk#1	We recognise the importance of constructive relationships with our service providers to achieve our member satisfaction drive, build UHC and achieve shared value through BBBEE. We engaged with the GEMS SPN in the claims management, service management, risk, social and ethics, fraud, waste and abuse and complaints and compliments forums to optimise the GEMS operational environment and advance achievement of strategic objectives. The Board of Trustees met Metropolitan Health (MH) on the insourcing programme and GEMS conducted feasibility studies on the programme with the SPN. We recognise the programme's potential effects on GEMS and the SPN and the benefits of leveraging the significant collective capability of the latter. The Board met with BBBEE partners of contracted providers on the Scheme's BBBEE objectives through procurement and contracting. The SPN liaised quarterly on the implementation of the GEMS Information Security Management System, which requires collaboration.	We achieved 80% of strategic objective 4 targets Our BBBEE targets advanced by strategic objective 2 were met in 2023 Our 2023 service level agreement compliance rate for main administration services was 99% against a target of 90% All insourcing feasibility studies for 2023 were completed
#7 Brand and reputation management	National Treasury	Strategic objective 2 Strategic risk#6	Quarterly meetings were held with National Treasury to inform the Minister of Finance of our performance and financial strength. Meetings also touched on collection of contributions using National Treasury payroll interfacing capabilities. We also liaised with the Government Pensions Administrations Agency.	Social and relationship capital: We achieved 50% of strategic objective 1 and 70% of strategic objective 2 targets Late employer group contributions were resolved and no late payments were reported after the first quarter of 2023

Material matter	Relationship	Link to strategy and risk management	Key focuses for 2023	Outcomes (linked to business model and performance disclosure)
#2 Positioning for UHC	NDoH	Strategic objective 3 Strategic risk#1	During 2023, we liaised with NDoH executive management focusing on the current GEMS mandate and the impact on it of legislative and policy changes, GEMS activities to align to UHC and the insourcing of capabilities programme.	Social and relationship capital: We achieved 50% of our strategic objective 1 targets Intellectual capital: We achieved 75% of our strategic objective 3 targets
#5 Building capacity in governance and corporate processes to enable the strategy	Communities	Strategic objective 6 Strategic risk#1	Integrating ESG: We seek to widen and improve participation by new and small entities in our procurement processes and contracts. We held briefing sessions to explain technical procurement and administrative procurement requirements. We hosted two training/guidance sessions to assist companies to register on the GEMS supplier database. Through 500 interactions, suppliers were assisted with the completion of their database application forms. We have set up a procurement advice centre to assist small companies (either at least 51% black-owned or at least 30% black-owned or black designated group companies) to be more competitive in procurement for GEMS and elsewhere.	Social and relationship capital: We achieved 60% of our strategic objective 6 targets. In a subset of strategic objective 2, we achieved our strategic BBBEE target

Material matter	Relationship	Link to strategy and risk management	Key focuses for 2023	Outcomes (linked to business model and performance disclosure)
#7 Brand and reputation management	Communities	Strategic objective 3 Strategic risk#1	<p>We continued our CSI strategy to donate medical equipment and supplies, including wheelchairs and toiletries, to identified clinics, homes for the aged and places of safety for children who live with HIV and Aids. Recipients of donations and marketing sponsorships were identified in collaboration with regional client liaison offices, provincial departments and trade unions.</p> <p>Media enquiries: With the passing of the NHI Bill by National Assembly, media engagement on its the anticipated impact on GEMS increased significantly, specifically on the feasibility of NHI and the anticipated roles of medical schemes. We used these opportunities to highlight successful GEMS services and products that align to the expected NHI offering.</p> <p>We responded to ongoing media interest in our procurement practices, our responses reaffirming adherence to the GEMS Supply Chain Management Policy, being a strong control that functions effectively.</p> <p>We responded to media enquiries on fraud, waste and abuse legal matters to ensure that GEMS does not incur reputational harm.</p>	

Material matter	Relationship	Link to strategy and risk management	Key focuses for 2023	Outcomes (linked to business model and performance disclosure)
# 3 Business resilience	Regulators	Strategic objective 6 Strategic risk#2	<p>Our response to an increasingly complex compliance landscape: Effective management of compliance risk means meeting GEMS compliance obligations and protecting GEMS from loss or damage, noting that it is not only an obligation but a source of rights and protection. Several regulatory matters remain open at CMS level (pages 150 to 151 of the report) The Scheme engaged the Information Regulator on continued proactive compliance to POPIA. Following a routine request from the regulator, a detailed progress report on POPIA compliance was submitted in January 2023. As a registered FSP, our engagements with the Financial Services Conduct Authority focused on compliance with the FAIS Act.</p>	<p>Social and relationship capital: We achieved 60% of our targets under strategic objective 6. In the key result area of robust governance and compliance, we achieved 100% of our strategic targets in 2023</p>

Key focuses for 2024

Our key focus for 2024 and beyond is response to stakeholder concerns on the quality of engagements and perceived low transparency. A new key performance indicator will seek to increase stakeholder trust through outcomes-based engagements and demonstrating how stakeholder inputs shape our decision making.

Our annual stakeholder engagement plan will become risk led, which requires us to identify risks and opportunities for each stakeholder.

The focus area requirements will be met in a revised inclusive and holistic stakeholder strategy and engagement plan aligned to each NHI implementation scenario.

Engagement topics for 2024 will remain NHI, the insourcing programme, Board composition, factors influencing contribution increases and benefit enhancements, implementing the findings and recommendations of the Section 59 Investigation and results achieved in our quest to be affordable, such as co-payments.

For members, focus will be on improving digital platforms to drive increased usage. Engagement topics for members will remain benefit options and encouraging optimal access to and usage of benefits.

Ongoing improvement in claims administration and improving satisfaction levels will drive engagement with healthcare providers. On-site training for provincial health departments will be extended to improve public sector revenue.





OUR STRATEGY AND ALLOCATION OF RESOURCES

- 01 |
- 02 |
- 03 |
- 04 |
- 05 |
- 06 |
- Strategy and allocation
- 07 |
- 08 |
- 09 |
- 10 |
- 11 |
- 12 |
- 13 |
- 14 |

In this section, we disclose where we are going and how we plan to get there

OUR STRATEGIC FRAMEWORK

The GEMS strategic framework aligns functional strategies and strategic projects and programmes to support the overarching Scheme strategy in pursuing UHC through strategic partnerships. It ensures clarity on prioritisation of initiatives for successful execution. These strategies and programmes leverage our competitive advantages (our market-leading Tanzanite One basic benefit option and affordable access to high-quality healthcare for all our members) and build competitive advantage across governance, financial and healthcare objectives.

Figure 9: Strategic framework

Vision
To be an excellent, sustainable and effective medical scheme that drives transformation in the healthcare industry, aligned with the principles of universal health coverage.

Mission
To provide all members with equitable access to affordable and comprehensive healthcare, promoting member wellbeing.

Strategic thrust
Be a strategic partner in pursuit of universal health coverage.

Strategic objectives					
SO 1	SO 2	SO 3	SO 4	SO 5	SO 6
Be effective in communication and decision-making	Maintain the Scheme's position of financial strength	Support the progressive realisation of UHC	Be an agile, data-driven scheme	Retain and grow membership	Be a good corporate citizen

How will we achieve our strategic objectives?					
Be responsive to our changing environment to create value for our key stakeholders	Drive transformation and sustainability through the optimisation of the other capitals	Through solutions such as NHI, strategic purchasing, insourcing of capabilities and other integrated and coordinated care	Leverage research, information, technology and platforms	Through organic and inorganic streams	Prevent or reduce negative impacts on the environment, functioning as an ethical, caring, innovative healthcare leader in South Africa

Priorities				
Stakeholder satisfaction	Financial strength	BBBEE transformation	Fit-for-purpose capability build	Healthcare strategic purchasing
ICT infrastructure and optimisation	Membership growth	Consolidation of schemes	Ethical culture	Social responsibility

Strategic pillars			
PROGRESS	POSITION	POSSESS	PROTECT
<ol style="list-style-type: none"> Transform our operating model Plan & capacitate our human resources Commission Intelligems, including EWRP system and core information management systems (CIMS) 	<ol style="list-style-type: none"> Build, define and articulate the value proposition for GEMS Advance the development of a well-capacitated, cost-effective administration form 	<ol style="list-style-type: none"> Capitalise on the full adoption of Intelligems, owned data automation Capitalise on the adopted BBP model in line with UHC 	<ol style="list-style-type: none"> Financial assets Brand and reputation Environment

 Collaboration
  Member Value
  Excellence
  Innovation
  Integrity

Transitioning from the previous strategic cycle, the GEMS 2022 to 2026 strategy was approved by the Board of Trustees in December 2021 and has since evolved with the changes in internal and external environmental factors such as the policy environment, including NHI developments. The current risk-led strategy aspires to transform GEMS from the current fragmented, outsourced delivery model to a competitive futureproof business model pursuing UHC.

STRATEGY REVIEW

The 2023 strategy review was informed by the evolving NHI policy environment that necessitated the development of scenarios, identifying the Scheme's competitive positioning and advantage to drive its strategic direction.

An analysis of the current UHC (global) and NHI (local) landscape was conducted to identify implications for GEMS. Views on the impact of the NHI Bill on GEMS were solicited from internal and external stakeholders. Detailed analyses were conducted on the Scheme's competitive environment and GEMS' performance against peers. This highlighted strengths for the Scheme to leverage opportunities and weaknesses needing improvement. Additionally, a gap analysis conducted in 2022 highlighted the need to strengthen innovation capability and adopt sustainability best practices to further improve the Scheme's reputation as a responsible corporate citizen.

In anticipation of further NHI developments, the Scheme has enhanced its strategic thrust: To be a strategic partner in pursuit of UHC. Three scenarios were crafted showing outer extremes and a middle-road possible in NHI implementation: Initial implementation, partial implementation and full implementation.

These scenarios informed the development of three strategic approaches for the Scheme, namely growth, diversification and partnerships, which present opportunities to remain relevant, competitive, and sustainable in the short-, medium- and long term.

RESOURCE ALLOCATION

Crucial to the identified scenarios and strategies is the resourcing and capability of the Scheme to position itself strategically. Accordingly, all strategic programmes to build internal capabilities are being revised. Moreover, a holistic approach to stakeholder engagement is being developed to strengthen relationships with key NHI role players to position our capabilities and successful experiences in partnering for full NHI implementation.

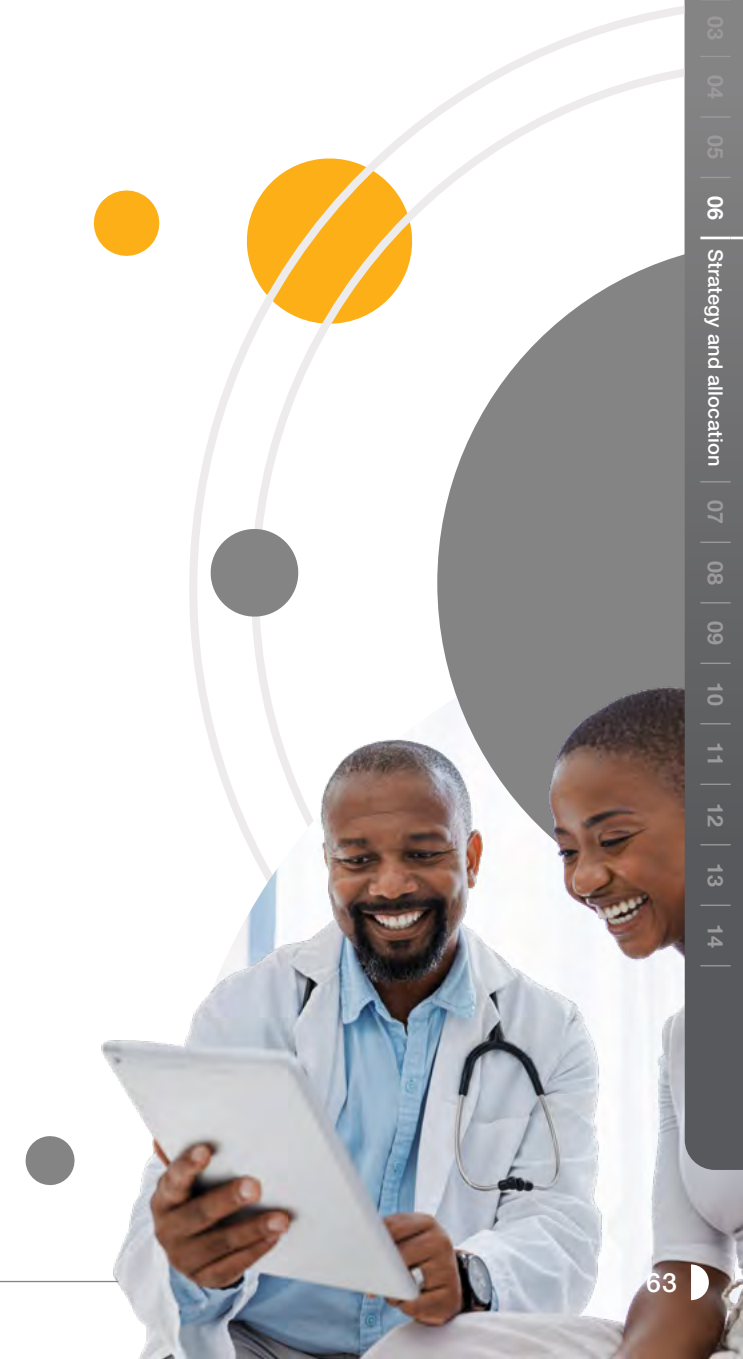
2024 FOCUS AND BEYOND

The rapid move towards sustainability mainstreaming and ESG post-pandemic era holds significant implications for the Scheme's performance and disclosures. An end-to-end ESG framework is essential to demonstrate commitment to responsible and sustainable business practices and responsiveness to stakeholder expectations.

INNOVATION

In advancing our position in an evolving and dynamic healthcare eco-system, GEMS' innovation value is central to remaining relevant and sustainable. This includes new thinking and ideas to deliver superior and meaningful value for members and stakeholders.

Innovative approaches will be developed that promote and extract the highest level of creativity and problem-solving, which will culminate in a clear path forward linked to the existing business strategy.





RISKS AND OPPORTUNITIES

- 01
- 02
- 03
- 04
- 05
- 06
- 07 Risks and opportunities
- 08
- 09
- 10
- 11
- 12
- 13
- 14

In this section, we provide detailed disclosures on risks and opportunities that affect our ability to create value and explain how we treat them

Arrangements for governing and managing risk at GEMS

King IV Principle 11: The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.

The Board retains overall accountability for the governance of risk and is committed to its effective management in pursuit of strategic objectives. The Board, therefore, is responsible for compliance to the Scheme Risk Management Policy. It oversees the management of all strategic risks, by considering quarterly reports detailing significant changes in the risk environment and allocation of adequate resources to remediate them.

The GEMS Risk, Social and Ethics Committee oversees the management of all Scheme risks on behalf of the Board through the comprehensive risk management annual workplan. The committee also oversees the risk management strategy, which builds capacity in risk management governance and processes to enable the strategy. It includes assessment of the effectiveness and efficiency of risk management processes, working closely with the Audit Committee.

The committees of the Board consider quarterly reports for risks within their ambit. That includes monitoring significant changes in the risk environments and implementation of risk mitigation plans.

The GEMS Exco is the owner of risks and entrenches risk management, supported by the Enterprise Risk Management (ERM) Function, which is the owner of the Risk Management Policy and all related supporting components, and is responsible for entrenching a risk management culture and facilitating risk management and integration across the business. The effectiveness of risk management is assessed periodically by the GEMS Internal Audit Function. Risk management is subjected annually to an independent risk management maturity assessment.

During 2023, focuses were strengthening risk management capacity, standardising risk management processes and communication, and bolstering risk management systems and tools to deliver.

Going forward, emphasis will be on achievement of an optimal risk management maturity level.

Risk management commitment

At GEMS, we embrace risk to ultimately create exceptional value for our stakeholders. We assume risk responsibly because it enables the GEMS strategy towards UHC. We furthermore understand that managing risks effectively opens opportunities otherwise not possible.

GEMS understands its responsibility to balance risk and reward while pursuing goals. The Scheme is firmly committed to robust risk management as a fundamental pillar to business sustainability. Operating in the medical scheme sector in South Africa, GEMS is exposed to financial, political, legal, regulatory, technology, health and other risks that could potentially affect achievement of goals.

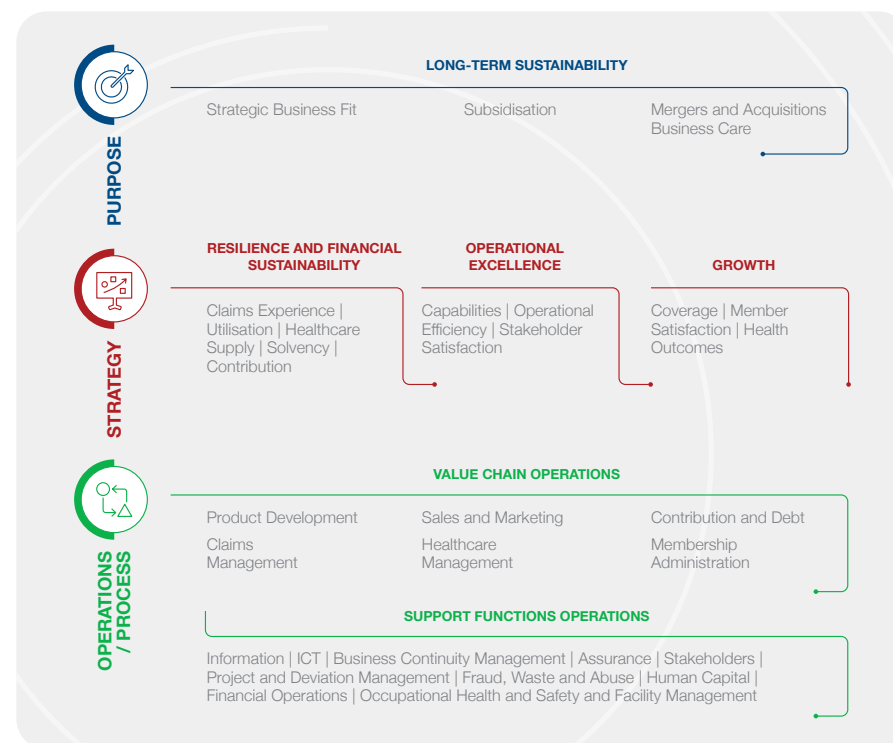
GEMS views risk management as continuous, proactive and systematic, built on robust principles and practices in a risk-intelligent entity, informing its decisions and actions to deal with and benefit from uncertainties that may arise in the pursuit of goals. We call it our risk-led approach.

Risk management strategy

GEMS' strategy is to manage risks that may affect business sustainability in internal and external environments. Our risk management process, also covering our outsourced service providers, enables us to work towards managing our risk profile within our risk appetite. Through combined assurance, our management and Board of Trustees transparently report on our performance to stakeholders.

Our risk universe illustrates the risk environment in which we operate that constitutes the sources of risks to which we may be exposed. This represents the minimum scope of application of our risk management processes and is segmented into three levels, namely purpose, strategy and operational realities. We continuously review and update the risk universe as an accurate representation of our strategic and operating environments. We anchor each identified risk in the relevant operational, strategic and purpose activity to enable decision-makers to contextualise and understand the interrelationships between our activities and the risks we face.

Figure 10: Risk universe



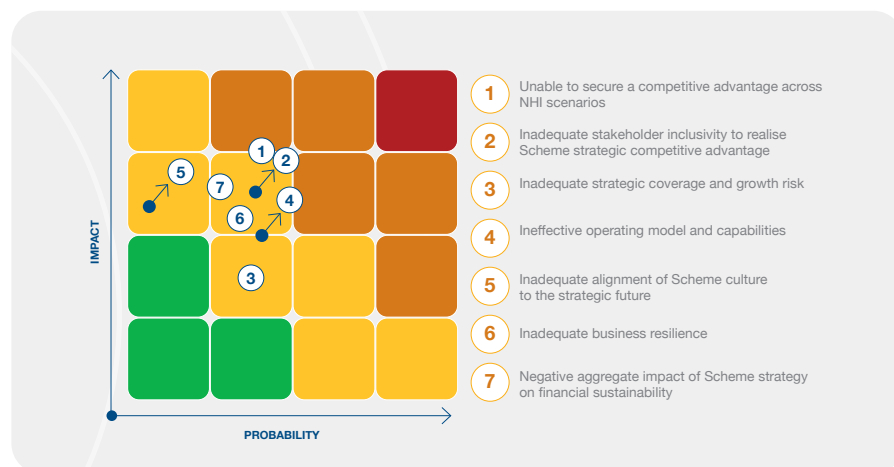
Risk appetite, tolerance and risk-bearing capacity demarcate various levels of risk that allow GEMS to escalate and deal with risk aligned to the delegation of authority. Risk appetite constitutes the amount of risk that the Scheme is willing to take in pursuit of its significant goals, which, if breached, may detract from achieving strategic objectives and targets. Risk tolerance represents the level of risk that, if breached, may materially harm the Scheme's reputation and delivery on its mandate. Risk-bearing capacity represents the maximum risk that the Scheme can accommodate and, if breached, may lead to catastrophic demise and depletion of Scheme capitals. We recognise the importance of aligning our risk universe and risk appetite metrics with our impact on the six capitals (financial, manufactured, intellectual, human, social and relationship and natural). It allows us to deal with risk appropriately depending on severity. These are reviewed annually and submitted to the Board for approval.

In executing the risk management strategy, GEMS takes deliberate action to mitigate risks to within acceptable limits. Risk mitigation is an integral part of the Scheme's strategy execution and resource allocation. It ensures robust and realistic management of risk, enabled by adequate prioritised resources.

Top risks facing the Scheme

GEMS' top risks are represented in the heatmap below and further described in the context of the strategic objectives. These are monitored by the Board and its committees. It is shown that all top risks are adequately managed, with no risks exceeding the risk tolerance levels (orange). These top risks are dealt with as priorities where risk controls are actively monitored for effectiveness and continuously assessed for potential improvements and additional controls.

Figure 11: Top risk heatmap



#1 Unable to secure a competitive advantage across NHI scenarios

Strategic objective:

Support the progressive realisation of UHC

Capitals: Social and relationship, human, intellectual

Horizon: Medium- to long term

Associated opportunity:

By mitigating this risk the Scheme will be fully positioned for its strategic future across the strategic scenarios

Summarised risk landscape

The risk level, which was mitigated to within risk tolerance levels, is now showing upward pressures informed mostly by the impact of the NHI on Scheme strategic ambitions.

The risk is materially informed by the progress of the proposed NHI. Factors such as the country economic scenario, affordability, complexity of such a large fund and healthcare infrastructure readiness all influence progress. It is expected that implementation timelines will extend by multiple years and materially affect the exact shape and extent of implementation. The Scheme assessed the risk along three scenarios, namely initial NHI implementation, partial NHI implementation and full NHI implementation.

The first scenario is deemed highly likely especially in the short term. Here the Scheme positions itself to be an excellent medical scheme, growing its membership organically towards full coverage and inorganically through widening of membership eligibility. The risk level is low given the expected pace of NHI implementation and the Scheme's strong current mandate, excellent service levels and strong support from the Department of Public Service and Administration (DPSA).

The second scenario is likely in the medium term. Here the Scheme positions itself as a continued excellent medical scheme that innovates its products for improved delivery and lays the foundation for diversified products and services. The risk is moderated by the Scheme's strong current service delivery. However, the ability of the Scheme to innovate and position for future standalone services elevates the risk.

The third scenario is deemed moderately probable, yet only in the longer term. Here the Scheme positions itself for a fully diversified offering that includes complementary services to the NHI fund and separate packaged service offerings. The latter may include packaged fund and administration services to the NHI fund.

Key risk-treatment programmes and activities:

- Stakeholder engagement
- UHC research
- UHC Forum to coordinate the Scheme UHC strategy, research and alignment with strategic programmes
- Service management programme
- Product development
- Insourcing of capabilities programme

#2 Inadequate stakeholder inclusivity to realise Scheme strategic competitive advantage

Strategic objective:

An organisation that is effective in communication and decision-making

Capitals: Social and relationship

Horizon: Short- and medium term

Associated opportunity:

By mitigating this risk, the Scheme will align and optimally balance the expectations of all stakeholders, thereby ensuring member-oriented solutions, a strong GEMS brand, regulatory compliance and ongoing support.

Summarised risk landscape

This risk level reduced during the year to within Scheme tolerance levels, through effective risk mitigations. However, the risk is again showing upward pressures.

An adverse confluence of stakeholder matters was indicated, evident across a range of stakeholder groups. It relates to member contribution increases, several regulatory events, allegations of unfair treatment of healthcare practitioners in fraud, waste and abuse, the Scheme's historical corruption matters and allegations relating to the Scheme's multivitamin initiative.

Excellent member and healthcare provider satisfaction levels were sustained, with member satisfaction levels at 83% and a propensity to promote GEMS at 85%. However, this follows a continued downward trajectory from peak levels of a year ago.

Key challenges were responding to the severely constrained economic environment and the need to limit contribution increases while ensuring the Scheme's financial sustainability. Contribution increases were again opposed given the country's economic realities. The Scheme's well-managed reserves remain key to balancing rich benefits, health risk protection and affordable contributions in the current economic climate.

Engagement with government stakeholders on NHI proved difficult. The NDoH seems steadfast in implementing the NHI fund independently and will allow industry participation in tendering for services.

The Scheme revised its strategy away from being the NHI blueprint towards highly focused products and services where it has a competitive advantage. The stakeholder strategy would be aligned to these future products and services.

Key risk-treatment programmes and activities:

- Stakeholder engagement strategy and plan
- Marketing, brand and reputation management
- Service management programme
- Product development
- Integrated regulator approach

#3 Inadequate strategic coverage and growth

Strategic objective:

Retain and grow membership

Capitals: Financial, social and relationship

Horizon: Short-, medium- and long term

Associated opportunity:

By mitigating this risk the Scheme will ensure a strong growth performance in terms of the current mandate, expanded mandate, as well as diversified product and service portfolio.

Summarised risk landscape

The risk, which does not exceed Scheme tolerance levels, shows upward pressures.

The Scheme has experienced membership growth levels ahead of budget and also significantly better than in previous years, but is still falling short of covering all mandated public servants. A particular achievement is the successful implementation of the Tanzanite One option, which is showing significant growth. The member satisfaction levels indicate further growth potential.

The Scheme has amended its rules to allow membership from the broader public service sector, which enables inorganic growth such as consolidation of public sector schemes into GEMS. The Scheme positioned itself as an attractive proposition to stakeholders and substantial support was expressed. Consolidation is approached with caution to find solutions that are mutually beneficial to all parties, as a lack thereof poses the risk of significant counter action and reaction from the industry.

Encouraging growth has been obtained through expansion of the member eligibility rules evident in Health Squared and the take-on of employers such as the Legal Aid Board, the Special Investigating Unit, Umalusi and the Border Management Authority.

The growth opportunities associated with the Scheme's diversified product and service portfolio are yet to be determined.

Key risk-treatment programmes and activities:

- Service management forum
- Member acquisition programme related to current mandate
- Member acquisition programme related to voluntary consolidation of public sector schemes and widening of eligibility
- Member acquisition related to the diversified product and service portfolio

#4 Ineffective operating model and capabilities for the Scheme's strategic future

Strategic objective:

Be an agile, data-driven scheme

Capitals: Human, intellectual

Horizon: Medium- to long term

Associated opportunity:

By mitigating this risk, the Scheme will enable competitive advantage for its strategic future.

Summarised risk landscape

The risk, which during the year did not exceed Scheme tolerance levels, shows upward pressures.

Even though the current operating model is primarily outsourced, it is deemed suitable for the current mandates, possible expanded mandates and consolidation of public sector schemes, since it requires the existing capabilities of a medical scheme. The insourcing strategy must turn from insourcing all capabilities to a narrow focus where it is deemed the only (or most viable) way to improve member and provider experience. The insourcing process should be expanded to incorporate a business innovation, improvement and optimisation component.

The insourcing strategy should now be highly focused to enable the diversified products and services through which the Scheme can attain competitive advantage. The sourcing approach will also consider partnership models, to reduce the complexity and risk associated with the build, operate, transfer and internal development approaches.

The programme is resource intensive and spans the entire organisation. It is essential to consider the resource requirements across the insourcing programme, but also across the entire Scheme portfolio of initiatives. If the pace of implementation is not matched to resource capacity, the organisation may be overloaded while also required to deliver its current business. Robust change management (aligned to the size and complexity of the programme) is imperative.

Key risk-treatment programmes and activities:

- Change management and project management
- Alignment of the insourced operating model design with the Scheme's UHC future
- Programme execution approach and governance
- Programme integration management
- Programme resource capacity

#5 Inadequate alignment of Scheme culture to the strategic future

Strategic objectives:

Be a good corporate citizen

Support the progressive realisation of UHC

Capitals: Human, social and relationship

Horizon: Short- to medium term

Associated opportunity:

By mitigating this risk, the Scheme will ensure a robust culture aligned to strategic ambitions.

Summarised risk landscape

The risk, which does not exceed Scheme tolerance levels, shows upward pressures.

The revised Scheme strategy requires this risk (previously focused on ethical culture only) to be expanded to broader culture requirements.

An ethical culture remains the cornerstone of good corporate governance. It refers specifically to establishing a strong ethical culture in the Scheme internal, healthcare provider, service provider and claims environments.

An entrepreneurial and innovation culture is essential, where the Scheme will be required to continuously improve its current processes and products, building on its many successes since inception. The GEMS risk-based diversified business model also requires a strong entrepreneurial and radical innovation mindset.

The revised strategy is founded on the need for competitive advantage, acknowledging that the Scheme will face substantial competition going forward. This will require a high-performance culture.

The Scheme strategy will bring about substantial changes to its business and operating models. These changes are large scale and complex, which requires a resilience to change culture.

Key risk-treatment programmes and activities:

- GEMS' innovation programme
- Organisational culture-realignment programme
- Strengthening the ethics environment
- Strengthening the high-performance culture
- Strengthening resilience to change culture

#6 Inadequate business resilience

Strategic objective:

Be an agile, data-driven scheme

Capitals: Financial, intellectual

Horizon: Short- and medium term

Associated opportunity:

Mitigating this risk will ensure that service delivery by the Scheme and its SPN is resilient against disruptions, thereby safeguarding leading member and provider satisfaction

Summarised risk landscape

The risk, which does not exceed Scheme tolerance levels, shows neutral pressures.

The significant outsourced operating model implies that the ICT infrastructure is found at head office and the SPN, with substantial potential exposure to disruptions.

Cybercrime remains a strong business threat and is especially pronounced because of the Scheme's information-intensive nature. A cyber event can lead to interruptions and loss of private information. The extensive information security improvement programme at the Scheme and the SPN has prevented cyber-breaches and threats.

Other potential disruptions include civil unrest, natural disasters and pandemics.

The Scheme is subject to POPIA and a breach of confidential information would expose it financially. However, the extensive POPIA-compliance programme has prevented any material non-compliances. The Scheme responded to a routine enquiry from the Information Regulator and is awaiting the outcome.

Key risk-treatment programmes and activities:

- Information security management system programme
- Cybercrime and professional indemnity insurance
- Business continuity management programme
- POPIA compliance programme

#7 Negative aggregate impact of Scheme's strategy on financial sustainability

Strategic objectives:

Maintain the organisation's position of financial strength

Capitals: Financial

Horizon: Short- and medium term

Associated opportunity:

By mitigating this risk, the Scheme will maintain financial sustainability while successfully implementing the substantial strategic portfolio.

Summarised risk landscape

Although this risk did not materialise during the year, the longer-term historical experience underscores the possibility and material impact of unsustainable healthcare cost increases on financial stability. The Scheme continues to benefit from low utilisation rate increases (primarily driven by Covid-19 factors), favourable tariffs, low medicine-price increases, generic medicine substitution, device pricing, alternative reimbursement models and effective claims management programme interventions.

Covid-19 was a major risk event, contributing to a substantial claims experience. However, the lockdown regulations supported a dramatically lower use that led to a net positive financial position. The claims experience is, however, rapidly returning to normality. A sharp increase is seen for in-hospital allied spend, nurse care and the Tanzanite One claims experience (attributable to member growth). Uncertain is the exact shape of the curve, what the new-normal claims levels will be and the possibility of further infection waves (such as a new variant).

The Scheme's robust reserves proved a highly effective mitigation against such events.

Scheme reserves were well supported by the investment portfolio. With the increase in equity market exposure, the Scheme is experiencing high volatility in returns, yet remains firmly on track with its increased-return long-term investment strategy.

The insourcing of capabilities programme may have a significant impact on capital and operating costs that must be mitigated through diligent feasibility studies.

Key risk-treatment programmes and activities:

- Alternative reimbursement models
- Sourcing initiatives
- Claims management programme
- Demographic profile analysis
- Insourcing of capabilities financial impact analysis
- Insourcing negotiation and dealmaking phase
- Investment performance management
- Contribution and debt management



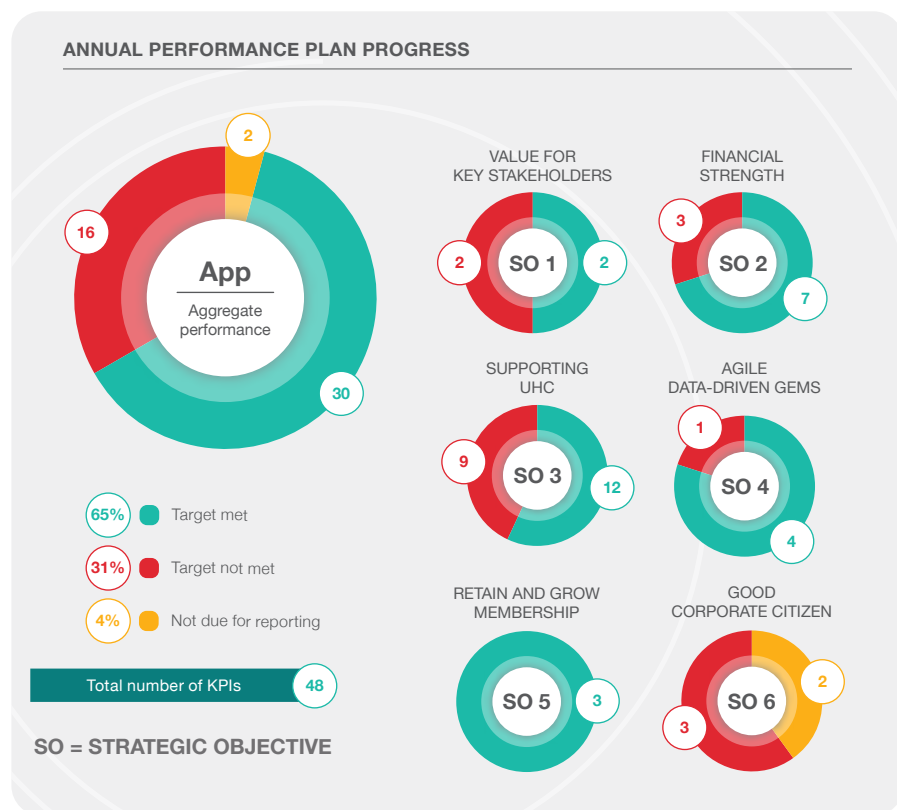
PRINCIPAL OFFICER OVERVIEW ON PERFORMANCE

Our success depends not only on our ability to minimise downside impacts but our success in capitalising on potential opportunities for value creation presented in an uncertain future. The key risks and opportunities that could have a material impact on our ability to achieve our strategic objectives and create value are aligned to the strategic risk register and outlined from page 68. In this section, quantitative and qualitative aspects of our performance are discussed. To fully contextualise information on performance, we share details in addition to performance against set expectations such as our claims experience (from page 95).

Summary of progress against the GEMS annual performance plan for 2023:

For 2023, our summarised performance against the GEMS annual performance plan shows that 65% of targets were met.

Figure 12: Progress in 2023



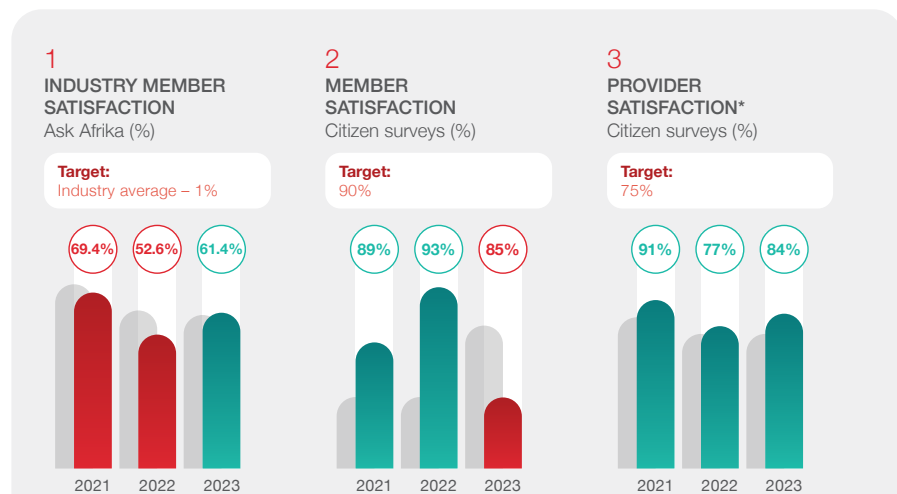
Linking past and current performance:

Over the past three years, we made significant progress towards achieving the GEMS strategic objectives, evident in key performance areas and KPIs. Targets are set as part of the annual process to revise the performance plan and are approved by the Board of Trustees. In this report, performance on the selected KPIs during 2023 is linked to the previous reported performance of 2021 (final year of the previous strategic cycle) and to 2022 to demonstrate positive and/or negative progression. This enables us to identify and drive improvement initiatives for non-performing areas while maintaining positive results in performing areas.

To achieve accuracy and reliability, reporting adheres to the GEMS KPI specification manual where each metric is aligned to the appropriate strategic objective and key risk area and describes the indicator, business rule (formula), data source and calculation type (cumulative/non-cumulative). An extract from the GEMS KPI specification manual is in Appendix 2.

STRATEGIC OBJECTIVE 1: An organisation that is effective in communication and decision-making.

Figure 13: Value for key stakeholders



*External assurance obtained for 2023 performance results

Why is this important?

By proactively seeking and analysing stakeholder feedback, GEMS demonstrates its commitment to continuous improvement, positioning itself for success in a competitive and evolving healthcare landscape.

Material matter

Optimal balancing of member value drivers

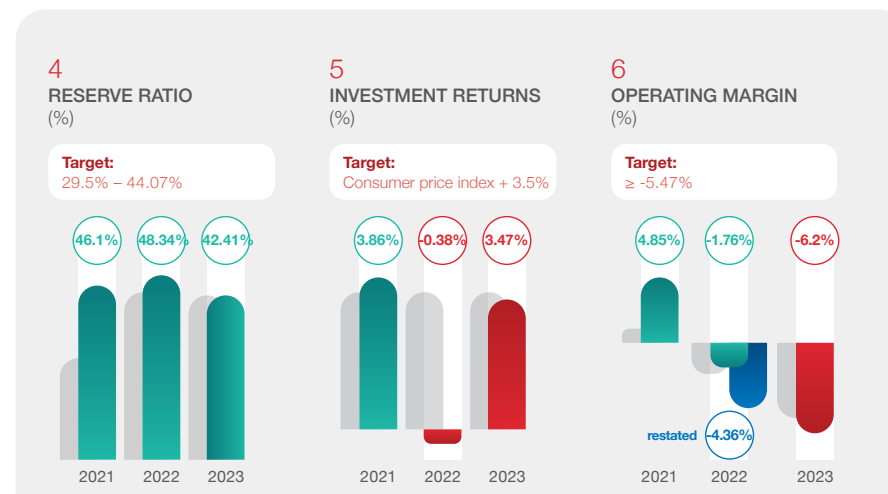
- Emphasis on affordability amid the country's economic scenario
- Member satisfaction survey and affordability analysis
- Benefit richness in comparison to industry
- Improving beneficiary health outcomes
- Co-payments
- Giving back some of the Scheme's reserves
- EVO savings passed to members through a real reduction in contributions

Performance during 2023

The Scheme considerably improved member and provider satisfaction through various interventions at the Service Management Forum. The industry member scores have significantly increased. In 2023 GEMS moved up two places in ranking in industry (fourth out of six). Interventions to improve service included training of call centre staff. Additional interventions will be developed and implemented to continue to improve stakeholder satisfaction with our members and providers. A consolidated priority stakeholder strategy development initiative has started, with the output of the results with these stakeholders being outcome-based.

STRATEGIC OBJECTIVE 2: Maintain the organisation's position of financial strength.

Figure 14: Financial strength



*Information based on AFS subject to change

Why is this important?

Financial strength is fundamental for ensuring the Scheme's long-term sustainability, member security and informed decision-making. It also fosters trust and transparency, ultimately benefitting GEMS and its members.

Material matter

Volatility in the Scheme's operating environment

- Impact of financial markets on investment income
- Claims experience post-Covid-19

Performance in 2023

The reserve ratio exceeded targets in 2021 and 2022 due to increased accumulated funds and low healthcare costs, which were driven by Covid-19 restrictions. The Scheme intentionally reduced the reserve ratio through lower contribution increases, but the 2023 reserve ratio was slightly lower than expected as healthcare costs soared. The return on investment percentage was below the long-term target of the consumer price index plus 3.5% due to a high inflation environment in 2022 and 2023. It was, however, higher than the long-term target in 2021 as markets rebounded from the Covid-19 shock. The absolute investment returns exceeded the targets over the three years. The favourable operating margin in 2021 was also due to low healthcare costs due to Covid-19 restrictions. 2023 saw a significant increase in healthcare costs, resulting in a negative deviation from the target. On instruction of the Board, we have vigorously followed up on payment from Treasury to correct historically imbalances. GEMS has nevertheless been very successful in managing the Scheme's financial performance through its deliberate actions with Treasury and well-managed non-healthcare costs.

Figure 15: People empowerment

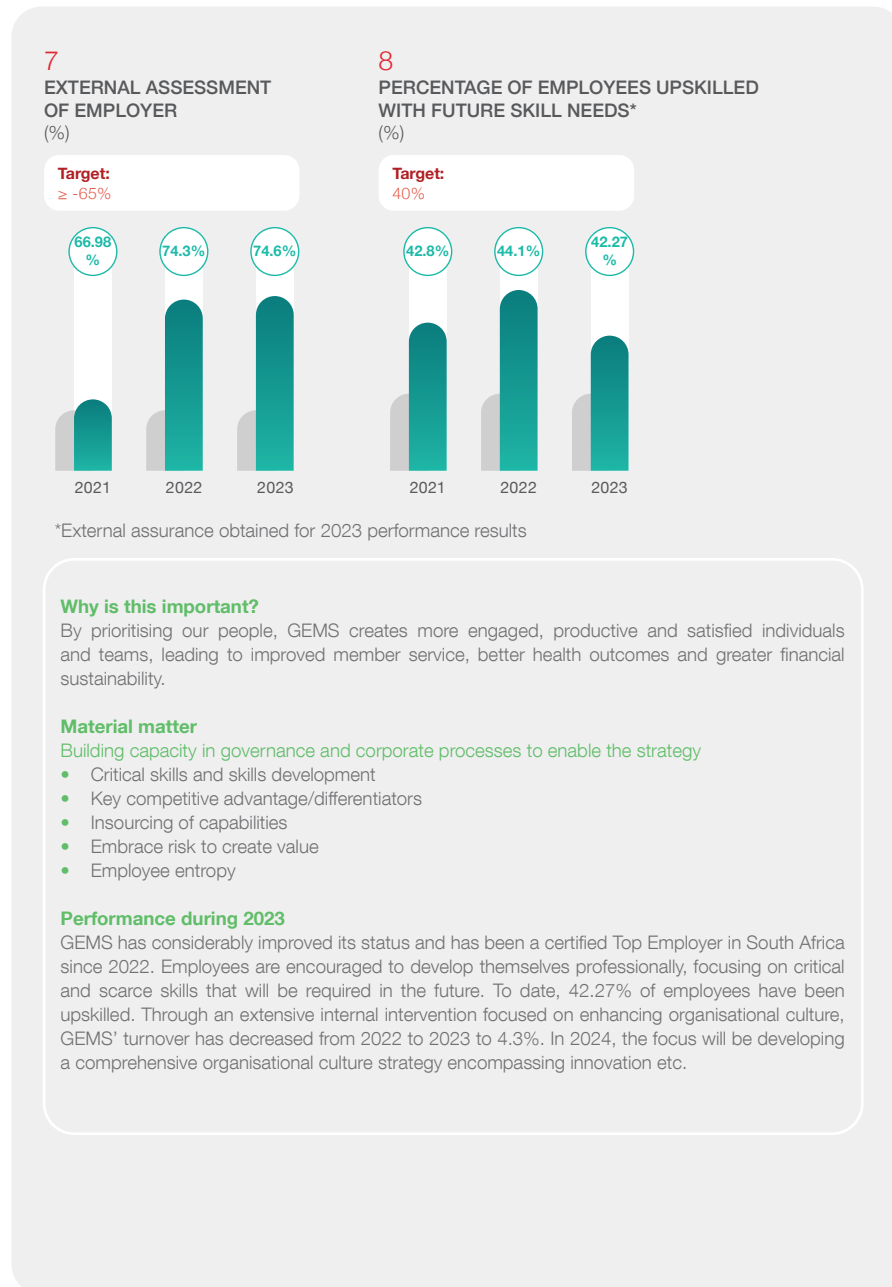


Figure 16: BBBEE



Figure 17: Product value proposition

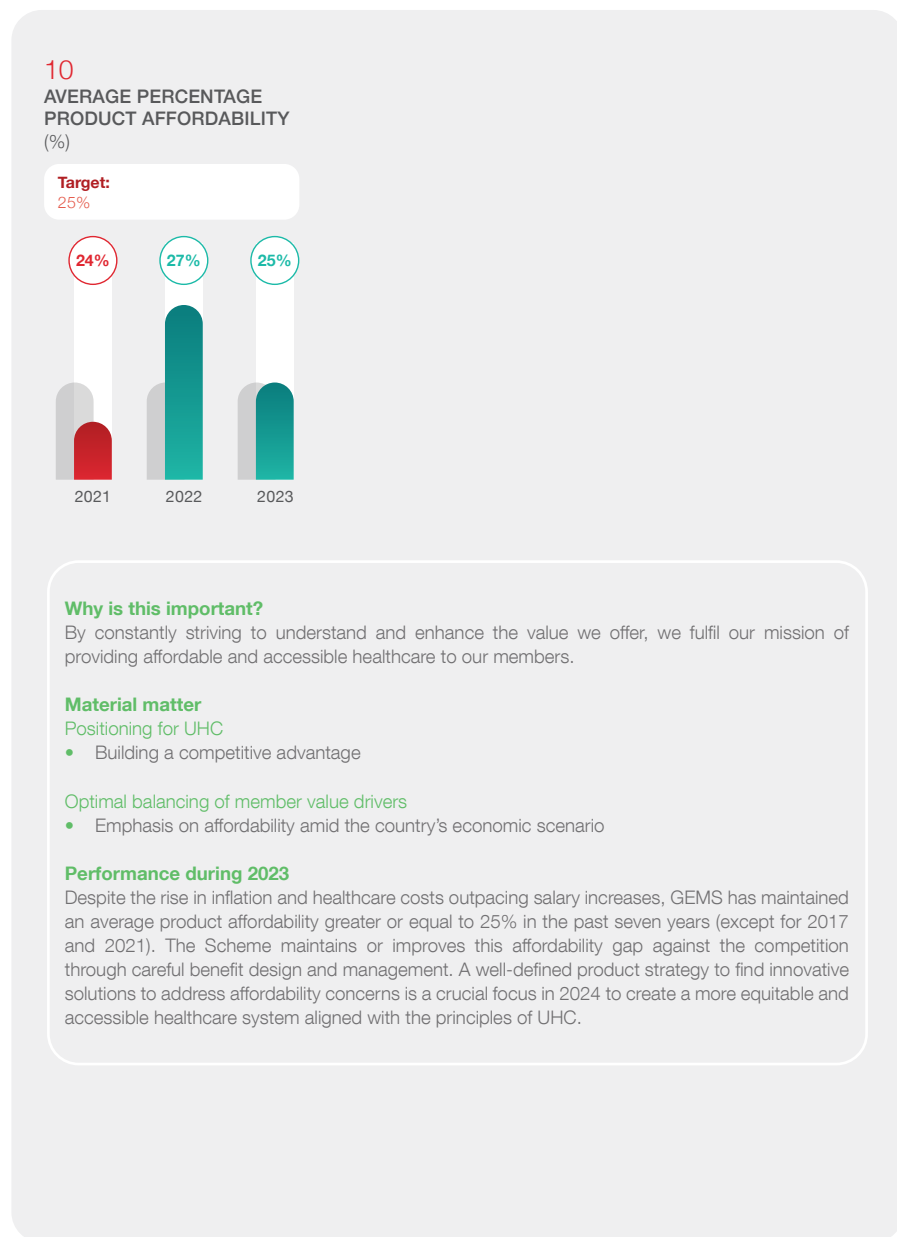


Figure 18: Clinical risk indicators

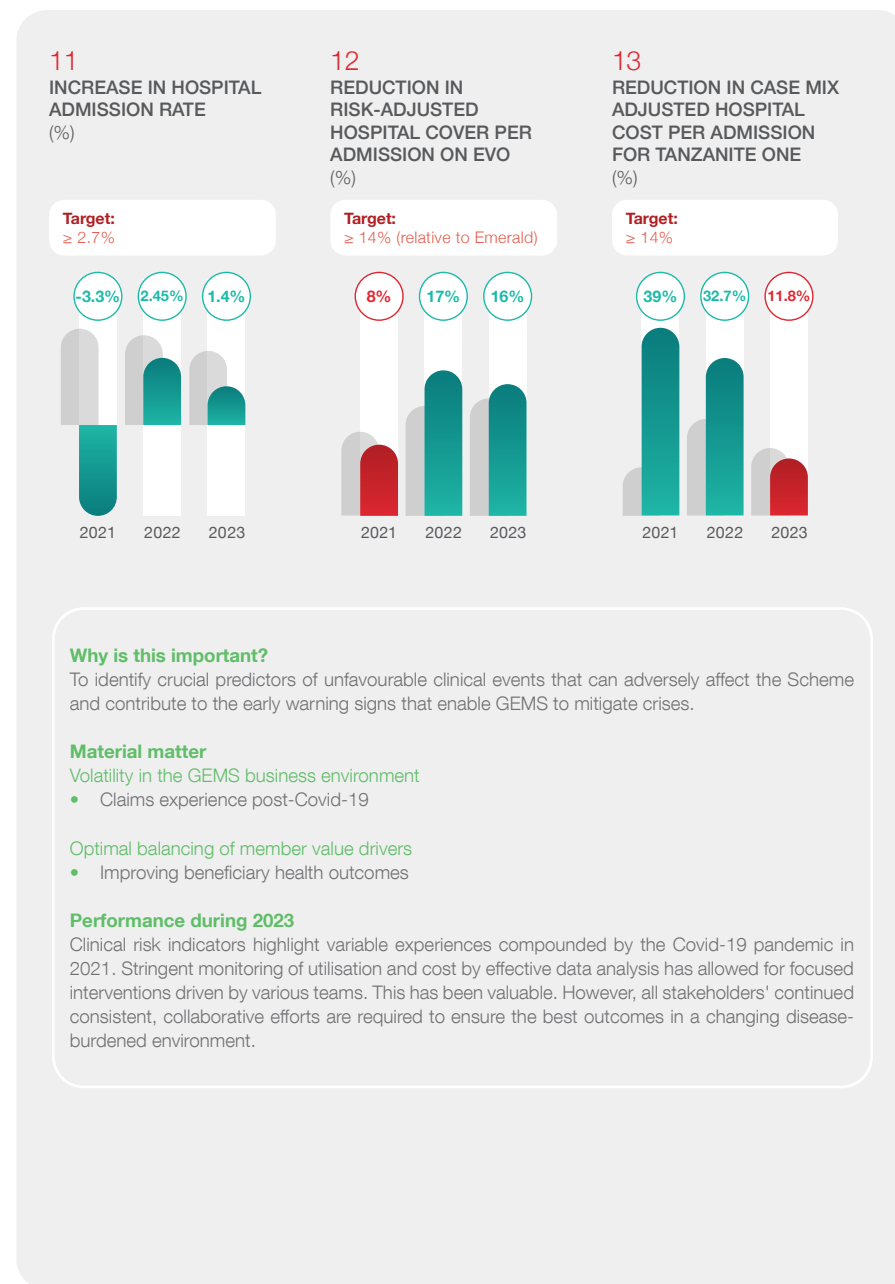


Figure 19: Healthcare strategic purchasing

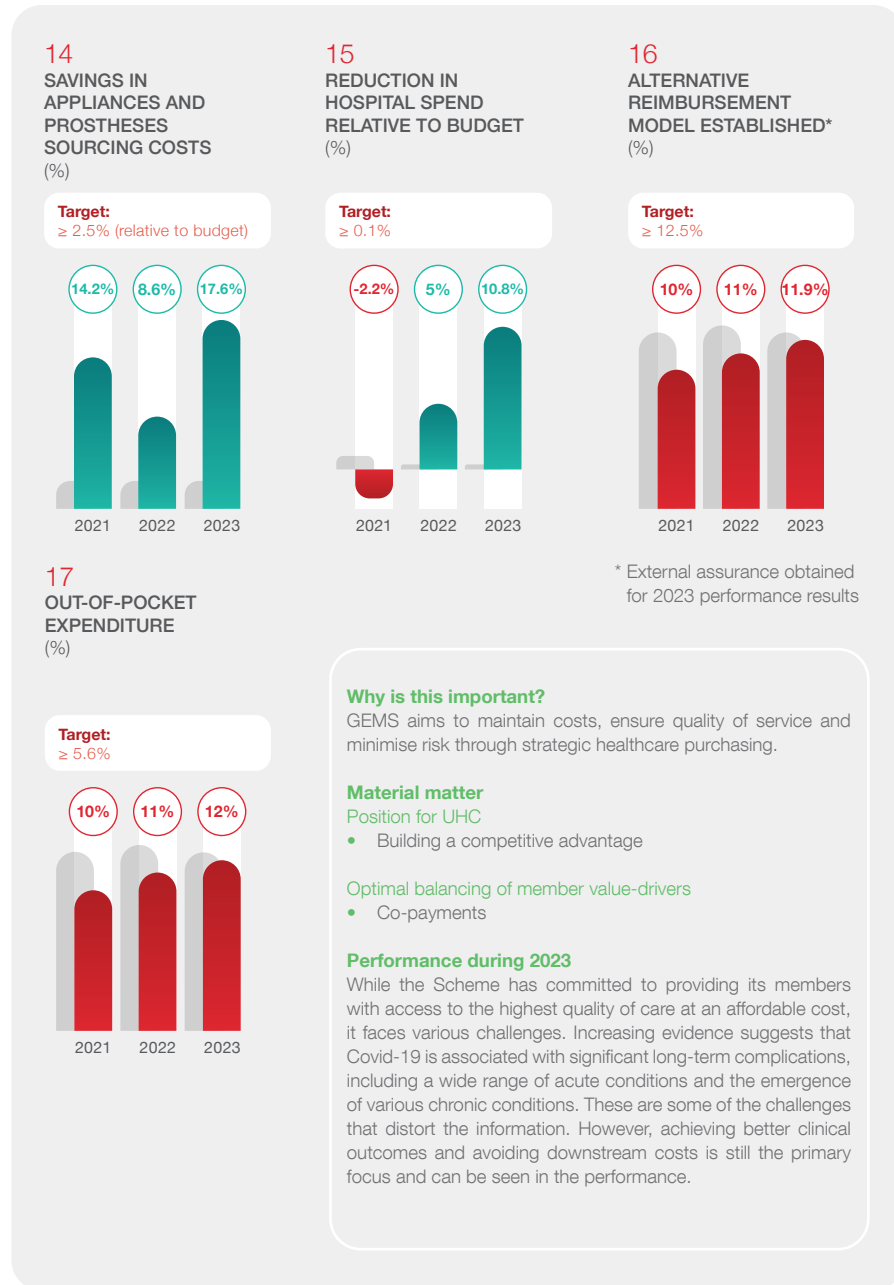


Figure 20: Healthcare practitioner network coverage

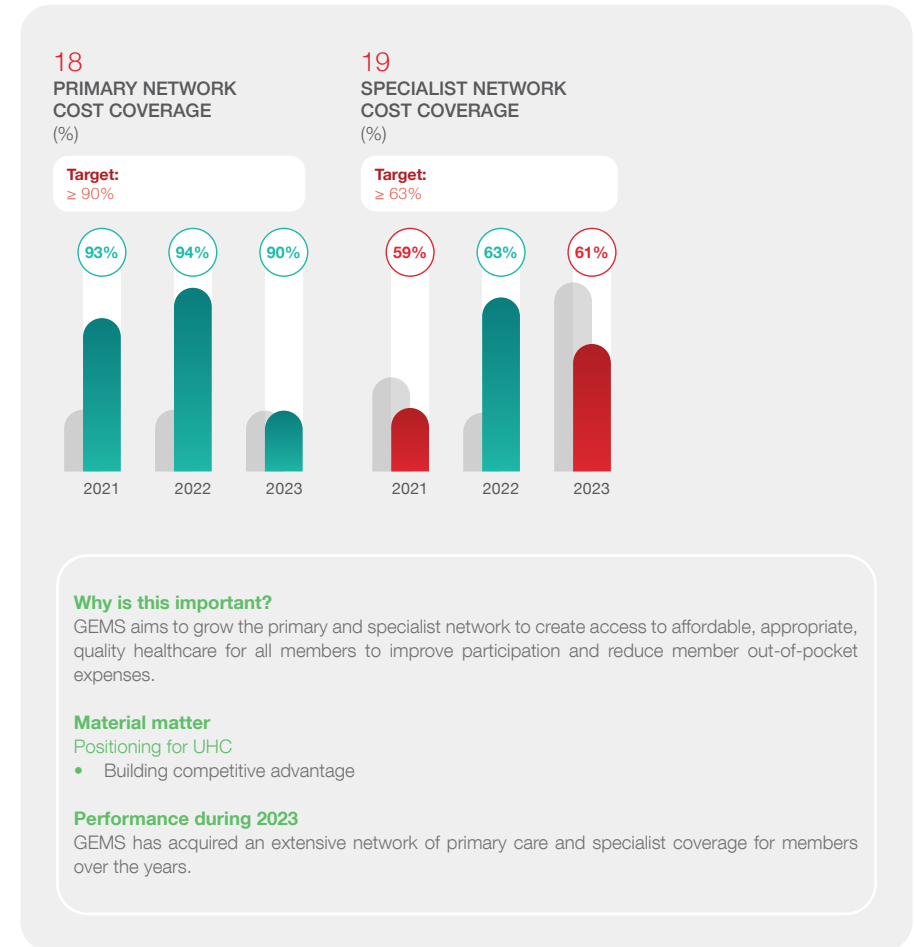
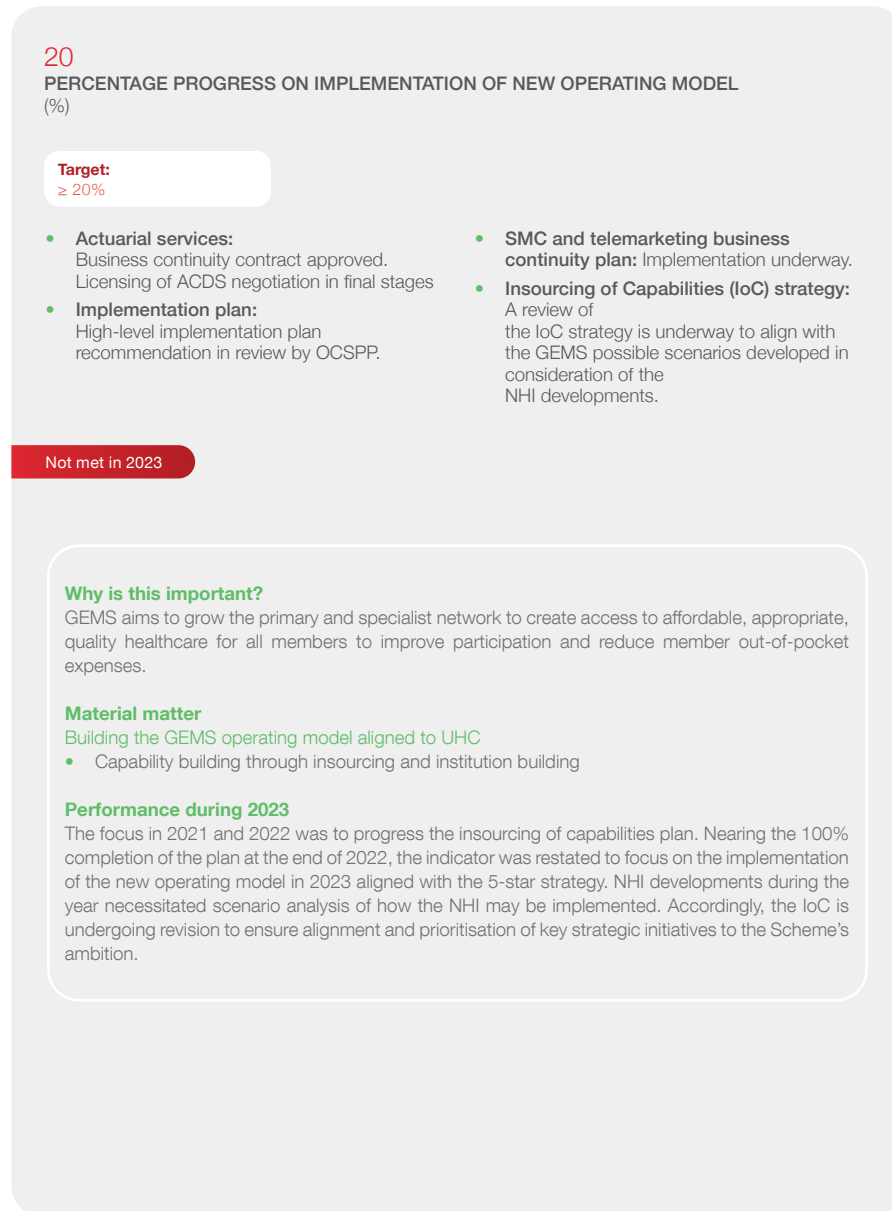


Figure 21: Fit-for-purpose capability build



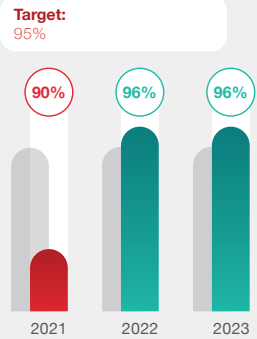
STRATEGIC OBJECTIVE 4: Be an agile, data-driven scheme

Figure 22: Automation, data management, analytics, bi and digital first



Figure 23: Cyber- and system security

23
PERCENTAGE PROGRESS ON THE DEVELOPMENT AND IMPLEMENTATION OF INFORMATION SECURITY MANAGEMENT CAPABILITY*
 (%)



*External assurance obtained for 2023 performance results

Why is this important?

Information security management is important for the protection of the Scheme's data and assets against potential threats and, more importantly, to protect data confidentiality, integrity and availability.

Material matter

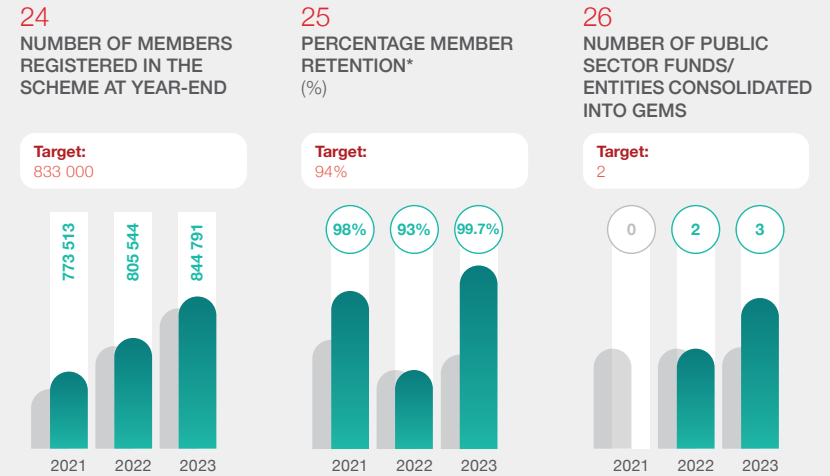
- Business resilience
- Cybersecurity

Performance during 2023

Throughout 2023, we refined cybersecurity operations at the Scheme. This included several areas to protect the Scheme on-premise and in the cloud. Additional security tools that have been integrated into the environment to improve the current security of the Scheme. Additionally, there has been a big drive to protect the Scheme's cloud environment by increasing controls.

STRATEGIC OBJECTIVE 5: Retain and grow membership

Figure 24: Sustainable member growth



*External assurance obtained for 2023 performance results

Why is this important?

In line with the principles of UHC to provide access to all, GEMS must grow sustainability, ensuring inclusion and progressive subsidisation.

Material matter

- Positioning for UHC
- Expanding GEMS membership

Optimal balancing of member value drivers

- Membership growth in the GEMS mandated market

Performance during 2023

The Scheme grew by 4.56% from 2022 to 2023, improving from the previous year's 3.97%. The membership growth trend shows a strong trajectory, driven by the Scheme's drive to consolidate public sector entities/funds into GEMS. Increasing member retention rates are a result of the Scheme's ability to offer and deliver comprehensive, quality healthcare services at an affordable price, even with increasing inflation. Strategic engagement with public sector entities are established to invite them to join the Scheme. To date, five entities have been consolidated into GEMS.

Figure 25: Ethical culture



Figure 26: Robust governance and compliance



Figure 27: Social responsibility

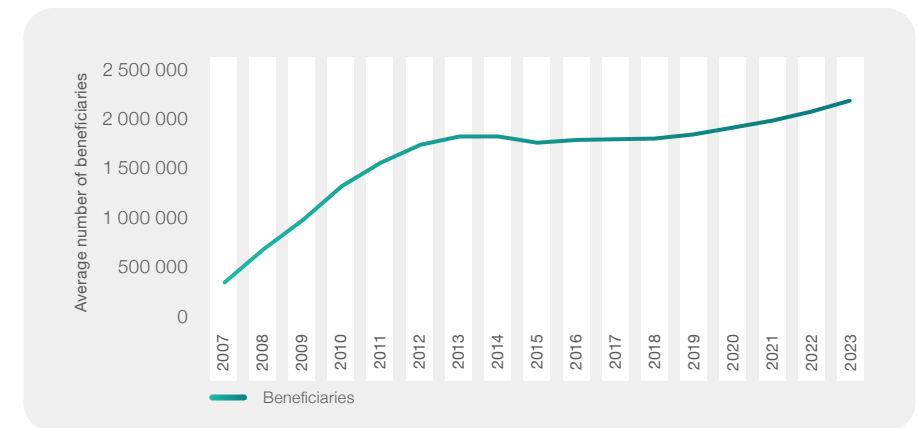


Performance continued

Achieving our membership growth targets

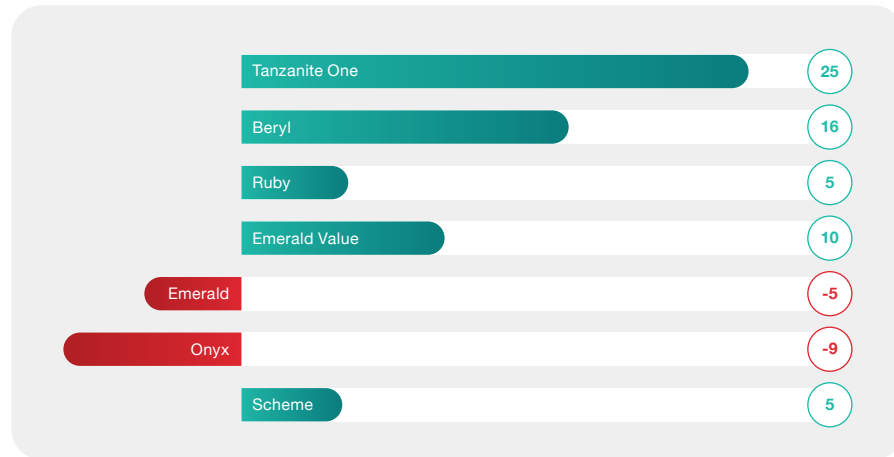
In 2023, the Scheme maintained an average of about 2.2 million beneficiaries (principal members and registered dependants). Over the past decade, we have experienced steady growth at an annual rate of 1.8%. By broadening the eligibility criteria, employees from qualifying public sector organisations can now enrol on GEMS. In 2023, the Special Investigating Unit, Legal Aid South Africa, Umalusi and the Border Management Authority entered into a memorandum of understanding with the Scheme, enabling their employees to become members of GEMS. This consistent growth demonstrates positivity in the Scheme's reach and impact, indicating increased access to healthcare services for a growing number of beneficiaries over time.

Figure 28: Beneficiary growth



Membership grew across Tanzanite One, Beryl, Ruby and Emerald Value options, but decreased in Emerald and Onyx. Emerald's decrease can be attributed to the Scheme promoting membership of the cost-efficient Emerald Value, which provides the same benefits as Emerald but at a lower cost due to efficiencies through care coordination. The high mortality rate, particularly among pre-92 members, is the primary factor behind the decline in membership on the Onyx option.

Figure 29: Membership growth by option (%)

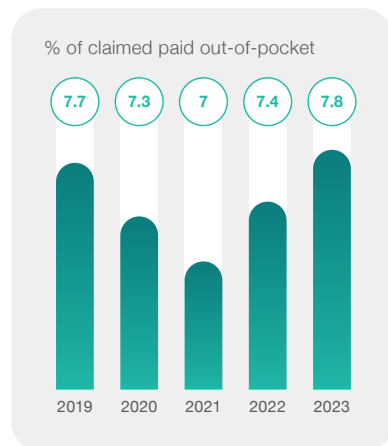


Our progress in ensuring real affordability:

Co-payments:

The Scheme regularly engages with healthcare providers and conducts member education to reduce co-payments that may burden members financially. Additionally, we consistently improve the benefits of our option plans and continuously expand our healthcare networks to minimise co-payments. Many co-payments are a result of member choices and can be avoided by opting for healthcare providers within the Scheme's network and selecting in-formulary medications.

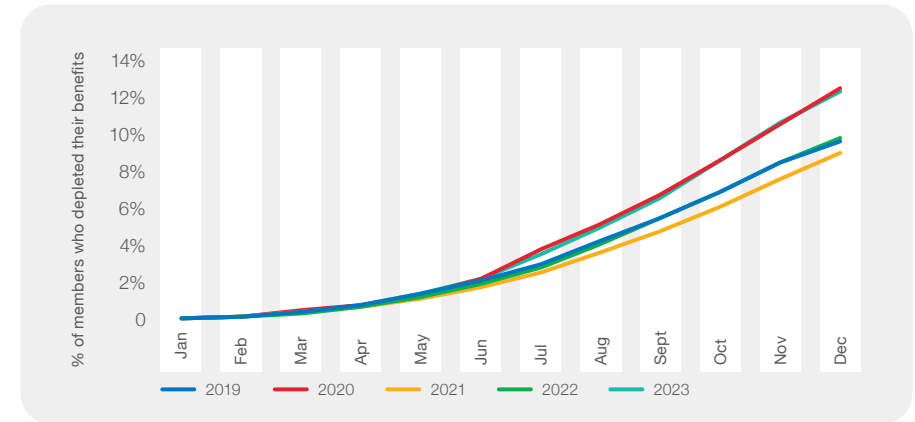
Figure 30: Co-payments as a portion of claims



Out-of-pocket expenses

The Scheme consistently enhances benefits to lower member out-of-pocket costs. Relative to other schemes, our benefits last significantly longer before depletion. The portion of claims paid out of pocket decreased slightly in 2023 from 2022.

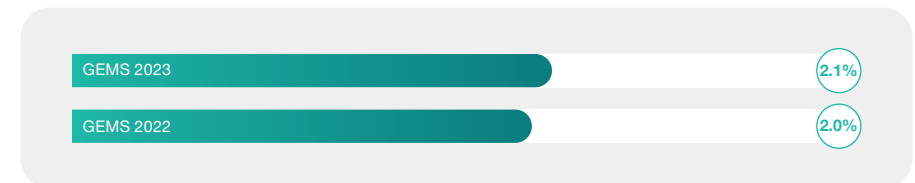
Figure 31: Percentage of members who exhausted benefits



Operating expenditure

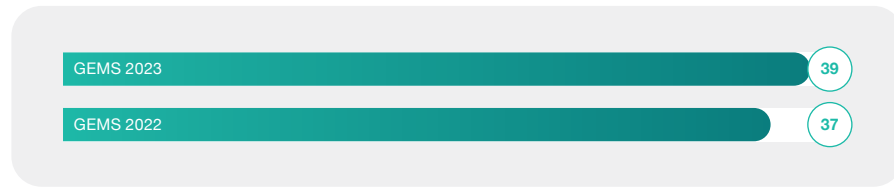
The Scheme consistently works towards enhancing operational efficiencies to minimise operating expenses. Effective management of operating expenses ensures that member funds primarily cover healthcare healthcare expenses. The graph provided below illustrates the comparison between GEMS' operating expense for the past two years.

Figure 32: Operating expenditure (%)



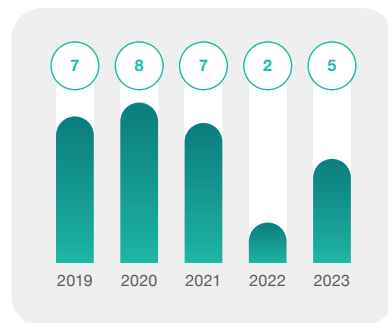
As membership continues to grow steadily, the Scheme has observed a below average inflation increase in operating expenses per beneficiary per month, attributed to the economies of scale. The graph below illustrates the operating expenditure per beneficiary per month.

Figure 33: Operating expenditure (R PBPM)



Contribution increases:

Figure 34: Contribution increases (%)



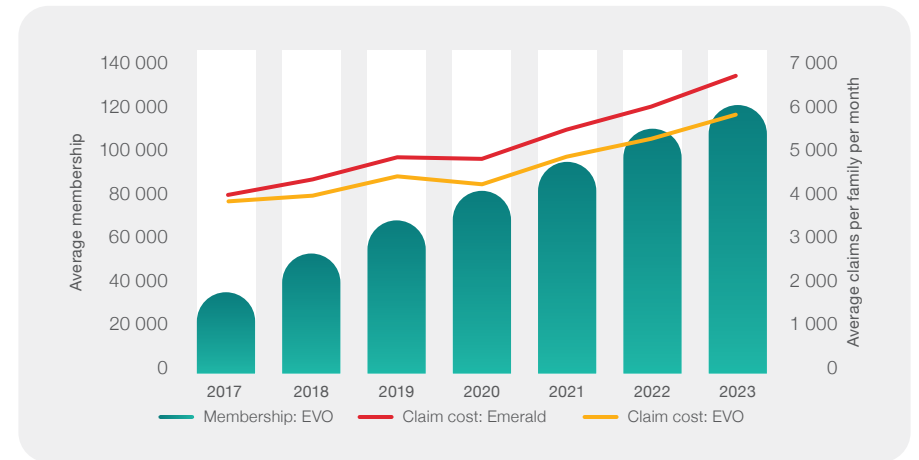
GEMS maintained a strong financial position over the past couple of years with healthy solvency levels. This has enabled us to continue offering exceptional value to members through higher levels of cover, while using member reserves to implement contribution increases below healthcare inflation. While prioritising long-term sustainability, the Scheme remains sensitive to the economic climate and the affordability challenges of members.

Our Tanzanite One and Emerald Value options remain competitive and are considered our 'products of the future'

Emerald Value:

EVO was introduced in 2017 as a cost-efficient alternative to Emerald, offering identical benefits. The primary distinction between the two lies in their provider networks and managed-care protocols. Through the Scheme's initiatives to transition members from Emerald to EVO, the membership base and number of dependants on the latter have grown steadily since inception.

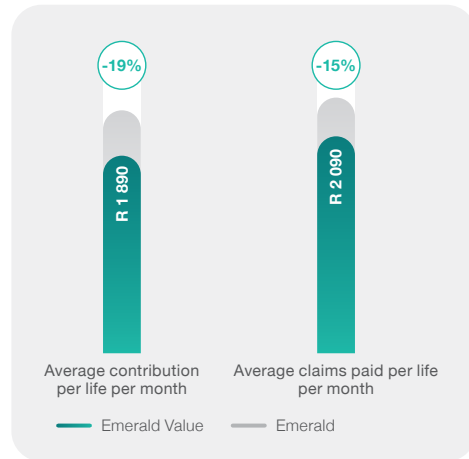
Figure 35: EVO membership and number of claims per family on EVO and Emerald



The dependant ratio on this option stands at 1.77, with 114 461 participating families totalling 222 127 beneficiaries. Typically, these families are larger and exhibit a slightly lower pensioner ratio than Emerald members. Currently, EVO is the fourth largest option on the Scheme in beneficiary count.

On average, EVO claims per life per month are 15% lower than Emerald's, attributable to its implementation of efficient network participation and care coordination. Moreover, average EVO contributions are about 19% lower than Emerald's. This indicates positive outcomes, as lower claims suggest more efficient healthcare use on EVO, while lower contributions imply cost savings for beneficiaries. This comparison is made after adjusting for the differences in the age profile of the two options.

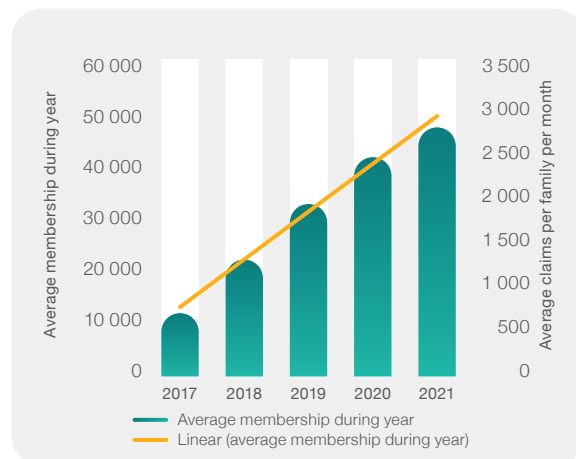
Figure 36: EVO contributions and claims



Tanzanite One:

Tanzanite One accounts for 23% of the Scheme's beneficiaries, making it the second-largest option in beneficiary count. On average, Tanzanite One members have the Scheme's largest families and exhibit the lowest chronic prevalence overall. Benefits paid on behalf of Tanzanite One members increased to more than R2 500 in 2023, up from R709 per family per month in 2019. The marked increase was anticipated and is due mainly to benefit enhancements including access to private hospitals when the option was introduced in 2020 to replace Sapphire.

Figure 37: Tanzanite One growth

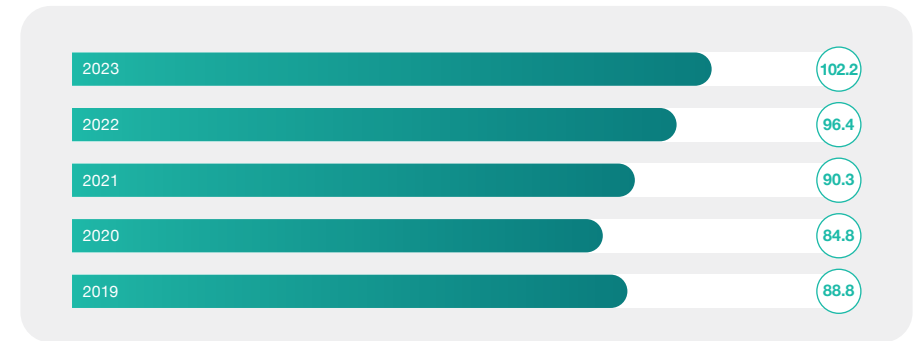


Claims:

Claims experience post Covid-19:

At the height of the Covid-19 pandemic in 2020, the claims ratio for GEMS stood at 82.4%, increasing slightly to 87.5% in 2021. In the near-post-Covid period, the claims ratio escalated, reaching 93.9% in 2022 before rising to 98% in 2023. These figures indicate a notable uptick in claim payouts relative to contributions received. GEMS applied lower increases in 2021 and 2022 and the upward trend in claims ratio is a function of both changing claims experience and the lower-than-typical contribution base.

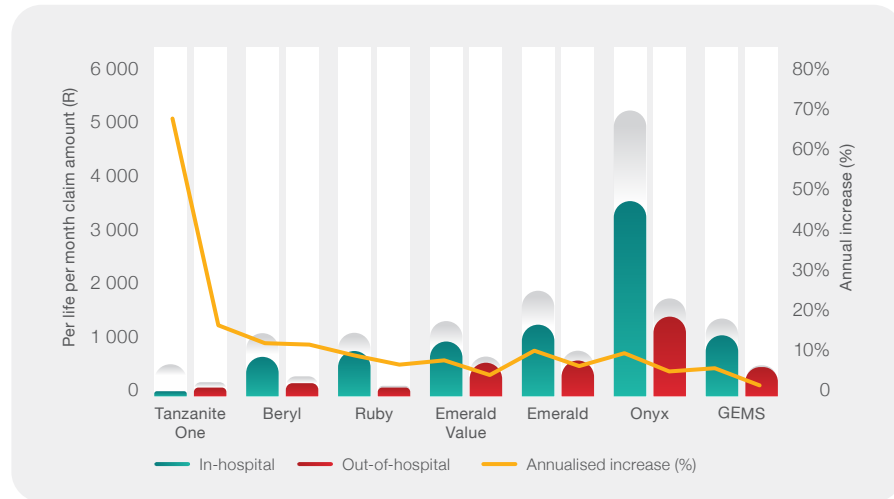
Figure 38: Claims ratio (%)



The Scheme has experienced a consistent upward trend in in-hospital costs post Covid-19, particularly costs associated with specialist, anaesthetist, radiology and pathology claims. The Scheme has also observed greater testing, especially specialised radiology scans such as MRIs and CT scans. This has, in part, been driven by a rise in elective procedures and increasingly complex clinical interventions. The significant increase in hospital costs for Tanzanite One is the result of benefit enhancements including access to private hospitals in 2020.

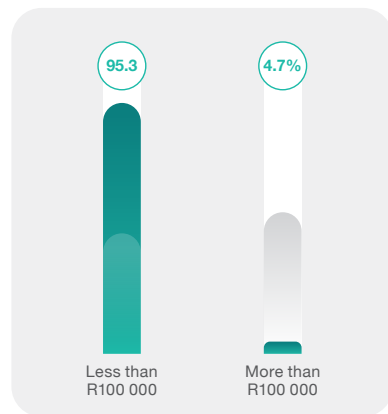
The comparison below includes the pre-Covid era to address the anomalies of the claims experience during the pandemic.

Figure 39: In-hospital and out-of-hospital per life per month claims pre-Covid and post-Covid



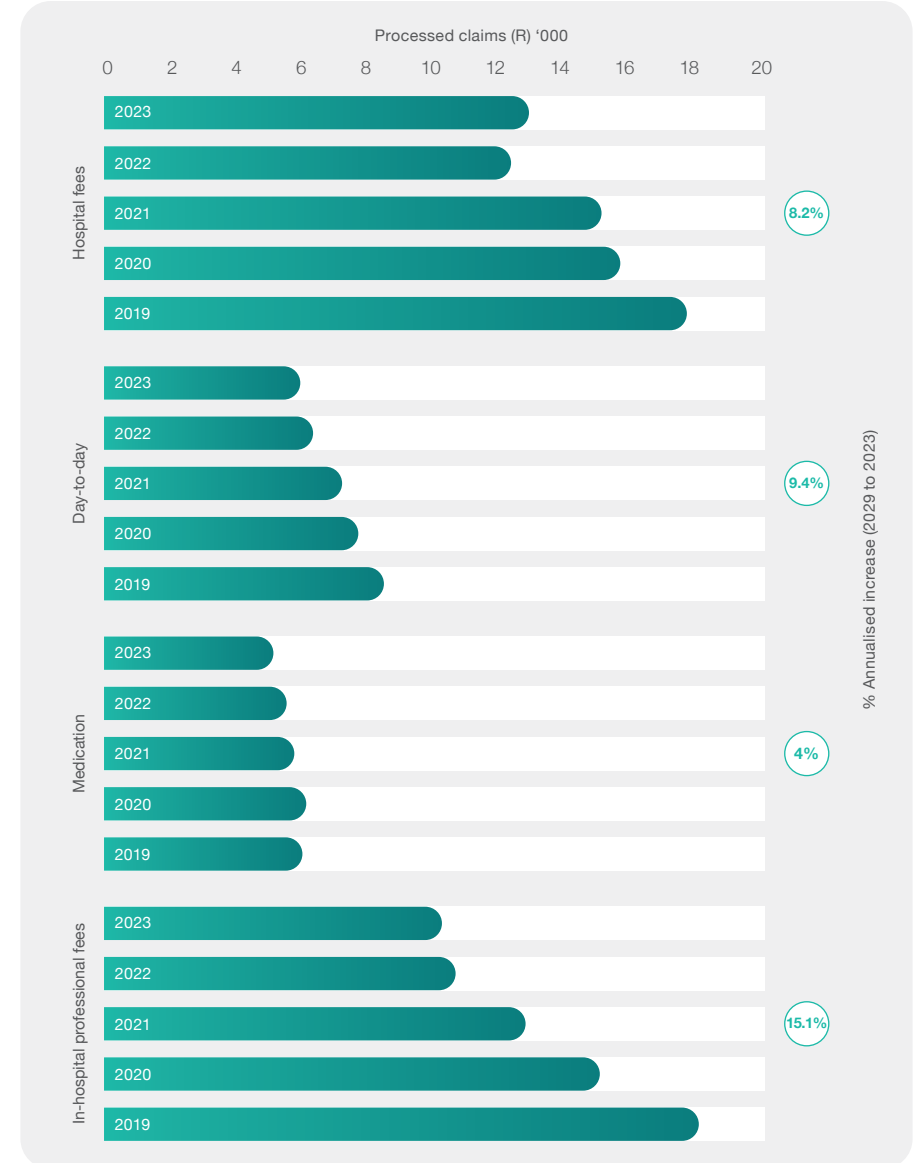
In 2023, the Scheme paid risk claims of R48.9 billion. This represents a 13.1% increase from 2022, during which risk claims amounted to R43.3 billion. In line with industry trends, a small proportion of members are responsible for most of the claims in any given year. The figure below shows that about 95.3% have claims below R100 000. In contrast, approximately 4.7% have claims above R100 000 and despite being a small proportion, their combined expenditures represented 54.3% of the total claims processed in 2023.

Figure 40: Claims processed below and above R100 000 (%)



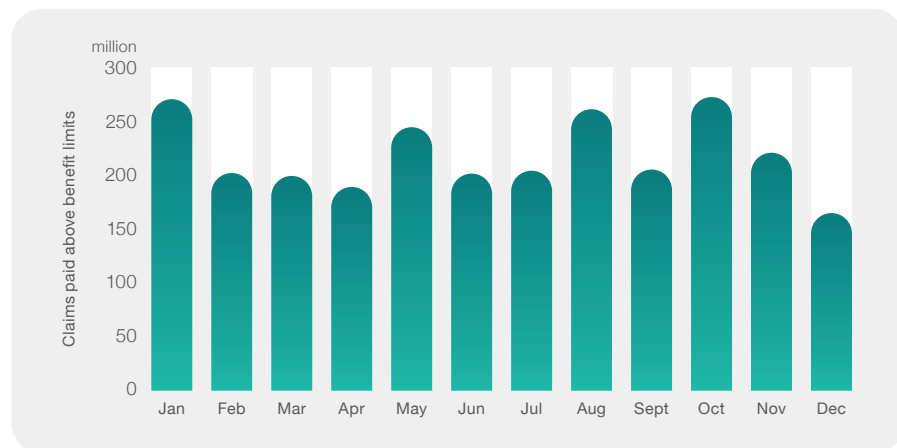
The chart below shows that in-hospital professional fees have increased significantly since 2019.

Figure 41: Annual increases in numbers of claims



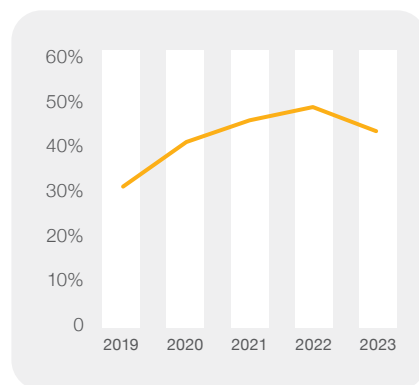
The paid amount for prescribed minimum benefits (PMB) claims in 2023 was R33.1 billion (2022: R33.2 billion). The amount paid above available benefits was R2.62 billion (2022: R2.38 billion). The average percentage per month was 7.9% (2022: 5.8%) above Scheme benefits. In 2019, PMB claims paid were R34.7 billion and the average percentage per month 5.4% above the Scheme benefits.

Figure 42: PMB claims paid above Scheme rates in 2023



The proportion of benefits paid on PMB claims is higher – at 66.7% – than most other schemes. According to the CMS report, PMBs constituted 51.9% of total benefits paid by medical schemes in 2020.

Figure 43: Reserve ratio 2019 to 2023



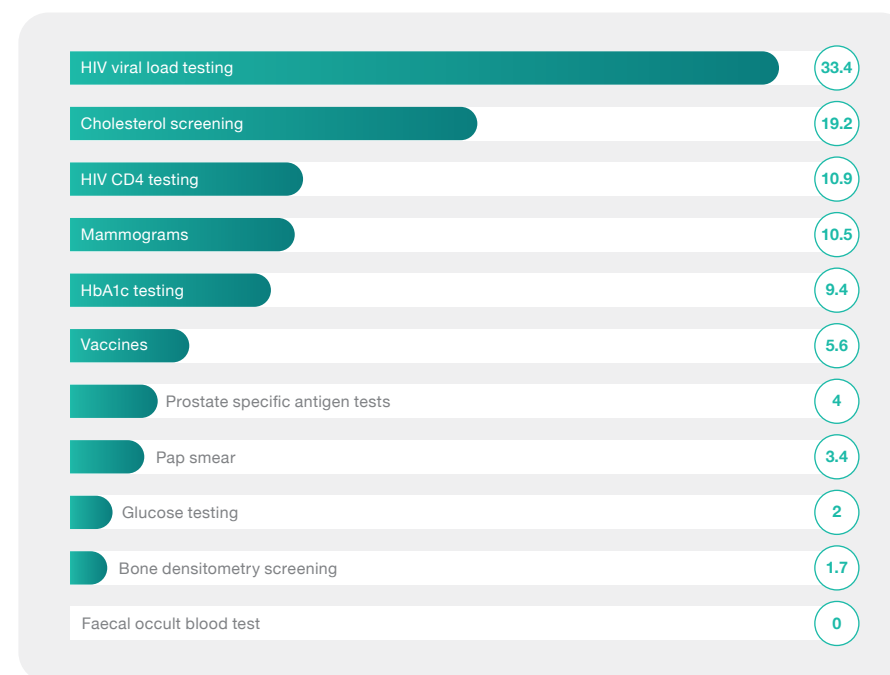
Historically, the Scheme's reserve ratio had fallen below the statutory minimum requirement of 25%. To rectify this, higher contribution hikes and effective measures were put in place to manage claims costs. From 2019 onwards, the Scheme experienced accelerated reserve ratio growth, from 31% to a peak of 48% by 2022. This accumulation of reserves was mainly a consequence of reduced healthcare use during the Covid-19 era.

The reserve ratio declined to 42% in 2023. The decline was a strategic effort aimed at using reserves to aid members amid economic challenges through low contribution increments, particularly in 2021 and 2022. This was undertaken with a clear understanding of the challenges our members were facing and to ensure the long-term sustainability of the Scheme.

Preventive care

The Scheme spent about R780 million (2022: R1 billion) on common screening, preventive care and disease management initiatives to proactively manage member health and reduce the burden of disease. We reported 59% of healthcare quality above industry average on predetermined Health Quality Assessment metrics.

Figure 44: Spend on screening, preventive care and disease management.



Financial performance

The total insurance revenue increased by 7.5% to R51.3 billion (2022: R47.7 billion) underpinned by the growth in membership. The insurance service expense increased by 14.7% to R53.4 billion (2022: R48.8 billion) driven mainly by the increase in hospital and in-hospital professional fees. The insurance revenue and insurance services expenses, made up primarily of risk-incurred claims, accredited managed healthcare costs and telemarketing costs, were previously referred to as risk contributions and claims incurred. Other directly attributable expenses, comprised mainly of administration and managed healthcare costs, increased by 10% to R2.9 billion (2022: R2.6 billion), while other expenditure, previously referred to as non-healthcare costs, increased by 12.4% to R1.1 billion (2022: R900 million). The increase in these costs reflects the growth in membership and inflation.

The investment portfolio delivered returns of R2.4 billion (2022: R1.6 billion), demonstrating a payoff from robust investment strategies. The Scheme also received R600 million (2022: R400 million) from National Treasury for the subsidisation of high healthcare costs incurred by the pre-92 members (a group of pensioners transferred to GEMS from Medihelp). The net deficit for the financial year amounted to R845 million (2022: Net surplus of R1.4 billion). The principle of mutualisation in IFRS 17 requires the classification of accumulated reserves as insurance contract liability to future members. In terms of this principle, the net deficit is transferred to insurance contract liability to future members and not reflected in the statement of comprehensive income.

Table 8

Per member cost analysis

	Tanzanite One option		Beryl option		Ruby option	
	2023	2022	2023	2022	2023	2022
Number of registered new members	26 567	23 668	12 814	10 009	11 345	10 254
Number of resigning members	4 412	3 307	3 249	2 824	4 681	4 448
Chronic prevalence of beneficiaries	8.12%	7.44%	15.72%	15.39%	18.37%	17.91%
Average number of members during the year	137 597	120 537	75 061	69 453	124 504	121 498
Number of members at 31 December 2023	150 163	120 537	80 491	69 453	127 758	121 498
Number of beneficiaries at 31 December 2023	517 561	408 049	220 404	189 973	336 685	321 722
Dependant ratio to members at 31 December 2023	3.45	3.39	2.74	2.74	2.64	2.65
Insurance revenue (IR) pabpm	826	777	1 348	1 282	1 706	1 616
Insurance service expense pabpm	1 553	1 449	1 955	1 793	2 031	1 852
Relevant healthcare expenditure incurred pabpm	1 503	1 400	1 892	1 733	1 966	1 790
Directly attributable insurance service expenses pabpm	50	49	63	61	66	63
Insurance service expense ratio	188%	186%	145%	140%	119%	115%
Relevant healthcare expenditure ratio	182%	180%	140%	135%	115%	111%
Directly attributable insurance service expenses ratio	6%	6%	5%	5%	4%	4%

EVO		Emerald option		Onyx option		Total Scheme	
2023	2022	2023	2022	2023	2022	2023	2022
8 281	6 734	13 020	13 365	315	369	72 342	64 399
4 379	3 777	13 050	12 812	1 431	1 477	31 202	28 645
28.41%	27.89%	34.12%	32.6%	75.80%	74.05%	23.73%	24.04%
120 184	114 461	346 063	358 951	19 495	20 644	822 901	805 544
125 591	114 461	341 935	358 951	18 853	20 644	844 791	805 544
347 719	316 940	824 366	875 578	30 987	27 937	2 274 672	2 143 249
2.77	2.77	2.41	2.44	1.64	1.35	2.69	2.66
1 993	1 889	2 596	2 450	4 658	5 377	1 880	1 855
1 934	1 771	2 221	2 011	3 257	3 625	1 988	1 844
1 871	1 712	2 149	1 943	3 152	3 502	1 924	1 781
62	60	72	68	105	122	64	62
97%	94%	86%	82%	70%	67%	106%	99%
94%	91%	83%	79%	68%	65%	102%	96%
3%	3%	3%	3%	2%	2%	3%	3%

Investment report

The Finance and Investment Committee was set up by the Board of Trustees to assist the Scheme with investment oversight. The committee uses external investment experts in developing an appropriate investment strategy and monitoring investment performance and risks.

The strategy ensures that invested capital is preserved, optimum liquidity position is maintained and investment returns are optimised within the constraints of the Scheme's risk profile. It also makes sure that investment income earned on invested assets provides a margin against unexpected adverse operating results, limiting impact on operating results.

The strategy was formulated with full cognisance of the regulatory framework and in compliance with all aspects of regulations 29 and 30 of the MSA and annexure B.

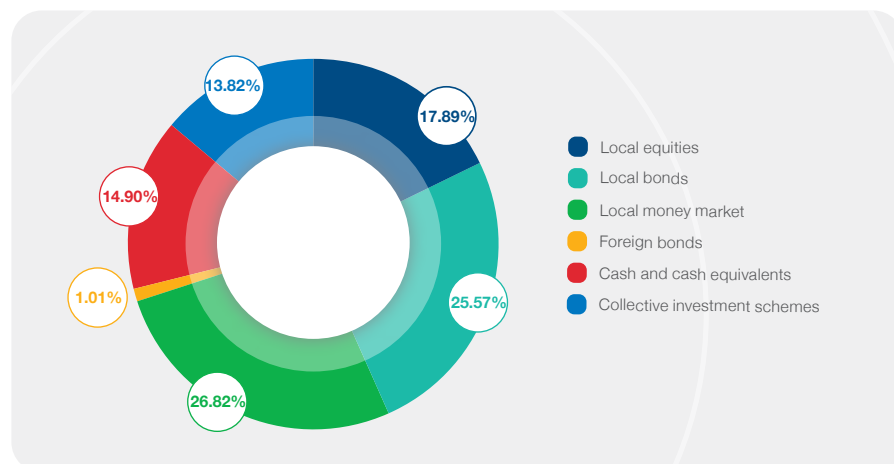
Strategic asset allocation

The Scheme's investment portfolio is adequately diversified and managed to preserve capital and optimise returns within the approved risk appetite. Strategic asset allocation is reviewed annually to ensure appropriateness to market conditions and investment strategy targets. The review is done with the Scheme's investment consultants (see page 205) for information on the investment consultants).

The Scheme's strategic allocation from 2022 to 2025 focuses on growth, increasing allocation to equity markets to achieve a long-term investment target of CPI+3.5% over the long term. This decision considers healthcare inflation and the Scheme's risk-bearing capacity and aligns with prudent risk-taking. To address short-term liabilities, a portion of assets remains invested in money markets and cash.

At end-December 2023, the Scheme's investment funds were spread in the asset classes below:

Figure 45: Investments per asset class



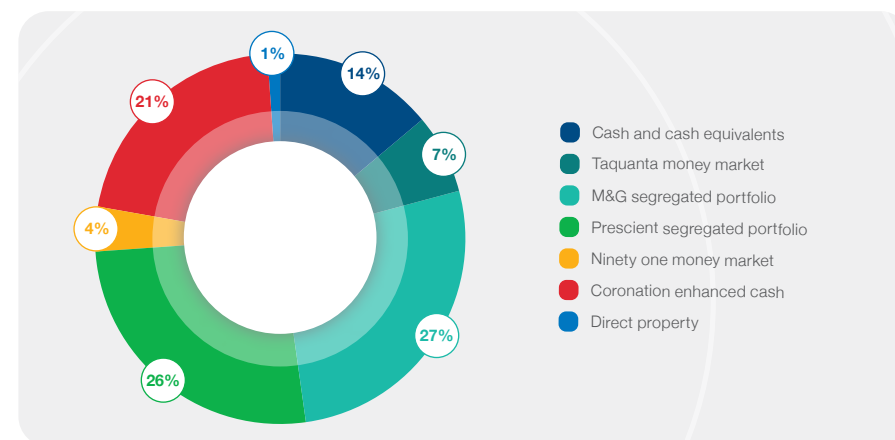
The execution of the investment mandate involves a diversified portfolio of asset managers (page 205), supervised jointly by the Scheme and an independent investment consultant. This strategy seeks to leverage the diverse expertise of the asset managers and reduce the risk of over-concentration. The Scheme had the following investment portfolios for the year:

1. Money markets
2. Absolute returns
3. Enhanced income

Asset spread

At 31 December 2023, the Scheme's total investment funds amounted to R27.9 billion (2022: R28.0 billion). This sum comprised R4.2 billion in cash and cash equivalents under the Scheme's direct control, R23.7 billion managed by the asset managers and a direct property holding valued at R242.8 million.

Figure 46: Spread of assets at 31 December 2023



Investment performance

The investment portfolio of the Scheme has exhibited resilience in the face of a volatile investment environment, delivering an absolute return of R2.4 billion (2022: R1.6 billion). This translates to an average percentage return of 9.47% (2022: 6.47%), which fell slightly short of the long-term target of 9.5% (2023 average CPI+3.5%). Key factors influencing investment performance included persistent inflation, subsequent monetary tightening by major central banks, geopolitical tensions between the US and China and disruptions in the banking sector caused by the failures of Silicon Valley Bank and Credit Suisse.

Locally, market dynamics were influenced by concerns about the government's perceived close ties with Russia, apprehensions regarding the country's eligibility to retain benefits under the African Growth and Opportunity Act and persistent power outages. These factors have contributed to an atmosphere of uncertainty, heightened risk and volatility in the markets. Despite these challenges, the Scheme intends to maintain its holdings in growth assets, anticipating returns that exceed the long-term target.

The investment values and average effective interest rates for the year ended 31 December 2023 are reflected in the table below:

Table 9: Investment values and average effective interest rates for year ended 31 December 2023

Asset	2023 '000	2022 '000	2023 return on investment %	2022 return on investment %
Current accounts	1 069 349	937 801	6.46%	3.79%
Call accounts	2 825 093	2 750 688	7.95%	5.21%
Cash and call accounts with asset managers	284 619	494 922	7.73%	
Asset managers	23 669 097	23 874 076	8.16%	6.83%
Total	27 848 158	28 057 487	9.47%	*6.47%

*The return represents the total average return from funds invested with asset managers and includes the amount classified as cash and call accounts managed by asset managers

Conclusion

The Scheme remains steadfast in its commitment to a long-term investing strategy, avoiding short-term cash havens during volatile times. A purposeful shift last year towards growth assets has produced strong returns, contributing significantly to the positive 2023 performance. The investment target returns for 2024 remain set at CPI+3.5%. This strategy is executed efficiently, managing risks.

The Scheme closely oversees the performance of its asset managers, working with investment consultants to ensure adherence to investment mandates. Identifying, assessing and proactively mitigating potential downside risks that could deplete the Scheme's invested assets remain priorities.

GEMS, not being an institutional investor, subscribes to the principles and recommended practices of the Code of Responsible Investing in South Africa. The Finance and Investment Committee annually reviews alignment with the code.





**STATEMENT OF
RESPONSIBILITY AND
EXTRACT FROM 2023
ANNUAL FINANCIAL
STATEMENTS**

The Board of Trustees is responsible for the preparation, integrity and fair presentation of the GEMS annual integrated report and financial statements. The statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the MSA and include amounts based on judgments and estimates by management.

Accounting policies applied by the Scheme are informed by and updated, when required, according to CMS circulars, the Annual Medical Schemes Accounting Guide issued by SAICA and the latest IFRS developments. The trustees consider that, in preparing the annual financial statements, they have used the most appropriate accounting policies, consistently applied them and supported their application with reasonable and prudent judgments and estimates.

The Board adopted the King IV Report on Corporate Governance for South Africa and the Scheme applies the practices where appropriate to the business of a medical scheme and its trustees.

The trustees are satisfied that the information contained in the annual integrated report fairly presents the results of operations for the year and the financial position of the Scheme at year-end. The trustees also prepared the other information in the report and are responsible for both its accuracy and consistency with the annual financial statements.

The trustees ensure that adequate accounting records are maintained and that they disclose with reasonable accuracy the financial position of the Scheme, which enables them to ensure that the annual financial statements comply with legislation.

The trustees are also responsible for internal controls that enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining an effective system of risk management.

GEMS operates in a well-established control environment, which is well documented and regularly reviewed. This environment incorporates risk management and internal control procedures designed to provide reasonable, but not absolute, assurance that assets are safeguarded and that risks facing the business are assessed and controlled.

The going-concern basis has been adopted in preparing the annual financial statements. Based on forecasts and available cash resources, the trustees have no reason to believe that the Scheme will not be a going concern in the foreseeable future. These annual financial statements support the viability of the Scheme.

The Scheme's external auditor, Deloitte, audits the statements in terms of international auditing standards and its unqualified report is presented with the Scheme's annual financial statements.

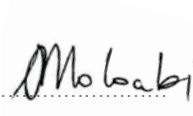
The annual financial statements for 2023 were approved by the Board of Trustees on 09 October 2024 for distribution to members and are signed on its behalf by:



Dr Nomzamo Tutu
Chairperson
11 October 2024



Nkobane Ntshane
Deputy Chairperson
11 October 2024



Dr BOS Moloabi
Principal Officer
11 October 2024

The financial information below has been extracted from and is in agreement with the annual financial statements of the Scheme for the 2023 financial year. The full annual financial statements can be found at www.gems.gov.za or by calling 0860 004 367.

Statement of Financial Position as at December 31, 2023

	Note(s)	2023 R '000	Restated 2022* R '000	Restated 1 Jan 2022* R '000
ASSETS				
Intangible assets	5	836	1 672	3 343
Property, plant and equipment	3	251 555	265 821	283 061
Right-of-use assets	4	3 880	4 609	4 081
Other receivables	7	365 172	257 201	199 414
Financial assets at fair value through profit or loss	6	23 669 097	23 874 076	23 252 985
Cash and cash equivalents	8	4 179 061	4 183 411	3 170 701
Total Assets		28 469 601	28 586 790	26 913 585
LIABILITIES				
Insurance contract liability to future members	10	23 234 746	24 079 762	22 668 989
Lease liabilities	4	3 802	4 492	4 322
Insurance contract liabilities	14	5 057 127	4 259 846	4 117 806
Other payables	9	173 926	242 690	122 468
Total Liabilities		28 469 601	28 586 790	26 913 585

* 2022 balances are restated due to the impact of IFRS 17.

It should be noted that as part of the transition to IFRS17, the Scheme considered that the reclassification of the Statement of Financial Position from a non-current versus current split to the order of liquidity is more meaningful. As such, the Statement of Financial Position has been reclassified accordingly in the order of liquidity.

Statement of Profit or Loss and Other Comprehensive Income as at December 31, 2023

	Note(s)	2023 R '000	Restated 2022* R '000
Insurance revenue	12	51 312 492	47 702 634
Insurance service expenses	12	(53 425 262)	(48 826 810)
Insurance service result		(2 112 770)	(1 124 176)
Other income		3 188 743	2 081 263
Investment income	17	2 457 459	1 606 997
Sundry Income	18	731 284	474 266
Other expenditure		(1 075 973)	(957 087)
Asset management services expenses		(83 842)	(68 196)
Finance costs		(463)	(406)
Other operating expenses	15	(991 668)	(888 485)
(Loss)/profit for the year		-	-
Other comprehensive income for the year		-	-
Total comprehensive (loss)/income for the year		-	-

* 2022 balances are restated due to the impact of IFRS 17.

Statement of Changes in Members' Funds and Reserves as at December 31, 2023

	Accumulated funds R '000	Total members funds and reserves R '000
Balance – 1 January 2022 (as previously reported)	22 897 867	22 897 867
Change in accounting policies – IFRS 17	(228 878)	(228 878)
Transition restatement*	(22 668 989)	(22 668 989)
Balance as at 1 January 2022 (restated)	-	-

* Refer to note 32 describing the impact of the adoption of IFRS 17.

Statement of Cash Flows as at December 31, 2023

	Note(s)	2023 R '000	2022* R '000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from members and providers		51 350 996	47 753 395
Cash paid to providers, employees and members		(53 900 146)	(47 646 126)
Cash (used in)/generated from operations*	21	(2 549 150)	107 269
Interest paid		(463)	(406)
Net cash (used in)/from operating activities		(2 549 613)	106 863
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	3	(4 215)	(1 891)
Proceeds from sale of property, plant and equipment	3	7	107
Purchases of financial assets		(24 477 328)	(27 206 829)
Proceeds from disposal of financial assets		24 974 980	26 504 922
Interest received on cash and cash equivalent		96 951	52 010
Interest received on financial assets at fair value through profit or loss		1 578 249	1 288 878
Dividends received	17	292 303	162 996
Realised gains	17	87 888	111 093
Net cash from investing activities		2 548 835	911 287
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments on lease liabilities	4	(3 572)	(5 440)
Net increase/(decrease) in cash and cash equivalents		(4 350)	1 012 710
Cash and cash equivalents at the beginning of the year		4 183 411	3 170 701
Cash and cash equivalents at the end of the year	8	4 179 061	4 183 411

* 2022 balances are restated due to the impact of IFRS 17.



AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 December 2023.

The mandate of the Audit Committee requires it to adhere to high-quality corporate accountability standards, oversee the quality of the financial reporting process and control systems, and maintain a high degree of integrity in both the external and internal audit processes. For the 2023 financial year, Audit Committee meetings were held via a hybrid model, which the Board has approved as a way of work.

The committee reviewed the annual integrated report and considered all factors that may affect its integrity. The Scheme's internal and external auditors reviewed selected key performance measures included in the report to confirm that they were reliable and did not conflict with the financial information in the report.

Significant matters considered on the annual financial statements

The going-concern basis was adopted in preparing the annual financial statements. Based on forecasts and available cash resources, the Audit Committee has no reason to believe that the Scheme will not be a going concern in the foreseeable future. These annual financial statements support the viability of the Scheme.

We have reviewed and discussed with the external auditor and management the audited 2023 annual financial statements and we believe that they comply, in all material respects, with the Medical Schemes Act No 131 of 1998 and International Financial Reporting Standards. The committee received assurance that sound financial controls are in place and that fraud and ICT risks related to financial reporting have been adequately addressed.

External auditor independence and quality

The committee was involved in the appointment of the external auditor and following its assessment of the auditor, was satisfied that the appointment complied with Section 36(3) of the Medical Schemes Act No 131 of 1998, as amended.

Furthermore, the committee approved the external auditor's engagement letter, audit plan and budgeted fees for the year ended 31 December 2023. The Scheme maintains the Non-audit Services and Consulting Services Policy, which describes prohibited services by the external auditor and services requiring prior approval of the Audit Committee.

We are satisfied that the Audit Committee approved limited assurance of selected key performance indicators included in this integrated report and that the Scheme's external auditor did not perform prohibited work during the 2023 financial year. The designated audit partner from the Deloitte and OMA consortium, which has been with the Scheme since 2016, was rotated out based on the auditor's rotation policy and the new designated audit partner from Deloitte began her tenure in 2021. Assurance was sought and provided by the auditors that internal governance processes at the audit firms support and demonstrate their claim to independence.

Effectiveness of the Chief Audit Executive and arrangements for internal audit

The Scheme's Chief Audit Executive reports functionally to the Audit Committee and administratively to the Principal Officer. The Internal Audit Function has an appropriate and formal charter, which was approved by the Audit Committee in 2023. We are satisfied that the Internal Audit Function of the Scheme is independent and has the skills and resources to perform its duties.

In addition to using in-house resources to deliver on the internal audit mandate, the Scheme's Internal Audit Function is supplemented by specialists from the panel of internal audit service providers where required. Internal audit provided quarterly reports to the Audit Committee on assurance results and progress against its strategic objectives.

Design and implementation of internal financial controls

The Scheme's Internal Audit Function reviewed the design and operating effectiveness of internal financial controls, with the overall objectives of the controls tested being achieved. Controls tested by internal audit did not identify any failures that led to material financial errors or losses, fraud or corruption. Based on this assurance, we are satisfied that the financial resources and systems of internal control are appropriately managed.

Furthermore, the external auditors have issued an unqualified audit opinion that the 2023 annual financial statements are a fair reflection that the Scheme's activities and accounting practices have been applied appropriately. In line with the International Standard on Assurance Engagements 3402, assurance reports were received from Scheme Administrators' Auditors. Their findings, which did not present material exposure to the Scheme, were considered.

Key focuses during the reporting period

Cybersecurity controls and their oversight, together with a key focus on supply chain activities, continued to be a priority for the committee during 2023.

The committee receives reports from internal audit on the implementation progress of forensic investigations (including those stemming from the 2017 tender investigation) recommendations by management.

Effectiveness of the Chief Financial Officer and the Finance Function

The committee reviewed the expertise, resources and experience of the Scheme's Finance Function and believes that the Chief Financial Officer and other finance staff have the required competence and skills. Financial reporting was of a high standard throughout the financial year as evidenced by an unqualified external audit opinion.

Combined assurance

The Scheme's Chief Audit Executive leads the Scheme's combined assurance model. During the review period, GEMS' combined assurance providers included external providers such as the respective internal audit functions of the Scheme's service provider network. Plans and reports received by the Audit Committee for the financial year provided a view of combined assurance coverage from various assurance providers.

Results stemming from such assurance activities were presented to the Audit Committee, with any areas recommended for remediation noted and monitored for closure. Combined assurance mapping has been reviewed and will continue to be reviewed regularly to ensure that all key issues affecting the Scheme are covered and that adequate assurance coverage exists. Based on internal audit submissions, the Audit Committee is satisfied with the effectiveness of combined assurance arrangements.

Conclusion

The committee recommended the annual financial statements to the Board of Trustees for approval. We are satisfied that the committee fulfilled the responsibilities in its charter for the reporting period. The committee thanks the Board of Trustees for its continued support.



Joe Lesejane
Chairperson: Audit Committee
11 October 2024





GOVERNANCE AND REMUNERATION

Statement of corporate governance

GEMS is committed to the principles and practices of fairness, openness, integrity and accountability in all dealings with its stakeholders. The Board conducts all its affairs ethically and within a recognised framework comprising the Rules of GEMS, the GEMS governance framework, the GEMS Board Charter and Scheme policies.

The Scheme acknowledges its role in the medical schemes industry as well as its responsibilities to each beneficiary and the community. The Scheme recognises that sustainability is achieved only through strong relationships with all stakeholders and responsible management of risk.

TRANSPARENCY AND ETHICS

The Scheme has adopted a stakeholder-inclusive approach to corporate governance and is bound by mandates and principles of treating members fairly. The close stakeholder relationship and the election and appointment of the Board of Trustees by the members and the employer allow the Scheme to recognise the concerns and objectives of stakeholders in decision-making.

The Board of Trustees acknowledges that the perception of stakeholders affects the reputation of the Scheme. Therefore, clear and open communication with stakeholders enhances the reputation of the Scheme. The trustees have produced a holistic and reliable integrated report to illustrate both the financial and non-financial performance of the Scheme.

BOARD OF TRUSTEES

The Board of Trustees is responsible for the stewardship and governance of the Scheme. The trustees are elected and appointed by the members of the Scheme and the employer (MPSA) respectively, according to the provisions of Medical Schemes Act No 131 of 1998, as amended, and the Rules of the Scheme. The trustees are representatives of the Scheme's members and are legally responsible for the management and strategic direction of the Scheme on behalf of the members.

The Board meets regularly and monitors the performance of the Scheme's employees, administrators and other contracted service providers. The Board addresses issues and ensures that discussion of strategy, policy, risk management, fraud management and operational performance are critical, informed and constructive. The affairs of the Scheme are managed according to the Rules of the Scheme and adhere to all aspects of governance as required by the MSA, as amended. The Board is committed to the principles of the King IV Report on Corporate Governance for South Africa.

Following the RBO process, the Board resolved to hold the Board effectiveness assessment every year from 2024. The Chairperson meets with individual trustees one-on-one during induction training of new trustees and should the need arise.

All trustees have access to the Principal Officer and, where appropriate, may seek independent professional advice at the expense of the Scheme.

INTERNAL CONTROLS

Management and the administrators of the Scheme maintain internal controls and systems to provide reasonable assurance of the integrity and reliability of the financial statements and to

safeguard, verify and maintain accountability for its assets. Such controls are based on established policies and procedures and are implemented by trained personnel with appropriate segregation of duties.

The GEMS Internal Audit Function performs an independent analysis of the controls of the Scheme and those of service providers as part of its annual audit plan.

The Board-appointed Risk, Social and Ethics Committee consisting of Board members and attended by senior management of the Scheme assesses the risk register and plans to mitigate risks. This committee reports to the Board of Trustees independently.

Annually, the Board assesses risks facing the Scheme and determines their impact and likelihood through development of a strategic risk register. Once the register is approved by the Board, monitoring of the implementation of mitigation measures and internal controls takes place at least quarterly. No event nor item came to the attention of the Board of Trustees during the year that indicates any material breakdown in the functioning of the key internal control and systems.

INTEGRATED REPORTING

The Board of Trustees acknowledges its responsibility for assuring the integrity of the annual integrated report.

The Board approved an Integrated Reporting Policy, which is applied by management in developing the integrated report.

The Board considered and approved the GEMS definition of value creation and the prioritised material matters that form the basis of the 2023 annual integrated report.

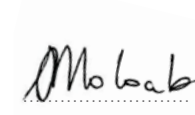
It has applied its collective mind to the report's preparation and presentation.



Dr Nomzamo Tutu
Chairperson
11 October 2024



Nkobane Ntshane
Deputy Chairperson
11 October 2024



Dr BOS Moloabi
Principal Officer
11 October 2024

GEMS is governed to protect and maintain value

In this section, we disclose how the GEMS governance structure support GEMS' ability to create value

Structures and processes for governance

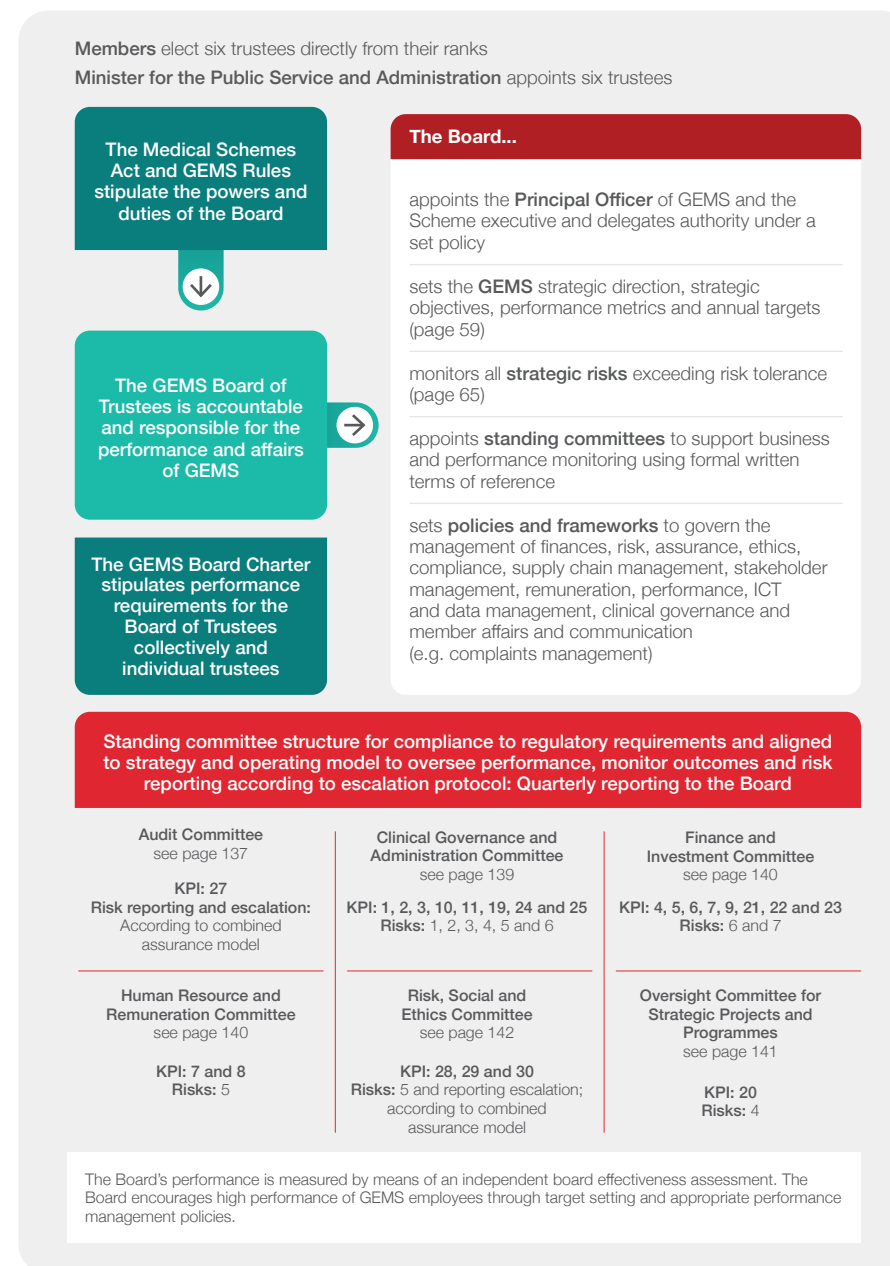
An independent Board of Trustees forms the core of the Scheme's corporate governance structure and is ultimately accountable and responsible for the performance and affairs of the Scheme.

The GEMS Board Charter defines the governance parameters within which the Board operates, sets out the role, responsibilities and duties of the Board and trustees collectively, as well as certain roles and responsibilities incumbent on trustees. As such, the charter is aligned to the provisions of the MSA, as amended, its regulations, the registered Rules of GEMS and the King IV Report on Corporate Governance for South Africa. The full Board Charter and King IV application register are available at www.gems.gov.za.

The Board of Trustees performs reviews of its and its Board committees' effectiveness, and its role and that of its Chairperson. This takes place every second year, with the most recent review having started in 2020 and ending in 2021. This review found that the Board and its committees were functioning effectively. From 2024, the Board effectiveness assessment will take place annually.

The Board is responsible for providing strategic guidance and oversight to the Scheme.

Figure 47: Performance and outcomes monitoring by the Board of KPIs and risks



A five-year strategic plan and annual performance plan give effect to the Board's responsibility to govern the affairs of the Scheme by directing the activities of the Principal Officer, management and employees, providing an effective oversight through which performance can be monitored and ensuring that the business of the Scheme operates efficiently and effectively. The Scheme's five-year strategic plan for 2022 to 2026 was approved by the Board. The Board monitored the implementation of the plan through quarterly reports from Scheme management on performance against performance areas. Throughout 2023, the Board was appraised of the status of the business through standardised presentations covering key business indicators, including membership growth, financial performance and stakeholder engagement.

Performance targets are reviewed annually by the Board based on changing realities and interrelated plans such as the business plans approved for the Scheme by the Registrar of Medical Schemes from time to time.

The Board of Trustees governs the management of risk and a formal risk management process is in place in accordance with the Scheme's approved Risk Management Policy. The approach to risk management and the governance of risk is discussed on page 66 of the report.

The Board monitored the implementation of approved strategic and operational risk mitigation measures and the Scheme's changing risk environment during 2023 through quarterly and ad hoc reports from Scheme management. The Board is comfortable that the residual risks facing the Scheme were managed throughout the year and that risk assessments and mitigations to safeguard Scheme and member interests were effective.

The Board's approach to the governance of technology and information (page 144) and ethics and compliance (page 145) shows that value created for members is protected.

King IV Report on Corporate Governance for South Africa 2016:

The Board of Trustees formally adopted the King IV Report on Corporate Governance for South Africa 2016 (King IV) from 1 January 2018 by means of a Board resolution. On CMS recommendation, the Scheme uses the governance and compliance instrument, an online tool developed by The Global Platform for Intellectual Property, to assess whether recommended King IV practices are followed.




The Scheme achieved an overall 88% score on the 17 King IV principles, meaning that 88% of the principles are satisfactorily applied through the Scheme's business practices. The explanation of our business practices is available at www.gems.gov.za.



Structures and officers




The Board consists of 12 trustees as follows: six (50%) elected by Scheme members and six (50%) appointed by the MPSA.

Board of Trustees:



Table 10: Our trustees in 2023

Name	Elected or appointed	Qualifications and expertise	GEMS Board committees in 2023 ³	Other significant positions/roles in 2023
 <p>Marthinus Cornelis Brand (18 August 1947)</p>	Elected, tenure started 25 September 2019. He resigned on 31 December 2023	BA Stellenbosch University 1968; Honours BA: History; Stellenbosch University 1980; B Ed, Stellenbosch University 1986 Expertise: Administration, leadership, governance, ethics and communication	Finance and Investment Human Resources and Remuneration Risk, Social and Ethics	Retired from the Department of Education: School principal Memberships/affiliations: Institute of Directors South Africa (IoDSA), The Ethics Institute (TEI)
 <p>Dr Sebayitseng Millicent (Millie) Hlatshwayo Board Chairperson (9 January 1964)</p>	Appointed, tenure started 20 February 2018 and ends 19 February 2024	BSc (Medunsa); MBChB (Medunsa) Expertise: Clinical care, business administration and leadership	Clinical Governance and Administration Human Resources and Remuneration	Panel member: Gauteng Infrastructure Financing Agency, consultant: Government Pensions Administration Agency, private practice and OR Tambo Travel Clinic South African Medical Association (SAMA) Memberships/affiliations: SAMA, Health Professions Council of South Africa (HPCSA), IoDSA, TEI
 <p>Rakgama Andries (Billy) Manoko Board Deputy Chairperson (2023 to date) (6 June 1966)</p>	Appointed, tenure started 20 February 2018 and ends 19 February 2024	BProc, LLB, admitted attorney Expertise: Legal, business administration and leadership	Audit Clinical Governance and Administration Oversight on Special Projects and Programmes Relationship by Objective Task Team	Founder and managing director: Manoko & Associates Inc Attorney Memberships/affiliations: IoDSA, TEI*

Name	Elected or appointed	Qualifications and expertise	GEMS Board committees in 2023 ³	Other significant positions/roles in 2023
 <p>Nkobane Constance (Conny) Ntshane (17 May 1974)</p>	Elected, tenure started on 25 September 2019 and ends on 24 September 2025	<p>BA Honours: Social Work – Unisa 2001; Certificates: Gender Excellence – University of Pretoria (UP); Employee Assistance Programme – UP; Employee Wellness Programme – UP; postgraduate diploma. Diploma Public Health – UP 4/9/2023</p> <p>Expertise: Employee wellness, project management, member advocacy</p>	<p>Finance and Investment</p> <p>Oversight on Special Projects and Programmes</p>	<p>DoH Mpumalanga – wellness manager</p> <p>Memberships/affiliations: IoDSA, TEI</p>
 <p>Mpfariseni Erasmus Phophi Board Deputy Chairperson (6 October 1952)</p>	Appointed, tenure started 26 September 2017 and ended 25 Sept 2023	<p>BA Human Resource Management; International Labour Organisation: Labour Relations and Performance Management in the Public Service; International Labour Organisation: advanced negotiations skills</p> <p>Expertise: Labour and employee relations, conflict management, dispute resolution, collective bargaining, human resource management, business administration and leadership</p>	<p>Human Resources and Remuneration</p> <p>Risk, Social and Ethics</p> <p>Oversight on Special Projects and Programmes</p> <p>Relationship by Objective Task Team</p>	Memberships/affiliations: IoDSA, TEI

Name	Elected or appointed	Qualifications and expertise	GEMS Board committees in 2023 ³	Other significant positions/roles in 2023
 <p>Dr Izak Jacobus (Kobus) van Zyl (31 January 1951)</p>	Elected, tenure started 30 July 2020 and ended on 28 July 2021. Re-elected from 29 July 2021 to 28 July 2027	<p>BMil; BCom Honours Personnel Management; MBA; PhD Industrial Economics; Industrial Relations Development Programme</p> <p>Expertise: labour relations, dispute resolution</p>	<p>Finance and Investment</p> <p>Human Resources and Remuneration Risk, Social and Ethics</p>	<p>Retired from Department of Employment and Labour as chief director: Labour relations in 1996</p> <p>Memberships/affiliations: IoDSA, TEI</p>
 <p>Dr Nomzamo Tutu (12 December 1965)</p>	Appointed, 30 July 2020, tenure ends 29 July 2026	<p>MBChB; BSc; Postgraduate Diploma: Occupational Health; Postgraduate Diploma: HIV/Aids Management in the World of Work.</p> <p>Expertise: Clinical care, investment</p>	<p>Audit</p> <p>Finance and Investment</p> <p>Oversight on Special Projects and Programmes</p>	<p>Member of KwaZulu-Natal Provincial Planning Commission</p> <p>Directorships in various private companies</p> <p>Memberships/affiliations: SAMA, South African Society of Occupational Medicine, IoDSA, TEI</p>
 <p>Dr Johannes Frederik Smit (22 July 1951)</p>	Elected, tenure started 30 July 2021 and ends 28 July 2027	<p>BCHD: Dentistry – UP; DTVG: Dental Public Health – UP; DGA: Public Health Administration – UP</p> <p>Expertise: Clinical care (dentistry), administration and leadership, governance and ethics</p>	<p>Clinical Governance and Administration</p> <p>Risk, Social and Ethics</p>	<p>Retired from senior management: NDoH Serving on HPCSA and Allied Health Professions Council of South Africa</p> <p>Memberships/affiliations: IoDSA, TEI</p>

3 The Board periodically revises membership of standing committees

Name	Elected or appointed	Qualifications and expertise	GEMS Board committees in 2023 ³	Other significant positions/roles in 2023
 <p>Pierre Francois de Villiers (25 June 1960)</p>	Elected, tenure started 30 August 2021 and ends 29 August 2027	<p>NND Engineering Studies – Ekurhuleni Technical and Vocational Education Training College; Teachers Diploma – UP; BEd and Med – University of Johannesburg</p> <p>Expertise: Governance and ethics, member advocacy</p>	<p>Finance and Investment</p> <p>Risk, Social and Ethics</p> <p>Oversight on Special Projects and Programmes</p>	<p>Retired from Department of Higher Education and Training as chief education specialist (curriculum development)</p> <p>Memberships/affiliations: IoDSA, TEI</p>
 <p>Lebohang Precious Khumalo (25 March 1980)</p>	Elected, tenure started 30 August 2021 and ends 24 September 2025	<p>Diploma in Clinical Nursing Science; Diploma General Nursing; Advanced Certificate in Project Management – University of KwaZulu-Natal; Advanced Certificate in Healthcare Management – Foundation for Professional Development; Postgraduate Diploma in Health Systems Management – Executive Leadership</p> <p>Expertise: Clinical care, business administration and leadership, member advocacy</p>	<p>Clinical Governance and Administration</p> <p>Human Resources and Remuneration</p> <p>Relationship by Objective Task Team</p>	<p>Chief executive officer: Bertha Gxowa Hospital Nursing professional</p> <p>Memberships/affiliations: IoDSA; TEI</p>

Note: Trustees' qualifications are verified through the Scheme's annual vetting procedure.

Board meetings and engagements in 2023:

The GEMS Board of Trustees held 52 meetings and engagements during 2023 (2022: 48), including one strategic planning meeting (2022: one); one AGM (2022: one) and five workshops (2022: five). All meetings and engagements were hybrid with most delegates attending in person:

- 25 January 2023 (meeting with Metropolitan Health Board on GEMS insourcing of capabilities programme);
 - 23 February 2023 (quarterly meeting);
 - 17 March 2023 (special meeting);
 - 22 March 2023 (17 March 2023 special meeting continuation);
 - 19 April 2023 (quarterly meeting);
 - 31 May to 1 June 2023 (meeting with SPN/BBBEE partners);
 - 29 June 2023 (interim meeting);
 - 27 July 2023 (quarterly meeting – AGM preparation meeting);
 - 21 August 2023 (Board of Trustees meeting with Marara Pharmacy);
 - 7 September 2023 (Board of Trustees/Audit Committee meeting – clearing house);
 - 22 September 2023 (interim meeting to consider benefit design recommendations);
 - 9 October 2023 (Board of Trustees special meeting – clearing house);
 - 26 October 2023 (quarterly meeting);
 - 22 to 23 November 2023 (meeting with SPN/BBBEE partners); and
 - 4 to 5 December 2023 (interim meeting on key approvals required for 2023 and in-committee meeting).
 - 19 to 21 September 2023 (annual strategic planning meeting).
 - 28 July 2023 (AGM).
 - 18 April 2023 (Board of Trustees/Exco workshop);
 - 30 May 2023 (governance framework workshop);
 - 10 July 2023 (Board of Trustees/Exco managed care workshop);
 - 18 September 2023 (annual risk identification and assessment workshop); and
 - 24 October 2023 (Board of Trustees performance management workshop).
- The Board of Trustees also held five meetings with the Minister/Deputy Minister for the Public Service and Administration (2022: four); one stakeholder symposium (2022: one), five PSCBC working committee meetings (2022: three) and attended the annual Board of Healthcare Funders conference (2022: one) as follows:
- Stakeholder engagements (DPSA/MPSA)
- 20 April 2023 (meet and greet with new MPSA Noxolo Kiviet);
 - 30 March 2023 (meeting with DPSA Deputy Minister, GEMS Exco/Board of Trustees/Exco Chairperson/Deputy Chairperson);
 - 6 April 2023 (meeting with Deputy Minister, Chairperson and Deputy Chairperson);
 - 16 May 2023 (DPSA budget speech vote);
 - 25 May 2023 (MPSA post-budget vote); and
 - 6 September 2023 (DPSA meeting with Deputy Minister, Chairperson and Deputy Chairperson)
- Stakeholder engagements (PSCBC)
- 2 November 2023 (annual stakeholder symposium).
 - 12 April 2023 (PSCBC joint working committee);
 - 28 June 2023 (PSCBC joint working committee);
 - 8 August 2023 (PSCBC joint working committee);

33. 21 August 2023 (Board of Trustees meeting with PSCBC); and
34. 4 September 2023 (PSCBC working committee meeting).

Stakeholder engagements (member makgotla/provincial roadshows)

35. 9 June 2023 (Limpopo – Polokwane);
36. 18 October 2023 (North West – Mafikeng); and
37. 27 November 2023 (Mpumalanga – Mbombela).

Affiliates and conferences

38. 14 to 17 May 2023 (22nd Board of Healthcare Funders conference); and
39. African governance conference (38th).

Board task teams – after an independent review, RBO meetings were held Scheme-wide, including at Board level. The Board held the following RBO joint meetings and relationship-building teambuilding sessions with Exco in 2023 (2022: two). The Board also established a task team to deal with the appointment of the vacant executive position of Chief Compliance Officer (CCO).

40. 13 February 2023 (RBO task team);
41. 10 March 2023 (RBO task team);
42. 14 March 2023 (CCO interview);
43. 29 March 2023 (special meeting – ethics matters);
44. 30 to 31 March 2023 (RBO with Exco);
45. 3 May 2023 (RBO task team);
46. 14 June 2023 (Board of Trustees/Exco team building);
47. 11 July 2023 (RBO task team);
48. 24 August 2023 (Board of Trustees/Exco team building);
49. 29 September 2023 (Board of Trustees/Exco RBO review meeting);
50. 4 October 2023 (RBO task team);
51. 25 October 2023 (Board of Trustees/Exco team building); and
52. 25 November 2023 (RBO task team).

For the year ended 31 December 2023, the RBO task team members were:

- LP Khumalo (trustee, elected, tenure started 30 August 2021);
- RA Manoko (trustee, appointed, tenure started 20 February 2018);
- MJ Lesejane (in-committee meeting appointed, first term tenure started 1 January 2018).

Standing committee structure and responsibilities

The Board of Trustees has established its own governance practices and standing committee structure that comply with governance and regulatory requirements. These committees fulfil key roles in ensuring good corporate governance.

The standing committee structure is based on:

- Statutory requirements.
- The King IV Report on Corporate Governance.
- The GEMS strategic plan for accountability and strategic oversight framework.
- The GEMS operating model.
- Cost effectiveness and value-for-money considerations.

The committees are mandated by the Board of Trustees by written terms of reference on membership, authority and duties. A standing committee responsibility matrix clarifies and demarcates committees' responsibility areas.

The standing committees meet at least quarterly and as indicated in the year planner approved for each year. Committee meetings are attended by Scheme management in keeping with the Board's requirements.

The committees in operation in 2023 were:

Audit Committee

The Audit Committee is mandated by the Board of Trustees by a written Audit Committee Charter on membership, authority and duties. The committee's charter was reviewed and approved by the Board of Trustees in December 2022 for 2023.

The Audit Committee assists the Board of Trustees in its evaluation of the adequacy and efficiency of internal control systems, accounting practices, financial reporting processes, financial and other reporting risks, information systems, oversight of assurance provided over external reports other than financial statements, and oversight of combined assurance processes applied by the Scheme and its SPN. The committee considers and recommends the appointment of the external auditors and monitors and reports on their independence. It also appoints, performance assesses and/or dismisses the Chief Audit Executive (CAE), approves the internal audit plan and annually reviews and approves the internal audit charter.

Committee composition, including members' qualifications and experience:

The committee consisted of five members, two of whom were members of the Board of Trustees. Most of the members, including the Chairperson, are not trustees, officers of the Scheme or of any of its service providers. For the year ended 31 December 2023, the committee members were:

Table 11

Name	Designation	Qualifications	Recent work experience
Motshoanedi Johannes Lesejane (29 February 1956)	Independent committee member – Chairperson, appointed for two terms from 1 January 2018 to 31 December 2023, second term extended by 12 months until 31 December 2024. Member of the RBO Task Team	Chartered Director South Africa (CD SA) CA(SA), Fellow Chartered Management Accountant (Global Management Accountant), BCom Hons Accounting Science, BCom Accountancy	Role in 2023: Independent non-executive director, consultant, lecturer at Wits Business School
Prittish Dala (13 November 1982)	Independent committee member appointed for first term from 2 February 2023 to 1 February 2026	PhD (IT), Masters (IT), BSc Hons (Computer Science), B (IT), CISA, CISM, CRISC, CGEIT, CISSP, CDPSE, LA ISO 27001, CEH and CHFI	Role during 2023: Independent non-executive director Executive director (Exponential Enterprises)
Aziza Galiel (10 August 1969)	Independent committee member appointed for first term from 1 April 2022 to 31 March 2025	CA (SA), BCom Postgraduate Diploma: Accounting	Role during 2023: Independent non-executive director and entrepreneur
Rakgama Andries Manoko (6 June 1966)	Trustee, appointed term started on 20 February 2018, appointed Audit Committee member from 28 June 2018	B Proc, LLB, Admitted Attorney	Role during 2022: Founder and managing director: Manoko & Associates Inc
Dr Nomzamo Tutu (12 December 1965)	Trustee, appointed term commenced on 30 July 2020, appointed Audit Committee member from 30 July 2020	MBChB; BSc; Postgraduate Diploma in Occupational Health; Postgraduate Diploma in HIV/Aids Management in the World of Work.	Role during 2022: Chairperson: Transformation Committee of the Engineering Council of South Africa; strategic adviser to Busane Development Trust

The Audit Committee carried out its responsibilities in terms of the Board-approved Audit Committee Charter. The external auditors and internal auditors reported formally to the committee on crucial findings arising from audit activities.

The committee met on eight occasions during 2023 (2022: nine). All meetings were hybrid and most attendees attended in person:

- 18 January 2023 (welcome meet and greet meeting with the new CAE);
- 26 January 2023 (meeting with the new CAE and acting CAE);
- 20 February 2023 (quarterly meeting);
- 16 March 2023 (special meeting);
- 12 April 2023 (quarterly meeting);
- 22 June 2023 (ICT joint meeting with Finance and Investment Committee);
- 13 July 2023 (quarterly meeting); and
- 19 October 2023 (quarterly meeting).

The Principal Officer, Chief Financial Officer, Chief Audit Executive, the Scheme's internal auditors and the external auditors attended committee meetings on invitation and had unrestricted access to the Chairperson of the Audit Committee.

Benefit Design Committee – committee additional to the standing committees

This committee proposed recommendations on GEMS benefits and contributions for 2024 for the Board's consideration.

It met twice in 2023 (two: 2022). Both meetings were hybrid and most members attended in person:

- 16 August 2023; and
- 13 September 2023.

For the year ended 31 December 2023, attendance of Benefit Design Committee meetings was open to all trustees and most attended.

Clinical Governance and Administration Committee

This committee assists the Board of Trustees to ensure efficient operation of the Scheme by providing oversight, assessment and review of all administration aspects of the business. It ensures seamless interaction among service providers to meet operational objectives. The committee focuses also on growth in Scheme membership and member affairs, overseeing communication and marketing, stakeholder relations and the complaints management function. It:

- Assesses, decides and reports on the approval of ex gratia applications and payments to Scheme members. It is mandated to approve ex gratia payments of more than R50 000 and where the condition and the withholding of therapy are life threatening, the treatment will improve quality of life, the treatment is clinically appropriate and based on internationally accepted, evidence-based treatment guidelines and protocols or the applicant has proven a financial inability to afford the treatment by any other means.
- Assists the Board in the implementation of the healthcare management strategic objective, namely to improve the Scheme's clinical risk profile and contain claims experience; and
- Oversees the Scheme's product development and benefit design work.

The committee met over two days, every quarter, for a total of five meetings in 2023 (seven: 2022). All meetings were hybrid and most members attended in person:

- 14 and 15 February 2023 (quarterly meeting);
- 24 and 25 May 2023 (quarterly meeting);

3. 3 August 2023 (special joint meeting with the Finance and Investment Committee focused on strategic planning and the Scheme's 2024 benefit design);
4. 22 and 23 August 2023 (quarterly meeting); and
5. 9 and 10 November 2023 (quarterly meeting).

For the year ended 31 December 2023, the committee members were:

- Dr MS Hlatshwayo (trustee, appointed, Chairperson, tenure started 20 February 2018)
- M Brand (trustee, elected, tenure started 23 September 2019);
- LP Khumalo (trustee, elected, tenure started 30 August 2021);
- RA Manoko (trustee, appointed, tenure started 20 February 2018); and
- Dr JF Smit (trustee, elected, tenure started 29 July 2021).

Finance and Investment Committee

The Finance and Investment Committee was set up by the Board in December 2013 and began its work in March 2014. The committee assists the Board to fulfil its oversight responsibilities of the Scheme's investment activities and consider issues arising from investment decisions and activities. Monitoring the Scheme's organisational and financial performance is a key responsibility of the committee, whose oversight role is dictated by the Scheme's business model, which requires ongoing review of the contracting of service providers, including asset consultants and managers, to render Scheme services. Thus, the committee monitors the Scheme's cash flow, investment performance and compliance to the regulatory framework for medical scheme investments. It oversees the Scheme's ICT function.

Five meetings were held in 2023 (seven: 2022). All were hybrid and most members attended in person:

1. 16 February 2023 (quarterly meeting);
2. 23 May 2023 (quarterly meeting);
3. 3 August 2023 (special joint meeting focused on strategic planning and the Scheme's 2024 benefit design);
4. 16 August 2023 (special);
5. 14 September 2023 (quarterly meeting); and
6. 15 November 2023 (quarterly meeting).

For the year ended 31 December 2023, the committee members were:

- Dr N Tutu (trustee, appointed, Chairperson, tenure started 30 July 2020);
- C Ntshane (trustee, elected, tenure started 23 September 2019);
- P de Villiers (trustee, elected, tenure started 30 August 2021);
- Dr IJ van Zyl (trustee, elected, tenure started 30 July 2014, ended 28 July 2021. He was re-elected from 29 July 2021).

Human Resources and Remuneration Committee

This committee ensures sound people management of Scheme employees by overseeing, assessing and reviewing the maintenance of the Scheme's human resources and remuneration policies. Responsibilities include advising the Board on the annual cost-of-living adjustment for Scheme employees; criteria to benchmark annual remuneration surveys, and remuneration rates applicable to employees, trustees and independent committee members; the implementation of remuneration survey results; the implementation of performance reward measures for employees,

and overseeing the disclosure in the Scheme's annual integrated report of remuneration of trustees, independent committee members and members of the GEMS Exco.

Five meetings were held in 2023 (six: 2022). All were hybrid and most members attended in person:

1. 1 February 2023 (quarterly meeting);
2. 13 April 2023 (quarterly meeting);
3. 18 July 2023 (quarterly meeting);
4. 5 October 2023 (quarterly meeting); and
5. 21 November 2023 (special meeting).

For the year ended 31 December 2023, the committee members were:

- Dr IJ van Zyl (trustee, re-elected, Chairperson, term started 29 July 2021);
- Dr SM Hlatshwayo (trustee, appointed, tenure started 20 February 2018);
- LP Khumalo (trustee, elected, tenure started 30 August 2021);
- M Brand (trustee, elected, tenure started 23 September 2019); and
- ME Phophi (trustee, appointed, tenure started 19 September 2016).

Oversight Committee on Special Projects and Programmes

The Board of Trustees, on the recommendation of the Risk, Social and Ethics Committee, established the Ad-hoc Oversight Committee on Special Projects and Programmes, which held its inaugural meeting on and began its duties from 10 August 2021. The name was later changed to Oversight Committee on Special Projects and Programmes.

The committee supports the Board of Trustees in overseeing and reporting on projects, programmes and other initiatives. Other focuses are:

- Governance, risk and compliance management;
- Assurance;
- Application of Board directives and defined parameters;
- Strategic analysis, alignment and prioritisation;
- Planning and lifecycle management;
- Considerations of clinical, operational, financial, ICT, human resource, legal, compliance and change-management requirements.
- Liaison with interim NHI advisory structures; and
- Insourcing of capabilities.

The committee facilitates effective communication on its activities with and among Board committees.

Six meetings were held in 2023 (seven: 2022). All were hybrid and most members attended in person:

1. 26 January 2023 (quarterly meeting);
2. 4 April 2023 (quarterly meeting);
3. 21 June 2023 (special meeting);
4. 12 July 2023 (quarterly meeting);
5. 31 August 2023 (special meeting); and
6. 20 November 2023 (quarterly meeting).

For the year ended 31 December 2023, the committee members were:

- Constance Ntshane (trustee, elected, Chairperson, tenure started 23 September 2019);
- RA Manoko (trustee, appointed, tenure started 20 February 2018);
- ME Phophi (trustee, appointed, tenure started 19 September 2016);
- Dr N Tutu (trustee, appointed, Chairperson, tenure started 30 July 2020); and
- P de Villiers (trustee, elected, tenure started 30 August 2021);

Risk, Social and Ethics Committee

The committee is mandated by the Board of Trustees to ensure sound corporate governance through oversight, assessment and review of risk management, ethics management and compliance management. Responsibilities include ensuring compliance with the Medical Schemes Act and its regulations, patent and trademark legislation and any other legislative framework relevant to the Scheme.

Five meetings were held in 2023 (five: 2022). All were hybrid and most members attended in person:

1. 9 February 2023 (quarterly meeting);
2. 11 May 2023 (quarterly meeting);
3. 17 August 2023 (quarterly meeting); and
4. 16 November 2023 (quarterly meeting).

For the year ended 31 December 2023, the committee members were:

- ME Phophi (trustee, appointed, Chairperson, tenure started 19 September 2016);
- Constance Ntshane (trustee, elected, tenure started 23 September 2019);
- Dr IJ van Zyl (trustee, re-elected term started on 29 July 2021);
- Dr JF Smit (trustee, elected, tenure started 29 July 2021); and
- P de Villiers (trustee, elected, tenure started 30 August 2021).

Table 12: GEMS Board of Trustees and Principal Officer meeting attendance in 2023:

A – Meetings attended, B – Meetings that could be attended

	AGM		BOT		AC		BDC		CGAC		FIC		HRRC		OCSP		RSEC		Training		STKH		Task teams and RBO		W/S			
	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B		
TRUSTEE	1	14	15	15	2	2	2	2	9	9	6	6	5	5							7	7	2	2	5	5	5	5
Brand, M	1	15	15	15	2	2	2	2	9	9	6	6	5	5							7	7	2	2	5	5	5	5
De Villiers P	1	15	15	15	2	2	2	2	9	9	6	6	5	5							7	7	2	2	5	5	5	5
Hlatshwayo, SM	1	15	15	15	1	2	2	2	9	9	6	6	5	5	1	1	2	2	2	2	6	6	6	7	7	7	5	5
Khumalo LP	1	15	15	15	2	2	2	2	9	9	6	6	5	5							6	6	5	5	5	5	5	5
Manoko, RA	1	15	15	15	6	6	6	6	2	2	9	9	5	5	6	6	6	6	6	6	7	7	4	4	12	12	4	4
Ntshane, NC	1	15	15	15	2	2	2	2	9	9	6	6	5	5	6	6	4	4	4	4	8	8	3	3	6	6	5	5
Phophi, ME	1	11	15	15	2	2	2	2	9	9	6	6	5	5	3	3	5	5	5	5	3	3	9	9	5	5	5	5
Smit JF	1	15	15	15	2	2	2	2	9	9	6	6	5	5							7	7	3	3	6	6	5	5
Tutu, N	1	15	15	15	6	6	6	6	2	2	9	9	5	5	6	6	6	6	6	6	13	13	3	3	6	6	5	5
Van Zyl, JI	1	12	15	15	2	2	2	2	9	9	6	6	5	5	6	6	4	4	4	4	5	5	1	1	3	3	5	5
PRINCIPAL OFFICER																												
Molobai, BOS	1	15	15	15	6	6	6	6	2	2	9	9	5	5	5	5	6	6	6	6	4	4			6	6	5	5

Table 13: GEMS independent committee members' meeting attendance in 2023

A – Meetings attended, B – Meetings that could be attended

	AGM		BOT		AC		Training		Task teams and RBO		W/S	
	A	B	A	B	A	B	A	B	A	B	A	B
TRUSTEE	1	7	7	7	8	8	1	8	8	8	2	2
Lesajane, MJ	1	7	7	7	8	8	1	8	8	8	2	2
Dala, P	1				6	6					1	1
Gallie, A	1				6	6	1				1	1

Governance of information and technology

King IV Principle 12: The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.

The GEMS King IV Application Register is available from www.gems.gov.za

The GEMS ICT Division reports to the Finance and Investment Committee and the Board of Trustees. The division is headed by the Chief Information Officer and has five key areas, namely applications development, infrastructure and operations, data and business intelligence, ICT service management, and business continuity and security management. Other focuses are administration, ICT strategy and governance, and service planning and enterprise architecture.

Strategic plan alignment: The division's work supports the achievement of strategic objective 4: Be an agile, data-driven scheme that leverages research, information, technology and platforms to manage risk, create disruptive innovations and contribute to clinically appropriate, socially responsible and cost-effective interventions to improve the health of members.

In 2023, the division achieved important performance indicators in building a data-driven backbone that enables one data platform. Strategic priorities not achieved and the Scheme's approach to achieving them are set out on page 35.

Key strategic projects of the Scheme such as the core information management system, enterprise-wide resource planning and insourcing of capabilities are driven through the division with the support of the Project Management Office and other divisions. The division optimised the GEMS website, member app and portal and implemented the provider app and portal with the MSE and HM divisions respectively. The GEMS website and member app and portal facilitate member access to real-time information about benefits and accessing Scheme services.

We also continue to optimise the Scheme's intranet platform, Gemzito, containing the Board portal, divisional portals and the public library, which hold important Scheme records managed through restrictions and workflow based on users' roles. Employees are enabled to perform their duties using email, office suite of solutions, the enterprise-wide resource system for managing the Scheme's finances and a customer relationship management solution to enable member services provided by the CLOs.

The Scheme is at an advanced stage of implementing its information security management system, which is aligned to ISO 27001:2013. This cybersecurity framework has created a strong and more resilient security posture that safeguarded against critical security breaches in 2023.

The adequacy and effectiveness of technology and information management are monitored through risk management control effectiveness reviews by management supported by the GEMS Risk Management Function. Periodic independent reviews are performed by GEMS' internal audit and external assurance providers.

In line with the Scheme's strategy, GEMS aims to be a key partner to the government in the implementation of NHI to realise UHC by 2026. It is imperative for GEMS to advance its ICT strategic objectives to develop a core information management system/capability. The key focus areas for 2024 are building a data-driven backbone enabling one data platform, adopting and using artificial intelligence, big data, cloud, internet of things and blockchain while incorporating greater human intelligence integrating robots with humans. Creating agile infrastructure architectures and optimising cybersecurity and security systems are also priorities.

Procurement processes were launched in 2023 for the core information management system, the migration to the cloud of ICT Infrastructure platforms and services and building the one data platform.

Existing policies were updated;

Table 14:

Policy	Purpose of policy
ICT and Cybersecurity Policy	Establishes standards for GEMS' physical and information technology environmental security in line with ISO/IEC 27000
ICT Disaster Recovery Policy	Details the requirements of a disaster recovery plan to be developed and implemented by GEMS, describing processes and systems for the recovery of ICT systems, applications and data following a disaster.
Utilisation of Telephone, Mobile Broadband APN and Facsimile Policy	Provides policy measures and minimum requirements for employees when using GEMS telephone facilities and the process and values for cellphone refunds.

Report from the Risk, Social and Ethics Committee on protecting and preserving value

Governance of ethics

King IV Principle 1: The governing body should lead ethically and effectively.

King IV Principle 2: The governing body should govern the ethics of an organisation in a way that supports the establishment of an ethical culture.

The Board exercises ethical leadership and assumes responsibility for the governance of ethics by setting the direction for how ethics should be approached and addressed by the Scheme in all its dealings.

The Risk, Social and Ethics Committee is mandated by the Board to oversee the implementation of the ethics management strategy, which is translated into the ethics management plan. The approval of these documents is also done by the Risk, Social and Ethics Committee annually. Progress made against the deliverables on the Ethics Management Strategy and Plan is reported to and monitored by the Risk, Social and Ethics Committee quarterly.

The ethics culture risk index is tracked by the Risk Management and Compliance Division and reported to the management committees, the Risk, Social and Ethics Committee and the Board. The committees also make recommendations that are implemented operationally.

Table 15

The Board monitors the tone at the top and the ethics culture of the Scheme and considers reports on ethics transgressions and how the Scheme responds to these. The Board does this by:

What:	How:
Setting requirements for itself, GEMS employees, contracted providers, members and healthcare providers in their dealings with GEMS: <ul style="list-style-type: none"> Fit-and-proper requirements Skills and qualifications Conflict of interest Zero tolerance to corruption and fraud Preventing corruption, fraud, waste and abuse Protecting human rights 	<ol style="list-style-type: none"> The Rules of GEMS (registered in terms of the MSA) Terms of reference for Risk, Social and Ethics Committee The GEMS Code of Ethics and Business Conduct The GEMS Supply Chain Management Code of Conduct Code of Conduct for Trustees and Independent Committee Members GEMS ethics policies, including conflict of interest, vetting, supply chain management, fraud, waste and abuse, whistleblowing and stakeholder engagement Ethics Management Strategy and Plan
Monitoring ethics culture risk as a strategic risk	Quarterly risk monitoring report
Reviewing the effectiveness of controls	The Audit Committee oversees the effectiveness of the Scheme's ethics controls
Setting the ethics strategy and monitoring ethics programme implementation	The Risk, Social and Ethics Committee monitors the completion of the annual ethics management plan
Raising awareness	Ethics awareness training for trustees, employees and contracted providers

The Board of Trustees reviews the Scheme's vision, mission and value statements annually to ensure that they reflect its commitment to building and sustaining an ethical organisation.

The responsibility to implement the annual ethics management plan is delegated to Scheme management

The Ethics Function (in the Risk Management and Compliance Division) supports the achievement of strategic objective 6: **Be a good corporate citizen, prevent or reduce negative impacts on the environment and function as an ethical, caring, innovative leader in the South African healthcare sector.**

In 2023, the function exceeded KPI 26 Ethical risk residual level (page 92).

Scheme management discusses ethics and values and designs and implements policies and processes to achieve sound ethics management. Scheme management submits policies to the Board for approval and accounts to the Board on implementation of policies to achieve effective ethics management. Management pursues collaboration and shared accountability for the achievement of desired outcomes.

Scheme employees annually sign the Code of Ethics and Business Conduct and the Supply Chain Management Code of Conduct. The Risk, Social and Ethics Committee monitors compliance with the ethics code, other social, ethical and legal requirements, and best practice.

Highlights in 2023

- Implementation of the Ethics Management Strategy and Plan developed in 2021 through collaboration and based on the outcome of an external ethics risk assessment conducted in 2020. This strategy and plan is implementable until the end of 2024.
- Strengthened controls through the full implementation of lifestyle audits extended to senior managers in 2023. No red flags were identified by the external forensic investigation firm that conducted the audits.
- Launch and signing of the ethics pledge by the Board of Trustees and Exco.
- Heightened employee ethics awareness levels through extensive training on all ethics documents, namely
 - Ethics Policy;
 - Conflict of Interest Policy;
 - Gift and Hospitality Policy;
 - Other Work Outside GEMS Policy;
 - Code of Ethics and Business Conduct; and
 - Submission of ethics documents.
- Achievement of the required ethics culture risk level for 2023 (indicator of seven against a target of <10)
- Implementation of the new policy on other work outside GEMS.

Key focus areas in 2024 (as per the ethics management coverage plan)

- Complete execution of the three-year Ethics Management Strategy and Plan.
- More initiatives relating and encouraging 'setting the tone at the top' for GEMS management.
- Ethical leadership training for the Board of Trustees, Exco and all employees to ensure that a mature ethics culture is reached.
- Ethics awareness programme for healthcare service providers and members.
- Conducting an internal ethics survey to gauge the effectiveness of the ethics management strategy.

Compliance

King IV Principle 13: The governing body should govern compliance with applicable laws and adopted non-binding rules, codes and standards in a way that supports the organisation being ethical and a good citizen.

Compliance with regulatory requirements contributes to and forms part of business efforts to create an ethical and sustainable medical scheme and a scheme that behaves as a good corporate citizen. As such, the Scheme is committed to identifying regulatory requirements, continuously monitoring the effectiveness of compliance to regulatory requirements and responding appropriately where change is required.

Effective management of compliance risk means meeting GEMS compliance obligations and protecting GEMS from loss or damage, noting that it is not only an obligation but a source of rights and protection. It requires a holistic view on how laws and non-binding rules, codes and standards relate to one another and their ability to affect GEMS' ability to create value over time.

GEMS proactively complies by maintaining constructive relationships with regulators in the Scheme's universe. Regulators include the CMS, the Information Regulator, the National Consumer Commission and the Financial Sector Conduct Authority.

The GEMS Board Charter requires the Board to govern the Scheme's compliance by setting and steering the compliance approach and management.

Structures and processes for compliance management and non-compliance matters

The Risk, Social and Ethics Committee is delegated by the Board of Trustees to oversee the monitoring of compliance risks and progress against the approved compliance coverage plan. In managing the mitigation and monitoring of compliance risks, a compliance coverage plan that details the compliance action plan is submitted to the Risk, Social and Ethics Committee in the fourth quarter of each preceding year for approval and implementation in the following year. Compliance reports are submitted to the committee quarterly and to the management committees and forums of the Scheme, where progress against the plan is also indicated. Compliance risks affecting the Scheme are also reported and discussed at the meetings. These risks are captured and tracked in the divisional risk registers and the Scheme's progress against the compliance index is submitted as part of the compliance report to the Risk, Social and Ethics Committee and the Audit Committee.

The GEMS Compliance Function reports to the Audit Committee on the system for monitoring compliance with laws and regulation and the Risk, Social and Ethics Committee on the outcomes of compliance risk management. More information on the composition of these committees and a summary of their responsibilities can be found from page 137 to 142.

The Compliance Function (part of the Risk and Compliance Management Division) supports the achievement of strategic objective 6: **Be a good corporate citizen, prevent or reduce negative impacts on the environment and function as an ethical, caring, innovative leader in the South African healthcare sector.**

The Scheme applies a compliance index to monitor performance, with a target of 90% included in the strategic plan. Performance relating to the compliance index for 2023 was closed at 99% (target 90%).

The adequacy and effectiveness of the Scheme's Compliance Management Function is assessed periodically by the Internal Audit Function, with the most recent review conducted in quarter four of 2021. In 2022 and 2023, the Compliance Function attended to and cleared the audit findings of the 2021 compliance review by strengthening its governance documents in line with audit undertakings.

Figure 48: The Compliance Function forms part of the second line of defence in the Scheme's Combined Assurance Framework:



The function is represented on the Scheme's Combined Assurance Forum convened by the Chief Audit Executive.

The Compliance Function is strengthened by a Risk, Compliance and Ethics Forum comprising risk, compliance and ethics champions from all Scheme divisions and the SPN. The forum monitors compliance with its compliance universe, including the Rules of GEMS and legislation.

The GEMS Compliance Function aligns to the Generally Accepted Compliance Practice Framework (Compliance Institute South Africa). Compliance governance documents are streamlined into a compliance framework and compliance coverage plan supported by a Compliance Policy and a compliance monitoring and reporting standard operating procedure.

Compliance management encompasses:

- Identifying and prioritising all Acts and regulations at all levels applicable to the Scheme.
- Incorporating regulatory requirements into control measures such as standard operating procedures, processes, manuals and policies.
- Recommending corrective measures or steps to ensure compliance.
- Monitoring compliance through the adequacy and effectiveness of control.

The risk of non-compliance is managed through:

- Annual review and update of the GEMS compliance universe.
- Compilation of compliance risk management plans for high-risk legislation.
- Continuous monitoring of the regulatory environment.
- Activities in the annual compliance coverage plan.

A key focus of 2023 was GEMS' registration as an FSP in terms of the FAIS Act. The Scheme complied with the registration requirements in March 2023.

Table 16

Focuses for 2023:	Focuses for 2024:
<ul style="list-style-type: none"> • Embedding POPIA compliance and supporting the business. • 2023 compliance coverage plan execution. • Achieving a GEMS compliance index rating of 99%. • Publishing the GEMS King IV Report disclosure register on the Scheme's website. • Successful management of policy development and maintenance. • Providing guidance to the Scheme's SPN to ensure the correct application of the Rules of GEMS. • Registration of GEMS as an FSP under the FAIS Act – initiating compliance through compliance groundwork and research. 	<ul style="list-style-type: none"> • Strengthen compliance with the FAIS Act, focusing on the governance environment and continuously embedding a culture of treating members fairly. • Embedding enhanced compliance processes in accordance with the 2024 GEMS compliance universe. • Implementation and monitoring of the 2024 compliance coverage plan. • Compliance with the risk management plan for the Scheme Rules, FAIS Act and Cybercrimes Act. • Continuous compliance awareness training, including topical legislation training and Board training. • Adequately capacitating the Compliance Function to ensure that proper compliance and ethics support is provided to the business in line with the GEMS strategy.

Regulatory matters:

GEMS did not attract regulatory penalties in 2023.

Disclosure on ongoing regulatory matters

Council for Medical Schemes

Section 43 enquiry – Medscheme managed-care accreditation

The Scheme consolidated its managed-care offering and put it out to tender. Medscheme was awarded the tender based on the procurement policies and procedures of the Scheme and was appointed.

In 2022, the CMS launched a Section 43 enquiry into the appointment, stating that the company was not accredited to provide some services contracted for. The Scheme responded and, in March 2023, received a preliminary report, to which it responded. The Scheme received a letter of closure of the matter on 22 December 2023.

Section 43 enquiry – Government Employees Medical Scheme: Multivitamin Wellness Programme

In May 2022, the CMS launched an inquiry with the Scheme regarding a tender that had been awarded to a service provider for the provision of multivitamins to members and their beneficiaries. The concerns were on the procurement process leading to the award as well as potential conflict of interest on the awarded supplier. The Scheme responded to CMS in June 2022, thereafter CMS launched a detailed investigation under section 44(4)(a) to which the Scheme responded and currently awaiting finalisation from CMS.

Section 59 Investigation

GEMS responded formally to the Section 59 Investigation Interim Report in April 2021 and will respond to the final report when issued. The investigation panel held additional public hearings in June 2023, which were followed by further requests for information, including data from affected parties. In November 2023, the panel released revised statistical findings to which affected parties were requested to respond and comment. Affected parties are expected to respond by 31 January 2024. It is unclear when the final report will be released.

CMS inspection 2017/18

GEMS responded formally to the final inspection report.

Information Regulator

In terms of sections 40(1)(b)(i) and (vi) of POPIA, the regulator monitors and enforces compliance by public and private bodies with the provisions of the Act. In January 2023, the Scheme was requested to provide the regulator with a comprehensive report accompanied by supporting documents on how the Scheme complies with the Act.

The Scheme submitted its response to the Information Regulator on 31 January 2023 and awaits the response.

Regulatory non-compliance

To the best of the Scheme's knowledge, the compliance matters listed below cover all the non-compliance matters for the 2023 financial year.

Late-paying employer groups

Nature

In terms of Rule 13.2 of GEMS' Scheme Rules and Section 26 (7) of the Medical Schemes Act members' contributions are due monthly in arrears and payable by no later than the third day of each month.

Cause

During the period under review, certain employer groups paid over contributions on behalf of their members after the third day of the month. Late payment may result in a loss of interest earned for the Scheme. However, this is not significant due to the short duration of the contributions being outstanding.

Corrective action

Scheme management engaged with the employer groups concerned to ascertain the reasons for the late payment of contributions and to highlight the impact of this practice on members of the Scheme. The Council for Medical Schemes is informed quarterly of any late payers.

Benefit options

Nature

In terms of Section 33(2) of the Medical Schemes Act, medical scheme options shall be self-sufficient in terms of membership and financial performance.

Cause

The Scheme's Tanzanite one, Beryl, and Ruby options did not meet the self-sufficiency requirement in terms of Section 33(2) of the Medical Schemes Act. Loss-making options adversely affect the financial performance of the Scheme and the reserve ratio.

The deficits on these options were intentionally planned for as a strategic effort to leverage reserves for assisting members amid economic challenges by implementing low contribution increases. The contributions increase for 2023 was 5%, which was below the CMS recommended increase of 5.7% and healthcare inflation of approximately 9%.

Corrective action

The Scheme's reserves are sufficient to absorb these deficits over the short to medium term. Continuous long-term forecasting, scenario planning and sensitivity analysis are employed to ensure the Scheme's solvency margin remain above the statutory level. Regular updates on the Scheme's performance during the 2023 financial year were provided to the Registrar through quarterly performance reports and meetings with the Council for Medical Schemes.

Guarantees

Nature

Section 35(6)(a) of the Medical Scheme Act states that a medical scheme shall not encumber its assets.

Cause

The guarantee in favour of the Council for Medical Schemes has been issued in terms of Section 24(5) of the Medical Schemes Act, 1998 to the value of R2.5 million. The Scheme's banker issued these guarantees as part of the Scheme's banking facilities.

The guarantee of R5 million in favour of the South African Post Office allows the Scheme to transact directly with the service provider for the provision of postal services, rather than procuring these services on an agency basis.

Corrective action

Council for Medical Schemes has issued GEMS an exemption from the provision of Section 35(6) of the MSA for a period of two years effective from 05 December 2019. The Scheme applied for another exemption, which was granted by CMS for a period of three years effective from 09 March 2022. There was a gap in the exemption from 05 December 2021 to 08 March 2022.

Investment in medical scheme administrator

Nature

Sections 35(8)(a), (c) and (d) of the Act state that a medical scheme shall not invest any of its assets in the business of an employer who participates in the Scheme, or any administrator or any arrangement associated with the Scheme. The Scheme has investments in certain administrators.

Cause

The Scheme has investments in certain companies associated with the administrators of the Scheme within its diversified investment portfolio.

Corrective action

CMS has granted GEMS an exemption for a period of three years effective from 05 December 2019. Additionally, we obtained an exemption for three years from 15 December 2022. There was a gap in the exemption from 05 December 2022 to 14 December 2022.

Credit facility

Nature

Section 35(6)(c) of the Medical Schemes Act states that a medical scheme shall not directly or indirectly borrow money.

Cause

The Scheme has credit facilities with RMB/FNB for the corporate and auto cards to the value of R3.3 million. The corporate cards are issued to Scheme executives as well as regional managers for work-related expenses and the travel agency to manage the Scheme's travel bookings. The auto cards are used for the fuel and maintenance of the Scheme's fleet. The balances on the cards are settled within 30 days.

Corrective action

The Scheme has been granted an exemption from the provisions of section 35(6) of the MSA for a period of three years effective from 09 March 2022. There was a gap in the exemption from 05 December 2021 to 08 March 2022.

Claims settled after 30 days

Nature

In terms of Section 59(2) of the Medical Schemes Act, the Scheme shall, in the case where an account has been rendered, pay to a member or a supplier of service, any benefit owing to that member or supplier of service within 30 days after the day on which the claim in respect of such benefit was received by the Scheme.

Cause

During the financial year, there were instances that were identified where the above regulation had not been complied with.

Corrective action

Additional controls have been put in place at the administrator to mitigate the risk of non-compliance and the Scheme will ensure that these are tested as part of the internal audit process of the Scheme during the coming year.

Scheme Rules non-compliance

In terms of Section 32 of the Medical Schemes Act, the rules of a medical scheme and any amendment thereof shall be binding on the medical scheme concerned, its members, officers and on any person who claims any benefit under the rules or whose claim is derived from a person so claiming. The following non-compliance to Scheme Rules have been noted:

Incorrect benefits used for medicine billed by registered nurses and medicine price list (MPL) not applied, according to GEMS Scheme Rules Annexure C under B.

Nature

Out of 30 medical and surgical appliances and prostheses claims reviewed, six medicine claims submitted by registered nurses were billed, processed and paid incorrectly under oxygen and appliances benefits. Furthermore, it was noted that the system fired message - reduced to medicine price list (MPL) reference price when processing of these claims happens. However, it appeared that the system paid these claims in full without applying the MPL co-payment. The claims were processed and settled by the system.

Cause

The system is not configured to identify and reject medicine claims when these claims are processed under the medical and surgical: appliances and prostheses benefits. MH system could not identify MPL co-payments when processing the medicine claims under medical and surgical: Appliances and prostheses benefits, hence the claims were incorrectly paid in full. MH system is not configured to retrospectively monitor and identify medicine claims when the processing of the registered nurses' claims happens from the wrong benefit and paid in contravention of the GEMS Scheme Rules for 2022 – Annexure C.

Corrective action

MediKredit to adjudicate the medication claims for nursing prior to MH processing the claims.

Incorrect application of late pre-authorisation request penalty co-payment.

Nature

According to Scheme Rules, hospital authorisation for admission to a private facility must be obtained from the Scheme's managed-care provider at least 48 hours before a beneficiary is

admitted to a private facility (except in the event of an emergency medical condition), failing which a co-payment of R1 000 per admission shall apply.

From a sample of 30 hospital pre-authorisation requests (PARs), where the request dates were after admission dates, two (7%) cases were incorrectly penalised for late PAR, despite receiving authorisation requests within one working day. As a result, co-payments were applied incorrectly on both claims. The testing was performed by GEMS internal audit.

Cause

Case managers failed to review and override the late PAR penalty as the authorisation request was received within one working day of the admission date. Pre-auth agent failed to identify and correct these cases from the late PAR penalty exception report. The system incorrectly applied the late PAR penalty rule.

Corrective action

Coaching of the staff involved will be performed and retraining of all the staff in the team on the management of late PAR penalty as per Scheme Rules and standard operating procedure. Case management will request a late PAR penalty exception report for neonatal PARs that the neonatal case managers will review.

Authorisation declined even though the member was eligible for PMB benefits.

Nature

In terms of the GEMS Scheme Rules:

- 8.3.1 The Scheme may impose upon a person in respect of whom an application is made for membership of the Scheme or admission as a dependant, and who was not a beneficiary of a medical scheme for a period of at least 90 days preceding the date of application:
 - 8.3.1.1 a general waiting period of up to three months; and
 - 8.3.1.2 a condition-specific waiting period of up to 12 months, where applicable; and
 - 8.3.1.3 may also exclude prescribed minimum benefits during any such waiting periods.

Through inspection of the claims processed during the review period, a sample of 30 claims was selected for review by the GEMS Internal Audit Function. It identified an error where a hospital authorisation was declined in error for a PMB claim, even though the beneficiary was eligible for benefits. As a result, the hospital claims associated with this error were also declined.

Cause

Human error, as the case manager failed to correctly process the case in line with the defined standard operating procedures.

Corrective action

Retraining of the underwriting standard operating procedure with all generalist case managers to be performed. Case managers management will request a daily exception report for pre-authorisation cases to manage PARs in pending/declined status for PMB admissions for members in three-month general waiting periods.

Claims paid while a retrospective application of a condition-specific waiting period was in effect as per Section 29A(2) of the MSA.

Nature

Section 29A(2) of the Medical Schemes Act allows a medical scheme to impose a condition-specific waiting period of up to 12 months on a person who applies for membership or admission as a dependant, and who was previously a beneficiary of a medical scheme for a continuous period of up to 24 months, which ended fewer than 90 days before the date of the application. However, this waiting period does not apply to any treatment or diagnostic procedures covered under PMBs.

GEMS Internal Audit Function inspected claims processed during the review period, a sample of 30 claims was selected. Three claims were noted, processed and settled while the members had a waiting period in effect. The system processed all the claims noted.

Cause

The users failed to adjudicate the condition-specific waiting period claim according to the approved standard operating procedure.

Corrective action

Management will review and refine the underwriting processes such that claims submitted while beneficiaries are undergoing underwriting will be identified and processed correctly in line with the GEMS Scheme Rules.

Incorrect payment of medicine claims from 'oxygen and appliances' benefits

Nature

GEMS Internal Audit Function conducted an analysis on the claims data from April 2023 to September 2023. A sample of 30 claims filed by nurses was selected for review. It was observed that the tariff codes 88205 (stomal products chargeable at cost +10% mark-up) and 88303 (stomal therapy manage sphincter saving procedures) were incorrectly used by nurses to bill medication claims. As a result, 30 claims were processed and paid incorrectly from the 'oxygen and appliances' benefits.

According to GEMS Scheme Rules for 2023 (Annexure C), medical and surgical appliances and prostheses include hearing aids, wheelchairs, mobility scooters, oxygen cylinders, pulse oximeters, nebulisers, CPAP devices, glucometers, colostomy kits, diabetic equipment, foot orthotics, external prostheses and compression stockings and are applicable to in- and out-of hospital and are subject to managed-care protocols and processes.

Cause

Claims system not configured to review nappi codes provided with tariff codes to identify possible misalignment. Therefore, where an incorrect tariff code is used for medicine claims, the claims are paid from incorrect benefits.

Corrective action

Management to develop a claims process to cater for medicine claims billed by nurses to pay from correct benefits re configure the claims system to review nappi codes provided with tariff codes to flag possible misalignments.

State hospital claims rejected with incorrect rejection code

Nature

GEMS Internal Audit Function analysed the claims data from April 2023 to September 2023, a sample of 30 rejected state hospital claims was selected for review. The review found that 26 (87%) of the claims were rejected by the SPN (Denis) with rejection code 215, which means that administration on this type of claim is not performed by Denis. Therefore, these claims needed to be forwarded to the Scheme for processing. Additionally, it was found that MH had incorrectly rejected the claims with rejection code 6358, which means that the amount claimed was above the Scheme rate.

According to GEMS Scheme Rule 15.5, If the Scheme is of the opinion that an account, statement or claim is erroneous, or unacceptable for payment, the Scheme shall notify the member and the relevant healthcare provider within 30 days after receipt thereof and state the reasons for such an opinion. Correct rejection claims messages should be communicated to the provider and/or member.

Cause

The operator reviewing the claim incorrectly updated the rejection message.

Corrective action

Management will review and enhance the mapping of the Denis rejection codes to MH rejection codes to ensure alignment and that correct rejection codes are communicated accurately to the members and healthcare providers. Training will be provided to the operators following the updated process.

PMB claims for Ruby members paid from personal medical savings account

Nature

Through inspection of claims processed during the review period, a sample of 30 claims was selected for review, and one claim was identified in which the PMSA was utilised to settle PMB claims for Ruby members.

Chapter 10(6) of the Regulations of the Medical Schemes Act, states that, 'The funds in a member's medical savings account shall not be used to pay for the costs of a prescribed minimum benefit'.

Cause

The user failed to adjudicate the claims accurately in accordance with PMB claims processes.

Corrective action

The PMB claim paid from the savings process will be revisited to identify why the claim was not reviewed as eligible for potential PMB. Training will be provided to the users.

Committee assurance

The Risk, Social and Ethics Committee is satisfied that it complied with its legal, regulatory and other responsibilities during 2023.

Remuneration report

GEMS is a certified top employer, meaning that it is at the forefront of people practices. In this section we show how our remuneration policies drive appropriate behaviour for value creation

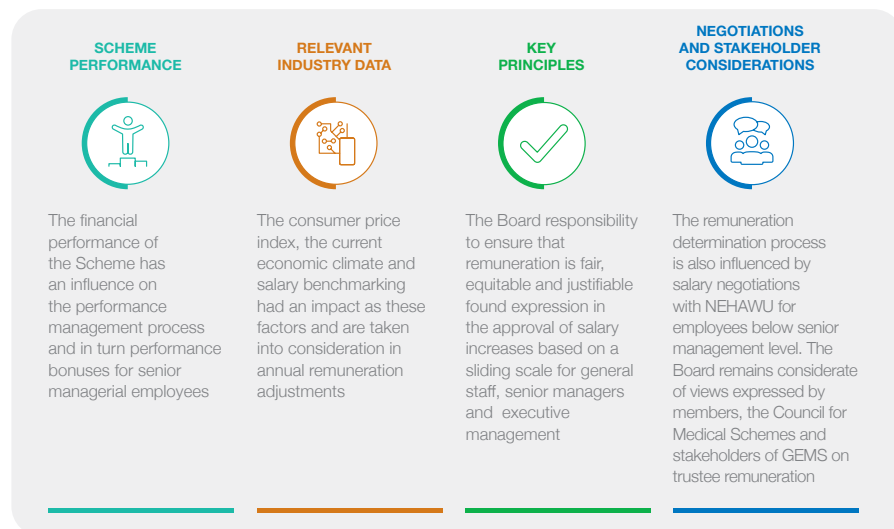
Introduction

The Board resolved on 28 February 2017 to adopt the King IV Report on Corporate Governance with effect from 1 January 2018.

In line with King IV Principle 8 Practice 65, GEMS has a dedicated Board committee to oversee remuneration, including trustee and independent committee members' remuneration and remuneration of executives and general staff. Information on the mandate, composition and attendance of meetings held by the Human Resources and Remuneration Committee in 2023 is provided on page 140 of the report.

The key internal and external factors that influenced decision-making on salary adjustments in 2023 were:

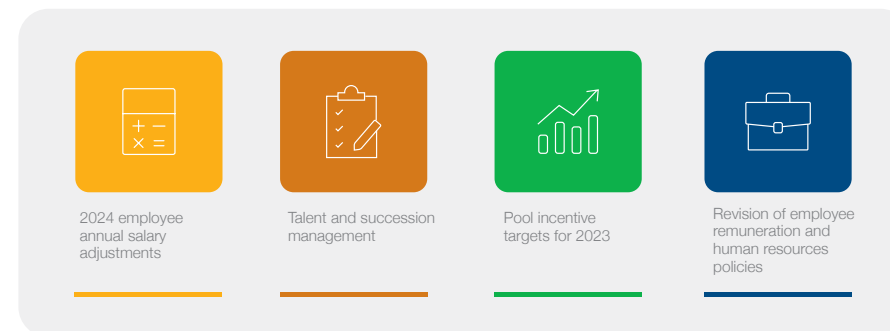
Figure 49



Voting on remuneration is not applicable to GEMS. A full disclosure on trustee remuneration is made at each AGM in compliance with the registered Rules of GEMS.

The key focuses and decisions of the Human Resources and Remuneration Committee in 2023 were:

Figure 50



A remuneration salary survey was used in 2023 for the remuneration benchmark performed for general staff, senior managers, executive management and the Principal Officer under the auspices of the Human Resources and Remuneration Committee. The work was allocated to an organisation well-versed in this area and the committee is satisfied with its independence and objectivity.

GEMS, as with other organisations, strives to attract and retain key talent, thereby driving business strategy with the right people. The risk of losing key talent is high in most organisations.

Variation in pay is a key determinant in retaining or losing individuals. It requires benchmarking for organisations to determine if pay practices are aligned with those of other businesses. GEMS benchmarking is conducted against healthcare, financial and national industries as its products and services compare well to these.

GEMS is committed to developing, implementing and upholding remuneration strategies and practices that support its vision, mission, values and strategic objectives, while pursuing the best interests of the Scheme. It ensures that remuneration is fair, equitable and justifiable.

The committee is satisfied that the GEMS Employee Remuneration Policy has met its objectives in that it supports the Scheme's commitment to attract and retain highly skilled talent. Total reward packages and benefits offered contributed to attracting and retaining talent. In 2023, the staff turnover rate was a low 4.3%. The GEMS Performance Management Policy and processes entrench this commitment by rewarding high performers.

Future focuses

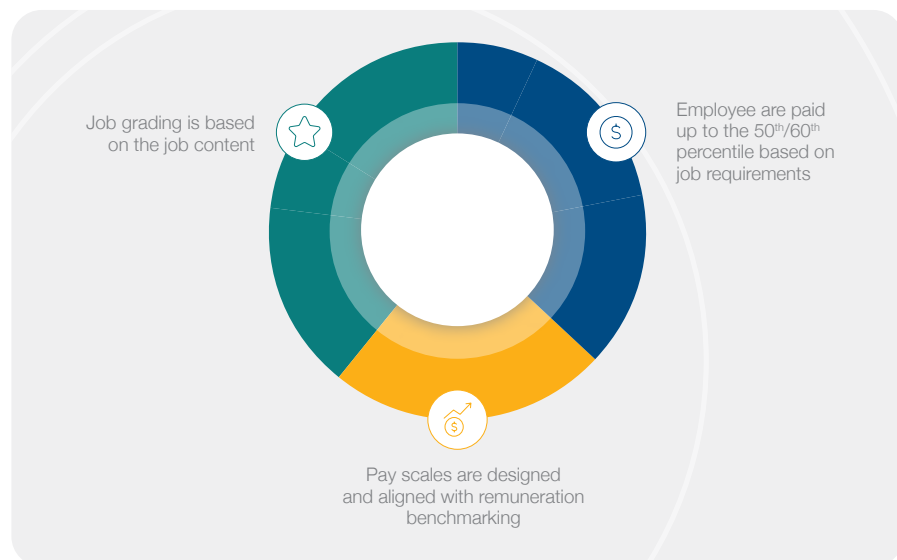
The GEMS Employee Remuneration Policy continues to evolve as the Scheme ensures that employees are paid according to market standards while considering the current economic environment. The strategic plan's success is dependent on the Scheme's ability to attract and retain talent.

Key remuneration policy principles

GEMS' remuneration philosophy reflects its commitment to attracting and retaining highly skilled, high-performing employees who enable organisational performance. The philosophy is aligned to the Scheme's business strategy, objectives and values, and seeks to achieve long-term sustainability. The GEMS Employee Remuneration Policy is based on this remuneration philosophy and strategy.

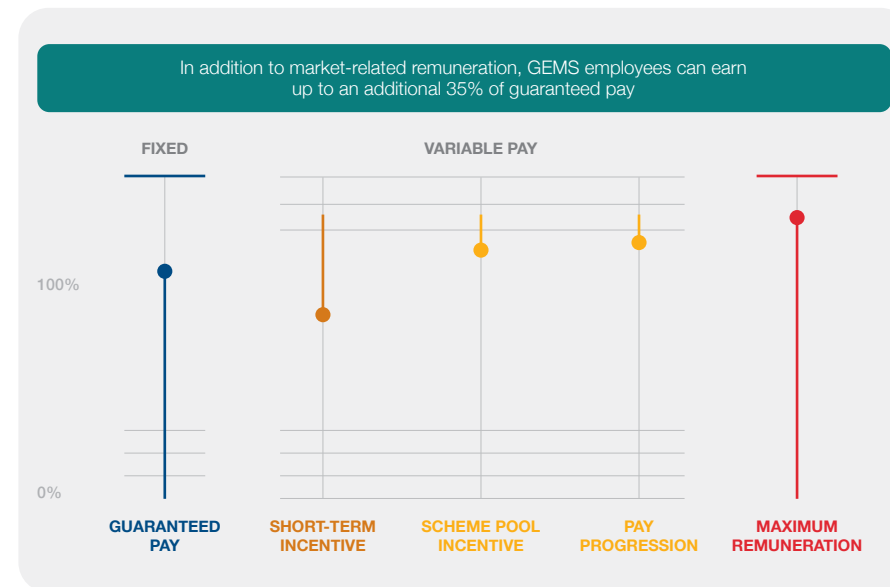
The Board of Trustees determines the remuneration and reward structures of employees in keeping with the policy and ensures that employees are appropriately compensated.

Figure 51: Determining appropriate remuneration



Remuneration is provided to employees in guaranteed and variable pay, namely performance bonuses and short-term incentives. Guaranteed pay includes basic salary and benefits. Variable pay is aligned to the achievement of business objectives and individual performance.

Figure 52



Performance bonuses and short-term incentives are determined under the GEMS Performance Management Policy, which states that GEMS will strive to improve employee contribution by linking rewards and recognition with performance management outputs. The performance management system and practices support ongoing and aligned levels of employee motivation and retention of top talent. Performance management drives the achievement of strategic objectives and supports KPIs.

Performance framework and measures

To achieve strategic objectives and positive outcomes, the Scheme uses a standardised and integrated three-tiered performance management system to manage and link Scheme performance to divisional and employee performance.

A standardised balanced scorecard measures performance in four areas:

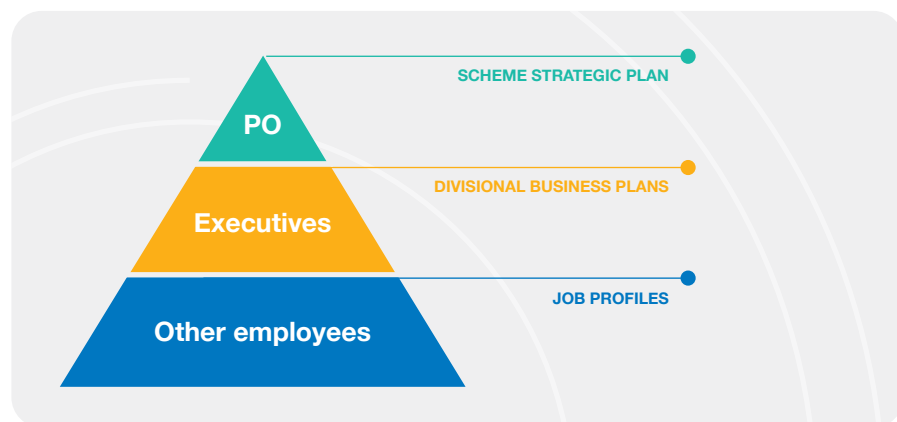
Figure 53: Performance framework and measures



The GEMS balanced scorecard is a key performance management tool to measure outputs and results against KPIs that support achievement of the GEMS strategic objectives.

The system ensures that performance is measured holistically at Scheme, divisional and individual employee levels as follows:

Figure 54



Annual employee performance contracting and assessment are based on performance scorecards comprising key performance areas and competencies. The areas are aligned to the Scheme's strategic objectives and competencies are linked to occupational levels. The allocation of weightings is depicted below:

Table 17

Level of management	Key performance areas	Core/management competencies	Values	Total weight in % of 100
Principal Officer	40	50	10	100
Executives	60	30	10	100
Senior management	80	10	10	100
Other employees	80	10	10	100

The Scheme promotes improved employee contribution to performance by linking rewards and recognition with performance management outputs. Employees are considered for rewards for sustained performance significantly above expectations. For the Principal Officer and executives, performance bonuses are dependent on a minimum individual performance rating, an unqualified audit report, the achievement of a surplus and a complaints ratio approved by the Board.

The table below illustrates the effect on total remuneration for executive management of applying the GEMS Performance Management Policy under minimum, on-target and maximum performance outcomes.

Table 18

Performance bonus percentage	0%	10%	30%
Total, including annual remuneration	R42 259 171	R46 485 088	R54 936 922

The Scheme's pool incentive and pay progression were implemented in 2020. Payment of the reward rests on the Board's consideration of annual performance against stretch targets for the reserve ratio, complaint ratio and external audit outcome. Pool incentive awarding for 2023 has not been determined as yet.

Table 19: Executive remuneration in 2023

	Guaranteed pay	Pool incentive bonus 2023	Total remuneration 2023
Karyna van Lingen	R4 071 396	-	R4 071 396
Gloria Nkadimeng	R2 815 840	-	R2 815 840
Sam Lewatle	R3 787 059	-	R3 787 059
Vuyokazi Gqola	R3 787 059	-	R3 787 059
Evan Theys	R2 815 840	-	R2 815 840
Veni Singh*	R1 877 226	-	R1 877 226
Stanley Moloabi	R5 572 274	-	R5 572 274
Phumelela Dhlomo	R2 815 840	-	R2 815 840
Selaelo Mamefja	R2 815 840	-	R2 815 840
Ingrid Poee***	R4 391 891	-	R4 391 891
Masingita Chavalala	R2 815 839	-	R2 815 839
Zaahir Elias	R2 815 839	-	R2 815 839
Andre Cowley**	R1 877 227	-	R1 877 227

* Chief Administration Officer, retired 31 August 2023

**Appointed Chief Compliance Officer effective 1 May 2023

***Chief Operations Officer, resigned 31 December 2023

Compliance statement

The Scheme complied with its approved Employee Remuneration Policy in 2023 without deviation. There are currently no voting results for the policy.

Components of the GEMS Performance Management Policy already in effect have been implemented without deviation.

Trustee remuneration

Trustee remuneration paid in a financial year is informed by the number of meetings attended by trustees – Board meetings, standing committee meetings, task team meetings and other meetings where trustee attendance is required. The amount is also informed by the meeting fees of trustees, their travel and accommodation expenses and the fees paid to trainers.

The Board of Trustees and the committees meet frequently to ensure effective oversight of the Scheme. Board and committee meetings are all necessary and convened to:

- Meet the Scheme's statutory obligations.
- Adhere to corporate governance standards.
- Meet the governance requirements of the Scheme's business model and requirements.
- Guide Scheme management on stakeholder engagements considering the Scheme's complex stakeholder relations environment.

Close Board oversight contributes to the Scheme's continued financial and operational performance evidenced by the Scheme's track record of unqualified audits, sound procurement processes, improving member survey results and high-quality stakeholder relationships. The performance and effectiveness of the Board directly affect the Scheme's ability to create value for its members, the Minister for the Public Service and Administration and stakeholders.

An increase in the number of meetings attended by trustees was reported for 2020 to 2022, with a decrease in 2023.

Movement in number of meetings: 2020 to 2023



The increased number of meetings was attributable to the Board's workload:

- Effective oversight and intensified outcomes monitoring associated with the Scheme's business transformation programme, including the insourcing programme, which led to the establishment of the Oversight Committee for Special Projects and Programmes in 2021. This committee continued oversight meetings in 2022 and 2023.
- Close involvement in the 2021 development of the strategic plan 2022 to 2026 and its extensive revisions in 2022 and 2023.
- Continuous strengthening of corporate governance through workshops.
- Oversight of the performance of the SPN, including the administrators, and their adherence to BBBEE obligations
- Involvement in stakeholder engagements to deal with dissatisfaction about contribution increases for 2024.
- Additional meetings to discuss with executive management stakeholder relationship programmes such as RBO.

Trustee and Independent Committee Member Remuneration Policy

Trustees and independent committee members are remunerated for attendance of Board and committee meetings. Trustees and committee members may also be reimbursed for travel and subsistence costs in the performance of their obligations. The Scheme commissions independent remuneration surveys to ensure that the remuneration paid is commensurate with the fiduciary obligations assumed by trustees and the expertise of trustees and independent committee members.

Trustees and committee members are remunerated for preparation for and attendance of meetings.

They are not remunerated for the following:

- Meetings not attended
- Participating in the Scheme's Board effectiveness assessment
- Attendance of training sessions
- Attendance of Scheme events where trustees are not required to perform work
- Attendance of member and stakeholder information and communication sessions.

Trustees and committee members are paid a fixed daily meeting fee for each day of quarterly and interim meetings. The fee is based on an average meeting duration time of six hours and 12 hours' preparation time. Trustees are paid a reduced daily meeting fee for attending ad hoc meetings.

For meetings with the Minister for the Public Service and Administration and stakeholders, the fixed meeting fee is replaced by an hourly fee based on the number of hours in the meeting plus one hour's preparation time for each hour in the meeting.

Trustees receive a monthly stipend to cover expenses such as stationery, telephone and internet fees.

The remuneration of the Chairperson of the Board and chairpersons of the committees (including the independent Chairperson of the Audit Committee) is the trustee fixed daily meeting fee multiplied by 1.5.

The GEMS Trustee and Independent Committee Member Remuneration Policy is reviewed by the Board every three years, with the last review performed in July 2021. The policy is being reviewed to bring it into line with the requirements of King IV.

Compliance statement

The Scheme complied with its Trustee and Independent Committee Member Remuneration Policy in 2023 without deviation. There are currently no voting results for the policy.

Remuneration benchmarks

Trustee remuneration benchmarking compares remuneration from at least 10 of the largest closed and open medical schemes in the industry.

The Board decided in 2021 to increase the fixed daily meeting fee of trustees from 1 January 2022. No increase was made for 2023.

Trustee remuneration 2023

The remuneration paid in 2023 per trustee is shown below. Meeting fees, travel and accommodation costs, training costs and other disbursements are disclosed separately per trustee in accordance with Regulation 6A of MSA Regulations.

Table 20: Board of Trustees' remuneration

2023

	Term end	Attendance fees R '000	Travel and accommodation R '000	Reimbursements and allowances R '000	Training R '000	Total R '000
Dr IJ Van Zyl	2027/08/29	931	132	40	5	1 108
M Phophi (Deputy Chairperson)	2023/09/23	890	44	115	18	1 067
Dr SM Hlatshwayo (Chairperson)	2024/02/19	1 539	312	18	55	1 924
RA Manoko	2024/03/05	1 239	209	21	58	1 527
C Ntshane	2025/09/24	1 061	461	28	49	1 599
M Brand	2025/09/24	939	177	16	51	1 183
Dr N Tutu	2026/07/30	1 071	537	2	80	1 690
L Khumalo	2025/09/24	1 145	249	26	53	1 473
P de Villiers	2027/08/29	1 060	58	14	44	1 176
Dr J Smit	2027/08/29	956	234	70	18	1 278
		10 831	2 413	350	431	14 025

Trustee remuneration paid in 2023 was R14 million (2022: R16.1 million), a decrease of 13% from 2022. Of this, R11.2 million (80%) was meeting fees and the monthly stipend. The balance of R2.8 million was for travel and accommodation costs and fees paid to trainers.

GEMS trustees undertook additional duties voluntarily during 2023 to represent the Scheme at important stakeholder events and to support Scheme management at engagements with stakeholders such as unions.

In 2023, trustee fees as a percentage of contributions were 0.03% and as a percentage of the Scheme's non-healthcare costs, 0.5%.

Conclusion

The Human Resources and Remuneration Committee recommended the GEMS 2023 remuneration report to the Board of Trustees. We are satisfied that the committee fulfilled its obligations in 2023.

The committee acknowledges the work performed by Scheme management and congratulates GEMS on its top employer status for a third consecutive year.



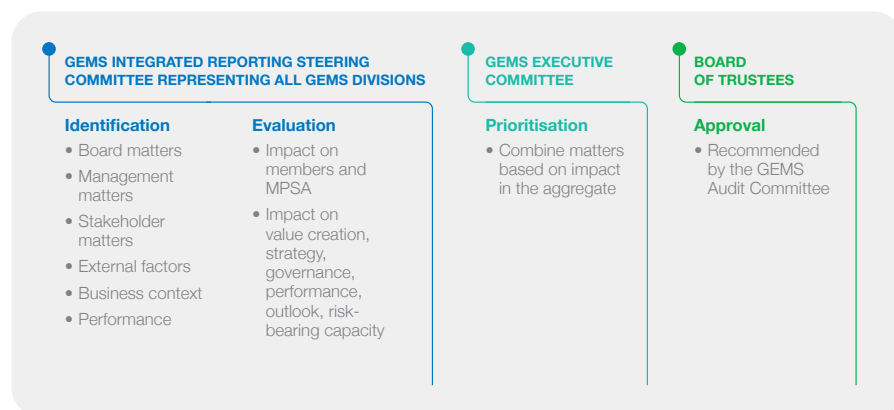
Dr Kobus van Zyl
Chairperson: Human Resources and Remuneration Committee
09 October 2024



BASIS OF PRESENTATION

We have a standardised process for choosing material matters to report to the Minister and Deputy Minister and our stakeholders:

Figure 55: Reporting material matters



Assurance on this report:

The Board received assurance on the content and processes listed below and their accuracy from both internal and external assurance providers, overseen by the Audit Committee.

Table 21: KPI assurance roles

Content and processes	Assurance provider	Outcome
Annual financial statements	External audit: Deloitte and OMA	Unqualified audit opinion
KPI 3: Healthcare provider satisfaction	External audit: Deloitte and OMA	Limited assurance conclusion, see page 190
KPI 8: Percentage of employees upskilled with future skills needs	External audit: Deloitte and OMA	Limited assurance conclusion, see page 190
KPI 16: Percentage of alternative reimbursement models established	External audit: Deloitte and OMA	To be concluded, see note on page 7
KPI 23: Percentage progress on the development and implementation of information security capability	External audit: Deloitte and OMA	Limited assurance conclusion, see page 190
KPI 25: Percentage member retention	External audit: Deloitte and OMA	Limited assurance conclusion, see page 190
KPI 28: Compliance index (weighted to MSA and GEMS Rules) or in line with risk appetite	External audit: Deloitte and OMA	Limited assurance conclusion, see page 190
KPI 1: Industry member satisfaction (Ask Afrika)	GEMS Internal Audit Function	No exception noted
KPI 2: Member satisfaction (South African Customer Satisfaction Index)	GEMS Internal Audit Function	No exception noted

Content and processes	Assurance provider	Outcome
KPI 7: External assessment of employer	GEMS Internal Audit Function	No exception noted
KPI 9: BBBEE: Number of code elements that have an improved score (informally assessed)	GEMS Internal Audit Function	No exception noted
KPI 11: Increase in the hospital admission rate	GEMS Internal Audit Function	No exception noted
KPI 14: Savings on appliances and prostheses sourcing costs	GEMS Internal Audit Function	No exception noted
KPI 22: Progress in implementation of the data management programme	GEMS Internal Audit Function	No exception noted
KPI 18: Primary network cost coverage	GEMS Internal Audit Function	No exception noted
KPI 29: High ethical culture risk indicator	GEMS Internal Audit Function	No exception noted
Trustee and independent committee meeting attendance	GEMS Internal Audit Function	No exception noted



OUR PEOPLE

The GEMS employee numbers and demographic distribution from 2018 to 2023 are shown below. The period marked the start of capacity building under the previous strategic plan period and shows progress under the current period:

Table 22: Employee numbers from 2018 to 2023

Total number of employees	2018	2019	2020	2021	2022	2023
GEMS	285	309	351	373	402	441
Employees per office	2018	2019	2020	2021	2022	2023
Head office	133	155	193	208	239	273
Client liaison offices	152	154	158	165	163	168
Total	285	309	351	373	402	441
Employees per contract type	2018	2019	2020	2021	2022	2023
Contract	19	-	11	9	4	12
Permanent	266	309	340	362	398	429
Internship	-	-	-	2	-	-
Total	285	309	351	373	402	441
Employees per gender	2018	2019	2020	2021	2022	2023
Male	90	98	107	124	160	185
Female	195	211	244	249	242	256
Total	285	309	351	373	402	441
Turnover	8.20%	4.80%	4.39%	5.5%	5.56%	4.3%

Union membership

A total of 249 GEMS employees on levels A1 to D3, or 63% of the bargaining unit, belong to the union.

Nehawu is the current union to which the employees belong.

Table 23: Manco members 2023/2024

Dr Stanley Moloabi



Qualifications

MBChB, Diploma in Business Management (Damelin Management School); Certificate in Global Health Delivery (Harvard University); Leading in health systems: Integrating effort, improving outcomes (Harvard TH Chan School of Public Health); various other continuing professional development attendance courses.

Experience

Clinical private practice (13 years), leadership positions in medical scheme administration and medical scheme management since 2005. GEMS Chief Operations Officer from 1 June 2018 and GEMS Principal Officer from 1 February 2020.

Dr Ingrid Pooe



Qualifications

MBChB (University of KwaZulu-Natal – UKZN); Postgraduate Diploma in Anaesthetics (College of Medicine South Africa); HIV Management (College of Medicine South Africa) and Occupational Health (University of the Witwatersrand); Executive MBA from Henley Business School. She is an independent medical examiner and an Advanced Master Independent Medical Examiner (American Board). She has a first-level Regulatory Certificate in Financial Services Providers (Sole Proprietors) and Key Individuals Categories I, II, IIA and IV.

Experience

Registered occupational medical practitioner with more than 20 years of experience in the public, healthcare, insurance and mining industries in Botswana and South Africa.

Member of the South African College of Anaesthetics and HIV, the Mine Medical Professional Association, the South African Society of Occupational Medicine and the International Commission of Occupational Health.

Appointed Chief Operations Officer from 1 June 2022. Resigned 31 December 2023.

Evan Theys



Qualifications

BA LLB (University of Western Cape); LLM in Company Law, Postgraduate Diploma in Tax Law (University of Cape Town); MBA (Stellenbosch University).

Experience

Admitted attorney with experience in the life insurance industry and as a company secretary. He has been in various sectors of the medical schemes industry for the past 20 years.

GEMS Company Secretary and Legal Counsel from 1 February 2018.

Masingita Chavalala



Qualifications

MBA (Regent Business School); Postgraduate Diploma in Programme Management (Cranefield); Programme in Advanced Strategic Management (Unisa); General Management Programme (Gordon Institute of Business Science); Organisational Leadership Programme (Harvard Business School); Course in Digital Transformation Strategy (University of Cape Town).

Experience

Over 20 years' professional experience in strategy and project portfolio management. Established the GEMS Project Management Office.

Appointed Executive Manager: Office of the Principal Officer on 1 June 2022. Member of IoDSA.

Gloria Nkademeng



Qualifications

Master's Degree in Automated Management Systems acquired in Havana, Cuba; Certificate in Business Management from the Centre for Business Management, Unisa.

Experience

Experience in the public and private sector in leading ICT divisions and providing enterprise strategy consultancy services.

Appointed Chief Information Officer in March 2024.

Zaahir Elias



Qualifications

BAcc and DipAcc (honours); CA(SA); certified internal auditor; accredited external quality assurance reviewer; registered assessor with Institute of Internal Auditors; registered training officer with SAICA; certified valuer.

Experience

More than 25 years' experience in audit, risk management, corporate governance and forensic investigations, 14 years at directorship level in industries such as chemical, mining, agricultural, transport and logistics and shipping. Extensive experience in the public sector.

Appointed Chief Audit Executive in 2023 responsible for the Scheme's Internal Audit Function.

Karyna van Lingen



Qualifications

CA(SA).

Experience

Extensive experience in directing organisational finance, operations and compliance functions in the private sector and a South African regulator. Career highlights include five years as head of finance responsible for strategic and business planning (finance area), people management, basic administration and compliance, policy implementation and service delivery.

Appointed Chief Financial Officer in 2007.

Dr Vuyokazi Gqola



Qualifications

BSc (UKZN); BSc Hons (UKZN); MBChB (University of Cape Town); MBA in HealthCare Leadership (Stellenbosch University); Expert Negotiator Certificate (Gordon Institute of Business Science); Certificate in Global Health Delivery (Harvard University); Executive Development Certificate – Strategy for Healthcare Delivery (Harvard Business School).

Experience

Registered medical practitioner with experience in emergency medicine, paediatrics and HIV management in the public healthcare sector. Experience in the managed care industry since 2010.

Appointed Executive: Healthcare Management in September 2015. Appointed as Chief Operations Officer from 1 September 2024

Dr Selaelo Mametja



Qualifications

FCPHM from Colleges of Medicine of South Africa; MMED Public Health and Postgraduate Diploma in Health Management from University of Cape Town; MBBCh from University of the Witwatersrand.

Experience

Public health medicine specialist with experience in health economics and healthcare financing, health policy, management and bioethics and law. Experience includes leading a knowledge management and research department and serving on various working groups of the World Medical Association.

Appointed Chief Research Officer in 2019.

Dr Phumelela Dhlomo



Qualifications

BPaed (University of Zululand) (SSTD); BCom (Honours); Postgraduate Diploma in Media Management; MBA; MCom; PhD.

Experience

Qualified chartered marketer with more than 20 years' experience in corporate communications, strategic management and brand communication. Experience includes working with major brands in Africa and globally in the fast-moving consumer goods, financial services, advertising, retail, tourism and public sectors.

Appointed Chief Marketing Officer in July 2019.

Dr Samuel Lewatle



Qualifications

Doctorate in Business Administration; MBA; National Education Diploma; Oxford Executive Leadership Certificate; Board of Healthcare Funders trustee certificate. He is also a human resources management certified auditor, with certificates in leadership/strategic management and coaching. He is affiliated to the South African Board for People Practice as a master human resources practitioner; the Broad-based Black Economic Empowerment Association; Africa Supply Chain Management in Action (ambassador); Coachers and Mentors of South Africa; IoDSA; Institute of People Management.

Experience

More than 20 years in senior and executive positions in both public and private sector organisations. Experience includes working in East Africa and West Africa and international training exposure in the USA, France, Germany and UK.

Appointed Chief Corporate Services Officer in March 2014.

**Veni Singh
(retired 31 August 2023)**



Qualifications

MBA; MAP; diplomas in human resources management, training, business law and strategy, underpinned by clinical qualifications.

Experience

More than 30 years' experience in private and public healthcare institutions, two decades of which were spent in the medical schemes industry in executive roles.

Appointed Executive: Chief Administration Officer in November 2018.

Reginald Sadiki



Qualifications

Bcom, Honours Degree, MBA

Experience

Reginald has 28 years' experience in healthcare funding management including, regulatory experience, strategy development, project, healthcare risk management, tariff negotiations, healthcare provider network management, strategic sourcing, process engineering, organisational design, operationalizing strategy and performance management.

Appointed Chief Administration Officer in May 2024

Andre Cowley



Qualifications

BEng; MEng; certified risk management practitioner; certified risk management professional.

Experience

More than 20 years' experience in governance, risk, compliance, strategy, engineering, project management, business intelligence, knowledge management, information management and organisational restructuring in large and multinational organisations, including medical schemes, consulting, manufacturing, construction and engineering, research and development and retail.

Appointed Chief Compliance Officer in April 2023.

Chief officers are supported by senior managers driving operational performance.

Table 24: Senior managers 2023/2024

Moathodi Modise	<p>Main qualifications</p> <p>National Diploma in Electrical Engineering: Digital Technology; Master of Commerce in Project and Programme Management; Manager's Accelerated Progression Programme; Advanced Certificate in Management Practice; Praxis Framework Practitioner; Agile project management practitioner</p> <p>Experience</p> <p>Project, programme and portfolio management professional with more than 18 years' experience in the engineering, telecommunications, ICT and healthcare industries.</p> <p>Appointed Project Manager: Strategic Support in 2018 and promoted in 2023 to lead the Scheme's Project Management Office.</p>
Lebohang Monyepao	<p>Main qualifications</p> <p>MBA (current studies), Henley Business School; Postgraduate Diploma in Programme Management and Advanced Diploma in Project Management, Cranefield; National Diploma Information Technology (Software Development), University of Johannesburg; Agile project management practitioner, APMG International; Prosci-certified change practitioner</p> <p>Experience</p> <p>A project management professional for 14 years, with experience leading and delivering complex transformational and strategic initiatives across the banking, information technology and healthcare sectors. He joined GEMS in 2017 as a Project Manager.</p> <p>Appointed Senior Manager of Business Optimisation in March 2023.</p>

Bongani Bango	<p>Main qualifications</p> <p>CIA; BCompt; MPhil: Internal Audit, Senior Management Programme; executive development, Stellenbosch Business School</p> <p>Experience</p> <p>A seasoned certified internal auditor with more than 20 years of audit experience across industries such as financial services, healthcare, manufacturing and energy. He has a proven track record of formulating and executing internal audit strategies and managing stakeholders and resources</p> <p>He joined GEMS in 2021 as Senior Manager: Internal Audit.</p>
Junilia Nunes	<p>Main qualifications</p> <p>Association of Certified Fraud Examiners; Institute of Commercial Forensic Practitioners member; BCom Hons in Accounting; BCom in Accounting; Diploma in Criminal and Forensic Justice; completed three years of external accounting articles</p> <p>Experience</p> <p>More than 16 years' forensic investigation and fraud risk management experience obtained in both public and private sectors.</p> <p>Appointed in 2019 to Scheme's Internal Forensic Function.</p>
Thabo R Litabe	<p>Main qualifications</p> <p>BTech in Information Technology (Application Development and Information Systems), Central University of Technology; Senior Management Programme, Gordon Institute of Business Science (GIBS); COBIT 5 and ITIL certified, APMG International; Postgraduate Diploma in Information Resource Management (Honours), Unisa</p> <p>Experience</p> <p>Over 21 years of ICT technical and management experience, including 10 years of senior managerial experience in the public and private sectors, including healthcare.</p> <p>Appointed Senior Manager: ICT Infrastructure Services and Operations in April 2016, responsible for ICT infrastructure services and operations.</p>
Tshepo Given Rasekgothoma	<p>Main qualifications</p> <p>BTech: Knowledge Management; National Diploma: Information Technology; CCOBIT 5 and PRINCE 2 certified</p> <p>Experience</p> <p>More than 19 years' experience in ICT, digital and data, having held senior positions at various organisations. Extensive experience in the public and private sectors, including the healthcare sector, in leading application development and support teams.</p> <p>Appointed Senior Manager: Application Development in 2015</p>

Selloane Noko	<p>Main qualifications</p> <p>Executive Development Programme (Wits Business School); Senior Leadership Development Programme, (Wits Business School); CIMB1 and 2, Gimt/Unisa; Diploma in Public Relations Practice, Damelin; N6 Computer Literacy and Programming, Manpower Training College (now a technical vocational and education training college); completed a number of governance courses</p> <p>Experience</p> <p>Over 22 years' experience in private and public sector entities, responsible for Board and committee administration, corporate secretariat services, company registrations, director registrations, statutory compliance and communication and public relations.</p> <p>Appointed in 2014.</p>
Pierre Roux	<p>Main qualifications</p> <p>Baccalaureus Procuratoris (BProc Law), Unisa; Qualified Lawyers Transfer Test, BPP Professional Education, London, United Kingdom; admitted as a solicitor of the High Court of England and Wales; Law Society of England and Wales Management Course, BPP Professional Education, London, United Kingdom. National Diploma in Real Estate (Property Valuation), Technikon South Africa; property valuers admission examination, South African Council for the Property Valuers Profession</p> <p>Experience</p> <p>Admitted as an attorney of the High Court of South Africa with more than 33 years' experience in the legal profession, which includes medical scheme insurance, corporate, commercial, civil, and criminal law. Served in a number of roles in the United Kingdom, including heading legal services and lecturing in business law.</p> <p>Appointed in October 2010 and currently manages the legal and environmental sustainability functions and the AGM.</p>
Vuyokazi Belinda Madengwane	<p>Main qualifications</p> <p>CA(SA); MBA in Healthcare Leadership</p> <p>Experience</p> <p>Extensive experience in financial management gained through diverse financial positions, including head of finance for the southern African operations for a manufacturer of medical devices with a global presence.</p> <p>Appointed in March 2017</p>
Keneilwe Motsilanyane	<p>Main qualifications</p> <p>CA(SA)</p> <p>Experience</p> <p>More than 10 years' experience in accounting and financial management with particular expertise in banking at senior management level, handling core banking, facilities management and human resources shared services.</p> <p>Joined GEMS in September 2022 as Senior Manager: Accounting.</p>

<p>Ishmael Mogapi</p>	<p>Main qualifications Biuris; LLB; Certificate in Forensics Examination; General Management Programme, Gordon Institute of Business Science; Practical Legal Training – Law Society of South Africa; Certificate of Proficiency – Attorneys Admission Exam</p> <p>Experience More than 20 years' law enforcement and risk management experience obtained in both the public and private sectors. His strategic managerial positions in the health administration business included advising on and coordinating the fraud risk management activities of several medical schemes.</p> <p>Manages the GEMS Fraud, Waste and Abuse Function.</p>
<p>Yashwin Singh</p>	<p>Main qualifications BProc; LLM commercial law; Certificate in Advanced Labour Relations; Certificate Pensions Fund Law; compliance practitioner (SA); international certified compliance professional</p> <p>Experience More than 20 years' experience in governance, legal, risk compliance and ethics in the banking, academic and regulatory sector.</p> <p>Manages the GEMS compliance and ethics functions.</p>
<p>Dr Morwesi Mahlangu</p>	<p>Main qualifications MBChB; Postgraduate Certificate Travel Medicine; Postgraduate Certificate Aviation Medicine</p> <p>Experience Experienced general practitioner with a demonstrated history in the financial services industry and managed healthcare environment. Skilled in operations management, communication, airports, emergency medicine, aviation medicine, legislative drafting and International Civil Aviation Organisation technical standards.</p> <p>Manages the medical advisory services for GEMS</p>
<p>Tintswalo Baloyi</p>	<p>Main qualifications BA Bachelor of Arts degree, Political Science (Honours), Postgraduate Diploma in Projects and Programme Management, LLB and AgilePM certification</p> <p>Experience With over 13 years of experience, Ms Baloyi is an accomplished professional with demonstrated success in project management, business administration, operations management support, and the implementation of Agile methodologies and project workflow optimisation. She joined GEMS in 2013 and currently leads the business administration team to drive integrated, automated business administration processes to manage the flow of documents to and from the Office of the Principal Officer and coordinates all strategic stakeholder engagements.</p> <p>Senior Manager: Business Administration</p>

<p>Carmen Whyte</p>	<p>Main qualifications MBChB (UKZN); FCPHM (SA); MMED (University of the Witwatersrand – Wits); DCH (SA); Diploma in HIV Management(SA); DOMH (University of Pretoria – UP) Management of HIV: Harvard University, Centre for Aids Research; Monitoring and Evaluation: Graduate School of Public and Development Management (Wits); Advanced Employee Assistance Programme (UP); advanced wellness programmes (UP); Certificate in Travel Medicine (SASTM) Certificate in Aviation Medicine: (SACAA)</p> <p>Experience Public health and preventive medicine specialist with 17 years' experience in the public and private healthcare sectors, working on the healthcare of individuals, communities and defined populations to protect, promote and maintain health and wellbeing. Sound knowledge of epidemiology, biostatistics, environmental health, occupational medicine, planning, monitoring and evaluation of health services and management of healthcare organisations.</p> <p>Joined the GEMS Research and Development Division in April 2022 as Senior Manager: Health Policy.</p>
<p>Thabiso Mphehlo</p>	<p>Main qualifications Postgraduate Diploma in Public Health; Diploma in Primary Healthcare; Diploma in Nursing</p> <p>Experience Experience includes state health institutions with particular experience in the military health services and clinical analytical services in the medical schemes industry including at regulatory level.</p> <p>Joined GEMS in 2016 as Senior Manager: Networks and Provider Relations.</p>
<p>Marjorie Nqala</p>	<p>Main qualifications BSc (Physiotherapy); BTech in Business Administration; MBA</p> <p>Experience Physiotherapist with extensive experience as a clinician in both public and private healthcare sectors and experience in clinical research in the medical schemes industry, specifically managed care and healthcare funding.</p> <p>Joined GEMS in 2012 as a Manager: Healthcare Management She is currently Senior Manager: Tariffs, Billing Rules and Alternative Reimbursement Models with emphasis on value-based care.</p>
<p>Ursula le Roux</p>	<p>Main qualifications Diploma in Nursing; Postgraduate in Health; Diploma in Health Management; various financial management certificates</p> <p>Experience Extensive experience in both private and public healthcare, including NHI clinical and financial policies for patient user fees, designated service provider contract management, clinical case management, revenue management and revenue retention for the provincial health departments. Project management experience in international and South African governmental organisations.</p> <p>Joined GEMS in 2021 as a Senior Manager: Strategic Sourcing.</p>

Lusanda Diba	<p>Main qualifications</p> <p>Postgraduate Diploma: Leadership Development (Stellenbosch Business School); BTech: Industrial Engineering (Tshwane University of Technology)</p> <p>Experience</p> <p>An industrial engineering professional, experienced in business optimisation and operations management, with particular focus on driving continuous process improvement through total quality management methodology.</p> <p>Joined the healthcare industry in 2010 and GEMS August 2022 as Senior Manager: Administration and Transaction Services.</p>
Baldwin Matsimela	<p>Main qualifications</p> <p>National Diploma in Public Management and Development; Postgraduate Diploma in Public Development and Management; Diploma in Payroll Administration, and Development Communication; Senior Management Development Programme Certificate (Stellenbosch University Business School); certificates in public relations, stakeholder management, community development and media relations through the Public Relations Institute of Southern Africa and Wits School of Journalism</p> <p>Experience</p> <p>Over 20 years' experience in corporate communication, marketing, advertising, stakeholder management and media relations in the public and private sectors.</p> <p>Joined GEMS in 2018 as Senior Manager: Marketing and Communication.</p>
Munene Khoza	<p>Main qualifications</p> <p>MA Language and Linguistics; BA (Honours) English and Film and Media Studies</p> <p>Experience</p> <p>Extensive experience in strategic communications, project management and professional consultation in the private and public sectors, including the banking and medical schemes industries.</p> <p>Joined GEMS in December 2022, focused on building the Scheme's public relations and reputation management capability.</p>
Lindiwe Ngcobo	<p>Main qualifications</p> <p>MBA (UKZN); Postgraduate Diploma in Marketing; Postgraduate Diploma in Business Management; Executive Excellence Leadership Programme (GIBS); BPaed</p> <p>Experience</p> <p>More than 20 years' experience in the private and public sectors in sales and marketing, customer service, communications, stakeholder management, project management, strategic partnerships, accounts management and business tourism (includes international marketing experience).</p> <p>Appointed Senior Manager: Client Liaison Office in 2019, responsible for strategy implementation and operations oversight in all nine provinces.</p>

Hape Lefalatsa	<p>Main qualifications</p> <p>Postgraduate Diploma in Business Administration; Bachelor of Commerce; Certificate in Risk Management</p> <p>Experience</p> <p>More than 15 years' experience in local and regional membership management, compliance and contribution management in the medical schemes and insurance industries.</p> <p>Joined GEMS in 2021 as Senior Manager: Membership and Compliance.</p>
Malinda Lubbe	<p>Main qualifications</p> <p>BCom (Law); LLB; Higher Diploma in Tax; Diploma in Labour Law; Certificate in Income Tax</p> <p>Experience</p> <p>Admitted attorney with more than 20 years' professional and operational experience in civil, criminal, corporate, commercial, labour, tax and intellectual property law, governance, risk, compliance and ethics management. She has served in various capacities in the legal and financial services industries.</p> <p>Appointed to manage the GEMS Complaints Management Function in 2018.</p>
Riana Bredell	<p>Main qualifications</p> <p>BA majoring in languages; several completed courses and published articles</p> <p>Experience</p> <p>More than 37 years' local, regional and international experience in the procurement and supply chain management environments, including designing new procurement models and organisational structures, developing policies and procedures and inputs into legislation, supply chain management capacity building, rendering procurement management and support services, with extensive involvement in healthcare procurement. Has delivered various papers on procurement.</p> <p>Joined GEMS in 2015 and is currently responsible for supply chain management and its strategy implementation, embedding transformation in procurement processes.</p>
Bongani Vilakazi	<p>Main qualifications</p> <p>Management Development – BBBEE; Wits Enterprise; BCom in Finance and Marketing, University of Witwatersrand</p> <p>Experience</p> <p>More than 17 years of experience in the financial and professional services sector, involved in transformation and growth initiatives supporting entrepreneurs and successful integration of small business into corporate supply chains.</p> <p>Joined GEMS in 2022 focusing on BBBEE and transformation in the healthcare sector.</p>

Audrey Mareme	<p>Main qualifications</p> <p>Diploma Human Resources; Diploma Psychology; Degree Social Science; Degree Human Resources; Honours in Psychology; Master's in Human Resources</p> <p>Experience</p> <p>More than 20 years' experience in various human resources and senior management roles, including international, with specific experience in human capital resourcing, talent retention, organisational development, employee relations, performance management, remuneration and human resources information systems.</p> <p>Appointed Senior Manager: Corporate Services on 1 September 2014</p>
Annika Nair	<p>Main qualifications</p> <p>Bachelors in Psychology; Honours in Industrial Psychology; Master's in Human Resource Management</p> <p>Experience</p> <p>Human resources professional with more than 15 years' experience in the telecommunications, consulting and healthcare environments, focused on talent attraction and retention, employee wellness, employee relations, remuneration and benefits, talent and performance management and employee engagement.</p> <p>Joined GEMS in 2013 and led the human resources operations team to ensure that high-quality solutions are delivered across GEMS.</p>
Dumisani Madela	<p>Main qualifications</p> <p>BA in Disaster and Safety Management (current studies); BTech: Construction Management; National Diploma in Quantity Surveying; Diploma and Project Management Certificate in Facilities Management: Green Star-accredited Professional Existing Building</p> <p>Experience</p> <p>Facilities manager with more than 17 years' experience in safety management, property infrastructure facilities management and building infrastructure development.</p> <p>Joined GEMS in January 2021 as Senior Manager: Facilities</p>
Mabatlo Semanya	<p>Main qualifications</p> <p>BCom Honours in Economics, University of South Africa; BCom in Economics and Finance, University of Cape Town; Senior Management Programme, Stellenbosch Business School: Executive Development</p> <p>Experience</p> <p>More than 14 years' data analytics experience in the medical schemes industry. Worked at large medical schemes and administrators and used data analytics to drive continuous operational process improvement and strategic healthcare management initiatives.</p> <p>Joined the GEMS Research and Development Division in 2021 to manage data analytics.</p>

Mapule Letshweni	<p>Main qualifications</p> <p>Master's in Business Leadership, Graduate School of Business Leadership, Unisa; Bachelor of Information Science (Honours); Postgraduate Diploma in Information Management; BTech: Library and Information Science; Diploma in Library and Information Science; Senior Management Development Programme from Stellenbosch University Business School</p> <p>Experience</p> <p>More than 15 years' experience in information management, knowledge management, learning and innovation. She fulfilled various roles in governmental entities, including web and information management.</p> <p>Joined GEMS in October 2021 as Senior Manager: Knowledge Management.</p>
Baldwin Moyo	<p>Main qualifications</p> <p>BCom Honours Actuarial Science, National University of Science and Technology, Zimbabwe; Fellow of the Institute and Faculty of Actuaries; Fellow of the Actuarial Society of South Africa</p> <p>Experience</p> <p>More than nine years' experience in portfolios in several healthcare insurance markets. Experience includes consultancy roles at large firms. He has had exposure to multiple projects in pricing, reserving, analytics in both health and short-term insurance markets and cross-functional teams in development of various platforms.</p> <p>Joined the GEMS Research and Development Division on 1 July 2022 to lead the Actuarial Services Function.</p>
Chiloane Molaba	<p>Main qualifications</p> <p>BSc (Med Sci) (University of Limpopo); MSc (Med Sci) (University of Limpopo); MBA (ALBA Graduate Business School – Greece); Executive Development Programme (University of Pretoria); Various health sector course certificates</p> <p>Experience</p> <p>Mr Molaba is a seasoned professional with over 20 years of experience in strategy management monitoring and evaluation, information management, and research acquired in both private and public healthcare, spanning the multinational pharmaceutical industry, national and local government, health and social welfare sector and multinational non-governmental organisations.</p> <p>As a Senior Strategy Manager in the Office of the Principal Officer. He is responsible for the development of the Scheme strategy, alignment and implementation of the integrated strategy management approach across the Scheme, which includes strategy planning and annual review, and monitoring, evaluation and reporting.</p>



OTHER INFORMATION



Independent Assurance Practitioner's Limited Assurance Report on Selected Key Performance Indicators

To the Trustees of the Government Employees Medical Scheme

Report on Selected Key Performance Indicators

We have undertaken a limited assurance engagement on selected key performance indicators (KPIs), as described below, and presented in the 2023 Annual Integrated Report of the Government Employees Medical Scheme (GEMS) for the year ended 31 December 2023 (the Report). This engagement was conducted by a multidisciplinary team including assurance specialists with relevant experience in sustainability reporting.

Subject Matter

We have been engaged to provide a limited assurance conclusion in our report on the following selected KPIs, marked with a * on the relevant pages in the Report. The selected KPIs described below have been prepared in accordance with the GEMS reporting criteria ("reporting criteria"). The reporting criteria is disclosed as Appendix 2 on pages 193 - 203 of the Annual Integrated Report.

Key Performance Indicator	Unit of measurement	Page number
Provider satisfaction	Percentage	80
Percentage of employees upskilled with future needs	Percentage	82
Alternative Reimbursement Model (ARM) established	Percentage	86
Percentage progress on the development and implementation of information security management capability	Percentage	90
Percentage member retention	Percentage	91
Compliance index	Percentage	93

Trustees' Responsibilities

The Trustees are responsible for the selection, preparation and presentation of the selected KPIs in accordance with the accompanying GEMS reporting criteria. This responsibility includes the identification of stakeholders and stakeholder requirements, material issues, commitments with respect to sustainability performance and design, implementation and maintenance of internal control relevant to the preparation of the Report that is free from



National Executive: *B. Reddam, Chief Executive Officer; *S.M. Berry, Chief Operating Officer; JAV. Eshun, Managing Director Business; J.N. Mahuza, Chief People Officer; *N. Sing, Chief Risk Officer; AP. Theoshander, Chief Sustainability Officer; *N.A. le Riche, Chief Growth Officer; *M. Tembela, Audit & Assurance; AM. Betsi, Consulting; TA. Odoko, Financial Advisory; G. Ramogae, Risk Advisory; DJ. Kubeka, Tax & Legal; DP. Ndlovu, Chair of the Board.

A full list of partners and directors is available on request. * Partner and Registered Auditor

B-BBEE rating: Level 1 contribution in terms of the DTI Generic Scorecard as per the amended Codes of Good Practice

Associate of Deloitte Africa, a Member of Deloitte Touche Tohmatsu Limited



material misstatement, whether due to fraud or error. The Trustees are also responsible for determining the appropriateness of the measurement and reporting criteria in view of the intended users of the selected KPIs and for ensuring that those criteria are publicly available to the Report users.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the *Code of Professional Conduct for Registered Auditors* issued by the Independent Regulatory Board for Auditors (IRBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*.

Deloitte applies the International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Assurance Practitioner's Responsibility

Our responsibility is to express a limited assurance conclusion on the selected KPIs based on the procedures we have performed and the evidence we have obtained. We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements other than Audits or Reviews of Historical Financial Information*, issued by the International Auditing and Assurance Standards Board. That Standard requires that we plan and perform our engagement to obtain limited assurance about whether the selected KPIs are free from material misstatement.

A limited assurance engagement undertaken in accordance with ISAE 3000 (Revised) involves assessing the suitability in the circumstances of GEMS use of its reporting criteria as the basis of preparation for the selected KPIs, assessing the risks of material misstatement of the selected KPIs whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the selected KPIs. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks. The procedures we performed were based on our professional judgement and included inquiries, observation of processes followed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, in performing the procedures listed above we:

- Interviewed management and senior executives to obtain an understanding of the internal control environment, risk assessment process and information systems relevant to the sustainability reporting process;
- Inspected documentation to corroborate the statements of management and senior executives in our interviews;
- Tested the processes and systems to generate, collate, aggregate, monitor and report the selected KPIs;
- Inspected supporting documentation on a sample basis and performed analytical procedures to evaluate the data generation and reporting processes against the reporting criteria;

- Evaluated whether the selected KPIs presented in the Report are consistent with our overall knowledge and experience of sustainability management and performance at GEMS.

The procedures performed in a limited assurance engagement vary in nature and timing and are less in extent than for a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether GEMS selected KPIs have been prepared, in all material respects, in accordance with the accompanying GEMS reporting criteria.

Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the selected KPIs as set out in the Subject Matter paragraph above for the year ended 31 December 2023 are not prepared, in all material respects, in accordance with the reporting criteria.

Other Matters

The maintenance and integrity of the GEMS website is the responsibility of GEMS management. Our procedures did not involve consideration of these matters and, accordingly, we accept no responsibility for any changes to either the information in the Report or our independent limited assurance report that may have occurred since the initial date of its presentation on GEMS website.

Restriction of Liability

Our work has been undertaken to enable us to express a limited assurance conclusion on the selected KPIs to the Trustees of GEMS in accordance with the terms of our engagement, and for no other purpose. We do not accept or assume liability to any party other than GEMS, for our work, for this report, or for the conclusion we have reached.

Deloitte & Touche
Registered Auditors



Per Jyoti Vallabh
Chartered Accountant (SA)
Registered Auditor

23 September 2024

5 Magwa Crescent
Waterfall City, Waterfall
Private Bag x6, Gallo Manor, 2052
South Africa

APPENDIX 2

KPI DEFINITIONS AND CRITERIA 2023

(Extracted from the approved GEMS KPI specification manual)

STRATEGIC OBJECTIVE 1

1.1 INDUSTRY MEMBER SATISFACTION

INDICATOR TITLE	INDUSTRY MEMBER SATISFACTION INDEX
KEY RESULT AREA	Stakeholder satisfaction
DEFINITION	An externally assessed index to gauge how satisfied the members are with a particular interaction or overall experience with GEMS
METHOD OF CALCULATION	The calculated average score of industry member satisfaction survey results
Report reference - figure 13, page 80	

1.2 MEMBER SATISFACTION

INDICATOR TITLE	MEMBER SATISFACTION (GEMS initiated)
KEY PRIORITY AREA	Stakeholder satisfaction
DEFINITION	A Scheme-initiated member satisfaction survey that gauges how satisfied members are with a particular interaction or overall experience with GEMS
METHOD OF CALCULATION	The percentage satisfaction rating of GEMS members as measured by the member satisfaction survey initiated by GEMS
Report reference - figure 13, page 80	

1.3 HEALTHCARE PROVIDER SATISFACTION

INDICATOR TITLE	HEALTHCARE PROVIDER SATISFACTION
KEY PRIORITY AREA	Stakeholder satisfaction
DEFINITION	A healthcare provider metric to gauge how satisfied the healthcare providers are with a particular interaction or overall experience with GEMS
METHOD OF CALCULATION	The percentage satisfaction rating of healthcare providers as measured by the healthcare provider survey initiated (purchased) by GEMS
Report reference - figure 13, page 80	

STRATEGIC OBJECTIVE 2

2.1 RESERVE RATIO

INDICATOR TITLE	RESERVE RATIO
KEY PRIORITY AREA	Financial strength
DEFINITION	A measure of financial soundness as regulated in the Medical Schemes Act (MSA)
METHOD OF CALCULATION	$(\text{Accumulated member funds} \div \text{annualised gross contribution income}) - \text{unrealised gains}$
Report reference - figure 14, page 81	

2.2 INVESTMENT RETURNS

INDICATOR TITLE	INVESTMENT RETURNS
KEY PRIORITY AREA	Financial strength
DEFINITION	The percentage of investment return measured against CPI
METHOD OF CALCULATION	$(\text{Investment return} \div \text{investment value}) \times 100$ CPI (rolling 12-month period)
Report reference - figure 14, page 81	

2.3 OPERATING MARGIN

INDICATOR TITLE	OPERATING MARGIN
KEY RESULT AREA	Financial strength
DEFINITION	Surplus realised from business operations before adding interest earned
METHOD OF CALCULATION	$\text{Operating surplus} \div \text{risk contribution Income}$
Report reference - figure 14, page 81	

2.4 INDEPENDENT ASSESSMENT OF EMPLOYER

INDICATOR TITLE	EMPLOYEE WORKPLACE SATISFACTION
KEY RESULT AREA	People empowerment
DEFINITION	An independent measure of the Scheme's human resources practices
METHOD OF CALCULATION	Independent assessment conducted by Top Employer, which determines parameters
Report reference - figure 15, page 81	

2.5 EMPLOYEES UPSKILLED WITH FUTURE SKILL NEEDS

INDICATOR TITLE	PERCENTAGE OF EMPLOYEES UPSKILLED WITH FUTURE SKILL NEEDS
KEY RESULT AREA	People empowerment
DEFINITION	A measure of the Scheme's efforts towards developing employee skills in line with future skills needed
METHOD OF CALCULATION	$\text{Number of approved training requests} / \text{total number of employees}$
Report reference - figure 15, page 82	

2.6 BBBEE CODE ELEMENTS WITH AN IMPROVED SCORE

INDICATOR TITLE	NUMBER OF BBBEE CODE ELEMENTS WITH AN IMPROVED SCORE (INFORMALLY ASSESSED)
KEY PRIORITY AREA	BBBEE transformation
DEFINITION	A measure of the improvement of the Scheme's BBBEE strategy to promote economic transformation
METHOD OF CALCULATION	Number of code elements that have an improved score from the previous fiscal year
Report reference - figure 16, page 83	

STRATEGIC OBJECTIVE 3

3.1 PRODUCT AFFORDABILITY

INDICATOR TITLE	AVERAGE PERCENTAGE PRODUCT AFFORDABILITY
KEY RESULT AREA	Compelling value proposition of products
DEFINITION	The percentage of GEMS' products that are lower in price than industry peer comparable products
METHOD OF CALCULATION	Percentage difference between GEMS average family contribution and average family contribution of competing schemes before subsidy
Report reference - figure 17, page 84	

3.2 INCREASE IN HOSPITAL ADMISSION RATE

INDICATOR TITLE	INCREASE IN HOSPITAL ADMISSION RATE
KEY RESULT AREA	Clinical risk indicators
DEFINITION	Measure of how the hospital admission rate is performing against budgeted assumptions
METHOD OF CALCULATION	$(\text{Hospital admission rate in the current year} \div \text{the hospital admission rate in the preceding year}) - 1$
Report reference - figure 18, page 85	

3.3 RISK-ADJUSTED HOSPITAL COST PER ADMISSION ON EVO

INDICATOR TITLE	REDUCTION IN THE RISK ADJUSTED HOSPITAL COST PER ADMISSION ON THE EVO RELATIVE TO THE CONVENTIONAL EMERALD OPTION
KEY RESULT AREA	Clinical risk indicators
DEFINITION	Reduction in the hospital admission cost on EVO compared to the conventional Emerald Option on a risk-adjusted basis
METHOD OF CALCULATION	$(\text{Risk-adjusted admission cost on EVO}) \div (\text{admission cost on Emerald} - 1) \times 100$
Report reference - figure18, page 85	

3.4 CASE MIX ADJUSTED HOSPITAL COST PER ADMISSION FOR TANZANITE ONE

INDICATOR TITLE	REDUCTION IN THE CASE MIX ADJUSTED HOSPITAL COST PER ADMISSION FOR TANZANITE ONE
KEY RESULT AREA	Clinical risk indicators
DEFINITION	Reduction in the hospital admission rate on Tanzanite One compared to the Beryl option on a risk-adjusted basis.
METHOD OF CALCULATION	$[(\text{Risk-adjusted admission rate on Tanzanite One}) \div (\text{admission rate on Beryl}) - 1] \times 100$
Report reference - figure 18, page 85	

3.5 SAVINGS IN APPLIANCES AND PROSTHESES SOURCING COSTS

INDICATOR TITLE	PERCENTAGE REDUCTION (SAVINGS) IN APPLIANCES AND PROSTHESES SOURCING COSTS RELATIVE TO BUDGET
KEY RESULT AREA	Healthcare strategic purchasing
DEFINITION	Interventions to reduce the overall cost of appliances and prostheses
METHOD OF CALCULATION	$(\text{Prosthesis and appliance sourcing costs in the current year} \div \text{prosthesis and appliance sourcing costs in the previous year}) - 1$, (multiply by -100), adjusted for budgeted increases in terms of price and utilisation
Report reference - figure 19, page 86	

3.6 HOSPITAL SPEND RELATIVE TO BUDGET

INDICATOR TITLE	PERCENTAGE REDUCTION IN HOSPITAL SPEND RELATIVE TO BUDGET
KEY RESULT AREA	Healthcare strategic purchasing
DEFINITION	A measure of variation in the actual hospital spend compared to the budgeted hospital spend
METHOD OF CALCULATION	Calculate the amount paid to hospitals in the current year and divide by the average number of beneficiaries in the current year. Calculate the amount paid to hospitals in the previous year and divide by the average number of beneficiaries in the previous year. Divide current expenditure per life per month by prior expenditure per life per month and subtract one
Report reference - figure 19, page 86	

3.7 ALTERNATIVE REIMBURSEMENT MODELS ESTABLISHED

INDICATOR TITLE	PERCENTAGE OF ALTERNATIVE REIMBURSEMENT MODELS ESTABLISHED
KEY RESULT AREA	Healthcare strategic purchasing
DEFINITION	Measure of the percentage of total claims that are paid via alternative reimbursement models
METHOD OF CALCULATION	Divide the expenditure associated with alternative reimbursement models by total expenditure irrespective of the form of reimbursement
Report reference - figure 19, page 86	

3.8 OUT-OF-POCKET EXPENDITURE

INDICATOR TITLE	PERCENTAGE OUT-OF-POCKET EXPENDITURE
KEY RESULT AREA	Healthcare strategic purchasing
DEFINITION	Expenses incurred by members for medical care that are not reimbursed by insurance. Out-of-pocket costs include deductibles, coinsurance and co-payments for covered services plus all costs for services that are not covered
METHOD OF CALCULATION	$[(\text{The amount claimed} \div \text{the amount paid}) - 1] \times 100$
Report reference - figure 19, page 86	

3.9 PRIMARY NETWORK COST COVERAGE

INDICATOR TITLE	PERCENTAGE PRIMARY NETWORK COST COVERAGE
KEY RESULT AREA	Healthcare network provider coverage
DEFINITION	A measure of the Scheme's spend on its network primary care practitioners compared to the overall spend on primary care practitioners (family practitioners, dentists, optometrists and pharmacies). In this measure one must take into consideration the Scheme Rule wording when evaluating the SPN performance
METHOD OF CALCULATION	$(\text{Spend on network family practitioners} + \text{dentists} + \text{optometrists} + \text{pharmacies}) \div (\text{total spend on all family practitioners} + \text{dentists} + \text{optometrists} + \text{pharmacies}) \times 100$
Report reference - figure 20, page 87	

3.10 SPECIALIST NETWORK COST COVERAGE

INDICATOR TITLE	PERCENTAGE SPECIALIST NETWORK COST COVERAGE
KEY RESULT AREA	Healthcare network provider coverage
DEFINITION	A measure of the Scheme's spend on its specialist network compared to the overall spend on specialists
METHOD OF CALCULATION	$(\text{Spend on network specialists} \div \text{total spend on all specialists, excluding specialists who do not have networks e.g. dermatology and oncology}) \times 100$
Report reference - figure 20, page 87	

3.11 IMPLEMENTATION OF NEW OPERATING MODEL

INDICATOR TITLE	PERCENTAGE PROGRESS ON IMPLEMENTATION OF NEW OPERATING MODEL
KEY RESULT AREA	Fit-for-purpose capability build
DEFINITION	A measure of the progress on the insourcing of capabilities workplan
METHOD OF CALCULATION	A percentage of project progress as reported in the project plan monitoring
Report reference - figure 21, page 88	

STRATEGIC OBJECTIVE 4

4.1 CORE INFORMATION MANAGEMENT SYSTEM (CIMS)

INDICATOR TITLE	PERCENTAGE COMPLETION OF CIMS IMPLEMENTATION
KEY RESULT AREA	ICT infrastructure and optimisation
DEFINITION	A measure of the progress on the implementation of the CIMS platform
METHOD OF CALCULATION	A percentage of project progress as reported in the project plan monitoring
Report reference - figure 22, page 89	

4.2 DATA MANAGEMENT PROGRAMME

INDICATOR TITLE	PERCENTAGE PROGRESS IMPLEMENTATION OF THE DATA MANAGEMENT PROGRAMME
KEY RESULT AREA	Data management, analytics, BI and digital first
DEFINITION	A measure of the progress on the implementation of the data management programme
METHOD OF CALCULATION	A percentage of project progress as reported in the project plan monitoring
Report reference - figure 22, page 89	

4.3 INFORMATION SECURITY MANAGEMENT CAPABILITY

INDICATOR TITLE	PERCENTAGE PROGRESS ON THE DEVELOPMENT AND IMPLEMENTATION OF INFORMATION SECURITY MANAGEMENT CAPABILITY
KEY RESULT AREA	Cybersecurity and system security
DEFINITION	A measure of the progress on the implementation of the information security management systems, policies and procedures
METHOD OF CALCULATION	A percentage of project progress as reported in the project plan monitoring
Report reference - figure 23, page 90	

STRATEGIC OBJECTIVE 5

5.1 PRINCIPAL MEMBERS REGISTERED

INDICATOR TITLE	NUMBER OF PRINCIPAL MEMBERS REGISTERED ON THE SCHEME
KEY RESULT AREA	Membership growth
DEFINITION	A measure of the total number of principal members on the scheme as at the end of the fiscal year
METHOD OF CALCULATION	Number of principal members registered on the Scheme at 31 December 2023
Report reference - figure 24, page 91	

5.2 MEMBER RETENTION

INDICATOR TITLE	PERCENTAGE MEMBER RETENTION
KEY RESULT AREA	Membership growth
DEFINITION	A measure of the proportion of members retained in the scheme during the year
METHOD OF CALCULATION	1- (number of resignations divided by total members)
Report reference - figure 24, page 91	

5.3 PUBLIC SECTOR FUND/ENTITIES CONSOLIDATED INTO GEMS

INDICATOR TITLE	NUMBER OF PUBLIC SECTOR FUND/ENTITIES CONSOLIDATED INTO GEMS
KEY RESULT AREA	Membership growth
DEFINITION	A measure of growth in membership through amalgamation and consolidation of government schemes and expansion of eligibility
METHOD OF CALCULATION	The number of public sector funds or public sector entities amalgamated into GEMS
Report reference - figure 24, page 91	

STRATEGIC OBJECTIVE 6

6.1 ETHICAL CULTURE RISK INDICATOR

INDICATOR TITLE	HIGH ETHICAL CULTURE RISK INDICATOR
KEY RESULT AREA	Ethical culture
DEFINITION	A measure of the Scheme's progress towards achieving a sound ethical culture
METHOD OF CALCULATION	Total residual ethical risk level as reported in the Scheme strategic risk register
Report reference - figure 25, page 92	

6.2 UNQUALIFIED AUDIT

INDICATOR TITLE	UNQUALIFIED AUDIT
KEY RESULT AREA	Robust governance and compliance
DEFINITION	A binary measure of whether an unqualified audit has been achieved
METHOD OF CALCULATION	A binary measure of whether an unqualified audit has been achieved (Yes/No)
Report reference - figure 26, page 93	

6.3 COMPLIANCE INDEX

INDICATOR TITLE	COMPLIANCE INDEX (MSA AND SCHEME RULES OR IN LINE WITH RISK APPETITE)
KEY RESULT AREA	Robust governance & compliance
DEFINITION	The compliance score of the Scheme against the Medical Schemes Act and the registered GEMS Rules linked to the risk register and risk appetite of the Scheme
METHOD OF CALCULATION	Subtract the total number of non-compliances against the GEMS Scheme Rules and MSA with each non-compliance equalling 1% from 100%
Report reference - figure 26, page 93	

6.4 COMMUNITY SUPPORT INITIATIVE ALIGNED TO UNSDG 3

INDICATOR TITLE	NUMBER OF COMMUNITY SUPPORT INITIATIVE ALIGNED TO UNSDG 3 IMPLEMENTED
KEY RESULT AREA	Social responsibility
DEFINITION	A measure the number of community initiatives that aligns to SDG 3 - good health and wellbeing
METHOD OF CALCULATION	Number of approved community support initiatives implemented by the Scheme during the year
Report reference - figure 27, page 94	

CONTACT DETAILS

Principal Officer's office and postal address

Dr BOS Moloabi GEMS Vutomi House, 124 Mercy Avenue Menlyn Maine Precinct	Private Bag X1 Hatfield 0028
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Registered office and postal address

GEMS Vutomi House 124 Mercy Avenue Menlyn Maine Precinct	Private Bag X1 Hatfield 0028
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Medical scheme administrator during the year, office and postal address

Metropolitan Health Corporate (Pty) Ltd Parc du Cap Building 6 7 Mispel Avenue	PO Box 4313 Cape Town 8001
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Actuaries' office and postal address

Insight Actuaries and Consultants (Pty) Ltd Block J, Central Park 400 16 th Road Midrand 1682	
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Auditors' office and postal address

Deloitte & Touche 5 Magwa Crescent Waterfall City Midrand 2066	
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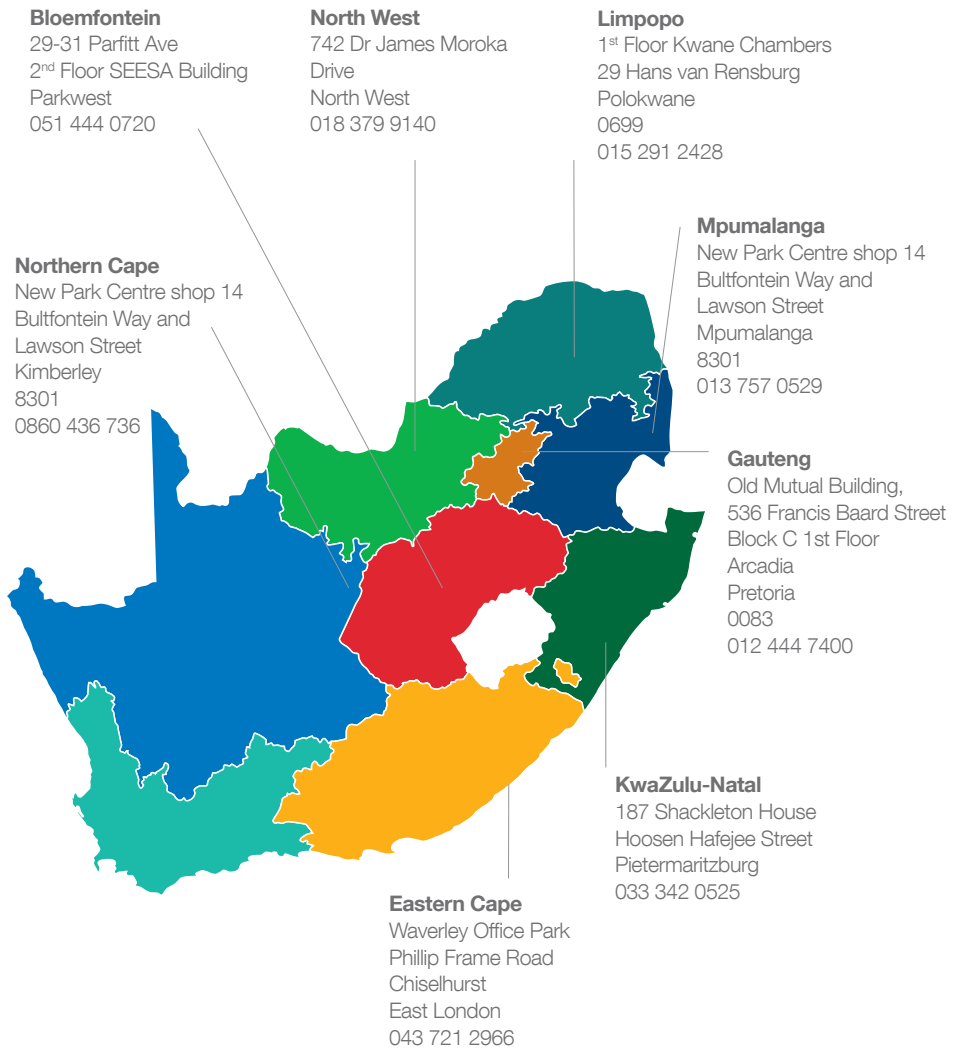
Independent investment consultant details

Mentenova (Pty) Ltd 3rd Floor, Oxford and Glenhove Building 2 114 Oxford Road, Rosebank 2198	
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Asset managers' details

1. Taquanta Asset Managers (Pty) Ltd
7th Floor, Newlands Terraces
8 Boundary Road Newlands
Cape Town
7700
2. Investec Asset Management (Pty) Ltd
36 Hans Strijdom Avenue
Foreshore
Cape Town
8001
3. Prudential Investment Managers South Africa (Pty) Ltd
7th Floor, Protea Place
40 Dreyer Street Claremont
Cape Town
7735
4. Coronation Asset Management (Pty) Ltd
7th Floor, MontClare Place
Cnr Campground and Main Road Claremont
Cape Town
708
5. Sanlam Investment Management (Pty) Ltd
55 Willie van Schoor Drive Tygervalley
Cape Town
7532

CLO information



Use the QR code
to download the
GEMS member app



GEMS contact centre:

0860 00 4367

Client liaison officers:

clo@gems.gov.za

Provider liaison officers:

pllo@gems.gov.za

GEMS emergency services:

0800 444 367

GEMS fraud hotline:

0800 212 202

Fax:

0861 004 367

Email:

enquiries@gems.gov.za



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Medical Scheme

